

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

Date:	Tuesday, 27 August 2019
Time:	1.30pm
Location:	Council Chamber 107 Heuheu Street 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 Maggie Stewart
- Cr Kirsty Trueman
- Cr John Williamson

Quorum 6

Gareth Green
Chief Executive Officer

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3.1 ORDINARY COUNCIL MEETING - 30 JULY 2019

Author: Raeleen Rihari, Democratic Services Support Officer

Authorised by: Tina Jakes, Head of Democracy, Governance and Venues

RECOMMENDATION(S)

That the minutes of the Council meeting held on Tuesday 30 July 2019 be confirmed as a true and correct record.

ATTACHMENTS

1. Council Meeting Minutes - 30 July 2019

4.1 ORDINARY TAUPŌ AIRPORT AUTHORITY COMMITTEE MEETING - 5 AUGUST 2019

Author: Shainey James, Democratic Services Officer

Authorised by: John Ridd, Head of Economic Development and Business Transformation

RECOMMENDATION(S)

That Council receives the minutes of the Taupō Airport Authority Committee meeting held on Monday 5 August 2019.

ATTACHMENTS

1. Taupō Airport Authority Committee Meeting Minutes - 5 August 2019

5.1 CONSIDERATION OF RECOMMENDATION FROM AUDIT & RISK COMMITTEE - 19 AUGUST 2019 - BUSINESS CONTINUITY PLANNING

Author: Shainey James, Democratic Services Officer

Authorised by: Tina Jakes, Head of Democracy, Governance and Venues

PURPOSE

To consider a recommendation from the Audit & Risk Committee relating to business continuity planning.

DISCUSSION

At a meeting held on 19 August 2019, the Audit & Risk Committee made the following resolutions:

AR201908/07 RESOLUTION

Moved: Cr Anna Park

Seconded: Cr Rosanne Jollands

That the Audit & Risk Committee:

1. Receives the proposal from AON and RiskLogic; and
2. Recommends to Council that it approves unbudgeted expenditure of \$13,660 + GST for the purpose of continuing with the business continuity programme as detailed in the AON and RiskLogic proposal.

CARRIED

The recommendation is presented to Council for consideration. The full extract from the minutes of the meeting is attached.

RECOMMENDATION(S)

That Council adopts Audit & Risk Committee recommendation AR201908/07 and therefore approves unbudgeted expenditure of \$13,660 + GST for the purpose of continuing with the business continuity programme as detailed in the AON and RiskLogic proposal.

ATTACHMENTS

1. Extract from the minutes of the Audit & Risk Committee meeting - 19 August 2019

5.2 PROPOSED SPEED CHANGES TO STATE HIGHWAY 1, SOUTH OF TAUPŌ TO TURANGI

Author: Claire Sharland, Asset Manager Transportation

Authorised by: Kevin Strongman, Head of Operations

PURPOSE

To provide an update on the proposed speed limit changes on State Highway One from the Taupō airport roundabout to Motuoapa.

DISCUSSION

New Zealand Transport Agency (NZTA) have provided a report (attached) outlining the proposed speed changes and process they will be undertaking, along with consultation process.

RECOMMENDATION(S)

That Council receives the New Zealand Transport Agenda report on proposed speed changes to State Highway 1, south of Taupō to Turangi and notes that feedback on any of the proposed speed limit changes can be provided to the New Zealand Transport Agency during its submission process.

ATTACHMENTS

1. NZTA Speed review report on SH1 Airport to Motuoapa

5.3 LAKE TERRACE REMEDIATION - UNBUDGETED EXPENDITURE

Author: Denis Lewis, Infrastructure Manager

Authorised by: Kevin Strongman, Head of Operations

PURPOSE

The purpose of this report is for retrospective approval of;

- unbudgeted expenditure of \$4.5m excl GST for the response to the Lake Terrace watermain burst including initial response and reinstatement of services.
- the engagement of Downers to undertake the reinstatement of Council services at the Lake Terrace site on actual costs plus agreed margin
- the engagement of WSP Opus to undertake design services, project & contract management services

EXECUTIVE SUMMARY

On 2 July 2019 a water main burst on the lake front near the corner of Lake Terrace and Tongariro Street requiring the re establishment of Council services including, sewer, water, stormwater and construction of a retaining wall under urgency.

Downers responded to the initial event under the requirements of the three water maintenance contract. They were subsequently engaged to mobilise resources to undertake the above works under urgency. An agreed contract form (NZS 3910) and method of payment (cost plus agreed fee) was agreed due to the nature of the rebuild and allow construction while design of the elements progressed concurrently.

Concurrently WSP Opus was engaged to undertake the necessary design services for those works and also to provide support services for project & contract management.

RECOMMENDATION(S)

That Council retrospectively approves;

- 1) Unbudgeted expenditure of \$4.5m [excl. GST] for the initial response & reinstatement of the Lake Terrace remediation.
- 2) The engagement of Downer New Zealand under a standard contract form NZS 3910, on a cost plus fixed fee.
- 3) That Council accepts the Contract Estimate for TDC/1920/294 for Lake Terrace Water Main Burst Remedial Works submitted by Downer New Zealand Limited for the estimated sum of \$3.8m [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.
- 4) The engagement of WSP Opus to provide professional services at an estimated cost of \$450,000 [excl. GST].

