



**CENTRAL
HAWKE'S BAY**
DISTRICT COUNCIL

Council Workshop

Thursday, 8 February 2024

9.00am

Council Chambers,
28-32 Ruataniwha Street, Waipawa

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Order Of Business

1	Welcome / Karakia	3
2	3 Year Plan Budget Workshop	4

1 WELCOME / KARAKIA

2 3 YEAR PLAN BUDGET WORKSHOP

PURPOSE

These slides follow the previous Council workshop held on 1 February 2024 and were presented to Council in an open workshop on 8 February 2024.

The slides present further information on the proposed 3 Year Plan, including clarifications sought and questions received from Councillors at the 1 February workshop. This workshop also provided Councillors with the opportunity to provide further feedback on the 3 Year Plan, and the options available as the budget estimate has been developed.

At Councils 15 February 2024 meeting, Council will be asked to endorse the draft 3 Year Plan budget, and at this time they have the opportunity to debate and ultimately provide formal direction on the development of the draft 3 Year Plan budget, for Officers to continue its development.



3 Year Plan Budget Workshop

8 Feb 2024



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Agenda

10.30am	Workshop commences
	Introduction slides and updates
	Activity changes and updates
12.30pm	Lunch – new starter introductions
1.00pm	Further activity changes and updates
	Draft topics for consultation
	Wrap up of key actions
	Next steps – further information



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Overview

- Refresher on where we have come from
- Further work completed following 1 February Workshop in the following activities:
 - Land Transport
 - 3 Waters
 - Environmental Waste
 - Planning and Regulatory
 - Community and Leadership
 - Recreation and Community Services
 - Overheads and Org Costs
- Any other opportunities identified
- Key options
- Where have we landed?
- Next steps



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What success from today looks like

- Officers have sufficient feedback to develop the outline of the 3 Year Plan direction for endorsement at Councils 15 February Meeting
 - Overall endorsement of the general approach, options for consultation, which will then allow for the development of the Consultation Document, associated policies and supporting information
- Councillors have confidence in the extent of the budget review to move forward with the general approach and endorse the LTP



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This is a three-year plan for a reason

- We need to focus on the 3-year challenges ahead of us
 - Funding and Cyclone Gabrielle
- We have been given 3-Year 'Lite LTP' Legislation for a reason
- Need to ensure we are cautious our short-term decisions, don't impact long-term direction and strategy



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What we've already done to get to this point

- Returned to a 23/24 Annual Plan Baseline with minor additions
 - Identified savings across all of the activities already
 - Was already a 'focussed budget'
 - Retained a focus on core activities only
 - Removed all new activities (with the exclusion of Hazard/Risk reduction)
 - Deferred new staffing
 - Made over \$1m of operational savings
-
- Still not enough to achieve the major increases across key activities



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Scale of savings to achieve lower rates are not realistic

- A lower rating impact needs big cost reductions to have effect.
- Requires us completely stop some activities

To achieve a 20% increase we need to identify further savings of \$1.15m

To achieve a 15% increase we need to identify further savings of \$2.5m

To achieve a 10% increase we need to identify further savings of \$3.9m

- As context, the entire open spaces contract is \$1.1m



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Taking a focussed approach

Four key focus areas:

- Recovery
- Land Transport
- Critical Three Waters
- Hazard risk/reduction/resilience

- And everything else

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3 Year Plan Timeline

February 24	March 24	April 24
1 February Council Workshop	6 March Council Workshop	4 April Council Meeting
Formation of budget position risks/trade offs		Adoption of Consultation Document in advance of Consultation and Engagement starting
8 February Council Workshop	14 March Council Meeting	4 April – 5 May Consultation and Engagement Period
Continuation of formation of budget position risks/trade offs	Adoption of Significant Forecasting Assumptions LTP Programme Update Adopt Financial Strategy Adopt Infrastructure Strategy Adopt Significance and Engagement Policy	Key dates to be confirmed around public meetings
15 February Council Meeting	19 March Risk and Assurance Workshop	
Seek formal approval of draft budget position to assist in preparation of consultation document Revenue and Financing Policy for Adoption Treasury Management Policy for Adoption	Present draft Consultation Document	
29 February Council Workshop	20 March Council Workshop	
Community Affordability Forum Financial Strategy Infrastructure Strategy Development Contributions Policy Updated Levels of Service 3 Waters Bylaws Solid Waste Bylaws Significance and Engagement Policy	Present draft Consultation Document	

3 Year Plan Timeline continued

May 24	June 24
22 May Council Meeting	13 June Council Meeting
3 Year Plan Hearings	Adoption of 3 Year Plan
30 May Council Meeting	27 June Council Meeting
3 Year Plan Deliberations	Striking of Rates

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Further global model changes since 1 February

- Model still has further work to complete beyond Year 1
- **Rating for Renewals**
 - We've shifted from debt to rates funding progressively from year 3 to 8
 - This has had a notable increase across the latter years
 - We need to further refine this
 - Other debt to rates activities are also impacted – ie District Plan from Year 4
- No other changes to debt or loan lengths



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Where we've come from

- 14 November - 52%
 - All in Activity Managers recommendations
- By 23 November - 40%
 - Review and refocus of programmes
- 29 November- 35%
 - Further rephrasing of programmes, budgets to 23/24 AP baseline numbers
- 14 December 26.7%
 - Further refinements to 23/24 AP baseline numbers. No new additions.
- 8 February – 24.2%
 - Further changes and additions based on workshop feedback.

