

Mangawhai EcoCare Minutes 1999 – 2010

25 August 1999

10.1 Mangawhai Infrastructural Assets Study : 3822.0

A report from the Regulatory Support Officer regarding the Action Plan for the implementation of the Mangawhai Infrastructural Assets Study, was circulated.

The Action Plan was a direct result of the extensive and thorough public consultation process undertaken and there would be one final round of public meetings to give the public the opportunity to sight the document and make any final comments.

Resolved Bull/King

That the Regulatory Support Officer report be adopted; and

That the action plan, as set out below, be implemented

- a) *Consider the draft report at a Council workshop;*
- b) *Make copies of the summary of the report available to the public;*
- c) *Public Consultation meeting in Mangawhai;*
- d) *Iwi Consultation*
- e) *Formally receive the Report*
- f) *Implementation of Plan Changes;*
- g) *Development of Infrastructural Assets*
- h) *Finance*

Reason for the decision

The adoption of the action plan is the commencement of the implementation of the report on the Mangawhai Infrastructural Assets Study.

22 September 1999

5.2 Matters Arising from the Minutes

5.2.1 Mangawhai Infrastructural Assets Study : 3822.0

Item 10.1 referred

Circulated was a report from the Regulatory Support Officer and the Manager Community Assets that discussed the advancement of the recommendations of the report on the Mangawhai Infrastructural Assets Study. The General Manager spoke to this matter and advised that a public meeting had been set for 25 September in Mangawhai. This would outline the final Beca Stevens report and enable the course of action required to be set.

Resolved King/Bull

That this report be received and the measures in the report be implemented.

Reason for the decision

To advance the Mangawhai Infrastructure Assets Report and provide or upgrade existing assets for the controlled growth of Mangawhai and for the protection of the environment.

24 May 2000

5.1 Implementation Mangawhai Infrastructural Assets Strategy : 3807.4

Circulated was a report from the Assets Leader on the implementation of the Mangawhai Infrastructural Assets Strategy.

The following recommendations came out of a meeting to discuss implementation attended by the Mayor, Deputy Mayor, Cr Roberts, General Manager, Policy Leader and Asset Leader.

The need to keep the community informed was emphasised.

Resolved Bull/Bishop

That the Project Management of the Mangawhai Infrastructural Assets Implementation be tendered.

That the Project Steering Team be comprised of the Project Manager, Deputy Mayor, Cr Roberts, Assets Leader and both Mayor and General Manager ex officio.

That expressions of interest be called for members of the Community Advisory Group. There will be three to five unpaid, volunteer positions.

That Council agrees to staff developing a proposal for Council's consideration regarding a bylaw regulating the installation and maintenance of effective septic tanks.

That Council inform the Mangawhai community of the above decisions

Reason for the decision

To ensure the effective implementation of the Mangawhai Infrastructural Assets Study.

28 June 2000

5.1 District Plan Changes - Mangawhai Planning Study, Mangawhai Infrastructural Assets Study, Rural Subdivision Review and Kaipara Harbour Fringes Planning Study : 3807.04

A memorandum from the Policy Leader was circulated and copies of the Draft Changes had been circulated with the agenda. Council endorsement was sought for three Draft District Plan Changes prior to their release for informal public consultation and comment.

Resolved King/Bishop

1. *That the Draft District Plan Changes arising from the Mangawhai Planning Study, Mangawhai Infrastructural Assets Study, Rural Subdivision Review and the Kaipara Harbour Fringes Planning Study be received.*
2. *That the Draft District Plan Changes be adopted for informal consultation with the community.*
3. *That community comments on the three Draft Changes close at 4.00 pm on 16 August 2000.*
4. *That copies of the Draft Changes be made available for viewing in Council's Kawaka and Dargaville Offices and local libraries.*
5. *That copies of the Draft Changes be available to the public at a cost of \$10.00 (GST inclusive) per copy and \$25.00 (GST inclusive) for a set of all three Draft Changes.*

Reason for the Decision

The Draft District Plan Changes address issues arising from various studies carried out between September 1997 and August 1999. Once the Draft Changes have been adopted, informal consultation can begin.

27 September 2000

1.2 Project Manager Mangawhai Infrastructure Implementation : 4505.0

Circulated was a report by the Assets Leader and Regulatory Support Officer (see Attachment 1) on the evaluation of the tenders received for the Project Management of the Mangawhai Infrastructure Implementation.

Resolved Roberts/Newlove

That the Project Management of the Mangawhai Infrastructure Implementation be awarded to Beca Carter Holling and Ferner at a cost of \$617,000.

Reason for the decision

Beca Carter Holling and Ferner is the preferred tenderer and their cost for project management is reasonable

Public Excluded Minutes - 22 August 2001

8.1 Mangawhai EcoCare Project (AL): 5102.04

Circulated was a report on the evaluation of the expressions of interest received for the Mangawhai EcoCare project (see Attachment 2).

Mr Brent Johnston, Principal of Beca Carter Hollings and Ferner Ltd and member of the evaluation team were at the meeting and presented the report and answered questions from Councillors.

Mr Johnston was commended on the quality of his report.

Resolved Bull/Roberts

That Council confirms that Northpower, Simon Engineering and Tyco proceed to the Request for Proposal Stage for the Mangawhai EcoCare project.

Reason for the Decision

The Northpower, Simon Engineering and Tyco confidently addressed the selection criteria and showed superior understanding of the project and the concern of the Mangawhai community, including Council requirements and expectations.

February 2002

3.1 Mangawhai Eco-Care Project - CEO 4505.01

Council had requested that a review of the process to date be presented at this Council meeting. Following advice of the interest of many Mangawhai residents and ratepayers in attending the meeting to hear this presentation. It was decided that a Special Council Meeting would be held in Mangawhai

A discussion was held that clarified the status of the meeting. It was agreed that this is a presentation of a review of the process to date not a review of decisions made during that process. Should Councillors wish to reconsider previous decisions of Council there was a clear process for doing so.

The procedure for re-opening debate on a previous decision of Council was outlined.

Resolved King/Rogan

That a Special meeting of Council be held at 10am on Saturday 16 March 2002 at the Mangawhai Recreation Centre, Insley Street, to enable Council to be presented with the details of the consultation and decision-making process of the Mangawhai EcoCare Project.

Reason for the decision

This would make it easier for more Mangawhai residents and ratepayers to attend the meeting to listen to the presentation

28 August 2002

8.2 Mangawhai EcoCare Project - CE 4505.01

(see Attachment 3)

Resolved King/Radd

That Simons Engineering (Australia) Pty be offered Preferred Proponent status for the Mangawhai EcoCare Project to enable detailed negotiations to take place before a final recommendation is brought forward to Council, subject to Simon Engineering (Australia) Pty;

- (a) *accepting that being awarded Preferred Proponent status does not constitute being awarded the contract and Section 13 of the Request for Proposal (RFP) continues to apply.*
- (b) *acknowledging the ability for Council to consider the provision of some equity or funding.*

Reason for the decision

Simons Engineering have provided a proposal which more closely meets Council's criteria than the other two proponents short listed for the project.

22 January 2003

8.2 EcoCare Project - CE 4505.01

A report and recommendation from the Project Steering Committee was tabled (see Attachment 4).

The Group met on Friday 17 January 2003 to consider the impacts of the enactment of the Local Government Act 2002 and the announcement of the Sanitary Works Subsidy Scheme.

Local Government Act

The impacts of the Local Government Bill were, in summary: -

- Local government must own water and wastewater infrastructure and there was a 15 year limit on operating contracts.
- A Build, Own, Operate and Transfer project was outside the intention of the legislation.
- The Bill as originally drafted allowed the EcoCare Project to proceed but changes made in December 2002, just prior to enactment, removed this ability to proceed. We were unable to make submissions on this change.
- Council's resolution of August 2002 to reserve its rights in relation to the financing of the project, which had been accepted by the preferred proponent, enabled Council to consider other financing and ownership options.
- Council was able to proceed with a Design, Build, Finance and Operate option with operations over a 15 year term and financing over a term of 15 years or longer, possibly 30 years. However, this did mean that Council's Treasury Policy would not be complied with.

The Project Steering Group was concerned that the Government may not intend some of the impacts of the legislation. These included removing a financial instrument that would enable communities to afford, and councils to own over time, such infrastructure. It was also likely that Government was not aware of how it had disadvantaged the ratepayers of Mangawhai by removing a BOOT process from the tools available to the community at such a late stage in the process.

Treasury Policy

A key driver behind the use of a Build, Own, Operate and Transfer was to provide the Mangawhai Community with an affordable wastewater scheme that would eventually be owned by Council and to meet the borrowing guidelines of Council's Treasury Policy. That Policy indicated that, under conventional approaches, Kaipara did not have the capacity to borrow sufficient funds to fund this project.

Council had however identified that it wished to review this and had identified that debt segmentation may provide the answer to this problem. The key issue for Council being the ability of the consumers to pay rather than the constraints of what could be considered to be an artificially constructed Treasury Policy.

Council may have to consider this project as an exception, for sound reasons, to its Treasury Policy.

