



AGENDA

Ordinary meeting of the

Nelson City Council

Wednesday 18 October 2017

Commencing at 9.00am

Council Chamber

Civic House

110 Trafalgar Street, Nelson

Membership: Her Worship the Mayor Rachel Reese (Chairperson), Councillors Luke Acland, Ian Barker, Mel Courtney, Bill Dahlberg, Kate Fulton, Matt Lawrey, Paul Matheson, Brian McGurk, Gaile Noonan, Mike Rutledge, Tim Skinner and Stuart Walker

Opening Prayer**1. Apologies**

- 1.1 An apology has been received from Councillor Dahlberg

2. Confirmation of Order of Business**3. Interests**

- 3.1 Updates to the Interests Register
- 3.2 Identify any conflicts of interest in the agenda

4. Public Forum

- 4.1 Community Water Solutions Advisory Group - Waimea Water

Members from the Community Water Solutions Advisory Group – Waimea Water, will speak to the topic of the Waimea Community Dam.

5. Brook Waimarama Sanctuary Trust**6 - 38**

Document number R8209

Recommendation

That the Council

Receives the report Brook Waimarama Sanctuary Trust (R8209) and its attachments (A1826815; A1826781); and

Approves the revised Brook Waimarama Sanctuary Trust's Business Plan and agrees to release the remaining \$150,000 for 2017/18 to the Trust contingent on:

(a) The Trust supplying Council annually, by August each year, with respect to their Business

Plan and six-monthly updates on cash flows in July and January of each year;

(b) A Memorandum of Understanding be developed and agreed by full council prior to any future funding commitments being made.

Agrees that the Dun Mountain walkway damaged as a result of the major slip needs to be reinstated to a minimum width of 1.5m to maintain a route for cyclists and pedestrians, noting that the Brook Waimarama Sanctuary Trust has agreed to reinstate this track to that standard at their cost.

6. Waimea Dam: Community Consultation on a Possible Nelson Contribution

39 - 113

Document number R7634

Recommendation

That the Council

Receives the report Waimea Dam: Community Consultation on a Possible Nelson Contribution (R7634) and attachments (A1846450, A1847401, A1761653, A1847397, A1766322, A1382534, A1769513; A1840371); and

Agrees that a contribution to the Waimea Dam project of \$5 million (in addition to the \$413,000 contribution to date) is Council's preferred proposal on which to consult the community; and

Agrees that any contribution from Nelson City Council to the Dam project will be as a grant rather than a purchase of equity in the Dam; and

Notes that any Nelson City Council contribution will be made on the basis of the proposed Terms of the new draft Engineering Services Agreement (A1847401), as detailed in an exchange of letters between the chief executives of both councils;

Approves a Statement of Proposal (A1846450), with any necessary amendments, for the possible contribution by Nelson City Council to the Waimea Dam project.

Authorises the Mayor and Chief Executive to make minor changes to the Statement of Proposal.

REPORTS FROM COMMITTEES

7. Planning and Regulatory Committee

Recommendation

That the Council

Approves the draft resource consent charges, planning document charges, monitoring charges and Housing Accord and Special Housing Areas Act charges contained in the Statement of Proposal in Attachment 1 of report R8331 (A1826805) for public consultation and notification using the Special Consultative Procedure as set out in the Local Government Act 2002;

Approves the delegation of powers contained in Attachment 2 of report R8331 (A1825487) to the Chief Executive under the Resource Legislation Amendment Act 2017.

PUBLIC EXCLUDED BUSINESS

8. Exclusion of the Public

Recommendation

That the Council

Excludes the public from the following parts of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
2	Revocation of 26 September 2017 Council decision - referral of appointment of a Bishop Suter Trust Trustee	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
	Trafalgar Park Turf	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

9. Re-admittance of the public

Recommendation

That the Council

Re-admits the public to the meeting.

Note:

- As a Sports and Recreation Committee workshop is scheduled for 1.00pm, lunch will be provided.**

REPORT R8209

Brook Waimarama Sanctuary Trust

1. Purpose of Report

- 1.1 The purpose of this report is to consider the Brook Waimarama Sanctuary Trust Business Plan 2017 to consider release of the remaining Annual Plan committed funding. The report also considers the basis for a longer term relationship between the Trust and Council.

2. Summary

- 2.1 The Trust holds a 33-year lease for approximately 711 Ha of Council owned land. The Sanctuary aims to restore native birdlife to pre-European levels which requires considerably more than a trapping regime to eliminate pests to that level.
- 2.2 The council has committed \$1.688 million to the Sanctuary to date and has agreed to that overall vision.
- 2.3 Council received the updated Trust Business Plan and after a process of discussions and updates, the Business Plan is being presented to Council with staff more comfortable with the final form.
- 2.4 The report recommends the release of the additional \$150,000 funding in 2017/18 subject to grant conditions but does not commit to future years' funding without a broad Memorandum of Understanding (MoU) which re-sets the future relationship between Council and Trust.

3. Recommendation

That the Council

Receives the report Brook Waimarama Sanctuary Trust (R8209) and its attachments (A1826815; A1826781); and

Approves the revised Brook Waimarama Sanctuary Trust's Business Plan and agrees to release the remaining \$150,000 for 2017/18 to the Trust contingent on:

- (a) The Trust supplying Council annually, by August each year, with respect to their Business Plan and six-monthly updates on cash flows in July and January of each year;**
- (b) A Memorandum of Understanding be developed and agreed by full council prior to any future funding commitments being made.**

Agrees that the Dun Mountain walkway damaged as a result of the major slip needs to be reinstated to a minimum width of 1.5m to maintain a route for cyclists and pedestrians, noting that the Brook Waimarama Sanctuary Trust has agreed to reinstate this track to that standard at their cost.

4. Background

- 4.1 The Trust has completed the Sanctuary fence on, in places steep terrain requiring an ongoing investment into fencing maintenance and repair.
- 4.2 The completion of the fence was officially opened by the then Prime Minister the Honourable John Key.
- 4.3 Council as part of the 2017/18 Annual Plan process resolved as follows:

Council Meeting on 23 May 2017

"Sets aside a budget of \$250,000 for Brook Waimarama Sanctuary Trust activities with only \$100,000 being paid to the Trust at this time and applications for further funding from this provision being referred to the Planning and Regulatory Committee".

Planning and Regulatory Committee on 27 July 2017

"Refers to Council all powers of the Planning and Regulatory Committee relating to the Brook Waimarama Sanctuary Trust applications for further funding from the provision set aside in the Annual Plan 2017/18".

- 4.4 This report traverses issues covered over several committees and focusses on the future relationship between Council and Trust. Therefore it has been taken directly to Council.
- 4.5 An agreement is in place with the Trust for the \$100,000 for this year.

- 4.6 The Trust has submitted a revised Business Plan to justify the additional \$150,000.
- 4.7 The Trust has commenced the brodifacoum bait drop following a legal challenge from the Brook Valley Community Group that progressed to the Court of Appeal. That request for a stay was not granted but the Appeal is still active.

5. Issues

- 5.1 The following represent the key issues in this report:
- The Trust needs the further operating grant to be released. Officers' view is that the Trust has fulfilled the extent of the grant conditions
 - Council assesses that there is risk to its sunk investment, particularly to the Trust's financial position needing ongoing council support, and also reputational risk
 - The need to change the basis of relationship between the Trust and Council reflective of the growing investment and need of Council to effectively mitigate risk

6. Discussion

- 6.1 The following is broader discussion on key related matters with the Sanctuary:

Slip issues

- 6.2 There have been a number of slips around the sanctuary during the construction of the Trust's fence and since the fence has been completed.
- 6.3 The most significant slip affected the Dun Mountain Trail. This slip occurred on the 7 March 2015 and caused damage to the fence platform cut by the Trust and approximately 90m of the Dun Mountain Trail at the top of the head scarp.
- 6.4 The fence bench was cleaned by the Trust and the Dun Mountain trail was made safe with temporary fencing, with costs shared 50/50 between Council and the Trust. The Trail was re-opened to cyclists and pedestrians on 23 April 2015.
- 6.5 The issue is very complex and involves Council from two perspectives - as landowner and as regulator.
- 6.6 Officers and the Trust, through several meetings and discussions, have been working through how the slip should be remediated and who should be responsible for the remediation costs. The Trust's own specialist geotechnical engineers, Nelson Consulting Engineers (NCE) dated 28 April 2015 concluded:

*"Though the rainfall event was the trigger mechanism, the **predominant** cause of the slip was the construction of the fence line track which undermined the slope above". "Siting the fence line track significantly downhill and further away from the walkway may have possibly reduced the risk to the walkway but at the same time caused more severe instability problems to the fence line track at greater cost".*

- 6.7 That NCE report proposed five conceptual remedial possible solutions with a maximum cost noted of around \$90,000.
- 6.8 Following another rainfall event on 15 February 2016, the same slip was further affected resulting in damage to the Trust's fence platform and damage to approximately 100m of fence and causing the Dun Mountain Trail to drop by about 2m. The Trust reinstated the fence. Refer to Attachment 2 for photos of the slip pre and post remediation of the fence.
- 6.9 Officers and the Trust have continued to meet to try and find a solution.
- 6.10 The Trust provided a further report to officers on 23 August 2016, making the argument that whilst the slip was regrettable and unfortunate, from a historical preservation perspective, that the Trust should not have to reinstate the slip to full vehicle access on the basis that alternative vehicular access was available via other routes. The Trust also provided evidence of their consultation noting agreement from those consulted that full vehicle access was not required.
- 6.11 Following a further report from the Trust's geotechnical specialist on costs to reinstate the Dun Mountain Trail to allow vehicular access and a combined site visit on 13 September 2016, officers commissioned an independent geotechnical investigation on the slips. That report, received on 9 November 2016, concluded:
- That the slippage above the fence appears to have stabilised but that the side scarp and head scarp (affecting the Dun mountain trail) will continue to fritter away;
 - That slippage below the fence does not appear to have stabilised and could undermine the fence;
 - That any remedial solution would be in the order of \$200,000 not the \$99,000 suggested by NCE.
- 6.12 Following a joint meeting with the Trust's and Council's consultant on 2 August 2017, it was noted that doing nothing (i.e. adopting a managed retreat policy) of the head scarp will lead to the loss of the Dun Mountain walkway in two to five years' time. Council's consultant noted that the only option to prevent this would be to construct a pole retaining wall (to maintain the absolute minimum width).
- 6.13 A letter received from the Trust dated 23 August 2017 confirms that ongoing frittering of the head scarp will be an issue. The Trust also

acknowledges that reinstatement to a walk/cycle width is appropriate and that this will be at the Trust's cost.

- 6.14 Council officers' estimate this work at between \$250,000 and \$300,000 (including design, administration and consenting). The Trust is seeking an estimate from its consultant, but it is noted that it has an amount of \$184,000 in its current cash flow for this work which officers deem to be on the light side.
- 6.15 Officers are awaiting feedback from the Trust and its geotechnical engineer on a revised cost estimate.
- 6.16 From a purely engineering perspective, reinstatement of the track to what was there before to cater for vehicle access is not only a very costly exercise, but would involve a major construction exercise with substantial work to the head scarp. If undertaken this will be a very complex reinstatement with a high likelihood of cost overruns. It is not deemed a realistic option by officers as both the risk and cost are unacceptably high.
- 6.17 Officers support a reinstatement width of no less than 1.5m.

Regulatory Matters

- 6.18 Council's regulatory team has consistently advised that remediation of the slips was an action for the Trust, given there were breaches of the consent conditions for which it is the consent holder. The question as to what standard the asset (being the trail) was to be reinstated was for the Council as landowner to determine. There have been ongoing discussions and correspondence with the Trust regarding breaches of the consent conditions. The question as to what standard remediation should be set at was an issue that was intertwined with the non-compliance matters.
- 6.19 In early August 2017, the Group Manager Strategy and Environment wrote to the Trust requesting evidence from a suitably qualified engineer that:
 - (a) All necessary remedial action has been undertaken to help prevent any further frittering away/erosion in the location of the slips; and
 - (b) Where further work is identified then the necessary work is completed within a specified time.
- 6.20 A response has been received from the Trust indicating further works, in the form of a retaining wall and removal of trees and soil, are necessary to address the matters identified in (a) and (b). The Trust has indicated the works will be undertaken during the summer. The regulatory team will be following this through to ensure these actions are undertaken to achieve compliance with the consent conditions and to remediate any further adverse effects.

Options to address track reinstatement

- 6.21 The options for the Dun Mountain Trail reinstatement to a walk/cycle width include:
- Reinstatement by the Trust;
 - Reinstatement by Council;
 - No reinstatement – This option runs the risk of the Dun Mountain disappearing in a short period and will result in major reputational damage. Any decision to adopt a managed retreat policy would need to be clearly articulated to the general public and users of the Trail. Work would include formalising temporary fencing, excellent communications and a plan post loss of the trail.
- 6.22 Regardless of which of these options is confirmed the remediation outlined in paragraph 6.20 will be required to comply with the resource consent.

Risks of the slip

- 6.23 The risks that this slip poses for both the Council and Trust are:
- Reputational – a number of the public who don't support the fence are awaiting reinstatement.
 - Risk of another slip that damages another section of this track and the precedent any decision on this slip will set for future slips.
- 6.24 Officers support the Trust undertaking this work to a walk/cycle width (minimum width of 1.5m).

Business Plan and Cash Flow Forecasts

- 6.25 Officers have reviewed the revised Business Plan and cash flow from the Trust. The revised Business Plan is appended in Attachment 1.
- 6.26 It is clear that the Trust will need financial assistance from the Council going forward and that its success depends on this.
- 6.27 The Trust has a conservative plan for major capital works going forward. However the implementation of these works are very heavily dependent on the success of income from patronage (once the poison drop is complete) as well as potential operational costs that may arise from the likes of damage to the fence bench (from slips) and to the fence.
- 6.28 If operational costs are high as well as ongoing, then this will be at the expense of capital projects. That is in itself not a major concern for officers.

- 6.29 In addition to this, however, if operational costs are high the Trust will need to look very hard at reducing general operational expenses and the Trust, in meetings, accepts this.
- 6.30 On balance officers are of the view that the Trust has taken on the concerns raised by them and that the revised Business Plan and cash flow does address all technical concerns including the need to plan for future slips and repairs and to plan for sound asset management. Officers have given advice on some of the amounts in the cash flow which the Trust, in the main, has taken on board.
- 6.31 The Trust has made no provision for funding depreciation for their major assets including the fence which has a life of about 30 years. It is simply unable to do this at this time and Council should keep a watch on this going forward.
- 6.32 Officers are of the opinion that the Trust be required to:
- Submit a revised Business Plan annually;
 - Submit a cash flow every six months.
- 6.33 In addition Council needs to consider whether it will give the grant in the context of the responsibilities for the slip restoration works not yet resolved and Council's regulation requirements not yet met.

Ongoing relationships

- 6.34 The discussion in this report has highlighted considerable risk and complexity of the project.
- 6.35 Council has viewed its roles as land owner, regulator and grant funder (with conditions) to date. Other funders call on the due diligence that council undertakes for their own decision-making.
- 6.36 The Trust can appoint up to 15 trustees. In Clause 6.1, four organisations have rights to appoint four of the 15 positions: Nelson City Council, Department of Conservation, "the six iwi affiliated to Whakatu Marae", and NMIT. Nelson City Council does not have an appointed position. NMIT and Doc have withdrawn their appointees after signing a MoU. The Trust may be seeking a MoU with iwi also.
- 6.37 It is not clear whether the Trust has approached Council to ask for their appointee each time a vacancy comes up, although the Trust notes that the NCC could take up their seat at any time they wish.
- 6.38 In the Business Plan the Trust is seeking a further \$250,000 in 2018/19, \$150,000 as an ongoing commitment. As the Sanctuary continues to progress and call on Council funding Council needs to determine whether the investment and the risk lead it to a different relationship than simply grant funder.

- 6.39 From a Trust perspective the main risks have been identified (pp. 9-11 of the Business Case):
- Predator removal is unsuccessful (Low likelihood)
 - Significant failure of the fence (Moderate likelihood)
 - Loss of public support (Low likelihood)
 - Financial viability (Low likelihood)
 - NCC does not support the Trust (Low likelihood)
 - NCC discontinues annual funding (Moderate likelihood)
 - Brook Management Plan delays (Moderate likelihood)
 - Social cost to the community of not advancing the Sanctuary (Low likelihood)
- 6.40 From a Council perspective the Sanctuary is a key project with \$1.688 Million of ratepayer's money committed to the project. Council would identify similar risks as the Trust but may elevate the significance of some risks from its perspective – the risk of financial failure, regulatory failure, and reputational risk.
- 6.41 The Trust is concerned about its financial challenges including not funding depreciation at this stage, not being proactive for some time to address the slip, and there could be many more such slips on a challenging landscape. NCC is an obvious funding partner for this kind of financial challenge and may well be locked in to a long term funding arrangement to ensure the Trust's financial sustainability.
- 6.42 The project is still in the development phase. The next phase after the brodifacoum drops will see the increase of bird life and revenue earned from a tourism opportunity. Sufficient commercial tourism skills will be required on the Trust. Council's role as funder will likely change.
- 6.43 Reputational risk would emerge if the Trust did not adhere to the regulatory conditions of the brodifacoum drop – those conditions being largely monitored by council's regulatory functions – a loss of reputation with the community, or as landowner, Council became embarrassed by the way in which the Trust treated Council's neighbouring landowners.
- 6.44 Depending on how Council views these risks and its future commitment of funding to the project, the range of actions could be:
- Remain a grant funder and manage risk with conditions of the funding
 - Place an appointee onto the Trust with specific skill sets

- Develop an MoU with the Trust which establishes the basis for the relationship moving forward, covers regulation issues, governance, accommodates the relationship with other funders, reputational needs of Council and other.

7. Options

7.1 Several options are discussed below.

Option 1: Remain a grant funder with grant conditions	
Advantages	<ul style="list-style-type: none"> • The easiest and least time consuming role • Autonomy for the group to operate
Risks and Disadvantages	<ul style="list-style-type: none"> • Council's investment in the Sanctuary grows and the risk may grow also • Grant conditions are a blunt tool for working through a longer term relationship • Council is the landowner and has landowner responsibilities with neighbours and the wider community, so can't leave these relationships entirely to a lessee
Option 2: Place an appointee onto the Trust	
Advantages	<ul style="list-style-type: none"> • The Trust Deed allows Council to appoint one person as trustee, alongside appointees from three other organisations • A better link to Council and its investment • More confidence in governance over a large investment
Risks and Disadvantages	<ul style="list-style-type: none"> • Perception of conflict of interest with Council's role as regulator • The Trust already has a large number of trustees (15 are permitted) and the voice of the council appointee may get "lost in the crowd" • NCC raises the reputational risk to itself by direct involvement in governance in an environment where it could affect little change if it needed to • NCC has a position of not placing its members onto Boards where they can carry liabilities for those Boards

Option 3: Develop a broader MoU	
Advantages	<ul style="list-style-type: none"> • A more relational approach with the Trust which also builds in expectations from Council • A natural progression as public funding increases • Advantage to the Trust of an understood relationship with council as a strategic partner • Maps out an agreed pathway to change if required • Canvasses more topics than grant funding conditions including regulatory responsibilities and payment for slip works
Risks and Disadvantages	<ul style="list-style-type: none"> • Appointee risks as noted in Option 2 • With an MoU Council raises its role as a stakeholder in the Sanctuary and expectations from the community of that role

8. Conclusion

- 8.1 As well as grant conditions being sought on the release of the full 2017/18 funding, it is recommended to enter into a broad MoU which addresses regulatory issues, repair of the slip, future Trust governance matters, financial input from council, reporting and communication protocols, public communication and notification processes and other as deemed necessary by Trust or Council.

David Hammond
Acting Chief Executive

Attachments

Attachment 1: A1826815 - BWST - Business Plan [↓](#)

Attachment 2: A1826781 - BWST - Fence Slip [↓](#)

Important considerations for decision making	
1. Fit with Purpose of Local Government	<p>The decision required by this report involves Council balancing affordability with the need for good quality local infrastructure as required by section 10 (1) (b) of the Local Government Act 2002. This clause of the Act requires Council to meet the current and future needs of communities in a way that is most cost effective for households and businesses.</p>
2. Consistency with Community Outcomes and Council Policy	<p>Our Community Outcomes state - "Our communities should have access to a range of social, educational and recreational facilities and activities". The Sanctuary and the reinstatement of the track will addresses this.</p>
3. Risk	<p>The risk of Council not providing funding could impact on the BWST's existence. The risk of the Dunn Mountain walk/cycle way not being reinstated could result in reputational risk.</p>
4. Financial impact	<p>The BWST has requested funding of \$250,000 for this year and next year and \$150,000 going forward. This has an impact on rates.</p>
5. Degree of significance and level of engagement	<p>This is not a significant decision in terms of Council's Significance and Engagement Policy. Consultation has been ongoing with the BWST on issues relating to the slip and their Business Plan.</p>
6. Inclusion of Māori in the decision making process	<p>Māori have not been consulted on matters in this report.</p>
7. Delegations	<p>This reports covers a number of issues covering several committee delegations. Bringing this to full Council is appropriate.</p>



BUSINESS PLAN FOR BROOK WAIMARAMA SANCTUARY TRUST 2017-2021

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Executive Summary

The Brook Waimarama Sanctuary Trust (BWST) is a community-led charitable trust creating a pest-free ecosystem in mature native forest in Nelson, fourteen years in the making. A key milestone, the establishment of the perimeter pest-proof fence, was completed in 2016. Later this year, 2017 will see the next major step – the initiation of pest removal from the sanctuary. The success of these two projects is fundamental to reaching the Trust's vision.

This Business Plan sets out the Trust's philosophy and its intentions for the next four years. It's a description of what capital projects are to be undertaken and sets out a timetable. It takes us along a path to a point where the Sanctuary is ready to become a sustainable business.

Looking forward the prospects for the Sanctuary is exciting as we move into a new phase of bringing the sanctuary to life.

Our intention is to deliver and maintain a pest-free site by the end of 2018. While populations of native wildlife species that are already present at the site begin to recover over the next 2 years, we will undertake necessary capital projects that will deliver a visitor attraction providing remarkable, family-friendly visitor experiences, including initiating endangered species breeding programs and species reintroductions. After 2019 through to 2021, we will develop the Sanctuary into an eco-tourism business, always with the interests of the Sanctuary as a wildlife nursery at heart.

The importance of a sanctuary isn't limited to the fenced area of land. There are synergies between the Brook Waimarama Sanctuary and conservation initiatives across the Tasman, Nelson and Marlborough regions, and with a large scale conservation initiative that will span the Top of the South Island currently under discussion. The Sanctuary sits in the heart of this much larger picture; it will act as a nursery for increasing existing native bird populations that will spread well outside the sanctuary fence bringing increased birdlife throughout Nelson and the Mount Richmond Forest Park.

Another synergy with regional and national objectives is the Sanctuary's outstanding opportunity to connect the public more directly with our natural heritage. The Government is looking to develop an expanded 'Great Walks' network across New Zealand, including 'Great Day Walks,' which we believe the Sanctuary is well positioned to capitalise on.

These are compelling reasons to go to so much effort to establish and develop a wildlife sanctuary. This is all about restoring a legacy for New Zealand's present and future generations.

Our Business as a Sanctuary

The Trust aims to create New Zealand's richest conservation environment for visitors, education and research. It is building a legacy developing a significant community asset, and helping our children to protect our endangered heritage. Everyone involved is committed to developing a sustainable organisation for the very long term.

The Sanctuary is increasingly recognised as a key element of a much wider picture of regional conservation which can become part of a NZ-wide rollout of Pest Free NZ by 2050. Nelson City Council is developing pest control in two halos around the Sanctuary as part of a new biodiversity conservation initiative, Nelson Nature. The Department of Conservation is leading a wider discussion within the Te Tau Ihu region (Top of the South) with support of councils and iwi aiming to create a very much larger area of reduced pests that will see wildlife return en masse across the region. The Sanctuary is critical to these initiatives as the nursery to produce the birds to re-stock these areas including our rarest species.

Achieving and maintaining a site free of all mammalian pests is critical to the Sanctuary's achieving its vision and contributing fully to the development of the region. Completion of the predator-proof fence around the 14km perimeter in 2016 was one major step towards this. The Trust is now embarking on the second key step, the removal of mammalian pests using the only proven methodology used on all large public fenced sanctuaries in New Zealand and a large number of islands: aerial applications of baits containing the toxin Brodifacoum. The pest removal is scheduled for the first few months of this business plan.

Once the pests are eradicated, the focus of the Trust moves to one of maintaining the integrity of the pest-proof fence and then bringing the sanctuary to life through returning the lost wildlife and developing the site as an attraction for visitors.

