
MINUTES
of the
FULL COUNCIL
Waimea Community Dam Deliberations Meeting
held
9.30 am, Thursday, 1 February 2018
at
Tasman Council Chamber, 189 Queen Street, Richmond

Present: Mayor R Kempthorne, Councillors T King, S Bryant, P Canton, M Greening, K Maling, D Wensley, D McNamara, A Turley, S Brown, D Ogilvie, T Tuffnell, P Hawkes, P Sangster

In Attendance: Chief Executive (L McKenzie), Executive Assistant (P Francis), Strategic Policy Manager (S Flood), Corporate Services Manager (M Drummond), Engineering Services Manager (R Kirby), Environment and Planning Manager (D Bush-King), Community Development Manager (S Edwards)

Council Advisors: Mr J Salter, Simpson Grierson, Mr P Graham, The Property Group, Mr M Taylor, Tonkin & Taylor, Mr M Foley, Geologist, Mr A Fenemor, Landcare Research, Ms M Johnson, Russell McVeagh, Mr M Harrington, PricewaterhouseCoopers, Mr R Tait, Northington Partners

Part Attendance: Strategic Policy Advisor (S Holman), Resource Scientist (J Thomas), Executive Assistant (K Redgrove), Activity Planning Manager, (D Fletcher)

1 OPENING, WELCOME

2 APOLOGIES AND LEAVE OF ABSENCE

There were no apologies.

3 PUBLIC FORUM

The Mayor welcomed all to the meeting and explained that as this was a Full Council meeting there would normally be a public forum. However, as this meeting was to consider

submissions received to the Waimea Community Dam Statement of Proposal (SOP), the Mayor recommended there be no Public Forum as:

- a) It would be inappropriate to allow submitters a further chance outside the formal submissions process to influence Council's decision making at this late stage; and
- b) It would also be inappropriate to allow those that did not make a submission the chance to influence Council's decision.

Importantly, it allows Council to make decisions without fear or favour.

The Mayor asked for a show of hands for those that supported his recommendation. The clear majority was for no Public Forum.

4 DECLARATIONS OF INTEREST

The Mayor called for declarations of interest. There were none.

The Mayor explained there was a concern that a member had an interest that has not been disclosed and which raises a relatively clear instance of apparent bias. The Council has legal advice that supports the view that there is a risk to Council's process and decision-making in relation to this elected member's interest, and this needed to be discussed in confidential committee.

9.1 Procedural motion to exclude the public

**Moved Mayor/Cr King
CN18-01-01**

THAT the public be excluded from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Waimea Dam Deliberations – Declarations of Interest

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason	In accordance with the Local Government Official Information and Meetings Act 1987 (s7(2)(g)) - The withholding of the information is necessary to	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of

<p>for withholding exists under section 7.</p>	<p>maintain legal professional privilege.</p> <p>In accordance with the Local Government Official Information and Meetings Act 1987 (s7(2)(a)) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p>	<p>information for which good reason for withholding exists under section 7.</p>
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CARRIED

**Moved Mayor/Cr Tuffnell
CN18-01-02**

That

- 1. Council’s Legal Advisor, Mr J Salter, Executive Assistant (minute-taker) and Chief Executive, Lindsay McKenzie, remain for the confidential session.**

CARRIED

The meeting resumed in open session at 11.04 am.

The Mayor called for declarations of conflict of interest.

No conflicts of interest were declared.

5 LATE ITEMS

Nil.

6 CONFIRMATION OF MINUTES

Nil

7 PRESENTATIONS

Nil

8 REPORTS

Jonathan Salter, Legal Advisor Simpson Grierson, gave an overview of the SOP process, explaining that this meeting was part of a long process of decision making. The current LTP provides the mandate for the nature of the questions put to the

community for this consultation document. Councillors would be deliberating on aspects of what the project would look like and how it would be funded (as put out to the community in the consultation document). He believed the SOP was a very good document; as it asked questions clearly and the community should have had a good understanding of what they were being asked for their view on. Analysis of Section 101(3) is well recorded and a large number of submissions shows the consultation process has worked well. The process now is to deliberate on those issues, whilst being informed by the expert advisors in each field.

Some submissions had asked for a vote or referendum, but this was not what the legislation requires. Consultation is preferred as it generates views, preferences, alternatives, ideas, concerns. Referendums are either yes or no.

Mr Salter explained the Mangawhai (Kaipara) case, as raised by one submitter. In this case there was a failure to consult with the community, failure to control processes and ultimately a massive financial 'blow out', with poor decision making. A single contractor was responsible for delivering the project. Mr Salter felt that there were no similarities with the Waimea Community Dam process and that Council has undertaken a robust consultative process.

In terms of Councillor's specific role as they deliberate – Mr Salter advised that it was about listening, reading, and understanding the submissions with a mind open to persuasion. There have been many decisions already along the way as part of the due process. Councillors needed to maintain an open mind to what is before them and be open to persuasion that the starting position they had may change as the consultative process progresses. Ultimately Councillors were to decide on the governance and funding arrangements. The weight of submissions was relevant, but Councillors were required to look at the content, and what submissions say, which should be taken into account in the deliberations. Councillors had an obligation to act impartially and prudently, having regard for what is rational. The proposal needs to meet the community needs for infrastructure.

In response to a question, Mr Salter confirmed there was nothing preventing Council from having a referendum. However as prudent decision makers, Councillors need to focus on the reasons and logic, so this would not be the preferred process to undertake.

The Mayor thanked Mr Salter for his input and assistance.

8.1 Proposed Waimea Community Dam - Report on Submissions to the Statement of Proposal October 2017

Strategic Policy Manager Sharon Flood came to the table to talk to the report as included in the agenda.

A) Consultation Process and Referendum (page 13 of the report)

Ms Flood explained that staff were seeking direction from Council for the 22 February Full Council meeting. However the decision that was to be made at that meeting is just another step in the process, with the final decision on the dam to be at financial close (May this year).

A document 'Waimea Community Dam Pieces of Work' (jigsaw puzzle) was handed out, which explained the elements of the work still to be done before a final decision to build the dam can be made.

A table on page 7 of the report included with the agenda, summarised the submissions on the SOP.

In response to a question about total submissions for each question and why there was a variance in the number of responses from submitters, Ms Flood noted this query and said she would provide advice to the meeting tomorrow on how the numbers of responses were calculated.

In response to a query on the next steps, the Chief Executive, Lindsay McKenzie explained that the Councillors would be asked at the end of tomorrow - do you mandate the Waimea Community Dam proposal to go into the Long Term Plan (LTP)? This is the decision they will need to make.

Mr McKenzie confirmed he was aware that concerns had been raised about the independence of the expert advisors. Typically these advisors have ethical obligations to the body they are affiliated with. If Councillors have any concerns, these could be put to the advisors. The role of the advisors is to give Council advice and support - to give effect to a prior Council resolution on the decision to build the project. He confirmed that staff cannot give a biased view based on that resolution. They are also advising on how to proceed with the project but if there was something fundamental that affects the viability of the project or credentials, he has a statutory obligation to raise this with Councillors.