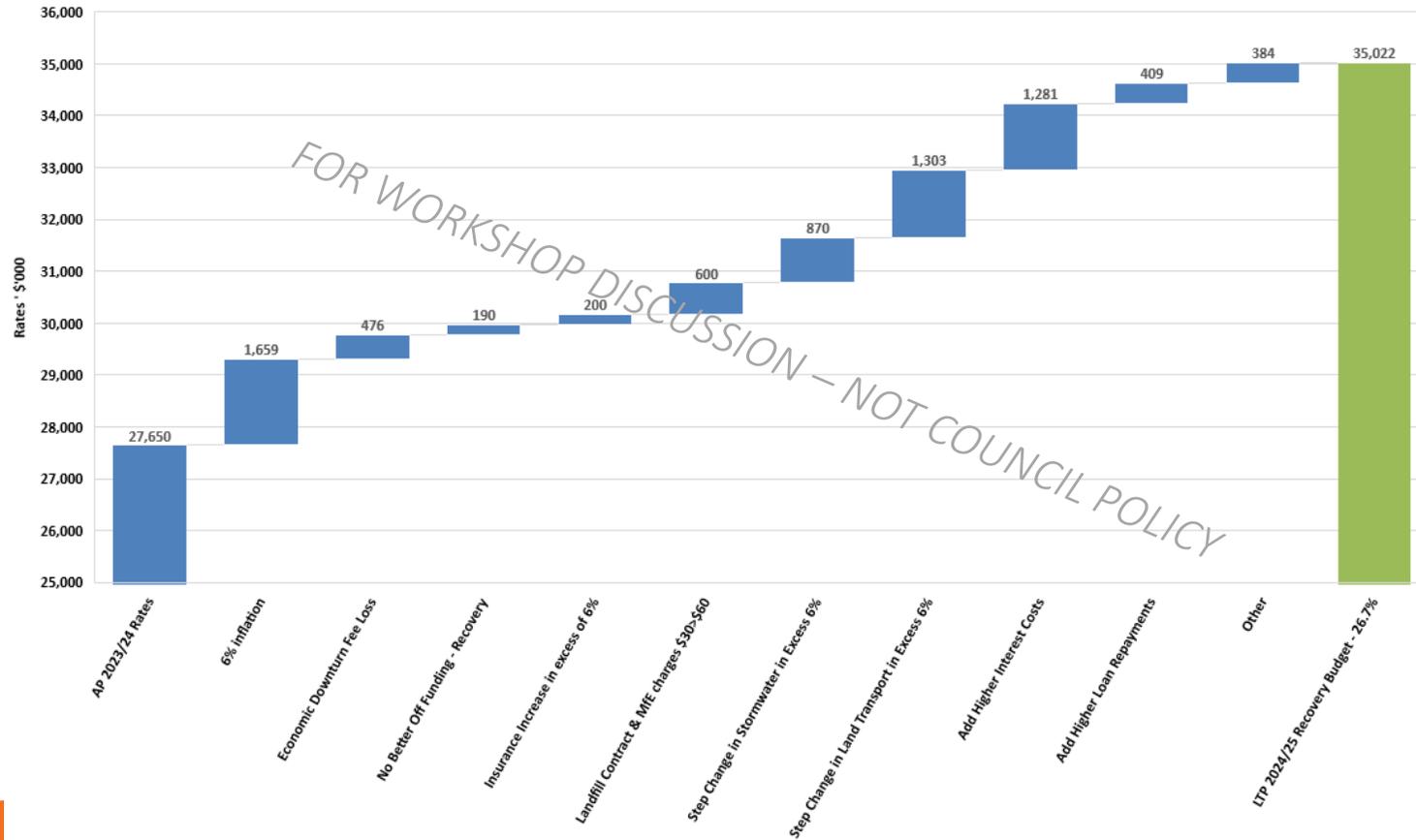


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The big drivers of cost

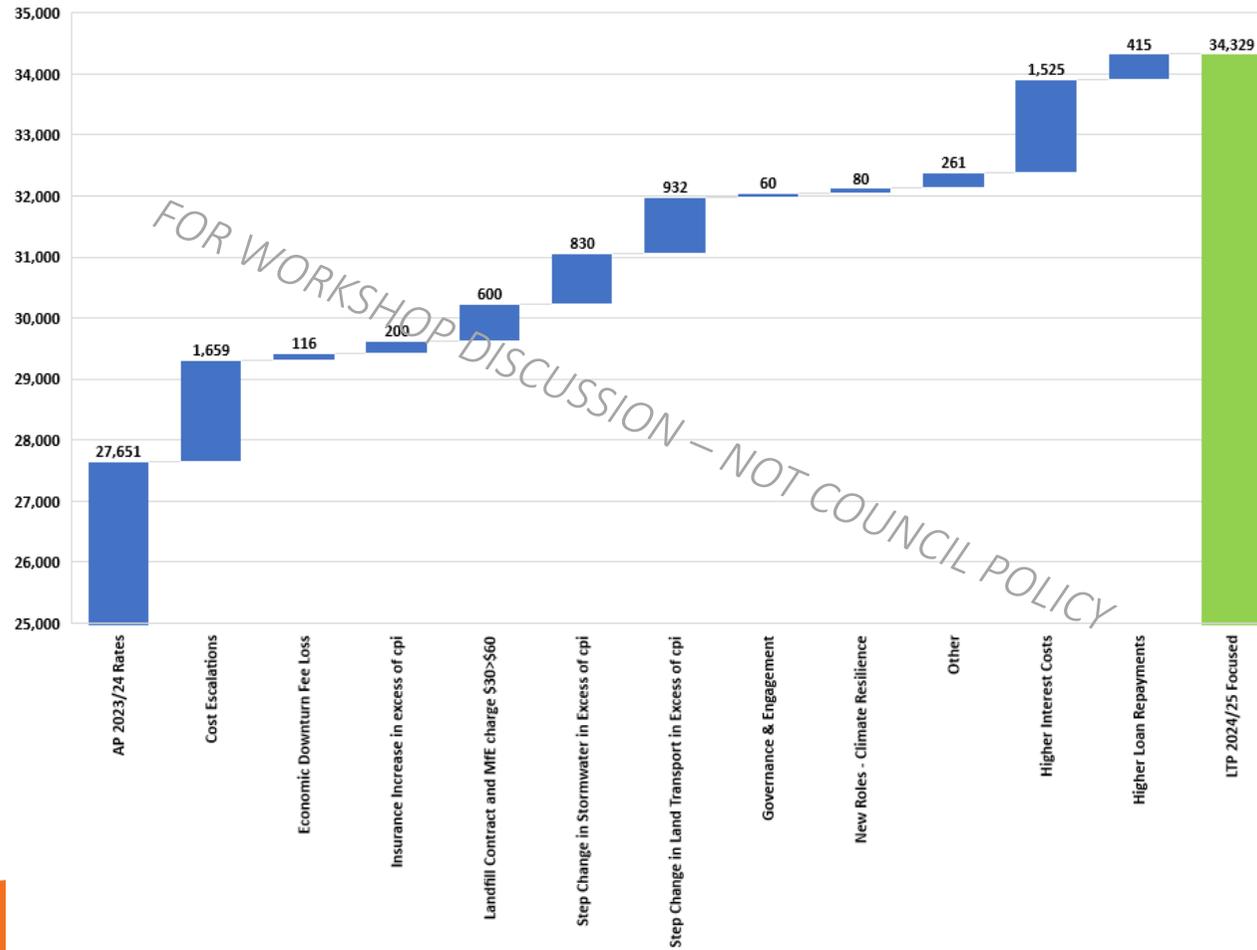
The drivers of cost as at 14 December (26.7%)



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The big drivers of cost

The drivers of cost as at 8 February (24.2%)



Latest rating numbers

- Continue to reiterate the need for us to seek alternate model for three waters
- Ten years – Three waters are still forecast to hit on average \$6,000 per connected household
- There is further work for us to continue to refine the model and confirm new rating implications over the ten year period.