BACKGROUND

The proposal has not been presented previously.

On Tuesday, 2 July 2019 a water main burst on the lake front near the corner of Lake Terrace and Tongariro Street. Council's maintenance contractor, Downer New Zealand Limited (Downer) were the first responders and arrived onsite within around five minutes to find a 300mm PVC water main had failed. The failure led to the embankment collapsing, exposing other underground services, and leaving a 675mm diameter reinforced concrete gravity trunk sewer unsupported in close proximity to the watermain underneath the footpath. Shortly thereafter the trunk sewer main collapsed into the void created by the broken water main.

Downer attended the site as Council's 3 Waters Maintenance Contractor to establish temporary controls over the site including over pumping of the waste water from the truck sewer.

DISCUSSION

The initial response to the event over two days 2nd & 3rd July included the following: Downers local 3 waters maintenance crew, pumping services, fencing, security & initial traffic management. Invoicing for some of the services is still being finalised. Estimated cost \$250,000.

Due to the risks associated with over pumping Downer capital works crews were immediately mobilised to commence works to enable reinstatement of the gravity sewer and other services, water and stormwater and subsequently reinstatement of the lakeside cliff face.

Due to the urgent nature of the works and design and construction occurring concurrently a conventional tender process was not considered appropriate. Agreement was reached between Downer & Council senior management that a standard contract form be used, NZS3910 with open book pricing of actual costs plus an agreed margin.

Downer quantity surveyors undertook an assessment of the works required off preliminary design plans to produce an estimate of the contract works for construction of the following;

- Sewer main renewal
- Water main renewal
- Stormwater mains renewed as impacted by the above
- Construction of a Mechanically Stabilised Earth wall (MSE wall) to reinstate the cliff face
- Construction of a down stream defender unit within the MSE wall (During the early phases of the design it was determined that the opportune time to construct a stormwater quality improvement device was during construction of the cliff face reinstatement)
- Reinstatement of pavement

Downer provided for uncertainty within the contract estimate based on the level of information from design plans. For those areas where design was further advanced then the percentage allocated for these uncertainties was reduced. The estimated cost of the works is \$3.8m

Concurrently WSP Opus were engaged to provide design services for reinstatement of those services and support with project & contract management. WSP Opus are one of a number of consultants on Councils professional services panel that were selected through an Expression of Interest/evaluation process. They were chosen to undertake the work due to the level of expertise & resourcing they have available in the required disciplines across their organisation and having a strong local presence especially in the geotechnical, project/contract management fields. The estimated cost of design services and support with project & contract management is \$450,000.

A number of investigations and reviews are being undertaken/planned for this event. The scope of these have not yet been finalised and thus an estimate of costs is unknown at this stage. A separate paper will be presented to council once the scope of these have been finalised and costs are known.

CONSIDERATIONS

Financial Considerations

The financial impact of this work is estimated to be \$4.5m

Long-term Plan/Annual Plan

The expenditure outlined is currently unbudgeted. It is requested that unbudgeted expenditure is approved.

Final funding for this project cannot be finalised until final costs have been confirmed and costs apportioned between the infrastructure elements.

Due to the nature of this project funding is recommended to come from multiple sources as follows:

- Disaster recovery reserve \$1.9m
- Transfer of 2019/20 Annual Plan budget for Two Mile Bay (Boat Ramp) Stormwater improvement device \$170k
- Water and Wastewater reserves
- Potential funding from Ministry of Civil defence & Emergency Management
- Loans

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 following authorisations are required for the proposal:

- Resource Consent Building Consent Environmental Health
 Liquor Licencing Licence to occupy

Authorisations are required from external parties. Resource Consent is required from Waikato Regional Council for the MSE Wall. The works were initiated under emergency works with a consent application submitted within the required 20 days from the event.

Policy Implications

This procurement does not meet Council's Procurement policy relating to undertaking a competitive process.

The Procurement Guidelines do provide for deviation from procurement principles under certain circumstances such as an emergency providing any departure is authorised. The guidelines also provide for the use of the Cost Plus Fixed fee as contract payment method.

Risks

Council does carry some risk with the contract form for the rebuild relating to design & unforeseen conditions and buildability and that the contractor is operating effectively and efficiently. Those risks are largely mitigated by finalising design as ground conditions are opened by the contractor and the contractor taking an active part in the design process to ensure an efficient design.

Those risks associated with effectiveness and efficiency are being mitigated by having a robust project management team in place with appropriate resourcing for contract management.

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

Direct communication has been/will be carried out with affected parties/key stakeholders and wider communication will be carried out with the community.

There are ongoing communications with those affected, key stakeholders and the wider community through a variety of mediums.

CONCLUSION

There are a variety of funding models available to Council to fund the anticipated unbudgeted expenditure of \$4.5m for the response and reinstatement of Council services. The application of those various funding models can only be finalised once final costs are known.

