

MINUTES

EREWHON RURAL WATER SUPPLY MANAGEMENT SUB-COMMITTEE MEETING

Date: Tuesday, 8 March 2022

Time: 4.00 pm

Venue: Kokako Street Pavilion
2 Kokako Street
Taihape

Present

Mr Jock Stratton
Mr Peter Batley
Mr Geoff Duncan [*via Zoom*]
Mr Barry Thomas
Mr Simon Plimmer [*via Zoom*]
Mr Paul McLaren
Mr Benjamin Mallalieu
Mr Steven Stoney (Aorangi Awarua Trust Representative)
Cr Tracey Hiroa [*via Zoom*]
HWTM Andy Watson (ex officio)

In attendance

Mr Dave Tombs, Group Manager – Corporate Services
Mr Andrew van Bussel, Operations Manager
Mrs Jess Mcilroy, Operations Manager
Ms Rochelle Baird, Customer Services Officer

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1 Welcome

The Chair welcomed everyone to the meeting.

2 Apologies

Resolved minute number 22/ERWS/001

That the apology from Mr Dene Smith for absence be accepted.

Mr B Thomas/Mr B Mallalieu. Carried

3 Public Forum

No public forum.

4 Conflict of Interest Declarations

There were no conflicts of interest.

5 Confirmation of Order of Business

Mr Stratton would like to add new items to the agenda, being the 10 year plan review by Mr Plimmer, and a review for the tender process for capital works.

6 Confirmation of Minutes

Resolved minute number 22/ERWS/002

That the minutes of the Erewhon Rural Water Supply meeting minutes held on 06 December 2021, without amendment, be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this committee be added to the official minutes document as a formal record.

Mr B Thomas/Mr P Batley. Carried

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from previous Erewhon Rural Water Supply Meetings

Mr Thomas had spoken with Mr Stoney regarding the invoicing of Awarua Trust for January and July. Mr Tombs said for this financial year that they had only been invoiced for \$1,300. Mr Thomas would follow it up.

Mr Stratton asked what the funding application may look like, Mrs McIlroy said she would ask internally and come back to the next meeting with her findings. His Worship the Mayor said he suspects if the 3 water comes in that with regards to larger schemes there may be more funding available. Mrs McIlroy would also approach Horizons and come back to the committee via email. The Mayor suggested for funding that the committee should look at something new rather than maintenance.

Resolved minute number 22/ERWS/003

That the report 'Follow-up Action Items from previous Erewhon Rural Water Supply Meetings' be received.

Mr J Stratton/Mr B Thomas. Carried

8 Chair's Report

8.1 Chair's Report - February 2022

Mr Stratton stated that the Erewhon Rural Water Sub-Committee continues to work alongside the Rangitikei District Council in development of the 2 new expenditure plans confirming prior years statements and financial position and also wanting to review the tender process for capital works.

Resolved minute number 22/ERWS/004

That the Chair's Report – February 2022 be received.

Mr J Stratton/Mr B Thomas. Carried

9 Reports for Information

9.1 Erewhon RWS - Confirmation of Prior Years' Statements of Assets and Liabilities

Mr Tombs highlighted historical figures and explained how they came about and had simplified it all and would continue with this format, highlighting various figures (shaded yellow in the attachments to the Order Paper) had not been treated consistently.

Mr McLaren questioned the positive bank balance and a loan and asked who borrows the money the farmers or the scheme? Mr Tombs explained notional bank balance and the Mayor said they would need to look at the constitution but thought the Council borrowed on the schemes behalf.

Mr Stratton asked what would be the outcome if the council decided to call in the loan. Mr Tombs said as long as there is a prepayment plan it would not be a problem. Recognising that the Scheme could potentially be indebted to Council for a period of time, Mr Tombs will provide a Debt Framework model to the next meeting as all parties need to make sure this is managed properly.

Mr Tombs spoke regarding Attachment 4 and said interest was not credited for the past 4 years and he had added it in as 2% with \$3,000 credited back worth of interest, and asked the Committee if this would suffice. Mr McLaren asked why the Committee did not try to raise the rate because of the negative balance. The Mayor said some members wanted an increase and some did not. Mr Plimmer said the Committee needs to move on and that all avenues had been exhausted. Mr Duncan thanked Mr Tombs with confidence that it was a fair reflection of where the scheme is at.

Resolved minute number 22/ERWS/005

That the report 'Erewhon RWS – Confirmation of Prior Years' Statement of Assets and Liabilities' be received.

Mr P McLaren/Mr B Thomas. Carried

Resolved minute number 22/ERWS/006

That the Committee confirm the revised prior years' Statement of Assets and Liabilities.

Mr P McLaren/Mr B Thomas. Carried

Resolved minute number 22/ERWS/007

The Committee confirmed the proposed method for calculating annual interest for 2017/18 to 2020/21, accepting the figures in Mr Tombs finance summary (Attachment 4).