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Ten Year Rating Implications

There is still further work to refine this total values

Type	Act 23/24 \$'000	LTP 1 24/25 \$'000	LTP 2 25/26 \$'000	LTP 3 26/27 \$'000	LTP 4 27/28 \$'000	LTP 5 28/29 \$'000	LTP 6 29/30 \$'000	LTP 7 30/31 \$'000	LTP 8 31/32 \$'000	LTP 9 32/33 \$'000	LTP 10 33/34 \$'000
General Rates	17,811	21,095	23,429	25,766	28,732	31,134	31,223	33,063	34,281	36,045	38,415
Targeted Rates	9,840	13,234	14,892	16,824	18,341	19,888	22,402	24,060	25,663	27,855	29,863
Total Rates	27,651	34,329	38,321	42,590	47,073	51,022	53,642	57,123	59,944	63,900	68,278
Change 8 February		24.2%	11.6%	11.1%	10.5%	8.4%	5.1%	12.0%	5.0%	6.6%	6.9%
Change 14 December		26.7%	9.4%	11.1%	8.6%	8.9%	1.8%	7.1%	4.6%	5.9%	4.7%

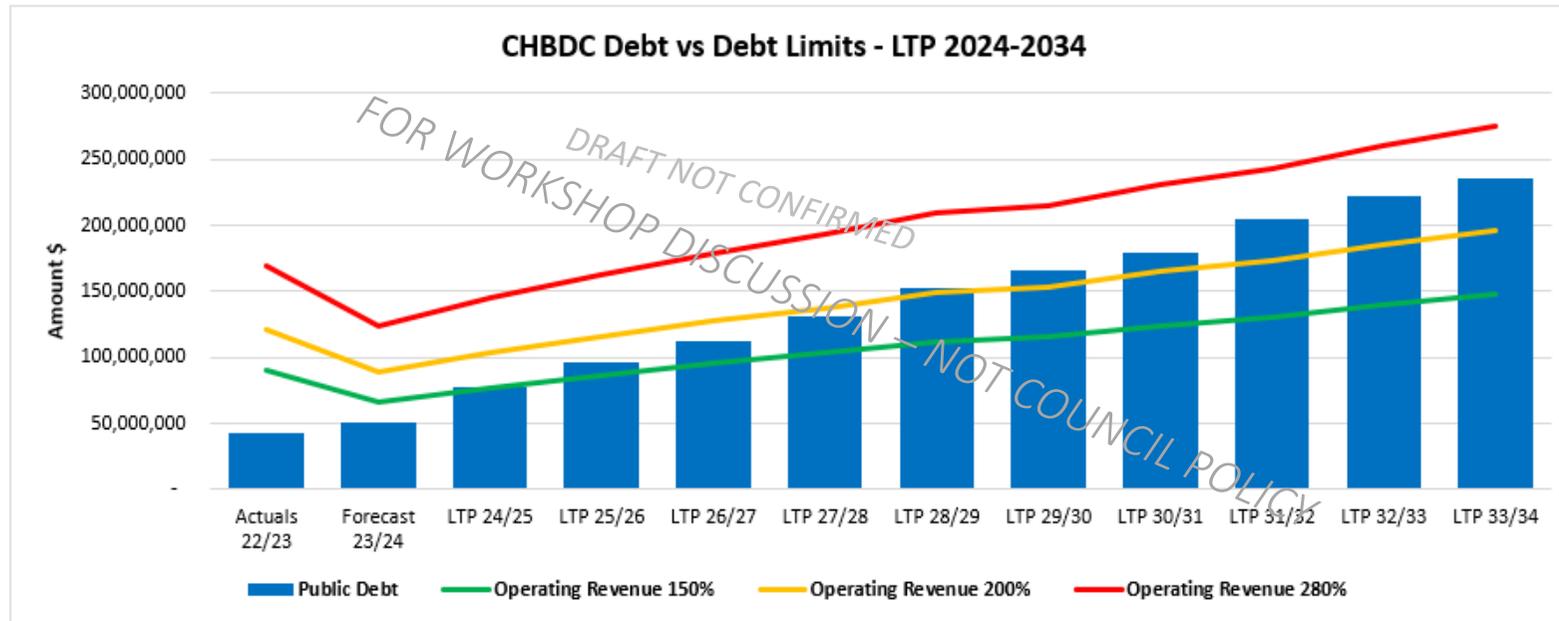
Property Rating Implications

The rating implications of the 24.2% are shown below:

Waipukurau Mid (CV \$770k, LV \$280k)	AP	LTP	Change	%
General, UAGC, Refuse	1,315.87	1,563.01	247.14	18.8%
Land Transport	423.50	499.71	76.21	18.0%
Drinking Water	1,011.54	1,311.88	300.34	29.7%
Waste Water	1,026.00	1,378.53	352.53	34.4%
Stormwater	394.24	683.57	289.33	73.4%
	4,171.15	5,436.70	1,265.55	30.3%
Otane (CV \$630k, LV \$330k)	AP	LTP	Change	%
General, UAGC, Refuse	1,186.72	1,409.61	222.89	18.8%
Land Transport	453.75	535.40	81.65	18.0%
Drinking Water	1,011.54	1,311.88	300.34	29.7%
Waste Water	1,026.00	1,378.53	352.53	34.4%
Stormwater	154.85	268.49	113.64	73.4%
	3,832.86	4,903.92	1,071.06	27.9%
Takapau (CV \$480k, LV \$140k)	AP	LTP	Change	%
General, UAGC, Refuse	1,048.34	1,245.24	196.90	18.8%
Land Transport	211.75	249.85	38.10	18.0%
Drinking Water	1,011.54	1,311.88	300.34	29.7%
Waste Water	1,026.00	1,378.53	352.53	34.4%
Stormwater	88.46	153.38	64.92	73.4%
	3,386.09	4,338.88	952.79	28.1%

Onga Onga (CV \$610k, LV \$180k)	AP	LTP	Change	%
General, UAGC, Refuse	1,168.27	1,387.69	219.42	18.8%
Land Transport	272.25	321.24	48.99	18.0%
Drinking Water	-	-	-	
Waste Water	-	-	-	
Stormwater	-	-	-	
	1,440.52	1,708.93	268.41	18.6%
Farm (CV \$9,470k, LV \$7,800k)	AP	LTP	Change	%
General, UAGC, Refuse	9,167.85	10,889.74	1,721.89	18.8%
Land Transport	11,797.50	13,920.44	2,122.94	18.0%
Drinking Water	-	-	-	
Waste Water	-	-	-	
Stormwater	-	-	-	
	20,965.35	24,810.18	3,844.83	18.3%
Commerical (CV \$820k, LV \$330k)	AP	LTP	Change	%
General, UAGC, Refuse	5,852.28	6,951.44	1,099.16	18.8%
Land Transport	499.13	588.95	89.82	18.0%
Drinking Water	1,011.54	1,311.88	300.34	29.7%
Waste Water	1,026.00	1,378.53	352.53	34.4%
Stormwater	419.84	727.96	308.12	73.4%
	8,808.79	10,958.76	2,149.97	24.4%