In response to a query on page 14 of the report and whether the following sentence suggested bias from staff - "We acknowledge that Council does not have the skills in-house to manage construction of a dam of this size, and we have signed an independent engineering contract to *govern it will be built*" – it was concluded that the sentence did not make sense and was grammatically incorrect. Mr McKenzie said, for the record, that it was not the presumption.

Mr McKenzie confirmed the current process was asking Councillors to incorporate proposals in the SOP into the LTP and to provide for the future Joint Venture company to be formed. Something of this scale can only be done if it is in the LTP. This was not a decision to proceed to form a company forthwith. It was a process step, should it be agreed, to see the proposal in relation to the revenue and financing policy embedded in the LTP.

In response to a query about Waimea Irrigators Limited (WIL)'s competence, equity and makeup, and foreign investment, Mr McKenzie said he can't comment on that. He said that unless Council resolved to form the CCO it would never know the answers to those questions.

In response to a concern about privatising the water resource it was confirmed that the control of water will not pass into the hands of private individuals. It would still be controlled by the Council as regulator.

It was suggested that a decision on the SOP was premature. Mr McKenzie cautioned the need to give due thought to the consequences to Council if there was any delay in decision making. If the LTP didn't provide for the CCO or funding arrangements the project would be at an end or the Council would be facing an amendment to the LTP.

Councillors discussed moving forward on the assumption that WIL will perform, and the need for each Councillor to ask questions if they need more information and to stand behind their convictions and vote how they believe best, based on their sense for the community feedback.

It was noted that Councillors should recognise concerns raised through the submission process (of which funding by WIL is one).

In response to a question on whether queries from Councillors could be answered in writing, Mr McKenzie explained that as a matter of good process, critical questions should be answered and responded to in a way that informed all Councillors in public.

8. Issues Raised by Submitters outside the Scope of the Statement of Proposal

B) Land purchase and access (page 13 of the report)

Peter Graham, from The Property Group came to the table to answer questions. The Property Group had been contracted by Council for the acquisition of private and DOC land and access including Ngati Koata land.

Mr Graham was asked what land was left to purchase and what risks were associated with the acquisitions.

He explained that compensation had been settled with four of the five private landowners, and there are continuing negotiations with one landowner. If they do not reach agreement, it can be referred to the Land Valuation Tribunal, who would determine compensation based on fair market value.

For the land under the dam – iwi consultation has been completed by LINZ, with an answer expected on this in the next month.

Ngati Koata have already expressed support for the project. They have received this land under the Treaty Settlement and it needs to be treated with respect and on a partnering basis. Several meetings have been held, however, there is no finality as yet. The intention is to negotiate an Inundation Easement that gives them ownership and mana over the land. For the licensee, the land is landlocked and the mechanics of re-establishing a private road to the boundary to provide access to the land are being investigated, along with preliminary technical advice on stability, and steepness of road access.

With regard to the Department of Conservation (DOC) land – Council has made formal application for transfer of 9.6ha of land under the Public Works Act. DOC has advised they wish to take legal advice on the effect of the Ruataniwha decision, and have undertaken to come back with a full decision by mid-April.

In response to a question about trees planted close to the reservoir, Mr Graham advised

that the ability to forest and harvest trees adjacent to a reservoir will be restricted by normal Plan requirements for water courses. There are no specific restrictions in the contracts. The issue of the ability to harvest those trees with additional costs has been taken into account in the compensation negotiations. There will be areas that have a change of forest type or will have a change of operation in future, and this has been taken into account in negotiations.

Access and footprint have been acquired from all owners except the Crown, LINZ, DOC and Ngati Koata. However entry is allowed under the resource consent.

In response to the query on whether it is critical to have all land agreements finalised for the dam to proceed, Mr McKenzie said, yes it is. However, as an example, it is most unlikely that DOC will consent to the transfer of DOC land unless the Minister of Conservation is certain the project is going ahead. This will be at financial close. Knowing the land is available is critical. Hence this needs to be sequenced appropriately.

A Councillor queried if pressure would be put on Central Government to move on the DOC decision through a Local Bill. It was acknowledged that a Local Bill was an option, however at the moment energy was going into using the Public Works Act processes that provide for the Minister of Land to effect transfer.

In response to a question, Dennis Bush-King, Environment and Planning Manager confirmed that the biodiversity offset from the use of the DOC land has been included in the budget of costs to date. Also an operational cost related to pest control.

In answer to a question on whether the LTP considerations were relevant to these deliberations, Mr McKenzie advised that yes, that the proposals needed to be given effect through the LTP, especially the Revenue and Financing Policy which was being consulted on with the LTP.

The meeting broke for lunch at 12.37 pm.

The meeting resumed at 1.13 pm.

Due to the extreme weather being experienced around the District, Roger Ball, Group Controller from Civil Defence for Tasman and Nelson City, gave an update on the current situation.

The meeting continued at 1.20pm after the briefing.

C) Dam Design, Capacity, Construction and Project Management (page 14 of the report)

Mark Taylor, Civil Engineer Tonkin & Taylor and Mark Foley, Engineering Geologist came to the table to answer questions.

Councillors asked for a briefing on the seismic risk associated with the dam.

Mr Foley explained the seismic risk by drawing a diagram on the whiteboard of the active faults in the area of the dam. He explained factors that need to be considered in the design based on knowledge of past history of active faults. GNS have been engaged to assess

seismic shaking at the dam site (this is a specialist area of expertise). They are also revisiting their seismic predictions for the site based on updated knowledge of seismic performance, subsequent to the Christchurch and Kaikoura earthquakes.

Mr Foley also explained peak ground acceleration during an earthquake. Some comments have been made that GNS have not considered vertical accelerations, only horizontal. Mr Foley confirmed that vertical analysis is done by Geologists as a further step in considering the design.

The design team for this phase of design, includes not only Tonkin & Taylor, but international consultants who work on concrete faced dams around the world. The team look at analysis to model movement process in the case of an earthquake.

Mr Taylor explained that the dam is designed for a 1 in 10,000 year earthquake. In a major event of that magnitude, they would expect the concrete facing to be damaged and crack, but they need to make sure the dam would not catastrophically collapse in the event of significant damage.

In response to a query on whether the Hikurangi subduction zone has been considered and the risk to residents of Lee Valley and Brightwater School, Mr Taylor explained this will have been considered by GNS as all faults are considered for potential to affect the site. They combined potential combinations of all fault events into a theoretical fault so they can work out ground acceleration to the site. With regard to a landslide occurring, they do occur, and in terms of dam design they have looked at potential risk associated with landslides, and identified those that could cause rapid movement of water from the dam, assessing potential sources and consequences of those. In any large event potentially affecting a dam, there was a procedure in place to warn residents downstream of the site.