Therefore genesis is our business.

About Us

Whatungarongaro te tangata toitū te whenua. *As man disappears from sight, the land remains.*

New Zealand is facing a significant challenge to protect our environmental and cultural heritage for the benefit of current and future generations - our famously unique fauna of birds, reptiles and giant insects has been ravaged by pests introduced to the country. Over 40 native bird species are now extinct and others are only safe on remote islands, free from predators and competitors. A strongly committed and growing group of people in the Nelson region and key partners are doing something special to turn this situation around.

A 100-year journey of restoration

The Sanctuary is poised to achieve the key milestone of a pest-free site, but is still in the inception stage of bringing life back to the valley. The journey to achieve a fully restored site may take 100 years. This is based on:

- A long list of lost species has to be returned: birds such as kiwi, yellowhead, saddleback, kokako, burrow-nesting seabirds and even kakapo; reptiles such as tuatara, skinks and geckos, bats; and giant insects. It will take generations for them to build up to their natural numbers, but they will do so without restraint in the absence of mammalian predators.
- Part of the site is regenerating forest on areas once cleared for farmland. It will take time for the climax forest dominated by beech trees and emergent podocarps to recolonise these areas. The majority of the site is beech/podocarp forest with high biodiversity values already present.

A key feature of the project is that nature will grow its natural capital year after year if the site is kept free of pests, and surprisingly quickly in some cases, e.g. a pair of robins can have several broods and produce more than 12 chicks a season.

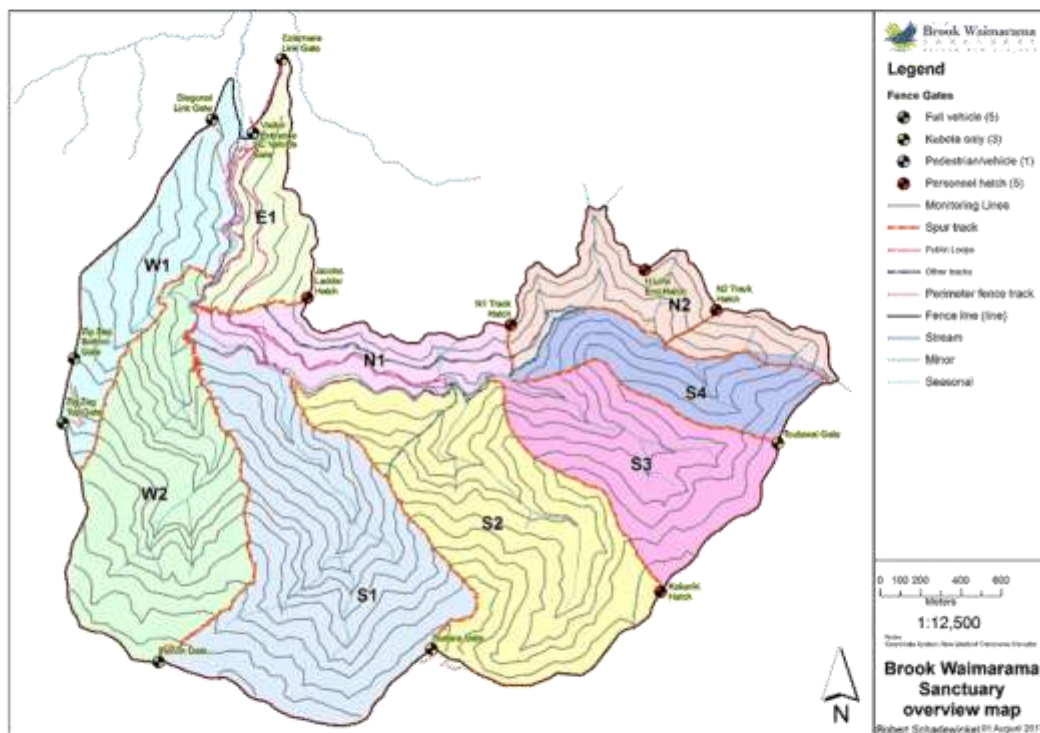
The Sanctuary will offer an onshore oasis for native flora and fauna so that they may flourish on the mainland once more. It is set to become the largest pest-free site in the South Island, a home for rowi, our rarest kiwi, and many other endangered species. While conservation is a key objective, this is really a project for and about the people, a legacy for our children's children.

This is clearly demonstrated by the following:

- ✓ It's a place for people to get involved in their natural heritage and to help turn back the tide of loss. Over 400 volunteers contribute over 30,000 hours per year.
- ✓ It's a place for education, training and research. Over 100 organised school groups (~3,000 students) visit the sanctuary each year. A dedicated training facility established in partnership with DOC and NMIT awaits relocation as funds allow.

- ✓ It's a place for visitors. Close to the city, the sanctuary is already a popular visitor attraction and has the potential to become the #1 most visited place in Nelson.
- ✓ It's a nursery that will bring rare birds into the area's gardens and parks and birdsong into people's lives and backyards in Nelson, Stoke and Richmond.

The project was initiated in 2001 by a group of local conservationists who recognised the outstanding potential of the site. The Brook Waimarama Sanctuary Trust was formed in 2004 and has a Board of 15 volunteer trustees, some representing stakeholders such as local iwi, while the majority are private individuals from a variety of backgrounds bringing skills and expertise including conservation management, science, environmental education, forest conservation business, tourism, commerce, financial management and local authority leadership.



Key Sanctuary Partners

Waiho i te toipoto, kaua i te toiroa. *Let us keep close together, not far apart.*

The Trust has formed strategic partnerships with various organisations aimed at helping us fulfil our vision and mission. In addition to the Trust's numerous funders, commercial partnerships and sponsorship arrangements, key sanctuary partners include:

Nelson City Council	Key funder. Landowner of the Sanctuary site and major funder, having provided significant capital funding for construction of the pest-proof fence and annual operating grants. The Trust's founding deed reserves a seat at its Board of Trustees for Nelson City Council (currently vacant).
Tasman District Council	Funder. Has provided significant capital funding for construction of the pest-proof fence.
Local iwi	Key providers of cultural expertise for the Sanctuary's development as a community asset and visitor attraction, and funders, Ngati Kuia having sponsored the Sanctuary's outdoor classroom. The Trust's founding deed reserves two seats at its Board of Trustees for local iwi (both currently filled).
Department of Conservation	Key provider of technical expertise for the Sanctuary's ecosystem restoration programme, under a MOU, and major funder, having provided significant capital and operational funding. The Trust's founding deed reserves a seat at its Board of Trustees for the Department (currently vacant).
Nelson Marlborough Institute of Technology	Partner in the development of the Brook Conservation Education Centre, and key partner in the development and delivery of education programmes, under a MOU. The Trust's founding deed reserves a seat at its Board of Trustees for NMIT (currently vacant).
Rata Foundation	Major funder to capital projects such as visitor centre and pest-proof fence and operations.
Jasmine Investments	Major funder to pest-proof fence and operations.
Nelson Provincial Museum (Tasman Bays Heritage Trust)	Key partner in the development and delivery of education programmes, under a MOU.
Project Janszoon (Abel Tasman National Park)	Partner in the development of the Sanctuary's planned captive bird breeding program, and in the development and delivery of education programs, under a MOU.
Nature land Wildlife Trust	Partner in the development of the Sanctuary's planned captive bird breeding program, and in the development and delivery of education programs, under a MOU.
Sanctuaries of New Zealand	Key provider of technical expertise in all areas of sanctuary development. The Trust is a founding member of the Sanctuaries of New Zealand collective.

The Volunteers

He rau ringa e oti ai. *Many hands make light work.*

The Trust has over 500 members and a volunteer workforce of c400 people each year – a volunteer effort unequalled in a conservation organisation in the Top of the South. These volunteers deliver the Trust's work plan through a variety of tasks including track construction and maintenance, pest monitoring and trapping, wildlife monitoring, fund-raising and community outreach, governance, and welcoming and informing visitors at the Sanctuary Visitor Centre Building.

The volunteers have cut over 120km of operational tracks and an outstanding public walking track system, helped construct the 14.4km pest-proof fence and bench platform and continue to be integral to ongoing repairs and maintenance via weekly inspections. The volunteers are also very much involved in the next major phase – of pest removal, both during the aerial applications and the subsequent monitoring period. These volunteers are a significant labour force with a wide range of backgrounds representative of the make-up of the Nelson community. The Trust will continue to rely on volunteer inputs for the development of the sanctuary and the successful long-term Biosecurity of the site in the ongoing vigilance against pest re-incursions.

Mission of the Business Plan

This business plan represents current thinking at August 2017. The 2017/18 year should see the completion of the Sanctuary's initial development, the completion of a pest-free site and the removal of all mammalian pests. Years 2018-21 then mark a transition towards an end point outlined in 2012 by a Business Case and Feasibility Study prepared by Arrow Strategy and peer reviewed and accepted by the Trust, Nelson City Council and third parties. The key elements of this transition are capital developments to re-open the site for visitors, and beginning the re-introduction of lost species, which require securing additional funding.

This business plan aims to:

- Secure an annual budget expenditure for Years 1- 4 (from 2017/18), a level that will change as additional assets and operations come on line. Note the 2017/18 year will be abnormally high due to the pest removal project expenditure.
- End the period with positive cash flow, without the use of short term debt facility.
- Progress a capital works project plan.

The capital works and project plans will adopt the following approach:

- Conservation (fence R&M and on-going monitoring), education (complete outdoor classroom, signage and storytelling) and pest removal is the priority.
- Capex Year 1 will be limited to supporting the above and developing aviaries for rare species breeding and reintroduction if funding allows.
- Capex Years 2 - 4 would continue work on species reintroductions and include the planning and implementation of some initial visitor experience elements: dam-top bridge to complete the fully accessible valley floor loop walk, bus turnaround and parking area.

The business plan is also based on the following:

- The BWST being formally part of larger regional conservation initiatives, integral to NCC's Nelson Nature program and a wider landscape-scale initiative being developed by DOC.
- Successful outcomes being reached with NCC by early 2018 regarding:
 - a) Issue related to the land slips impacting on the Dun Mountain Walkway resolved in 2017.

b) Finalised planning for the Brook Reserve's redevelopment and more specifically the administration and redevelopment of the Brook Valley Holiday Park to a point of co-management with the Trust or management being transferred to the Trust (subject to an acceptable lease arrangement).

- Asset ownership being confirmed between BWST and NCC. The asset schedule kept updated. NCC allowing 3rd party income generation at the Brook sanctuary, managed by BWST.

The business plan makes the following assumptions:

- Visitor experience income assumptions of 30,000 paying visitor's p.a. (Arrow Strategy study) are phased with the aim of achieving approximately half that figure by Year 4. This acknowledges it will take some time for the Sanctuary's birdlife to build to a paying facility – likely at least two years after pest removal.
- All major capex and operational spending concerning the Brook Valley Holiday Park, is delayed until after Year 4.

This plan supported with a 4 year budget forecast shows a 4 year window with all plans on track for delivering a self-sustaining eco-tourism business by 2021. In a diagrammatic form the plan offers a stair-cased effect of capex works and developments.

To summarise:

Starting from 2017, the business plan supports the Trust's core objectives of:

- Conservation in the form of pest-proof fence R&M and on-going pest removal and monitoring
- Education in the form of completion of the Beech Glade outdoor classroom
- Core visitor experiences including interpretive signage and storytelling.


The capex for Year 1 (2017/18) is limited to:

- Supporting the above items for the Trust's core objects
- Bird aviaries



Over the 4 year period, we focus on our 'baseline' activity and build a pathway to an eco-tourism business starting from July 2017.

2020/21+	Sanctuary is an Eco-tourism business	Sanctuary birdlife generation in top quartile performance relative to other sanctuaries. 100% pest-free status sustained. 3 rd party income generation is successful. Other revenue models explored.	Sanctuary and its 'public good' and services formally acknowledged as a model eco-tourism business. Is linked to NRDA as a premium regional target. Sanctuary part of Nelson's Dun Mountain Trail and associated visitor facilities in the Brook, Maitai, Roding and Marsden Valleys.
2019/20	Accommodation premium experience	Visitor assets to be developed inside Sanctuary's fenced area and/or outside the fence, and visitor product offerings expanded as facilities open and birdlife numbers proliferate inside the sanctuary. Holiday Park fully operational.	Increased quality and range of visitor experiences. Increased visitor numbers provide significant economic benefit to the region. 3 rd party income generators meeting expected ROI.
2018/19	Education and visitor eco-experience	Continue delivering environmental education programs to schools both on site using the outdoor classroom and off site at schools, Nelson Provincial Museum and Natureland Zoo. Build advocacy infrastructure, including story-telling and interpretation, explaining the trust and the Sanctuary. NMIT/DOC partnership expanded to introduce extension programmes. Refer #1	Increased visitor numbers, including value-added products such as guided walks and longer visits based on activities such as treasure hunts. Delivered education programmes and Brook Conservation Education Centre asset fully used in re-established partnership with NMIT and DOC. Increased awareness among locals, including collaborative pest-control in the Sanctuary halo. Contributed to planning for future of Planning for Brook Valley Holiday Park to ensure compatible development to maximise opportunities for the sanctuary.
Baseline : 2017/18	Conservation	Pest removal. Fence and bench platform maintenance. Site development and maintenance, including breeding aviaries, reptile enclosures, outdoor classroom. 3 rd party partnership income generation opportunities further explored, including gondola, café, retail, canopy walk, zip line, and Purepod accommodation.	Sustainable base for Sanctuary. Absent native species re-introduced, present native species populations increase. Differentiated visitor offering from surrounding area. Key contribution to landscape-scale NCC Nelson Nature and DOC Top of the South initiatives. 3 rd party partnership income opportunities agreed and development(s) initiated.

me and capacity  Capability

Note: #1 - currently the NMIT does not propose to financially assist in the relocation of the Conservation Education Centre to the Brook Reserve. NMIT holds the Trainee Ranger programme contract from DOC and is currently delivering it at their Richmond campus though it has signalled interest in re-locating some activities to the Centre if relocation should take place.

Business Analysis

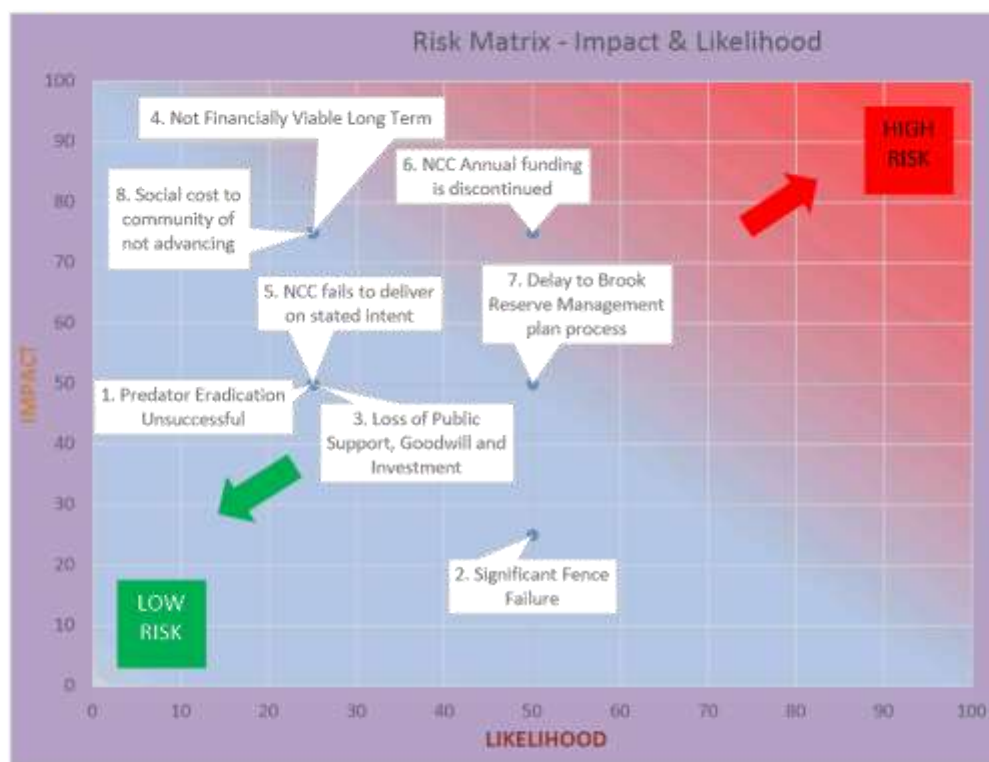
Strengths	Opportunities
<ul style="list-style-type: none"> Location, location, location! The Brook Valley's proximity to central Nelson draws visitors and its proximity to Mt Richmond Forest Park encourages wider conservation. >\$7m already invested in developing the sanctuary. Current balance sheet value of >\$4.7m. Debt free. A key part of bigger regional conservation initiatives by DOC and NCC. Solid community support. Very little competition for visitor attractions in Nelson city region. Largest sanctuary in the South island and the only one with significant mature beech forests. The last major sanctuary to go 'commercial', therefore have learned from the successes and challenges of other sanctuaries before us. 	<ul style="list-style-type: none"> Govt. conservation initiative Predator Free 2050. Corporate support to 'living' cause increasing with triple bottom line report. Environmental education becoming mainstream for kiwis and also visitors. Conservation awareness in youth increasing, which will drive the Sanctuary's long term future. Sanctuary's external fence line track links to the Great Ride Dun Mountain Trail. Leverage off adjacent mountain biking and possible gondola developments. Sanctuary is poised to become a leading visitor attraction for the Nelson region. Leveraging the Trust's database of 2,000 supporters for further memberships and donations. Increased awareness of the need to do more for our threatened native species. Strong opportunities to develop 3rd party partnership income through Holiday Park and associated revenue streams.
Weaknesses	Threats
<ul style="list-style-type: none"> Lack of opex funding for staffing positions. Intangible benefits hard to quantify financially. Maintaining Biosecurity relies on stability of fence and bench platform, with associated slope stability risks. Income reliant on premium visitor experience – a total of >\$8m investment. Lack of control over NCC owned Brook Reserve that is the de facto visitor gateway to the sanctuary and land base required for 3rd party income streams. 	<ul style="list-style-type: none"> Review of staffing levels and affordability of same. Steadily built community support could be eroded by project stagnation/set-backs (e.g. pest removal failure) and/or opposition campaigns (e.g. pest removal, public access issues). Pest incursion(s) due to significant/ catastrophic fence failure. Seed funder demands to show tangible return on investment (ROI). Poor communication and negative media stories. Local government process resulting in further delays to decision making on facilities and income earning opportunities. Possible BWST liability (e.g. land slip repairs)

Our Key Risk Matrix

Major risks to this business plan

The diagram shows the 8 major risks in terms of likelihood versus impact upon the sanctuary.

- Likelihood measured as low (green), moderate (orange) or high (red).
- Impact measured as low (green), moderate (orange) or high (red).



Major Risk 1: Predator pest removal operation is unsuccessful within the Sanctuary.

Assessment: Likelihood Low, Impact Moderate	Response:
The pest removal is a challenging project dealing with a wide suite of pests over a significant area. The Trust has engaged in extensive planning, peer-reviewed by DOC's Island Eradication Advisory Group and engaged experts with direct experience of similar projects within fenced sanctuaries to manage and deliver the operation. It has developed a comprehensive programme to detect and mop-up any individual pests that survive the aerial drops of toxic baits. It has engaged in careful security planning to ensure the safe delivery of the operation for the operational personnel and the wider public.	If the pest removal operations were catastrophically unsuccessful due to operational failure (such as a helicopter crash or a major opposition direct action against the fence), the Trust would review all options going forward, including: a second aerial Brodifacoum operation, and alternative pest removal operation utilising one or more experimental methods, or an alternative business model.

Major Risk 2: "Significant" failure of fence.

Assessment: Likelihood Moderate, Impact Low	Response:
Widespread or long term breach of the predator barrier. This risk is heightened in the "slip area" of the fence, a ~80m long stretch of fence on the eastern slopes. The Trust is stockpiling fence materials sufficient to repair 100m of fence.	If the pest-proof fence experienced a catastrophic failure (such as a major storm causing windfall damage to <100m of fence, or a major land slip destroying a section of land that can no longer support a bench platform) the Trust would explore opportunities to rebuild the fence on an alternative route, either above or below the current fence line.

Major Risk 3: Loss of public support, goodwill, and investment in the project.

Assessment: Likelihood Low, Impact Moderate	Response:
The Trust recognises public relations as a risk area, with significant implications for the Trust if public support is undermined, but is confident public support will be retained at high levels. Robust communications plans are in place for the Pest Removal Operation and the next phases of the project, focused on story-telling about the long-term vision of the Sanctuary, with the goal of bringing the wider community along on the journey of sanctuary development.	If public support were seriously undermined through an opposition campaign or a catastrophic fence failure, the Trust would seek to use its support networks of schools, members, and volunteers to re-start a grassroots movement in support of the Sanctuary project.

Major Risk 4: The sanctuary is not financially viable long term

Assessment: Likelihood Low, Impact High	Response:
This risk is well recognised within the Trust and throughout the community. The Trust has taken a conservative approach to planning and fund raising to minimise this risk and continues to remain debt free. This Business Plan continues this responsible approach, with capex projects only to be undertaken as secured funding allows.	If the Trust's financial position deteriorates, the Trust will undertake whatever corrective measures are required to maintain solvency, including organisational restructuring and seeking new funding partners.

Major Risk 5: NCC fails to deliver Council's intent to support the successful delivery of the Brook Sanctuary

Assessment: Likelihood Low, Impact Moderate	Response:
To assure a productive, positive relationship focused on the project's success, the Trust supports NCC's proposals of appointing a senior leadership team member with responsibility to oversee Council's involvement in the project. Staff and Trustees continue to work with NCC's senior leadership team and elected officials to ensure staff actions support the successful delivery of the project.	If Council fails to support the successful delivery of the project, the Trust will explore all opportunities, to rectify the situation.

Major Risk 6: Annual funding from NCC to BWST is discontinued

Assessment: Likelihood Moderate, Impact High	Response:
In year 1 NCC has made a provisional allocation of \$250K of which \$150K will be the subject of a funding bid in the second half of the year. The Trust has signalled that currently it expects to submit a further request for \$250K in year 2, reducing to \$150K in years 3 and 4. The Trust would be keen to further the discussion around levels of service, contract management and other opportunities concerning operational and capital related monies. The Trust intends pursuing ongoing support via NCC long term (10 year) plan.	If NCC discontinues annual funding for BWST, the Trust will explore other funding options, including working with the other members of the Large Sanctuaries collective to solicit annual budget support for sanctuaries from Central Government—via DOC, MfE and/or the government program of PF2050.

Major Risk 7: Further delays in the Brook Reserve Management Plan process

Assessment: Likelihood Moderate, Impact Moderate	Response:
The Trust has engaged constructively in each stage of NCC's planning process for the Brook Reserve, including serving as point party for the Conservation Education Centre partnership with DOC and NMIT. The delayed timeframes already experienced have had a significant impact on the Trust's overall position and the CEC partnership.	The Trust's position on this risk is to remove any major allowance for time or cost from this 4 year plan. This is to allow time for NCC to complete its process. The Trust would welcome opportunities to consider management of Brook Valley Holiday Park.

Major Risk 8: Social cost to community

Assessment: Likelihood Low, Impact High	Response:
The risk of <u>not</u> advancing the Sanctuary to a state where returning birdlife for the wider landscape can begin, could lead to the loss of support from the community and from funders. This reputational risk would be high. The presence of native birds living and thriving across Nelson, Stoke and Richmond environs also represents the risk of lost opportunity.	The Trust will proceed with the pest removal project over the 2017 winter months.

Our Competitive Advantage

What are our special skills and what are we good at?

- Specialist knowledge in conservation of native wildlife and control of introduced pest mammal species.
- Governance – our recently strengthened trustee team combines conservation expertise, cultural understanding and social perspectives with strong commercial and financial oversight to achieve the Trust's bold vision.
- An opportunity to claim a truly pest-free sanctuary with fencing and pest removal complete.
- Building and maintaining pest-proof fencing and associated infrastructure.
- Community support – generating and maintaining support through volunteering, membership and sponsorship.
- Genuine community engagement – the Sanctuary is close to urban centres with high public awareness and participation.

- Fundraising – the trust raised >\$4.7m to establish a 14.4km long fence, and pest removal plus additional assets such as the visitor centre, Beech Glade bridge, outdoor classroom, operations workshop. It is fundraising for other projects and applies sound fiscal management of funds to ensure successful delivery of projects.
- Actively involving a large volunteer pool representing a broad cross-section of the Nelson community – including business, service and social.
- Flexibility to generate 3rd party income through various ancillary ventures to help sustain a visitor experience business.

