

Wastewater Treatment Plant Project



AMENDMENT to Wastewater Treatment Plant Project

1.0 THE ADOPTED AMENDMENT

At its meeting on 26 June 2008 the Council adopted an amendment to the current 2006-2016 Community Plan to change the wastewater treatment plant process technology from activated sludge to a consent compliant system. The amendment removes all references to activated sludge from the 2006-2016 Community Plan and makes financial revisions to the budget to support the revised capital and operating expenditure of the compliant system.

The amendment was adopted as stated in the Statement of Proposal used to consult the community. 21 submissions were received on the proposal. The recurring theme of the submissions was opposition to the estimated cost of the consent compliant system. To see the Statement of Proposal please refer to the DRAFT 2008-09 Annual Plan and Amendments to the 2006-2016 Community Plan.

2.0 FINANCIAL IMPLICATIONS

As a result of this amendment the forecast capital expenditure for the wastewater treatment project increased from \$24.261m to \$39.168m. This is an increase of \$14.907m and includes capitalised interest of \$4.636M. The Council has been collecting a capital rate since 2003/04 to help fund this project. The wastewater project will be funded by capital rates, totalling approximately \$11.235m. The balance will be loan funded. The amendment has also increased Council's depreciation costs by \$5.5m and estimated operating costs by \$2.8m over the 10 year term of the plan.

New information

Since consultation began on the Statement of Proposal, new information became available that indicated the estimated capital cost of the proposed wastewater treatment project is now \$84.4m (an increase of \$45.3m). Given the magnitude of the change, Council decided to disclose the new costs via public notice and to extend the consultation period and hold an additional public meeting. In addition all submitters who had made a submission prior to the public notice were sent a letter to inform them of the new cost information and invited to resubmit on the wastewater proposal or related proposals.

Whilst Council chose to disclose the new information it does not constitute a new proposal. The 2006-2016 Community Plan has been amended to reflect the forecast cost of \$39.168m included in the Statement of Proposal.

Council will formally consult on the funding proposal, and affordability of, the consent compliant system with more accurate cost estimates as part of the 2009-2019 Community Plan. Before then Council has committed to:

- Continue design work on the consented compliant proposal.
- Investigate cost-saving options including those that may require variations to resource consents and/or site designations.



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- Seek sources of funds other than rates and/or debt.
- Consider the impact of affordability of other lower priority projects.

3.0 RESULTING TEXT CHANGES TO THE 2006-2016 COMMUNITY PLAN

Page 7 - "Issues facing the District", Section 3.2 – Wastewater

Revise text as follows:

The existing wastewater treatment system for Gisborne City has to be upgraded. This will involve benefits, but also brings significant costs to ratepayers. Council has been granted a resource consent which it believes will address all the environmental effects and meet the cultural needs of the community, in a pragmatic way. An additional solids separation and disinfection stage will be added a few years later, to remove an additional proportion of the plant matter remaining in the wastewater and to disinfect the waste prior to discharge. There are more wide ranging goals that form part of the consent, including investigating alternative use and disposal methods, and industrial wastewater reuse, and Turanganui a Kiwa water quality enhancement (investigating more wide ranging studies to improve the quality of Poverty Bay). Through best endeavours the ultimate goal is to remove the need for the ocean outfall by 2020. It is proposed that some industrial trade waste will be separated from the domestic wastewater.

Design of the wastewater treatment system is underway, with construction starting in 2009. Stage 1 of the wastewater treatment system will be completed by 2010, with Stage 2 (solids separation and disinfection) scheduled to be completed in 2012.

The project includes for capital works as follows:

	(\$000)	Year 1 2007	Year 2 2008	Year 3 2009	Year 4 2010	Year 5 2011	Year 6 2012	Year 7 2013	Year 8 2014	Year 9 2015	Year 10 2016	TOTAL
Wastewater Treatment- Stages 1 and 2	WWTP	494	191	1,442	20,000	6,000	2,000	4,406				34,533
	Capitalised Interest	0	0	41	535	1,163	1,372	1,525				4,636
Western Industrial Pump Station					210					40	310	560
Industrial Area Separation				350	3,420	1,360						5,130
Total WWTP and Western Industrial and Industrial Area Separation		494	191	1,833	24,165	8,523	3,372	5,931	0	40	310	44,859



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Section 8.6, Page 61 - "Forecast Rate"

Revise text as follows:

Capital expenditure for the ten years of the Community Plant include a number of projects that upon completion will incur new operating costs:

- Wastewater Treatment Project – Stage 1 complete 2010, Stage 2 complete 2012.

Section 8.7, Page 62 - "Income and Expenditure"

5th sentence revise as follows:

The Capital Wastewater Treatment Project will have stage 1 completed in 2010 and Stage 2 completed in 2012, and will incur operating costs and depreciation and interest charges once it becomes operational.

Section 8.9, Page 64 - "External Debt and Interest"

4th Paragraph, revise as follows:

The wastewater treatment project has a significant impact on Council's debt levels. The industrial separation is an integral part of the wastewater project and has an estimated cost of \$350,000 (2009), \$3.42M (2010) and \$1.36M (2011). Although the new costs are still being assessed.

Page 63 & 74 - Revise Financial Tables to read as shown in the table above.

Page 90 - "Resource Consents"

Last paragraph, revise as follows.

The Council has now been granted the suite of resource consent applications in relation to the proposed upgrade and renewal of the wastewater project.

Page 93 - "Wastewater Treatment System"

The Community Plan allows for the existing wastewater treatment system for the Gisborne City to be upgraded. Council has been granted a suite of resource consents based on treatment prior to discharge via the existing ocean outfall.

Council must ensure Stage 1 of the treatment plant is operational in 2010, and Stage 2 is operational in 2012.

Detailed information on the capital expenditure is included on pages 66 – 75. As the design of the treatment plant is still incomplete, there is still a reasonable level of uncertainty surrounding funding of the proposed wastewater treatment system.

It is assumed that the proposed wastewater treatment system will be partially funded by the accumulated capital rate, which has been transferred to the wastewater reserve, and the balance will be loan funded.



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No government grant funding has been assumed in the proposed amendment.

Failure to develop the wastewater treatment project within the timeframes set out in the resource consents could result in significant extra costs for the project and legal challenges.

Wastewater level of service will change when the wastewater treatment plant becomes operative. The proposed plant should mitigate the environmental and cultural concerns regarding discharge of untreated human wastewater to ocean through the existing outfall.

Council has budgeted to construct Stage 1 of the Wastewater Treatment Plant at a capital cost of \$31m, and for this plant to be operative in 2010/2011.

Revise **Financial tables on page 158 – 165**, and table on Targeted Rates in Volume 2 Appendices (ii)

WASTEWATER ACTIVITY MANAGEMENT PLAN, VOLUME 3

The amendment combined with the amendment not to proceed with reticulation in Wainui/Okitu, Sponge Bay and Makorori and the amendment to adopt a new Development Contributions Policy results in numerous changes to the Wastewater Activity Management Plan, as printed on pages 372 to 390 of the Amended 2006 - 2016 Community Plan, Volume 3. Therefore it should be deleted and replaced with the attached revised plan.

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Volume 3 - Amended Activity Plan THE WASTEWATER ACTIVITY

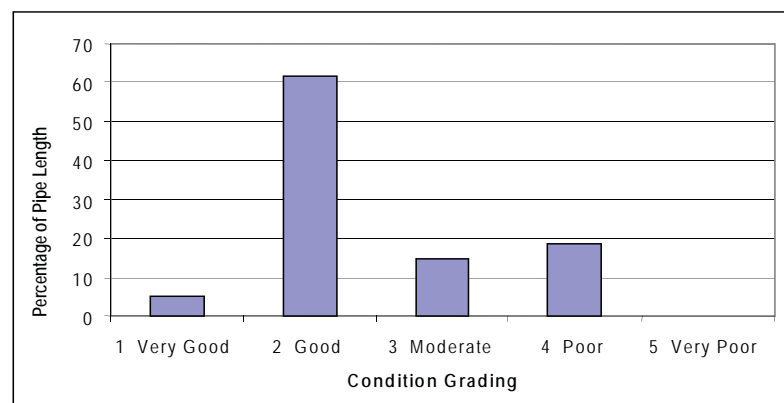
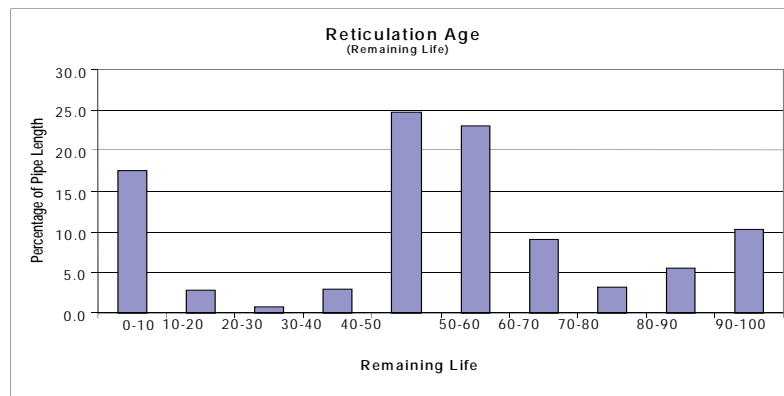
Executive Summary

OVERVIEW

	Gisborne	Te Karaka
Population served by the Wastewater Activity	29,400	522
Number of connections	13,637	168
Length of reticulation (km)	202	6
Number of manholes	2,427	76
Number of pumping stations	28	5
Value (DRC) \$000	39,518	1,187
Discharge volumes (average per day) m3/day	13,118	2,612
Treatment method	Milliscreens	Ox. Ponds

NB: Commercial and residential properties are charged per pan. Each pan charge has been taken as a connection.