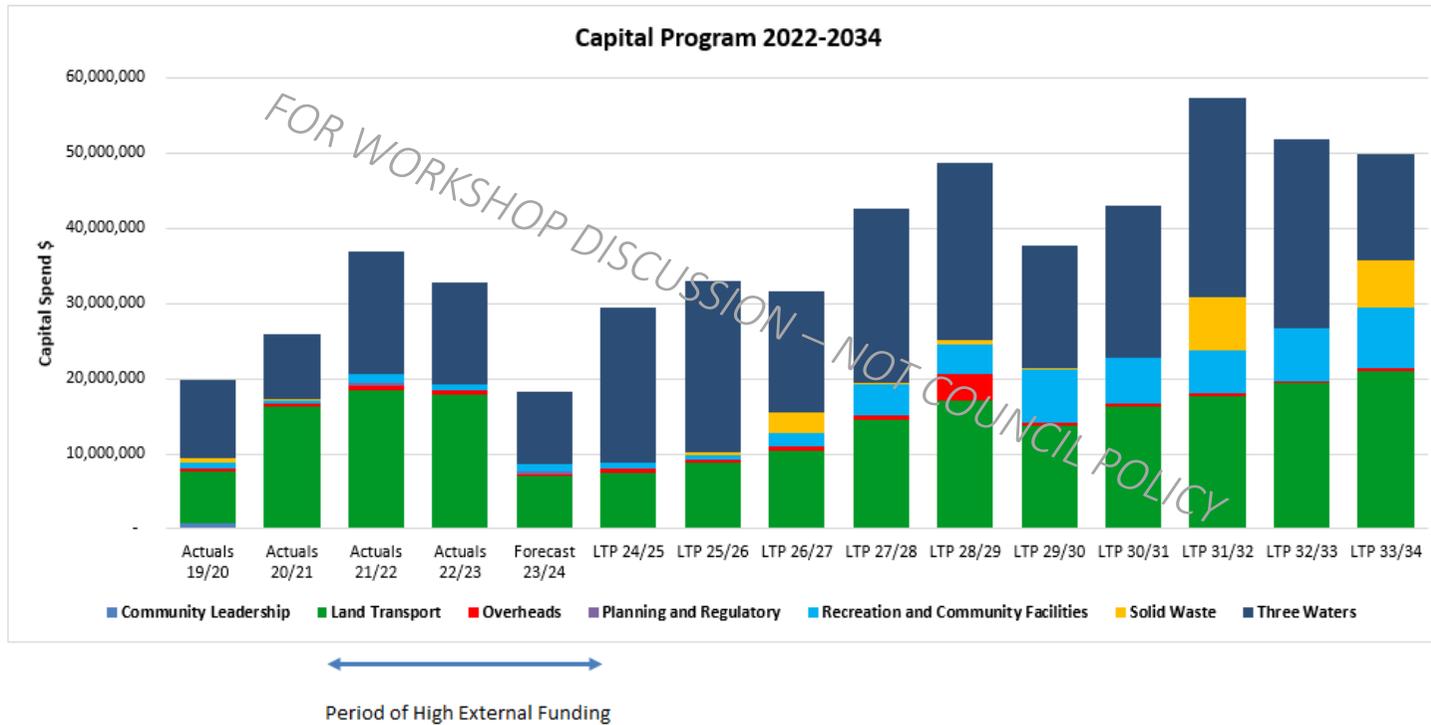
Forecast Debt graph



By switching renewals back to rate funded, we have created more headroom in the outer years but have pushed up rates



Capital Delivery - Speed



Working through today's activities

- Context of what is 'in'
- Changes made since Thursday 1 February workshop
- Further possible changes for feedback
- Requests for additional information
- Our time and focus again needs to be on the activities and savings that will make a meaningful change



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Land Transport



Budget 2024 – 2027: What's in

- Beginning of step change in Land Transport
 - Not the transformational change
- Recovery Funding – at \$2m ratepayers contribution + Waka Kotahi to be determined
- Still major assumption that Waka Kotahi will fund the increase that we are asking for.

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Low Cost Low Risk Programme

- This programme has been used to deliver:
 - Intersection improvement for safety at Woburn and Hatuma Roads
 - Intersection improvement at Fairfield and Ongaonga Waipukurau Roads
 - Mathew Street footpath
- Reducing this programme will delay:
 - Improvements to Wakarara and McLeod Road intersection
 - Improvement to Elsthorpe Road and Evan Road intersection
 - Improvement to Elsthorpe Road and Te Kura Road intersection



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Changes made since last workshop in the model

Change Made	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
<u>New Structural Replacement Funding</u> Subsidised Bridges & Structure Renewals reduced by \$800k Yr1 – total budget of \$800k, \$400k Yr2, \$300 Yr3	Was new funding proposed in the 3 Year Plan. Delaying investment in structures longer, increased risk of further deterioration/failure	\$328k yr1, \$164k Yr2, \$123k Yr3
<u>Low cost Low Risk Programme</u> Subsidised Minor Capital Improvements reduced \$500k Yr1, \$300k Yr2, \$250 Yr3	Reduced Low cost, low risk improvements	\$205k Yr1, \$123k Yr2, \$102k Yr3



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Options	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
<p><u>Fully prioritise recovery</u> <u>New Structural Fund</u> Subsidised Bridges & Structure Renewals Remove entirely years 1-3 Yr1 \$0k, Yr2 \$300k, Yr3 \$600k</p>	<p>Sweating structures longer, increased risk of further deterioration/failure</p>	<p>Yr1 \$0k, Yr2 \$123k, Yr3 \$246k</p>
<p><u>Fully prioritise recovery</u> Subsidised Minor Capital Improvements reduced Remove entirely years 1-3 Yr1 \$500k, Yr2 \$650k, Yr3 \$800k</p>	<p>Reduced Low cost, low risk improvements</p>	<p>Yr1 \$205k, Yr2 \$267k, Yr3 \$328k</p>
<p><u>Fully prioritise recovery</u> Footpath Renewals Reduce \$100k years 1-3</p>	<p>Sweating structures longer, increased risk of further deterioration/failure</p>	<p>\$41k per year</p>

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Land Transport Recovery Budget

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
3 Year Plan YR 1 (29 November)	10,819
What has been subsequently removed/added	
Proposed 3 Year Plan YR1 Budget ratepayer's share only (1 February 2024)	9,772 (+26%)
Changes made post workshop (Reduced Structure Renewals and Minor Capital Improvements plus share of overhead savings)	(622)
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	\$9,150 (+18%)



3 Waters



Budget 2024 – 2027: What's in

- Pipe Renewals (Drinking water and Wastewater)
- Waipukurau Second Water Supply
- Reservoir Replacement Programme
- Backflow prevention programme
- Waipukurau Short-term Wastewater improvements (DAF)
- I&I programme
- Increased stormwater focus
 - Development of strategy
 - Increased OPEX funding for maintenance
 - Quick wins programme