Engagement of both a professional services provider (WSP Opus) and contractor (Downer) on their respective engagement models enabled works to commence on re-establishment of critical council services immediately.

ATTACHMENTS

Nil

5.4 EXTENSION OF TESTING SERVICES AGREEMENT

Author: Nicola Hancock, Senior Monitoring and Compliance Officer

Authorised by: Kevin Strongman, Head of Operations

PURPOSE

This report is to seek Council approval to extend the Testing Services Agreement between MB Century and Taupō District Council for a three month period, concluding 31 May 2020.

EXECUTIVE SUMMARY

In February 2013, Century Drilling and Energy Services (NZ) Limited (MB Century) were approved to purchase the assets of the Council's environmental monitoring laboratory and provide ongoing testing services to the Council. The Agreement provided for a 5 year term with the option of a two year extension to 4 March 2020, which was approved by Council in August 2017.

The agreement provides for routine testing services at an annual rate of \$681,624 plus GST per annum (\$56,802 per month plus GST) with non-routine testing charged separately in accordance with a schedule of fixed fees.

A review of the Testing Service Agreement leading into Contract renewal is well underway. However, with the trunk main failure event of 2 July 2019, significant additional work load has resulted in delay to the review and retendering process placing pressure on having a new contract in place by 4 March 2020.

This report seeks approval to extend the Testing Services Agreement for a three month period to 31 May 2020 to ensure the contract renewal is completed to the required standard.

RECOMMENDATION(S)

That Council approves an extension of the Testing Services Agreement with Century Drilling and Energy Services (NZ) Limited (MB Century) to 31 May 2020 for total cost of \$113,604 [excl. GST] (\$56,802 per month).

BACKGROUNDContract terms:

The existing Testing Services Agreement became effective on 27 February 2013 alongside the sale of Councils environmental monitoring laboratory. The original contract term was approved for five years, charged at \$645,540 plus GST per annum with Council extending the contract in August 2017 for an additional two year period to 4 March 2020.

MB Century leases the laboratory facility from TDC. The current annual rent is \$51,540. TDC will provide an extension to the lease agreement should an extension to the Testing Services Agreement be approved.

Contractor performance:

TDC has developed a strong working relationship with MB Century over the contract term. They have proved capable in undertaking compliance monitoring work for Council (particularly following emergency situations such as the trunk main break of 2 July 2019) and have the necessary skills, experience and resources to meet the requirements of the existing agreement. All performance criteria set in the agreement has been met as required. TDC would like to respectfully provide the Contractor and laboratory staff with six months notice as to the future of testing services.

Contract review and retender process to date:

TDC has undertaken a full review of the existing Testing Services Agreement including an evaluation of potential future options. A Procurement Plan has been developed which requires an open process to be undertaken in the form of a Registration of Interest (ROI). The ROI is in draft form and planned for publication within two weeks.

DISCUSSION

The unprecedented events of 2 July 2019 resulted in significant work load to TDC (and laboratory) staff in order to undertake the required environmental monitoring. Consequently, TDC is approximately 6 weeks behind expected times frames for Testing Services contract review and re-tender.

Council needs to determine whether to extend the contract an additional three months in accordance with the terms and conditions of the existing Testing Services Agreement. This will allow additional time for TDC to undertake market engagement to ensure the best value for money and level of service for the district is achieved.

Alternatively, TDC can work to the current contract end date of 4 March 2020 and accept a level of risk associated with tight time constraints which may restrict market engagement. This may also reduce the notice provided to existing laboratory staff on future options.

A potential contract extension has been raised with MB Century Management who have indicated their willingness to accommodate TDC.

OPTIONS

Analysis of Options:

Option 1 – Extend the existing contract to 31 May 2020

Advantages	Disadvantages
<ul style="list-style-type: none"> • Three month extension provides additional time to complete a quality retendering process without pressure to meet tight time frames • Contract cost within budget • Existing contractor has indicated they will be open to 3 month extension based on current contract terms • Minimal disruption to existing monitoring programme • Requires minimal Council staff time and costs which can be directed to the tendering process • Appropriate lead in time for establishment of new contractor 	<ul style="list-style-type: none"> • Delay to formalising a replacement Testing Services Agreement

Option 2 – Contract awarded with start date 4 March 2020

Advantages	Disadvantages
<ul style="list-style-type: none"> • Contract in place by 4 March 2020 • Less uncertainty over future as project is closed earlier 	<ul style="list-style-type: none"> • Time constraints may impact the quality of market engagement and general tender process • Quality of tenders may be reduced if tight response time frames are given • Lead in time for new contractor reduced • Added pressure to staff with tighter time frame

Analysis Conclusion:

Option 1 (extend the contract by three months) is preferred because it allows for the retendering process to be completed to the required quality and provides appropriate notification to all external parties including the existing contractor and potential future suppliers. This option will not have a financial impact as contract fees are within budget. It also allows flexibility for TDC staff to manage any non-routine issues that arise prior to the contract end date. A contract extension would require minimal staff time, cause minimal disruption and allows for the continuation of a good service to the community and environment.