One submitter asked in their submission what qualifications did Mr Foley have (to provide advice on the dam), to which he replied 'none'. Mr Foley was asked why he would have said that? Mr Foley commented to the Chair that he could not answer that question as it is hearsay and he believes he would not answer a question on that matter in that way.

In response to a question on the impact of scree on the dam in an event, Mark Taylor confirmed that they have looked at landslides in the reservoir in terms of wave height and movement created moving down the dam by the landslide. They did not feel that the dam could fill with scree over the life of the dam.

In response to a question regarding a catastrophic event happening half way through construction of the dam, Mr Kirby was asked what the likely cost overruns would be. He explained that insurance for the project is covered off as part of the SCI process. In the event of flood or earthquake during construction, Council's intention is to have appropriate insurances in place to cover these events during and post construction. Risks and prices associated with this are all part of the ECI process.

When queried on whether Tonkin & Taylor had designed a dam in a similar seismic situation (location) as this one, Mr Foley explained that throughout NZ there are many dams where fault intensity is much greater and there is much higher seismic risk than facing the Waimea Dam. One example is the Clyde dam which has been built on an active fault. Mr Taylor confirmed that all dams are regularly assessed and occasionally upgraded with physical works.

In response to a Councillor's request for an answer on the matrix on upgrades and costs associated with that, Tonkin & Taylor confirmed they could not provide answers for that.

When asked what damage is expected in a 1 in 10,000 year event, Mr Foley explained an event of that magnitude in this region would cause unprecedented damage and total devastation to the region. For the dam, it is designed not to fail to cause loss of water that could cause potential damage. He also explained that concrete faced dams have a very good record worldwide for robust performance during earthquakes.

Mr Foley confirmed that the Hikurangi fault line, which has a likelihood of an event occurring in the life of the dam (100 years), was taken into account in the assessment GNS made of the combination of fault activity in the area. They looked at the combination of likelihood and magnitude, and the greatest threat was from the Waimea fault as it would provide more ground shaking.

In response to a question on the cost to decommission the dam, Mr Taylor advised that it would be a very large earthmoving job to deconstruct it in a careful way.

Richard Kirby explained the ECI process identifies all the various risks for the project. As far as storm events go, the discussion will be at what point can we carry the risk within the project, and at what point do we get insurance involved. All risks will be identified, including what risks the contractor carries, and what risks the JV carries and associated costs.

With regard to a query on sediment build up in the dam, Mr Foley explained that the dam has one million cubic metres of 'dead storage' (reservoir volume that could potentially be infilled without having any impact on the operation of the dam). There may be features that slump and go into the dam, however the volumes that have been assessed would not exceed the capacity of the dead storage of the dam. The Geotech report highlighted three areas where there is likelihood of movement and they assessed these for volume if they failed. From analysis done, from significant events modelled, less than 2000 cubic metres would come from that activity in addition to sediment inflow. This is considerably less than dead storage volumes.

In response to a question on who would be responsible for funding decommissioning, Mike Drummond, Corporate Services Manager explained that this responsibility would be with the CCO.

When asked if they could provide indicative costs for a couple of weirs to be built on the river, Tonkin & Taylor said no, they could not comment on this as they did not have the figures.

The Mayor thanked Mr Taylor and Mr Foley for their expert advice.

The meeting broke at 2.32 pm, and reconvened at 2.42 pm.

G) River and Aquifer Hydrology, Environmental Considerations (Page 18 of the report)

Andrew Fenemor, Landcare Research came to the table to provide advice.

He also declared an interest – in that his wife put in a submission on the dam and he wanted

to advise all of that.

Questions raised:

What is the connection between the river and aquifers?

Mr Fenemor explained the nature of the interaction. Basically a certain amount goes into aquifers in response to pumpage, and a certain amount goes into the river to provide sufficient flow for environmental purposes.

When asked if something could happen to an aquifer in an earthquake that affected the recharge, Mr Fenemor said that earthquake risk in terms of aquifer connectivity is relatively low. Joseph Thomas, Resource Scientist explained that the Kaikoura earthquake had a big impact on water pressure in the aquifer but it did not affect the performance of how the aquifer works. Mr Fenemor believed that testing of the aquifer modelling gives us great confidence.

With regard to weirs – the question was raised at a previous workshop whether weirs would help with river recharge. Mr Fenemor has seen this, and weirs would have a localised beneficial effect if installed.

Discussion moved on to a specific submission from Submitter 16203. Dennis Bush-King came to the table to provide answers to questions raised. He explained that the Roding River would not benefit from augmentation in the Lee Valley so Nelson City's extraction from the Roding Dam, would not benefit from the Waimea Dam. They would, however, have a more secure supply from the Waimea borefield. The Waimea East Irrigation Company would be a beneficiary of the augmented flow as they abstract water directly from the Wairoa River and this is why they have been involved in the process to date.

He further explained that Council has until 2040 to comply with the National Policy Statement on Fresh Water but the TRMP is the document we need to comply with as this already has legal effect. Mr Bush-King said Council needs to release a decision on permit renewals by 1 November so either way staff need to know if there is to be a dam or not. Not proceeding now would mean following the no dam option.

Mr Drummond confirmed that the JV is working through budgets at present and clarifying amounts. At financial close will have a revised estimate for the project and a construction price. At that point there will be a reassessment of the risks of the project. We will only know project cost sums once we get to financial close.

There was a question raised about the level of infiltration and whether recharge is too high. When water is released to maintain the minimum flow of the river would this provide sufficient water to aquifers for irrigator and urban take. Mr Fenemor said he was fairly confident about the way the system works. The best indications on available science is that it will function in the way its intended, and there is a buffer in the system in this proposal.

In response to a question on the percentage of water that could reach the town bores, Mr Fenemor explained that the hydrology over the last 50 years has answered this question and it has been built into the modelling. In the absence of a dam, the water has been tracked and will get to the bores. The percentage has not been specifically reported on in the work, however we can explain where the water has come from and how long it takes to get there. With regard to the weir removed from Mt Heslington Road, which was demolished

in 1958, causing the water table to drop by 2 metres, Mr Fenemor said he had heard similar information and that there were many changes happening to the area at that time including drainage. The water table could have dropped for a number of reasons.

In response to a question on whether it was possible to provide numbers for how much water goes to bores and how much goes to the sea, as Councillors needed confidence that we would not be paying for water that is going to sea, Mr Fenemor said he would need to revert back with some numbers on this. However he said the scheme is providing for security of supply, minimum river flow, and allowing for the 100 year growth of the district. In this context, it is not so concerning how much water is going where.

Mr Bush-King observed that water will always flow out to sea, and this changes during the year. There will be enough water delivered from the dam to allow people to take water through the bores, and down the river to provide for ecological values. The release of water will be managed to achieve the objectives Mr Fenemor has mentioned. That will include a lot of water going out to sea.