Financials and Key Metrics

Refer to the 2017-21 budget attached to this document.

Key points to the budget:

- Conservative staging of critical expenditure to achieve a viable attraction by Summer 2019/20.
- Visitor admission income is based on volumes and pricing as per peer-reviewed Arrow Feasibility Study; income projected to start September 2019 to allow time for development of Sanctuary attractions.
- Plant and equipment requirements will increase and additional allowance of \$30K p.a. has been allocated to cover expected usage.
- Key capital developments will only be undertaken if funds are raised prior.
- Key developments will be funded through a robust fund raising programme of grants, sponsorships, donations and bequests.
- Operational expenditure CPI adjustment of 2.5% p.a., where relevant
- Operational expenditure is more challenging to fund and the Trust is likely to seek for this to continue to be underpinned by cornerstone partners (such as currently NCC, Jasmine Social Investments and Rata Foundation) until visitor revenues come online.
- Judicious management of opex and human resources is critical to the successful completion of the Sanctuary's development phase.

This path will take longer to reach the goal of becoming a key eco-tourism visitor attraction in Nelson.

Key metrics to be developed to measure this plan include:

- Annual statement of intent
- Quarterly activity reports
- Revenue generation targets over and above visitor entry income
- Growing equity in the balance sheet, showing positive return including community good on investment to funders
- Project reports to funders showing milestones achieved against specific funded projects
- Operations promulgate a 'dashboard' report showing financial and community benefits (e.g. social media analytics, volunteer hours, donations, community engagement activity)
- Community, staff and volunteer engagement
- Benchmarking exercise undertaken against other sanctuaries including standard operating procedures (SOP). The BWST is a member of Sanctuaries of New Zealand Association. The aim of this exercise is to achieve upper quartile performance and to enable us to identify and achieve our measures of success.

Business Plan 2017 - 2021
Project Timeline: Development Phase

Project Area	Apr- June 2017	July- Sept 2017	Oct- Dec 2017	Jan- Mar 2018	Apr- June 2018	July- Sept 2018	Oct- Dec 2018	Jan- Mar 2019	Apr- June 2019	July- Sept 2019	Oct - Dec 2019	Jan - Mar 2020	Apr - June 2020	July - Sept 2020	Oct - Dec 2020	Jan - Mar 2021
Fund-Raising ¹																
Pest Removal and Sanctuary Closure																
Monitoring & Mop-Up																
Species Reintroductions																
Site Development and Visitor Experience ²																
Fence: Maintenance & Earthworks ³																
Fence: Ancillary and Enhancements ⁴																
Brook Valley Holiday Park Site Dialogue ⁵																
Master Plan Phase Two ⁶																
Master Plan Phase Three ⁷																

Notes:

1. Ongoing annual fence maintenance projected to be \$75K p.a. However, includes all fund raising campaign prongs: Membership, Friends of the Brook, Donors, Sponsors, Local Government, NZ Government, Funders, Public (Fund raising continues past fence campaign).
2. Includes: Interpretation and directional signage, Valley loop track/dam-top pedestrian bridge, link track to Western firebreak, Kaka aviary, Operations Facilities, visitor centre extension, car parks, coach turnaround.
3. Includes: Timing ultimately depends on the outcome of BWST engagement with NCC. For slips remediation contingency, Breach and swales management, tree removal, road bench cutting, road bench settling.
4. Includes: Fence construction/repair, stream culverts/gates enhancements, and revegetation.
5. Includes clarification of Reserve status and any expression of interest process for future management of the Brook Valley Holiday Park and negotiations w/NCC re potential management contract.
6. Includes: Possible Brook Valley Holiday Park site transition, negotiations w/NMIT & DOC re: relocation of Conservation Education Centre to Brook Reserve, negotiations w/NCLS re: gondola project synergies, Brook Valley Holiday Park business case and geotech.
7. Includes: Possible Brook Valley Holiday Park site operation and luxury accommodation development within sanctuary as and when funding and lease negotiations with NCC allow.

4 YEAR BUDGET	Opex 2017-18	Opex 2018-19	Opex 2019-20	Opex 2020-21	Totals
REVENUE					
Operational Funds Held at 30 June 2017					
Untagged Operational Funds Held	87,286				
Tagged Operational Funds	161,269				
TOTAL	248,555				
Internal Income	193,100	264,100	208,100	311,100	976,400
External Income (Pledged)	602,934	300,000	200,000	150,000	1,252,934
External Income (Projected)	280,000	285,000	230,000	95,000	890,000
TOTAL PROJECTED REVENUE	1,324,589	849,100	638,100	556,100	3,367,889
EXPENDITURE					
Salaries Fixed Costs	346,892	353,830	353,969	353,971	1,408,662
Finance & Administration Costs	82,698	52,798	52,800	52,800	241,096
Field & Fence Operational Costs	241,826	161,388	60,968	61,353	525,535
Additional Non-Fixed Operational Costs	73,365	31,865	32,615	33,365	171,210
Operational Fixed Costs	19,350	20,350	19,350	19,350	78,400
TOTAL OPERATIONAL EXPENDITURE	764,131	620,231	519,702	520,839	2,424,903
PLUS PROJECTED CAPITAL EXPENDITURE	366,203	331,580	110,664	64,000	872,447
TOTAL EXPENDITURE	1,130,334	951,811	630,366	584,839	3,297,350
SURPLUS/DEFICIT	194,255	-102,711	7,734	-28,739	70,539
Projected Bank Balance at 30 June	194,255	91,544	99,278	70,539	

Business Plan 2017 - 2021

CAPITAL PROJECTS	Capex 2017-18	Capex 2018-19	Capex 2019-20	Capex 2020-21	Totals
Pest Removal	260,203				260,203
Aviaries	44,000	15,000			59,000
Web Site, Front of House	2,000	5,000		2,000	9,000
Vehicles	60,000	30,000	30,000	30,000	150,000
Loop Track		40,000			40,000
Operations Workshop		5,000	26,664		31,664
Outdoor Classroom		2,500	2,000	2,000	6,500
Dam-Top Bridge		168,080			168,080
Car Parks & Site Development		60,000			60,000
Permits & Species Reintroductions		6,000	2,000		8,000
Signage & Visitor Experience			50,000	30,000	80,000
TOTAL CAPITAL EXPENDITURE	366,203	331,580	110,664	64,000	872,447

Milestone Schedule

Meeting the below milestone chart is dependent on favourable decisions by funders and on the Trust's successfully achieving pest free status.

2017

- January 2017 – trust changes with new trustees. **Achieved**
- March 2017 – 2017/18 funders applied. Business plan for 2017-2021 promulgated. **Achieved**
- April 2017 – Business plan pathway approved. **Achieved**
- May 2017 – Pest Removal Project plan for 2017 approved. **Achieved**
- June- July 2017 – 2017/18 budgets signed off. BWST operations business as usual reviewed. Pest removal planning completed and checked by 3rd party (DOC). 2017-21 business plan adopted. Transition plan approved. **Achieved**
- July – September 2017 – approved business plan enacted. Pest Removal Project actioned. 1st quarterly activity report produced. Capex plan items for year 1 begin. Business plan metrics developed. Core funding partners (NCC, Jasmine Social Investments, and Rata Foundation) support plan.
- August – December 2017 – BWST operations business as usual checked and organisation review complete^d. 2nd activity report produced. Contracted services for Pest Removal Project completed. Review.

2018

- January – Transition plan from 'old' to 'new operation' completed.
- March – activity report produced. Asset management plan in place. Sanctuary health check
- March– May – Business plan review, draft annual budget and 18/19 statement of intent considered. Management contracts and business risk reviewed.
- June – above items adopted. Activity report produced.
- September - November –capex plans for years 2-4 begin.
- December – activity report produced.

2019

- March – activity report produced. Sanctuary health check.
- March – May – Business plan review, draft annual budget and 19/20 statement of intent considered. Management contracts and business risk reviewed.
- June – above items adopted. Activity report produced.
- September - November –capex plans for years 3-4 begin.
- December – activity report produced.

2020

- January- March - activity report produced. Sanctuary health check.
- March – activity report produced.
- March – May – Business plan review, draft annual budget and 20/21 statement of intent considered
- June – above items adopted. Activity report produced. Capex review completed.
- September - November –capex plans for year 4 begin.
- December – activity report produced.

2021 – Mid year

- January- March – activity report produced. Sanctuary health check.
- March – activity report produced.
- March – May – Business plan review, draft annual budget and 21/22 statement of intent considered. Management contracts and business risk reviewed.
- June – above items adopted. Activity report produced. Capex review completed.

Plan of Attack

The implementation plan will detail what, whom and when. The plan ties in milestones, and big item costs include assumptions. The appendices detail priorities and expected outputs by activity:

- Plans and strategy (by trustees)
- Community and visitor experience
- Ecosystem and restoration
- Finance
- Fundraising
- Operations

Implementation plan to end of December 2018

2017

- March/April – Trustees to confirm business plan options, refine financial reporting, reconfigure and confirm trust makeup. Confirm focus for next 4 years and revise subcommittee make-up. Focus fundraising programme.
- June/July– Trustees confirm business plan to take to key stakeholders. Trust structure confirmed. Existing subcommittee implementation plans reviewed and reprioritised.
- June-December– Management undertake approved pest removal project and year 1 capex developments. Management contracts and business risk confirmed. Trustees review and confirm management structure. Further enhance fundraising programme.

2018

- January–March – Trustees and management review year's achievements against strategic and 2017-21 business plan, reconfirm aims and meet with funders.
- May/June – Trustees confirm funding against plan requirements. Management contracts and business risk reviewed. Management present annual budget to be approved
- July – Management implement annual budget and work plan.
- December - Trustees and management review year's achievements against strategic and 2017-21 business plan.

Further points for consideration

Upcoming capital costs:

- The original plan included raising \$4.7m. With future planning of the Brook Valley Holiday Park not yet under discussion, any possible major investment in this area is deferred until after year 4. Therefore demand on capital in this plan from 2018-21 has been markedly reduced.

- Raising capex will require a big effort and significant engagement with funders and sponsors such as corporates. This activity must start by mid-2017.

Human resources:

- Applying a big development plan generating its income, staff structure will be affected and resources may need to be redistributed. Resources will need to be increased with emphasis placed on financial clarity, revenue generation, business risk, and contract and project management.
- PR/story telling will be at Trust discretion, and the resource be kept in house to aid the outdoor education centre.
- Engage a specialist aerial operations controller from May 2017, to ensure the pest removal plan and implementation is carried out to best practice and is employed for May to Dec 2017 period.
- Consider a self-funding contracted fundraiser for capital, and resources (like corporate material and storytelling). Targets to hit for project plans through to 2021, total around \$2m. An additional function could include sourcing sponsorship for staff positions (like rangers, educators, etc.).

3rd party income generated by BWST:

- Visitor gate admission is charged from 2019. For this plan, a staged approach to income generation is used based on Year 1: donation basis; Years 2 to 4: building to c.15,000 people; and 30,000 visitors after Year 4.
- Sanctuary transport tours around perimeter and/or walking tours across Sanctuary interior linking a chain of accommodation lodges ASAP, with high end revenue opportunities.
- Other income generating ideas tested for viability in 2017 and 2018 including: café, retail, canopy walk, zip line, mountain biking and tramping and with gondola.

To Close

The sanctuary will move into a self-sustainable model as an eco-tourism business.

This is a conservative plan. It requires some raising of capex and funding to maintain a significant opex base in 2017-18. The trust will be seeking ongoing support from Nelson City Council and other key stakeholders combined with generous support from funders and donors.

The community needs the Sanctuary to achieve its aims. The value to the public 'good' is hard to calculate, but the intrinsic value of native birds as a feature on the rural landscape and across suburbia's gardens stretching from Nelson to Richmond must be considerable.

The Trust's aims are about generating and leaving a positive legacy for the future; however the Sanctuary needs generous support from the community at large in terms of money, commitment and time. The projects the Trust has committed itself to are not simple and straightforward.

It is acknowledged that aerial bait applications very close to urban areas have a degree of risk but with a highly robust operations management plan, externally audited and with very skilled expertise in place, the risk is mitigated, and the benefits will be significant for generations to come. Very few sites can offer the status of being truly pest free.

Combined with the effort and skills of its trustees, volunteers and staff, the Sanctuary's alignment with the wider initiative of Nelson Nature and the engagement of a broad range of stakeholders and partners, the Brook Waimarama Sanctuary Trust can meet its objectives.

Report acceptance: This is a confidential report to the Brook Waimarama Sanctuary Trustees and to the Trust senior executive, and not to be redistributed without permission. Report on E&OE basis.

Brook Waimarama Sanctuary Trust business planning group.
August 2017.

References:

- *Arrow Strategy Independent Feasibility Study 2012.*
- *BWST Response to Arrow Strategy infeasibility Study 2012. This document details expected income generation and forecasts 30,000 visitors per year generating \$570k.*
- *BWST strategic 2016-2018 plan – review projects and timelines and activity of working groups – as part of the business plan chapter on its implementation plan.*



Brook Waimarama Sanctuary Trust

Following another rainfall event on 15 February 2016 the same slip was further affected resulting in damage to the Trust's fence platform and damage to approximately 100m of fence and causing the Dun Mountain Trail to drop by about 2m.



Slip on 15 February 2016



Post remediation

REPORT R7634

Waimea Dam: Community Consultation on a Possible Nelson Contribution

1. Purpose of Report

- 1.1 The purpose of this report is to:
 - 1.1.1. Outline the value proposition for Nelson to contribute to the Tasman water augmentation project (Waimea Dam).
 - 1.1.2. Approve the Statement of Proposal for the possible contribution by Nelson City Council (NCC) to the project.

2. Summary

- 2.1 Water rights are over-allocated on the Waimea Plains. A dam in the Lee Valley is proposed to provide water for the Waimea Plains, industrial and residential areas. It is expected that this will provide water security for the Nelson Tasman region for the next 100 years.
- 2.2 It is estimated the project will cost \$75.9 million (\$82.5 million including expenditure to date of \$6.58 million) and it is proposed to be funded by the public and private sectors. The Waimea Dam project (the Dam) has the potential to deliver regional economic benefits and, by providing an extra water source, to also improve regional resilience.
- 2.3 It is not the role of this report to consider again the years of assessment and analysis which resulted in the proposal to build a regional dam. However, it does describe the background to the project and NCC's involvement to date. The evidence for regional economic benefits which will provide value to Nelson is outlined. The report also considers Nelson's future water needs both for the city as a whole and the Nelson South area which has historically been supplied with water by Tasman District Council (TDC). Most of the environmental benefits and negative environmental consequences impact in the TDC area so these are not explored in depth. Finally, the report assesses the options for an NCC contribution via a grant or purchase of equity.
- 2.4 Support for the Dam project would be consistent with Nelson City Council's approach of principle over many years, to work collaboratively with partners to ensure the best outcomes for the whole region.

- 2.5 It is recommended that a special consultative procedure is undertaken to ensure an appropriate level of community engagement in the Council's decision. A draft Statement of Proposal has been prepared for Council's consideration and is in Attachment 1. (Final comments from the legal advisors are awaited; any changes required will be tabled on the day of the meeting.)

Assumptions

- 2.6 This report includes a number of assumptions as follows:
- 2.6.1 The total cost of the Dam project will be at or below \$82.5million (including expenditure to date).
- 2.6.2 Funding will be received from TDC, Waimea Irrigation Limited (WIL), Crown Irrigation Investments Limited (CIIL) and a Central Government grant from the Freshwater Improvement Fund.
- 2.6.3 If NCC contributes to the project, a new Engineering Services Agreement (ESA) between NCC and TDC will be entered into. A copy of the proposed Terms of the new Engineering Services Agreement, is in Attachment 2.

Recommendation

That the Council

Receives the report Waimea Dam: Community Consultation on a Possible Nelson Contribution (R7634) and attachments (A1846450, A1847401, A1761653, A1847397, A1766322, A1382534, A1769513; A1840371); and

Agrees that a contribution to the Waimea Dam project of \$5 million (in addition to the \$413,000 contribution to date) is Council's preferred proposal on which to consult the community; and

Agrees that any contribution from Nelson City Council to the Dam project will be as a grant rather than a purchase of equity in the Dam; and

Notes that any Nelson City Council contribution will be made on the basis of the proposed Terms of the new draft Engineering Services Agreement (A1847401), as detailed in an exchange of letters between the chief executives of both councils;

Approves a Statement of Proposal (A1846450), with any necessary amendments, for the possible contribution by Nelson City Council to the Waimea Dam project.

Authorises the Mayor and Chief Executive to make minor changes to the Statement of Proposal.

4. Background

Council's involvement

- 4.1 Over the last few years NCC has made submissions to TDC supporting the Dam, including TDC's Long Term Plans, funding and governance options consultation, Tasman Resource Management Plan changes and the Dam Resource Consent Application.
- 4.2 As a financial proposal for the Dam had not been detailed when the NCC Long Term Plan 2015 – 25 was prepared, NCC did not allocate funding but included a comment that *"headroom for the debt associated with a possible contribution has been allowed for in 2018/2019 to align with the construction phases should the dam proceed"*.
- 4.3 Only 20 submissions were received on this topic at that time. The issues raised by submitters included support from irrigators in Tasman, some opposition to contributing to a project outside of the city, and concern that the Dam would not benefit Nelson residents. Other submissions mentioned concerns over the environmental effects of the Dam and some submissions commented on the regional benefits that the Dam is expected to provide.
- 4.4 To date, NCC has contributed \$413,000 to the project. The \$413,000 has been taken from operating expenditure, but loan funded.
- 4.5 The last full report on water matters was made to Council in November 2014. That report set out matters relating to water takes from the Roding and Maitai Rivers, the Waimea Dam and the Engineering Services Agreement between NCC and TDC.
- 4.6 Since then, Council has received presentations from TDC and irrigators on the proposed Dam. The Mayor and officers have also attended meetings with TDC, CIIL and WIL to keep up-to-date with the project. A list of the key parties to the project is in Attachment 3. There have been a number of briefings this year, to inform councillors, and joint workshops with TDC.

Consultation Process

- 4.7 The decision on a contribution to the project has long term implications for the regional economy and is a matter which will generate wide public interest. The decision is sufficiently significant to require a consultation using the special consultative procedure. Following approval by Council, the Statement of Proposal will be released to the public for feedback through the consultation period which will run from 24 October to 24 November 2017. Submitters who wish to speak directly to Council will have the opportunity to do so at hearings on 7 December 2017 (including an evening session) and, if needed, 11 December 2017.

Project background

- 4.8 Over-allocation of water rights on the Waimea Plains has led to the situation where the Waimea River can run dry over summer months and during these times salt water from Tasman Bay can migrate through the aquifers and threaten coastal wells. The shortage of water over the summer period also results in water rationing most years.
- 4.9 New provisions in the Tasman Resource Management Plan (TRMP) which will apply if the Dam is not built, require a reduction (25 – 50%) in irrigators' water allocations and stricter rules for urban water supplies, including commercial and industrial users. New rationing rules will mean more frequent and more severe restrictions. Further details in relation to the TRMP water rationing provisions are set out in Attachment 4.
- 4.10 Nelson ratepayers will be affected by the changes to the TRMP and new water restrictions as TDC currently provides water to properties in Nelson South and businesses in the Wakatu Industrial Estate.
- 4.11 To respond to the over allocation issue, TDC facilitated the establishment of the Waimea Water Augmentation Committee (WWAC) in 2003 to look into options to resolve the issue.
- 4.12 WWAC commissioned consulting engineers Tonkin and Taylor Limited to review options for the augmentation of water flow to the Waimea Plains. A number of options were considered and then ranked through an iterative process that left the construction of a water storage dam on the upper reaches of the Lee River as the preferred option to address the water supply issue.
- 4.13 Resource consent for a dam with capacity of 13.4 million cubic metres was granted in 2015 and is now held jointly by TDC and the Waimea Community Dam Ltd. (In comparison the Maitai Dam holds 4 million cubic metres. The Maitai Dam provides for business and residential needs, rather than for irrigation).
- 4.14 The Dam will release water to the river network to allow recharging of the Waimea Plains aquifers. A summary of the details on the proposed Dam is in Attachment 5.
- 4.15 Funding for the project to date has come from a variety of sources including Central Government, TDC, Fish & Game and irrigators. As mentioned, NCC has contributed \$413,000.
- 4.16 A number of governance options for the Dam have been proposed over the last few years. The governance structure is the subject of TDC's consultation which is to run concurrently with NCC's. At present the proposal has the establishment a Dam Company (Dam Co) that would be a Council Controlled Organisation with TDC and WIL (and potentially NCC) as partners.

- 4.17 Central Government has approved financial support to irrigators through CIIL and a grant to TDC from the Ministry for the Environment's Freshwater Improvement Fund.
- 4.18 The construction work has been tendered but tenders are still to be evaluated and awarded. TDC needs to consult on and decide how its share of the project will be funded, which will require an update to its Revenue and Financing Policy.
- 4.19 TDC included \$25 million in its Long Term Plan 2015-2025. TDC will not finally commit until it has agreed an acceptable investment proposal and tender price, has consulted on the proposal (including to form a CCO) and has confidence that the other parties are able to commit their capital and meet their share of the operating costs.

5. Summary of advantages and disadvantages for Nelson

- 5.1 The following is a summary of the main advantages and disadvantages that support for the project will generate for Nelson:

Advantages for Nelson
Improved security of supply to Nelson South industrial users that are currently and may in future be supplied by TDC.
Estimated total capital investment of \$3.2 million in the NCC network to supply water from the NCC network to industrial users in Nelson South may not be required.
Potential to access an additional water source of up 22,000 m ³ /day (reduced in times of severe drought).
Potential to delay scheduling a project to introduce pre-treatment of the Maitai Dam water (or, to achieve the same objective, renew treatment membranes more regularly).
The estimated cost of pre-treatment is \$15 - 20 million (the lower end of this range would require using aluminium chlorohydrate) and the cost of replacement of membranes is estimated at \$6.5 million every 6 – 8 years depending on the extent to which the Maitai Dam water is used. The price of membranes will be subject to changes in the exchange rate.
Regional economic growth.
An additional water source increasing the resilience of the Nelson Tasman regional water supply

Disadvantages for Nelson
Cost of the capital contribution increasing pressure on rates and debt.
If Nelson requires access to the additional water (above the 1000 m ³ /day for Nelson South) in future, a capital investment in TDC's network to access the water and supply to Nelson will be required. Rough estimates provided by TDC put the cost at \$1500/m ³ /day supplied which equates to \$15 million for 10,000 m ³ /day and \$22 million for 15,000 m ³ /day.
To maximise supply to Stoke / Annesbrook / Tahuna or further, would require an upgrade of NCC's network of \$0.8 – 1 million for 5,000 – 10,000 m ³ /day.
Water obtained from TDC will be at the more expensive Richmond Residential Rate.
If NCC purchases shares or equity in the Dam Co, NCC will have an ongoing share of the operational costs of Dam, with NCC's share estimated at \$92,000 per year.
Uncertainty around costs adds risk (both around the final cost of the project and the contributions of other partners)

- 5.2 There are also potential environmental impacts, both positive (improved flows in the Waimea River) and negative (increased nutrient run-off into waterways and Tasman Bay), but as these largely accrue only for the TDC area they are not included in the table above.

6. Discussion

Regional cooperation

- 6.1 Support for the Dam project would be consistent with Nelson City Council's approach of principle over many years, to work collaboratively with partners to ensure the best outcomes for the whole region. Focussing on the arbitrary division created by the border between the two councils ignores the fact that the communities and economies of the two districts are inextricably intertwined. Attempting to divide, on a strict basis, the benefits from a once in a generation project such as the Dam is not likely to capture the full regional impact of ensuring resilience of water supply for at least the next 100 years.

Regional economic benefits

6.2 Several studies have been commissioned on the economic effects of building or not building the Dam. The following documents are available online and on councillors' shared drive:

i. *Update of economic impact assessment of Waimea Community Dam*, NZIER report commissioned by the Nelson Regional Economic Agency, July 2017, to update its 2014 Waimea Dam Economic Assessment

ii. *Waimea Dam. Economic Cost of the No-Dam Alternative*. Northington Partners, November 2016

The report provides a summary of the potential financial and economic impacts of the Dam not going ahead. The report was prepared by Northington Partners at the request of WIL.

iii. *Outflow from a dam. Economic benefits of Nelson City of the proposed Waimea Community Dam*. NZIER, April 2015

The report identifies and assesses the economic and environmental consequences of the Dam for Nelson City and Tasman separately. The report was prepared by NZIER for Nelson City Council.

iv. *Waimea Dam Economic Assessment Report*. NZIER, October 2014

The report provides information on the economic impact of the Dam on a regional basis. The report was prepared by NZIER for Nelson Economic Development Agency

v. *How to Pay for a Dam*. NZIER, October 2014

The report considers the provision for environmental flows in the Waimea River by the Dam and also the provision for future demand for water from irrigation, residential and industrial growth. It weighs the cost of these provisions and suggests how the cost might be met. The report was prepared by NZIER for TDC.

vi. *Waimea Community Dam Economic Analysis*. John Cook and Associates and Northington Partners, June 2011

The report provides an economic impact analysis of the Dam as well as the cost and disruption to the region's economy should the Dam not be built. The report was commissioned by the Nelson Economic Development Agency and prepared by John Cook and Associates and Northington Partners.

