



**I give notice that
an Extraordinary Meeting of Council will be held on:**

Date:	Wednesday, 18 October 2017
Time:	9.30am
Location:	Clubrooms Owen Delany Park 1 Delany Drive Taupō

AGENDA

MEMBERSHIP

Chairperson Mayor David Trewavas

Deputy Chairperson Cr Rosie Harvey

Members

- Cr John Boddy
- Cr Barry Hickling
- Cr Rosanne Jollands
- Cr Tangonui Kingi
- Cr Anna Park
- Cr Christine Rankin
- Cr Kirsty Trueman
- Cr John Williamson

Quorum 6

**Gareth Green
Chief Executive Officer**

Order Of Business

- 1 **Apologies**
- 2 **Conflicts of Interest**
- 3 **Policy and Decision Making**
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- 4 **Confidential Business**
 - Nil

3.1 DECLARATION BY COUNCILLOR AND APPOINTMENT TO TURANGI/TONGARIRO COMMUNITY BOARD

Author: Gareth Green, Chief Executive Officer

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

Margaret (Maggie) Ellen Stewart has been elected to the Taupō District Council as a result of a by-election in the Turangi/Tongariro Ward. She will make a formal declaration in accordance with the Local Government Act 2002.

Following the declaration, Council will appoint Cr Stewart to the Turangi/Tongariro Community Board.

DISCUSSION

Clause 14(1)(a) of Schedule 7 of the Local Government Act 2002 states that “a person may not act as a member of a local authority until that person has, at a meeting of the local authority following the election of that person, made an oral declaration”. The declaration is attached and consists of the required elements as set out in clause 14(3) of Schedule 7 of the LGA.

In relation to appointment to the Turangi/Tongariro Community Board, section 50 of the Local Government Act 2002 provides that:

“The membership of a community board consists of –

- (a) members elected under the Local Electoral Act 2001; and*
- (b) members (if any) of, and appointed in accordance with the Local Electoral Act 2001 by, the territorial authority in whose district the relevant community is situated.”*

The provision in the Local Electoral Act 2001 relating to membership of community boards is s 19F which states:

“19F Membership of community boards

(1) Every community board –

- (a) is to consist of not fewer than 4 members nor more than 12 members; and*
- (b) is to include at least 4 elected members; and*
- (c) may include appointed members*

(2) ...

(3) The persons who are appointed under subsection (1)(c) as members of the community board must –

- (a) be members of, and must be appointed by, the territorial authority for the district in respect of which the community is constituted; and*
- (b) if the territorial authority is divided into wards, also be members of the territorial authority representing a ward in which the community is situated.”*

On 23 July 2012, Council confirmed its representation arrangements for the 2013 local government elections. These arrangements included the following in respect of the Turangi/Tongariro Community Board [resolutions 4945 B (3), 30 May 2012 and 4981, 23 July 2012]:

“That the Turangi/Tongariro community board will have a total membership of eight [8] with six [6] members to be elected and with two [2] members appointed being two members elected to Council from the Turangi/Tongariro ward.”

In the absence of any further change to representation arrangements for the Taupō District, it is recommended that Council appoints Cr Stewart to the Turangi/Tongariro Community Board for the remainder of the Triennium.

CONCLUSION

Margaret (Maggie) Ellen Stewart will be invited to make her oral declaration. This will be followed by formal appointment to the Turangi/Tongariro Community Board.

RECOMMENDATION(S)

1. That Margaret (Maggie) Ellen Stewart makes an oral declaration in accordance with clause 14 of Schedule 7 of the Local Government Act 2002.
2. That Council appoints Cr Margaret (Maggie) Ellen Stewart to the Turangi/Tongariro Community Board for the remainder of the 2016-19 Triennium of Council.

ATTACHMENTS

1. Declaration by Councillor 

3.2 LOCAL GOVERNMENT EXCELLENCE PROGRAMME: COUNCIL MARK

Author: Pernille Fletcher, Business Analyst / Project Manager

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

For Council to endorse Taupō District Council's involvement in the Local Government Excellence Programme, Council Mark.

EXECUTIVE SUMMARY

Local Government New Zealand (LGNZ) formally launched the Local Government Excellence Programme (LGEP), Council Mark in 2016. This programme is intended to build community trust and confidence in the work that councils do for their communities. It grew in response to previous survey work that LGNZ undertook, which indicated that communities had a low opinion of the value of work that councils did.

In August 2016, the Council resolved that it agreed in principle to be actively involved in the development of the Local Government Excellence Programme, and would assess whether to join the programme once the learnings from the initial pilot were known.