He also explained that the dam is collecting water in times of plenty and saving it for times when we need it. He explained the situation of a dam/no dam scenario and how it would have impacted on the period 1/11/2017 to 8/1/2018 as an example. The dam is designed to maintain the flow in the river to allow the aquifers to respond.

In response to a question on what the level of extraction would be from the aquifers once the dam is constructed, Mr Fenemor explained the 100 year security of supply has led to storage capacity modelling. The dam would provide more than currently is being extracted.

Mr Bush-King advised that all can take some confidence in the TRMP that deals with these matters and a system in place that addresses water quality moving forward. The Plan provides for nutrient management plans etc. in the event there is more extraction.

There was a discussion about one submitter who queried the validity of the hydrology figures and related it to the level of his own personal well. Mr Fenemor could not comment on this as he was not aware of the location of this bore. It may be (although unconfirmed) that it was outside the Zone of Benefit.

Councillors were reminded that the hydrology for the dam is complicated, and it cannot be ticked off in simple boxes.

Councillors discussed the impact of the staged water restrictions in the 'no dam' scenario on urban users and how these restrictions would be challenging. Mr Bush-King explained that as the regulator, Council looks at community water supply. In the past, when we got to the 50% cuts, some industrial users were approached to see how they could cut back.

Cr Wensley left the meeting at 3.40pm

Mr Bush-King further explained that the TRMP requires Engineering Services to give a plan to Council on how they will implement the stages of these water restrictions/cuts. Richard Kirby, Engineering Manager will explain further when he comes to the table.

The Mayor thanked Andrew Fenemor for his advice.

The meeting broke at 3.45pm and reconvened at 3.50pm.

E) and F) Alternatives to the Dam and Urban Water Supply (Page 16 & 17 of the report)

The Mayor asked for an explanation of the water restriction stages and how drastic this will be for urban users.

Mr Kirby provided an explanation. The TRMP has five steps of rationing that are triggered as the Waimea river flow reduces. For the urban abstraction the restrictions for each step are determined by two criteria; the first criteria is based on the consented abstraction limit and the second on the average weekly abstraction over the last 8 years for that specific week. The governing criteria is the one that yields the lower limit. In effect the more efficient we are the more onerous the restrictions become.

For instance;

1. When step 3 restrictions are applied Council has to limit its urban abstraction to either 50% of the abstraction limit or 25% reduction to the average weekly abstraction over the last 8 years for that specific week, whichever limit is less.
2. And when step 5 restrictions are applied Council has to limit its urban abstraction to the equivalent of 125 litres per head per day. This would require around 80% reduction in demand.

Cr Wensley returned at 4.06pm.

Under the TRMP and 'no dam' scenario, all new industry will be restricted to 15 cubic meters of water per day. When asked if they can trade this, if they don't use it, staff explained that they don't believe they can do this as it applies to the individual site. As the connection provides for a certain amount of water each day, if the business changed use they would need to apply for a larger connection to the Council's supply.

E) Alternatives to the Waimea Community Dam (page 16 of the report)

In response to a question about alternative options to the dam and how the prices for these have changed over time, Mr Kirby explained there are a number of reasons for this including: in looking back at previous reports, they have found insufficient rigour around pricing; land values have risen; construction costs have increased and some options only allowed for a 5% contingency.

Mr Kirby has reviewed them all and ensured sufficient scope risk is factored in. He did this with all the alternative B options, so they could all be equally compared.

Councillors discussed the changing weather patterns due to extreme weather and climate change, and the situation in Capetown South Africa, where they have run out of water, and they don't have the benefit of snow melt to refill their reservoirs. They asked what comfort the dam can provide for refill as compared to the alternative options? Mr Kirby explained that in looking at the alternatives, the riverside storage option could be augmented in high river flows but would only work if there were regular freshes to provide the higher flow. The current weather patterns of long periods of dry, then heavy rain, followed by dry lends itself to some type of storage - either dam or riverside. Evidence suggests that augmentation such as the dam is a good insurance policy for Council in the event of climate change -

however it may manifest itself in the future.

With regard to ongoing operational costs (for example the need to chlorinate the supply) Mr Kirby said the operating costs of \$5m would cover any chlorination if it was needed.

The meeting closed for the day at 4.27pm.

Council reconvened on Friday 2 February 2018 to further consider the deliberations.

The meeting convened in open session at 9.33 am.

Minutes of the Meeting held 2 February 2018

The Mayor thanked all for the input and advice provided at yesterday's meeting.

In response to the question raised at yesterday's session, regarding how the submissions and responses had been calculated, Ms Flood explained that Table 1 in the staff report relates only to those submissions received on the Council's SOP questionnaire. She handed out a separate attachment that summarised the remaining submissions received on the two pro-forma surveys from the Waimea Information Network and the Hon Dr Nick Smith's survey. She also explained that for Table 1 in the report, it was not possible to tally up the total response as not all submitters answered every question raised in the SOP.

Discussion continued on the alternatives to the dam and the urban water supply. Mr Kirby came to the table to answer questions. He explained the stages of the water restrictions (as mentioned at yesterday's meeting).

At the moment Council has five stages of restrictions that apply to the domestic demand only. These steps have been highlighted as follows;

- Stage 1 – Conserve water notices issued.
- Stage 2 – No use of permanently installed irrigation systems, dripper irrigation systems or soak hoses. (Hand held hoses permitted).
- Stage 3 – Hand-held hoses only on odd and even days of the week corresponding to street number.
- Stage 4 - Hand-held hoses of productive gardens only on odd and even days of the week corresponding to street number.
- Stage 5 – Total hosing ban. Water only to be used for personal hygiene.

The steps outlined are what we would ask the urban users to do in the form of measures to comply with our discharge limits. Mr Kirby is signalling to Council this is a guideline for the discretion of Council water managers. He will come back through the Engineering Services Committee with further information about how to implement these stages, with a focus on commercial and industrial users and how restrictions are to be applied to them also.

A Councillor queried if any other new options have become available, since Mr Kirby looked at the alternatives in 2017.

Mr Kirby said there is one option not currently an alternative but worth consideration, which is utilisation of extra capacity Nelson City Council might have. There are some concerns with this option as Nelson City Council went onto restrictions at the same time Tasman

Council did prior to Christmas. There are clearly some issues and concerns about availability of this water during the summer/dry periods. Other than this, there are no other reasonably practical options that can be considered.

Councillors felt there should be further discussions with Nelson City Council about a regional response, and an agreement with Nelson to provide Tasman with water. However it was pointed out that Nelson's summer reality is the same as ours, and their first obligation is to their community – i.e. there is no way they would agree to give Tasman preference when their own community needs the water. The Mayor explained that there have been significant discussions with Nelson City Council, where it was made clear that it is a regional issue and requires Nelson City Council funding. They have an SOP on this funding, currently out for consultation, and they are following through on this process with their ratepayers. Any intervention at this point could be counterproductive.