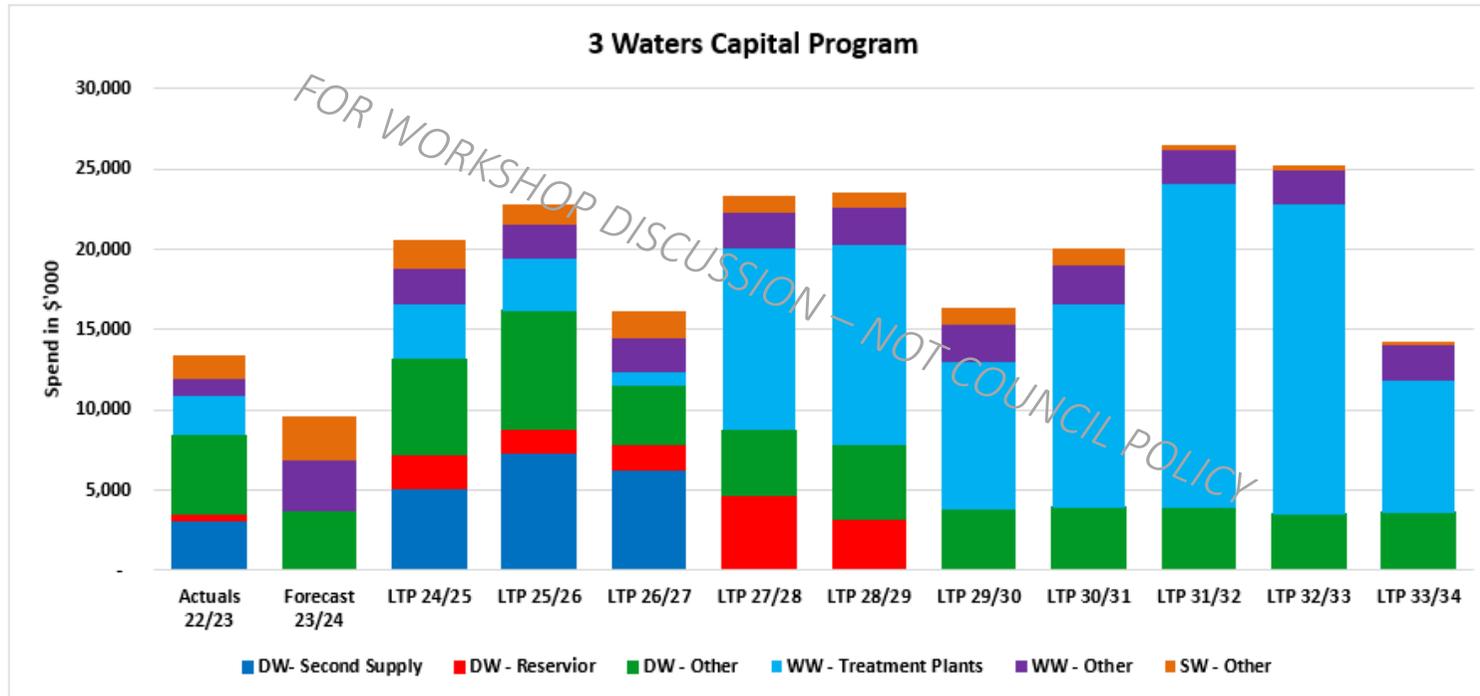
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3 Waters Capital Delivery – What and When



The 3 Waters Background

- The strategy is still the strategy – just phased to stay more affordable
 - The big water story and big wastewater story still set out our strategic direction, we continue to focus on the replacement of end of life or failing assets, catching up from years of historic under-investment
- We are prioritising Drinking Water Resilience and allowing for Growth
- We need to tell the stories
 - How the Second Water supply enables future Reservoir renewals in Waipukurau and creates source resilience
 - Why a Backflow prevention programme is needed and how it safeguards community, how could this be funded
 - How a reduction in I&I will save money now and in the future, and the big part the community play in this
 - How we need to be smart with investment in new Wastewater sites while the uncertainties stemming from the cyclone and river scheme reviews become better understood
 - Why short-term Wastewater upgrades for a growing Waipukurau are needed
 - What community can do to improve Stormwater network performance, what is council's vs private



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Drinking Water – Key Priorities and Changes

- Targeted focus on delivering the Waipukurau Second Supply and Reservoir Replacement Programme to enable growth and increase drinking water source and storage resilience
- Backflow prevention programme remains (\$1.125m over Years 1-3) as CAPEX funded
- Metering programme funding pushed out to Year 4

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Waipukurau Second Supply – Status and Risks

Status

- Due to programme rephasing, there are still several outstanding risks that were identified for which mitigations are not yet understood
- Overall programme and specific projects within the programme are generally understood
- Landowner engagement and agreements have been agreed and signed
- Access track and reservoir site have been constructed and Water take and site designation consenting in final stages
- Boreholes to better understand geology within the river crossing sites completed (minus one location due to access)



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Waipukurau Second Supply – Status and Risks cont.

Risks and next steps

- Continued/higher cost escalations beyond estimates (high)
- WTP relocation and costs/funding phasing (moderate)
- River crossings – feasibility (technical, consent, budget)
 - Review and recommendations of geotechnical information from HDD specialist contractors
 - Further mana whenua and HBRC engagement
- Governance oversight
 - Establishment of the previously resolved PGG



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Backflow Prevention

- Required under Drinking Water Quality Assurance Rules
- Options for Funding
 - Council CAPEX (in model)
 - Lowest risk – ensures meeting D3.3
 - OPEX fund resource and apply "user pays" for capital cost of infrastructure
 - Will council own these assets?
 - Middle ground – Council fund up front cost with costs to be repaid by user later

4.11.1 D3 Backflow Protection Rules

Rule Number	Requirement	Assurance/Monitoring	Compliance period
D3.1	Drinking water suppliers must prepare and implement a backflow prevention programme to protect their distribution system against the risk of backflow.	Assurance	1 Year
D3.2	Periodic surveys of backflow risks to a distribution system to determine medium and high-risk sites must be undertaken by the drinking water supplier at least once every five years to assess the adequacy of backflow protection across the distribution system.	Assurance	1 Year
D3.3	Where backflow requirements at a point of supply are deemed inadequate, the drinking water supplier must notify the local authority with details of the situation and risk, determine the backflow device that should be installed at the point of supply and ensure that it is installed in a timeframe commensurate with the risk but as soon as reasonably practicable.	Assurance	1 Year
D3.4	Testing of all testable backflow prevention devices installed at a point of supply specifically to protect the network (generally boundary devices) ⁶⁴ must be undertaken, at least annually.	Assurance	1 Year
D3.5	A drinking water supplier must maintain a register of the location of all point of supply testable backflow protection devices, device types, assessed risk level and the results of testing of all devices.	Assurance	1 Year

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Changes made since last workshop in the model

Changes Made	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
Customer metering pushed out to Year 4	Longer timeframe on metering rollout – less data, therefore impact on demand management. Should we be bringing this forward to manage demand? Needs policy approach	Deferment of \$477k loan funded CAPEX spend out of 3-year plan, rest of programme phased accordingly (saves \$54k of debt servicing year 4). No impact Yrs 1-3
Pipe Renewals \$2.7 pa - loan funding gradually phased out by year 8	No change to program, just funding mechanism	Reduces debt growth by requiring more in-rates in outer years (up to \$2.7m pa in years 9 & 10). No impact Yr1

Further possible changes not included

Options	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
Only real options to reduce rates are reducing Opex in drinking water	Challenging to achieve, without major levels of service reductions	Every \$200k of opex a \$44 reduction in targeted rates

STOP DISCUSSION – NOT COUNCIL POLICY



Drinking Water Recovery Budget - Option 1

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
LTP Year 1 (29 November)	6,121
What has been subsequently removed/added	
Proposed LTP Year 1 Budget rating requirement (1 February 2024)	5,852 (+30%)
Changes made post workshop (share of overhead savings)	(12k)
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	5,840 (+29)



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Wastewater – Key Priorities and Changes made

- WOW Programme
 - Waipukurau DAF funded in Years 1 and 2, Swing bridge shortfall is in Year 3, Long term programme is deferred to start in Year 4 due to uncertainty on river scheme reviews
- Porangahau Upgrades
 - Deferred to Year 4 due to uncertainty on Cat 2a
- Saleyards Reticulation project - Removed
- I&I programme – Remains in model in full
- Tradewaste - Options below – status quo remains in model



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WOW Project

Waipukurau DAF – Why?