Since then, 18 Councils across 10 regions have been involved in tranche 1 of LGEP, with 6 councils receiving their final report and rating. Through this process, the programme has matured and been updated slightly to reflect the changing needs of Local Government. The programme continues to be administered by an Independent Assessment Board who review performance in four priority areas and council receives an overall score and short narrative describing the things that council is doing exceptionally well and any perceived areas for improvement.

Tranche 2 of the programme is now open for November 2017 – May 2018. The Senior Leadership Group have recommended our involvement at this stage. It is envisaged that the self-assessment and ensuing independent assessment results are used to develop an action plan for short term business change and focus, while in the long term the programme has the potential to be a useful tool to engender trust and build community confidence in the work that Council does in our District.

RECOMMENDATION(S)

That Council endorses our involvement in the Local Government Excellence Programme, Council Mark.

BACKGROUND

Local Government New Zealand (LGNZ) launched the Local Government Excellence Programme in 2016. This programme is intended to build community trust and confidence in the work that councils do for their communities. It grew in response to previous survey work that LGNZ undertook, which indicated that communities had a low opinion of the value of work that councils did.

The programme spans four priority areas:

- Governance, leadership and strategy (Leading locally);
- Financial decision-making and transparency (Investing well);
- Service delivery and asset management (Delivering what's important); and
- Communicating and engaging with the public and business (Listening and responding)

The process for assessment involves the completion of a self-assessment framework, Council officers respond to a series of 108 qualitative questions across the four priority areas. Two independent assessors review the self-assessment data. Following that is a scheduled two day on-site visit involving elected members, senior management and key staff along with external representatives such as Regional Council, Iwi and Central Government representatives. A draft assessment report, including a rating (AAA to D) is prepared by the independent assessors in consultation with the Independent Assessment Board and provided to Council for review and response. A final report is then agreed and made available publicly.

To date, the following Councils have received full public reports and ratings (tranche 1):

- Queenstown Lakes District Council – Final Rating BBB

- Napier City Council – Final Rating A
- Matamata-Piako District Council – Final Rating BBB
- Horowhenua District Council – Final Rating B
- Ruapehu District Council – Final Rating BB
- Porirua City Council – Final Rating BBB

These Councils have completed the assessment but have not yet received their final rating or reports (tranche 1).

- Far North District Council
- Waikato Regional Council
- Whakatane District Council
- South Taranaki District Council
- Hastings District Council
- Wairoa District Council
- Rangitikei District Council
- Greater Wellington Regional Council
- Masterton District Council
- Upper Hutt City Council
- Nelson City Council
- Waimakariri District Council

For further information refer to the LGNZ website, in particular the following links:

- Link to all Councils who have participated in Council Mark to date, including final reports <http://www.lgnz.co.nz/about-councilmark/participating-councils/>
- Council Mark rating scale: <http://www.lgnz.co.nz/about-councilmark/assessment-reports/rating-and-grading-scale/>

DISCUSSION

The Council Mark programme has been underway for more than a year now, with engagement levels from Councils across New Zealand increasing. Based on the reports published from these Councils, it is expected that the assessment findings will be split across the four priority areas and we would receive a priority grading for each area. The areas include leading locally, investing well, delivering what is important and listening and responding. Grades include nine levels from exemplary to competent through to struggling.

The excellence programme has the potential to help Council to build a sense of community confidence and trust, with regard to the value of the service that Council provides. Within our own Council, findings from the programme could be used as a baseline for our business transformation work, a useful link to our vision and values work and to assist with the prioritisation of certain activities through refocus. In particular, because this assessment includes a review of governance structures it will provide us with the opportunity to understand which areas we may need to work on to move us forward towards being the best local government unit in the country.

OPTIONS

Council can be part of tranche 2 of the Council Mark programme, or it can elect to wait until further, future tranches.

It is recommended that Council lead tranche 2 involvement and commit to the time involved along with using the results to positively drive change across the organisation through our business transformation.

CONSIDERATIONS

Financial Considerations

It is estimated that the programme will cost \$15,000. This is cost recovery of the process. This amount can be accommodated within existing budgets, and will inevitably drive later efficiency improvements and therefore efficiencies. It is thought that these savings will more than meet this one off cost.

Legal Considerations

As part of the Programme, Council will be required to enter into a memorandum of understanding and then a contract with LGNZ which is likely to cover aspects like:

- terms and conditions for the assessment process,
- cost and any varying fees,
- expectations of all parties, and
- broader commitments of councils participating in the programme.