Subsidy Scheme

The subsidy scheme announced by the Government had a significant implication for Council. It required a district wide contribution to the capital cost to match the subsidy provided by Government. This was required because the Government believed if there was a national benefit justifying subsidy there must also be a district benefit. This contradicted Council's funding policy, which required the users of such infrastructure to meet all costs.

Council potentially had a number of communities that would require wastewater schemes and may benefit from subsidy. However for this to occur Council must alter its funding policy. If it wished to consider this it should signal it now so a paper could be prepared for Council's consideration. This did not need to stop the EcoCare Project proceeding, and applying for subsidy on the basis of being withdrawn if Council's funding policy cannot accommodate it.

The Mangawhai Scheme would qualify for subsidy but it was not possible to estimate the amount of subsidy that may be available from the \$15 million pool announced by Government to be funded in the next budget round.

Resolved Bishop/Taylor

- 1 ***That negotiations proceed initially to:***
 - *Secure best risk weighted financing arrangement possible from ABN Amro; and then*
 - *Compare it with Council's interest rates (risk adjusted) to determine most appropriate approach; and then*
 - *Complete negotiations with Simon Engineering (SEA) based on outcome of the above.*

Resolved Mayor/Bishop

- 2 ***That negotiations now proceed based on a 15 year maximum operating period and a range of financing options that may include a 25-30 year financing period, and a residual value if appropriate.***

Resolved Bishop/Taylor

- 3 *That further consultation is undertaken relative to the proposed funding arrangement including elaborating on the respective role of Simon Engineering (SEA) and Council in the management of services, performance standards, pricing and strategic directions including the application for Sanitary Works Subsidy Scheme (SWSS) grants.*

Resolved Taylor/Alspach

- 4 *That:*
- *Council considers its position relative to question of district wide subsidies to eligible participating communities, as it is likely that most communities within Kaipara who currently do not have reticulated sewerage schemes will qualify notwithstanding that their priority rankings may be substantially different.*
 - *A parallel approach is adopted relative to the Sanitary Works Subsidy Scheme (SWSS) guidelines; with a submission under the current SWSS guidelines being submitted as a matter of urgency to register Mangawhai under the scheme whilst a negotiation strategy be developed to lobby government to modify the guidelines.*

Resolved King/Bishop

- 5 *That negotiations continue with the Preferred Proponent in accordance with the framework outlined above.*

Resolved Bishop/Taylor

- 6 *That Council notes the revised method of funding the EcoCare Project as recommended by the Project Steering Group breaches its current Treasury Policy and accepts this recognising that the most important factor is the ability of the community to pay for the scheme and its operations and this is to be part of further consideration of this project by Council. In addition Council is considering amending its Treasury Policy to enable communities who are able to meet the costs of such infrastructure to fund that infrastructure by way of loan.*

Reason for the decision

The resolutions provide Council with a way of moving forward with this project that builds on the work carried out to date while taking into account the requirements of the Local Government Act 2002. It also recognises the impacts of Council's Funding and Treasury Policies while recognising the need to consider all options to establish the best solution for the community, the District and the environment.

The process also recognises the commercial and other risks, as outlined in the attached report, faced by Council and the actions needed to mitigate these.

Public Excluded 28 May 2003 (not confirmed in open meeting)

Mangawhai EcoCare Project Update - CE 4505.01

A report and recommendation prepared on behalf of the EcoCare Project Steering Group was circulated for Council's consideration (**see Attachment 5**). The Group, together with Bruce Holden, met on Friday 2 May 2003 to consider the rating options arising from the project now that Simon Engineering and AMB Amro have provided financial options based on 5,10,15 year financing period and varying levels of principal repayments over these periods.

In addition an outline of Statement of Proposal was agreed to form the basis of a draft for consideration of council as part of the special consultative process required by the Local Government Act.

Resolved Alspach/Russell

That a draft Statement of Proposal be prepared for Council's consideration prior to consultation based on the following options:

- Finance**
- 5 year term
 - Interest only
 - 15/40 of loan as residual at end of 25 year period

- Funding**
- startup fees to be paid over two years
 - Startup fees: Existing \$1,200 + GST
Future \$14,400 + GST

Physical connections

- owners responsibility
- list of authorised contractors to be provided
- connections to be made before the system is operational

Division recorded 10/1

For: Crs Alspach, Bennett, Bishop, King, Radd, Russell, Taylor, Tiller, Weston

Against: Cr Rogan

Resolved Mayor/Russell

- 1 **That** Council endorses the summary outline as the basis for the Project Steering Committee to:
 - a) Prepare formal Statement of Proposal as proposed in the attached draft;
 - b) Conclude negotiations with Simon Engineering and ABN Amro in accordance with this proposal and report to Council;
 - c) Resolve the preferred disposal option with Simon Engineering; and
 - d) Formalise a start date of either 12 or 18 months construction start date.
- 2 **That** Council continues to pursue the Sanitary Works Subsidy Scheme (SWSS) application in parallel with the EcoCare project; and
- 3 **That** the Statement of Proposal be referred to Council prior to release.

Reason for the decisions

The above recommendations provide Council with a way of moving forward with this project that builds on the work carried out to date while taking into account the requirements of the Local Government Act 2022. The process also recognises the commercial and other risks faced by Council and the actions needed to mitigate these. The attached provides further detail of these issues.

23 July 2003

3.2 Mangawhai EcoCare Project : Statement of Proposal - CE 4505.01

Further to Council's meeting of 28 May requesting a draft Statement of Proposal be prepared, a report from the Chief Executive was circulated, seeking a decision on whether or not the Council wishes to proceed. The requested draft and associated papers were also circulated.

Council was unhappy with the quality of the document in relation to typing errors and readability. Council also stressed the importance of any delays being communicated to the affected people.

Resolved Tiller/King

That Council formally adopt the Mangawhai EcoCare draft Statement of Proposal and Summary of Proposal for public consultation pursuant to Section 83 Local Government Act 2003; and

That the proposed consultation programme be approved, subject to minor corrections and the inclusion of a disclaimer to emphasise the dates are indicative and linking the payments to the completion.

Reason for the Decision

Council, and its EcoCare Project Steering Group and Community Liaison Group, have considered all information available and concluded that a community wastewater scheme is required in Mangawhai. The Council is also satisfied that the proposal received from Simons Engineering is the best proposal received and will deliver the outcomes required of the project. The Statement of Proposal and Summary of Proposal fairly and adequately represent the proposal and the consultation programme will enable the community and individuals to put their views to Council. These views will then be taken into account before Council makes any decision.

Cr Rogan requested his vote against the resolution be recorded.

8.1 EcoCare Project Management - CE 4505.01

(see Attachment 6)

Resolved Tiller/Taylor

That the proposal from Beca/EPS to manage this project through to commercial acceptance or earlier termination be accepted.

Reason for the Decision

This proposal will provide Council with a cost effective way of achieving the outcome it desires. To take an alternative approach will not only put the project at risk, it will also be likely to involve the Council in additional expense in familiarising new project managers with the project.

Cr Rogan requested that his vote against the resolution be recorded.

22 October 2003

4.1 Mangawhai EcoCare Project, Hearings Committee Recommendations – CE 4505.01

Circulated was a report from the Chief Executive. The report outlined the process followed by the Hearings Committee established to hear submissions made pursuant to Section 83, Local Government Act 2002.

It also contained the Committee's recommendations by Council following the consideration of all submissions. The Committee concluded that the need for the project still remained and it should proceed with some minor amendments.

Council expressed their pleasure at having progressed to this point and dealing with an issue that had been the subject of bitter debate in the Mangawhai community for 20 years.

Resolved King/Radd

1 *That the Council endorse the Hearings Committee recommendations:*

1.1 *Can the terms current and future ratepayer be reviewed:*

That the terms current and future ratepayer be amended to current and future section; and

That the definition apply from the date of the Council decision to proceed; and

That a current section is a section with separate titles at the date of the Council decision.⁽¹⁾

Note : Current title is as at the date Council gives approval for issue of title. This overcomes any delay in the issuing process that is beyond Council control.

1.2 *Can the boundaries of the drainage district be amended?*

That all rural residential areas be included within the Drainage District; and

That all rural areas be excluded from the Drainage District; and

That provision is made to extend the Drainage District if required to include large developments proposed within a rural area and where connection to the community system will be required; and

That negotiations are conducted with the proprietors of the Riverside Camping Ground to determine interest in connecting at their cost to the community scheme.

1.3 *Can a harbour levy be imposed?*

That the Council does not adopt the suggested imposition of a Harbour Improvement Levy.

1.4 Can a more detailed reticulation plan be provided?

That Simons be authorised to commence detailed design planning once contract is signed; and

That sewerage reticulation principles be included in the Project Plan; and

That general sewerage reticulation plans to be included in the Resource Consent application.

1.5 Can Council provide transition arrangements for those building houses and for subdividers?

That for people currently building:

If a Code Compliance Certificate is required then the property must comply with the Current Consent and have installed a “complying sewerage treatment system” as defined by the Northland Regional Council; and

That for Subdividers:

Be provided with a set of rules for developing their sections and connection to the community system; and

Be required to install appropriate internal infrastructure to connect new sections to community system; and

Be levied a Future Section Start Up fee of \$16,312.50 (GST Inclusive) for each new section in their sub division at the time of Consent.

1.6 Will Council vary its exemption policy for Mangawhai EcoCare Project?

That Council retain existing Council policy regarding hardship provisions and not apply exemptions to the Mangawhai EcoCare project; and

That composting toilets be permitted subject to Council approval of specific location.

1.7 Can the treatment plant site and final disposal site be altered?

That both of these issues to be resolved in negotiations with Simon Engineering after contract signing.

1.8 Should water supply, stormwater services and/or undergrounding of power supplies be included?

That Council maintain its current position but investigate and obtain cost estimates for undergrounding of power supplies option.

1.9 Should Council wait until SWSS decision is made?

That Council proceed and continue to maintain the SWSS application.

1.10 Are the treatment standards high enough?

That this issue be resolved in negotiation with Simon after contract signing.

1.11 Has Council considered the "hidden" costs of connecting houses to the community scheme?

That Council retain its current position and this issue be re-examined once SWSS decision is known and detailed design is in progress.

2 *That the Council resolve the application of additional pan charges; and*

3 *That the EcoCare Project continue as outlined in the project plan – this means signing an agreement with Simon and Simon applying for resource consents to enable the project to proceed.*

Reason for the decision

The need for the project remains. The environmental, cultural, social and economic well-being of the community have been considered and balanced and it is believe this project will provide the best outcome for Mangawhai, the District and the natural environment. Finally, after considering all submissions received in the consultation process undertaken, pursuant to Section 83 Local Government Act 2002, there was no information which questioned the need for the project.

Pan Charges

In relation to pan charges Council discussed the recommendation on page 24 of the Business Papers that pan charges be:

Residential	1-3 pans	483.75
and commercial	1-3 pans	483.75
	4 pans	588.75

This was moved by Cr King and seconded Cr Radd. The motion was put and **Lost**

Resolved Rogan/Tiller

That there be a flat charge for residential properties and that non-residential be charged an annual rate per pan.

17 December 2003

3.5 EcoCare Pan Charges - C&SL 4505.04

In response to a presentation at its November 2003 meeting by representatives of the Accommodation Industry, Council agreed to re-consider its resolution of 22 October 2003. In October Council resolved to charge all non-residential users an annual charge (\$483.75) per pan per annum.

If there was a change to the resolution it will require a Policy change. Council had a number of wastewater schemes and charges were applied to each, in accordance with Policy 15 (Targeted Rates) of Council's Rating Policy which stated that a uniform annual charge would be applied per commercial WC or urinal other than specific educational establishments.

This Policy had been through a formal consultation process and if there was to be a change it would need to be subject to a special consultation process.

In developing this policy Council wanted to avoid the cost of visitors being a burden on the private users which is of particular concern in the coastal areas where there is a huge increase in population during the summer months.

Resolved Alspach/Mayor

***That** Council reaffirms its resolution of 22 October 2003 that there be a flat charge for residential properties and that non-residential be charged an annual rate per pan.*

Reason for the decision

This was in line with Council's Rating Policy and Council felt the Policy was administratively simple, understandable and equitable.

25 February 2004

6.1 Mangawhai EcoCare Project : Confirmation of Preferred Proponent and Agreement to Proceed - CE 4505.01

(see Attachment 7)

1 Resolved Tiller/Taylor

***That** Council confirms it wishes to proceed with the project and enters into a contract with Simon Engineering for the Design, Build, Fund and Operation of a Community Wastewater Scheme for Mangawhai subject to the following:*

- (a) The Risk Profile adopted by Council is maintained.*
- (b) The total cost of the project does not exceed \$17.6 million.*
- (c) Terms of the Term Loan Agreement do not change and do not restrict Council from prudently managing the remainder of Council's operations.*
- (d) The Chief Executive reports to Council, through the Steering Group, on the terms and conditions prior to final signing.*

Reason for the decision

The proposal by Simon Engineering is acceptable to Council and maintains the financial and risk profiles already adopted by Council following the final special consultative process.

2 Resolved Tiller/Taylor

That Council reconfirms the funding regime proposal previously adopted for the Mangawhai EcoCare Project:

NO	CLASSIFICATION	ONE OFF CHARGES		TOTAL	PAN CHARGES	
		Uniform Standard Charge	Development Charges		Residential	Non Residential
1	Current Section	\$1,450.00	\$0.00	\$1,450.00	\$483.75 per Section	\$483.75 per Pan
2	Future Section Resource Consent & Title Issued Prior to 1/7/04	\$1,450.00	\$14,862.50	\$16,312.50	\$483.75 per Section	\$483.75 per Pan
3	Future Section Resource Consent granted prior to 1/7/04 but title not issued.		\$16,312.50	\$16,312.50	\$483.75 per Section	\$483.75 per Pan
4	All other Future Sections		\$16,312.50	\$16,312.50	\$483.75 per Section	\$483.75 per Pan

Reason for the decision

The proposed regime has been legally checked and complies with all statutory requirements while being the proposal considered most appropriate by Council following its deliberations during the special consultative process.

3 Resolved Tiller/Taylor

That Council utilises the provisions of Section 80, Local Government Act 2002 and treat the debt of the Mangawhai EcoCare Project as an exemption to its Treasury Policy.

Reason for the decision

Council has clearly identified that the debt level created by the Mangawhai EcoCare Project is inconsistent with its Treasury Policy because it pushes Council's debt levels beyond the parameters set in the Policy. It is not Council's intention to amend its Policy because the project is self funding and financially sustainable over the life of the project.

4 Resolved Tiller/Taylor

That Council not finalise the use of the Sanitary Works Subsidy Scheme (SWSS) funding at this time but endorse in principle its use towards:-

- (a) Physical household connection costs.
- (b) Provision of limited additional capacity in sewer networks and treatment plant.
- (c) Reduction of current Start Up Fees
- (d) A contingency.

Reason for the decision

The use of subsidy is better determined following the signing of a contract with Simon Engineering and when final construction costs are known. There are two major contingencies, the first being the consenting costs and the second the final disposal site.

Cr Rogan recorded his vote against the resolutions 1, 2, 3 and 4.

Public Excluded Minutes – 25 August 2004

7.1 Mangawhai EcoCare Project Documentation

Chief Executive **File 4505.01**

A report by the Chief Executive, and its associated papers, were circulated (**see Attachment 8**).

Since commencing this project in 1998 Council had undertaken a comprehensive and exhaustive consultation process that had seen a very high level of acceptance of the need for a community wastewater scheme in Mangawhai.

The key drivers for the project were the protection of the harbour, affordability and protection of community health.

Following the acceptance of Simon as the preferred proponent there had been a robust and strenuous negotiation of the contract document. This had now been completed and the original costs to the users as advertised in the Statement of Proposal can be achieved. Following a clarification of the terms and conditions of the contract there was a consensus that it should proceed.

A vote of thanks was extended to Brent Johnston of BECA and Peter Elliot of EPS Consultants for steering Council through this process.

Resolved **Alspach/Tiller**

That the contract documentation as drafted and agreed between Simon Engineering and Kaipara District Council be executed and the Mangawhai EcoCare project proceed; subject to a final decision from the Chief Executive and Finance Leader as to repayment of Council fees, which is to be advised to Council.

Reason for the decision

The contract documentation reflects the principles adopted by Council for the EcoCare Project and the needs of the community for an affordable and effective wastewater scheme that will deliver both health and environmental benefits to standards that are acceptable to both the community and the regulators.

Note: It was more cost effective to proceed with the project financing for Council fees. This information has already been forwarded to members of Council.

Public Excluded Minutes: 26 January 2005 (not confirmed in open meeting)

9.1 Mangawhai EcoCare Project Update

Chief Executive File 4505.01

Chief Executive's report January 2005: Item 3.2.2 (Pg 11) referred **(see Attachment 9)**.

The Chief Executive explained that until the Due Diligence process of HWE currently underway was completed, the Contract could not be signed. Brent Johnston of Beca was present to answer questions from Council.

Simon Engineering was not in breach of agreement as preferred proponent because this Council gave approval for it to enter into renegotiation.

An update by the Chief Executive was coming before the March 2005 Council meeting, which will then be able to identify timeframes for Brent and his team to go through the final contact.

Public Excluded Minutes : 23 February 2005

8.3 Mangawhai EcoCare Project : Preferred Proponent Status

Chief Executive 4505.03

Further to the decision to rescind Simon Engineering's Preferred Proponent status it had been confirmed that both Earthtech Engineering Ltd and Northpower had expressed interest in pursuing the project in a competitive environment where both parties were aware they have been awarded Preferred Proponent status. Both parties acknowledged the change in the approach from BOOT to DBFO and had undertaken an initial review of the current Project Deed.

Both had indicated some areas of concern or issues that required clarification and they both understood that they would be compared throughout the negotiations and that undue delays, cost uncertainty, failure to be able to make decisions or resolve issues may cause their status to be terminated throughout the negotiation process.

In addition the administrator of HWE may also be approached with offers to assume some contracts or tenders in which case an alternative offer may arise if either or both Earthtech and Northpower failed to meet Council's expectations.

The intention was to offer preferred proponent status to both bidders and to continue negotiations until a clear preferred candidate emerged in which case negotiations may proceed in more detail with the favourite whilst continuing to retain the other as a preferred proponent. Alternatively, one of the bidders may indicate at an early date, terms which could be accepted. This was not expected to take too long but it was thought important that the Council retained competitive pressure on price and commercial negotiations for as long as possible.

Also it was proposed to incorporate all existing documentation as far as practicable, and ABN Amro indicated they were interested in proceeding with finance on similar arrangements as they had in place with SEA, with either Earthtech or Northpower.

Circulated for Council's information was a draft of the letter offering preferred proponent status. Within the letter of offer to both parties was included a set of acknowledgements or commitments that both parties were required to undertake and again failure to accept these conditions would be a test as to priority of negotiations.

Resolved N Tiller/Taylor

That Council awards both Earthtech and Northpower Preferred Proponent status to enable initial discussions to commence with both parties separately.

Reason for the decision

This will enable the project to proceed with as little disruption as possible. The process is in terms of the request for proposals issued when the project was seeking offers of interest, which were short-listed to provide detailed proposals. These bidders were the other short-listed proponents and in terms of the Contract documentation were still available for consideration.

23 March 2005

3.11 Mangawhai EcoCare Wastewater Treatment Scheme - Clarification of
Development Contributions Policy : Proposed Amendment to the 2004/2014 Long
Term Council Community Plan

Chief Executive 4505.06

The Kaipara District's Long Term Council Community Plan 2004/2014 (LTCCP) contained a Policy on Development and Financial Contributions outlining how additional or new infrastructure which was required by growth was to be funded. The development contributions policy for Mangawhai EcoCare Wastewater Treatment Scheme, which had been prepared in accordance with the requirements of the special consultative procedure and the Local Government Act 2002, came into effect on 1 July 2004.

It had recently been brought to Kaipara District Council's attention that some parties sought to interpret the policy on development contributions for Mangawhai EcoCare Wastewater Treatment Scheme ('Scheme') in a way that was not in accordance with the Policy or Council's intent.

The Policy and Council's intent was that in the case of subdivisions granted resource consent from 1 July 2004, the developer pays a development contribution towards the Scheme for future sections within the identified drainage district, before the issue of the subdivision conditions certificate, rather than future section purchasers being liable for this development contribution.

Kaipara District Council's legal advice was that for the avoidance of doubt, the policy on development contributions for Mangawhai EcoCare Wastewater Treatment Scheme should be amended to clarify the different categories where development contributions were payable by a developer. A development contributions policy may only be changed as an amendment to the Long Term Council Community Plan and must follow the special consultative procedure in accordance with the Local Government Act 2002. Accordingly, a statement of proposal, summary of information, letters and public notice had been prepared for notification. These documents were reviewed by Council's lawyers. The statement of proposal will be sent to ratepayers within the Mangawhai drainage district. The summary and the statement of proposal will also be publicly available, as well as public notices placed in the Mangawhai Memo and the Northern Advocate. A draft timeline had been included for Councillors' information.

Resolved Underwood/Smith

That Council approves the release of the "Statement of Proposal - Clarification of Development Contributions Policy for Mangawhai EcoCare Wastewater Treatment Scheme" as a proposed amendment to the Long Term Council Community Plan 2004/2014 for formal submissions, in accordance with the special consultative procedure required by the Local Government Act 2002.

Reason for the decision

The Kaipara District Council wishes to avoid any doubt as to the application of the policy for development contributions for Mangawhai EcoCare Wastewater Treatment Scheme. The clarification will not result in any change in the way that the Policy is applied to landowners or developers.

24 August 2005

2.1 Public Excluded - Mangawhai EcoCare – Offer of Service, Earth Tech Engineering Pty Limited

Chief Executive 4505.1

Since Council awarded preferred proponent status to Earth Tech Engineering Pty Limited (Earth Tech) negotiations on the Project Deed, Tripartite Deed in relation to finance, Schedule P: Financial Model and Schedule A – Project Plan had been ongoing. This culminated in a four-day session at the Auckland Offices of Bell Gully, commercial legal advisors to the project, with a representative of Earth Tech and a lawyer from the American parent company Tyco as well as the financiers ABN Amro as required.

At the conclusion of the meeting the Tyco lawyer advised that she had been able to recommend the project as agreed to the company's treasury for acceptance but it needed to go through a formal process to meet the company's governance requirements. The financier (ABN Amro) also required a final review. It had not been completed prior to the publication of the agenda for the Council meeting of 24 August 2005.

The Contract documentation as agreed had been drafted and was held by Bell Gully in a "locked down" form. Provided Tyco treasury and ABN Amro accept the project as recommended these will be the documentation for the Contract.

As outlined in the workshop held before consideration of this item the Contract provided for a construction price of \$26,264,000 and a tolling arrangement that delivered an annual charge of \$711,050 based on the scope as currently agreed. The Earth Tech offer for operating cost toll was significantly better than SEA as it was for up to 1970 allotments whereas SEA had been fixed for some 1,300 allotments. The final offer from Simon Engineering was for \$567,000 but would also by now be indexed by say 5% to \$595,000.

As previously indicated this was significantly higher than the previous offer from Simon Engineering due to a number of factors including:

- Higher initial capital cost
- Inflation since June 2004
- Increased financing costs due to increases above.

Earth Tech had maintained their pricing structure in line with their original bid however they had increased their price to acknowledge increased sub contract pricing and some \$0.5M of costs not previously included in their bid.

In developing the project the impact of these increases had been assessed against the proposed development charges and rates together with the rapid increase in allotments established.

This modelling had indicated that with some additional funding via the Sanitary Works Subsidy Scheme (approx \$3M) the level of charges can be maintained as indicated at the Council Workshop In June 2005. It had been noted that this project was also likely to qualify for additional subsidy under the upgraded subsidy scheme announced by the Prime Minister at the Local Government Conference

A final report on the use of subsidy and management of the construction project will be completed for Council consideration once the deal had been done with Earth Tech and the resource consent issues and final disposal site had been discussed with Earth Tech.

The detail of the Project along with the funding models had been fully explained to Council at the workshop that preceded the Council meeting. The funding model will be dealt with as part of the Development Contributions policy item and had been considered by Council in a public item following this item. As part of the negotiation process ABN Amro had offered a total facility of \$31 million. This had been reviewed by the project team and was considered appropriate. It was necessary for Council to resolve to accept the facility.

Resolution One Underwood/Mayor

***That** Council accepts the draft offer from Earth Tech and the Chief Executive be delegated authority to accept the final proposal provided it does not differ adversely from the draft documentation considered by Council; and*

***That** the Contract with Earth Tech is accepted subject to the gaining of the resource consents required by the Contract documentation, to Council's satisfaction, to enable the project to proceed and the adoption of the Council's funding proposals pursuant to the Local Government Act 2002.*

Reason for the decision

The proposal from Earth Tech meets the Council's requirements and complies with the criteria adopted following widespread and intensive consultation with the community.

Carried without dissent**Resolution Two Underwood/Mayor**

That Council accepts the borrowing facility to a maximum of \$31 million as offered by ABN Amro to fund the construction of the project in terms of the Contract deeds and schedules.

Reason for the decision

The Facility meets the needs of the Council and complies with Councils requirements for the EcoCare Project.

Carried without dissent**Resolved Underwood/Mayor**

3.1 Mangawhai EcoCare Development Contribution Policy

Policy and Planning Manager 4505.06

A report by the Policy and Planning Manager was circulated. This report outlines the issues relating to the Policy on Development Contributions for the Mangawhai EcoCare Wastewater Treatment Scheme, and proposed a way forward to address those issues

Resolved N Tiller/Smith

That Council suspends the application of its existing Policy on Development Contributions for the Mangawhai EcoCare Wastewater Treatment Scheme ('EcoCare') pending the adoption of a revised Policy on Development Contributions for EcoCare.

That a statement of proposal amending the Long Term Council Community Plan 2004/14 and associated documentation for a revised Policy on Development Contributions for EcoCare is prepared in accordance with the Local Government Act 2002 requirements.

That the development contribution remains at \$14,940.00 excluding GST (\$16,807.50 including GST) for the period up to the first review.

Reason for the decision

To ensure that a revised Policy on Development Contributions for EcoCare is robust and to provide a development contribution that is supported by the model on a conservative basis. To meet the requirements of the Local Government Act 2002 and to help achieve community outcomes for Mangawhai and the Kaipara District.

24 October 2005

4.2 Outline of Draft Statement of Proposal – Mangawhai EcoCare

Planning and Policy Manager **4505.06**

Circulated under a separate cover was the Outline of the Draft Statement of Proposal for Mangawhai EcoCare. A covering report prepared by the Policy and Planning Manager was also included.

Resolution One **N Tiller/Smith**

***That** Council confirms the direction in the 'Outline of Draft Statement of Proposal - Mangawhai EcoCare' with its preferred option being a combination of Option A and Option C.*

Reason for Decision One

For Council to consider the issues and options in the preparation of the final Statement of Proposal for Mangawhai EcoCare. In addition, to ensure that the requirements of the Local Government Act 2002 are appropriately addressed and to help achieve community outcomes for Mangawhai and the Kaipara District. This option is considered the most prudent given the uncertainty around subsidy for this project and because the final costs for the project are not finalised.

Resolution Two **N Tiller/Smith**

***That,** in regard to the Mangawhai EcoCare Project, any subsidy not required for increased costs arising from consent process or disposal will be applied to reducing the connection and/or capital costs.*

Reason for Decision Two

For Council to consider the issues and options in the preparation of the final Statement of Proposal for Mangawhai EcoCare. In addition, to ensure that the requirements of the Local Government Act 2002 are appropriately addressed and to help achieve community outcomes for Mangawhai and the Kaipara District. This option is considered the most prudent given the uncertainty around subsidy for this project and because the final costs for the project are not finalised.

22 February 2006

3.2 Mangawhai EcoCare Statement of Proposal and Draft Policy on Development Contributions for Mangawhai

Policy and Planning Manager **4505.06, 3807.01.03**

The Mangawhai EcoCare Statement of Proposal and the Draft Policy on Development Contributions for Mangawhai were included in Council's business papers. The report by the Policy and Planning Manager considered the latest changes and sought Council to confirm the Mangawhai EcoCare statement of

proposal and the Draft Policy on Development and Financial Contributions for release as part of the Draft Long Term Council Community Plan 2006/16. The Draft Development Contributions Policy essentially related to the Mangawhai EcoCare project and the arterial and collector road network servicing the Mangawhai area.

The report, Statement of Proposal, and Draft Policy on Development and Financial Contributions, were discussed in detail and amended for clarity where necessary.

It was noted that on-going communications with the Mangawhai community developers would also happen as part of this process. That document would be available to the public in a clearer format.

Resolved Sutherland/Smith

That Council adopts the Mangawhai EcoCare Statement of Proposal for release as part of the Draft Long Term Council Community Plan 2006/16 process.

That Council adopts the Draft Policy on Development and Financial Contributions for release as part of the Draft Long Term Council Community Plan 2006/16 process.

Reason for the decision

To ensure that the Mangawhai EcoCare project is appropriately funded and meets the requirements of the Local Government Act 2002.

Both the Mangawhai EcoCare project and Mangawhai roading will assist in achieving community outcomes for Mangawhai and the Kaipara District.

The Draft Policy on Development and Financial Contributions for Mangawhai EcoCare and Mangawhai roading is expected to result in developments contributing their fair share to the capital work requirements that they generate.

Public Excluded Minutes : 24 May 2006

7.1 Mangawhai EcoCare Project - Implementation of Contract

Chief Executive 4505.00

The circulated programme and budget (**see Attachment 10**) prepared by Beca for the implementation stage of the EcoCare Project, had been informally considered by Council at a Workshop earlier in the year. It was accepted as appropriate and included in the Statement of Proposal and its budgets for EcoCare that was publicly notified as part of the public consultation process for *Kaipara's Future - Working Together*.

However, Council had not specifically considered the item and, although it could be considered to be adopted as part of the Statement of Proposal, it was considered Council should formally adopt the proposal.

Resolved Underwood/N Tiller

That Council adopts the proposal from Beca for the management of the implementation phase of the EcoCare Project.

Reason for the decision

The Management Proposal will provide Council with the necessary management skills for the implementation phase of this project. This is an extension of the contract awarded for the development of the project and will provide the appropriate accountabilities for Council. It also provides an appropriate public liaison mechanism.

7.2 Mangawhai EcoCare Project - Final Disposal Site

Chief Executive 4505.0

EarthTech had completed its search for a suitable effluent disposal site. It had seriously considered the following options; Mangawhai Sand Dunes, Mangawhai Park, Mangawhai Golf Course, Lees Property (freehold), and Bygrave Property (discharge only)

The sand dunes were not favoured because of geological information and likelihood of water appearing on the beach creating a poor public perception. Mangawhai Park and the Golf Course were not chosen because of limited capacity and the difficulty of permanent re-use on the Golf Course. Finally the Bygrave property had not selected because a term of only 10 years was proposed and this was considered inadequate security. None of these properties had the advantages of the Lees property.

The Lees Property was a 208 hectare farm situated on Browns Road. The amount of land required for EcoCare was of the order of 50 - 60 hectare. The purchase price was \$4,750,000 plus GST.

The issues for Council were: -

- The need to technically prove the site
- The use of the balance of the property
- Funding the purchase

The agreement signed was subject to a four month due diligence period that will allow Council to address each of these issues. A full report will be made to Council for ratification.

The property had the potential to provide a disposal site for Kaiwaka effluent as well as providing for the increasing demand from Mangawhai. It can also provide significant open space to assist Council to achieve the objectives of its Open Space Strategy. The farm contained a significant bush block, which will also be able to be preserved, potentially through a QEII covenant.

Circulated for information was a copy of the draft sale and purchase agreement which had been negotiated with the vendors.

Resolved Taylor/Sutherland

That Council approves, in principle, the purchase of the Lees property as the final disposal site for EcoCare; and

That a full report on : -

- The technical acceptability of the site
- The use of the balance of the property, and
- Funding the purchase.

Be provided to Council to enable it to finally approve the purchase.

Reason for the decision

Initial investigations indicate that the Lees property is the best site available for the final disposal site for effluent from the EcoCare project and that the Council needs further information before it can finally approve the purchase of the property. (Note: Earth Tech has provided a confidential technical report that supports this recommendation.)

Public Excluded Council Minutes : 23 August 2006

8.1 Mangawhai EcoCare - Disposal Site Purchase

Chief Executive 4505

Council were aware through previous papers circulated to them that the purchase from Mr and Mrs Lees had been under debate. This had also been tied up with Council's conditions on a subdivision that they were undertaking on another part of their farm.

The Lees had found that the standards they were adopting for the road upgrading would not meet Council standards. An estimate by Bartleys, a roading consultancy, had suggested that the additional cost to bring the road up to Council's standard was \$302,721.90 to which fees of \$30,000 had to be added.

The Lees were saying this increased the value of the property Council was buying by providing high quality access right around the property. Consequently they were now asking for this amount to be added to the purchase price.

Council was a very willing buyer as this property provided an ideal solution for disposal and also provided significant bush open space in an area where there was a shortage of such space as identified in the Reserves and Open Space Strategy. The Lees in the past had said if they cannot get the money they require from the land they would withdraw from the sale, something they could do.

The purchase cost was now \$5,113,396.90 made up of the original purchase process, \$4,750,00, plus negotiated real estate fees \$30,675 and the additional figure now being requested, \$332,721.90.

The ability of the Council to realise the potential of this property would require additional funds to be spent on it, however it was noted that there would be revenue abilities available from this land at a later date.

Resolved N Tiller/I Tiller

That subject to due diligence, the Council agrees to the requested total purchase cost of \$5,113,396.90 for the Lees property for the Mangawhai EcoCare Project effluent disposal site.

Reason for the decision

The property provides an ideal solution for the disposal of effluent from the Mangawhai EcoCare project while also providing the community with significant open space and bush in an area where there is a shortage of such space. The Council retains the right to do due diligence before finally committing to the purchase.

26 September 2006

4.2 Mangawhai EcoCare Project: Sizing and Growth Assumptions

Chief Executive 4505.0

One of the final recommendations that Council considered before the project parameters could be finalised were the sizing and growth assumptions. Circulated was a report from BECA Consultants which described the assumptions recommended and how the design of the project can accommodate variations from those assumptions.

The selected growth rate was a pragmatic assessment based on observation, rate of development and building consent applications along with changes in the external environment such as the development of ALPURT 2.

Resolved Taylor/Sutherland

That the BECA report entitled "Mangawhai EcoCare Sizing and Growth Assumptions" of September 2006, and its growth and sizing recommendations be adopted; and

That Council accepts the proposal as designed by Earth Tech, adopting the 2014 nominal flows as the basis for the design of the Reuse site and requests Earth Tech to formally submit its Resource Consent on this basis and also provide detailed pricing for this option as a Council Modification.

Reason for the decision

The report outlines growth assumptions which are acceptable in the uncertain development environment and the sizing is able to cope with a reasonable level of change in the actual growth that occurs.

Public Excluded Minutes : 25 October 2006

2.1 Mangawhai EcoCare Project

Chief Executive 4505.1

A report from Beca/EPS (see Attachment 11) providing full details of the proposed EcoCare scheme, its capital costs and its funding regime, was circulated separately.

Representatives of Beca and EPS presented to Council and the report was discussed. The Beca and EPS representatives answered Council's questions.

