

STAFF REPORT

TO: Mayor and Councillors

FROM: Gary Clark, Transportation Manager

REFERENCE: R507

DATE: 16 February 2011

SUBJECT: **RIVER Z FUNDING SHORTFALL – RCN11-02-17**

1 PURPOSE

- 1.1 The purpose of this report is to seek extra funding for River Z works to carry out river maintenance and provide additional funding for river works.

2 BACKGROUND

- 2.1 As reported to the Engineering Services Committee on 3 February 2011 the 28 December 2010 flood event again highlighted the limited funding in River Z works and the consequence of this shortfall.
- 2.2 The flood event took out a significant number of the rock works which are part-funded from the River Z fund which is currently set at \$100,000 per year. This fund is used as a subsidy to property owners wanting to protect their adjoining land from damage associated with the river. It is often rock wall protection works. Council provides a subsidy of up to 50% to the land owner provided the work is built to a certain standard and the ongoing maintenance is the responsibility of the landowner. The subsidy rate has reduced to 20% at times when there is greater demand on this fund.
- 2.3 The total damage to assets in River Z from the December flood event has been estimated at around \$500,000. Roughly one-third of the damage was in the Aorere River with the remainder across the rest of the District. This figure is yet to be confirmed but is likely to be higher.
- 2.4 Unfortunately, due to the assets not being on Council's asset register and in effect being in private ownership, any protection works will not be covered by the Local Authority Protection Programme Disaster (LAPP) Fund.
- 2.5 However because Council has invested in the rock wall protection as part of the River Z subsidy, we will be able to receive the MCDEM's 60% subsidy to repair the damage (\$500,000 at 60% = \$300,000).
- 2.6 Accordingly there will be a local share "shortfall" in funding of 40% or around \$200,000 to repair the damage created by the flood. This shortfall will need to be funded. A number of options may be available which could include the following:

- a. that the \$200,000 shortfall is fully paid by landowners, and determined on a site by site basis; or
 - b. that Council contributes 50% (\$100,000) of the cost of the remaining shortfall with the landowners paying the other 50%. (The annual allocation of around \$100,000 that is transferred to the Classified River Protection Fund could be put to the \$200,000 shortfall. Accordingly the landowners would need to fund the remaining \$100,000 and Council would fund \$100,000. This funding rate is the same as the current subsidy rate that provides for River Z works and therefore consistent with current Council policy in handling River Z works funding.)
- 2.7 At the Annual Plan workshop Council asked staff to report back on how much additional funding would be required to address the River Z maintenance and operation issues.

3 CURRENT RIVER RATING POLICY

- 3.1 There are three river rating areas denoted by X, Y and Z. There are 285km of classified rivers and the X and Y areas are focused along the classified lengths.
- 3.2 When considering the River Rating cost-sharing policy, there is also an imbalance of expenditure when comparing the income from the X, Y, & Z areas.
- 3.3 The current river rating policy states that 50% of river rates are generated from the “Z” areas and that a portion of this fund is redistributed into the “X” and “Y” areas. This recognises the general betterment gained by all ratepayers from their use of the rivers for all sorts of activities. There are many more kilometres of river in the River Z area than in the current classified lengths. The Buller River, upper reaches of the Aorere River and part of the Middle Motueka for instance are in the River Z area.
- 3.4 The “X” areas currently require slightly higher funds to be allocated to maintain this classified river than what is currently obtained from river rates.
- 3.5 The “Y” rated areas generate much less than is needed to carry out the works in those areas. Generally the “Y” areas are subsidised by input from the “Z” areas.

4 RECENT RIVER MAINTENANCE ACTIVITIES

- 4.1 In recent years the crack willow eradication programme has been targeted only at X & Y Classified lengths of rivers. This has become the norm as most landowners in the Z areas are not prepared to part fund any removal of crack willow.
- 4.2 Crack willow is found in many of the rivers, streams, creeks and drains in River Z areas. During flood and wind events, twigs and branches break off trees in the upper catchments. These float down into the Y and X areas and quickly contaminate the previously cleared areas. This leads to additional ongoing costs for removal in the future as this material re-infests these cleared sections of river.
- 4.3 Previous reports have also pointed out that recent climate variability factors have been shown to cause the different species of willows to flower at the same times

and allow cross pollination. Crack willow was only imported as male clones and therefore should not be able to cross pollinate. The end result is that there has now evolved a population of both male and female trees that are producing abundant seed that floats on the wind and by water to settle and cause wide spread re-establishment of crack willow hybrids.