Policy Implications

Previously, LGNZ clarified that the programme is not intended to replicate Council's existing framework, of performance measures in the long-term plan and reporting functions in the annual report. Instead it is intended to be an additional assessment process measuring things that are important for demonstrating that Council is delivering value and to be used as a baseline for business transformation and continuous improvement across the Council.

Risks

There is a risk around the time commitment of Council staff in the preparation of the performance framework self-assessment at this time of year given the LTP and budget commitments.

At present there are none of the significant metro councils represented in the programme. LGNZ have acknowledged that this will need to be rectified if the programme is to have long term credibility.

SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement policy identifies the following matters that are to be taken into account when assessing the degree of significance of proposals and decisions:

- a. The level of financial consequences of the proposal or decision;
- b. Whether the proposal or decision will affect a large portion of the community or community of interest;
- c. The likely impact on present and future interests of the community, recognising Maori cultural values and their relationship to land and water;
- d. Whether the proposal affects the level of service of an activity identified in the Long Term Plan;
- e. Whether community interest is high; and
- f. The capacity of Council to perform its role and the financial and other costs of doing so.

Officers have undertaken a rounded assessment of the matters in clause 11 of the Significance and Engagement Policy (2016), and are of the opinion that the proposal under consideration is of low importance.

ENGAGEMENT

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

COMMUNICATION/MEDIA

The programme was officially launched on the evening of Monday 18 July 2016 with associated communications. Since then, there has been media coverage on the completion of the Council reports, including publishing the ratings. It is expected that if our Council is part of this programme, communication and engagement with our community will be required at the time of our report completion.

CONCLUSION

Local Government New Zealand has developed an excellence programme that will see independent assessments of council performance and a grading given to individual councils. The programme intends to build community trust and confidence in the work that councils do for their communities. This programme has now been underway for over a year and includes 18 councils across 10 regions of New Zealand under what is known as tranche 1.

It is recommended that Council is involved in tranche 2 of the programme to be held from November 2017 onwards. This will enable Council to demonstrate through our assessment the degree to which we deliver value to the community, and to use the findings as a baseline for business transformation and continuous improvement across the Council.

ATTACHMENTS

1. Final Local Government Excellence Programme Framework 

3.3 WAITAHANUI WATER SUPPLY TDC/1617/185

Author: Michael Cordell, Asset Engineer

Authorised by: Kevin Strongman, Group Manager, Operational Services

PURPOSE

This report is to seek Council approval to:

- (i) award the tender for Waitahanui Water Supply TDC/1617/185
- (ii) increase the project budget to allow completion of the project.

EXECUTIVE SUMMARY

There are 37 properties are connected to the existing Council owned water supply at Waitahanui.

The Health Act requires Council to take all practicable steps to comply with the Drinking Water Standards for these 37 properties.

At its meeting of 7 June 2016, Council resolved to proceed with a project to provide reticulated water supply to all properties in Waitahanui. This two year project was included in the 2016/17 Annual Plan and carried over to this financial year. There is a Ministry of Health subsidy available for this project of \$1,942,250.

Council also resolved to delay connection of Five Mile Bay and review again in 2018 LTP.

Tenders have been received and assessed; the tender by Smythe Contractors \$3,711,308.80 is the preferred tenderer.

The approved project budget of \$2,975,086 is insufficient to complete the project. The estimate total project cost is now \$4,077,000.

A range of options have been considered to meet the extra cost with the preferred option being to spread the cost across the Taupō water supply which is consistent with the original decision.

RECOMMENDATION(S)

That Council:

1. Approves unbudgeted expenditure of \$1,102,000 (excl. GST) for the project.
2. Agrees to fund the shortfall from the Taupō Township/Wairakei Village water scheme.
3. Accepts the Tender for Contract TDC/1617/185 for Waitahanui Water Supply submitted by Smythe Contractors for the sum of \$3,711,308.80 (excl. GST) and authorises His Worship the Mayor and the Chief Executive to sign the Contract Document(s) and attach the Council's Common Seal to them.

PURPOSE

The purpose of this report is to

- (i) allow Council to make a decision on how to fund the shortfall for the Waitahanui water project
- (ii) award the tender for Waitahanui Water Supply TDC/1617/185

BACKGROUND

There are 37 properties are connected to the existing Council owned water supply at Waitahanui.

The Health Act requires Council to take all practicable steps to comply with the Drinking Water Standards for these 37 properties.

At its meeting of 7 June 2016, Council resolved to proceed with a project to provide reticulated water supply to all properties in Waitahanui. This two year project was included in the 2016/17 Annual Plan and carried over to this financial year. There is a Ministry of Health subsidy available for this project of \$1,942,250. The subsidy agreement deadline has been extended to 30 September 2018.