CONSIDERATIONS

Financial Considerations

The financial impact of the proposal is estimated to be \$113,604 over three months.

Long-term Plan/Annual Plan

The expenditure outlined is currently budgeted for under the Long Term Plan and Water, Wastewater and Stormwater budgets for all schemes.

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).

Undertaking monitoring and testing will ensure that Council continues to meet its legislative responsibilities required by resource consent conditions and under the Drinking Water Standard for New Zealand (2018).

Authorisations are not required from internal or external parties.

Policy Implications

There are no known policy implications.

Risks

If Council does not extend the Testing and Services Agreement for three months, there is a risk that the retendering process may not be undertaken to the required standard and an alternative tenderer may not be able to found on similar or more favourable terms.

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

No communication/media required.

CONCLUSION

MB Century are an experienced contractor with appropriate resources to fulfil the needs of this contract for an additional three month period to allow the retendering process to be completed to the required standard. This will allow Council to continue meet its legislative responsibilities associated with compliance testing. It

is considered appropriate to extend the contract for an additional three months as provided for in the existing Testing Services Agreement.

ATTACHMENTS

Nil

5.5 KINLOCH WASTEWATER TREATMENT PLANT UPGRADE PROGRAMME

Author: Michael Cordell, Asset Manager Water and Waste

Authorised by: Kevin Strongman, Head of Operations

PURPOSE

The purpose of this item is to inform Council of a change to the scope, timing and cost of the capital works programme for the Kinloch wastewater treatment plant.

EXECUTIVE SUMMARY

A series of upgrades to the Kinloch wastewater treatment is programmed in the 2018-28 Long-term Plan (LTP), however a major upgrade to the plant is required sooner and will be more costly than is detailed in the current work plan. The change however, is a better long term solution for wastewater treatment in Kinloch as it will better future proof growth and will provide a higher level of treatment. Waikato Regional Council (WRC) Plan Change 5 has been in place for almost 10 years and WRC have recently commenced a review of the nitrogen reduction target. Under Variation 5 Council is obligated to reduce nitrogen discharges to the Lake Taupō catchment by 20% from the 2005 benchmark. Council has met this reduction largely by upgrading the Turangi wastewater treatment plant (WWTP), however the 20% limit is being pushed as our lake side communities grow. An MBR treatment process has the ability to more consistently produce a lower nitrogen concentration effluent; than the current upgrade planned.

Alongside delivery of the Kinloch wastewater capital works programme a process review has been completed by engineering consultants Harrison Grierson. The review was commissioned as there was concern the scheduled upgrades were not the best options for the longer term. An inaccurate flow meter also meant the basis for previous planning was not accurate. The review concluded that conversion of the existing SBR tanks into a Membrane Bioreactor (MBR) would be the best solution to meet the long term growth requirements for Kinloch.

The change requires that future budgets to be brought forward into the 2020/21 Annual Plan and increased. The table below shows the changes to the Kinloch wastewater capital work programme.

2018 LTP							
Project Name	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
Kinloch wastewater land disposal system	2,200,000	-	-	-	-	-	-
Kinloch wastewater TP balance tank	100,000	1,743,000	-	-	-	-	-
Kinloch wastewater TP capacity upgrade	-	-	-	-	275,000	2,820,000	
Total	7,138,000						
PROPOSED CHANGE							
Project Name	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
Kinloch wastewater land disposal system	2,200,000 1,600,000	-	-	-	-	-	-
Kinloch wastewater TP MBR - design and procurement	100,000	1,743,000	-	-	-	-	-
Kinloch wastewater TP MBR - construction	-	-	6,500,000	-	-	-	-
Total	9,943,000						

The change above is an approximate \$2.8 million dollar increase in the total capital works programme originally forecast for the Kinloch wastewater treatment plant. The cost of the 2020/21 budget required will be confirmed through the design and procurement phase this financial year.

RECOMMENDATION(S)

That Council receives this report and acknowledges the change in project scope, timing and budget related to Kinloch wastewater treatment plant capital works programme.

PURPOSE

The proposal has not been presented previously.

The purpose of this item is to inform Council of a change to the scope, timing and cost of the capital works programme for the Kinloch wastewater treatment plant.

BACKGROUND AND DISCUSSION

During the development of the 2018 LTP there was some doubt that the capital upgrades programmed for the Kinloch wastewater treatment plant were not the best option for long term ultimate growth potential of the Kinloch Structure Plan, and that additional upgrades would be required in the future. This potential issue was not able to be addressed prior to finalization of the LTP. Therefore, alongside the capital works programme of 2018/19, a review of the treatment plant capacity and treatment process was undertaken, before committing to the upgrades main process upgrades.