- 4.4 Much of this contamination is coming from River Z areas, but is becoming evident when it germinates and grows in the River X & Y areas.

5 CLIMATIC VARIABILITY EFFECTS

- 5.1 There has been a series of events in back country areas where weather bomb events of high intensity rainfall have caused medium to small catchments to receive major erosion and soil conservation damage.
- 5.2 Claims for assistance from landowners in these areas have far outstripped the River Z subsidised river works programme. Last year the budget was over-committed to a total of 350%. This year the events of 28 December 2010 have commitment of a further 600% of annual budget. The year has four months to run and further events may add to this commitment to budget.
- 5.3 As noted above, these works generally received a 50% subsidy from Council for river training on the upper reaches of River Z areas as there are some benefits to the management of the whole river system. This is consistent with Council's policy on river management.

6 FUNDING IMPLICATIONS

- 6.1 Council has asked for more information about how to provide additional funding for the River Z shortfall. Council has also asked how much funding would be required to better manage this area.
- 6.2 It should be noted that Council did not consider a River Rate Review was necessary at this stage as such a review would not provide value for money in the current climate.
- 6.3 The shortfall in river funding has been considered by Council staff along with the need to better manage these river systems. The current funding as noted above is \$100,000 which is not inflation adjusted. This was set in 1996. This has over time led to a significant shortfall in funding this activity. The considered level of funding needed to address both the river works and Crack Willow maintenance has been estimated at around \$400,000 per year. This will allow the funding of rock wall protection at the 50/50 subsidy currently offered in these areas. The additional funding will also allow for the removal of Crack Willow in the River Z areas which will save ongoing maintenance costs, in time, for other parts of the river system.
- 6.4 There are several options to consider for funding this shortfall and they are as follows:

- a)** Leave the allocation of funds as they are now and deal with the shortfall over time.

This will not effectively address the funding shortfall. The demands on this fund will mean that important river works will take several years to renew or replace. With the likely flood and wind events continuing to damage river assets the costs associated with managing this part of the river system a bow wave of works will lead to more expensive future maintenance of Classified River X and Y systems.

There is no effect on the river rate with this option; however there will be a need to address a larger issue in the future, potentially through the Ten Year Plan review in 2012.

- b)** Use the funds that are transferred to the Classified River Protection Fund each year to provide additional funding to River Z works.

Each year around \$100,000 (inflation adjusted) is transferred to the Classified River Protection Fund to ensure there are sufficient reserves in this fund to manage river events. This fund has a policy limit of \$1 million. The fund after taking monies out for the 28 December 2010 event will still have the required \$1 million funding.

Therefore the moving of funds to the River Z area instead of putting them into the Classified River Protection Fund will provide additional funding for this activity and is consistent with the policy for the Protection Fund.

However this level of funding is considered to be insufficient to cater for the needs of the ongoing River Z. While there is some additional funding, it is expected that a bow wave of future works and maintenance will exceed the ability to fund at this level. This bow wave could be addressed though the Ten Year Plan review in 2012.

There is no river rating effect from this option.

- c)** This option considers using both the monies from the fund and an increase in rates to address the funding shortfall. This option would provide all the funds necessary to provide river works and maintenance for the River Z area.

This is the preferred funding option as it will provide for the needs of the River Z system both in terms of addressing the renewal and replacement of rock walls, along with maintenance of Crack Willow. While the funds sought will not allow all this work to be done in a few years, it will provide a fund to address this issue over time and keep ahead of the demands of this river system.

This option will increase the river rate by a total of 18.64%. (It should be noted that there was a planned increase of 9.89% for 2011/2012 year.)

7 RECOMMENDATION

THAT the Tasman District Council:

- a. Receives this River Rating System Review report CN11-02-16.**
- b. Agrees to raise the total river rating income, as outlined in Option C of this report, by \$400,000 per year.**
- c. Agrees that this increase be equally split between X&Y and the Z rated areas as outlined in this report CN11-02-16.**
- d. Agrees that the river rate is increased by 18.64% in the Draft Annual Plan 2011-2012.**

Gary Clark
Transportation Manager