Mr B Thomas/Mr P Batley. Carried

9.2 Operations Report - February 2022

Mr van Bussel spoke to his report stating there was an issue on the Collier line, Mr Smith had been flushing and scouring and would try chemical to break up the silting.

Mr van Bussel explained that originally the checks were monthly but got stopped and now they are only 3 monthly. He explained what Mr Smith did in the checks which included regular flushing of the lines and that it could be pushed out to every 4 months but thought that 3 monthly was good. Mr van Bussel explained the annual check and that the main intake is shut down and the screens are cleaned. Mr McLaren suggested the checks be seasonal. Mr Stratton asked what technology there is available now to measure the flows, Mr van Bussel explained how Mr Smith read the measurement and said a new meter would need to be installed at each tank and could be very costly.

Resolved minute number 22/ERWS/008

That the 'Operations Report – February 2022' be received.

Mr B Thomas/Mr P Batley. Carried

Resolved minute number 22/ERWS/009

That the 3 monthly maintenance check be moved to 4 monthly and to be reviewed annually.

Mr P McLaren/Mr P Batley. Carried

9.3 Financial Summary - February 2022

Mr Tombs spoke to his report, and said the insurance is not the full annual amount and that depreciation is a notional figure.

Resolved minute number 22/ERWS/010

That the report 'Financial Summary – February 2022' be received.

Mr J Stratton/Mr B Thomas. Carried

10 Late Items

10.1 Late Items

Mr Plimmer tabled and spoke to his development 10 year forecast based on Mr van Bussel's capital works projects that came to about 3 million with expenditure based on operating costs and inflation but with external funding essential and an increase of rates. Mr Tombs asked how high could the deficit go if the scheme could commit to get the balance down to 0 by 2031 then they could be more tolerant of that number with a forecast review every 6-12 months, and this would be a good starting point. Mr Plimmer said this was only a scenario.

Mr Mallalieu asked if this is just a 10 year phase or a similar amount would need to be spent in future years. Mr van Bussel said no he doesn't think so and that other areas have already had money spent on maintenance. Mr Stratton asked could the scheme smooth out a bit more, Mr van Bussel said the Rangitikei river crossing could be pushed out. The Mayor suggested approaching the defence force for that project as it is outside of public view. Mr Stratton suggested a 15 year plan. Mr McLaren said he may look to run his own scheme with a big rate increase, as the scheme seemed to be set up cheap but it is getting more expensive, and with the change in technology there would be other options. Mr van Bussel said it would not be safe to extend to 20 years as some of the pipes giving problems had been laid 40 years ago with no coating and no protection and that he would only push it out to 15 years with a review in 10 years. The Mayor said he thinks the constitution states that if one member exited the scheme they are still responsible for their intake. Mr McLaren asked Mr van Bussel if the new capital works are a replica of the old scheme or is there a smarter way to do it. Mr van Bussel said a review could be done but they would need a hydraulic engineer as this was not his department so he was unsure. Mrs Mcllroy said that if capital works was bundled together it could make it cheaper. Mr McLaren asked if a feasibility report could be done and what the cost would be. Mr van Bussel said they could bring in Mr Benadie, GM Assets and Infrastructure

as he would be more knowledgeable. Mr McLaren said he would like to see a hydraulic review with the most appropriate materials to use that could be simpler, cheaper and more efficient. The Mayor said climate change could include future scenarios with dryer summers and if the 3 waters comes in there would be less money in the Uniform Annual Charge as there would be no water attached to it so potentially they could face a drop.

Mr Stratton asked if Mr Plimmer could redo a 15 year plan. Mr Tombs said if it goes out to 15 years would there be one year where it is repaid.

Mr Plimmer said the scheme is already in debt and they need to get rid of the current committed debt of \$171,000. Mr Tombs said as a starting point they could move the rate to increase to 25% as there had been no change for over 5 years. Mr Duncan said the scheme is cost effective and he would be happy with a 25% increase or even a one-off capital payment to catch up.

The Mayor asked if a one-off payment can be done. Mr Tombs said yes as a donation for example, Mr Duncan suggested a one off payment levied against each members current usage. Mr Thomas said that this decision needs to involve all users and suggested that all members who use the scheme attend a meeting. Mr Thomas said he also agreed with a 25% increase and a one off payment. The Mayor suggested the increase come in play at the end of June and explained the audit procedure regarding one-off payments.

The Committee discussed a special meeting to coincide with hydrology report and that Mr Plimmer would prepare other scenarios.

Next meeting in a month, Tuesday 05th April.

Resolved minute number 22/ERWS/011

That Council would discuss and recommend someone to review the hydraulics, material and technology for the scheme.

Mr B Mallalieu/Mr P McLaren. Carried

The meeting closed at 6.09 pm.

The minutes of this meeting were confirmed at the Erewhon Rural Water Supply Management Sub-Committee held on 21 June 2022.

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Chairperson