In July 2018 a problem with the effluent flow meter at the Kinloch Wastewater treatment was discovered; where the flow meter shown to be under recording during peak periods. The issue with the flow meter was promptly corrected, however this added to the doubts surrounding capital works programme timing. Unfortunately, the flow meter was installed 2007 after the previous flow measurement device, the inlet flume, was shown to be unreliable. Over the past 18 months a significant amount of effort has gone into identifying and correcting telemetry and data issues in the water and wastewater area. With the flow meter now reading correctly, the flows measured over the 2018/19 peak summer period showed an increase in wastewater volumes of over 20%. More wastewater was being received at the plant at peak times than was thought. The rapid growth at Kinloch is also contributing additional wastewater being received at the plant.

Process Review

Alongside the delivery of the capital projects a process review has been completed by engineering consultants Harrison Grierson. This review considered the ultimate development potential of Kinloch and also the took into account the corrected flow data. The process review utilized wastewater modelling software and this was completed in March 2019. Key findings from the review:

- The current SBRs are marginal in terms of the current summer flows and there is an imminent need for an upgrade.
- The original concept of installing a balance tank and third SBR will not be adequate to cater to the potential ultimate growth of Kinloch, and installation of a fourth SBR is not viable due to space constraints on site.
- An alternative concept based on conversion of the existing SBR tanks into a Membrane Bioreactor (MBR) would meet the requirements and should be pursued further.

MBR Concept Design

Immediately following completion of the process review, Harrison Grierson were asked to progress with the concept design of the MBR plant. The purpose of the concept design is to confirm the feasibility and highlight any potential issues related to implementation of the project at the Kinloch site. This work was completed on 30 May 2019.

In July, after receiving the concept report, we ran a procurement workshop to look at procurement options and then establish a project programme.

Capital Works Programme

The capital work programme for 2018/19 included projects bowwaved from previous financial years. The projects included: Effluent Tank Upgrade (\$320k), Plant Flood Protection and Access Improvement (\$490k), Additional Sludge Storage Tank (~\$100k), Kinloch Wastewater Irrigation (contract recently awarded).

Cost estimates were prepared for the MBR project following the process review and updated following the concept report. Given the high value of the project a review of the cost estimates was provided by Great Lake Consultants Limited. This review was based on comparison with a very recent and similar project for Rotoma/Rotoiti Lakes area. Measured against the cost estimates for the Rotoma/Rotoiti MBR project a most likely cost estimate for the Kinloch project is \$8.3 million (-10% to +35%). This estimate includes design fees and project management costs and 15% project contingency.

The table below shows the change required to the capital works programme.

2018 LTP						
Project Name	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Kinloch wastewater land disposal system	2,200,000	-	-	-	-	-
Kinloch wastewater TP balance tank	100,000	1,743,000	-	-	-	-
Kinloch wastewater TP capacity upgrade	-	-	-	-	275,000	2,820,000
Total	7,138,000					
PROPOSED CHANGE						
Project Name	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Kinloch wastewater land disposal system	2,200,000 1,600,000	-	-	-	-	-
Kinloch wastewater TP MBR - design and procurement	100,000	1,743,000	-	-	-	-
Kinloch wastewater TP MBR - construction	-	-	6,500,000	-	-	-
Total	9,943,000					

The change above is an approximate \$2.8 million dollar increase in the capital works programme for the Kinloch wastewater treatment plant. The cost of the 2020/21 budget required will be confirmed through the design and procurement phase this financial year.

Formal Warnings

Council has received two formal warnings related to the Kinloch WWTP.

In December 2017 Council received a formal warning over non-compliance with resource consent conditions; related to late delivery of the influent balance tank. In October 2018 Council received a formal warning for sludge carry over for the Christmas 2017/18 period. An additional sludge holding tank was installed and better sludge management practices introduced. Over the summer of 2018/19 the sludge issue was well managed.

We met with Waikato Regional Council on Monday 12 October 2018 to discuss the change in direction on this project. Verbally they have agreed that that change proposed is of benefit and that the change can be managed by a minor consent change process rather than a new consent application.

Lake Taupō Nitrogen

A benefit of the MBR treatment process is improved nitrogen removal.

Waikato Regional Council Plan Change 5 has been in place for almost 10 years and WRC have recently commenced a review of the nitrogen reduction target. Under Variation 5 Council is obligated to reduce nitrogen discharges to the Lake Taupō catchment by 20% from the 2005 benchmark. Council has met this reduction largely by upgrading the Turangi WWTP, however the 20% limit is being pushed as our lake side communities grow. An MBR treatment process has the ability to more consistently produce a lower nitrogen concentration effluent; than the SBR option.

CONSIDERATIONS

Alignment with Council's Vision

Council's vision is 'to be the most prosperous and liveable district in the North Island by 2022'. This is accompanied by a core set of values to underpin decision-making, the following of which are relevant to this particular proposal: World Class; Authentic; Charming; Vibrant; Quality; and Value.

Financial Considerations

The financial impact of the proposal, as detailed above, is estimated to be in the order of \$2.8 million dollar increase over the existing capital works plan.

Long-term Plan/Annual Plan

The expenditure outlined is partially budgeted and the remaining budget required will included in the 2020/21 Annual Plan.