Council also resolved to delay connection of Five Mile Bay and review again in 2018 LTP.

In addition to the 37 properties on the existing Council water supply an additional 77 properties (representing 98 dwellings/rates) have returned application forms so far seeking to connect. Therefore, there will be a total of 135 dwellings connected to the water supply at this stage.

There are five property owners on Peehi Manini Road wanting to connect, however, this is a private Māori roadway and in order to install infrastructure in this road we require easement granted by the Māori Land Court. To obtain this permission we need to work with the owners of the road. We have been engaging with the owners who are waiting for project confirmation before starting the process.

DISCUSSION

We consulted on the Waitahanui water project as part of the Long-term Plan in 2015-2025 and again in the 2016/17 Annual Plan. Council confirmed, through those processes, that providing clean drinking water to the community at Waitahanui was very important and that the most efficient and effective way to do so was by extending the Taupō supply.

Engagement through the Annual Plan also discussed how the project would be funded. Given the substantial project costs and the high deprivation in the Waitahanui community, the only practical way to fund the project was by spreading the cost over all of the members of the Taupō water supply scheme. The ratepayer costs would be subsidised by \$1.9m from the Ministry.

Since that time the project has been through more detailed design and subsequent tendering process. The preferred tender has come back higher than anticipated; with total project cost now expected to be \$4,077,000. Council needs to decide how to address this funding shortfall. Details of the updated cost are provided in the Tender and Financial sections of this report.

TENDERS RECEIVED

A Registration of Interest (ROI) process was openly advertised earlier in the year to identify suitable companies to Tender for the project; four companies responded to the ROI. Three of the companies were shortlisted and invited to tender for the project.

Tenders closed on 21 July 2017. Three tenders were received from the following organisations:

- Downers
- Smythe Contractors
- Spartan Construction

Tender prices ranged from \$3,270,078.80 to \$4,540,202.91 excluding GST.

The tendered sum from Symthe Contractors is \$3,270,078.80; post tender negotiation of tags items increased the final tender price to \$3,711,308.80.

The Contract allows for a service connection (toby) to be installed at each property; however, we will not install the connections for properties that do not wish to connect to the water supply.

The Engineers Estimate was \$4,400,000 excluding GST.

TENDER EVALUATION

Tenders were evaluated on a weighted attributes basis.

- Company capability and experience of key staff (20%)
- Methodology (20%)
- Price (60%)

The Tenders received are higher than the original project estimate and project budget. Two factors have affected the cost; there is a cost increase related to an increase in the quantity of fittings, valves, hydrants etc... and an increase in the work required at the pump station and reservoir site. There has also been a general increase in price of all items across the project since the preliminary design stage; possibly related to currently tight construction market. The project is due to be completed by June 2018.

RECOMMENDED CONTRACT PRICE

The final tender sum by Smythe Contractors being \$3,711,308.80.

Full financial considerations are presented later in this report.

OPTIONS

There are three options regarding award of the Contract

1. Maintain status quo (do not proceed with the project)
2. Award the contract and increase the project budget, or
3. Re-tender the project.

The preferred option is to award the contract and increase the project budget.

If the project does not proceed:

- (i) The Council owned water supply at Waitahanui would not meet the drinking water standards and Council would need to find an alternative way of achieving compliance.
- (ii) There will be no reticulated water supply for the rest of Waitahanui.
- (iii) Loss of MoH drinking water subsidy (\$1,942,250).

Retendering is not recommended, as we have three competitive prices and the outcome of a new Tender is unlikely to be significantly different and costs may increase.

CONSIDERATIONS

Financial Considerations

This project was in the 2016/17 Annual Plan and is a two-year project with a project budget of \$2,975,086.

The Tenderer price of the highest scoring tenderer is \$3,711,308.80.

We recommend a contract contingency of \$100,000 is appropriate for this contract.

Total expected projects costs:

Tender Price	\$ 3,711 k
Total spent and committed funds to date + contract supervision cost	\$ 266 k
	\$ 3,977 k
add Contract Contingency	\$ 100 k
TOTAL	\$ 4,077 k
Current project budget is	\$ 2,975 k
	SHORTFALL
	\$ 1,102 k

Unbudgeted cost of \$1,102,000 is sought to complete the project.

Total spend to date includes, design, geotechnical testing, staff time, minor enabling works. Contract contingency is required to allow for unforeseen items.

Council officers have considered a range of options to fund the shortfall. The preferred option is to fund the shortfall from the Taupō Township/Wairakei Village water scheme as philosophically there was support for spreading the cost over the Taupō water scheme and it is in line with the previous decision.