Councillors queried if the costings for the dam should be based on supply rather than capacity, as there was no adjustment for wasted years when it wasn't needed.

Mr McKenzie explained that the answer lies in the 'take or pay' arrangement, which is the only way it can be financed and sustained. We are paying for capacity even when we don't want it. Otherwise we would need to pay a premium at times of shortage and less at times of surplus (as is with the electricity market). The principle on which this project is funded is 'take or pay' and is applied to both urban users and irrigators.

Mr Kirby was asked to clarify the restrictions in a no dam scenario. He signalled to Councillors we would be moving to far more restrictive measures.

If the 'no dam' scenario was agreed to, staff would revisit all the alternatives again, including the Bell Island water treatment plant. But this was only if there is a no dam situation. He further confirmed that there are no alternatives that address the irrigator shortage, they only help with the urban supply.

In response to a question on water leakage/wastage, and what measures would be put in place to work around this, Mr Kirby explained that there is a water leakage programme already in place. At the present time, leakage is between 20 and 25%. All Council can do is mitigate this as much as possible.

Mr Kirby was asked to clarify the Riverside option and the \$5m annual costs. He broke this down as follows:

Treatment \$1.3m

Pumping and transfer \$70k

Riverside bores \$90k

Reservoirs itself \$750k

Depreciation and electrical \$1.6m

The above costs are added together as well as an additional 20% for maintenance costs and 20% for contingency costs = \$5m.

With regard to a comment asking if Council had thought about resilience and adaptive responses to climate change, it was pointed out that all advice points to water augmentation as the most cost effective way of protecting the community against the impacts of climate change. A lot of thinking about alternative models has been done, and the consequence of that thinking was to build a large capacity reservoir to store water in the manner that is contemplated with the Waimea Community Dam.

In response to a question about why the operating costs for alternatives, for example the riverside option, were so much higher than for the dam, Mr Kirby explained that the dam is the most cost effective option, as there is very little infrastructure, and it only requires minor maintenance in the future. The riverside option to create an artificial dam means we would need to upgrade the treatment plant and put a membrane in. Also the treatment plant is mothballed for 4-5 months of the year. That was why costs have come through so high. He has indicated, without having to go through a detailed business case for each alternative, that the costs are very high for the alternatives. When asked if Council would need to upgrade the treatment plant in view of the new water standards, Mr Kirby said potentially yes, but that would apply across the board with all costings.

The Mayor thanked Mr Kirby and his team for answering the questions.

G) River and Aquifer Hydrology, Environmental Considerations (page 18 of the report)

At yesterday's meeting, a Councillor asked about the rate of recharge as some water is referred to as 3 years or 20 years old. At the time, Mr Fenemor explained that groundwater moves very slowly, and said for example, the water pumped from the Waimea bores today was not the same water released from the dam today.

Joseph Thomas came to the table to explain this further. He explained that water molecules take time to travel from A to B, and all the testing that has been done shows that water below the Wairoa Gorge recharges the aquifers. What the recharge is doing is maintaining aquifer storage/groundwater levels so that groundwater is available for extraction. The water flow had to be maintained so it could get through into the aquifer, providing its recharge. The age represented the water moving through the length of the aquifer.

The meeting broke at 10.31am, and reconvened at 10.38 am.

9. Analysis of Submissions Received on the Statement of Proposal (page 19 of the report)

Mike Drummond, Corporate Services Manager and expert advisors Murray Harrington, Partner PwC, Mei Fern Johnson, Corporate Commercial Partner Russell McVeagh, and Richmond Tait, Associate Director Northington Partners, came to the table to answer questions.

Proposal One: Funding Council's Proposed Share of the Dam Project (page 19 of the report)

A) extractive capacity – urban water use

When queried if submitters who selected "none of the above" indicated they objected to the

dam? Ms Flood said no, that is incorrect.

Councillors queried ratepayers in other areas, e.g. Murchison, paying the charges for the dam. Mr Drummond explained that this was covered in the draft Revenue and Financing Policy. The clear principle in the water club is that all members pay the same charge, e.g. Richmond subsidising infrastructure in Collingwood or Murchison, and this was another project coming into the urban water club and funding was consistent with the club approach.

In response to a question from the WIN survey form on whether the dam was the best use of the Freshwater Improvement Fund grant of \$7m, it was confirmed that Council made an application for the fund, met the criteria and the grant was given. It would be foolish to walk away from this. However if the dam initiative doesn't go ahead, the funding is gone, as it cannot be used for an alternative project.

Ms Flood explained that properties in the Redwood Valley Water Scheme were omitted in error when the SOP was adopted for consultation. These properties draw water from the area serviced by the proposed dam. It is now proposed that they also contribute to the extractive water users costs. If this is agreed, it will be included in the draft Revenue and Financing Policy which is scheduled for adoption and consultation in parallel with the LTP consultation document on 22 February. Mr McKenzie confirmed there was another round of consultation ahead for the LTP and the Revenue and Financing Policy.

B) Environmental and Community Benefits (page 22 of the report)

In response to a question on cost overruns for the project and how this would affect Council if there was, for example, a \$10m cost overrun, Mr Drummond explained that the first \$3m was split 50/50 with irrigators, and the balance was picked up by Council. However they have provided in the draft Revenue and Financing Policy, the ability to recover costs from irrigators. This was for Council to consider if needed in future, and staff would take direction on that at the time.

In response to a question on whether the environmental flow was a direct WIL payment, Mr Drummond said the answer was no, that the SOP did not provide for that. Irrigators pay nothing directly through WIL, they are however paying the zone of benefit (ZOB) rate. The Crown, through CIIL, has provided a \$10m interest free loan to assist funding environmental and community benefits.

Councillors noted that irrigators will be meeting environmental flow costs as others are. They asked if Council was able to target rate the irrigators in relation to environmental flow?

Mei Fern Johnson explained that the restriction in target rating was only in relation to the repayment of the \$10m CIIL loan. Nothing else in the documents restricts Council's ability to target rate.

Mr Drummond explained the draft Revenue and Financing Policy allows for the recovery of cost overruns from all groups contributing to the dam. In this situation, he would anticipate that Council would turn its mind to how it had apportioned other costs in relation to the dam. For transparency, the draft Revenue and Financing Policy indicates what options are available to Council, should that situation arise.

When asked if Council could approach Central Government for an extension to the loan if the situation of a cost overrun occurred, Mr Drummond explained that yes, they could be

approached, however they have made it clear the funding level they are providing was the maximum they can go to. It would be challenging to go back to Central Government for an increase, particularly due to the change in Government and potential future of Crown Irrigation Investments Ltd (CIIL).

In response to a question about whether WIL's shareholding would be diluted if Council put more money into the project, Mr Drummond explained that there would be a mechanism where more shares were issued, but in terms of operational cost allocations, these would not be affected. Ms Johnson confirmed that the operational cost split from day one is 51/49 and does not move in accordance with the shareholding.