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:

Authorisations as follows are required for the proposal:

- Resource Consent Building Consent Environmental Health
 Liquor Licencing Licence to occupy

Authorisations may be required from external parties.

Discharge consent variation will be required from WRC.

Policy Implications

The proposal has been evaluated against the following plans:

- Long Term Plan 2018-2028 Annual Plan Waikato Regional Plan
 Taupō District Plan Bylaws Relevant Management Plan(s)

Māori Engagement

Council is bound by various Acts to consult and/or engage with Māori, including a duty to act reasonably and in good faith as a Te Tiriti ō Waitangi partner. Equally, Council has a responsibility to develop and proactively foster positive relationships with Māori as key stakeholders in our district, and to give effect to the principles of Te Tiriti ō Waitangi including (but not limited to) the protection of Māori rights and their rangatiratanga over tāonga. While we recognise Māori in general, we also need to work side by side with the three ahi kaa / resident iwi of our district.

Although good faith does not necessarily require consultation, it is a mechanism for Council to demonstrate its existence and commitment to working together as district partners. Appropriately, the report author acknowledges that they have considered the above obligations including the need to seek advice, guidance, feedback and/or involvement of Māori on the proposed recommendation/s, objective/s, project/s or service/s outlined within this report.

Risks

Consent Compliance Risk; there will be compliance challenges at peak times.

Financial Risk; there is a risk costs could increase.

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.

However there will be engagement with Waikato Regional Council as the project progresses regarding Resource Consent.

COMMUNICATION/MEDIA

Direct communication has been/will be carried out with affected parties/key stakeholders and wider communication will be carried out with the community. This will be focused on the construction phase of the project.

CONCLUSION

A major upgrade to the Kinloch wastewater treatment plant is required sooner than anticipated and will be more costly than the current work plan. The change however, is a better long term solution for wastewater treatment in Kinloch.

ATTACHMENTS

Nil

5.6 129 SPA ROAD RE-DEVELOPMENT

Author: Hellmuth Hartung, Team Leader Strategic Partnerships

Authorised by: Dylan Tahau, Head of Community, Culture and Heritage

PURPOSE

The purpose of this report is to consider the re-development options for 129 Spa Road, Taupō.

EXECUTIVE SUMMARY

The Waiora House complex at 129 Spa Road is managed by the Waiora Community Trust on Council's behalf and has a number of buildings on the site. The complex houses social services providers. The main building of the complex was demolished by Council recently due to asbestos and at a Council workshop on 13 June 2019, considered options and opportunities for this site.

Council discussion has signalled to rebuild the main building and also for the inclusion of the Taupō Youth Hub project into the overall site plan.

For Council's information the Taupō Youth Hub project is stand alone in terms of its own LTP CAPEX commitment, a suitable operating kaupapa, external funding opportunities and stakeholder expectation through the LTP process. This project is underway in terms of engagement and funding applications to third parties. Planned to commence construction July 2020.

Through the overall site plan development, it is envisaged that the synergies, vibrancy and character are developed together.

Once completed, the site master plan will be returned to Council for approval.

RECOMMENDATION(S)

That Council directs Officers to commence the master planning process for a social development hub on 129 Spa Road, incorporating the Taupō Youth Hub per Council's Long Term Plan.

BACKGROUND

The proposal has been presented to Council at a workshop on: (13 June 2019).

The preferred direction from the workshop on 13 June is to rebuild the main building for a Social Development Hub on 129 Spa Road, incorporating the LTP Taupō Youth Hub project into the overall site master plan.

DISCUSSION

In September 2018, due to the asbestos issues the decision was made to demolish the Waiora House main building, which had been evacuated. The tenants affected by these issues are currently housed in commercial lease arrangements on Tamamutu and Heuheu Streets. Many of these are Youth focused organisations.

Taupō Youth Hub

During the Long-term planning process, the Taupō Youth Hub was included with \$450,000 allocated in year 3 (2020-2021). It was planned to be located on either Waipāhī sports ground or Hickling reserve. Stakeholder engagement and external funding applications for this project are underway.

Based on this information it is considered that there are 3 options available to Council and if the recommendation is approved, the master planning process for the site will be completed. This will then be returned to Council with costings, for approval.

OPTIONS

Analysis of Options

Option 1. Commence master planning for the 129 Spa Road, incorporating the LTP Taupō Youth Hub into the overall master plan for the site.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Preferred option for stakeholders • Rationalising of resources and efficiencies • LTP CAPEX commitment 2020/21 • Significantly reduces duplication • Realising site potential for community • Existing resource consent • Fits existing gazette for purpose 	<ul style="list-style-type: none"> • Unknown cost to LTP/AP 2020/21 process

Option 2. Status Quo (continuing current lease option)

Advantages	Disadvantages
<ul style="list-style-type: none"> • No further CAPEX required • Site undeveloped, potential green space 	<ul style="list-style-type: none"> • Stakeholder and Community expectations and support not met • Lease costs • Not realising 129 Spa road site potential • Site undeveloped, Council/Crown discussion future use unknown

Option 3. Commence master planning for the 129 Spa Road, incorporating the LTP Taupō Youth Hub into the overall master plan for the site. without the Taupō Youth Hub. Instead locating the Taupō Youth Hub at Hickling Reserve.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Expectations of Stakeholders and community met 	<ul style="list-style-type: none"> • Reduced efficiencies • Unknown cost AP 2020/21 • Resource consent application and site development for Hickling Reserve

Analysis Conclusion:

Option 1 is the preferred option based on funds committed in the LTP and AP. Rationalising an existing project and realising external funding opportunities. Engagement with Stakeholders to date are in support of this option.