- Waipukurau has had consistent non-compliances across several discharge parameters
- Allows for some growth (some IAF funding allocated to this project - \$1.125m)
- DAF will improve tertiary treated flow ability (circa 100m³/hr to 160m³/hr)

LAB REPORT DATE Rec	pH 6.5-8.5	FC cfr/s/100mL	E-COLI cfr/s/100mL	cBOD5 mg/L	SS Levels mg/L	Volatle Solids	Am. N. NH4-N	Nitrite	Nitrate - N	Dissolved Inorganic Nitrogen	N	DRP
6-Jan-23	6.9	4,000	4,800	22	28	19	20.5	0.115	0.05	26.6	32.5	1.198
1-Feb-23	7.5	2	2	3	16	8	20	0.05	0.132	20.2	22.5	0.074
1-Feb-23	7.9	16	12	10	77	65	15.7	0.22	0.31	16.2	23.8	0.500
21-Feb-23	7.22	190	190	23.7	68	51	24.4	0.084	0.069	25	32	0.596
17-Mar-23	7.64	640	610	20.1	51	32	7.09	0.056	1.59	8.7	9.9	0.758
20-Mar-23	7.49	310	300	42	91	60.5	17.2	0.0815	0.166	17	23	0.893
14-Apr-23	7.36	10	2	6.88	46	19.5	24.3	0.033	2.03	26	29	0.205
1-May-23	7.55	1,600	1,500	10.1	62	38.2	49.3	0.228	0.065	50	50	0.554
26-Apr-23	7.47	100	100	6.51	58	22.5	58.9	0.113	0.195	59	56	0.899
10-May-23	7.39	250	240	6.51	56	26.5	55.4	0.07	0.156	56	57	1.413
22-May-23	7.43	1,000	900	6.95	43	27.3	51.9	0.103	0.154	52	50	2.201
9-Jun-23	7.41	127	120	7.84	50	26.8	40.2	0.094	0.214	41	54	1.039
22-Jun-23	7.42	680	680	4.51	44	20.7	45.3	0.105	0.34	46	46	0.910
4-Jul-23	7.32	8,900	8,200	10.8	34	24	26.4	0.101	0.222	27	32	1.470
27-Jul-23	7.49	950	880	0.5	20	9.5	18.3	0.0715	0.422	19	17	0.400
2-Aug-23	7.11	10	7	0.5	41	16.3	17.1	0.0955	0.336	18	20	0.320
29-Aug-23	7.38	6	5	3.27	34	17	28	0.073	0.38	28	35	0.430
28-Aug-23	7.39	7,500	7,200	10.1	71	38	48.3	0.128	0.402	49	53	1.361
11-Sep-23	7.33	10	100	4.73	24	15.8	60.2	0.179	0.416	61	55	0.733
26-Sep-23	7.79	21	20	31.3	73	60	45.2	0.375	0.48	46	57	0.592
16-Oct-23	7.57	1,770	1,770	49.8	123	92	20.1	0.177	0.229	20	26	0.903
27-Oct-23	7.51	41,000	38,000	21.6	73	58.7	22.4	0.194	0.385	23	29	0.509
10-Nov-23	7.16	100	50	4.66	48	28	23.3	0.0992	0.142	23	32	0.115
21-Nov-23	7.27	5	5	4	49	9	21.3	0.063	0.127	21	34	0.326
4-Dec-23	7.49	32	28	27.4	77	55	23.5	0.28	0.255	24	38	0.495
18-Dec-23	7.51	44	38	30.3	100	73.5	21.4	0.203	0.213	22	37	0.459
12-Jan-24	7.5	200	200	64.2	129	107	27.9	0.195	0.13	28	42	0.280
16-Jan-24	7.4	0.5	0.5	40	83	62	21.7	0.112	0.103	22	34	0.082
30-Jan-24	7.8	24	20	43.4	94	86	15.2	0.219	0.212	16	26	0.298

Table 1: Summary of Waipawa and Waipukurau WWTP discharge Non-compliance

		2016	2017	2018	2019	2020	2021	2022	2023
Flow	WP	NC	NC	NC	NC	NC	C	NC	NC
	WK	C	C	C	C	C	C	C	NC
E. coli	WP	NC	NC	C	NC	NC	NC	NC	NC
	WK	NC	NC	C	C	C	NC	C	C
cBOD ₅	WP	C	C	C	C	C	NC	NC	C
	WK	C	C	C	C	C	C	C	C
TSS	WP	C	C	NC	NC	NC	NC	NC	NC
	WK	C	C	NC	NC	C	NC	NC	NC
NH ₄ -N	WP	NC	C						
	WK	NC							
DRP	WP	NC	C	C	NC	NC	NC	NC	C
	WK	NC	NC	C	NC	NC	NC	NC	NC

Note: Non-compliance (red/NC) and compliance (green/C) shown, with NC highlighted in any year when there has been a single exceedance of consent limits at either Waipawa (WP) and Waipukurau (WK).

Infiltration and Inflow Programme (I & I)

- We know we see extremely high levels of Inflow and Infiltration across the Wastewater reticulation networks throughout the district
- Downstream this contributes to big issues and costs at the Wastewater Treatment plants – high number of overflows and future capital costs
- This funds rollout of Private Property defects process (Project management and administration support) as well as remediation of council side issues
- Continue to explore efficiencies across the business in delivery
 - So far:
 - 1647 properties inspected
 - 525 properties with major defects

Table 3-3: Ratio of average dry weather wastewater flows to peak wet weather flows

Plant	ADWF (m ³ /day)		Population	ADWF Per Capita (l/person/day)	PWWF (m ³ /day)	Peak Factor	PWWF Rainfall Event	Event Date
	Low GW	High GW						
Pōrangahau Beach	69	157	240	288 - 654	455	2.9	119mm (1 in 10yr)	28th January 2023
Pōrangahau Town	123	134	210	586 - 638	1,114	9.1	32.5mm (<1.58yr ARI)	13th July 2022
Takapau	45	110	640	70 - 172	1,001	9.1	150mm (1 in 20yr ARI)	15th February 2023
Waipukurau	1,571	2,360	2,660	337 - 506	4,448	1.9	61mm (1.58yr ARI)	29th January 2023
Waipawa	379	787	2,360	161 - 333	6,014	7.6	N/A**	29th January 2023
Otāne	87	153	790	110 - 194	1,140	7.5	81mm (1 in 2yr ARI)	30th January 2023

*Groundwater monitoring data unavailable for Pōrangahau Town and Pōrangahau Beach, therefore high and low ADWF values are reported

**No rainfall was recorded at the nearest rain gauge to Waipawa during the peak flow event



Tradewaste

- Increasing tradewaste fees may push traders to implement pre-treatment, or, could affect their businesses long term feasibility.
 - Non-linear effects – a reduction in revenue through traders ceasing operations/implementing pre-treatment does not necessarily correlate to an equivalent CAPEX saving
 - Current concept design assumes a level of residential and industrial growth aligning with growth predictions (last updated in Sept 2022)
 - Traders currently represent a significant portion of the load into existing plants
- More work is required to update the fees for this 3-year plan based on updated cost forecasts and phasing



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Changes made since last workshop in the model