Mr Drummond further explained that if WIL were to default, their rights as a shareholder are suspended. If WIL is not in default the approach is a typical JV where key matters are agreed up front and the sort of matters to be agreed going forward would be operational. Once built it is a simple company that owns and operates the dam.

When asked what key matters would need agreement by both parties, Ms Johnson explained that it would be matters such as: any liquidation of the dam company; granting of security interests over the dam; the issuing of any additional security (not to Council); any variation of the water augmentation agreement; adoption of an annual budget and cash flow forecast.

A question was raised regarding the situation where for example, an earthquake happened during construction and there was a need to reinsure or there was a period when there was no insurance - who would cover the risk in this case and what had been built into the shareholders agreement?

Ms Johnson explained there are three provisions:

- 1) in relation to the agreement of parties, each party is required legally to act reasonably (critically in relation to matters of health and safety) and this would include approving expend to provide safety;
- 2) this is a company which is required to fulfil all directors duties under the Companies Act;
- 3) there are requirements under the Health and Safety At Work Act.

When asked how the costs of decommissioning the dam, should that occur, would be shared, Ms Johnson confirmed that all costs that the company Damco incurs would be shared 51/49% for as long as it owns the dam. This was irrespective of the shareholding at that point.

Mr Drummond confirmed that if there were cost overruns, how Council chooses to fund this is up to Council, and it would look at its obligations and the considerations under the Local Government Act, especially Section 101(3).

Zone of Benefit (ZOB) (pages 24, 25, 26 of the report)

Ms Flood drew Councillors' attention to an omission from the SOP and the proposal to amend the ZOB to include the Mt Heslington and River Terrace Road properties previously

linked through the 88 Valley Water scheme. This is because one of the criteria for the ZOB is that it includes properties that would have water available or supplied by the aquifers of the Waimea Plains, and this would ensure consistency with the other water users on the Brightwater supply.

A series of maps were handed out that showed the Zone of Benefit – Redwood Valley Zone (map 1); Zone of Benefit – Zone of Effect 2014 (map 2); Zone of Benefit – Waimea West (map 3); Zone of Benefit – Wai-iti Dam Rating Area (map 4); Zone of Benefit – Mount Heslington (map 5).

The maps were discussed.

In response to a question about inconsistencies with double rating of people on the Wai-iti Dam scheme, and the fact some people in the Wai-iti Dam scheme pay twice and some not (as indicated on map 4), Mr Drummond explained that there had been some discussion on this and it was important to remember that it is not just access to water for the dam, but whether you are in the ZOB where environmental and community benefits will flow. The line can be changed but the question is: are those people going to enjoy the environmental and community benefits of being in the ZOB?

There was a robust discussion about the complexities of developing a line for the ZOB, including the fact that a number of people will be paying twice (with the general rate); or with another scheme; whether we accept the ZOB is imperfect; that this is the mechanism chosen; should we use a natural boundary rather than a zone based on titles. With regard to the latter, Mr Drummond explained that for rating purposes natural boundaries would create a significant problem. It could create a situation where QV are asked to apportion part of a property, incurring significant costs and debate around relative capital values, especially if apportioning one large property.

Discussion continued about the Wai-iti Dam Rating area map and the properties in green that are paying the Wai-iti Dam service rate, and are also coloured pink indicating they are included in the ZOB. On the map, these properties fall between Teapot Valley Road/Palmer Road and Bryant Road.

In considering the question of whether they should be in one or the other, Mr McKenzie reminded Councillors of the need to consider the provisions of section 101(3) of the Local Government Act (LGA). Council is able to allocate the cost of providing a service or activity on the benefits to the community as a whole, identifiable point of the community or to individuals, so one option is to build a case to exclude those properties paying the Wai-iti service zone charge, notwithstanding the fact they fall within the ZOB, that is drawn on broader community benefit grounds. That was within the powers of Council.

He also explained that while he can advise about inclusion or exclusion of properties around the margin, the advice about the existence of the ZOB is different. Compliance with section 101(3) would be challenging if it was decided to allocate all costs to direct beneficiaries on extractive take; the problem being that at Central Government level it has been recognised that there was a significant component of public good in this project. A view contrary to that would be subject to challenge. Advice provided was that as long as there is recognition of the public benefit in the scheme, Council needed to turn its mind to its general rating powers and the extent the proportion of the cost should be allocated to the community generally.

The Mayor asked for a show of hands for those in agreement to continue with the ZOB, but to take out the pink area of the ZOB that had been discussed, from the area marked green on the ZOB Wai-iti Dam Rating Area map.

The majority were in support of this.

In response to a question, Joseph Thomas confirmed that if these properties are taking from the Wai-iti scheme, they cannot also draw from the aquifers sustained by the Waimea Community Dam.

Discussions continued on the line drawn by the ZOB. It was commented that some property owners had put in extra tanks on their property to meet their own water needs as they had relied on the 2014 ZOB map. Ms Flood said that the 2014 proposal was thrown out and Council is now back to square one in regard to setting the ZOB. A line had to be drawn on the map as a starting point, and it came down to Councillors, if they wanted to make specific exclusions for some people.

It is acknowledged that the ZOB has imperfections and the robust discussions today reflect this.

The Mayor asked for a show of hands for those who supported continuing with the ZOB.

The majority were in support.

The Mayor asked for a show of hands for those supportive of including Mt Heslington and River Terrace in the ZOB.

The majority were in support.

Mr McKenzie explained that there is a 'live' draft resolution to be discussed later, that will incorporate indications of preference drawn out over the course of discussions today.

The meeting broke for lunch at 12.28 pm and reconvened at 1.13 pm.

9. Analysis of Submissions Received on the Statement of Proposal (Continued/...)

SF provided a broad overview of the purpose and content of the analysis.

Councillors queried whether there was a 'dossier' of information about WIL. Mr Drummond advised there was no dossier but that the identity of the current shareholders was known. He clarified there was no list of individuals who indicated they are likely to subscribe to shares. Those details will not be known until after WIL's Product Disclosure Statement (PDS) is released and the responses in.

Concern was expressed about WIL's financial status, queried the statement from staff that WIL's inability to meet loan repayments were unlikely or remote and suggested there should be more information to support that view.

Mr Drummond explained that WIL is a vehicle for irrigators to be a part of the Waimea Dam project and has a substantial financial interest. When he looked at the risks Council was facing those have since been largely covered off through the commercial arrangements.

Mr Harrington confirmed there was no certainty until the capital raising exercise was complete. He went on to explain that this is the same as any other commercial process where there are unknowns and as we move forward and work through what the subscription is, it was possible to make more informed decisions.

Ms Johnson reminded the meeting that the consultation and deliberations did not concern any decision to build the dam, but the proposal on joint venture and funding structure in support of the project should it go ahead. She commented there are staff and advisors on hand to provide a consolidation of research around the commercial process for the benefit of the Councillors.