CONSIDERATIONS

Alignment with Council’s Vision

Council’s vision is ‘to be the most prosperous and liveable district in the North Island by 2022’. This is accompanied by a core set of values to underpin decision-making, the following of which are relevant to this particular proposal: World Class; Authentic; Charming; Vibrant; Quality; Resilient and Value.

Officers are seeking to engage a suitable facilitator to guide engagement with the sector to encourage greater collaboration through the co-location opportunities within the hub. The existing layout of buildings on the site will also be considered in the master plan process.

Financial Considerations

Council has \$100,000 allocated in the current 19/20 annual plan for master planning of 129 Spa Road. Upon completion of the master plan process further information on costings will be provided to Council for their approval.

\$450,000 has been included in the LTP (20/21) for the Taupō Youth Hub.

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. That section of the Act states that the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. It is considered that all of the well-beings of social, economic, environmental and cultural of relevance to this particular matter in terms of an asset for our community and organisations that impact significantly to our community.

Authorisations as follows are required for the proposal:

- Resource Consent Building Consent Environmental Health
 Liquor Licencing Licence to occupy

Authorisations may be required from external parties.

Policy Implications

The proposal has been evaluated against the following plans:

- Long Term Plan 2018-2028 Annual Plan Waikato Regional Plan
 Taupō District Plan Bylaws Relevant Management Plan(s)

There are no known policy implications.

Māori Engagement

Officers are to identify ways to incorporate tangata whenua values into the design of the Social Development Hub.

There is currently no provision for Māori representation on the Waiora Community Trust.

Māori engagement is planned from both a mana whenua and Māori /Iwi service delivery perspective for the development of the Taupō Youth Hub.

Risks

There are no known risks.

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.

Engagement design has been developed for Iwi, stakeholders, schools, youth organisations and government agencies.

COMMUNICATION/MEDIA

Direct communication has been/will be carried out with affected parties/key stakeholders and wider communication will be carried out with the community.

CONCLUSION

The recommended option is to rebuild on 129 Spa Road incorporating the LTP Taupō Youth Hub to this site. Rationalising an existing project and realising external funding opportunities. Engagement with Stakeholders is in support of this option. Council meets the expectations of our community and the gazetted and consented purpose of the site.

ATTACHMENTS

Nil

5.7 COUNCIL'S JUNE FINANCIAL REPORT

Author: Gareth Green, Chief Executive Officer

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

While members of the public may not be seeing much activity up on Lake Terrace, work is continuing to build the 10-metre high retaining wall at the site of the wastewater spill in July. The road closure on Lake Terrace was extended to Titiraupenga Street earlier this month as repairs to the washout enter the second phase. Contractors have been preparing the washed-out cliff face for construction of a retaining wall that will allow the road to be reinstated. The wall will be made up of horizontal layers of reinforced earth that are built in place and will follow the existing contour of the cliff face. New water mains and a Downstream Defender stormwater separator are being installed in parallel with this.

Nominations for the local body elections closed on August 16 and resulted in the Mangakino Pouakani Ward and the Turangi Tongariro Community Board Turangi Town Subdivision being uncontested. Congratulations to Councillor Kirsty Trueman on her return to the council table. Congratulations also to first time board members Ian Ashmore, Clint Green, Donna Searancke and Rob Severne who will be inducted following the election on October 12. There were sufficient nominations to trigger an election for the mayoralty and all other wards including the newly formed Taupō East Rural Ward and the community board's Tongariro Subdivision.

We've recently received the user satisfaction survey and governance results to inform the performance measures in this year's Annual Report. While I won't go into too much detail here, as they will be presented to you separately, I must acknowledge the rating received for performance of council staff. Over half of respondents (77%) believe the performance of Council staff is either fairly good (22%) or very good (55%). This is against a target of 67 per cent. It has been an unprecedented year in terms of emergency events and extra work being required and many teams have been under the pump for extended periods of time. I believe this rating is testament to their 'can do' attitude and willingness to go the extra mile to get the best outcome for our community. It is a job well done.

Following my comments about social media activity at last month's meeting, I am pleased to report we have seen a positive change in the tenure of comments we are receiving from the community on our activities. The terms and conditions on our Facebook page clearly state that we welcome comments and participation on our page and encourage open discussion. We are simply just asking people that they are polite and respectful with their comments and views and reserve the right to remove comments that are disrespectful, abusive or considered spam. A few posts have been removed as they breached those conditions. However, nothing we have done or said impacts on debate. Being able to share different views and opinions is a democratic right. However, our staff are people who live in our community and do not deserve to have to put up with personal public abuse, name calling, or threats. Opinions can be shared without being offensive and we welcome respectful debate.