- 6.3 The economic value of the Dam to the region derives from avoiding the loss of primary production that would result from water restrictions as well as the increased production enabled (both from existing areas and new land brought into production).
- 6.4 The most recent of the above reports, the NZIER update of economic impact, reflects changes in land use and margins for primary produce since 2014.
- 6.5 The NZIER report examined a conservative assumption of water restrictions equivalent to 20% cut in allocation, and a stronger assumption of 35% allocation cuts. The updated analysis suggests that under the 20% water allocation cut scenario, the estimated net benefits of the Dam over 25 years would have a present value of \$295 million and a benefit cost ratio of 6.0. This is 14% larger than the 2014 result. Under the higher 35% cuts scenario, the net benefits would be larger at \$374 million, with a benefit cost ratio of 7.4.

6.6 Economic impacts of Waimea Dam for Tasman-Nelson region

Measure	20% allocation cut	35% allocation cut
Increase in GDP in first 2 years	\$55 million	\$55 million
Increase in GDP for each subsequent year	\$78 million	\$107 million

NZ\$ in 2013 terms; and present values over 25 years on 2013 base.

- 6.7 An earlier NZIER report from 2015 assessed the economic benefit for Nelson alone. In 2013 the Nelson-Tasman region had a combined GDP of \$3.8 billion, of which 2.1 billion (56%) was attributable to Nelson City. The value to Nelson City of activities flowing in from the Waimea Plains was estimated to be between \$14.8 million and \$18.4 million per year.
- 6.8 Without the Waimea Dam, if there are 20% or 35% cuts in water allocation, Nelson City would lose \$4 million or \$9 million respectively in annual GDP. The Waimea Dam would avoid those losses and enable increased production on the Plains, with flow on effects to Nelson City of \$11.4 million per year. On these estimates the Dam would benefit Nelson City's GDP by \$15.4 - \$20.4 million per year.
- 6.9 As the updated 2017 NZIER report found greater benefits than in the 2014 assessment, it can be expected that the size of the financial benefits to Nelson would have increased proportionately.

Nelson's long term water needs

- 6.10 Council's long term water planning was reviewed as part of the process of developing the Long Term Plan 2015-2025, the supporting Water Supply Asset Management Plan 2015-2025 and the 30 year Infrastructure Strategy.

- 6.11 The objective for Council's water assets is to *"provide a water supply to Nelson City that is capable of abstracting, treating and distributing potable water in an efficient, safe, reliable and sustainable way whilst ensuring that the ecological, recreational and cultural interests of the community in the water sources are recognised and enhanced."*
- 6.12 A summary of the water supply activity is that NCC supplies high quality water to Nelson households and businesses from two sources, the Maitai (North Branch Dam and South Branch weir) and Roding Rivers. The replacement value of assets, including pipelines, reservoirs, pump stations, the treatment plant and dams was valued at \$249 million as at June 2016.
- 6.13 Council abstracts between 7.2 and 8.5 million cubic metres of water a year from within Nelson boundaries. Nelson's average daily peak demand is approximately 26,000 m³/day – 28,000 m³/day. The Nelson Water Treatment Plant has the capacity to treat 50,000 m³/day. In order to supply this volume to the plant the pump station on the duplicate raw water pipeline will have to be upgraded at a cost of approximately \$2M and an additional storage tank installed at the treatment plant also at a cost of approximately \$2M.
- 6.14 It is more economical to use water from the two river sources rather than the Maitai Dam as water from the rivers requires less treatment and therefore puts less pressure on the membranes at the Water Treatment Plant. A trial in late 2016 of using only water from the Maitai Dam for supply was required to be cut short because of problems with discoloured water and subsequent complaints from users. The higher level of organic matter in the Maitai Dam water also stressed the older membranes at the Water Treatment Plant.
- 6.15 The trial suggests that to rely on meeting Nelson's water needs from the Maitai Dam, NCC would need to invest in pre-treatment of the water to reduce the level of organics or accept a reduced service life of the membranes and increased replacement costs. More work is needed to fully understand what costs NCC might face if it chose to use more water from the Maitai Dam.
- 6.16 The cost of pre-treatment was previously estimated at \$17 - 20 million. Independent experts have been contracted to do further work and have provided a revised estimate of \$15 – 16 million. The new estimate is based on the use of aluminium chlorohydrate as coagulate (rather than ferric chloride). Concerns were raised in the past by the community in relation to the perceived health risks connected to the use of aluminium chlorohydrate.
- 6.17 An alternative to pre-treatment is to accept more regular replacement of the membranes (and possible water discolouration, depending on the outcome of work described in 6.19 below). There are five trains of membranes at the plant and each costs approximately \$1 million to replace at the current exchange rates. The estimated cost of replacement of the membranes is approximately \$6.5 million every 6 – 8 years depending on

the extent to which the Maitai Dam is used. Some of the current membranes are 14 years old having performed much better than predicted by the manufacturer. The fifth train membranes were newly installed in 2016/17 and two sets of trains will be renewed in 2017/18.

- 6.18 The recommendation from the consultant's report is, in fact, to not pre-treat but to continue to use the membranes and accept a faster rate of replacement. Otherwise Council could invest in some very expensive pre-treatment assets which would sit idle except for a relatively short period in the height of summer.
- 6.19 It should be noted that the cause of the related issue of water discolouration has proven to be difficult to trace. One strong contender appears to be more related to the pH of the water that results from the various chemicals used to facilitate filtering of Maitai Dam water by the membranes. Changes of pH may lead to the mobilisation of the iron and manganese that has accumulated in the pipes over many years. Officers believe that this uncertainty can be resolved by further testing and adjusting quantities and proportions of these flocculating chemicals to provide some clear understanding of the various factors at play. A strictly controlled testing programme will be developed this year.
- 6.20 As seen from 6.13 above, Nelson does not have any shortage of water from its current sources for the foreseeable future. However, NCC now has the opportunity to improve the resilience of regional supply by contributing to the Dam which is proposed to provide water for the Waimea Plains and nearby residential areas for the next 100 years. Through its contribution, NCC would have the potential to access an additional water source for the city of up to 22,000 m³/day, albeit at a relatively high cost.
- 6.21 If Nelson requires access to additional water in future, a capital investment in TDC's network to access the water and supply it to Champion Road will be required. Rough estimates provided by TDC put the cost at \$1500/m³/day supplied. This equates to \$15 million for 10,000 m³/day and \$22 million for 15,000 m³/day and so on, depending on the volume of water required.
- 6.22 To maximise supply to Stoke / Annesbrook / Tahuna or further into the NCC district, pump stations would need to be installed to get the water into the reservoirs on the hillsides. This would cost approximately \$0.8 – 1 million for 5,000 – 10,000 m³/day.
- 6.23 Instead of purchasing water from TDC, NCC could extract water from the Waimea Plains aquifers on its own account by installing its own wells, treatment and reticulation at an estimated cost of \$17 – 20 million for up to 22,000 m³/day.
- 6.24 Water from the Waimea aquifers has less dissolved organic material than that from the Maitai Dam and therefore taking water from the Waimea aquifers either through new NCC wells or via TDC, may delay (but not eliminate) the need to commence pre-treatment of the Maitai Dam water.

On the other hand, water from TDC is already more expensive than NCC can supply and that cost will rise once the Dam is built.

- 6.25 If Council routinely has to use the Maitai Dam for more than 10 days at a time as a raw water source then a primary clarifier to remove organic materials or more regular replacement of the treatment plant membranes will be required. In that event, it is likely that NCC will need to consider pre-treating the Maitai Dam water at some point in the future (or replace membranes more regularly) regardless of whether water is being supplied from TDC or not. To date pre-treatment has not been necessary as NCC has been able to consistently use the river sources.
- 6.26 Over the last decade, NCC has on the following 4 occasions relied solely on the Maitai Dam as a water source for more than 10 consecutive days: April /May 2007 for 20 days, August 2008 for 16 days, February / March 2015 for 32 days (valve maintenance) and April /May 2016 for 50 days (trial). The Maitai Dam was used as the only source for the highest total number of days in 2016 (124 days) and the lowest total number of days in 2009 (46 days). The average number of days per year on which the Maitai Dam was used as the only water source during the period 2007 – 2016, is 88.1 days.
- 6.27 Whether greater reliance needs to be placed on the Maitai Dam will depend on a number of factors: drought events and demand (particularly an issue in summer when the river flows are low), prolonged wet weather when river sources are not available and events that damage river intakes or supply lines.

Nelson South supply

- 6.28 TDC supplies approximately 9% of the Nelson water supply through an Engineering Services Agreement (ESA) for Nelson South residents and industrial users in the Wakatu Industrial Estate. A copy of the current ESA is in Attachment 6. TDC also has separate contracts with two major industrial users in the area: the ENZA apple packing plant and the Alliance meat processing plant. (Further details in relation to the Nelson South industrial users are set out below in paragraphs 6.34 – 6.37)
- 6.29 Under the current ESA, the water supply is capped at 330 m³/day and the agreement provides that TDC can give three years' notice to cease supplying residential users in Nelson South.
- 6.30 The water TDC currently supplies to Nelson South residential is more expensive than the rate at which NCC can supply water (details are set out in par. 6.38 – 6.41). The difference in price is borne by all Nelson water users. The cost of water purchased from TDC is budgeted at \$250,000 per year.
- 6.31 As development is continuing in Nelson South, the water demand from this area is only going to expand. In order to secure a water supply to the Nelson South area for current residential and industrial users and future developments, officers have discussed with TDC proposed amendments to

the ESA and the basis of a NCC contribution to the project. The proposed Terms were discussed with the Council during the briefing on 13 April 2017.

- 6.32 The proposed Terms state that in the “with Dam scenario” up to an additional 1,000 m³/day (on top of the 330 m³/day supplied currently) would be made available to the Nelson South area immediately and without the need for any NCC contribution to upgrading the TDC network. This was included in the agreement to ensure that development in Nelson South would not be restricted by water supply and so that NCC would not have to invest extra in its reticulation to reach the new areas of development.
- 6.33 However, since the time the revised ESA was negotiated some changes have occurred. As a result of development pressures in the Saxton Area, Council has entered into a Private Developers Agreement that provides for the Saxton residential area (existing and proposed) to be provided with reticulated water from Nelson’s supply in the immediate future. Provided the planned private development proceeds, the reticulation put in place would allow expanding development in this area to be serviced by NCC at a lower cost than purchasing water from TDC.

Nelson Industrial Water Supply Area and ENZA and Alliance

- 6.34 Under the current ESA, TDC directly supplies a number of industrial users in the Wakatu Industrial Estate. TDC also has separate contracts with two major industrial users in Nelson South: ENZA and Alliance. The supply to the industrial users expires on 30 June 2020. The separate agreements that TDC holds with ENZA and Alliance also expire in 2020.
- 6.35 Under the proposed Terms, TDC would continue to supply the current Nelson industrial water supply area (which includes ENZA and Alliance). TDC would also continue the current system of contracting with and invoicing those businesses directly. Such an arrangement would protect NCC from having to supply large water users with water invoiced at NCC rates but purchased at a TDC residential rate. Making up the difference between those two rates is an estimated cost to NCC of \$350,000 per year which would potentially be borne by all water accounts.
- 6.36 Should the current supply arrangements continue, NCC would be able to defer the construction of the large diameter water mains to the industrial areas programmed for 2025-2030, at a capital saving of approximately \$3.2 million. It should be noted, however, that industrial users have the right, at any time, to approach NCC and request it take over supply.
- 6.37 Should NCC be in a position of having to take over supply to these large industrial users it could choose to continue sourcing that water from TDC. However, under current arrangements, the higher water costs of TDC water would be averaged across all Nelson users to the disadvantage of our residential users. Alternatively NCC could strike a separate higher water rate for industrial users supplied with TDC water, but that would be

hard to justify given the bulk user rates available to industrial users in other parts of the city.

Cost of water supplied by TDC

- 6.38 If the Dam goes ahead, the cost of water supplied by TDC to NCC would increase to reflect the Dam construction and operational costs; the Engineering Services Agreement is tied to the rate charged for Richmond residential customers.
- 6.39 TDC recovers water costs through an annual service charge plus a rate per cubic metre of water supplied.
- 6.40 The table below sets out the 2017/18 NCC and TDC water charges.

Supplier	Approx. Annual charge (\$inclGST)	Approx. Cost/m3 (\$inclGST)	Volume
NCC to customers	189.32	1.964	0-10,000m3/year
		1.550	10,001-100,000
		1.222	>100,000
TDC to customers	320.33	2.08	All volumes
TDC to NCC residential customers	-	3.33	All volumes. Annual charge included in water rate.

- 6.41 TDC Richmond residential charges are about 20% higher than the rate at which NCC can supply water. TDC estimates that the Richmond residential rate is likely to rise by 6 to 8% following construction of the Dam.

Alternative scenarios in relation to Nelson South supply – residential, industrial and ENZA and Alliance

- 6.42 If the Dam goes ahead with no contribution from NCC, the Nelson South supply from TDC would continue as per the current ESA which provides for a three year notice period (residential) and supply to industrial users to cease in June 2020. The separate agreements that TDC holds with ENZA and Alliance provide for supply to cease in 2020.
- 6.43 It is likely, given the amount of water that will be available, that TDC will continue to supply the Nelson South area however this supply is likely to be at a premium cost. Once the private developer has extended NCC reticulation to the residential area NCC may choose to cease taking TDC supply for that part of its district as it would result in a saving to ratepayers.
- 6.44 If the Dam is not built, TDC will activate a three year notice period to cease supplying Nelson South (residential and Nelson industrial water supply area) from the date of the 'No-Dam' decision. TDC will also cease supply to ENZA and Alliance from the expiry date of their separate contracts.

- 6.45 The amount of supply required to replace the water from TDC might be up to 485,000 m³/per year. While the residential area is now expected to be connected to NCC supply by the time a cease supply notice would take effect there would be a capital cost for piping, currently estimated at \$3.2 million, to supply the industrial area.
- 6.46 In addition, there would be greater reliance on the Maitai Dam to maintain supply and it is possible, as mentioned above, that capital expenditure of \$15 – 20 million will be required to pre-treat the water in order to protect the treatment plant membranes and possibly reduce the incidence of discoloured water complaints. Alternatively, more frequent replacement of the membranes estimated (at the current exchange rate) at \$6.5 million every 6 – 8 years depending on the extent to which the Maitai Dam is used. A full business case will be required when the decision is made in order to establish the most appropriate course.

Roding River

- 6.47 TDC is entitled to receive the lesser of 909m³ per day or 1/15 of the allowable extraction from the Roding. TDC currently takes only a small fraction of its water entitlement but NCC is required to maintain the reticulation that TDC would use for this supply.
- 6.48 Under the “with Dam” draft Terms, TDC agrees to forfeit the right to take water from the Roding River.
- 6.49 If the Dam goes ahead with no contribution from NCC, TDC will retain its right to take water from the Roding River. However this will be via an alternative point of supply and NCC would therefore still be released from maintaining and replacing the delivery pipe. TDC may relinquish this right once reticulation upgrades in Richmond are completed.

Meeting the National Policy Statement (NPS) on urban Development Capacity

- 6.50 The NPS on Urban Development Capacity (NPS UDC) came into effect on 1 December 2016. Its primary purpose is to ensure councils are supplying sufficient land for urban and business use for projected population growth; and to ensure that the supply of land is not a constraint on housing affordability. NCC is now required to integrate infrastructure provision with growth needs.
- 6.51 The NPS classifies the Nelson Urban area (includes Richmond) as a Medium Growth Urban Area, and imposes particular requirements on NCC. Among other things, the NPS on Urban Development Capacity requires NCC to provide at all times sufficient residential and business development capacity for the short, medium and long terms.
- 6.52 Land for industrial growth in Nelson is limited, however Richmond West (Lower Queen Street) has always been intended to provide for future demand and growth for business land in the Nelson Urban area.

- 6.53 The uncertainty of water supply might reduce the uptake and development of land in Richmond West and accordingly both councils risk not meeting the NPS requirements. If the Dam does not go ahead then the existing business and industries in Richmond West will face water restrictions in drought years.

Environmental impact

- 6.54 The Dam will result in some environmental benefits as 30% of the Dam's capacity is allocated to "environmental flows". This will enable the minimum flow on the Waimea River to be set at 1100 l/s. Without the Dam the minimum flow under the TRMP would be 800 l/s. The higher proposed flow would assist with instream improvements within the Waimea River.
- 6.55 The potential adverse effects of the Dam include changing the natural environment upstream of the Dam and increased contaminant levels eg. increased nutrients in Tasman Bay and nitrates in waterways arising from either intensification or land converted from pastoral use to market gardening or horticulture. The TRMP includes requirements for nutrient management plans which are seen as a way of managing the contaminant risk.
- 6.56 The Dam lake will cover 65.9 hectares, disrupting the habitat for a range of fauna and flora. The resource consent for the Dam provides for establishing new habitats and an ongoing environmental fund. Adverse effects can include disruption to fish passage, reduced water quality and potential impacts on aquatic ecology. The environmental effects of the Dam were considered as part of the consenting process.
- 6.57 The table below sets out the expected long term changes in land use as a result of a more secure water supply.

	Current land use	Possible increased use with Dam	Current plus increase
Crop	Ha	Ha	
Pasture	1300	400	
Apples	1480	960	
Kiwifruit	70	90	
Grapes	200	200	
Berries	60	150	
Total	3110	1800	4910

- 6.58 As there will be a mix of environmental benefits and negative impacts from the Dam and because there is no practice in the region of funding environmental benefits in the neighbouring district, environmental factors have not been included in consideration of what would be an appropriate level of NCC contribution.

7. Independent Expert Advice

- 7.1 To further inform Council decision-making, an independent expert, David Benham, was commissioned to review the relevant material, discuss issues with officers at NCC and TDC and provide an independent report on the value of an NCC contribution to the Dam.
- 7.2 Mr Benham is the former Chief Executive of the Greater Wellington Regional Council (GWRC) and also held the position of Divisional Manager Utilities Services managing the bulk water responsibilities of GWRC. He is currently a Board member of Wellington Water which manages water treatment and supply, stormwater and wastewater service delivery in the Wellington area. A copy of Mr Benham's report is in Attachment 7.
- 7.3 The report recommends the following: *"that NCC contributes \$5 million to the project and the contribution be by way of equity rather than a straight grant. Advice provided indicates that the dam project with NCC's contribution will future proof NCC's water supply and enhances the wider regions economic wellbeing towards 2100. This is a significant positive legacy this Council can provide to the future citizens and ratepayers of the city and wider Nelson Tasman region"*.
- 7.4 The report concludes that
- *the costs of either the "dam" or "no dam" option are relatively similar*
 - *there appear to be significant regional economic benefits from the dam proceeding*
 - *there may be significant regional economic disbenefits if dam does not proceed*
 - *as the dam is fully consented it is assumed that environmental impacts have been taken into account and mitigated to the extent they can be*
 - *significantly adds to the water supply resilience for the wider region*
- 7.5 It should be noted that Mr Benham's report was prepared in May 2017 and therefore does not take into account updated cost estimates or other developments since that time.

8. Cost of the Dam and Funding

- 8.1 The overall project cost of the Dam is expected to be in the region of \$75.9 (\$82.5 million if expenditure to date of \$6.58 million is included). A more refined cost will not be known until the tender process has been completed. With a project of this size the final cost will not be known until the project is completed.
- 8.2 The Dam is expected to cost \$50 million to build and this estimate has a P95 confidence level. A P95 confidence level means that there is a 5% chance that the cost will be higher. Other costs include legal costs, land purchase and a \$13 million contingency.

- 8.3 Entities that acquire a shareholding in the Dam Co will have a share of the operating costs to pay as soon as the Dam becomes operational. These costs are estimated to be \$1.4 million per annum. This report does not recommend that NCC become a shareholder but if it did, NCC's annual contribution to operating costs has been estimated at \$92,000.
- 8.4 Expected contributions towards the project are set out below:

Description	Amount \$ million	Share of Dam
TDC	\$16.78	51.1%
Loan to TDC from Crown Irrigation Investments Ltd	\$10	
Grant to TDC from Ministry of Environment	\$7	
Nelson City Council (if the proposal is adopted)	\$5	
Waimea Irrigators Ltd (WIL) subscription from irrigators	\$15*	48.9%
Loan to WIL from Crown Irrigation Investments Ltd	\$22.12	
Total	\$75.9	100%

*any extra raised by WIL reduces the loan from CIIL correspondingly.

- 8.5 Funding from most of these sources, apart from the TDC contribution which is included in its LTP 2015-25, needs to go through approval and confirmation processes and that uncertainty adds risk to the project.
- 8.6 WIL has confirmed that the level of interest received from irrigators is such that it is likely that the requisite \$15 million will be raised. The expressions of interest are indicative only and will not be binding until WIL issues a prospectus and irrigators subscribe for shares.

NCC contribution to the Dam

- 8.7 If Council decided that a contribution to the Dam is appropriate then it needs to decide:
- How much to fund?
 - Where to fund from?

- Would the funding be a grant or a purchase of equity in the Dam Company?
 - Are there any conditions that NCC would place on its funding?
- 8.8 A number of different figures have been mentioned over the years as an appropriate level of contribution from NCC. Many of the figures have their roots in calculations now out of date. There has been a view that NCC should contribute to environmental benefits and the possibility of a 10% contribution from NCC towards the total cost of the Dam has also been raised. There has been speculation about contributions between \$3-8 million and all have been assumed to be on top of NCC's existing contribution to the project of \$413,000.
- 8.9 Trying to determine an exact calculation of an NCC contribution is complex. Figures for environmental, economic and other benefits are often presented as wide ranges, have significant margins of error and a degree of subjectivity. It is not feasible to work through all the different options for securing future water supply and provide costings with a good level of reliability. Even if this were possible, the best future option cannot be determined on current knowledge.
- 8.10 A more reasonable approach would be to consider the range of benefits that Nelson ratepayers might reasonably be expected to receive and be willing to contribute to and to value these as a package. These benefits include:
- 8.10.1 Generalised regional economic benefit leading to economic benefits experienced by Nelson ratepayers. This would include benefits for Nelson residents who rely on the Waimea Plains for work and improved dividends generated by the Port and Airport (of which NCC and TDC are joint owners) as a result of growth in GDP.
- 8.10.2 Savings in extra reticulation to supply Nelson South industrial area.
- 8.10.3 Delay in need to commence pre-treatment of the Maitai Dam water (or greater use of and more regular replacement of membranes).
- 8.11 Taking all these factors into account, a contribution of \$5 million (around 20% of TDC's contribution), in addition to the \$413,000 already provided, might be a reasonable figure to recognise the potential benefits to Nelson ratepayers and be in proportion to other parties' contributions.
- 8.12 Unbudgeted one off distributions received since the LTP 2015-25 (\$4.2 million from the Landfill JV from TDC) and \$860,000 from extra dividends (Port and Airport) could offset a contribution of \$5m, with little net effect on forecast overall Council debt positions.

Options

The three main options are set out below.

9. Option 1. A one-off contribution. No shareholding in the Dam Company.

- 9.1 This option limits NCC's risk. It would be a one-off payment in the 2018/2019 and 2019/2020 years. There would be no further funding if the cost of the project is higher than budgeted and NCC would not contribute to the annual operational costs of the Dam. NCC would probably fund the contribution through a long term loan over 25 years and repay the loan and interest from general rates. A \$5 million loan at a 5% interest rate would cost \$355,000 in interest and loan repayments per year.
- 9.2 The cost of water supplied by TDC would increase to reflect the Dam construction and operational costs; the Engineering Services Agreement is tied to the rate charged for Richmond residential customers.
- 9.3 NCC could include as a condition of its contribution that if costs are lower than the \$75.9 million then a proportion of the grant is refunded. However, this would seem a rather uneven arrangement if no commitment was made to meeting project cost over-runs. It is suggested that the grant should be made without such conditions.