Changes Made	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
WOW Long term Programme deferred to start in Year 4	Investment needed in existing plants, or acceptance of significant non-compliances	\$5m (primarily loan funded) deferred out of 3-year plan, rest of programme phased accordingly (saves \$392k of debt servicing year 4). No impact Yrs 1-3
Porangahau Upgrade programme deferred to start in Year 4	Currently in consenting process, agreed timeframes will need to be varied. Differs from timeframe communicated through the Wastewater strategy	\$9m (primarily loan funded) deferred out of 3-year plan, rest of programme phased accordingly (saves \$707k of debt servicing year 4). No impact Yrs 1-3
Waipukurau Old Saleyards reticulation project removed	Minimal, continued status quo with reticulation constraints	\$1.3m (90% loan funded) removed - \$500k Yr1, \$800k yr2 Rating Impact Yr1 \$0, Yr2 \$42k, Yr3+ \$100k
Pipe Renewals - loan funding gradually phased out	No change to program, just funding mechanism	Reduces debt growth by requiring more in rates in outer years (up to \$1.7m pa in years 8-10). No impact Yr1

Further possible changes not included

Options	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
Only real options to reduce rates are reducing Opex in wastewater water	Challenging to achieve, without major levels of service reductions	Every \$200k of opex a \$44 reduction in targeted rates

FOR DISCUSSION – NOT COUNCIL POLICY



Wastewater Recovery Budget - Option 1

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
LTP Year 1 (29 November)	6,292
What has been subsequently removed/added	
Proposed LTP Year 1 Budget rating requirement (1 February 2024)	5,070 (+35%)
Changes made post workshop (share of overhead savings)	(10k)
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	5,060 (+34%)



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Stormwater – Key Priority

- Develop long term strategy for Stormwater network management to inform future works programme
- Appropriately fund maintenance programme, more closely aligning with community's expectations
- Deliver Quick Wins capital improvement programme of "low cost, high benefit" projects



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Changes Made since last workshop in the model

Changes Made	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
Tweak to funding mechanism splits (85% targeted, 15% general, was 90%/10%)	More of programme funded by general rate	Same \$ collected – moves approx. \$98k extra to general rate from targeted rate

STOP DISCUSSION – NOT COUNCIL POLICY



Stormwater Recovery Budget - Option 1

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
LTP Year 1 (29 November)	2,051
What has been subsequently removed/added	
Removed other costs	(55)
Smoothed Capex Budgets	
Proposed LTP Year 1 Budget rating requirement (1 February 2024)	1,996 (+88%)
Changes made post workshop (share of overhead savings, lifted programmed maintenance in Otane/Takapau offset by Waipawa/Waipukurau, adjusted education and monitoring provisions)	(43)
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	1,953 (+85%)



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Environmental Waste



Budget 2024 – 2027: What's in

- Base services continue albeit with reductions:
 - Closure of Waipawa Transfer Station
 - Pausing recycling Trailer Year 1
 - Reducing Summer Coastal Collection
 - Funding for substantial Environmental Waste Review in Year 1
- Service efficiencies
 - Revision of operating hours
 - Reducing Summer Coastal Collection



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Looking to the future

- Major review of waste services are required
- Needs to respond to:
 - WasteFREE CHB vision
 - Future investment requirements at the Landfill
 - Landfill consenting requirements
 - Financial viability
 - Waste reform – food waste and organics and other changes
 - Future waste streams and reductions
 - Expected levels of service
 - Affordability and ability to fund services into the future



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Changes Made since last workshop in the model Closure of Waipawa Transfer Station

Changes Made	Estimated Annual Benefit/Impact on Rates	Comments
Transfer Station Contracts	\$30k per annum <i>Note: contractor confirming costs but noting this is minimum</i>	Savings from staff time and contract administration.
Transfer Station Electricity	\$0.8k per annum	Reduced electricity costs
Transfer Station Operational	\$10k per annum	Reduced operational costs
Transfer Station Upgrades & Renewals of Assets	\$5k per annum	Reduced asset renewal costs
Waipawa Transfer Station Capital Upgrade	\$65k in Yr 4	Future CAPEX costs to renew improve Waipawa TS Year 4 removed.



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Changes Made since last workshop in the model - Recycling Trailer Paused for 1 year

Changes Made	Estimated Annual Benefit/Impact on Rates	Comments
Rural Recycling Trailer – paused in Year 1	\$56k per annum	Pausing service and operational costs. Reintroduced Year 2 onwards.

WORKSHOP DISCUSSION – NOT COUNCIL POLICY



Other operational changes already included

What	Estimated Savings	Comments
<p>Beach Collection operational adjustments.</p> <p>Review scope and supplier and remove second collection for 7 weeks in the summer.</p>	\$10k per annum	Will require a re-tendering of the contract. Re-tendering can be done in house.
<p>Streamline Porangahau and Takapau TS opening hours.</p> <p>Porangahau and Takapau remain open 2 days a week but opening hrs reduced by 3 hrs per opening week, saving 6 hrs across both a week.</p>	<p>\$12k per annum*</p> <p><i>Note: contractor confirming costs but noting this is minimum</i></p>	<p>Considered keeping Porangahau TS open for only one day a week but acknowledging that opening twice a week would be beneficial during the cyclone recovery period.</p> <p>Suggest review opening hours again in Yr 2 once flood repair works are completed.</p>



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Further information sought on options

What	Estimated Savings	Comments
Close all TS and open new TS at the landfill.	<p>Initial expenditure of net +\$300k to construct a new transfer station at the landfill.</p> <p>Net reduction in transfer station Opex costs of 25k per annum and possible contract costs of \$100k per annum. (this includes an assumed 75k per annum lease)</p>	<p>Need to negotiate a lease for land at Farm Road or purchase land.</p> <p>At least 12 months lead in time.</p> <p>If CHBDC opts out of landfilling in future, asset may not be in the best location.</p> <p>Future proofing concerns</p>
Fortnightly collection. (No shared service with TDC), No change to number of recycling crates provided	Estimate savings of \$20k per annum	<p>This is effectively a service cut.</p> <p>Even if we increase allocation of bins to ensure adequate recycling capacity is likely to have minimum cost savings, if any.</p>

Further information sought on options

What	Estimated Savings	Comments
Fortnightly refuse collection	Estimated savings of \$10k per annum	<p>No savings in machinery amortisation costs.</p> <p>Labour and fuel savings only.</p> <p>Labour slight savings but acknowledge that collectors will now have to double the collection e.g. 2 bags instead of one per household (hh).</p> <p>Do we need a weekly service for businesses?</p>

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Environmental Waste Recovery Budget

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
LTP Year 1 (29 November)	2,900
What has been subsequently removed/added	
Added Fee Revenue	(62)
Additional minor savings across activities	(86)
Option 1 - Proposed LTP Year 1 Budget rating requirement (1 February 2024)	2,752 (+41%)
Changes made post workshop (Close Waipawa T/S, suspend Trailer Service for year, share of overhead savings)	(120)
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	2,632 (+35%)



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Planning and Regulatory Services



Budget 2024 – 2027: What's in

- Substantially existing levels of service
- Reforecast lower levels of income
- New - 1 FTE for compliance across environmental compliance, consent monitoring and bylaws compliance - focused on achieving positive community outcomes, with legal risk not the only driver.
- Resource consents software for customer interface

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Changes made since last workshop in the model

Changes Made	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
New compliance role 50/50 environmental compliance and freedom camping bylaw	Ability for Council to educate and enforce when required on bylaws and consent compliance issues.	1 FTE – explore ongoing internal opportunities for efficiencies
Moved District Plan reviews back to rate funded from year 4	No change to program	Moves \$350k of loan funding to rate funding pa from year 4

STOP DISCUSSING - NOT COUNCIL POLICY



Further possible changes not included – for consultation?