The intersection of Kiddle Drive, Arrowsmith Avenue and Napier Road is about to be changed to make it safer for school children, cyclists, pedestrians and cars. The new design will give traffic travelling on Kiddle Drive and Arrowsmith Avenue the right of way, with vehicles on Napier Road required to stop. There will also be cycle lanes, new road signage, new turning lanes and other safety improvements added. The contract was let to Camex. Work is due to start this week and will take six weeks to complete.

Otumuheke Hot Stream is a finalist in Keep New Zealand Beautiful's Kiwi Choice Award for 2019. The toilet block is also a finalist in the Best Loo category after being put forward by manufacturer Exeloo. The winners will be announced in October.

RECOMMENDATION(S)

That Council notes the information contained in the Financial report for June 2019.

ATTACHMENTS

1. June 2019 Monthly Report

2. Treasury Report June 2019

5.8 COUNCIL ENGAGEMENTS SEPTEMBER 2019 AND CONFERENCE OPPORTUNITIES**Author:** Tina Jakes, Head of Democracy, Governance and Venues**Authorised by:** Gareth Green, Chief Executive Officer**Engagements**

ENGAGEMENT	DAY	DATE	TIME
Fences, Rooding, Reserves & Dogs Committee meeting (Council Chamber)	Tuesday	3	10am-noon
Council meeting - hearings & deliberations: draft Road Encroachment Policy & draft Water Supply Strategy (Council Chamber)	Tuesday	3	1pm-3pm
Te Kōpua Kānapanapa meeting (Taupō Yacht Club, 9 Ferry Road, Taupō)	Thursday	5	1pm-4pm
Emergency Management Committee meeting (Council Chamber)	Monday	9	11am-12.30pm
Turangi/Tongariro Community Board meeting (Boardroom, Turangi Service Centre)	Tuesday	10	1pm-4pm
Taupō Airport Authority Committee meeting (Taupō Airport, ANZAC Memorial Drive)	Monday	16	10.30am-11.30am
Mangakino/Pouakani Representative Group meeting (Mangakino Service Centre)	Tuesday	17	10am-noon
Zone 2 meeting (Te Whare Wānanga o Awanuiārangi, 13 Domain Road, Whakatāne)	Thursday-Friday	19-20	9am-4pm both days
Lake Taupō Protection Project Joint Committee meeting (Council Chamber)	Friday	20	10.30am-1.30pm
Workshop – District Plan review (Council Chamber)	Tuesday	24	11.30am-12.30pm
Public forum (Council Chamber)	Tuesday	24	1pm-1.30pm
Council meeting (Council Chamber)	Tuesday	24	1.30pm-5pm

Conference and Professional Development Opportunities

To approve, either prior or retrospectively, elected member attendance at conferences and professional development courses:

- *Zone 2 meeting on Thursday 19 and Friday 20 September 2019 in Whakatāne:*

Cr(s) _____

RECOMMENDATION(S)

1. That Council receives the information relating to engagements for September 2019.
2. That Council approves the attendance of Cr(s) _____ at the Zone 2 meeting taking place in Whakatāne on Thursday 19 and Friday 20 September 2019.

ATTACHMENTS

Nil

5.9 MEMBERS' REPORTS

Author: Tina Jakes, Head of Democracy, Governance and Venues

Authorised by: Gareth Green, Chief Executive Officer

PURPOSE

This item permits members to report on meetings/functions they have attended as Council's representative, or on behalf of Council, since the last Council meeting.

The item also provides an opportunity for members to report back, either verbally or by way of tabled information, specifically on conferences, seminars and professional development courses that they have attended.

No debate and/or resolution is permitted on any of the reports.

CONCLUSION

Members' reports will be presented at the meeting for receipt.

RECOMMENDATION(S)

That Council receives the reports from members.

ATTACHMENTS

Nil

6 CONFIDENTIAL BUSINESS

RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
<p>Agenda Item No: 6.1 Confirmation of Confidential Portion of Ordinary Council Minutes - 30 July 2019</p>	<p>Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege</p>	<p>Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7</p>
<p>Agenda Item No: 6.2 Receipt of Confidential Portion of Minutes - Taupō Airport Authority Committee - 5 August 2019</p>	<p>Section 7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public</p> <p>Section 7(2)(i) - the withholding of the information is necessary to enable [the Council] to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7</p>
<p>Agenda Item No: 6.3 Presentation of Offer to Purchase 650 Lake Terrace, Taupō</p>	<p>Section 7(2)(h) - the withholding of the information is necessary to enable [the Council] to carry out, without prejudice or disadvantage, commercial activities</p> <p>Section 7(2)(i) - the withholding of the information is necessary to enable [the Council] to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Section 48(1)(a)(i)- the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7</p>

I also move that *[name of person or persons]* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *[specify]*. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because *[specify]*.