10. Option 2. Purchase of equity in the Dam (or split of equity and grant)

- 10.1 This option has the advantage of reinforcing the public nature of the Dam project with a shareholding involvement from two councils to balance the interests of the WIL representation. It would help to ensure the public interest continues to be prioritised in matters relating to the Dam.
- 10.2 NCC equity would include a share of the water supply from the Dam. This option would require Council to contribute an estimated \$92, 000 per year directly to the ongoing operational costs of the Dam from the time it becomes operational, even though NCC may not be taking any additional water and may never need to do so. The cost of the loan would be as for Option 1.
- 10.3 This option would also allow for TDC and NCC to jointly appoint a director to the Board. NCC would be responsible for 50% of the director appointment cost but the administration costs and directors' fees would be included in the operational costs.
- 10.4 Council could consider splitting any funding between a grant and purchase of shares in the Dam Co. However, officers do not believe this would offer any additional benefits and if Council wished to purchase an equity shareholding in the Dam then it should maximise its ownership stake and allocate its full contribution towards purchasing shares.

11. Option 3. No contribution.

- 11.1 This option would be selected if Council decided that the benefits from the Dam for Nelson were limited, and/or that there are other priorities that require Council's funding.

Option 1: One-off Grant (preferred)	
Advantages	<ul style="list-style-type: none"> • The Dam is more likely to proceed and accordingly provide economic and regional water supply benefits. • It is in-line with the Long Term Plan 2015-25 which provided debt "headroom" for Council to contribute to the Dam. • Limits risk to NCC and ratepayers, particularly if the cost of the Dam is higher than expected. • Lower risk in the long term if the irrigators have difficulty in refinancing the CIIL loan. • NCC can secure the arrangement for TDC to supply water to the Nelson South industrial area in accordance with the draft Terms. • No direct contribution to the annual operating costs of the Dam.
Risks and Disadvantages	<ul style="list-style-type: none"> • Increases rates and debt. • Dam operating costs will be included in the Richmond Residential Rate and therefore included in the charges TDC makes to NCC in supplying Nelson South and in any additional future supply. • Accessing additional water, if required in the future, will require a capital investment in TDC's network.
Option 2: Purchase of Shares in the Dam Company	
Advantages	<ul style="list-style-type: none"> • The Dam is more likely to proceed and accordingly provide economic and water supply benefits. • Is in-line with the 2015-2025 Long Term Plan which provided debt "headroom" for Council to contribute to the Dam. • TDC and Nelson City Council will jointly appoint a director to the Dam Company board and through this NCC will gain a degree of influence and faster receipt of information.
Risks and Disadvantages	<ul style="list-style-type: none"> • Increase in rates and debt. • Exposes Council to higher risk of additional costs if there are difficulties with funding the Dam or refinancing the CIIL loan in 15 years time.

	<ul style="list-style-type: none"> • Council would need to make a direct estimated contribution of \$92 000 per year to the operational costs of the Dam. • Costs associated with the appointment of the board member (joint appointment with TDC) • Accessing additional water, if required in the future, will require a capital investment in TDC's network.
Option 3: No Contribution	
Advantages	<ul style="list-style-type: none"> • No increase in rates or debt • No administrative costs.
Risks and Disadvantages	<ul style="list-style-type: none"> • Does not foster regional cooperation. • TDC may decide not to continue supplying Nelson South which will have consequential costs for Council. • The Dam might not proceed and therefore the anticipated benefits will not be achieved for the region. If the Dam doesn't proceed, the provisions of the TRMP will come into effect and economic losses for the region will occur. • If the Dam doesn't proceed, TDC will, in the short to medium term (3years), not be able to provide water to industrial users in Nelson South; Council will need to consider alternative higher cost options for supplying water to these users.

12. Financial Considerations

- 12.1 Loan funding would be sensible for a contribution of this size. The cost of a loan would be \$71,000 per \$1 million borrowed over 25 years eg. A \$5 million loan at a 5% interest rate would cost \$355,000 in interest and loan repayments per year.
- 12.2 Financing the loan could be done through an increase in general rates or through a uniform Annual General Charge
- 12.3 If Council decided that the contribution was to secure economic benefits, then general rates would be the most appropriate mechanism. If the contribution was funded through general rates this would add 0.5% to general rates.
- 12.4 A Uniform Annual General Charge, would charge the same amount to each ratepayer and cost approximately \$17.45 per year per ratepayer for a \$5 million contribution.
- 12.5 Officers have explored the possibility of funding some of the cost of the contribution through development contributions. One of the key principles of development contributions is to enable the recovery of a proportionate portion of the total cost of capital expenditure necessary to service growth

over the long term. Officers have been advised that it would not be possible to charge development contributions in this instance as a grant or the purchase of shares/equity in a limited company is unlikely to meet the financial definition of capital expenditure.

- 12.6 A summary of the estimated costs to NCC is summarised in Attachment 8.

13. Conclusion

- 13.1 The proposed Waimea Dam is a major regional project. The size of the project, in terms of cost as well as economic and expected benefits, makes it a once in a generation project.
- 13.2 A grant of up to \$5 million would seem an appropriate level of contribution, given the scale and benefits of the project, while at the same time limiting NCC's exposure and risk to any project overruns and ongoing costs.

14. Next Steps / Timeline

Council

- 14.1 Following adoption by Council, the Statement of Proposal will be released to the public for feedback through the consultation period which will run from 25 October to 24 November 2017. Hearings will be held on 7 December (including an evening meeting). This timing has been settled on to allow consultation on the Dam to occur at the same time across both council areas (see TDC timetable below).
- 14.2 Council will listen to and reflect on the community views provided through that process. Officer advice on the matters raised by the community and on any new issues that have emerged will be provided by way of a report to the Council deliberations. Having deliberated on all relevant matters Council will make decisions on any changes.

Tasman District Council

- 14.3 TDC needs to consult on and finalise the governance and funding structure, and any changes to its Revenue and Financing Policy. The current proposal is that it will consult on both the governance arrangements and the Revenue and Financing Policy from 21 October 2017 – 26 November 2017.
- 14.4 The construction work has been tendered but tenders are still to be evaluated and awarded.

Waimea Irrigators Ltd - Irrigators

- 14.5 WIL needs to obtain financial commitment from land owners to contribute their share of the capital and operating costs. A draft "Shareholder Information Document and Survey" was sent to potential shareholders in February 2017 to gauge interest.

- 14.6 Since then WIL has sought further indications from potential shareholders in relation to the uptake of shares. WIL has confirmed that the level of interest received from irrigators is such that it is likely that the requisite \$15million will be raised. The expressions of interest are indicative only and will not be binding until WIL issues a prospectus and irrigators subscribe for shares.
- 14.7 WIL also needs to further develop its investment proposal with the other stakeholders.
- 14.8 TDC and WIL need to jointly procure a contractor and complete final design of the Dam to confirm the likely construction costs. This work (costing about \$1.05million) will be funded jointly, with WIL's contribution partially coming via a grant from CIIL.

Crown Irrigation Investment Company

- 14.9 CIIL's loans are contingent on due diligence, acceptability of the key contractual arrangements, internal approvals and confirmation that the project is fully funded.

Nicky McDonald
Senior Strategic Adviser

Attachments

- Attachment 1: Draft Statement of Proposal A1846450 [↓](#)
- Attachment 2: Proposed Terms of new Engineering Services Agreement A1847401 [↓](#)
- Attachment 3: Key Parties A1761653 [↓](#)
- Attachment 4: Tasman Resource Management Plan - water rationing A1847397 [↓](#)
- Attachment 5: Detail on proposed Dam A1766322 [↓](#)
- Attachment 6: Current Engineering Services Agreement between NCC and TDC A1382534 [↓](#)
- Attachment 7: Report - David Benham A1769513 [↓](#)
- Attachment 8: Estimated costs for NCC: Dam/No Dam A1840371 [↓](#)

Important considerations for decision making

1. Fit with Purpose of Local Government

An NCC contribution would assist a dam to be built that would provide for the long term water needs of the Waimea Plains, as well as residential users.

Furthermore the work undertaken by WWAC and TDC (and peer reviewed by Northington Partners and NZIER) suggests that the proposed dam would be: *"Efficient and effective; and appropriate to present and anticipated future circumstances"*

2. Consistency with Community Outcomes and Council Policy

Contributing to the project will align with the following Community Outcomes:

- *Our infrastructure is efficient, cost effective and meets current and future needs.*
- *Our Council provides leadership and fosters partnerships, regional perspective and community engagement.*

3. Risk

The main risk is that the cost of the Dam and operating costs might be higher than forecast. Council can manage this risk by making a grant rather than purchasing equity.

There are some environmental risks if the Dam goes ahead such as nitrate levels increasing in waterways. TDC is responsible for managing these.

If Council does not contribute to the project, it has a reputational risk from not supporting an important regional project. On the other hand, there is also a reputational risk if Council contributes to the project and it fails to deliver the forecast benefits to the region.

4. Financial impact

The cost of a loan would be \$71,000 per \$1 million borrowed over 25 years. A \$5 million loan at a 5% interest rate would cost \$355,000 in interest and loan repayments per year.

5. Degree of significance and level of engagement

This is a major project with long term implications for the regional economy and a decision to contribute the project is of high significance. A special consultative procedure is proposed to ensure an appropriate level of community engagement in the decision.

6. Inclusion of Māori in the decision making process

Māori have not specifically been consulted on this report.

7. Delegations

No committee has a specific delegation to consider this matter and therefore the decision rests with Council.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 1

DRAFT – Statement of Proposal

Nelson City Council's proposed contribution to the Waimea Dam project

1. Introduction

Council is considering making a contribution to the proposed project to construct the Waimea Dam by [providing a grant] [purchasing equity] of \$5 million [in the proposed Dam Company] in 2018/19 and 2019/20.

Water rights are currently over-allocated in the Waimea Plains. The Waimea River can run dry over summer months and during these times, salt water from Tasman Bay can migrate through the aquifer and threaten the water supply. New provisions in the Tasman Resource Management Plan, which will apply if the Dam does not proceed, require a reduction in water allocations and stricter rules for urban supplies, including commercial and industrial users.

A number of options to solve the water supply issues were considered by Tasman District Council and stakeholders and it was concluded that construction of a water storage dam on the upper reaches of the Lee River is the preferred option.

Tasman District Council, in partnership with Waimea Irrigators Ltd (WIL) and Central Government, is proposing to build a dam in the Lee Valley (Waimea Dam). The overall objective of the project is to meet the water supply needs of irrigators on the Waimea Plains, existing urban areas and businesses and future growth.

Funding is sought from Nelson City Council and given the significance of the project to the region, Council has decided to consult on the proposal to provide for the contribution to the Waimea Dam project.

This Statement of Proposal sets out Council's views on the project and invites comment from Nelson residents and ratepayers on the proposal. You can make a submission online at nelson.govt.nz or in writing by using the submission form at the end of this document. Submissions must be received by 5pm on Friday, 24 November 2017

2. Cost of the project and funding

The final design, construction and commissioning cost of the Dam is estimated to cost \$75.9 million (\$82.5 million, if expenditure to date of \$6.58 million is included). Funding for the project is expected to come from the following sources:

Description	Amount \$ million	Share of Dam
TDC	\$16.78	51.1%
Loan to TDC from Crown Irrigation Investments Ltd	\$10	
Grant to TDC from Ministry of Environment	\$7	
Nelson City Council (if the proposal is adopted)	\$5	

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Waimea Irrigators Ltd (WIL) subscription from irrigators	\$15	48.9%
Loan to WIL from Crown Irrigation Investments Ltd	\$22.12	
Total	\$75.9	100%

Crown Irrigation Investment Ltd is the irrigation investment arm of Central Government. Crown Irrigation Investment Ltd provides funding to and invests in irrigation schemes that have the potential to generate long-term economic benefits for New Zealand.

Waimea Irrigators Ltd represents irrigators on the Waimea Plains and will raise funding from irrigators through the sale of shares in the Dam Company.

3. The Proposal

The proposal is that Council make a contribution of \$5 million to the project to construct the Waimea Dam by [providing a grant] [purchasing equity in the proposed Dam Company].

A grant limits the risk to Council and ratepayers in relation to additional costs in future such as project cost overruns, refinancing of loans by other shareholders and directors appointment fees. Also, Council would not be required to contribute to the ongoing operational costs of the Dam. However, a grant would result in a rates and debt increase, Council would not be represented on the Board of the Dam Company and the cost of any water supplied to Council by TDC would include a portion of the ongoing Dam operational costs.

By purchasing shares, Council would become a shareholder in the Dam Company which would be a council-controlled organisation. The other shareholders would be Tasman District Council and Waimea Irrigators Ltd. Council would be represented on the Board of the Dam Company through a director, jointly appointed with TDC. This would allow some degree of influence and faster receipt of information.

However, purchasing equity would result in a rates and debt increase. As a shareholder, Council would be required to contribute an estimated \$92,000 per year to the ongoing Dam operational costs and 50% of the director's appointment fee. Council would also be exposed to the risk of additional costs in the future such as project cost overruns and refinancing of loans by other shareholders.

[Relevant paragraphs (grant / shareholding) to be deleted]

The contribution is proposed to be funded by borrowing, so the Council's level of debt would increase by \$5 million. As noted below, if the proposal is adopted, it will not have any significant effect on the Council's financial strategy, and will not put the Council in breach of any financial prudence benchmarks.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 1

4. Consequences for Nelson of the Waimea Dam

Council has assessed the potential benefits of the Waimea Dam for Nelson ratepayers. While Nelson has sufficient water for its own needs, there are resilience benefits for the region from the Dam. There are also economic benefits that support a Nelson contribution. However, the future potential benefits and cost to Nelson cannot be exactly quantified. The following sections examine the issues in more detail.

Economic Impact

The Waimea Dam is intended to allow current levels of primary production on the Plains to continue and to expand. There are expected to be economic benefits for Nelson from an increase in spending, jobs and incomes. This will stem from business that crosses the border into Nelson (for example, to Nelson Airport and the Port) and Nelson residents who supply labour and goods to related activities in the Tasman District. Without the Waimea Dam there would be more frequent and severe water restrictions across the Waimea Plains, with resulting negative impacts for the regional economy. A 2017 report by the New Zealand Institute of Economic Research (NZIER) estimated a net benefit of \$295 - \$374 million (in today's terms) to the region over 25 years depending on the water restrictions that could be imposed if the Dam does not proceed.

Water supply resilience

Nelson City Council supplies water to Nelson households and businesses from three sources, the Maitai (Mahitahi) River (North and South branch) and the Roding River. Nelson does not have any shortage of water from these sources for the foreseeable future.

Nelson has the opportunity to improve resilience of supply by contributing to the Dam which is proposed to provide water for the Waimea Plains and nearby residential and commercial areas for the next 100 years. By contributing to the Waimea Dam project, Nelson will gain access to an additional water source of up to 22,000 m³/day, should it be required.

If Nelson requires this additional water in the future, a capital investment in Tasman District Council's network will be necessary. The amount would depend on the volume of water Nelson required at that time, but it is estimated that between \$15 million and \$22 million might be required.

Nelson South Supply

A further issue to consider is the water supply to Nelson South. While Nelson City Council supplies water to most of Nelson's residents, Tasman District Council supplies approximately 9% of the Nelson water supply for Nelson South residents and industrial users in the Wakatu Industrial Estate. Without a dam, Tasman District Council would be unable to continue to supply the Nelson South area.

It is expected that the Nelson South residential area will be connected to the Nelson reticulation in the near future as a result of planned development. However, to be able to supply industrial users in Nelson South from Nelson City's own water supplies would require construction of a large diameter water mains to the industrial areas at an estimated cost of \$3.2 million. In addition, greater reliance on the Maitai Dam may be needed to maintain supply which could require pre-treatment of water at a cost of

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\$15 to 20 million or more regular replacement of the water filters, estimated at \$6.5 million every 6 – 8 years.

Water Supply Agreement between Nelson City and Tasman District Council

The current water supply agreement between Nelson City and Tasman District Council will be amended depending on the outcome of Council's decision in relation to the proposal.

Should a decision be made to contribute to the Dam, Tasman District Council will continue to supply industrial users in Nelson South. This would allow Nelson City Council to defer construction of the large diameter water mains to the industrial areas currently programmed for 2025 – 2030.

An additional 1,000 m³ of water per day (on top of the 330 m³/day supplied currently) would be available to the residential areas immediately but it is expected that these areas will be connected to the Nelson reticulation in the near future.

Water supplied by Tasman District Council to Nelson City Council will continue to be charged at the Richmond Residential Rate. The water TDC supplies is more expensive than the rate at which NCC can supply water. The difference in price, is borne by all Nelson water users.

Environmental Impact

The Waimea Dam will result in some environmental benefits as 30% of the Dam's capacity is allocated to environmental flows. This will enable the minimum flow on the Waimea River to be set at 1100 l/s (litres per second). Without the Dam, the minimum flow required under the Tasman Resource Management Plan would be 800 l/s. The higher proposed flow is expected to improve the health of the Waimea River.

The potential adverse effects of the Dam include changing the natural environment upstream of the Dam, disruption to fish passage, reduced water quality, potential impacts on aquatic ecology and increased contaminant levels eg increased nutrients in Tasman Bay and nitrate in waterways resulting from either intensification or land converted from pastoral use to market gardening or horticulture.

The environmental effects of the Dam were considered as part of the consenting process. The resource consent for the Dam provides for establishing new habitats and an ongoing environmental fund. The Tasman Resource Management Plan also includes requirements for nutrient management plans.

5. Implications of the proposal

The proposed \$5 million contribution will be funded through a long-term loan over 25 years which will be repaid from general rates. This would increase general rates by 0.5%. The loan repayment and interest would be approximately \$355,000 per annum assuming a 5% interest rate.

The proposal will increase Council's debt levels by \$5 million. It will not result in Council exceeding any of the quantified limits on rates, rates increases or borrowing as set out in the financial strategy for any of the years included in the Long Term Plan. However, adding \$5 million to debt, may constrain future capital expenditure.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 1

6. Alternatives considered by Council

a. Making a grant

This option limits the risk to Council and ratepayers in relation to additional costs in future such as project cost overruns, refinancing of loans by other shareholders and directors appointment fees. Also, Council would not be required to contribute to the ongoing operational costs of the Dam. The disadvantages of this option are that it would result in a rates and debt increase, Council would not be represented on the Board of the Dam Company and the cost of any water supplied to Council by TDC would include a portion of the ongoing Dam operational costs.

b. Purchasing shares

Council would become a shareholder in the Dam Company which would be a council-controlled organisation. The other shareholders would be Tasman District Council and Waimea Irrigators Ltd. Council would be represented on the Board of the Dam Company through a director, jointly appointed with TDC. This would allow some degree of influence and faster receipt of information.

The disadvantages of this option are that it would result in a rates and debt increase. Council would be required to contribute an estimated \$92,000 per year to the ongoing Dam operational costs and 50% of the director's appointment fee. Council would also be exposed to the risk of additional costs in the future such as project cost overruns and refinancing of loans by other shareholders.

[Either (1) or (2) to be deleted]

c. Splitting the contribution between grant and equity

This option has the same advantages and disadvantages as a grant or a purchase of equity and does not confer any advantage over either.

d. No contribution

This option would result in no increase in rates or debt. However, it was determined that making no contribution would inhibit regional cooperation and that the economic benefits to Nelson from the Dam meant it was in the best interests of ratepayers to support the project.

e. Different levels of contribution

Different levels of contribution to the project were considered. However, having assessed the range of benefits expected to accrue to Nelson from the Dam, it was determined that \$5million (in addition to the \$413,000 already provided to the project) was an appropriate level of support.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 1

7. Submission

Anyone may make a submission about any aspect of Council's proposed approach and the other options that have been considered. Council, in making its decision, will take account of all submissions made.

A submission form is included at the end of this document.


Submissions can be made:

- Online at nelson.govt.nz
- By post to Waimea Dam, PO Box 645, Nelson 7010
- By dropping off to Civic House, 110 Trafalgar Street, Nelson

Submissions must be received no later than 5.00pm on 24 November 2017.

Any person who wishes to speak to the Council in support of their submission will be given the opportunity to address the Council at a hearing on 7 December 2017.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson
Contribution: Attachment 2

**Nelson City Council**
te kaunihera o whakatū

PO Box 645 Nelson 7040
P 03 546 0200
F 03 546 0239

9 October 2017

David Hammond
03 545 8813
david.hammond@ncc.govt.nz
www.nelson.govt.nz

Lindsay McKenzie
Chief Executive - Tasman District Council

Dear Lindsay

**ENGINEERING SERVICES AGREEMENT BETWEEN TASMAN DISTRICT COUNCIL
AND NELSON CITY COUNCIL**

I am writing to you with reference to the Engineering Services Agreement of April 2015 between Tasman District Council (TDC) and Nelson District Council (NCC) (the 2015 ESA) which sets out the rights and obligation of the parties in relation to the supply of water and sewerage services to Nelson South and supply of water from the Roding headworks. I would like to propose the following:

1. That TDC and NCC enter into a new agreement (the new ESA) in relation to supply of water and sewerage services to Nelson South and supply of water from the Roding headworks; and
2. That the attached proposed Terms (A1778747) be incorporated into the new ESA; and
3. That the new ESA be agreed after NCC's public consultation and subsequent decision about the water supply arrangements and contributing to the Waimea Dam; and
4. That the 2015 ESA remain in place until the new ESA is signed; and
5. That the supply to Nelson South Industrial Supply area, which is currently due to cease on 30 June 2020, be made subject to a 3 year notice period.

If this letter and the attached proposed Terms are acceptable to TDC, this letter and your confirmation shall together constitute an agreement to enter into a new ESA incorporating the attached proposed Terms.

The report to Council about the Waimea Dam recommends that a consultation be undertaken on any proposal to contribute to the Dam project. I confirm that any contribution by NCC to the Waimea Dam will be made contingent upon the attached proposed Terms. It is acknowledged that in the event NCC elects to become a shareholder in Dam Co, it would be bound by the shareholding obligations which may require the proposed Terms of the new ESA to be further amended in order to align with the shareholder agreement.

Yours sincerely



David Hammond
Acting Chief Executive

A1844948

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 2

Nelson South Supply - Proposed Terms

20 June 2017

Scenario 1 – 'With Dam' and with NCC's contribution:

1. Nelson South additional 1,000 m³/day (in addition to the current 330m³/day making a total of 1,330 m³/day) without needing to upgrade TDC reticulation;
 - 1.1. To support ongoing development in Nelson South.
 - 1.2. The 1,330m³/day supply is not dependent on NCC investment in TDC's network.
 - 1.3. Point(s) of supply to be via bulk water meters in Champion Road.
 - 1.4. Price of water to be the Richmond Residential Rate that applies at the time. It is understood that the Richmond Residential Rate includes a line charge and a volumetric charge.
2. Future supply
 - 2.1. Future supply to be assured.
 - 2.2. NCC has been allocated 22 000 m³/day. NCC does not expect to take up the full 22 000 m³/day but expects that demand may reach 12 000 m³/day within the next 10 years. The price of the water will need to be negotiated, but the understanding is that it will be no greater than the Richmond Residential Rate that applies at that time.
 - 2.3. NCC acknowledges an investment in TDC's network will be required in order to obtain the water. *(Rough order calculations (ROC) suggest an investment of \$18M to obtain 12,000 m³/day, but more detailed calculations are required to substantiate these ROCs).*
3. Nelson Industrial Water Supply Area
 - 3.1. TDC agrees to continue supplying the Nelson Industrial Water Supply Area as per the attached map.
 - 3.2. TDC will invoice these users directly.
 - 3.3. The price of water will need to be negotiated but the understanding is that it will be no greater than the Richmond Residential Rate that applies at the time. It is understood that the Richmond Residential Rate includes a line charge and a volumetric charge.
4. Roding River
 - 4.1. TDC agrees to forfeit the right to take water from the Roding River. This is on the basis that this releases NCC from the obligation to supply TDC and thus the requirement to maintain/replace the pipe.
5. Basis of contribution
 - 5.1. NCC will not be liable if the project costs are higher than estimated and will not share in any savings if the final project cost is less than estimated.
 - 5.2. NCC will not be liable for the refinancing of CIIL loans or meeting any funding shortfall if contributions from WIL or any other party are not forthcoming.
 - 5.3. NCC will not be directly liable for operating costs associated with the Dam, although dam operating costs will be included in the Richmond Residential Rate and therefore included in the charges made to NCC in supplying Nelson South and Nelson Industrial water supply area.

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Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 2

- 5.4. A minimum 99 year term is required for 1, 2 and 3 above, provided the dam goes ahead and, subject to dam consent renewals (currently 35 year consent).
- 5.5. NCC/TDC will jointly appoint a director to the Board.

