

# Three Waters Review – delivery plan and funding agreement

**Meeting:** Kaipara District Council  
**Date of meeting:** 30 September 2020  
**Reporting officer:** Jason Marris, General Manager Engagement and Transformation  
Donnick Mugutso, Waste and Water Manager

## Purpose/Ngā whāinga

To seek approval to sign the Funding Agreement and agree to the Delivery Plan, which are the next steps in the Three Waters Review programme.

## Executive summary/Whakarāpopototanga

At the August Council meeting, it was agreed that Kaipara District Council (KDC) would sign the Memorandum of Understanding (MoU), the first step in the Three Waters Review programme. The MoU was subsequently provided to the Department of Internal Affairs (DIA).

The next step in this process is for Council to agree to the Funding Agreement (**Attachment A**) and approve the Delivery Plan (**Attachment B**). This is what this report is seeking from Council. Assuming agreement/approval, the documents will then be provided to DIA and Crown Infrastructure Partners (CIP) for their review and approval. The documents are due to be submitted by the day of this meeting, 30 September 2020. Delegation is also sought for the Chief Executive to work with DIA to approve any subsequent changes to the delivery plan, if any feedback is received. Once final approval is received by central government, staff will work with DIA to release the funding with work to be commenced soon after.

## Recommendation/Ngā tūtohunga

That Kaipara District Council;

- a) Notes that the Funding Agreement cannot be amended or modified by either party and doing so would void the document.
- b) Delegates the Mayor the authority to sign the Funding Agreement located (at Attachment A) on behalf of the Council, for submission to the Department of Internal Affairs and Crown Infrastructure Partners.
- c) Notes that the Delivery Plan shows that the funding is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, which:
  - a. supports economic recovery through job creation; and
  - b. maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance
- d) Approves the Delivery Plan located (at Attachment B) for submission to the Department of Internal Affairs.
- e) Delegates the Chief Executive the authority to finalise the Delivery Plan, if any feedback from central government is received, in order to obtain approval and release funding
- f) Notes that the agreed share of the regional pool is \$2,345,524 in accordance with the regional national formula, bringing the total available pool to \$4,691,048.

## Context/Horopaki

Council was provided an overview of the Three Waters Review Programme at the August briefing. At the August Council meeting, Council agreed to sign the MoU which was the first step in the review process. Following that Council decision, the MoU was provided to, and acknowledged by DIA.

The next step in the process is for Councils to sign the Funding Agreement and seek approval of their Delivery Plan. Once approval of the Delivery Plan is received from central government, the allocated direct funding of \$2,345,524 (and subsequent proportion of the regional pool of \$14,131,798) can be released to Council for the commencement of works.

Council delegated the negotiation of the regional pool to the Chief Executive at its August meeting. It has been agreed that each of Northland's Councils follow the recommended national formula used for direct allocation of the regional pool. For KDC, this means a total of \$4,691,048 made up of \$2,345,524 direct allocation and \$2,345,524 share of the regional pool.

These figures are exact, and the figures provided to the August Council meeting were rounded.

In addition to the Total Maximum Amount Payable in the Delivery Plan, we have included a total of \$5,700,000 for projects that could not be accommodated within the \$4,691,048 but are planned in the LTP and also for private failing schemes which could be funded under the \$30 million New Zealand wide fund.

## Discussion/Ngā kōrerorero

By signing the MoU, KDC has committed to;

- engage in the first stage of the reform programme – including a willingness to accept the reform objectives and the core design features set out in the MoU;
- the principles of working together with central government and the Steering Committee;
- work with neighbouring councils to consider the creation of multi-regional entities;
- share information and analysis on their three waters assets and service delivery arrangements.

## Funding Agreement

The Funding Agreement guides the release and use of the allocated funding. It sets out:

- the funding amount allocated to the Council;
- funding conditions;
- public accountability requirements, including the Public Finance Act;
- reporting milestones.

Central government has indicated that this investment is intended to support economic recovery, enable improvements in water service delivery, and progress the service delivery reform programme.

The Funding Agreement is supplemented by the Delivery Plan, which is the document that sets out how the grant funding is to be applied by the Council.

## Delivery Plan

The Delivery Plan is the other mechanism for accessing the funding package. It must show that the funding allocation is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:

- supports economic recovery through job creation; and
- maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.

The Delivery Plan is a short-form template, which sets out:

- a summary of the works to be funded, including location, estimated associated costs, and expected benefits/outcomes;
- the number of people to be employed in these works;

- an assessment of how the works support the reform objectives in the MoU;
- reporting obligations.

The Delivery Plan will be supplied to Crown Infrastructure Partners (CIP) and DIA (and other organisations as agreed between the Council and Crown), for review and approval. CIP will monitor progress against the Delivery Plan, to ensure spending has been undertaken with public sector financial management requirements.

### KDC Delivery Plan

The Kaipara District Council Delivery Plan focuses on renewals, emergency works, drought alleviation and enhancement of water and wastewater quality. The programme kicks off with the Rotu Slip Repairs that started on 31 August and concludes with the Kaiwaka and Dargaville Wastewater Renewals in February 2022. There are 4 watermain renewals (including a truck filler), 3 wastewater renewals, a replacement reservoir and a slip repair.

The programme can broadly be classified into emergency work, projects with completed designs and are construction ready and those that need scoping, design and construction. We have set up a panel of consultants which will help expedite delivery. A Water Design Engineer is allowed for in the programme to scope, coordinate and review designs for this programme. A budget for a Business Case and Options Assessment to investigate a regional delivery model is also allowed for in the programme. The projects are summarised in Table 1.