Options	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
No further options for Land Use (Resource Consent) and Building Consent activities		
No further options for Animal Services and Compliance activities		

SHOP DISCUSSION – NOT COUNCIL POLICY



Planning & Regulatory Services

Budget Option 1 – Recovery Budget and Drivers of Rates

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
Original LTP Year 1 (Wish List Version)	2,446
What has been subsequently removed/added	
Proposed LTP Year 1 Budget rating requirement (1 February 2024)	2,004 (+19%)
Changes made post workshop (additional resource offset by share of overhead savings)	50k
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	2,054 (+22%)



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Community and Leadership



Budget 2024 – 2027: What's in?

- Substantially current levels of service are retained
- Look for coordination and collaboration
 - Youth Development
 - Community Pride & Vibrancy funding
 - Economic Development
 - Tourism
 - Events

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Changes made since last workshop in the model

Changes Made	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
Defer Community Plan Implementation to Y2	Actions from current community plans requiring financial assistance would not be supported.	\$27,500 saving – Y1
Reduce Councillor training/conferences by \$10k pa	Greater use of online training, less in person attendance	\$10,000 pa



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Further possible changes not included

Options	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
<p>MTFJ Continue to seek external funding opportunities</p>	<p>Budget assumes contract revenue continues Yrs 2-3</p>	<p>No change, but external funding may require a review of this activity in year 2</p>

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Community and Leadership

Budget Option 1 – Recovery Budget and Drivers of Rates

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
LTP Year 1 (29 November)	1,982
What has been subsequently removed/added	
Proposed LTP Year 1 Budget (rating requirement)	2,280 (+15%)
Changes made post workshop (deferral of community plan, reducing training, share of overhead savings)	(35)
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	2,245 (+13%)



Recreation and Community Services



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Budget 2024 – 2027: What's in

- Substantially current levels of service are retained
- Across all activities are minor reductions and savings
 - e.g. amending operating hours
 - Rephasing programmes
 - Resizing planned work
- Nothing 'new' across activities
- Major investment planned for later years of 3 Year Plan
- Opportunity to realise Better Off Funding in the interim for town centre and community activation



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Further possible changes not included

Options	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
Libraries -Review opening hours at Waipawa -Review Library programmes	Close Waipawa on Saturday's Reduce number of programmes being delivered	\$10,000 \$5,000

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Recreation and Community Services Activity Recovery Budget - Option 1

Changes from 23/24 Annual Plan – Cost Drivers	\$'000
LTP Year 1 (29 November)	6,139
What has been subsequently removed/added	
Proposed LTP Year 1 Budget rating requirement (1 February 2024)	5,269 (+7%)
Changes made post workshop (overhead adjustment + switched district hall renewals from loan to rate funded)	72k
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	5,341 (+9%)



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Overheads and Org Costs



Budget 2024 – 2027: What's in

- Substantially 2023/24 Annual Plan baseline
- No new staff – exception of Compliance and Hazard/Risk Reduction

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Changes made since last workshop in the model

Changes Made	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
\$250k taken from Better Off Funding to fund recovery activities (1.5 FTE plus Opex e.g. includes Comms for 2024/25)	BOF not available for other projects	\$190k Year 1 (previously had \$60k in model)
Hazard/Risk Reduction resource 'smoothed' across YR 1 (0.5 FTE) and YR2 (1 FTE)	Less able to contribute to regional collaboration and Council's own asset planning for climate resilience for 6 months	Reduction of salary for 6 months



Further possible changes not included

Options	Impacts/Risks	Estimated Annual Benefit/Impact on Rates
Potential for additional Regional Funding for Climate Change/Hazard funding to be sort		Requires \$20 - \$30k of additional funding not currently in model

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Option 2 – Extended Recovery Budget

Changes from 23/24 Annual Plan	\$'000
LTP Year 1 (29 November)	10,638
What has been subsequently removed/added	
Option 1 - Proposed LTP Year 1 Budget rating requirement (1 February 2024)	10,489 (+9%)
Changes made post workshop (applied more of BOE, adjusted Hazard and Risk resourcing, and other minor changes)	(202)
Proposed 3 Year Plan YR1 Budget ratepayers share only (8 February 2024)	10,287 (+7%)



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Where have we landed?



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Consultation Focus Areas



Engagement approach

- Need to impart how much of a challenging situation this is
 - Why we have special legislation
- Need to clearly layout the options to community
 - Balanced with telling the story on historic investment and why future investment is critical to be continued
- Continue to give confidence in the value of the investment
 - Delivery on long term strategy – albeit rephased.

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Elected Member Feedback

- Clearly heard the need to explain what additional investment is 'buying' people
- What is the land transport increase made up of.
- What options do people have if they want to see a lower rates increase?
 - Giving options on the scale of reduction that is required to achieve savings
 - Eg: 10%, 15%, 20%

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Consultation Topic 1:

Three Waters – Reductions in Levels of Service

- No new stormwater investment (pre-cyclone investment levels)
- Stopping Second Supply Project
 - Waipukurau Level of Service is X hours of supply
- Reductions in levels of service through operations (more specific)
 - Increased water shutdowns and losses
 - Slower pipe leak repairs
- Further reductions across the programme



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Consultation Topic 2: Land Transport – accepting an even lower level of service

- Reducing investment back to 2023/24 BAU levels
 - Buying power further reduced
 - Assets continue to deteriorate
- Acknowledgement of not addressing Land Transport Investment issues

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Other consultation topics

- Associated policies
- Bylaws

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Wrap up of key actions



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3 Year Plan Timeline

February 24	March 24	April 24
1 February Council Workshop	6 March Council Workshop	4 April Council Meeting
Formation of budget position risks/trade offs		Adoption of Consultation Document in advance of Consultation and Engagement starting
8 February Council Workshop	14 March Council Meeting	4 April – 5 May Consultation and Engagement Period
Continuation of formation of budget position risks/trade offs	Adoption of Significant Forecasting Assumptions LTP Programme Update Adopt Financial Strategy Adopt Infrastructure Strategy Adopt Significance and Engagement Policy	Key dates to be confirmed around public meetings
15 February Council Meeting	19 March Risk and Assurance Workshop	
Seek formal approval of draft budget position to assist in preparation of consultation document Revenue and Financing Policy for Adoption Treasury Management Policy for Adoption	Present draft Consultation Document	
29 February Council Workshop	20 March Council Workshop	
Community Affordability Forum Financial Strategy Infrastructure Strategy Development Contributions Policy Updated Levels of Service 3 Waters Bylaws Solid Waste Bylaws Significance and Engagement Policy	Present draft Consultation Document	

3 Year Plan Timeline continued

May 24	June 24
22 May Council Meeting	13 June Council Meeting
3 Year Plan Hearings	Adoption of 3 Year Plan
30 May Council Meeting	27 June Council Meeting
3 Year Plan Deliberations	Striking of Rates

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Next Steps

15 February Council Meeting

- Seek endorsement of position to form the 3-Year Plan
- Start drafting consultation Document to be brought back to Council Workshop 14 March 2024



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