Scenario 2 – 'With Dam' and No NCC Contribution

- 6. Nelson South and Nelson Industrial Water Supply Area
 - 6.1. TDC continue to service as per TDC NCC Engineering Services agreement March 2015 (the current ESA).
- 7. Roding River
 - 7.1. TDC retains its current right to take water from the Roding River but via an alternative point of supply (essentially NCC released from retaining and maintaining the current delivery pipe). TDC may relinquish this right once reticulation upgrades in Richmond completed.
 - 7.2. Part C of the current ESA dealing with supply from the Roding will be renegotiated.
- 8. General Criteria
 - 8.1. TDC could consider taking 'ownership' of the capacity allocated to NCC (22,000m³/day)
 - 8.2. TDC will need to negotiate a price with NCC should NCC need to access additional water from TDC beyond the 1,330m³/day (the dam operating costs will be included in the Richmond Residential Rate and therefore included in the charges made to NCC in supplying Nelson South and Nelson Industrial water supply area).

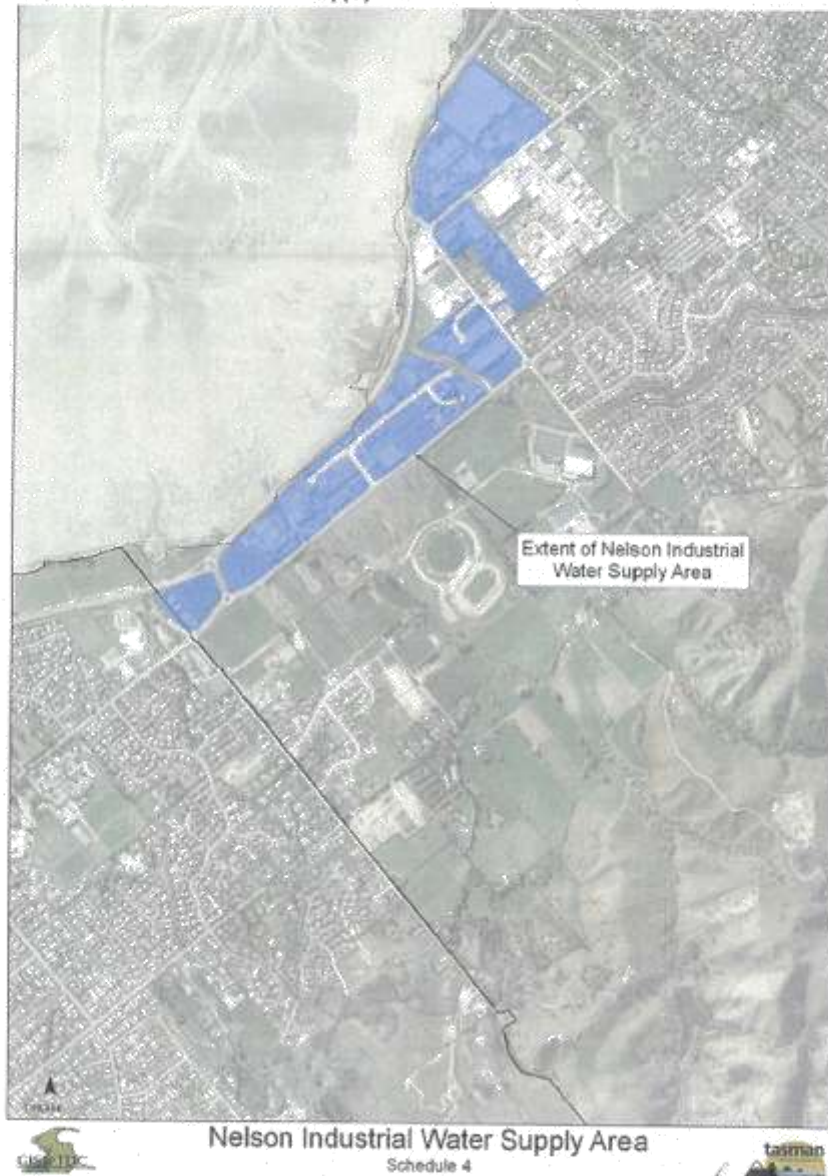
Scenario 3 - No Dam

- 9. Nelson Residential Water Supply Area and Nelson Industrial Water Supply Area
 - 9.1. TDC will activate the 3 years notice for termination of supply clause from the date of the 'No-Dam' decision.
 - 9.2. In the event that the decision on the Dam is delayed beyond 30 June 2017, TDC agrees to amend Clause 10.1 of the current WSA so that the 30 June 2020 deadline for ceasing industrial supply is extended to a period three years beyond the decision not to proceed with the Dam (should such a decision be made)
- 10. Roding River
 - 10.1. TDC retains its current right to take water from the Roding River but via an alternative point of supply (essentially NCC released from retaining and maintaining the current delivery pipe).
 - 10.2. Part C of the current WSA dealing with supply from the Roding will be renegotiated.

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Contribution: Attachment 2

Map: Nelson Industrial Water Supply Area



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Item 6: Waimea Dam: Community Consultation on a Possible Nelson
Contribution: Attachment 2



LTC202
Lindsay.mckenzie@tasman.govt.nz
Phone 543 7205

12 October 2017

Nelson City Council
PO Box 645
Nelson 7040

Attention: David Hammond, Acting Chief Executive

Dear David

Engineering Services Agreement between Tasman District Council and Nelson City Council

Thank you for your letter of 9 October 2017 regarding the agreement for engineering services between our two councils.

Tasman District Council agrees with your proposal (points 1 to 5) in your letter.

I also acknowledge your comments regarding any contribution from Nelson City Council to the Waimea Dam and the resulting shares in DamCo. The agreement may require further amendment after Nelson City Council has made its decision.

Regards

Yours sincerely

A handwritten signature in blue ink, appearing to read "Lindsay", written over a horizontal line.

Lindsay McKenzie
Chief Executive

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Tasman District Council
Email info@tasman.govt.nz
Website www.tasman.govt.nz
24 hour assistance

Richmond
189 Queen Street
Private Bag 4
Richmond 7250
New Zealand
Phone 03 543 8400
Fax 03 543 9524

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Phone 03 523 1013
Fax 03 523 1012

Motueka
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Fax 03 528 9751

Takaka
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PO Box 74
Takaka 7142
New Zealand
Phone 03 525 0920
Fax 03 525 9922

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 3

Key Parties to the Waimea Dam project.

TDC	
Crown Irrigation Investments Ltd (CIIL)	<ul style="list-style-type: none"> The irrigation investment arm of Central Government. Crown Irrigation Investment Ltd provides funding to and invests in irrigation schemes that have the potential to generate long-term economic benefits for New Zealand.
The Waimea Water Augmentation Committee (WWAC)	<ul style="list-style-type: none"> A community group that came together in 2003 with a common interest in resolving the water shortage problems of the Waimea Basin. The Committee included representatives elected by the Waimea basin water users comprising more than 400 water permit holders. It also included local iwi and environmental interests represented by Fish & Game and the Department of Conservation plus Tasman District and Nelson City Councils which represented the wider community. This Committee oversaw the investigations into the options available to the TDC to address the over allocation issue and improve security of supply to rural and urban areas. From this work a proposal to construct a dam in the Lee Valley developed. The Waimea Water Augmentation Committee has now been replaced by Waimea Irrigation Limited.
Waimea Community Dam Ltd	<ul style="list-style-type: none"> The company was established to obtain the resource consents for the construction of the Dam.
Waimea Irrigators Ltd (WIL)	<ul style="list-style-type: none"> Waimea Irrigators Ltd represents the Waimea basin water users and will raise funding from irrigators and lifestyle block owners through the sale of shares
Iwi	<ul style="list-style-type: none"> Iwi were represented by Barney Thomas who took a lead role in liaison and provided input on the proposed project. Ngati Koata owns title to some of the land affected by the Dam.
Department of Conservation (DOC)	<ul style="list-style-type: none"> The Department of Conservation runs programmes to protect and restore species, places and heritage, and provide opportunities for public access. The Department of Conservation owns some land affected by the Dam
Waimea Freshwater Land Advisory Group (FLAG)	<ul style="list-style-type: none"> TDC established the Freshwater and Land Advisory Group for the Waimea Plains to enable greater involvement by the community and stakeholders in developing the water quality management provisions for Waimea water resources including the Waimea River. The Group prepares and recommends to TDC draft planning provisions including policy and rules for the Tasman Resource Management Plan. Membership includes representatives of irrigators, Federated Farmers, Fish and Game, Department of Conservation, iwi and TDC.

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Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 4

Tasman Resource Management Plan – Water rationing

The Tasman Resource Management Plan (TRMP) was amended by Changes 45 – 48 in 2013, and Changes 54 to 56 (Waimea Water – Security of Supply) in 2015, and Change 63 (Change to timing of 'no dam' decision) in 2016 .

These changes establish water management objectives for quantity and quality and establish water take allocation limits in the Waimea plains water management zones.

The changes also provide for the Waimea Dam as the preferred solution to the over-allocation of the river and groundwater resources of the Waimea Plains.

The changes establish two classes of renewing permits, those affiliated to the Dam where the holder has a water supply agreement that is linked to discharges from the operation of the Dam (Affiliated Permits) and those not affiliated (Unaffiliated Permits).

The Dam will provide improved security of supply and should remove the need for rationing of Affiliated Permits (except in a 1 in 60 year drought). If there is no Dam, or if permits are Unaffiliated, stringent rationing triggers will result in reductions in authorised use virtually every summer with cease take requirements potentially applying one year in three.

"No-Dam" scenario

Under the **"No-Dam" scenario**, the minimum flow for the Waimea River will be 800l/sec. If the Dam does not proceed, a staged rationing regime will apply from the summer of 2018/19:

- Stage 1 – 2: river flow measures 2750 l/s at Wairoa Gorge, 20% – 35% rationing
- Stage 3: river flow 2300 l/s at Wairoa Gorge, 50% rationing
- Stage 4: river flow 800 l/s at Appleby, 70% rationing
- Beyond Stage 4: and when river flows at Appleby drop below 500 l/sec and depending on salt water intrusion – cease take order except for essential human needs and animal welfare

The river flow at Wairoa gorge falls to 2300l/sec, 9 out of 10 years (based on historical flow data).

Review of allocations

In renewing water permits expiring 2016 and 2017, existing permit holders can retain some or all of their existing allocations, depending on their use history, crop or soil type. Community water supplies are treated differently although are still subject to rationing. If the Dam does not proceed, no new water permits can be issued.

In the case of productive land with a water permit for irrigation, the current crops being produced and the soil type will be taken into account in calculating the amount of water to be allocated. The rates are specified in the TRMP. The amount allocated will be based on water meter returns and the maximum weekly water use in the ten years between 2003 and 2013. The maximum that will be re-allocated will be the lesser of the maximum weekly amount during that time or the actual amount being used for irrigation based on soil and crop type. The rationing triggers will apply to the new amount allocated to that permit. Under the rationing regime, cutbacks will be imposed every year.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 4

This new regime will affect users in different ways for example, grape growers who have traditionally only used a small portion of their allocated water may lose a large portion of their current base supply. An orchardist who has historically used all of their water allocation may retain that same allocation, but will be affected by the new rationing regime.

Urban development will have to occur within existing allocations and only in those urban zones currently supplied or signalled for future urban development in the TRMP as at 2013. Any new connection would be limited to 15 cubic metres daily supply, which means high water use development is limited or curtailed. New permits issued in 2017/18 will have a new term of 20 years.

"With-Dam" scenario

The Dam allows for an improved environmental flow in the Waimea River and the TRMP specifies that if the Dam is built, a flow of 1100l/sec is to be maintained in the Waimea River at Appleby. With the Dam, the allocation limits for each of the water management zones where water supply will be augmented, are all significantly increased. Allocations allow for future urban demand and also full irrigation in these zones as well as new irrigation with reticulation in adjacent zones such as Redwoods Valley and the lower Wai-iti.

The Dam should remove the need for rationing of Affiliated Permits (except in a 1 in 60 year drought).

Under the **"With-Dam"** scenario, TRMP restrictions will apply to Unaffiliated Permit holders as follows:

- Stage 1 – 20% cut when river flow at Wairoa Gorge measures 2750l/sec.
- Stage 2 – 50% cut when river flow at Wairoa Gorge measures 2300 l/sec.
- Cease Take – when river flows at Wairoa Gorge measure 2050 l/sec. Recommencing pumping only occurs when the 7 day moving mean flow reaches 6000 l/sec at Wairoa Gorge.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson
Contribution: Attachment 5

Detail on proposed Dam

Dam Construction	Concrete faced rockfill Dam
Size of reservoir	13.4 million m ³
Use of water	70% for extractive users and 30% for environmental flows i.e. to enable the residual flow in the Waimea River to increase from 800 litres per second (l/s) without the Dam, to 1,100 l/s with the Dam.
Lake size	65.9 ha (total footprint 87 ha)
Dam height	52m
Construction time	Approx. 3 years
Estimated projected cost (including expenditure to date)	\$82.5m
Nelson City Council expenditure to date	\$413,000
Time to fill	1 – 3 months
Area the Dam will be able to service (with urban water use converted to equivalent ha)	7,765 ha
Hydro-power	Design includes future ability to generate power if it became economic
Current proposed Governance Model	Council Controlled Organisation
Operational costs per annum	\$1.4 million

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Engineering Services Agreement

BETWEEN

TASMAN DISTRICT COUNCIL

AND

NELSON CITY COUNCIL

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Item 6: Waimea Dam: Community Consultation on a Possible Nelson
Contribution: Attachment 6

Engineering Services Agreement

Between TASMAN DISTRICT COUNCIL (TDC)

And NELSON CITY COUNCIL (NCC)

BACKGROUND

- A. On or about 19 September 2005 TDC and NCC entered into an engineering services agreement.
- B. The 2005 agreement set out the rights and obligations of the parties in relation to:
- (i) the supply of water by TDC to certain properties in Nelson, situated on the north side of Champion Road, and Hill Street North, and in the Wakatu Industrial Estate;
 - (ii) the supply of water by NCC to TDC from the Roding Headworks;
 - (iii) the provision of sewerage services from TDC to certain properties in Nelson, situated on the north side of Champion Road; and
 - (iv) upgrades to Champion Road, Richmond as a result of development in Nelson.
- C. The 2005 agreement, as varied by exchange of letters between the parties, expires on 30 June 2015 and the parties wish to enter into a new agreement.
- D. The parties have agreed that:
- (i) Subject to approval by both NCC and TDC following public consultation, NCC will take over responsibility for supplying water to some of the properties in Nelson that are currently supplied by TDC, and TDC will supply water to NCC for this purpose on the terms set out in this agreement;
 - (ii) NCC will continue to supply TDC with water from the Roding Headworks on the terms set out in this agreement; and
 - (iii) TDC will continue to supply water and sewerage services to certain properties in Nelson on the terms set out in this agreement.

IT IS AGREED

TDC and NCC covenant as follows:

1. Interpretation

1.1 In this Agreement, unless the context otherwise requires:

Agreement	means this Agreement, and includes any Schedules annexed to this Agreement and any variations to this Agreement agreed to by the parties in writing
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Item 6: Waimea Dam: Community Consultation on a Possible Nelson
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GST	means all that tax from time to time payable under the Goods and Services Tax Act 1985 as amended from time to time, and any legislation enacted in substitution for that Act
NCC	means Nelson City Council, and includes its successors
Nelson Industrial Water Supply Area	means all the land shaded blue on the plan attached to this Agreement as Schedule 4
Nelson Residential Water Supply Area	means all the land shaded blue on the plan attached to this Agreement as Schedule 1
Nelson Sewerage Services Area	means all the land shaded red on the plan attached to this Agreement as Schedule 6
Parties	means the parties to this Agreement
Person	includes an individual, the Crown, a corporation sole and any body of persons (whether corporate or unincorporated)
Schedule	means a schedule to this Agreement
TDC	means Tasman District Council, and includes its successors
Waterworks (Residential area)	means the Residential Water Supply Assets described in Schedule 3 of this Agreement
Working Day	means any day of the week other than: (a) Saturday, Sunday, Good Friday, Easter Monday, Anzac Day, Labour Day, the Sovereign's Birthday, Waitangi Day and Nelson Anniversary Day; and (b) a day in the period commencing with the 25 th day of December in any year and ending with the 5 th day of January in the following year.

1.2 In this Agreement, unless the context otherwise requires:

- (a) Words importing the singular shall include the plural and vice versa;
- (b) Any Schedule to this Agreement shall have the same effect as if set out in the body of this Agreement;
- (c) Clause headings are inserted for reference only and shall not affect the interpretation of this Agreement;
- (d) Words or expressions that are defined are indicated by capital letters for convenience. The absence of a capital letter shall not alone imply that the

Item 6: Waimea Dam: Community Consultation on a Possible Nelson
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word or expression is used with a different meaning from that given by its definition;

- (e) References to statutes, regulations and rules, includes that legislation as amended from time to time and any legislation in substitution therefor.

- 1.3 The parties acknowledge that this Agreement is a joint local government arrangement, as defined in section 137 Local Government Act 2002.

PART A: WATER SUPPLY TO NELSON RESIDENTIAL WATER SUPPLY AREA

2. Condition and Term of Part A

- 2.1 Part A of this Agreement is conditional upon both NCC and TDC approving the terms of the arrangement for the supply of water set out in Part A of this Agreement by 1 July 2015 after undertaking consultation on the proposed arrangement as part of the consultation on their Long Term Plans 2015-2025.
- 2.2 If the condition in clause 2.1 of this Agreement is not fulfilled by the date for fulfilment then at any time before the condition is fulfilled either party may, by notice in writing to the other party, cancel Part A of this Agreement and neither party shall have any right or claim against the other arising out of the cancellation of Part A of this Agreement.
- 2.3 If Part A of this Agreement is cancelled pursuant to clause 2.2:
- (a) TDC shall continue to supply water by network reticulation to all land within the Nelson Residential Water Supply Area and the provisions of Part B of this Agreement shall apply, with all necessary changes, to such supply; and
- (b) all other parts of this Agreement shall continue in full force and effect.
- 2.4 The rights and obligations of the parties under Part A of this Agreement shall commence on 1 July 2015 (**Part A Commencement Date**) and shall expire on 30 June 2075 subject to earlier termination in accordance with Part A or Part E of this Agreement (**the Part A Term**).

3. Supply

- 3.1 During the Part A Term NCC shall be responsible for supplying water by network reticulation to all land within the Nelson Residential Water Supply Area.
- 3.2 Subject to clauses 3.3, 5.1, 5.2, and 23.1, during the Part A Term TDC shall supply to NCC, and NCC shall purchase from TDC, the majority of the water that NCC uses to supply the Nelson Residential Water Supply Area on the terms set out in this Agreement.
- 3.3 At any time during the Part A Term NCC may stop using water from TDC to supply all or part of the land within the Nelson Residential Water Supply Area if NCC has given TDC at least three years prior notice in writing. Upon expiry of the notice period the rights and obligations of the parties under Part A of this Agreement shall terminate. All other parts of this Agreement, which have not previously been cancelled in accordance with this Agreement, shall continue in full force and effect.



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4. Price

- 4.1 NCC shall pay TDC for water supplied by TDC pursuant to clause 3.2. In each and every rating year during the Part A Term, commencing on 1 July 2015, the amount payable by NCC to TDC for each cubic metre of water supplied by TDC to NCC shall be calculated in accordance with the following formula (subject to review in accordance with clause 4.3):

water rate x 0.7 x 365 = \$X

water supply services charge = \$Y

\$X + \$Y + \$U (if any) = \$Z

$\frac{\$Z}{(0.7 \times 365)}$ plus GST = amount payable for each cubic metre of water supplied by TDC

- 4.2 In clause 4.1:

- (a) **water rate** is the water rate per cubic metre of water supplied, that is levied or charged by TDC from time to time on the majority of rating units with a metered connection in Richmond; and
- (b) **water supply services charge** is the fixed annual amount for supply of water that is levied or charged by TDC from time to time on the majority of rating units with a metered connection in Richmond; and
- (c) **'U'** is the total annual amount (if any) of the targeted rate, or fees and charges, levied or charged by TDC from time to time on the majority of rating units with a metered connection in Richmond for the purpose of funding the capital and/or operating and/or environmental cost of a Waimea Community Dam, or other significant project to meet the demand for water in Richmond.
- 4.3 The formula set out in clause 4.1 of this Agreement is based on water consumption of 700 litres per day by each of the 475 lots in the Nelson Residential Water Supply Area, which is the reason for the reference to '0.7' (**the daily consumption figure**) whenever it occurs in the said formula. On or about 1 November 2016, and every two years thereafter during the Part A Term, TDC may review the average daily water consumption by each of the 475 lots, and increase or decrease the daily consumption figure by notice in writing to NCC by the end of December to reflect any changes. This will allow sufficient time for both Councils to have the changes included in their respective Annual Plans or Long Term Plans. The new daily consumption figure shall be used to calculate:
- (a) the annual water rate payable by NCC to TDC in the rating year commencing on 1 July following the date of the notice; and
- (b) the maximum daily allowance under clause 5.1 of this Agreement applicable from 1 July following the date of the notice. The maximum daily allowance shall be calculated by multiplying 475 by the new daily consumption figure.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson
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- 4.4 TDC shall notify NCC by the end of December in each year during the Part A Term if TDC proposes to levy or charge the rates, fees or charges described as 'U' in clause 4.2 in the following financial year. This will allow sufficient time for NCC to include the proposed charges in its Annual Plan or Long Term Plan.
- 4.5 If at any time NCC proposes to pay TDC a monetary contribution towards the capital cost of a Waimea Community Dam, or other significant project to meet the demand for water in Richmond, then prior to NCC making a decision on such proposal NCC and TDC shall meet to consider whether the amount 'U' in the formula set out in clause 4.1 will be varied, and the period of any such variation, if NCC pays the proposed monetary contribution.
- 4.6 The quantity of water supplied to NCC shall be measured at the water meters described in clause 7.1 of this Agreement.
- 4.7 TDC will submit a tax invoice to NCC at the beginning of each month for water supplied by TDC pursuant to this Agreement. NCC will pay TDC on the 20th day of the month following the date of the invoice.
- 4.8 If NCC shall fail to pay an invoice submitted by TDC under clause 4.7 by the due date for payment, NCC shall pay TDC interest on the outstanding amount from the due date for payment until the date of repayment at an annual rate that is 5% above the Reserve Bank of New Zealand 90 Day Bank Bill Rate on the due date for payment (or the next Working Day if no rate is published on the due date).
- 4.9 Annually during the Part A Term NCC shall notify TDC of the number of rating units within the Nelson Residential Water Supply Area.
5. **Quantity and Pressure**
- 5.1 Subject to clause 5.4, TDC is not required to sell to NCC, and NCC is not required to purchase, more than 330 cubic metres of water per day (**maximum daily allowance**) (subject to review in accordance with clause 4.3). It is intended that water supplied for the purpose of fire fighting within the Nelson Residential Water Supply Area is not included in the maximum daily allowance.
- 5.2 At any time during the Part A Term TDC may reduce the maximum daily allowance under clause 5.1 if TDC has given NCC at least three years prior written notice.
- 5.3 Subject to clause 23.1, TDC shall supply water to NCC under this Agreement at the following minimum pressure at the water meters described in clause 7.2: 300 kPa
- 5.4 Subject to clause 23.1, TDC shall supply NCC with sufficient quantity of water for the purpose of firefighting within the Nelson Residential Water Supply Area to comply with the minimum water volume for fire fighting in urban districts recommended in the New Zealand Fire Service Firefighting Water Supplies Code of Practice 2008 and all Codes of Practice issued by the New Zealand Fire Service in amendment of, or substitution for, the same.
- 5.5 If at any time during the Part A Term TDC imposes a restriction on the use of water in Richmond:
- (a) by public notice in accordance with its Water Supply Bylaw 2009, as amended from time to time, or any bylaw in substitution; or

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- (b) in order to comply with the Tasman Resource Management Plan (as amended from time to time, or anything in substitution thereof), or a water shortage direction imposed under the Resource Management Act 1991 (as amended from time to time, or anything in substitution thereof); or
- (c) in order to comply with the conditions of any water permit applicable to the supply of water to the Nelson Residential Water Supply Area;

then NCC shall immediately use its best endeavours to impose equivalent restrictions on all properties within the Nelson Residential Water Supply Area for the duration of the restriction imposed by TDC.

6. Quality

- 6.1 The water supplied by TDC to NCC pursuant to Part A of this Agreement shall comply with the water quality standards for drinking water set out in the New Zealand Drinking Water Standards for New Zealand 2005 (Revised 2008).

7. Supply points and meters

- 7.1 TDC shall supply water to NCC pursuant to Part A of this Agreement at the water supply points marked on the plan attached as Schedule 2, and such other water supply points as are agreed to in writing by NCC and TDC.
- 7.2 TDC will ensure that there is a water meter and back flow prevention located at each of the water supply points.
- 7.3 TDC shall be responsible for calibration and maintenance of the water meters and back flow prevention described in clause 7.2. Both parties are entitled to check the water meters for accuracy.
- 7.4 TDC shall read the water meters each month to determine the quantity of water used by NCC. If any of the water meters in clause 7.2 shall cease to register correctly, the quantity of water passing through it shall be estimated, based on readings from the same period in the previous year. If such readings are not available then the estimate will be based on readings from the month immediately preceding the malfunction.
- 7.5 Water supplied by TDC to NCC under Part A of this Agreement shall be at NCC's risk once the water has passed through the water meter and backflow assembly described in clause 7.2.
- 7.6 Charges made for any water lost as a result of a leak or failure of the water meter or backflow assembly will be adjusted by TDC to reflect the volume of water estimated to have been lost.

8. Transfer of Waterworks

- 8.1 Upon the Part A Commencement Date TDC shall sell to NCC, and NCC shall purchase, the Waterworks (Residential area) listed in Schedule 3 of this Agreement.
- 8.2 The purchase price of the Waterworks (Residential area) shall be \$1.00 plus GST, (receipt of which is acknowledged by TDC).

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8.3 Ownership of the Waterworks (Residential area) shall transfer from TDC to NCC upon the Part A Commencement Date.

8.4 The Waterworks (Residential area) shall remain at TDC's risk until ownership passes. When ownership passes to NCC the Waterworks (Residential area) shall be at NCC's risk.

9. **Consumer Guarantees Act**

9.1 The parties agree that NCC is acquiring water, and the Waterworks (Residential Area), under this Agreement for the purposes of a business (as defined in the Consumer Guarantees Act 1993) and that the provisions of the Consumer Guarantees Act 1991 do not apply to the sale and purchase of water, and the Waterworks (Residential Area), pursuant to this Agreement.

PART B: WATER SUPPLY TO NELSON INDUSTRIAL WATER SUPPLY AREA

10. **Term of Part B**

10.1 Part B of this Agreement shall commence on 1 July 2015 and shall expire on 30 June 2020, subject to earlier termination in accordance with Part E of this Agreement (**The Part B Term**).

11. **Supply**

11.1 During the Part B Term TDC shall supply water by network reticulation to all land within the Nelson Industrial Water Supply Area that TDC supplies with water by network reticulation as at the date of this Agreement, on such terms and conditions as TDC thinks fit.

11.2 TDC shall directly invoice users of water supplied pursuant to clause 11.1.

11.3 NCC shall allow TDC, its employees, contractors and agents to enter onto land owned by NCC at any time to carry out maintenance of the network reticulation referred to in clause 11.1.

PART C: WATER SUPPLY FROM NCC TO TDC

12. **Term of Part C**

12.1 Part C of this Agreement shall commence on 1 July 2015 and shall expire on 30 June 2075, subject to earlier termination in accordance with Part C or Part E of this Agreement (**The Part C Term**).

12.2 Either Party may terminate Part C of this Agreement by notice in writing to the other party if NCC's resource consent to take water from the Roding Headworks as at the date of this Agreement expires, and is not renewed. Upon termination the rights and obligations of the parties under part C of this Agreement shall cease, without prejudice to the rights and remedies of either party against the other for any prior breach of Part C of this Agreement. All other parts of this Agreement, which have not previously been cancelled in accordance with this Agreement, shall continue in full force and effect.

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12.3 TDC may terminate Part C of this Agreement at any time by 6 month's notice in writing to NCC if TDC decides that it no longer wishes to take water from the Roding Headworks. Upon expiry of the notice period the rights and obligations of the parties under part C of this Agreement shall cease, without prejudice to the rights and remedies of either party against the other for any prior breach of Part C of this Agreement. All other parts of this Agreement, which have not previously been cancelled in accordance with this Agreement, shall continue in full force and effect.

13. Supply

13.1 Subject to clauses 13.2, 15.1 and 23.1, during the Part C Term NCC shall supply water to TDC from the Roding Headworks, and TDC shall purchase such water, on the terms set out in this Agreement.

13.2 TDC shall use water supplied by NCC from the Roding Headworks with sufficient frequency and volume to ensure the water in the pipeline meets the requirements of the water quality standards for drinking water set out in the New Zealand Drinking Water Standards for New Zealand 2005 (Revised 2008), but otherwise there is no obligation on TDC to use such water.

14. Price

14.1 The price payable by TDC to NCC for water supplied under clause 13.1 shall be calculated in accordance with the formula set out in Schedule 5 of this Agreement.

14.2 On or about 1 November in each year during the Part C Term NCC may, after consultation with TDC, review the operations and maintenance costs, and depreciation costs, described in Schedule 5 of this Agreement that are used to calculate the Fixed and Variable Charges in accordance with the formula set out in that Schedule. Following review, NCC shall give written notice to TDC specifying the new Fixed and Variable Charges by the end of December to allow sufficient time for both Councils to have the changes included in their respective Annual Plans and Long Term Plans. The new Fixed and Variable Charges shall come into effect on the 1st day of July following the date of NCC's notice.

14.3 If, as a result of any review under clause 14.2, NCC increases either the Fixed or the Variable Charge by an amount that is greater than 4% of the charge payable in the preceding year then TDC may cancel Part C of this Agreement by three months' notice in writing to NCC. Upon expiry of the notice period the rights and obligations of the parties under part C of this Agreement shall cease, without prejudice to the rights and remedies of either party against the other for any prior breach of Part C of this Agreement. All other parts of this Agreement, which have not previously been cancelled in accordance with this Agreement, shall continue in full force and effect.

14.4 The price payable by TDC to NCC for water pursuant to Part C of this Agreement includes TDC's contribution to the operation and maintenance costs of the Roding Headworks and the Roding Trunk Main System.

14.5 The quantity of water used by TDC shall be measured at the water meter described in clause 17.2 of this Agreement.

14.6 NCC will submit a tax invoice to TDC each month for water supplied by NCC pursuant to this Agreement. TDC will pay NCC on the 20th day of the month following the date of the invoice.

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- 14.7 If TDC shall fail to pay an invoice submitted by NCC under clause 14.6 by the due date for payment, TDC shall pay NCC interest on the outstanding amount at an annual rate that is 5% above the Reserve Bank of New Zealand 90 Day Bank Bill Rate on the due date for payment (or the next Working Day if no rate is published on the due date).
15. **Quantity and pressure**
- 15.1 NCC shall supply water to TDC from the Roding Headworks at the rate of 909 cubic metres per day or 1/15th of the authorised daily abstraction from the Roding Headworks, whichever is the lesser (**daily entitlement limit**).
- 15.2 Any water supply to TDC above the daily entitlement limit is completely at the discretion of NCC. Any additional water that NCC chooses to supply to TDC will be charged for at the same rate that NCC charges from time to time for water that NCC supplies to the majority of rating units with a metered connection in Nelson.
- 15.3 In the event of a low river flow causing a reduced abstraction from the Roding Headworks, NCC will advise TDC of TDC's share of the authorised daily abstraction and check the flow meter at least weekly. In turn, TDC will ensure that this daily allowable take is not exceeded, without NCC's express consent, by controlling the relevant equipment.
- 15.4 Subject to clause 23.1 NCC shall supply water to TDC under this Agreement at the following pressure: minimum 300kPa.
16. **Quality**
- 16.1 The water supplied by NCC to TDC pursuant to this Agreement shall comply with the water quality standards for drinking water set out in the New Zealand Drinking Water Standards for New Zealand 2005 (Revised 2008).
17. **Supply points and meters**
- 17.1 NCC will supply water to TDC pursuant to this Agreement at the intersection of Champion Road and Salisbury Road, Richmond.
- 17.2 NCC will ensure that a water meter, and backflow prevention, is located at the water supply point described in clause 17.1.
- 17.3 NCC shall be responsible for calibrating and maintaining the water meter and backflow prevention described in clause 17.2. Both parties are entitled to test the meter for accuracy.
- 17.4 NCC shall read the water meters each month to determine the quantity of water used by TDC. If the water meter in clause 17.2 shall cease to register correctly, the quantity of water passing through it shall be estimated, based on readings from the same period in the previous year. If such readings are not available then the estimate will be based on readings from the month immediately preceding the malfunction.
- 17.5 Water supplied by NCC to TDC under this Agreement shall be at TDC's risk once the water has passed through the water meter and backflow assembly described in clause 17.2.

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- 17.6 Charges made for any water lost as a result of a leak or failure of the water meter or backflow assembly will be adjusted by NCC to reflect the volume of water estimated to have been lost.

18. **Consumer Guarantees Act**

- 18.1 The parties agree that TDC is acquiring water under this Agreement for the purposes of a business (as defined in the Consumer Guarantees Act 1993) and that the provisions of the Consumer Guarantees Act 1991 do not apply to the sale and purchase of water pursuant to this Agreement.

PART D: SEWERAGE SERVICES

19. **Term of Part D**

- 19.1 Part D of this Agreement shall commence on 1 July 2015 and shall expire on 30 June 2075, subject to earlier termination in accordance with Part E of this Agreement (**The Part D Term**).

20. **Sewerage services**

- 20.1 During the Part D Term TDC shall provide sewerage reticulation to all land within the Nelson Sewerage Services Area that TDC provides sewerage services to as at the date of this Agreement, on such terms and conditions as TDC thinks fit.
- 20.2 TDC shall be responsible for maintenance of that part of the sewerage reticulation described in clause 20.1 that is within road.

PART E: MISCELLANEOUS RIGHTS AND OBLIGATIONS

21. **Term of Part E**

- 21.1 Part E of this Agreement shall commence on the date this Agreement is signed by both parties and shall expire on 30 June 2075, subject to earlier termination in accordance with this Agreement.


22. **Assignment and subcontracting**

- 22.1 Neither Party shall assign its rights or obligations under this Agreement to any Person.
- 22.2 Subject to clause 22.3 neither Party shall subcontract all or part of its obligations under this Agreement to any Person without the prior written consent of the other Party.
- 22.3 Either Party may subcontract their maintenance obligations under this agreement to any Person, but the subcontracting of such obligations shall not relieve that Party from any liability or obligation under this agreement.

23. **Shut downs**

- 23.1 Either Party may reduce the volume or pressure of water supplied to the other Party pursuant to this Agreement for the purposes of carrying out maintenance of waterworks, and for such period as the maintenance works are carried out, provided

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the Party wishing to reduce the supply of water has given 1 weeks prior notice in writing to the other Party.

24. Termination

24.1 Either Party may terminate this Agreement by written notice to the other Party if:

- (a) The other party fails to comply with a term of this Agreement and, where such breach is capable of being remedied, the other Party fails to remedy the breach within 28 days after receiving a written notice from the terminating Party specifying the breach and requiring it to be remedied; or
- (b) The other Party fails to comply with a term of this Agreement and such breach is not capable of being remedied.

24.2 Subject to clause 24.3, TDC or NCC may terminate this Agreement, or Part A, B, C or D of this Agreement, at any time by three year's notice in writing to the other party. TDC or NCC may terminate this Agreement or a Part of this Agreement pursuant to this clause for any reason including, but not limited to, TDC deciding to construct, or not to construct, a Waimea Community dam in the Lee Valley. If TDC or NCC only terminate a Part of this Agreement under this clause then other parts of this Agreement which have not previously been cancelled, shall continue in full force and effect.

24.3 NCC shall not terminate Part C of this Agreement except in accordance with clause 12.2 of this Agreement.

24.4 Termination of this Agreement by either Party for any reason shall be without prejudice to the rights and remedies of that Party against the other Party.

25. Development Contributions

25.1 If NCC terminates all or part of this Agreement then TDC is not liable to pay NCC the amount of any development contributions (as defined in section 197 Local Government Act 2002) or water connection charges that have been paid to TDC as a result of any development, building, or service connection within the Nelson Residential Water Supply Area.

25.2 If TDC terminates all or part of this Agreement and ceases to supply water to the Nelson Residential Water Supply Area then TDC shall promptly refund to NCC a portion of the development contributions (as defined in section 197 Local Government Act 2002) and water connection charges that have been paid to TDC as a result of any development, building, or service connection within the Nelson Residential Water Supply Area, using a straight line depreciation from the date the charges were paid to TDC until 30 June 2075 . The amount payable to NCC is the remaining value of the development contributions and water connection charges shown by this straight line depreciation, as at the date of termination.

26. Force majeure

26.1 Notwithstanding any provision to the contrary in this Agreement, whether expressed or implied, a Party shall not be liable for failure to perform any of its obligations under this Agreement where such failure is caused by an event beyond that Party's reasonable control including, but not limited to, power stoppages, acts of God, war,



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lightning, fire, earthquake, storm, flood, explosion, or act of terrorism (force majeure event).

26.2 If any Party is affected by a force majeure event it shall immediately notify the other Party of the occurrence of the event and the expected duration of the event.

26.3 Either Party may terminate this Agreement by giving the other party one month's written notice if a failure by the other Party to perform its obligations in the circumstances referred to in clause 26.1 continues for a period of more than three months.

27. Non-waiver

27.1 Any delay, failure or forbearance by a Party to exercise (in whole or in part) any right, power or remedy under, or in connection with, this Agreement shall not operate as a waiver of such right, power or remedy. A waiver of any breach of any of the provisions of this Agreement shall not be effective unless that waiver is in writing and is signed by the Party against whom that waiver is claimed. A waiver of any breach shall not be, or be deemed to be, a waiver of any subsequent breach.

28. Partial invalidity

28.1 In the event of the invalidity of any provision of this Agreement, such invalidity shall not affect the enforceability of any other provision of this Agreement.

29. Notices

29.1 Any notice or any document required to be given in writing under this Agreement shall be given:

(a) to TDC, by post or by delivery to the Council's principal place of business at 189 Queen Street, Richmond or such other address as may be provided in writing to NCC from time to time. All notices to TDC shall be marked for the attention of the Council's Chief Executive; and

(b) to NCC, by post or by delivery to the Council's principal place of business at 110 Trafalgar Street, Nelson or such other address as may be provided in writing to TDC from time to time. All notices to NCC shall be marked for the attention of the Council's Chief Executive


29.2 Any notice that is posted shall be deemed to have been received by the other Party two Working Days after the date of posting.

29.3 Any notice given by a Party may be signed on behalf of that Party by the Party's Chief Executive, any authorised officer of the Party, or by that Party's solicitor.

Dated 15 April

2015

Signed for and on behalf of TASMAN
DISTRICT COUNCIL


Authorised Signatory

LINDSAY MCKENZIE
CEO

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Signed for and on behalf of **NELSON
CITY COUNCIL**


Authorised Signatory

SCHEDULE 1:

Plan of Nelson Residential Water Supply Area

SCHEDULE 2:

Plan of Water Supply Points

SCHEDULE 3:

List of Residential Water Supply Assets

SCHEDULE 4:

Plan of Nelson Industrial Water Supply Area

SCHEDULE 5:

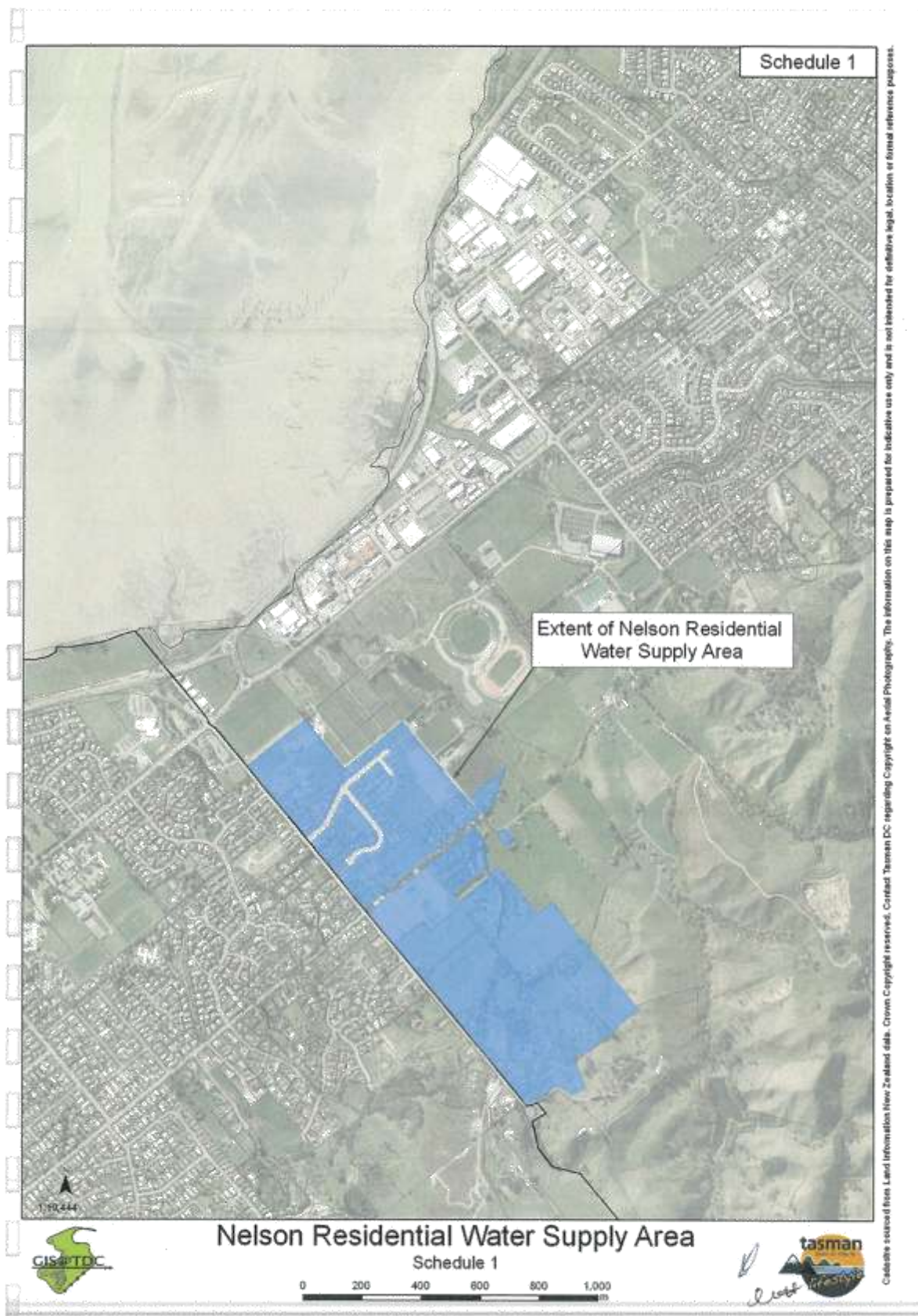
Formula for calculating price payable by TDC to NCC

SCHEDULE 6:

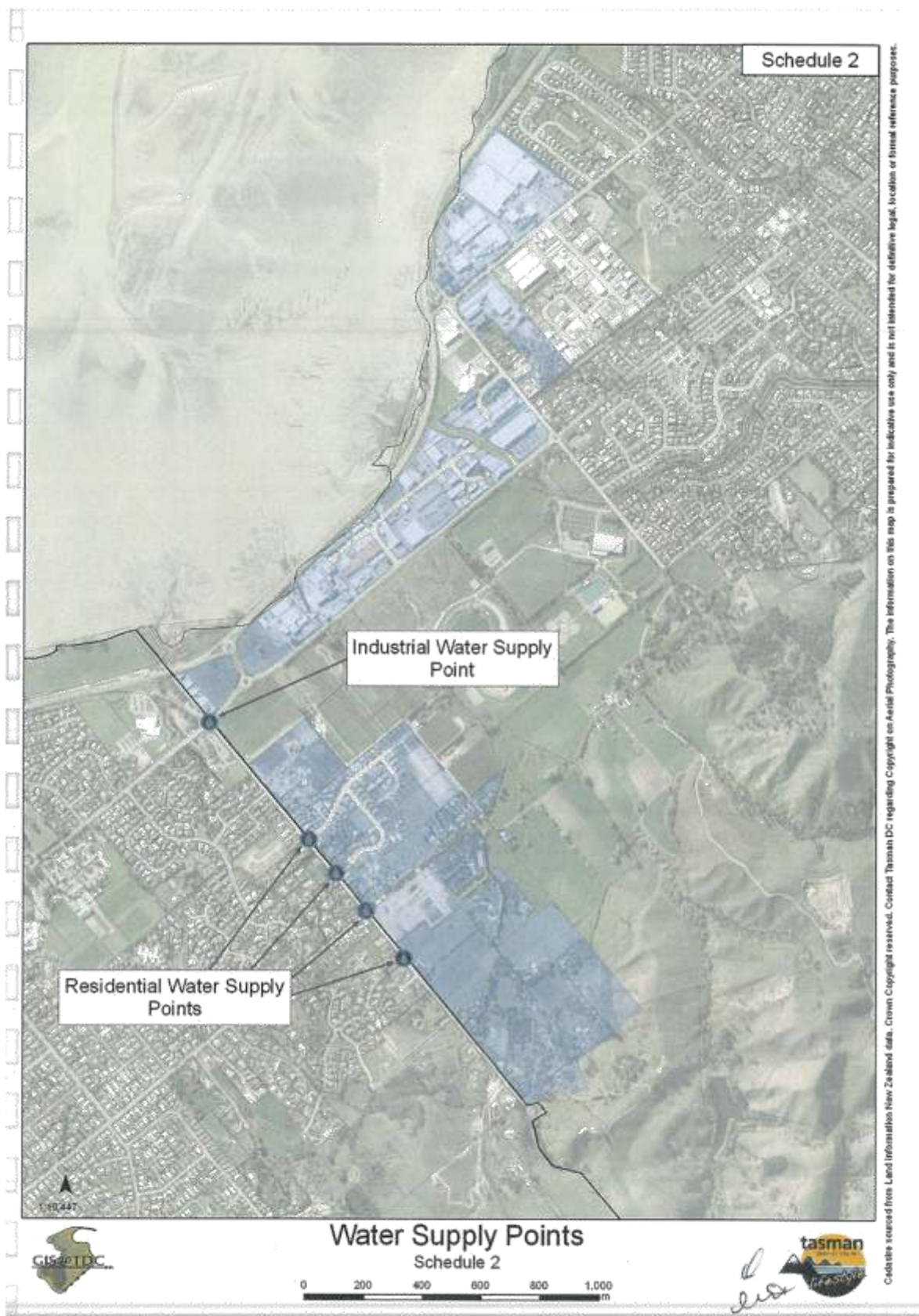
Plan of Nelson Sewerage Services Area

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Schedule 3

Residential Water Supply Assets

Water reticulation	m
15 mm dia	107
20 mm dia	250
25 mm dia	37
32 mm dia	263
40 mm dia	459
50 mm dia	976
100 mm dia	1539
150 mm dia	913
250 mm dia	69

Valves	No
25 mm dia	2
32 mm dia	3
40 mm dia	9
50 mm dia	11
80 mm dia	1
100 mm dia	10
150 mm dia	10
250 mm dia	1

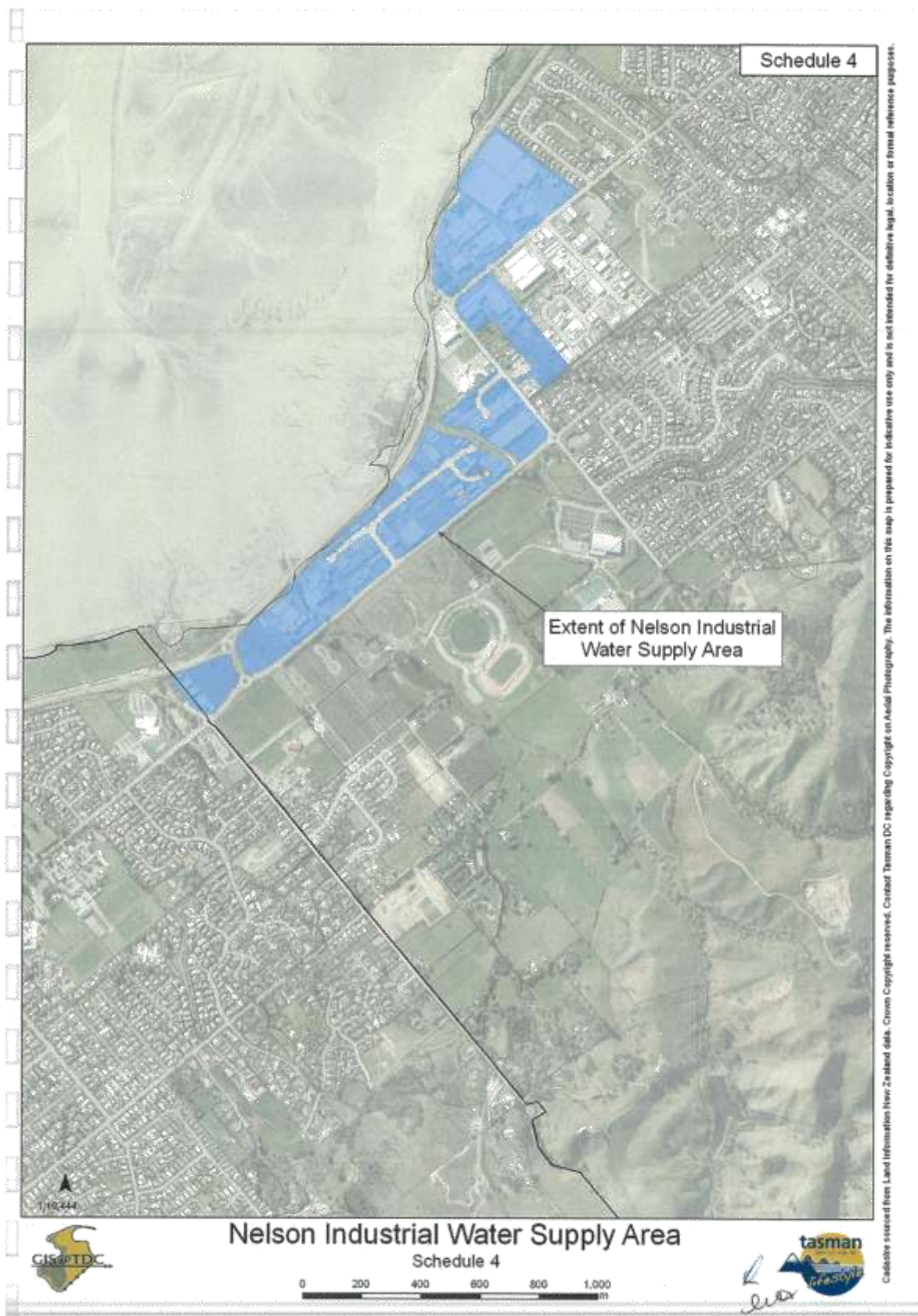
Fire hydrants	21
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Water connections and Backflow devices

	No
15 mm dia	27
20 mm dia	116
25 mm dia	1
50 mm dia	2
100 mm dia	2

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Schedule 5

Attachment:

Roding Water Supply Water Costs Allocation

Current Agreement

Water Charging Cost Breakdown

TDC Share

Components Used

Roding Headworks	5.68%
Roding tunnel and pipeline	5.68%
Marsden PS	10.98%
Foothills Raw Water Pipeline	5.68%
WTP	2.75%
WTP-Brook St	2.55%
Brook St (Hillside Lane - Bronte)	2.76%
Bronte St (Tasman - Rutherford)	2.91%
Rutherford St (Bronte - Van Diemen)	2.91%
Van Diemen (Rutherford - Waimea)	2.91%
Waimea (Van Diemen - Boundary)	5.31%
Boundary (Waimea - TT)	5.31%
TT - Annesbrook	5.93%
Annesbrook - Marsden	10.41%
Main Rd Pipeline (Marsden to Saxton)	22.67%
Main Rd Pipeline (Saxton to Orphanage Ck)	85.00%
Main Rd Pipeline (Orphanage Ck to Champion Rd)	100.00%
Overhead Allocation	6.64%
Share of Rate Requirement	2.43%

Example: Rate Requirement 2010/11

\$10,568,383

$2.43\% \times \$10,568,383 = \$256,811$



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TDC Cost per m3 excluding GST (based on 909 m3 per
day) 2010/11 \$0.77

TDC Cost based on network operation and maintenance costs + water extraction and
treatment costs

= \$256,811 total.

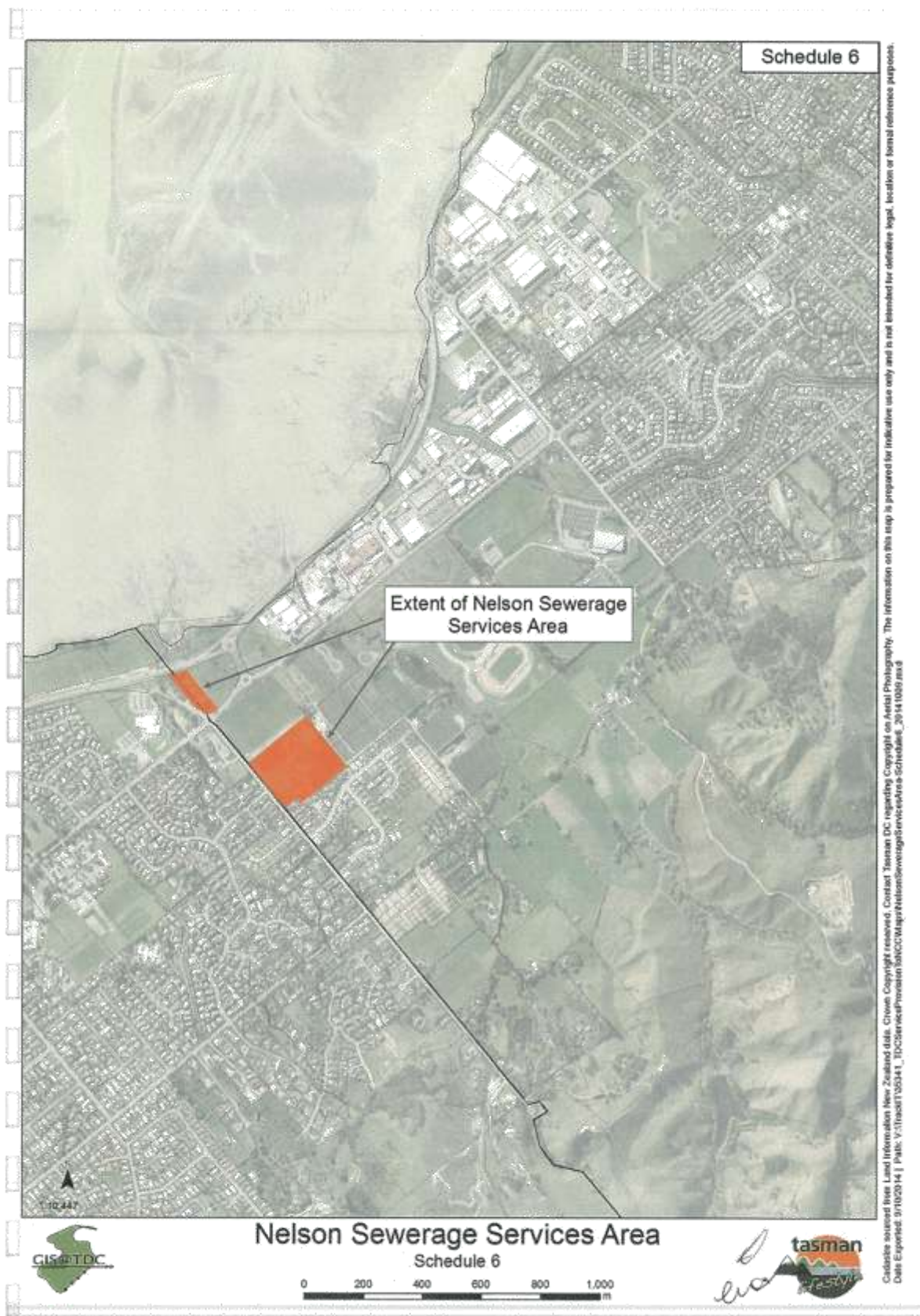
Water Costs Allocation (Proposed)

Example: 2011/12 financial year:

	O&M	Depr	TDC Share	
Recovery by Fixed Charge				
Roding headworks	\$ 28,633	\$ 43,100	5.68%	\$ 4,011
Roding tunnel and pipeline	\$ 6,496	\$ 71,560	5.68%	\$ 4,434
Marsden Valley pipeline	\$ 2,225	\$ 11,234	19.09%	\$ 2,500
Marsden Rd pipeline	\$ 740	\$ 3,705	100.00%	\$ 4,445
Main Rd pipeline (Marsden to Saxton)	\$ 3,029	\$ 8,959	22.67%	\$ 2,718
Main Rd pipeline (Saxton to Orphanage Ck)	\$ 223	\$ 627	85.00%	\$ 723
Main Rd pipeline (Orphanage Ck to Champion Rd)	\$ 1,680	\$ 4,133	100.00%	\$ 5,813
Recovery by Variable Charge				
Pump Stations	\$ 216,357	\$ 96,140	10.98%	\$ 34,311
Foothills pipelines		\$ 60,973	5.68%	\$ 3,463
WTP	\$ 1,501,493	\$ 1,130,507	2.75%	\$ 72,381
Overheads	\$ 2,476,448		6.64%	\$ 164,400
Renewal of Resource Consent	TBA			
Fixed Charge	\$ 24,776			
Variable Charge \$/m3	\$ 0.83			

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Item 6: Waimea Dam: Community Consultation on a Possible Nelson
Contribution: Attachment 6



Waimea Dam

Review of aspects of Waimea Dam development proposal.

Report prepared by David Benham

May 2017

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 7

1 Executive Summary

This report has been prepared for Nelson City Council (NCC) to review aspects of the Waimea Dam development project.

The report reviews estimated high level costs of water sourced from the project and compares them with providing future water needs from within NCC's boundaries.

The report concludes that

- the costs of either the "dam " or " no dam" option are relatively similar
- there appear to be significant regional economic benefits from the dam proceeding
- there may be significant regional economic disbenefits if dam does not proceed
- as the dam is fully consented it is assumed that environmental impacts have been taken into account and mitigated to the extent they can be
- significantly 'adds to the water supply resilience for the wider region

It is recommended that NCC contributes \$5 million to the project and the contribution be by way of equity rather than a straight grant.

Advice provided indicates that the dam project with NCC's contribution will future proof NCC's water supply and enhances the wider regions economic wellbeing towards 2100. This is a significant positive legacy this Council can provide to the future citizens and ratepayers of the city and wider Nelson Tasman region.

It should be emphasized that the opinions stated are those of the author. They are based on discussions with staff and information provided as detailed at the end of the report. The author has not verified or validated the accuracy or completeness of the information provided.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 7

2 Scope

2.1

The required scope is to prepare a report for NCC to review aspects of the Waimea Dam development by Tasman District Council (TDC). The report will review, comment and where appropriate make recommendations on the following :

- NCC's current and likely future water supply needs
- NCC and TDC's water supply infrastructure
- the proposed agreement between NCC and TDC
- NCC's contribution to the project
- whether the project meets government policy directives
- any other issues or questions that should be considered before final consultation by NCC with the community

3 Background

3.1

Since 2003 TDC have been considering and investigating various options to address an over allocation of water rights in the Waimea Plains. A dam has been proposed in the Lee Valley – the Waimea Community Dam – to enable the release of water to recharge the aquifer that exists under the Waimea Plains.

3.2

Without further water, TDC under its future water take settings, will have to reduce existing water takes, hence significantly affecting economic activity in the Waimea Plains area.

3.3

The dam will also potentially provide a significant new source of water for drinking purposes for NCC (and TDC).

3.4

NCC's current population projections and resulting expected demand indicate that current sources of water (including that supplied by TDC) will meet demand for the foreseeable future. If however TDC ceases supply to south Nelson then provision will need to be made now to replace that supply. TDC has the right to give notice of cessation of supply to Richmond Residential Rate area with three years notice. TDC have indicated that if NCC does not agree to support the dam project they will

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 7

initiate the termination clause. In addition the Nelson Industrial Supply Area agreement terminates in June 2020. Similarly TDC have indicated that will not be renewed.

3.5

Reports suggest the water provided by the dam will provide sufficient water to meet needs of the Waimea Plains for the the next 100 years.

3.6

The estimated cost of the project is \$82.5 million. NCC has been asked to contribute \$5 million which would buy the right to up to 22,000 cubic metres per day of water. TDC are ambivalent as to whether this contribution is by way of a grant or an appropriate share of equity in the dam owning company.

3.7

The other funders are TDC, Crown Irrigation Investment Ltd, MfE, and private sector irrigators. None of these funds have been confirmed as yet.

3.8

Various reports have been prepared to estimate the economic benefits of the project. The NZIER Report to NCC in April 2015 – “Outflow from a dam – Economic benefits for Nelson City of the Proposed Waimea Community Dam ” estimated the dam would benefit Nelson City’s GDP by \$15.4-\$20.4 million per year.

The most recent study by Northington Partners in November 2016 “ Waimea Dam Economic cost of the No-Dam Alternative ” using a 35% water cut over 25 years would generate disbenefits in the order \$750 million.

3.9

The project is fully consented. A range of environmental impacts have been taken into account in the consenting process but future land use (which may result in increased nutrients in the Tasman Bay) is dealt with under the Tasman Resource Management Plan.

3.10

Uncertainties remain around funding from the various parties and the dam build tender process is still to come. Build price is therefore not yet confirmed.

3.11

TDC expect final consultation with their community will take place in August 2017 with a final decision to made by that Council in September 2017.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 7

4 NCC's current and projected future water supply needs

4.1

NCC's current water sources are from the Maitai and Roding Rivers. This meets 91% of demand with a further 9% supplied by TDC to south Nelson. The supply contract has an end date of 2075 but can be terminated by TDC with three years notice. A separate supply contract exists between TDC and two major industrial users in south Nelson. This terminates in 2020.

4.2

NCC does have options within its own boundaries to increase supply but they do have complexities with either increased costs of existing treatment or further investment in pre treatment. These costs are estimated to be in the order of \$15 to \$16 million (excluding operating costs) for pretreatment improvement. A recent suggestion as an alternative to this option is to work the treatment membranes harder. This alternative would bring forward the \$6 million membrane replacement cost from the current estimate of every 14 years to about every 6 years.

4.3

A further option is to build a dam on the Roding River with rough costs in the order of between \$45 million and \$70 million.

4.4

NCC would need to provide funding of \$4 million now if the decision was for " no dam " option. This is because officers expect that TDC would cease supplying for reasons outlined above (see section 3.4).

4.5

If NCC supported the dam option, future water requirements are expected to be met until at least 2100. This is certainly a significant enhancement to NCC's water supply security of supply.

5. NCC's and TDC's water supply infrastructure and networks implications in the 'Dam " and " No Dam" scenarios.

5.1

If NCC chooses the "No Dam " option, other options do exist as previously outlined.

5.2

Further in the "No Dam " scenario TDC will cease to supply to Richmond Residential Rate area and Nelson Industrial Water Area. Costs for NCC to meet that shortfall are estimated at \$4 million.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 7

5.3

In the "Dam" option TDC has offered NCC :

- South Nelson an additional 1000 cubic metres per day (in addition to the current 330 cubic metres per day) giving a total of 1330 cubic metres per day without TDC needing to upgrade infrastructure.
- agreement would provide NCC up to 22,000 cubic metres per day in the future.
- use of some of the volumes may be needed within 10 years
- rough calculations are that access to this additional water would involve a capital contribution from NCC of about \$18 million for 12,000 cubic metres per day to upgrade TDC's infrastructure.
- price of water supplied would be no higher than the Richmond Residential Rate that applied at the time.
- TDC agrees to continue supplying water to Nelsons industrial area
- TDC agrees to forfeit the right to take water from the Roding River supply source. This is a one time saving to NCC of about \$500,000. This saving is some years away.

6 Summary of NCC 's estimated comparative costs in a " Dam " and a " No Dam " scenario.

6.1

" Dam " costs

- \$5 million contribution to project
- \$18 million for 12,000 cubic metres per day estimated as contribution to TDC treatment and reticulation upgrade in (if this option is chosen when decision is made)
- Impact of dam operating costs on Richmond residential rate
- Impact of dam operating costs on Nelson industrial area water charges
- Saving of approximately \$500,000 on pipework cost with TDC forfeiting rights to take water from Roding River

6.2

" No Dam " costs

- Need to provide \$4 million now as TDC expected to stop supplying south Nelson when agreements terminate.
- Costs of pre treatment of Maitai Dam water are estimated to be in the range of \$15- \$16 million. It isn't possible to estimate when pre treatment will be required. Pre treatment of Maitai Dam water will depend on a number of factors : drought events, demand in summer, prolonged wet weather when river sources aren't available. Alternative may be to incur \$6 million expense at existing treatment plant every 6 years to replace membranes.

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 7

6.3

Making direct comparisons of options are very difficult given the complexities around estimates of costs and the timing of costs. However in both options NCC will need to spend around \$4 - \$5 million now – being contribution to dam or upgrading reticulation to supply south Nelson to cover TDC's cessation of supply. Future cost estimates today are similar to meet possible future increased demand. But if the dam option is chosen then NCC can decide to either upgrade its own sources or tap into water from the dam. Without the contribution to the dam that choice may not be available.

7 If the decision is to make a contribution of \$5 million to the project what conditions should apply

7.1

NCC's contribution will be no more than \$ 5 million.

7.2

Payment only made when other funding sources are confirmed and commitments will clearly meet construction costs.

7.3

Comfort with construction risks.

7.4

No liabilities of the project or the dam company are attributable or underwritten by NCC.

7.5

NCC has the right to take up to 22,000 cubic metres of water per day

7.6

The price of water supplied by TDC to NCC will be no higher than the Richmond Residential Rate that applies at the time. It is acknowledged that dam operating costs will be included in the Richmond Residential Rate and therefore will be included in the charges TDC makes to NCC in supplying Nelson South and Nelson Industrial Water Supply Area.

7.8

TDC forfeits the right to take water from Roding River

7.9

NCC and TDC will jointly appoint a director to dam operating company

7.10

Satisfactory outcome of NCC's consultation with the community on the contribution

Item 6: Waimea Dam: Community Consultation on a Possible Nelson Contribution: Attachment 7

8. If NCC decides to contribute \$5 million to the project should that be by way of a one off grant or a equity shareholding in the dam operating company ?

8.1

NCC has the option to contribute \$5 million to project either by grant or take an appropriate shareholding in the dam operating company.

8.2

In the view of the author NCC should take a shareholding in the dam operating company. The reasons are as follows :

- demonstrates strong ownership and commitment to the project for the wider Nelson/ Tasman region.
- effectively NCC is "inside the tent " and will be fully briefed and informed over the life of the company.
- have formal input into the companies statement of intent.
- in the event dividends accrue to shareholders, NCC would benefit
- this does not imply any additional liabilities to NCC.
- NCC/TDC's appointed director can be selected on the expectation that the person be a considerate and strong advocate for ratepayers generally and in particular Nelsons' interests.

8.3

The authors understanding is that main disadvantage of the shareholding option is around the governance costs that may accrue to NCC relating to the dam operating company. How those costs would be met have yet to be finally determined. The expectation though would be that they should be allocated within the various water prices – be it within the potable water rates and that supplied to irrigators. However that may not be how it finally transpires. In the final analysis NCC may need to assess the final direct governance costs attributable to NCC against the advantages of taking a shareholding as listed above.

If the decision is for the contribution to be by way of a grant the author has been advised that this amount would then form part of TDC's shareholding capital contribution

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9. Central government policy directives and shared services

9.1

The National Policy Statement (NPS) on Urban Development Capacity requires “ councils to work together “

9.2

The NPS envisages “ the provision of adequate development infrastructure to support the development of land “

“ The development infrastructure means network infrastructure for water supply, waste water, storm water and land transport as defined by the NZM Act to the extent it is controlled by local authorities.”

“ This policy does not direct local authorities as to how or where this development capacity should be provided. It does however set out expectations for the provision of the development capacity in the short, medium and long term (3, 5, 10 years) periods “

9.3

NCC and TDC have a wide range of shared services and jointly owned CCO's and many services are well integrated. The addition of this project adds to that array and clearly meets the spirit of the NPS.

9.4

NCC does have options within its boundaries to meet potential future drinking water demand.

9.5

The contribution enables NCC to be part of a significant resource for the wider region for a modest investment. The leverage NCC achieves is significant given both the private sector and central government investment in the project.

10. Other Issues

10.1

Economic benefits are well traversed in other reports. As with many studies in this area, the assessment of benefits vary widely. It does seem the economic benefits are significant and disbenefits significant if the project did not proceed.

10.2

Environmental impacts have been mentioned earlier. Clearly the major impacts have been taken into account during the dam consenting process.

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10.3

The bulk of the risks of completing this project fall on TDC. However NCC would need to ensure that sufficient assurances are provided that the project can be delivered for the build price agreed and that various other funding sources are confirmed. NCC does not want to be in a position of having contributed \$5 million and finds project is only partially completed.

The author understands that there is a construction risk around a weather event during construction. The Council would need to be comfortable with assurances in this regard.

10.4

Provision has been made to design in a future ability to generate power if it became economic.

10.5

It is important to note that an additional source of water from a different area significantly strengthens resilience in the area of water supply over the wider Nelson Tasman region.

11. Conclusions

11.1

NCC needs to spend around \$4-\$5 million now in either option. The dam option, however does give NCC the option in the future to either upgrade its own facilities or tap into dam water depending on which is the most cost effective.

11.2

"Dam " secures NCC water supply needs to about 2100

11.3

" Dam " provides significant economic benefits to the wider region

11.4

" Dam " is consented and environmental impacts taken into account in that process.

11.5

Significant Increase in water supply resilience in the combined region.

12. Recommendations

12.1

NCC contributes \$5 million to the project.

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12.2

Contribution be in the form of an appropriate equity shareholding subject to final agreement on how governance costs are allocated.

12.3

Contribution should be conditional on satisfactory agreement on points set out in section 7

Sources of material

Nelson City Council reports

Waimea Dam Nov 2014

Waimea Dam. 2 March 2017

Waimea Dam. 13 April 2017

Draft notes on "Dam" and "No Dam" options. May 2017

Tasman District Council

Consultation Paper October 2014

Waimea Dam website

Tasman District Council website

Engineering Services Agreement between NCC and TDC

Northington Partners

Waimea Dam – Economic cost of no dam alternative Nov 2016

NZIER *Outflow from Dam* April 2015

Waimea Dam Economic Assessment October 2014

How to pay for a dam. October 2014

John Cook and Associates &

Northington and Partners

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Waimea Dam economic impact analysis

Ministry for the Environment website - NPS on Urban Development Capacity

Discussed project with following staff

Phil Ruffell – NCC Senior Asset Engineer – Utilities
Michelle Joubert – NCC Executive Officer – Strategy and Policy
Nicki Harrison - NCC Group Manager Corporate Services
Nicky MacDonald – NCC Senior Strategic Advisor
Clare Hadley – NCC Chief Executive
Lindsay McKenzie – TDC Chief Executive

Disclaimer

The report has been prepared with limited procedures set out in the Consultancy Contract for Waimea Dam Consultancy Services dated 8 May 2017.

The report has been prepared from information detailed at the end of the report. It has also relied on information provided by staff from Nelson City Council and Tasman District Council.

I have not verified or validated the accuracy or completeness of the information provided. I do not accept any responsibility for the accuracy of information from Nelson City Council or any other party.

Waimea Dam - Estimated costs for Nelson City Council: Dam / No Dam

October 2017

Spend - capital	Dam	When	No Dam	When
Contribution to project	\$5M	2018/19 and 2019/2020	-	-
Reticulation to Nelson South industrial	-	-	\$3.2M	1-2 years of the decision
Pump station upgrade Maitai Raw water main	\$2M	10+years	\$2M	Without dam 5-10 years of the decision
Upgrade Tantragee WTP (Pre-treatment)	\$15 – 20M	Depends on raw water supply option and customer water quality and quantity demands. Possibly 10+ years	\$15 – 20M	Depends on raw water supply option and customer water quality and quantity demands. Possibly 5-10 years of the decision
OR				
Use treatment plant membranes and replace more often	\$6.5M	Every 6 – 8 years	\$6.5M	Every 6 - 8 years
Additional storage Tantragee WTP	\$2M	10+years	\$2M	5-10 years of the decision
Upgrade pumps if NCC wants water from TDC to reach upper hillsides Stoke and Tahunanui	\$1M	Only if demand requires and only if NCC takes Dam water from TDC. Probably 10+ years	-	-
Investment in TDC reticulation if NCC requires water	\$15 – 22M	Probably 10+ years and only if NCC takes Dam water from TDC	-	-
	\$40 - \$50		\$22.2 – \$27.2	

Spend - operational	Dam	When	No Dam	When
Operational costs associated with Dam	\$92 000	Annually, if equity. (If grant, operational cost will be included in rate NCC pays for water supplied by TDC, if any)	-	-

Estimated	Estimated
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