**Table 1 – KDC delivery plan projects**

Project	Funding/Driver	Amount	Description and Status	Duration
Dargaville Water Supply – Rotu Water Take Slip Repair	Not funded in any plan. Emergency Work.	\$650,000	The repair of the water take slip at Rotu started in August 2020.	August 2020- November 2021
Business Case and Options Assessment for Northland aggregation	Not funded in any plan	\$65,000	This is for the preparation of a business case with option assessment for the Northland region 3 waters aggregation models.	October 2020 – April 2021
Ruawai Watermain Renewals	LTP year 4 and 5	\$795,000	2.5 km of watermain renewals. Designs are complete. Next steps tender for construction.	December 2020-June 2021
Te Kopuru WWTP Aerator Upgrade	Not funded in any plan	\$60,000	Aerator upgrade to meet environmental compliance. Can be purchased immediately. Design and recommendation from Engineers received.	October 2020-January 2021
Water Design Engineer (18-month fixed term)	Not funded in any plan	\$161,048	To effectively and expedite the design process. Formulation of scope, coordination and review of designs.	October 2020- March 2022
Maungaturoto Raw Watermain Renewal	LTP years 4,5 and 6	\$900,000	The Design for the 3km of raw watermain replacement is complete and the next steps is	December 2020- May 2021

			tender for construction.	
Maungaturoto Water Reservoir Replacement	LTP year 5	\$240,000	Replacement of 300m <sup>3</sup> of treated water reservoir. Design, supply and build proposed to achieve the construction.	February 2021 – November 2021
Maungaturoto Water Truck Filler and Main Upgrade	Not funded in any plan. Emergency Work.	\$510,000	New truck filler to allow water carters to draw water for the non-reticulated residents in the district, also requires the upgrade of the watermain to sustain the pressure.	November 2020- November 2021
Maungaturoto Hurndall St Watermain Renewals	Not funded in any plan. Emergency Work.	\$450,000	Rerouting and replacement of slip damaged watermain. To be assessed and designed by the members of the KDC panel of consultants then constructed.	November 2020- November 2021
Dargaville Wastewater Renewals	LTP year 4 and 5	\$460,000	Wastewater main renewals to be scoped inhouse by KDC form the CCTV condition assessment and designed by the KDC panel of consultants. Scoping has started and identification of critical pipes to follow.	January 2021- February 2022
Kaiwaka Wastewater Renewals	LTP year 4 and 5	\$400,000	Wastewater main renewals to be scoped inhouse by KDC form the CCTV condition assessment and designed by the KDC panel of consultants. Scoping has started and identification of critical pipes to follow.	January 2021- February 2022

## Options

**Option 1** – Agree to the Funding Agreement and approve the Delivery Plan. This is the recommended option. Council has already signed the MoU and committed to the first tranche of the review programme as the first step in the process.

**Option 2** – Not sign the Funding Agreement nor approve the Delivery Plan. Not signing the Funding Agreement or approving the Delivery Plan would essentially mean that Council would opt out of the first tranche of the programme and not receive the funding for the work, despite agreeing to the MoU in August. Council would be able to opt into the programme again at a later stage, however, the funding would not be available.

## Policy and planning implications

There are no policy or planning implications.

## Financial implications

Funding for this work is provided via allocation from central government. This funding will reduce the amount subsequently paid by ratepayers of the District.

## Risks and mitigations

There are no risks to this decision. The work will be completed by staff/contractors and funded by central government. Council can opt out of the reform programme at the end of this financial year.

## Significance and engagement/Hirahira me ngā whakapāpā

Funding is provided for work that was not planned for this financial year, therefore there are no impacts on the 2020/21 Annual Plan.

The work being recommended in the Delivery Plan is maintenance and renewal work included in the 2018/28 Long Term Plan (LTP). The public were consulted on this work as part of that process, so consultation is not required. The impacts of bringing forward this work from outer years will be consulted on as part of the 2021-31 Long Term Plan consultation process early next year.

The exceptions are emergency works included in the Delivery Plan as follows:

1. Dargaville Water Supply - Rotu Slip Repair which has already been approved by Council (\$650,000)
2. Maungaturoto Water Truck Filler and Main Upgrade (\$510,000)
3. Maungaturoto Hurndall St Watermain Renewals (\$450,000)

The Maungaturoto Water Truck Filler and Main Upgrade and the Maungaturoto Hurndall Street Watermain Renewals projects exceed the threshold for unbudgeted expenditure of \$300,000 in Councils Significance and Engagement policy. However, financial consideration is only one aspect to determining significance. The policy allows for emergency works to be completed without consultation. This which applies for the Maungaturoto Hurndall St Watermain Renewals. The policy also allows for council to determine that it has a sound understanding of the views of the community. The community expects council to prepare for drought situations, given the impacts last year. The Maungaturoto Water Truck Filler and Main Upgrade therefore fit into this category. Funding for these works is also externally provided (therefore no impacts on rates), so staff recommend that council does not engage the community on these projects and they are included in the Delivery Plan.

## Next steps/E whaiake nei

The signed Funding Agreement and approved Delivery Plan will be provided to DIA and Crown Infrastructure Partners for review and approval. Once final approval is received from central government, measures will be put in place to receive the funding and the work will commence.

## Attachments/Ngā tapiritanga

	Title
A	Kaipara District Council Three Waters Funding Agreement
B	Kaipara District Council Three Waters Delivery Plan