With an indicative 40% of the Waitahanui community choosing to connect the likely increase in cost per rateable property across the scheme is estimated to be \$12.28.

Other funding options considered were; part Taupō part Waitahanui scheme funded, seek additional funding from the Ministry of Health, delay the project or delay another project to use that funding or change the scope of the project to reduce the costs. They were discounted because:

- (i) TDC has previously asked for additional subsidy funding and this was rejected
- (ii) The project cannot continue to be delayed to future years because we need to use the subsidy, there are no other water projects in the current year that could be reasonably delayed
- (iii) It is not possible to reduce the scope of the project in any way that would cause a meaningful reduction in cost while maintain the objectives of the project.

Legal Considerations

Local Government Act 2002

The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of Section 10 of the Local Government Act 2002. The matter will enable the Council to meet the current and future needs of communities for good quality local infrastructure. (i.e. efficient, effective and appropriate to present and anticipated future circumstances).

The proposal has been evaluated with regards to a range of legislation. The key legislation applicable to the proposal has been reviewed and the relevant matters for consideration are as follows:

The following authorisations may be required for the proposal:

- | | | |
|---|--|---|
| <input type="checkbox"/> Resource Consent | <input checked="" type="checkbox"/> Building Consent | <input type="checkbox"/> Environmental Health |
| <input type="checkbox"/> Liquor Licencing | <input type="checkbox"/> Licence to occupy | |

Authorisations are required from external parties; NZTA for installation of water infrastructure in the SH1 road corridor.

Health (Drinking Water) Amendment Act / Drinking-water Standards for New Zealand

The water supply at Waitahanui operated by TDC does not meet the DWSNZ.

This project includes connection of that community to the Taupō water supply and therefore allows TDC to meet DWSNZ requirements for that water supply.

If the project to connect Waitahanui to the Taupō water supply does not proceed an alternative option to meet the DWSNZ would be needed. Other options have been previously investigated and connection to Taupō was the preferred option.

Policy Implications

The proposal has been evaluated against the Annual Plan and is consistent with this plan.

Risks

Financial / Construction risk: A risk with all construction projects is construction cost increases e.g. due to unforeseen costs that the contractor cannot be expected to have allowed for. An appropriate contingency has been requested for this contract.

SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement policy identifies the following matters that are to be taken into account when assessing the degree of significance of proposals and decisions:

- a. The level of financial consequences of the proposal or decision;
- b. Whether the proposal or decision will affect a large portion of the community or community of interest;
- c. The likely impact on present and future interests of the community, recognising Māori cultural values and their relationship to land and water;
- d. Whether the proposal affects the level of service of an activity identified in the Long Term Plan;
- e. Whether community interest is high; and
- f. The capacity of Council to perform its role and the financial and other costs of doing so.

Officers have undertaken a rounded assessment of the matters in clause 11 of the Significance and Engagement Policy (2016), and are of the opinion that the proposal under consideration is significant.

Funding of the shortfall considered to be a significant decision given the substantial change in the funding requirements for the project over \$1 million and a ~100% funding increase for those connected to the Taupō water supply. The previous decisions on the project were considered significant.

ENGAGEMENT

Council has a good understanding of the views and preferences of those who may be affected or interested as a result of previous Annual Plan consultation.

- Previous engagement has showed that there was support for this as a the most efficient and effective option to fund the project
- There was little opposition to spreading the cost over the Taupō water scheme; people brought into the philosophy.
- At that time, the indicated possible cost that the Taupō water scheme faced was a maximum of \$8.60 per rate payer per year.
- We are now aware that take up of the scheme is likely to be more like 40% which means the highest cost the Taupō rate payer might face a rates increase of \$12.28.
- Officers advice is that this level of increase is unlikely to be significant to individual ratepayers and therefore further engagement is not likely to improve Council's understanding of the views and preferences.
- Furthermore, if Council were to undertake more engagement with Taupō ratepayers the project would very likely need to be retendered which may result in a higher project cost.

Taking into consideration the above assessment, officers are of the opinion that no further engagement is required prior to Council making a decision.

COMMUNICATION/MEDIA

Communication will be undertaken with the Waitahanui community by direct mail out and this will include a project update. A press release will also be issued and information available on Council website.

CONCLUSION

Tenders have been received and assessed; the tender by Smythe Contractors \$3,711,308.80 is the preferred tender.

The project budget of \$2,975,086 is insufficient to complete the project and an increase of the project budget to \$4,077,000 is required. The funding shortfall can be met by spreading the costs over the Taupō water scheme.

ATTACHMENTS

Nil