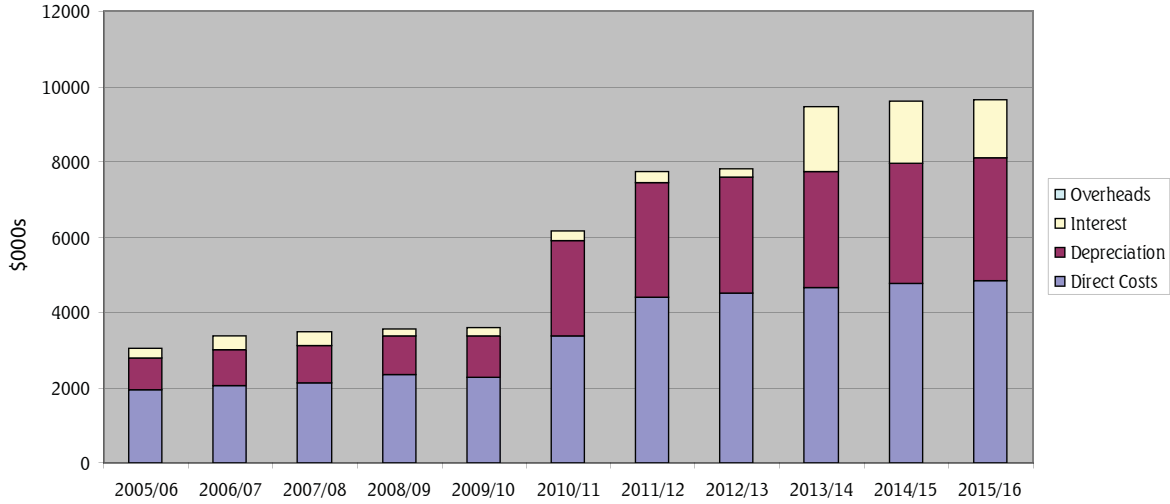
Reticulation Age (remaining life)



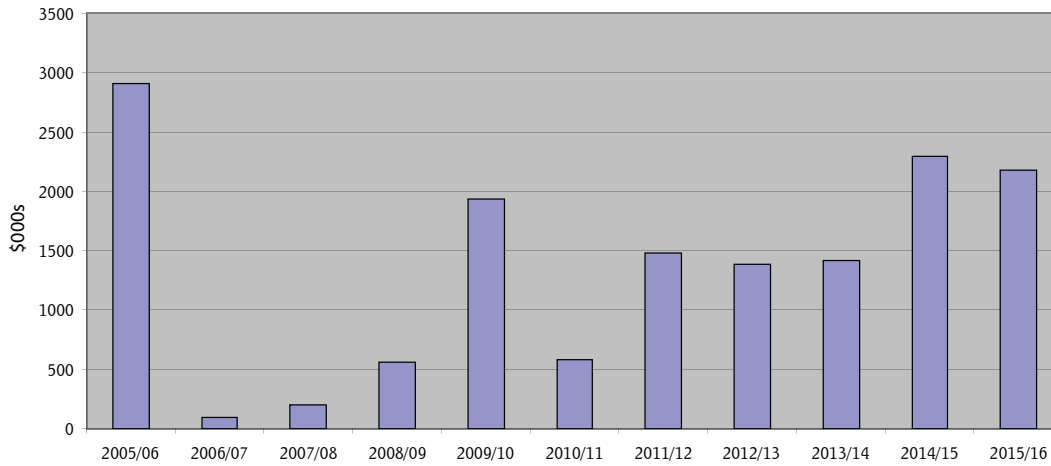


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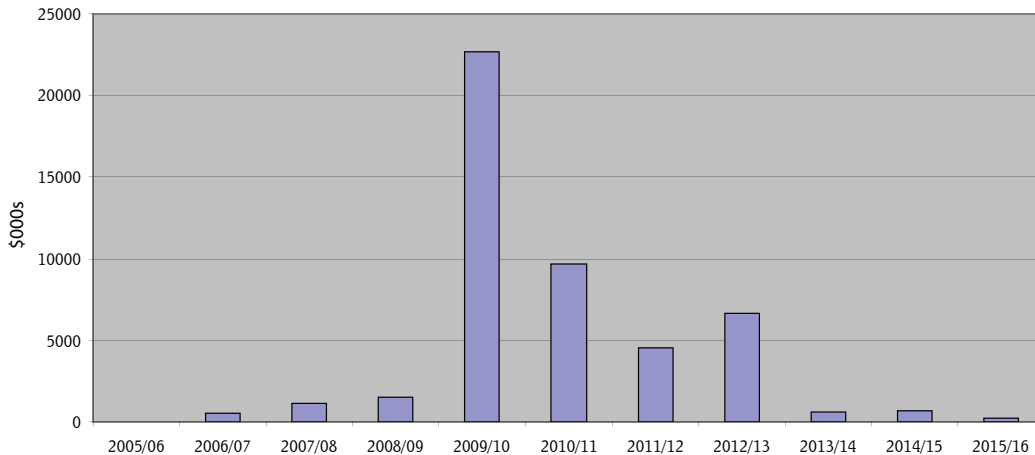
Operating Financial Requirements



Renewals Capital Expenditure



New Capital Expenditure



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Key Issues

The significant issues facing the District with wastewater are the treatment upgrade for Gisborne City, provision of reticulated sewerage for Makaraka and deferment of the renewal programme.

The reduction of stormwater into the sewer system to align with the commissioning of the proposed wastewater upgrade requires significant additional cost under the stormwater budget, this will impact on the ratepayer. Reticulation extensions to service additional industrial area and the residential areas of Makaraka are distinct possibilities within the period of the Community Plan.

The sewer renewal programme has been deferred due to the high cost impact on the ratepayer of the capital upgrades in wastewater and stormwater, the wastewater levy, the inflow infiltration programme to reduce sewer overflows, level of debt servicing through the renewal period and the impost on ratepayers of repairing their own private laterals. This is believed to be sustainable and is prudent financial management on behalf of the community.

Activity Description and Service Levels

1.0 INTRODUCTION

1.1 Background and Rationale for the Council's Involvement

The purpose of this Activity Management Plan is to demonstrate that the Gisborne community's expectations for the sustainable management of the wastewater system assets are being met. The plan contains expenditure forecasts and supporting information for wastewater assets owned by Council. Council's Wastewater Assets represent a major investment by the community and are managed by the Council's Engineering and Works Department.

The Local Government Act 1974, Section 122L(b), required the Council to undertake a review of all its current activities in order to identify its "core business" activities. This process identified ownership and management of the wastewater system to be part of Council's core business. The public good component of the wastewater system was judged to be extremely high, as it is, by necessity, non-excludable and difficult to charge for on a user pays basis. The following factors were also considered as justifying Council's provision of the wastewater system:

- Public expectation.
- Council delivery represents lowest net cost to community.
- Discontinuation is not practicable.
- Alternative providers do not exist, or unlikely to exist with an alternative network.
- Detrimental environmental, health, economic or social consequences may arise from non-provision.



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1.2 Community Outcomes to which the Activity Primarily Contributes

Table1

Community Outcomes		How the Wastewater Activity Contributes
Connected Communities	Access to all essential goods and services	Provides a modern and convenient to use wastewater reticulation system.
Safe and Healthy Haven	Freedom from health risks and harm	Protects public/private property and public health by providing a wastewater collection system and safe disposal of effluent
	Guardianship of our environment for future generations	Protects the physical environment (particular beaches and rivers) through the treatment and discharge of effluent through approved methods.
Positive Leadership	Positive stewardship and improvements in infrastructure promoting environmental sustainability.	Provides a wastewater system managed on a commercial basis, with the intent of maintaining and improving the current infrastructure and achieving environmental sustainability

1.3 The Activity Goal and Principal Objectives

The Wastewater activity goal is:

- a. To provide an efficient and effective wastewater reticulation system where agreed with the community.

Council's principal objectives are:

- a. To protect and promote public health by providing a wastewater collection system and safe disposal of effluent.
- b. To protect the physical environment through the treatment and discharge of effluent through approved methods.
- c. To provide the underlying sanitary infrastructure required to support the economic base of the community.

2.0 FUTURE PLANNED LEVELS OF SERVICE, PERFORMANCE MEASURES, and LINKAGE WITH COMMUNITY OUTCOMES

The Council will continue to monitor and report its actual performance against the following measures:



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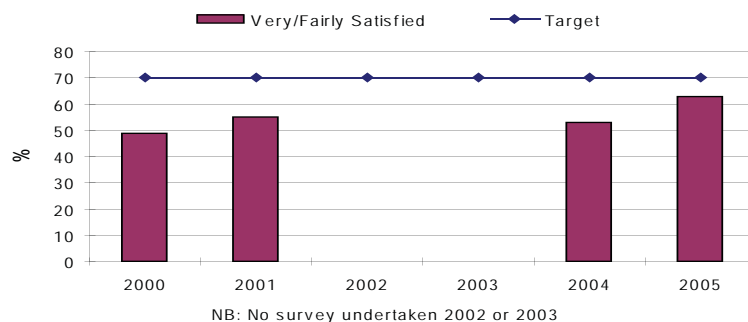


Table 2
Performance Measures

Activity	Performance Measure	Target
EXTERNAL PERFORMANCE MEASURES (to be reported against in the Annual Report)		
Providing a wastewater system that is responsive to customer needs.	The percentage of the public who are very/fairly satisfied with the sewerage system (as measured by the annual Communitrak survey)	70%
	The percentage of requests for service resolved within target timeframes	95%
Providing a wastewater system that does not compromise the water quality of rivers and beaches.	Council meets all its outfall consent conditions	YES
	The annual number of events where sewerage is discharged from Council's reticulation into rivers or streams	< 5

Activity	Performance Measure	Target
INTERNAL PERFORMANCE MEASURES (to be used as internal management tools)		
Providing a wastewater system that does not compromise the water quality of rivers and beaches.	Have and implement an active Inflow and Infiltration Programme inspecting private property for illegal stormwater entry to 2010.	YES
	Complete current stormwater upgrade programme by 2012 and report on progress at least once every three years.	YES
Providing a wastewater system that is well maintained, with infrastructure improvements as required.	Obtain resource consent for proposed wastewater upgrade	YES
	Have a current approved Activity Management Plan	YES
	Have a current approved Sanitary Assessment as required by the LGA 2002	YES
	Have a current approved Waste Plan	YES

Table 3
Reporting Actual Performance Results

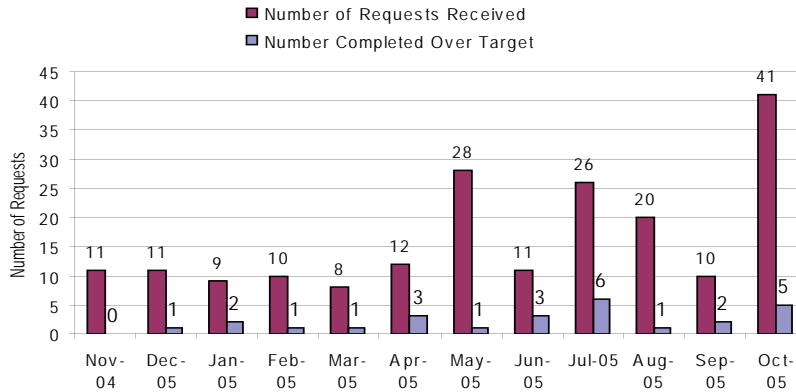


Objective: Provide Satisfactory System. **Progress:** 63% very/fairly satisfied. No sewerage overflows on private property.

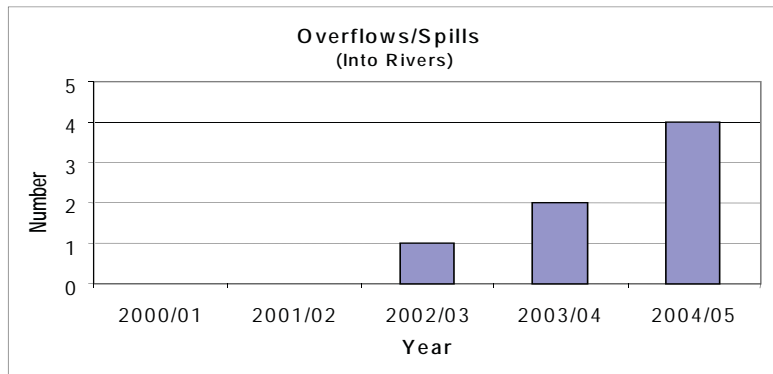


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Customer Response

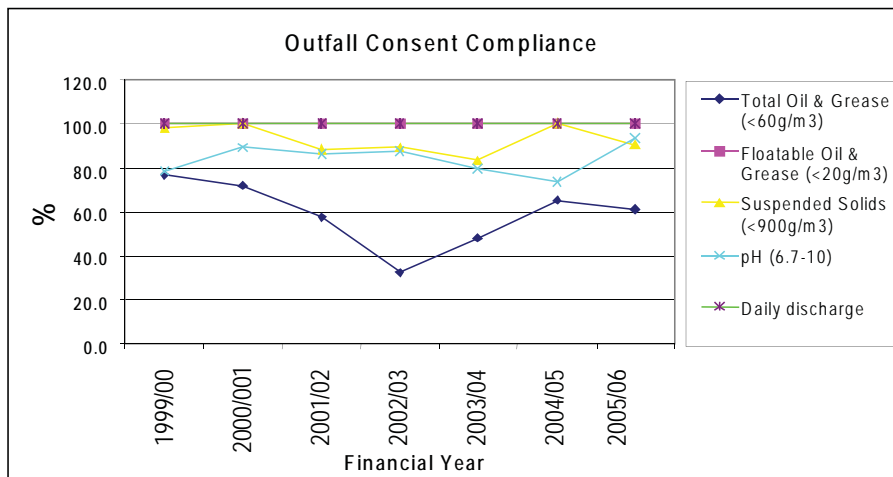


Objective: Meet customer needs. **Progress:** 97% of requests for service were resolved within target completion timeframe in 2004/05.



Objective: River Water Quality. **Progress:** The number of events where sewerage is discharged from Council's reticulation into rivers and streams shows an increasing trend. This is a result of wetter winters. An improvement programme is scheduled to be completed by 2012.

Note: Private Property Overflows do not differentiate between who caused the overflow, resident or Council.



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The degree to which progress has been made towards the achievement of the community outcomes to which wastewater primarily contributes will also be reported in the Annual Report each year in the following form (Table 4).

Table 4

Overall Progress Towards Achievement of Community Outcomes to which the Wastewater Activity Primarily Contributes

Outcomes		How the Wastewater Activity Contributes	Measure	Performance			Rating				
				Targets 2006/07	Average Last 5 Years	Actual 2004/05	Much Worse	Worse	No Change	Better	Much Better
Connected Communities	Access to all essential goods and services	Provides a modern and convenient to use wastewater reticulation system.	The percentage of the public who are very/fairly satisfied with the sewerage system (as measured annually by the Communitrak survey)	70%	55%	63%					✓
			The percentage of requests for service resolved within target time	95%	93%	97%				✓	
Safe and Healthy Haven	Freedom from health risks and harm	Protects public/private property and public health by providing a wastewater collection system and safe disposal of effluent	Council meets all its Outfall consent conditions	YES	NO	NO			✓		
	Guardianship of our environment for future generations	Protects the physical environment (particularly beaches and rivers) through the treatment and discharge of effluent through approved methods.	The annual number of events where sewerage is discharged from Council's Reticulation into rivers or streams	< 5	2.2	4		X			

3.0 THE EXISTING SITUATION DESCRIBED

3.1 Overview

The current wastewater system is being prioritised by the stormwater upgrades to reduce the amount of stormwater entering the sewer system and the wastewater treatment upgrade. The financial burden on the ratepayer is significant and as a result prudent financial management is being exercised by delaying the renewal programme. The level of service will change when the wastewater treatment plant becomes operative and on completion of the stormwater and wastewater treatment projects mentioned a more active approach to the renewal programme will be taken. Continual monitoring of the renewal programme is required.





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3.2 Public Wastewater Services

Table 5
Overview of the Public Wastewater System

Factor	Gisborne	Te Karaka
Population Served	29,400	522
Properties connected (no.)	Full charge 13,637	168
	Availability charge 264	35
Length of Reticulation (kms)	202km	6km
Manholes (no.)	2427	76
Pump Stations (no.)	28	5
Depreciated Replacement Value (\$000) 30 June 2005	37,598	1,187
Replacement Value (\$000) 30 June 2005	77,528	1,654
No. of Connections	10,374	160
Method of Treatment	Milli-screens	Oxidation Pond
Annual Discharge Volume	4,788,056	28,580
Discharge Volume per Connection (m ³ /year) Domestic	241	180

3.3 Private Wastewater Services

Table 6
Communities not served by a Reticulated Wastewater System

Name of Community	Population	Number of Households	How Wastewater Collected and Disposed of
Hicks Bay	237	81	Individual Septic Tank
Makaraka	360	132	Individual Septic Tank
Manutuke	408	65	Individual Septic Tank
Matawai	129	42	Individual Septic Tank
Muriwai	222	60	Individual Septic Tank
Patutahi	318	99	Individual Septic Tank
Ruatoria	837	186	Individual Septic Tank
Te Araroa	174	62	Individual Septic Tank
Te Puia Springs	129	51	Individual Septic Tank
Tikitiki	174	54	Individual Septic Tank
Tokomaru Bay	462	104	Individual Septic Tank
Tolaga Bay	867	276	Individual Septic Tank
Wainui / Okitu / Makorori	1,412	531	Individual Septic Tank
Whatatutu	174	51	Individual Septic Tank



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Operations, Capital Development and Funding

4.0 Maintenance and Operating

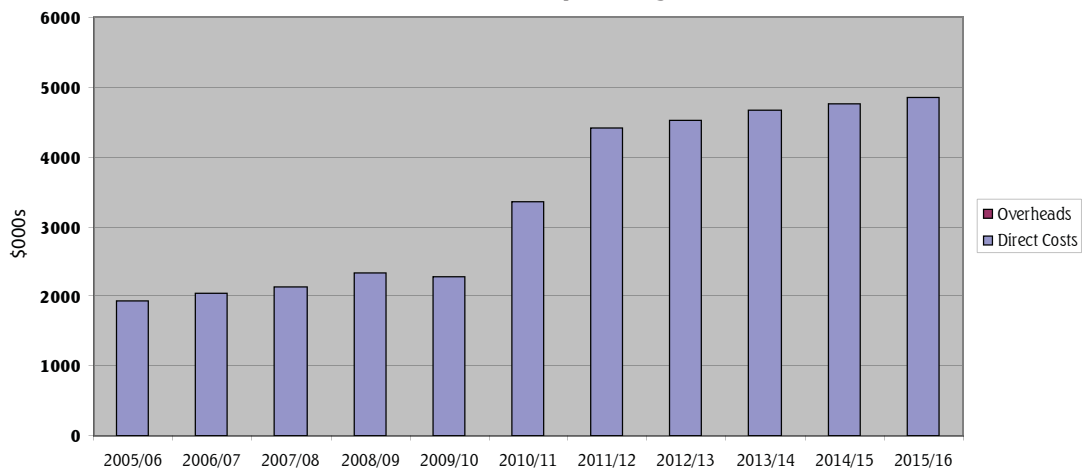
4.1 How the Wastewater Assets are Owned and Operated

Gisborne District Council currently owns the Gisborne City and Te Karaka wastewater networks on behalf of those communities. There are no plans to change the ownership of these networks.

The day-to-day management of the Wastewater Systems is carried out by the Council's Engineering and Works Department. The operation of Council's wastewater treatment plants is undertaken by Council's maintenance contractor. Routine maintenance is completed under contract.

To maximise efficiency, consultancy input is obtained for most design and capital works supervision with Council staff overseeing maintenance, asset management functions, engaging consultants and monitoring their progress.

Table 7
Direct Maintenance and Operating Costs



4.2 Maintenance and Operating Issues

Significant increases in maintenance and operating costs will occur due to the establishment of a consent compliant wastewater treatment plant for Gisborne City and the reticulation of residential and industrial areas. This will also involve different types of wastewater technologies and variations to the existing maintenance contracts.

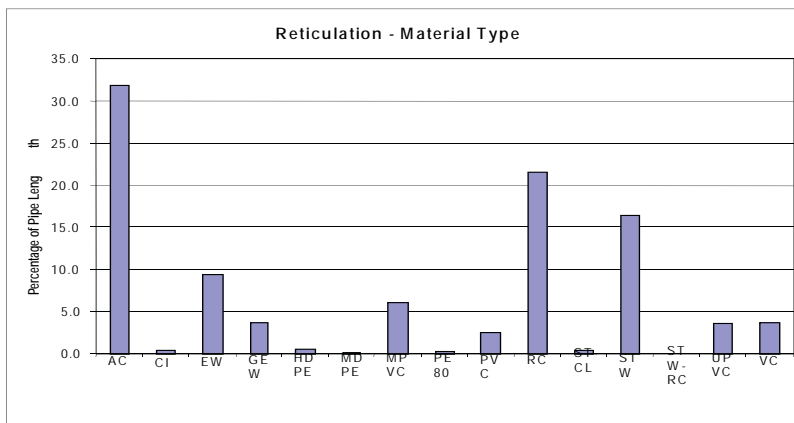
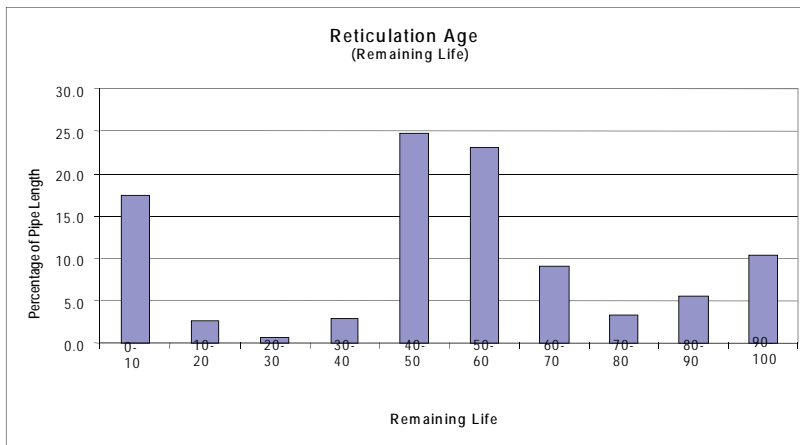
With the planned deferred renewal programme some additional costs for maintenance can be expected in additional blockages and spot repairs to the mains. This is able to be accommodated within the existing budgets due to additional savings resulting from reducing the amount of stormwater entering the sewer system which are causing additional maintenance costs currently.



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To assist the management of assets Council has asset management systems. These ensure appropriate processes are in place, information systems are available to store and analyse data, and adequate data is available. The key information systems in place are the Hansen IMS asset management system, the ArcInfo geographic information system and the Origen financial management system. Council is well advanced in its use of the Hansen IMS asset management system and has good asset management data and records.

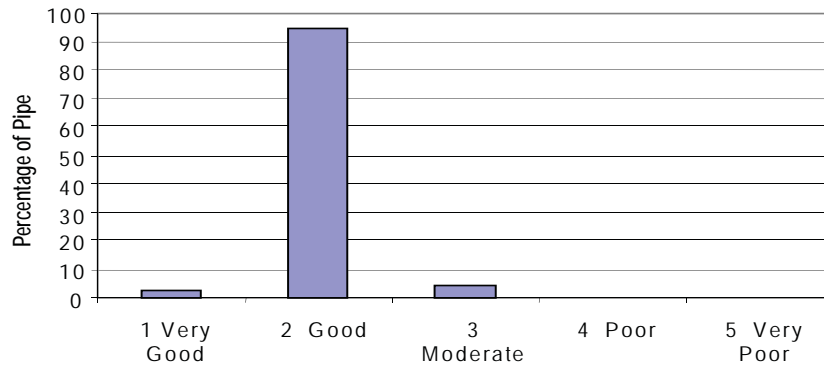
**Table 8
Overall Age and Material Type**



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**Table 9
Overall Condition and Performance**



4.3 Business Continuity / Emergency Management

Business continuity and emergency management planning is programmed for completion by July 2007, and the results will be incorporated into the next revision of the Activity Management Plan. This aligns with the statutory requirement to have disaster recovery plans under the Civil Defence Emergency Management Act 2002 (CDEMA) and will complete the work currently being undertaken on Lifelines.

A review of the potential risks on the current network to ensure continued operation has been completed and the recommendations are currently being implemented. Key areas have standby power and Council owns and operates a number of portable generators. All pump stations have an effluent bypass should problems occur. Multi level support is available from generators, pumps and suction trucks. Council has 2 electrical contractors who are both familiar with the complete network. The maintenance contractor is a national company and is able to access additional external resources and equipment in an emergency.

Council's records are both electronic and paper based and frontline staff have sufficient information on hand to respond to critical emergencies. Critical sites have detailed information available onsite to cover emergency issues.

5.0 RENEWALS CAPITAL EXPENDITURE and DEPRECIATION

Table 10 compares the forecasted renewal requirements and the amount of depreciation funds available. This shows Council is deferring the renewal programme due to the high impost of costs on the ratepayer from the wastewater upgrade, stormwater upgrade, inflow and infiltration programme, wastewater levy and the additional burden on ratepayers of repairing their own private laterals.

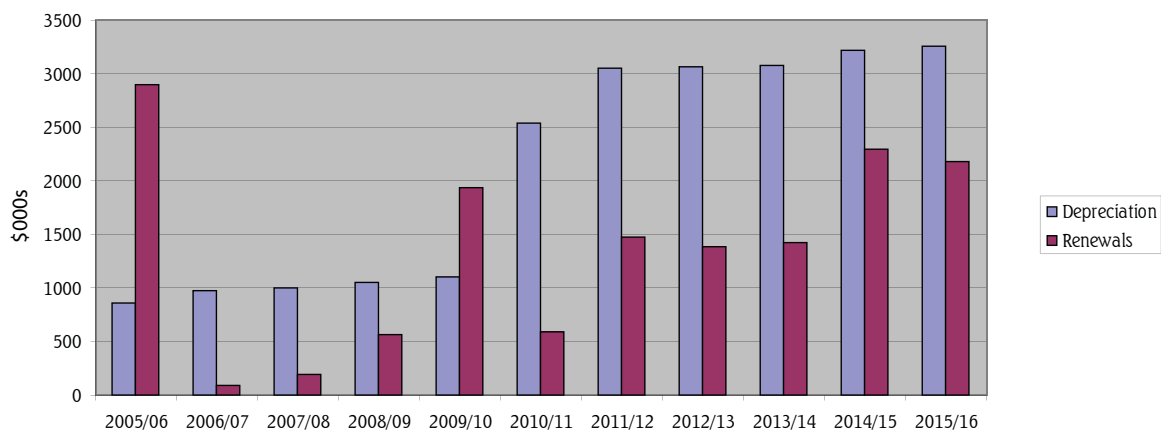


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The major requirement occurs in Year 9 and 10 and it is intended to smooth out the expenditure from Year 11 to Year 20. This has a two fold benefit in reducing the financial burden on the ratepayer and avoiding the “feast and famine of work”. Council cannot afford to lose local expertise or have escalated costs due to shortage of contractors locally to undertake the work for the Township reticulations, wastewater upgrade and renewals.

Table 10 shows that funding will meet the renewal programme but does not account for the additional depreciation that will occur from the township reticulation and wastewater upgrades although these assets will have no cash requirement for 50-100 years. Additional funding will also be looked at from other utility areas where requirements for funding in the 11-20 years are low.

Table 10
Depreciation v Renewal Cost



6.0 FUTURE DEMAND

The following tables illustrate the extent to which the Council predicts the current level of demand for wastewater is likely to change over time.

Over the next forty to fifty years Gisborne District is expected to see a small decrease in population, followed by a gradual, but consistent increase. These changes will be driven by population growth in the urban areas of Gisborne, while the population of rural Gisborne is expected to decline over the next twenty years before stabilising (source: Gisborne District Council’s Growth Model).

The proposed wastewater capital-upgrading programme will address known capacity problems in the interceptors, and also provide for further wastewater treatment and disposal processes. These upgrades will be examined and the possible effects of higher permitted housing densities, and inflow / infiltration, factored into designs. Industrial separation allowing direct discharge through the Marine Outfall will provide additional capacity within the Western Interceptor and should meet any future growth.



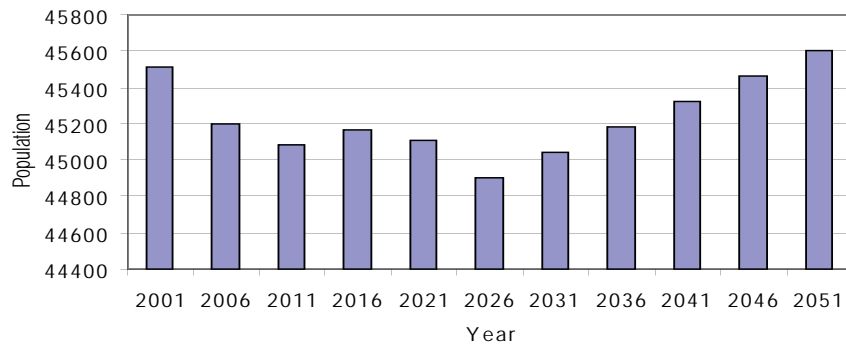
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Table 11

Population Served

Projected Population for the whole of the Gisborne District
2001-2051



7.0 NEW CAPITAL EXPENDITURE

7.1 Proposed Future Capital Works Programme

Planned new capital works are shown in the table below.

Table 12

Capital Expenditure

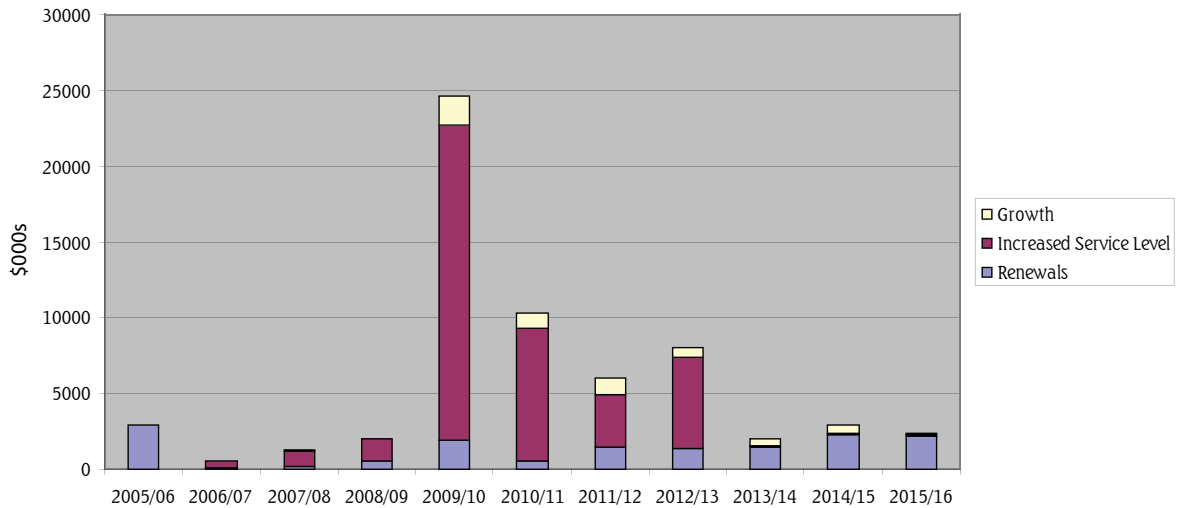
DETAILS	2007 Year 1	2008 Year 2	2009 Year 3	2010 Year 4	2011 Year 5	2012 Year 6	2013 Year 7	2014 Year 8	2015 Year 9	2016 Year 10
WASTEWATER										
Industrial area separation			350,000	3,420,000	1,360,000					
Makaraka water and wastewater reticulation				150,000	1,540,000					
Moss Road pump station						321,000				
Nelson Road sewer main		128,500								
Permanent sewer flow loggers				90,000		94,000	96,000	101,000	103,500	105,800
Pump station renewals	90,000		90,000			106,950	250,000	110,000	262,000	115,000
Sewer main replacements		150,000	118,100	200,000	200,000	1,700,000	1,748,000	1,793,600	1,834,800	1,875,900
Subdivision support		60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Taruheru block						411,250			700,000	
Wainui wastewater reticulation*		825,000	1,000,000							
Wastewater design for Makauri plan change			60,000							
Wastewater treatment project	493,600	191,000	1,442,000	20,000,000	6,000,000	2,000,000	4,406,000			
Wastewater treatment project capitalised interest			40,955	535,340	1,163,206	1,372,215	1,524,587			
Western industrial pump station				210,000					40,000	310,000

The rows highlighted in grey are changes resulting from amendments. *In June 2008, Council decided that the Wainui reticulation project will not proceed. The 2008 budget will not incur any actual costs.



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Table 13
Total Capital Costs



7.2 Asset Retirement / Disposals etc

Currently there are no known disposal issues relating to assets, normal accounting procedures are followed where existing assets are renewed and the old assets disposed of. No assets have been identified as not being replaced when their economic life has been reached.

There are no current plans to dispose (sell) any part of the existing wastewater system, the new treatment plant may have private involvement but this has not been decided nor formally discussed and is not factored into this plan.

7.3 How Capital Works are to be Funded

There are two critical funding issues, development contributions and government subsidy.

- ▶ The Sanitary Works Subsidy Scheme (SWSS) provides funding assistance for smaller communities. The operational funding requirements are such that for most Gisborne communities they are unsustainable.
- ▶ A new Development Contributions Policy, from 1 July 2008.

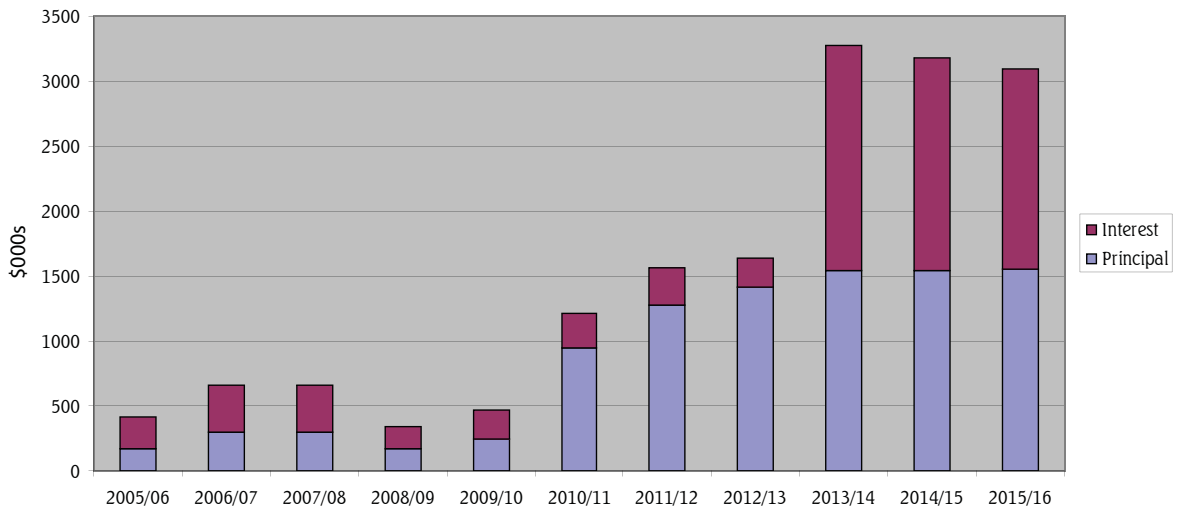
Ratepayers have been levied for the future wastewater upgrade since 2003 with the amount increasing each year until the wastewater plant is commissioned in 2010. This shows the communities commitment to improving the discharge standards and also softens the impact of the upgrade by reducing the level of debt this will create.



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Table 14
Loan Servicing Requirement



7.4 Capital Works Policies

The Capital Works Programme is being developed in accordance with the Local Government Act 2002 requirements. This will be a structured process that ensures all alternative options are considered, justification for the works is recorded, and the consequences of not undertaking the work are assessed. Prudent financial management is being exercised with the deferment of the capital renewal programme.

7.5 Other Capital Works Issues

There are no other known capital works issues.

8.0 FUNDING THE ANNUAL OPERATING COST – ‘WHO’ PAYS?

8.1 Financial Summary

Table 15
Summary of Forecasted Financial Performance
(\$000) – (10 years)

2005/06	Statement of Financial Performance (\$000)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
OPERATIONS											
	Operating Revenue										
48	Activity Revenue	39	40	42	44	45	47	48	49	50	51
0	Grants & Subsidies	0	0	0	0	0	0	0	0	0	0
0	Other Revenue	0	0	0	0	0	0	0	0	0	0
0	Internally Charged Activity Revenue	0	0	0	0	0	0	0	0	0	0
48		39	40	42	44	45	47	48	49	50	51





Wastewater Treatment Plant Project

2005/06	Statement of Financial Performance (\$000)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating Expenditure											
1939	Direct Costs	2043	2128	2342	2277	3360	4413	4523	4662	4766	4843
861	Depreciation	976	994	1051	1099	2533	3052	3066	3071	3213	3251
243	Interest	363	360	169	214	261	290	226	1735	1643	1541
0	Overheads & Indirect Costs	0	0	0	0	0	0	0	0	0	0
3043		3382	3482	3562	3590	6154	7755	7815	9468	9622	9635
2995	Cost of Service	3343	3442	3520	3546	6109	7708	7767	9419	9572	9584
Funded by:											
2995	Rates Income	3348	3501	3456	3546	6109	7709	7767	9419	9571	9584
0	Internal Allocations	0	0	0	0	0	0	0	0	0	0
0	Net Transfer from/(to) Reserves	0	0	0	0	0	0	0	0	0	0
0	Depreciation Unfunded	0	0	0	0	0	0	0	0	0	0
2995		3348	3501	3456	3546	6109	7709	7767	9419	9571	9584
0	Funding Surplus/(Deficit)	5	59	-64	0	0	1	0	0	-1	0
CAPITAL											
Capital Expenditure											
Capital											
2903	- Renewals	90	197	558	1935	584	1477	1385	1419	2292	2176
0	- Increased Level of Service	494	1016	1483	20775	8703	3466	6027	101	104	106
0	- Growth	0	81	0	1895	976	1062	613	484	545	125
167	Loan Repayments	293	303	173	250	950	1278	1417	1538	1538	1552
3070		877	1597	2214	24855	11213	7283	9442	3542	4479	3959
Funded by:											
929	Rates Income	1245	1557	1868	2198	2509	0	0	0	0	0
0	Grants & Subsidies	0	0	0	0	0	0	0	0	0	0
0	Other Capital Income	0	413	225	227	227	247	247	242	253	247
2903	Loans	0	521	1555	13986	6157	2736	2436	101	378	116
167	Transfer from Depreciation Reserve	383	500	388	3587	4601	3820	4912	3031	3631	3796
-929	Transfer from Other Reserves	-751	-1393	-1822	4858	-2282	480	1846	169	216	-200
3070		877	1598	2214	24856	11212	7283	9441	3543	4478	3959



Wastewater Treatment Plant Project



8.2 Council Funding Stream

<p>Funding Stream 70 - Sewer and Wastewater Treatment and Disposal</p>	<p>Description of Activity</p> <ul style="list-style-type: none"> Treat and dispose sewage for Commercial & Domestic users. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Discretionary. Promote Public Health. <p>Benefits Accruing</p> <ul style="list-style-type: none"> Public Health to whole community. Convenience of users connected. <p>Funding Sources and Mechanisms</p> <p>100% Targeted Rates to people connected to the system.</p>
<p>Funding Stream 71 – Wastewater Capital Rate</p>	<p>Description of Activity</p> <ul style="list-style-type: none"> Collect capital contributions in advance of major capital expenditure for wastewater processing and outfall. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Discretionary. To minimise future debt requirement. <p>Benefits Accruing</p> <ul style="list-style-type: none"> The whole community in minimising future debt requirements <p>Funding Sources and Mechanisms</p> <p>100% Fixed Targeted Rates on Rating Units as follows:</p> <ul style="list-style-type: none"> \$26 per City property, increasing by \$26 per year \$7 per Semi-urban/buffer zone properties, increasing by \$7 per year \$4 per Rural property, increasing by \$4 per year
<p>Funding Stream 9 - General Capital</p>	<p>Description of Activity</p> <ul style="list-style-type: none"> The works or facilities which have not been provided before, or the replacement of a poor facility with improved facilities, are funded by General Capital. Sometimes all or part of the capital may be collected before the work is undertaken. Sometimes there is insufficient balance in the Depreciation Account to do all the renewals work required. General Capital may sometimes be used to supplement the Renewals requirements. Works which are initiated by third parties, but which result in additional expenditure by Council (such as development of reserves, or the provision of infrastructure) will be funded from development of financial contributions by the third party. <p>Reason why Activity is Engaged in</p> <ul style="list-style-type: none"> Community wellbeing and legislative responsibility. <p>Benefits Accruing</p> <ul style="list-style-type: none"> Provision of services required by the community and/or facilities required by Council in servicing community needs. <p>Funding Sources and Mechanisms</p> <p>Funding may be from several diverse sources, which will depend on the amount of public/private good, the degree to which the service is essential infrastructure verses “nice to have”, and so on. Each project that requires capital will be considered on its merits, and the source of funding may be one or more of the following:</p> <ol style="list-style-type: none"> Directly paid for by General or Targeted rate. An appropriate Reserve Account. Loan. The loan principal will generally be paid progressively from an appropriate reserve account, and the interest will be paid by directly rating the beneficiaries (General or Targeted Rate). Development or financial contribution. Grants. Donations.

8.3 Schedule of Fees and Charges

The following Fees and Charges apply to the Wastewater Activity:

- Council levies trade waste fees based on the charging formula contained in the Trade Waste Bylaw. The charges for conditional trade wastes are based on average daily rate of discharge; suspended solids; total oil and grease; and biochemical oxygen demand.



Wastewater Treatment Plant Project

A review of the Trade Waste Bylaw is required by July 2007, the charging mechanism will change to reflect the increased treatment costs and also the industrial waste separation.

- All other charges are covered by the rate strike. Rates for wastewater are charged per connected property and a pan charge.
- Standard plumbing and drainage charges for building consents apply.

Environmental Management, Regulatory Matters and Activity Management Issues

9.0 ENVIRONMENTAL MANAGEMENT ISSUES – INCLUDING RESOURCE CONSENTS, DISCHARGE PERMITS, 'RIGHTS TO TAKE', PROPERTY DESIGNATIONS, ZONINGS and EASEMENTS

9.1 Resource Consent Issues

Resource consents are held for various activities relating to the wastewater activity such as odour to air, discharge to water, discharge to land and sewer siphon.

Gisborne is a unitary authority and performs the functions of both a District and Regional Council. Regional Councils are responsible for granting resource consents. The Gisborne District Council appoints independent commissioners to decide on its own consents in order to avoid any possible conflict of interest.

The Utilities Manager monitors the expiry date of all resource consents to ensure that the necessary steps for renewal are undertaken in a timely manner.

9.2 Schedule of Resource Consents Held

Resource Consents held for Wastewater Activity are shown in Table 22 below.

Table 16
Resource Consents held as at 30 June 2005

Scheme	Site	Consent	Consent Number	Issue Date	Expiry Date
Gisborne City	Marine / Ocean Outfall	Take 380m ³ of water per day from underground	WP199030A	20/12/1999	30/06/2007
		Discharge up to 103,680m ³ Wastewater per day	CP199007, CP199008 & CP199009	14/10/2004	31/12/2005
	Campion Bridge	Sewer siphon	RW201012A	1/12/2001	31/12/2006
Te Karaka Oxidation Pond	Te Karaka	Discharge odour to air	DA201014A	1/03/2002	1/03/2037
		Discharge water	DW201018A	1/03/2002	1/03/2037
		Discharge to land	DL201011A	1/03/2002	1/03/2037

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Scheme	Site	Consent	Consent Number	Issue Date	Expiry Date
Septage Disposal Pits	Te Puia	Land use	PN 201032A	04/02/02	Indefinite
		Discharge to air	DA 201017A	12/02/2002	18/02/2037
		Discharge to land	DL 201014A	18/02/2002	18/02/2037
Septage Disposal Pits	Te Araroa	Land use	PN 199015	4/12/2001	Indefinite
		Discharge to air	DA 201009A	4/12/2001	4/12/2036
		Discharge to land	DL 201023A	4/12/2001	4/12/2036
Septage Disposal Pits	Waiapu	Discharge to land	DL 199012	23/06/2000	23/06/2010

9.3 Property Designations

The Gisborne District Council District Plan, Appendix 10 contains a schedule of designated sites. Not all wastewater network activity sites are designated in the District Plan, and further research and investigation is required to determine whether additional site designation is required. Future expansion of site designations in the District Plan has yet to be addressed, and is not currently a priority. Major new asset sites are considered for designation as they are acquired. The new Wastewater Treatment site adjacent to the airport is being considered for designation.

The wastewater network sites currently designated in the District Plan include:

- Te Karaka Oxidation Pond
- Gisborne Marine / Ocean Outfall

10.0 DEMAND MANAGEMENT

10.1 Demand Management Policies

Demand Management involves implementing non-asset related solutions to manage the demand for a service. Non asset solutions used by Gisborne District Council are summarised below:

- Use of District and Regional Plans
- Stormwater Separation
- Trade Waste Bylaw and liaison
- Reduced Levels of Service / Public Education
- Water Usage Reduction Strategies
- User pay charges where practical

10.2 Sustainable Development Issues

Sustainable development takes into consideration the impact on the environment of human activity as we alter the environment we live in to suit our wants and needs. The Community Outcomes and Three Waters Assessments have not identified any specific issues that are not being addressed as they relate to wastewater.



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Gisborne Urban Coastal Strategy will provide further detail to plan for sustainable development integrating the community outcomes framework to that consultation.

10.3 Local Government Act Requirements

All requirements of the Local Government Act are believed to be met. Community Outcomes, Sanitary Assessment, Waste Plan, Prudent Financial Management, Reporting Requirements and Schedule 10 requirements.

11.0 SIGNIFICANT NEGATIVE EFFECTS

Significant negative effects as a result of the Wastewater Activity can be measured as impacting on the following aspects of life:

- Social
- Economic
- Environmental
- Cultural

The greatest significant negative effect associated with the Gisborne City wastewater is the high levels of stormwater entering the wastewater reticulation. When high levels of stormwater enter the wastewater system there can be a resulting overload of the sewerage system. This requires wastewater to be directly discharged into the river in order to deal with the overload.

The stormwater upgrade project has been a major commitment of Council, and is now expected to be substantially complete in 2010. A further negative effect is the discharge of effluent into Poverty Bay. The community have indicated that the discharge of effluent into Poverty Bay is not of an acceptable standard and have committed as a priority issue a treatment upgrade before discharging back into Poverty Bay.

12.0 PRIVATE WASTEWATER SYSTEMS

Council has identified, as part of the Three Waters Assessments Consultation, that there are accepted health risks associated with the provision of Water, Wastewater and Stormwater and that the rural communities do not wish the Council to increase Levels of Service to reduce these risks. Due to the costs associated with the development works owned and managed by Council the community does not favour implementation of council capital works that would reduce the health risk.

These towns are currently serviced by privately owned and maintained septic tank systems.

13.0 SIGNIFICANT FORECASTING ASSUMPTIONS, UNCERTAINTIES and RISK MANAGEMENT

13.1 Assumptions and Uncertainties

Below are the significant assumptions made in preparing this Activity Management Plan:

1. The information provided has been developed from a sound base, the asset register being of high quality and renewal projections based purely on age, rather than condition or performance.

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Some condition based assessments have been completed and only the Marine Outfall economic life has been adjusted. Extensive CCTV condition assessment has been completed and the results have not yet been included. This will be completed in the next review in 3 years.

- II. The accuracy of the valuations, and the need to reassess valuations once the capital upgrading programme is completed, could affect the financial projections.
- III. The renewal programme is based on a reasonable condition sample. These inspections have indicated that the assets are in good condition.
- IV. All financial forecasts allow for inflation using the BERL indices.
- V. The financial information presented in this Activity Management Plan would also be affected by the results of the Gisborne Urban Coastal Strategy, tendering of Capital work.
- VI. That at a future stage the current reticulation system will be extended to include additional industrial and residential areas (such as Makaraka).

13.2 Risk Management

Council has considered potential risks relating to:

- System Operation
- Health and Safety
- Public Health
- Business Continuity and natural disasters
- Asset reliability
- Asset knowledge
- System knowledge
- Financial

To assist in focussing the risk management strategies, Council has examined the risks within a criticality framework, which has included developing a critical asset strategy.

Councils risk management strategy has included:

- Operational Risk Review – 2003.
- Development of corporate risk assessments and risk management reports for each major asset system (activity) – 1999, 2000.
- Development of Lifelines Strategy and Mutual Aid Agreements – 2004.
- Development of a risk model for asset condition / performance and replacement intervention.

Councils risk management practice continues to develop and future corporate integration of risk management is planned. The assessments to date have not been integrated into the renewal programme until such time as the Civil Defence Emergency Management Act requirements have been evaluated which provides further integration with other utility services. This is expected to be completed by July 2007.



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13.3 Quality Assurance

To establish and ensure the ongoing improvement of the quality of this Plan a series of quality assurance systems are planned as follows:

- Audits
 - Financial Audits
 - System Audits
 - Technical Audits
 - Performance Audits
- Use of suitably qualified persons
- Introduction of quality systems in critical areas
- Retention of Corporate knowledge through Asset Management Systems and GIS

14.0 WASTEWATER BYLAW

Bylaws currently in force in Gisborne District Council, and continued by Section 293 of the Local Government Act are the:

- Trade Waste Bylaw

Council is also intending to adopt the New Zealand Standard Drainage Bylaw NZS 9201: Part 22:1999. Council intends to review the current Bylaws by 24th December 2007 in accordance with Section 158 of the Local Government Act 2002.

The Council's Wastewater Upgrade Consent will impact critically on the bylaws.

Assistance to Industry and Commerce in Gisborne



AMENDMENT to Revoke the Assistance to Industry and Commerce in Gisborne Policy

1.0 THE ADOPTED AMENDMENT

At its meeting on 26 June 2008 the Council adopted an amendment to the current 2006-2016 Community Plan to revoke the Assistance to Industry and Commerce in Gisborne Policy and related Rates Remission: Economic Development Policy.

The objective of these policies is to provide incentives for industry to set up in the region with the intention of providing employment and/or stimulating the local economy. In practise the policies are rarely, if ever, applied for and in most cases the application is declined. It was deemed necessary to revoke the Policy to align with current practise.

The amendment was adopted as stated in the Statement of Proposal used to consult the community. To see the Statement of Proposal please refer to the DRAFT 2008-09 Annual Plan and Amendments to the 2006-2016 Community Plan.

2.0 FINANCIAL IMPLICATIONS

By revoking this Policy, rate remissions will no longer be possible for this purpose, requiring less ratepayer money.

3.0 RESULTING TEXT CHANGES TO THE 2006-2016 COMMUNITY PLAN

The Assistance to Industry and Commerce in Gisborne Policy doesn't appear in the 2006 - 2016 Community Plan, therefore there will be no change to the Community Plan from the revocation of that policy, as such. The change to the Community Plan will be that the policy:

Volume II, page 122 "RATES: Remission of Rates: Economic Development" will be removed.



Amendments to the 2006-2016 Community Plan



Revised Ten Year Funding Impact Statement



Revised Ten Year Funding Impact Statement

This statement sets out the information required by Schedule 10 of the Local Government Act 2002, together with additional information provided to assist ratepayers in understanding the indicative impact of the Plan.

The revenue and financing mechanisms to be used by the Council, including the estimated amount (excluding GST) to be produced by each mechanism, are as follows:

	2007 \$000	2008 \$000	2009 \$000	2010 \$000	2011 \$000	2012 \$000	2013 \$000	2014 \$000	2015 \$000	2016 \$000
General Rates	3,172	3,314	4,008	4,306	4,305	5,489	5,485	5,265	4,185	4,015
Uniform Annual General Charges	9,118	9,440	9,827	9,691	9,001	10,625	10,624	10,674	10,495	11,223
Targeted Rates:										
District Loans	518	584	616	640	654	661	664	658	615	560
Roading	6,732	7,090	7,052	7,489	7,550	7,878	8,107	8,059	9,981	10,764
Non Subsidised Roothing	110	113	118	122	133	150	169	170	179	186
Passenger Transport	150	157	164	170	177	183	190	196	202	209
Regional Development Roothing	84	98	98	84	84	84	84	84	84	84
Planning	891	858	1,032	887	907	923	940	957	971	994
Pest & Plants	759	786	829	824	843	859	874	889	902	913
Stock Control	29	38	94	73	74	75	76	77	78	78
Rural Fires	321	340	355	344	352	359	367	376	449	452
Soil Conservation	692	744	727	742	659	660	724	704	742	723
Nursery & Reserves	-6	-3	5	5	5	6	6	7	7	8
Stormwater	1,461	1,565	1,724	1,782	1,856	1,974	1,997	2,074	2,168	2,186
Water Resources	865	887	930	933	954	975	995	1,013	1,029	1,045
Parks & Reserves	2,282	2,371	2,486	2,507	2,577	2,637	2,691	2,744	2,791	2,827
Gisborne City Wastewater	3,272	3,414	3,374	3,462	5,923	7,499	7,555	9,205	9,356	9,367
Te Karaka Wastewater	51	53	55	57	59	61	63	64	66	67
Makaraka Wastewater	0	0	0	0	99	119	119	118	118	117
Gisborne Water Supply	2,168	2,261	2,555	2,604	2,685	2,870	2,870	2,927	3,085	3,083
Te Karaka Water Supply	47	49	51	53	55	56	58	59	61	62
Whatatutu Water Supply	35	18	20	39	40	41	43	44	45	46
Rural Townships Water	70	0	0	0	0	0	0	0	0	0
Waste Management Collection	1,504	1,559	1,783	1,827	1,873	1,920	1,968	2,017	2,067	2,119
Ruatoria Refuse Collection	29	37	50	52	53	54	56	57	59	60
CBD Security Patrol	47	49	76	51	53	54	55	56	57	58



Revised Ten Year Funding Impact Statement

	2007 \$000	2008 \$000	2009 \$000	2010 \$000	2011 \$000	2012 \$000	2013 \$000	2014 \$000	2015 \$000	2016 \$000
Heart of Gisborne	180	186	186	196	201	206	210	214	217	221
Wainui Foredune Protection Scheme	33	54	36	34	38	42	40	44	47	44
Tourism	313	315	317	326	334	342	349	355	361	367
Economic Development	201	209	202	215	220	224	228	232	235	238
Drainage	388	409	424	438	448	457	464	472	483	488
Te Karaka Land Drainage	51	50	49	49	48	48	47	46	46	45
Waipaoa River Flood Control Scheme	200	195	239	200	203	194	235	201	205	185
Waste Water Capital Rate	1,245	1,557	1,868	2,198	2,509	0	0	0	0	0
Total Rates Funding:	37,012	38,797	41,350	42,400	44,972	47,725	48,353	50,058	51,386	52,834
Gov't Grants & Subsidies	21,477	22,354	18,570	16,621	13,638	15,069	14,811	15,452	16,023	16,845
Other Revenue	10,302	10,870	11,357	12,400	11,493	12,532	13,593	14,836	22,705	12,769
Dividends	1,500	1,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Interest Received	126	159	165	171	179	189	200	212	196	196
	70,417	73,680	72,442	72,592	71,282	76,515	77,957	81,558	91,310	83,644
Other Capital Expenditure Funding										
Asset sales	1,700	1,841	500	1250	1000	250	250	250	250	250
Reserves	6,827	4,932	7,146	14,478	7,812	10,325	11,708	7,548	15,900	10,698
Loans	3,003	3,817	5,504	16,149	8,941	4,789	4,591	2,026	2,134	1,542
	11,530	10,590	13,150	31,877	17,753	15,364	16,549	9,824	18,284	12,490
TOTAL REVENUE & FINANCING	81,947	84,270	85,592	104,469	89,035	91,879	94,506	91,382	109,594	96,134

Note: Other revenue includes Water-by-Meter Charges and Council Fees and Charges.



AUDITORS HEALTH WARNING

Matters relating to the District Council's adopted amendments to the LTCCP subsequent to this report

This report dated 26 June 2008 relates to the Long Term Council Community Plan (the LTCCP) for the 10 years commencing 1 July 2006, approved by District Council on 29 June 2006 and the adopted amendments to the LTCCP approved on 28 June 2007. Subsequent to this, the District Council adopted amendments to its LTCCP for the 10 years commencing 1 July 2006 to adopt a new Development Contribution Policy, to adopt a revised Treasury Management Policy, to cover the details associated with not proceeding with the development of the Mander Road landfill, to change the wastewater treatment plant process technology from the activated sludge plant to a consent compliant process and to revoke the Assistance to Industry and Commerce in Gisborne Policy and the related Rates remission Policy: Economic Development on 26 June 2008. The District Council has not prepared an amended LTCCP that incorporates the amendments adopted on 26 June 2008. Consequently, to form a view of the LTCCP of the District Council, the content of the LTCCP to which this report relates should be considered in conjunction with the District Council's adopted amendments. There is no legislative requirement for us to report on the adopted amendments and we have not done so.

Matters relating to the electronic presentation of the report to the readers of the Long-Term Council Community Plan

This report relates to the LTCCP of District Council for the ten years commencing 1 July 2006 which was approved by District Council on 29 June 2006 and amended on 28 June 2007 included on the District Council's web-site. The District Council is responsible for the maintenance and integrity of the District Council's web site. We have not been engaged to report on the integrity of the District Council's web site. We accept no responsibility for any changes that may have occurred to the LTCCP since it was initially presented on the web site.

The report refers only to the LTCCP named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the LTCCP, including the adopted amendment to the LTCCP published by the District Council and which has not been incorporated with the content of the LTCCP to which this report relates. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the LTCCP incorporating volumes 1,2 3 and 4 approved on 29 June 2006 (and as amended on 28 June 2007) and the related audit report dated 29 June 2006 to confirm the information included in the LTCCP presented on this web site.

The preparation and dissemination of the LTCCP is governed by New Zealand legislation.