The following is an outline of the Beca representatives presentation:

Part One : Contents:

Changes to Contract

- **Legal Change (Deed Amendment)**
- **Scope Change (Modification to Meet Requirements)**

Deed Amendment:

- Contract had a 12 months period to achieve "Commencement" (26 Oct)
- Contract contained a "Budget" of \$1.752Milliion for completion of Detailed Design and consent Preparation
- Earth Tech has performed excellently and has completed Detailed Design and lodged Consents at a cost of \$1.52 Million.
- The work during this Preliminary Period obliged Earth Tech to use "Best Endeavours". This has been done.
- Substantial Growth has Expanded Design Scope and Increased complexity
- Both Parties can agree to Extend "Commencement Date"
- Best Estimate for Consent Process completion is late March 2007.
- Earth Tech Proposal
 - 1 Extend "Commencement Date" to 26 March 2007 (5 months)
 - 2 A Further budget Allowance of \$330,000 be set to complete Plant Design, Consents Process and extended ABN financing facility (Increase Budget from \$1752 Million to \$1.85Milliion or +\$0.1 Million on previous budget)
 - 3 Earth Tech be paid \$1.52 Million expended to date (Plus interest commencing 26 October 2006) at first of :
 - Consents issued
 - 26 March2007
 - Action ledged in the Environment Court

Scope Change:

- Water Reclamation Facility
- House connections
- Extended Reticulation areas
 - Moir Point, Jack Boyd Drive, Sands and the Village
- Additional work within existing reticulated area
- Escalation
- Basically double original scope

Reticulation Change:

- Now includes the Sands Estate, Jack Boyd Drive and majority of Moir Point area and within the Village

- Additional work required within the previous reticulated area
- System is now capable of servicing some 3,000 sections (Originally 1,216)

Treatment/reuse Change:

- 11 Km transfer pipeline to Lees Farm
- Storage dam on Lees farm
- Irrigation available for adjacent farms and other uses such as golf course
- Additional treatment at the Water Reclamation Plant to ensure Sustainable Reuse
- Longterm Sustainable Solution

House Drainage and Plumbing Changes:

- Earth Tech to inspect properties and confirm initial drainage options
- Advise residents of any internal work required to bring up to standard (KDC presence/liaison)
- Earth Tech to undertake work up to nominated point and make connection where possible
- Owner responsible to complete any required works above the nominated point.

Operating Costs:

- Operating Costs have remained relatively stable
- Small increase due to additional treatment required at Treatment Plant
- Needed to meet higher standard of irrigation water

Modification Approach:

- Earth Tech haws provided estimated costs for all additional works (Conservative approach)
- Work to be completed using competitive subcontracting on an "actual cot" basis
- Approach provides flexibility for KDC to negotiate other irrigation uses (Golf Club, Bygraves, others) to reduce costs to the community
- Also provides flexibility to amend marginal service areas if necessary.

Recommendation:

- Earth Tech request is reasonable under the circumstances
- Deed Amendment has been drafted and reviewed by Bell Gully

Part Two : Contents:

Project Update

Scope Changes

Rates and Charges

- Key Parameters
 - Interest rates
 - Future Section Numbers
 - Scenarios
 - Outcomes
 - Next Steps

Project Update:

- Resource Consent has been lodged

- Will be notified on 1 November 2006 subject to process, expect resource consent to be issued in March 2006 as discussed Modification will impact the project scope and potential rates and charges.

Scope change:

- Water Reclamation Facility
- House Connections
- Extended Reticulation Areas
 - 1 Moir Point, Jack Boyd Drive, Sands and the Village
- Additional work within existing reticulated area
- Escalation
- Basically double original scope

Water Reclamation Facility:

- Strategy is:
 - Build 11 km transfer pipeline
 - Construct storage dam on Lees farm
 - Irrigate Bygraves farm (abuts Lees)
 - Retain Lees farm for future irrigation and additional storage as required (Future Proof)
 - Continue to seek additional irrigation uses
 - Requires additional treatment at the Plant
- Option to develop Lees farm is uneconomic (Costs \$8Million, Revenue \$3.5 Million)
- Lees farm will provide some open spaces but may be required for future irrigation

Reticulation:

- Now include the Sands Estate, Jack Boyd Drive and majority of Moir Point area and within the Village
- Additional work required within the previous reticulated area
- System is now capable of servicing some 3,000 sections.

Impact on Rates and Charges:

- Key Paramaters that impact Rates and Charges
 - Capital costs
 - Operating Costs
 - Number of sections
 - Interest rates/finance charges

Capital Costs:

- Increased Capital Costs of Modification

	Original Capex	Add Retic	Extra Treat	Disp Site	Land	House Pipes	Future Capex	Total Project Costs
Additions		5125	430	5670	5000	2500	1500	
Cumulative Capex	26400	26400	31525	31955	37625	42625	45125	46625

Capital Costs Detail:

Element	Low (\$000s)	Mid (\$000s)	High (\$000s)	Most Likely (\$000s)
Original Capex				26,400
Additional Capital Expenditure				
Extension to Reticulation Area	4,545	4,820	5,155	4,545
Amended work within reticulated networks	360	400	440	360
Treatment Plant Modifications/Disinfection	430	430	473	430
Transfer Line to Disposal Site	2,244	2,550	2,805	2550
Bygraves Irrigation works	300	300	600	300
Storage Dam	2,538	2,820	3,105	2,820
House connections	2,350	2,500	2,500	2,350
Additional Capex Approx 2014	1,500	2,000	2,500	1,500
Escalation to Feb 2007	1,284	1,424	1,582	1,284
Thelma Road Upgrades – Provision Only	50	75	100	100
Subtotal	15,550	17,243	19,157	16,238
Farm Purchase Price Allocated to EcoCare	5,000	5,000	5,000	5,000
Total Additional Capex	20,550	22,243	24,157	21,238
Revised Capex				47,638
Council Charges and Finance Fees				10,126
Total Project Costs				57,764

Interest Rates:

- Interest rates are potential variable
- KDC Margin has been fixed
Underlying interest rate can vary
- ABN Amro are investigating alternative lower cost options including fixing rates, offering bonds
(increased funding requirements creates opportunities)

Future Section Numbers:

- The number of Future sections within Drainage District is key variable
- Current model is based on 3,300 after 25 years
- Current numbers based on current plus developments already submitted total some 2,800
- 3,300 now appears very conservative.

- Further development pressure is expected:
 - Potential rezoning
 - Increased residential density
 - Drainage District boundaries
- An example is Estuary Estates (500 lots) Refer to General Map
- Number of sections could expand to approximately 6,000
- Potential Changes

Table of Potential Lots Mangawhai				
Estimated Current Sections	1,296			
Plus	Existing Development	New Development in Area	Rezoing in Area	New Development outside Area
North Immediate to Surf Club	45			
Jack Boyd Drive/Sands Estate Area	590	40	570	
Moir Point	285	180	300	
Old Waipu Road Area	4	150		
New Dev North of Moir Point	236			
New Dev opposite Old Waipu	34			
Village Area	294	170		
Estuary Estates				500
North/North West Drainage Area				950
Sub total	1,488	540	870	1,450
Cumulative total	2,784	3,324	4,194	5,644

- This will require consideration of planning issues and community expectations
- No changes required immediately
- For strategic modelling purposes only have used:
 - 4,000
 - 4,500
 - 5,000
- Compared to Status Quo of 3,300
- Interim Process to manage areas adjacent to Drainage District:

"Any development that abuts the Drainage District to be required to connect to the EcoCare system at their cost as an extraordinary connection pending finalisation of zoning and planning issues"

Scenarios:

Output from the model for Mangawhai EcoCare				
Based on Most Likely Project costs			Varying number of Total Sections	
Development Contributions kept stable			Adjusting Uniform Targeted Rate	
Limiting Uniform Annual Charges increase to less than \$50,000				
	Most Likely Project Cost Scenario			
Number of sections inc in EcoCare after 25 years	4,000	4,500	5,000	Status Quo 3,300
Annual Growth Rate Required	2.4%	2.9%	3.4%	1.6%
Potential GST inclusive rates				
Uniform Annual Charges	\$697.50	\$697.50	\$697.50	\$697.50
Uniform Targeted Rate	\$11,950.85	\$9,090.41	\$6,766.19	\$17,276.28
Development Contribution	\$12,937.50	\$12,937.50	\$12,937.50	\$12,937.50
Previous GST inclusive rates (adjusted for CPI 3%)				
Uniform Annual Charges	\$648.90	\$648.90	\$648.90	\$648.90
Uniform Targeted Rate	\$7,068.38	\$7,068.38	\$7,068.38	\$7,068.38
Development Contribution	\$11,391.80	\$11,391.80	\$11,391.80	\$11,391.80
Change from adjusted previous GST rates				
Uniform Annual Charges	\$48.60	\$48.60	\$48.60	\$48.60
Uniform Targeted Rate	\$4,882.47	\$2,022.04	-\$302.19	\$10,207.91
Development Contribution	\$1,545.70	\$1,545.70	\$1,545.70	\$1,545.70

- mid range scenario produces following output

Proposed GST inclusive rates	
Uniform Annual Charges	\$ 697.50
Uniform Targeted Rate	\$9,090.40
Uniform Targeted Rate (Pre 23/3/2002)	\$ 4,290.40
Development contribution	\$12,937.50

Next Steps:

- Council to consider the paper and determine way forward:
 - Adopt a report
 - Proceed with the Lees Farm acquisition
 - Maintain existing boundaries but adopt interim management position
- Complete negotiations on Modification with Earth Tech
- Best manage resource consent process

The Chief Executive's circulated report was based on a conservative set of modelling parameters which was explained during the presentation. The parameters used had been adopted following a discussion with

the Mayor, Deputy Mayor and Portfolio holder. This discussion provided the staff and advisers with a sanity check before the report was finalised.

One of the prime reasons Council commenced this Scheme was to clean up the Mangawhai Harbour, and in doing so use a design that would get a resource consent.