Mr Drummond remained committed to his statement regarding WIL's ability to meet loan repayments. He said the documentation and structure of this provides strong incentives for WIL to succeed. The consequences of not doing would result in severe penalties for them.

Mr McKenzie explained that the consultation process required that Council supply the community with information about the governance and financing arrangements. The decision had been made to pre-consult about the way it proposed to structure and fund that and was a precursor for the adoption of the LTP.

In response to the suggestion that today's decision be pushed out until the outcome of the WIL uptake, Mr McKenzie reminded Councillors that they had been in this situation many times and spoke often about the need to align the workstreams contemporaneously. He reinforced the importance of including the proposals about funding and finance in the LTP.

The meeting heard that, as part of the underwrite there was an obligation imposed by Central Government in return for receiving an interest free loan which represents a saving of approximately \$0.5m per year.

The question was asked whether there was a simple way of resolving failure other than attaching it to the rates. Mr Drummond advised the alternative would be taking a charge over the properties. The mortgagees on those properties would have priority and it would be difficult to enforce. If it was attached to the rates, Council would have priority over the banks when recovering any that were unpaid.

Mr Drummond went on to explain that CIIL are putting commercial loans in place and they need sufficient security. The Council will receive preferential rates on the loans and he believed there is no better or more pragmatic way of setting up a deal of this nature.

Mr McKenzie confirmed the benefit to WIL of the underwrite was the difference in the interest rate on the concessionary rate and the commercial rate, confirmed by Mr Drummond as around 2%. He said this makes it more affordable by reducing annual costs to irrigators, which will lead to better uptake, reducing the risk Council faces. The cost or value associated with the residual risk that we cannot offload is tangible by way of the 0% interest on the \$10m.

When asked how the credit support showed in Council's financial record-keeping, Mr Drummond advised this was contingent liability in the annual accounts. It is disclosed in the note on contingent liabilities. It is not shown on the balance sheet as a liability.

Any additional investment in the dam will flow through shares issued which will appear on our balance sheet. The potential liability is disclosed through normal accounting

requirements. He accepted this does not satisfy the desire for visibility now but once the PDS process has been completed, there will be far more information upon which to make a decision.

In response to a question of whether Council would receive copies of WIL's financial reports, Mr Harrington responded that Council would have a representative seat at the joint board. The financial monitoring mechanisms had been thought through.

Mr Tait confirmed WIL is going to be a small entity with substantial reporting requirements to CIIL and he described what those entailed. They were designed to ensure CIIL remained confident WIL could meet their obligations. CIIL are looking at the process very rigorously. The fact they are not underwriting the loan reflects the nature of the asset and normal commercial practice.

Ms Johnson confirmed that the reporting obligations of Council mirrored those of WIL.

The question of control of water on the plains and transfer of over allocations was considered.

Mr Bush-King explained the Tasman Regional Management Plan (TRMP) sets the new allocation limits and consents will be granted within those limits. Those will be to the shareholders of WIL and not to WIL as a company. There is a possibility some shareholders will purchase more shares than they can apply to their individual property. They won't be able to use that water that goes with those extra shares. They could do that through a transfer mechanism. That ability exists now – a site to site transfer.

Mr Drummond clarified the interest calculations are for years 1 to 5 of the loans.

Mr Harrington anticipated refinancing at the end of the term of 15 years would be through a commercial banker.

Mr Drummond confirmed the current agreements provide for WIL going to the banks in a five yearly cycle to see if they can refinance the loan and through that process would be testing the market. If that cannot be achieved, CIIL will call in the debt Council will have to step in. He commented that Council has a strong balance sheet and can call upon the Local Government Funding Agency (LGFA) for support.

He said it was worth reflecting the decision is whether or not to include the current proposal in the Long Term Plan (LTP). The decision of whether or not to proceed with the construction of the dam is one that will be made at financial close. At that point there will be far more information and a number of the risks currently facing Council will be reduced.

Mr Drummond reminded Councillors that they were not resolving to enter into a contract with WIL but is the next step in the process which will give them more information. There was still the ability to opt out of the project if the proposal becomes untenable. If the Statement of Proposal (SOP) is fed into the LTP there is no commitment to proceed but if it is not included then the option to proceed is taken away completely.

Ms Edwards referred the meeting to section 96 of the Local Government Act which summarised the effect of the LTP and of those aspects included within that Plan, which do

not become compulsory.

Mr Harrington advised in commercial practice the underwriter often won't know what all the risks are. Council has more certainty than that at this stage. Beyond that, no further reassurance could be offered by advisors without additional information being made available.

Mr Bush-King confirmed new businesses moving to the District within the urban reticulation area would approach Council for a connection. If they purchase land outside of that then they would have to come to Council with a water supply agreement obtained from WIL.

The meeting was referred to a staff report in 2015 citing a recognition that Council should not be exposed to risk of being a promoter of WIL's capital raising. Ms Johnson responded that the intent of that statement is that Council cannot be exposed to promote the sale of shares by a related entity. The securities legislation captures those helping them raise those funds, not contracting with that company in a joint venture. They can assist with the running of the company but cannot be involved in the sales role for shares in that company.

Mr McKenzie advised his concerns that the debate about risk is all focussed on the downside risk of proceeding. He said that gain is associated with that risk but that has not been discussed. A classic example is the seismic risk versus the drought risk. The latter is nine times more likely in any year. In Council's evaluation, it must consider the risk both ways. The risk of saying 'no, we're not going to put the proposal into the LTP' means the project is at an end. The consequence of that is that the water allocation will occur on a 'without dam' scenario forthwith.

Councillors were reminded of their responsibility to supply services to ratepayers. A large part of Council's activities relates to the supply of water, both urban and rural/irrigation.

Mr Bush-King confirmed that, once the WIL PDS process has been completed, the affiliated permit-holders will be known – that is public information.

Mr Harrington responded to the question on how the stringent reporting to CIIL would transfer when WIL exited as a lender. He anticipated the documentation would have to be redone with the new lender involved and that could cover off reporting requirements to the joint venture.

The Mayor observed that if there is a different funding provider that doesn't require Council's credit support, there would be no justification in requiring those reporting requirements.

Mr Johnson confirmed that in the documentation that WIL will report to Damco on, a number of financial and other matters were included which covers off sharing of information by WIL that is equivalent to that supplied to CIIL.

The Mayor referred to the early stages of discussions, when there was a mandate from CIIL based on Council picking up the credit support. He commented the \$25m is likely to reduce over time. What CIIL have done to recognise that Council is putting in the credit support is to make the \$10m loan interest free. This represents a huge benefit to our community by giving a cash reduction on what ratepayers have to pay. That is a compelling argument in favour of the funding structure. There is also a huge benefit too to our local economy, i.e. those workers employed by those who benefit from having the water.