There would be a dam of reclaimed water – this has a higher level of nutrients which if dispersed back into the harbour could cause unacceptable levels of algae bloom etc. The dam gives a natural way for the nutrients to drop out of supply and disperse into the ground over a period of time. It was asked if this water could be used for firefighting in Mangawhai.

Council has a deed of understanding regarding the lees property. There is a Sales and purchase agreement however it is not yet signed. When this item regarding the lees property comes before council, they wish it made clear that the premium that Council is paying is over the Government valuation. If no other use for the reclaimed water can be found, it will be dispersed on the Lees Property. The farm is an integral part of the wastewater scheme and will be owned, operated by Earth Tech.

Earth Tech will have a registered person ensuring that piping is up to standard. Piping will be installed by Earth Tech, then owned and maintained by the landowner.

At Council's request the consultants will look into the following and bring back to Council.

- Water rights - can the reticulated water in the dam be used for fire fighting?
- What is the premium over government valuation for the Lees property?
- Are landowners to get compensation on land for pipelines going over their property?
- Legal advice on whether Council is predetermining change to the District Plan or not. Risk advice – plan changes to achieve.
- Does \$57 million allow for the scheme that will enable 4,500 to 5,000 to be serviced?

Resolved Tiller/Underwood

That Council endorses the Deed Amendment and authorize the Chief Executive and Mayor to execute the document.

Reason for the Decision

The Deed Amendment has been drafted and reviewed by Bell Gully. Requests found therein proved reasonable under the circumstances.

Resolved N Tiller/I Tiller

That the Beca/EPS Report and the actions contained therein be adopted.

Reason for the decision

The proposal meets the Council and communities requirements for a community wastewater scheme for Mangawhai and is not significantly different to the proposal publicly notified with *Kaipara's Future - Working Together* (Council's Long Term Council Community Plan).

13 December 2006

4.4 EcoCare Sewerage Scheme : Determination on Notice of Requirement

Regulatory Manager **RM060216**

The proposed EcoCare Sewerage Scheme involved a series of applications under the Resource Management Act, mostly with reference to the Northland Regional Council's Soil and Water Plan. There was also an application to this Council in the form of a "Notice of Requirement"(NOR), which sought to designate the intended site of the treatment plant for sewage treatment purposes. The NOR had been publicly notified jointly along with the Northland Regional Council applications, with the regional body acting as the lead agency.

The usual practice where there are applications to both councils involved in the one proposal, was for the applications to be heard jointly by a committee with representation from both councils. This was the approach envisaged by the Resource Management Act. For applications where the Council itself was the applicant, the usual practice had been to arrange for an independent commissioner to determine the application.

In the case of EcoCare, given that the bulk of the applications were with the regional council, it would be a convenient way of demonstrating that Kaipara District Council had distanced itself from a possible conflict of interest, to appoint the regional council members who were conducting the hearing of the Northland Regional Council applications to also hear and determine the Notice of Requirement.

The Northland Regional Council had indicated it was agreeable to its Hearing Committee undertaking this role. At its November meeting it also finalised the membership of the Committee for this hearing. This was Councillor Lorraine Hill, who chaired the Northland Regional Council Hearings Committee and Councillor Craig Brown, who had the experience of several joint Northland Regional Council/Kaipara District Council hearings in recent years.

Resolved **I Tiller/Taylor**

***That** Councillors Lorraine Hill and Craig Brown be appointed to hear and decide the application for Notice of Requirement for the EcoCare sewerage treatment plant for the Kaipara District Council.*

Reason for the decision

The appointment of these commissioners will demonstrate a separation between the Kaipara District Council's role as regulatory body and as applicant. Councillors Hill and Brown are capable and experienced accredited "good decision makers" under the Resource Management accreditation scheme.

Public Excluded Minutes : 28 March 2007

9.1 Mangawhai EcoCare: Commercial Acceptance Arrangements

Chief Executive **4505.01**

Council's Consultants had been reviewing the Commercial Acceptance arrangements in the contract and identified the possibility of reducing the cost to Council. The circulated report from Beca Consulting and EPS (see Attachment 12) outlined the proposal and the consequences.

Resolved **Sutherland/Taylor**

That the acceptance of the proposed two-staged Commercial Acceptance has many benefits to Council EarthTech and the community. The testing regime will remain as originally envisaged (prior to house connections being included) and will remain vigorous and EarthTech will still remain at risk of non-payment for two significant commercial packages of \$32.4 million and then the second package of \$14.3 million.

Therefore the achievement of the \$322,154 in savings can be achieved while maintaining the risk profile and is recommended to be accepted provided that EarthTech or ABN Amro does not attempt to use this as a lever to re-negotiate the Project deed or the financing documents. Both parties have been advised if this occurs then Council will remain with the single Commercial Acceptance date.

Reason for the decision

The proposal minimises the cost to Council while providing adequate safeguards to ensure satisfactory delivery by EarthTech.

23 May 2007

7.5 Mangawhai EcoCare Project: Sewer Reticulation: Alpha Pacific Holdings, Taranui Place, Mangawhai

Chief Executive **4505.01**

A report from the Chief Executive was circulated relating to Alpha Pacific Holdings subdivision. The report also outlined the proposed procedure for the future. As subdivisions were approved in the EcoCare Drainage District there would be occasions where trunk sewer lines and alignments that differed from the subdivision requirements would be required for the EcoCare Scheme.

It was proposed to ask the developers to undertake the additional works with Council meeting the cost as part of the EcoCare Scheme. Such costs would be negotiated and approved by the Project Manger in conjunction with the Chief Executive. These would then be reported to Council.

Resolved **Underwood/Taylor**

That the information be received and confirmed; and

That this process be followed for future occasions where it is most effective and efficient for developers to install "EcoCare reticulation" as part of their development.

Reason for the Decision

To ensure least cost of the EcoCare project while minimising impacts on future property owners.

2 Public Excluded Minutes Part One : 26 September 2007

2.1 Mangawhai EcoCare Project Update September 2007 Modification 1

Chief Executive **4505.07**

Status: All appeals to the Environment Court had been resolved effective from 28 August 2007, therefore all Conditions Precedents required to be met under the Project Deed (Contract between Council and Earth Tech) had been met. The Project Deed was now live with both parties bound by its terms and conditions as well as the conditions of the consents issued by Northland Regional Council. This was the original Project Deed signed in October 2005 it did not include the Modification proposed by Earth Tech in October 2006 to cover the amended scope that was now required. This included the transfer pipeline, the winter storage dam and the additional reticulation now required. This Modification could not be formally agreed until Project Deed became active.

A Council presentation detailed current status including the negotiations with Earth Tech relative to Modification No 1.

Management of the current and future subdivisions was an ongoing issue as it may increase the costs of the project. Ongoing discussions with developers and their consultants was continuing to ensure all parties were aware of their responsibilities.

Next Steps:

- Negotiations with Earth Tech to finalise agreement on Modification 1 which would incorporate the previously advised changes in scope and price increases incurred since October 2005 will now be completed.
- Tripartite Agreement between Council, Earth Tech and ABN Amro would be signed to activate the necessary funding agreements.
- A separate report had been prepared for items Earth Tech were required to provide to Northland Regional Council and or Council as listed in the Resource Consent and or Designation.
- The Communication Plan would be reviewed and activated to ensure community and Council were kept informed of planned actions and their timing.
- Melanie Smith from Beca would commence her secondment to Council to act as Council Liaison Officer in Mangawhai during the design and construction stages.
- Earth Tech and Beca/ EPS International had sought final sub contract prices from a range of local contractors to undertake specific works. This would assist in driving potential savings under the Guaranteed Maximum Price.
- An Expression of Interest was being prepared to engage party to lease the Lees farm.

- A final application for the Sanitary Works Subsidy Scheme (SWSS) funding was being prepared including claim for first payment.

A copy of the summary report for September 2007, and a copy of the PowerPoint presentation to be given at this meeting by EPS Consultants, were circulated for information.

More accurate figures were circulated at the Council meeting because Earth Tech's subcontractor tender process had not been completed at the time of the agenda preparation.

Resolved **King/Taylor**

That in regard to the Mangawhai EcoCare Project, the Modification No 1 to the Earth Tech contract be adopted.

Reason for the decision

The modification reflects the changes made, and reported to Council during the development of the contract.

28 November 2007

5.1 Mangawhai EcoCare Project: Execution of Documentation with Earth Tech

Chief Executive 4505.07

Circulated was a report from Beca/EPS outlining the history of this project and advising that all issues had been dealt with and the project documentation could be executed by Council. Also circulated was the briefing PowerPoint shown at the workshop.

The project remained within the parameters adopted by Council and was recommended for signature.

Council noted the original project services 1,216 sections. This was the contract that was being signed. Further modifications would be negotiated as construction proceeds and this should connect a further 500 to 1,000 properties bringing the serviced total to increases of 2,000 properties. The treatment plant was capable of servicing beyond this level and future potential modifications would be brought to Council for consideration.

Resolved **Smith/Sutherland**

That the Mayor and Chief Executive be authorised to execute under seal the required project documentation with Earth Tech for the community wastewater scheme at Mangawhai known as Mangawhai EcoCare Project.

Reason for the decision

Council has a binding contract with EarthTech to develop and operate a community wastewater scheme for Mangawhai. The finally negotiated details reflect that contract and are within the parameters set by Council.

30 January 2008

5.4 Mangawhai EcoCare Hearings Committee Appointment: Objection Construction Works

Chief Executive 4505.01

A report by the Chief Executive was circulated discussing the appointment of an EcoCare Hearings Committee to hear unresolved objections to construction works on private property. Council was statutorily required to ensure all landowners affected by construction works on their property receive one month's notice of the intention to carry out that work. The property owners had rights to object to the proposal and, if these could not be resolved through negotiation, to have their objections heard by Council or a hearings panel appointed by Council. To date the EcoCare Project Team had issued some 1,200 notices within Mangawhai with seven objections being received to date of which three were expected to require a hearing.

Resolved Alspach/Geange

That Council appoints an EcoCare Hearings Committee to hear unresolved objections to construction works on private property; and

That the Committee to comprise two members:

- Chairperson Portfolio holder, Cr Taylor
- A Local Councillor Either Councillors Smith or Sutherland; and

That the Committee have delegated authority to make binding decisions on behalf of Council.

Reason for the decision

The suggested process will ensure early decisions are made on objections to the proposed works programme and will enable delays to construction to be minimised reducing cost and disruption to the Mangawhai community.

Public Excluded Minutes : 30 January 2008

8.1 Mangawhai EcoCare Project : Reuse Strategy

Chief Executive 4505.01

Circulated was a report by Beca/EPS International entitled *Mangawhai EcoCare Project: Proposal to Investigate Reuse Option January 2008 (see Attachment 13)* which detailed the strategy and potential commercial savings that may eventuate thus lowering the overall cost of the Mangawhai EcoCare Project by a potential \$500,000.

This saving may be achieved from the reduction of various aspects of the following existing elements included within the present Contract with Earth Tech:

· Transfer Pipeline	\$3.35 million
· Storage Dam	\$3.15 million
· Irrigation System	\$0.63 million
Total	\$7.13 million

Earth Tech's engineering, design and project management costs included in the above total approximately \$950,000. It was anticipated that some of these costs could be lowered by undertaking the recommended works.

The report was suggesting that Council engage Beca/EPS and RMCG, a specialist irrigation consultancy to prepare irrigation reports for the properties proposed by potential users of the reclaimed water from the EcoCare treatment plant. This was being proposed to ensure the potential users fully understand the benefits and the value of the reuse option, thus enabling negotiation for the best benefit to Council and its ratepayers.

It was a key element in this proposal that any reuse should reduce costs to ratepayers by either paying for the reclaimed water or providing infrastructure that replaced Council's infrastructure. The proposed budget for this work is \$75,000 and this would be met from the overall budget already approved by Council.

Resolved Sutherland/Taylor

That Council approves, in relation to the Mangawhai EcoCare Project, the commissioning of Beca/EPS International and RMCG to undertake an initial analysis and provide recommendations for the following:

- *Specialist investigation of the farms and Mangawhai Golf Course to establish a commercially balanced position relative to reuse which benefits both the end users and Council;*
- *Subsequent negotiations of the broad scope of possible reuse agreements with the various potential end users.*
- *That the re-use and lease project be managed by a Working Group comprising the Deputy Mayor, Cr Taylor, Project Director and Chief Executive.*

Reason for the decision

The report from Beca/EPS International entitled *Mangawhai EcoCare Project: Proposal to Investigate Reuse Option January 2008* details the strategy and potential commercial savings that may eventuate thus lowering the overall cost of the Mangawhai EcoCare Project by a potential \$500,000. This proposal will provide Council with a more robust negotiating position.

26 March 2008

4.5 Mangawhai EcoCare Rates and Charges

Chief Executive 4505.01

A report was circulated regarding Mangawhai EcoCare Rates and Charges for Council to consider the final rating figures Annual Uniform Charge, Targeted Rates and Development Contributions for the Mangawhai EcoCare Sewerage Drainage District.

The EcoCare Project continued to operate within Council's publicly adopted parameters. This had resulted in the Uniform Charge, Targeted Rate and Development Contribution being within the inflationary guidelines set by Council and accepted by the community.

Resolved Sutherland/Smith

That the following rates and charges be adopted for Mangawhai EcoCare and that the properties to be serviced in stage 1 be charged 4/12 of the appropriate Uniform charge and the total Uniform Targeted Rate spread over the 12 instalments of the 2008/2009 and 2009/2010 rating years:

Rates And Charges GST Included	Recommended Approach 4,500 sections
Uniform Annual Charge	\$ 692.90
Uniform Targeted rates	\$ 7,516.60
Development Contribution	\$ 12,183.80
Uniform Targeted Rates (pre 2002 Ratepayers)	\$ 2,654.10
Variation to Escalated Charges %	
Uniform Annual Charge	1.0%
Uniform Targeted rates	1.0%
Development Contribution	1.0%
Uniform Targeted Rates (pre 2002 Ratepayers)	0.9%

That ratepayers charged the \$7,516.60 Uniform Targeted rate be given the opportunity to pay this as an annual charge of \$517.60 for 25 years.

That the interest rates applicable to the Land Acquisition Facility and the for the construction period between Commercial Acceptance Date No 1 and Commercial Acceptance Date No 2 be fixed for the period up to August 2009.

That Council will review the targeted number of sections with each review of Kaipara's Future – Working Together (LTCCP) and have the targeted numbers reflected and figures remodelled if necessary.

Reason for the decision

The recommended rates and charges:

- Have been calculated using the model developed by PricewaterhouseCoopers (PwC) for Mangawhai EcoCare;
- Are within 1% of CPI escalation and hence are in line with community expectations;
- Are based on conservative long term estimates of section numbers at Mangawhai;
- Are consistent with previous methodologies adopted; and
- Is in line with previously recommended approaches by PwC New Zealand to be consistent with New Zealand legislation.
- Consistent with Council's adopted Policies.
- New Zealand Interest Rates are unlikely to fall until the last quarter of 2009 based on advice from Reserve Bank and ABN Amro.

27 January 2010

4.1 Mangawhai EcoCare Project: Servicing of Additional Areas and Rectification of Developer Installed Sewer System Issues

Community Infrastructural Assets Manager

4505.01

A report by the Community Infrastructural Assets Manager was circulated. The EcoCare project was originally tendered in March 2002 and final contract signed in December 2007. Due to considerable growth and expansion in Mangawhai many developer installed sewer systems required work to connect to EcoCare. This work was not part of the contracted EcoCare project.

An assessment of the work required to repair and connect various developer installed sewer systems to EcoCare has identified a range of issues. These included developer installed sewer systems being built to varying design and construction standards, sewers being installed incorrectly and in places damaged by heavy machinery traversing underground assets. There had also been ground movement and tree roots both causing damage to pipes. A number of developers and suppliers were working with Council and Water Infrastructure Group to repair and connect developer installed sewer systems. There were also a number of developers who were no longer in business and/or not willing to undertake the work required to connect to EcoCare. In some cases the bond had been retained

and a process needed to be followed to expend the bond on required repairs. In other cases there was no bond and Council needed to explore recovery proceedings.

Regardless, to ensure the integrity of the EcoCare system developer installed sewer systems needed to be repaired and connected as quickly as possible to keep costs to a minimum. The most cost effective option to do this was for the existing construction team to proceed with repairs and connections while they were still established in Mangawhai. The cost was estimated to be one million dollars. This will result in an increase in the initial capital cost of the project approved by Council in the original rating model in 2006. However, not undertaking the required work and connections will have a significant impact on rating revenues and future potential for growth in Mangawhai. This was a situation that required a decision to invest now resulting in those developments being cashflow positive in three to five years.

The assumptions in the 2006 financial model for Mangawhai EcoCare needed to be revisited. The world had changed substantially since the model was developed more than three years ago. The model will be updated to reflect actual costs and revenues to provide Council with a current financial position. It was intended to present this as part of the final report in April 2010.

Councillors raised concerns about the wastewater systems of some subdivisions in the Mangawhai area which had Council signoff and yet were not up to standard and could not be connected to EcoCare. Whilst some had incurred damage to their systems after signoff and others had been signed off prior to EcoCare, it appeared that a small number were substandard which raised questions about Council's process. It was noted that repairs were not required to the work for which Water Infrastructure Group was responsible.

Council asked that there be a reporting process put in place that set out how costs were to be recovered where possible.

Deputy Mayor Alspach said that whilst there were those that said Council's Engineering Standards were too tough, the need for Council setting such standard could be clearly seen in regards to this item.

Resolved Taylor/Alspach

That Council proceeds with connections and repairs to the developer installed sewer systems for connection to the Mangawhai EcoCare system that will achieve positive cashflow within three to five years and that Council recover costs where possible.

Reason for the Decision

To ensure the integrity of the Mangawhai EcoCare system is maintained.

24 February 2010

7.3 Mangawhai EcoCare Wastewater Scheme 16 January 2010

Governance Manager 4505.1

After attending the official opening of the Mangawhai EcoCare Wastewater Scheme on 16 January 2010, Mayor Semenoff of Whangarei District Council had written congratulating Kaipara District Council on '... completing an excellent piece of infrastructure...' . A copy of the letter dated 21 January 2010 was circulated for Councillors Information.

Resolved Alspach/Sutherland

That the information be received.