Councillors noted that during the submission process +consulted on a model to go into the LTP. In that process they received a drilling from members of the public about seeing the terms sheets. There was confusion around conflicting information provided by other parties, generating fear that Council were stepping off a financial 'cliff'. Councillors had a responsibility to be clear to our community about getting the model into the LTP. That does not constitute a decision to build the dam at any price and pick up WIL's loan if they default.

Ms Johnson, in response to a question, confirmed that WIL cannot transfer their shares in Damco without Council's consent. If Council wanted to buy out WIL's shares, it was likely to be at a nominal cost. She went on to clarify that WIL's right to take water would be suspended in the event of default. CIIL will assign to Council their security rights i.e. rights over the shares. This type of scenario and rights are contemplated in the terms sheets.

9.25 – the Use of Council commercial income to service the \$10m zero interest loan from CIIL

Mr Drummond reported on the income from the Council's commercial ventures and clarified that if this was significantly less than budgeted, Council would have to raise funds elsewhere, probably through rating to service the loan repayments. The commercial income and the loan servicing have both been included in the draft LTP financials. After doing so the Council's debt remains below the self-imposed limit.

He was asked if the forecast returns from those investments had been limited to provide the headroom to pay the \$10m, ie. deliberately underestimated the returns. Mr Drummond confirmed the calculations had been made on the same basis as had been used in the past.

It was suggested that if Council doesn't use that commercial income but instead raise a rate, there will still be a surplus and so more flexibility to decide what to do with that surplus that could go towards community development.

Following discussion, a Councillor summarised the situation as this: It's a zero sum game if we use the commercial revenue for another budgeting purpose. The District wide rate goes up and another rate or rates go down.

Mr Drummond confirmed this is correct. If we use the commercial revenue on unbudgeted items, then the rates and/or debt goes up and breaches the debt or rates limits.

Proposal three: Ownership, Governance and Management of the Dam (page 29 of the report)

Ms Flood provided an overview of the results from submissions.

In response to a question on whether a condition of the resource consent was that there was an advisory board and if this had been costed into the proposal, Mr Bush-King advised that this is a charge the consent holder needs to meet and is included in the operational budget.

The meeting broke at 2.59pm and reconvened at 3.20 pm.

Mr McKenzie referred back to the staff report and the recommended resolution, in particular part 5 that had been reworked. He reminded Councillors that the final decision

on building the dam cannot be made until financial close. He went on the record to pick up comments made earlier in the meeting regarding assessment of risks. He said that proper consideration of risks requires the Council to turn its mind to the risk of not proceeding as well as the risks in doing so.

He encouraged Council to weigh up all matters that have been considered not just over the last two days but over the last few years. They must also consider the gains Council seeks to achieve for the community by proceeding. He encouraged a clear decision that Councillors and its partners can be confident in because a lot of time and money has been put into the project to date. On advice from the Environment and Planning Manager, his advice is that the decision to vote this resolution down will have the effect of consents being issued on a 'no dam' basis. It is our view that failing to incorporate the proposal would be the end of the project. Failure to incorporate constrains your ability but to include it does not contractually bind you to proceeding. Many of the questions you have put to us are for financial close but that will not occur unless Council adopts the resolution proposed.

Moved Tuffnell/Cr Brown

CN18-02-3

- 5. Requests that staff incorporate the proposals contained within the Waimea Community Dam Statement of Proposal in the Long Term Plan 2018 -2028 Consultation Document and supporting information, with the amendments that:**
 - a. Mt Heslington and River Terrace Road properties, which were omitted in error from the Zone of Benefit, be included; and**
 - b. Redwood Valley Water Scheme properties, which will receive water supply security benefits arising from the Waimea Community Dam, contribute to the extractive user costs; and**
 - c. properties within the Wai-iti Dam rating area, which contribute to, and access a separate dam water scheme, are not included within the Zone of Benefit.**

It was proposed that the Council rejects the funding model because it has been rejected by the majority of the community. The consultation was a large process and represents democracy. It was right to provide the dignity that Council had listened. Another view was that the right thing to do democratically was to ensure the community could consider whether or not to proceed with the project once a tender price was known and that required putting it into the LTP. Today's decision would be a chance to move forward after many decades of discussion and research around whether a dam should be built. Most of the unknowns will be resolved by the time financial close has been achieved but the consequences of not going ahead with a positive decision today would be significant and a disappointing result, particularly for future generations.

There was a call to at least include the SOP in the LTP and allow WIL the opportunity to find out what uptake there would be for the scheme. There were just a few months before more information was available to allow an informed decision on the project to be made.

There existed a vulnerability to drought which must be addressed, particularly as the population of the District continues to increase. Those moving to the urban areas have an expectation of water supply in the future. The growth factor was significant. Those Councillors in support of the project recognised this and hoped the right information will be made available in the next few months.

The Mayor summarised his appreciation of the consultation process. He acknowledged there were a lot of negative submissions but also recognised it was important to listen to the issues raised, consider those carefully and arrive at a decision based on that. He appreciated there is a lot of information that has yet to be made available in the next two to three months and the outcome of WILs PDS was also a crucial factor.

He considered that what had been proposed would be the most cost effective way of delivering water to the District, it is critical for us to include this proposal in the LTP but he emphasised the outcome of today's deliberations would not amount to a decision to build the dam.

It was noted there was not yet any firm proposal to build a hydro-station alongside a dam.

On a right of reply Cr Tuffnell emphasised that the process should not be halted so close to having sufficient information for a decision to be made which is crucial to our community, not just the urban community but the rural community and economic development. He believed protection of the environment was paramount too having an adequate supply of potable water fitted. He believed the Waimea Dam would do.

Cr Greening called for a division:

Brown	For
Bryant	For
Canton	Against
Greening	Against
Hawkes	For
Kempthorne	For
King	For
Maling	For
McNamara	Against
Ogilvie	Against
Sangster	For
Tuffnell	For
Turley	Against
Wensley	Against

8 FOR, 6 AGAINST

CARRIED

Council went on to consider the balance of the recommended resolution that had been modified and tabled at the meeting.

Moved Cr Sangster/Cr Tuffnell
CN18-02-4

That the Full Council

1. receives the report 'Proposed Waimea Community Dam - Report on Submissions to the Statement of Proposal October 2017'; and
2. notes that at its meeting of 27 July 2017 Council confirmed that a water augmentation scheme is required and decided that the proposed Waimea Community Dam in the Lee Valley was the best solution for meeting the community's need for good quality local water supply infrastructure; and
3. notes that a number of matters raised by submitters could not be considered as part of the Special Consultative Procedure as they were outside the scope of the Statement of Proposal; and
4. notes that in order to meet statutory timeframes, that the Long Term Plan 2018 -2028 Consultation Document and supporting information are required to be adopted by Council on 22 February 2018; and accordingly
5. notes that final decisions on the Waimea Community Dam will not be made until Financial Close, which is expected to be late May 2018.

CARRIED

The meeting concluded at 4.20 pm.

Date Confirmed:

Chair: