

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Council will be held on:

Date: Thursday 12 December 2019
Time: 9.30am
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Council OPEN LATE AGENDA

(3 Waters Sub-Regional Study and Cambridge Wastewater Discharge Consent Submission)

Membership

Chairperson	Mayor P Southgate
Deputy Chairperson	Deputy Mayor G Taylor
Members	Cr M Bunting
	Cr M Forsyth
	Cr M Gallagher
	Cr R Hamilton
	Cr D Macpherson
	Cr K Naidoo-Rauf
	Cr A O'Leary
	Cr R Pascoe
	Cr S Thomson
	Cr M van Oosten
	Cr E Wilson

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly – or as required

Becca Brooke
Governance Manager

10 December 2019

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Council Report

Item 10

Committee: Council
Author: Jackie Colliar
Position: Strategic Manager - Infrastructure, City Development
Date: 12 December 2019
Authoriser: Chris Allen
Position: General Manager Development
Report Name: 3 Waters Sub-Regional Study and Cambridge Wastewater Discharge Consent Submission

Report Status

Open

Purpose

1. To seek the Council's approval to co-fund the delivery of Phase 2 of the Waikato Sub-regional Three Waters Project with other Future Proof members and the Department of Internal Affairs.
2. To seek the Council's approval to lodge a submission of "Conditional Support" to the Waipa District Council resource consent applications related to the Cambridge Wastewater Treatment Plant.

Staff Recommendation

3. That the Council:
 - a) approves Hamilton City Council contributing one third of the funding (approximately \$250,000) required to complete Phase 2 of Waikato Sub-Regional 3 Waters project; and
 - b) delegates authority to the Chief Executive to lodge a submission of "Conditional Support" on the Cambridge Wastewater Discharge Consent Applications on behalf of Hamilton City Council based on the Principles of Approach set out in the staff report.

Executive Summary

4. The Waikato Sub-regional Three Waters Project is being delivered collaboratively by the Future Proof Partners and other organisations and will deliver a long-term strategic three waters infrastructure investment programme.
5. The estimated cost for technical services and incidentals to deliver Phase 1 and 2 is approximately \$2,000,000 (excl gst). Phase 1 of the project was co-funded (\$225,000) by Future Proof members. Hamilton City Council (HCC) contributed 30% of the Phase 1 costs.
6. An estimated \$750,000 of additional co-funding is required locally from Future Proof members.
7. In line with the Phase 1 contribution, staff recommend a further one third funding contribution (Approx. \$250,000) by HCC to support completion of Phase 2.

8. The HCC Phase 2 contribution can be accommodated within existing budgets but will require budgeted capital expenditure associated with the HCC Wastewater Discharge Consent renewal to be declared surplus and an equivalent operating expenditure established through the 2020/21 Annual Plan.
9. Waipa District Council (WDC) have applied for resource consents for discharges associated with the operation of the Cambridge Wastewater Treatment Plant. Submissions close on the 19th December 2019.
10. WDC has identified a sub-regional wastewater facility as one of the three short-listed options that they will consider as part of the long-term consenting process for Cambridge. A joint project team with relevant partners is proposed to progress the sub-regional wastewater opportunity and inform the long-term Cambridge investment decisions.
11. Staff are preparing a submission based on the Principles of Approach, as detailed in paragraph 24 below and recommend that Council delegates authority to the Chief Executive to lodge a submission of “Conditional Support” on behalf of HCC.
12. Staff consider the matters in this report have low significance and that the recommendations comply with the Council’s legal requirements.

Waikato Sub-regional Three Waters Project

13. Elected Members were briefed on the Waikato Sub-regional Three Waters Project being delivered through the Future Proof Partnership on 4 December 2019. A copy of the briefing presentation and update is included as Attachment 1.
14. The project is an iwi, Local Government and Central Government collaboration to improve three waters (water, wastewater and stormwater) infrastructure delivery and management in the Waikato Sub-region (defined as the Waikato/Waipā River catchments from Te Awamutu/ Karapiro to Port Waikato). The project will deliver a programme business case that will inform long term planning, project delivery and implementation and identify strategic infrastructure needs.
15. The project is being delivered through Future Proof and is one of several initiatives under the Hamilton to Auckland (H2A) Corridor Plan. Addressing three waters services is critical to achieving the objectives of the H2A Corridor Plan.
16. Collaboration is a key guiding principle of this project. One of the project objectives is to be an exemplar of integrated planning and partnership that others can learn from.
17. The overarching objective of the project is to give effect to the Vision and Strategy for the Waikato River through the identification of three waters infrastructure solutions that deliver “Best for River and Best of Community” outcomes in a boundaryless manner.
18. The project is being delivered in 3 phases.
 - i. **Phase 1:** Strategic Business Case, agreed vision and objectives, technical investigations, agreed evaluative methodology, master planning design sprint.
 - ii. **Phase 2:** Programme Business Case including full technical study, community engagement and alignment with 2021 – 2031 Long Term Plans.
 - iii. **Phase 3:** Implementation of candidate projects and delivery of priority projects funded through LTPs and other funding mechanisms (e.g. new government funding tools).
19. The estimated cost for technical services and incidentals to deliver Phase 1 and 2 of the project is approximately \$2,000,000 (excl gst). A funding application is about to be submitted with the Department of Internal Affairs (DIA) for a 50% contribution to this project, i.e. \$1,000,000 (excl.

- gst)¹. The funding request to DIA will be subject to the local partners confirming the 50% co-funding contribution.
20. Phase 1 of the project was co-funded (\$225,000) by Future Proof members. HCC contributed 30% of the Phase 1 budget along with services in kind (Project management, leadership and technical expertise).
 21. An estimated \$750,000 of additional funding is required locally from Future Proof members to complete Phase 2. In line with HCC contribution to Phase 1, it is recommended that HCC fund one third of the additional local funding needed to complete Phase 2. A one third contribution equates to approximately \$250,000.
 22. Discussions are underway within the other Future Proof member organisations to consider and confirm their respective funding allocation. Staff can provide a verbal update on any feedback from Future Proof members during the meeting.

Cambridge Wastewater Discharge Consent Applications

23. WDC has applied for resource consents for discharges associated with the operation of the Cambridge Wastewater Treatment Plant. These include treated wastewater discharge to land (rapid infiltration beds) in the vicinity of the Waikato River; Discharge of contaminants to growth water (seepage) and discharge to air (odour).
24. The application seeks a term of 6-year term, to provide WDC time to confirm and implement their long-term consenting strategy including plant upgrades.
25. The application has been fully publicly notified, and we have been notified as an affected party to the consent.
26. Submissions close on the 19th December 2019. Staff will be preparing a council submission under the CEO delegated authority and are seeking your feedback on the matters to be included in the submission.
27. The investment decisions associated with the Cambridge Wastewater Treatment Plant are directly linked to the Waikato Sub-regional Three Waters Project. WDC has identified a sub-regional wastewater facility as one of the three short-listed options that they will consider as part of the long-term consenting process for Cambridge.
28. A project team of relevant project partners is proposed to progress a sub-regional wastewater facility opportunity and inform the long-term Cambridge investment decisions. The project team will deliver a project level business case in parallel with and under the umbrella of the Sub-regional Three Waters Programme business case. The project team will report progress to the respective councils on a regular basis.

Principles of Approach to Cambridge Wastewater Consenting Process

29. Staff recommend that a submission of “conditional support” is lodged on behalf of HCC, subject to a range of matters being adequately addressed. These matters include:
 - i. The long-term wastewater servicing solution adopted for Cambridge being selected based on achieving Best for River outcomes and utilizing the evaluation framework established through the Waikato Sub-regional Three Waters Project.

¹ The fund has been established in response to the Governments 3-Waters services review and reform programme. A \$1,000,000 cap has been set for each region. The funding criteria includes 50% local / 50% central funding partnership; Multiple councils and iwi project partnership; strategic projects that improve overall resilience; consideration of water service delivery arrangements

- ii. WDC commitment and alignment to the sub-regional wastewater servicing solutions identified through the Waikato Sub-regional Three Waters business case. This could potentially require a commercial agreement with WDC.
 - iii. The term of the short-term consent being sufficient to enable points i. and ii. above to be achieved.
 - iv. Our iwi partners concerns associated with the Cambridge Short Term Consenting applications being adequately addressed.
 - v. HCC and WDC reaching an acceptable agreement regarding the receipt of out of district septage at the Pukete Waste water treatment plant.
 - vi. Active consideration of risk (if any) to Hamilton City Water Supply.
30. In the spirit of partnership and no-surprises, staff will engage with Waikato-Tainui and WDC prior to finalising and lodging the submission. The HCC submission will reinforce areas of alignment between HCC and Iwi.

Options

31. Three Waters servicing options to deliver Best for River outcomes across the sub-region will be identified through the programme business case process and reported back to elected members and the Future Proof governance throughout the project.

Financial Considerations

32. The HCC funding contribution required for Phase 2 is \$250,000 (based on one third of the \$750,000 additional funding required from Future Proof members). The HCC contribution would be funded over the FY20/21 and FY21/22.
33. The HCC Phase 2 contribution can be accommodated within existing budgets but will require budgeted capital expenditure associated with the HCC Wastewater Discharge Consent renewal to be declared surplus and an equivalent operating expenditure established through the 2020/21 Annual Plan.

Legal and Policy Considerations

34. Staff confirm that the recommendations complies with the Council's legal and policy requirements.

Wellbeing Considerations

35. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').
36. The Waikato Sub-regional Three Waters Project will adopt the Better Business Case Programme Business Case model. The 4 wellbeing's will be core considerations in delivering the programme business case in addition to Te Ture Whaimana o te Awa Waikato – The Vision and Strategy for the Waikato River.

Risks

37. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy

Significance

38. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance.

Engagement

39. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments

Attachment 1 - Waikato Sub-Regional Three Waters Briefing Presentation to EM - December 2019

Attachment 2 - Waikato Sub-regional Three Waters project Update Report to FPIC - November 2019

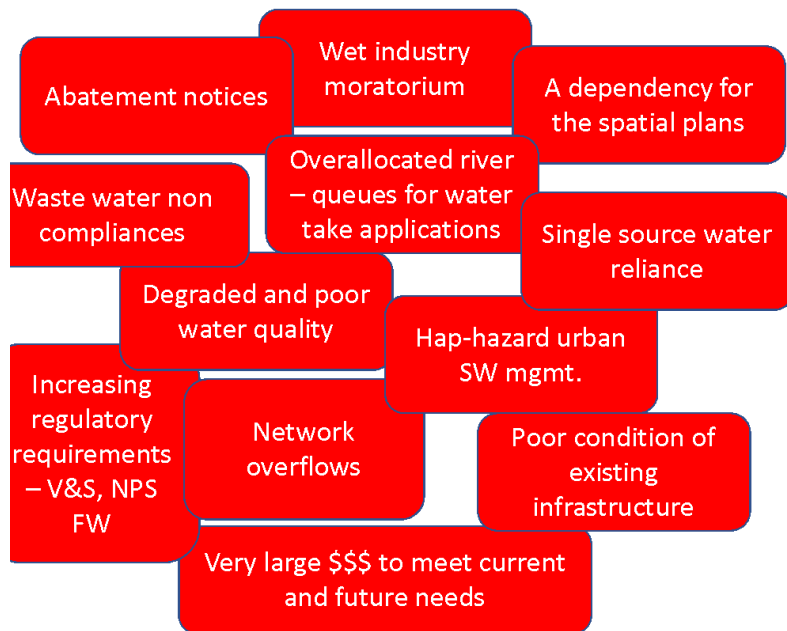


Hamilton City Council Elected Member Briefing – 4th December 2019

Waikato Sub-Regional Three Waters Project



Why are 3-Waters Important?



Unlocks economic potential of the corridor

Underpins environmental aspirations and goals

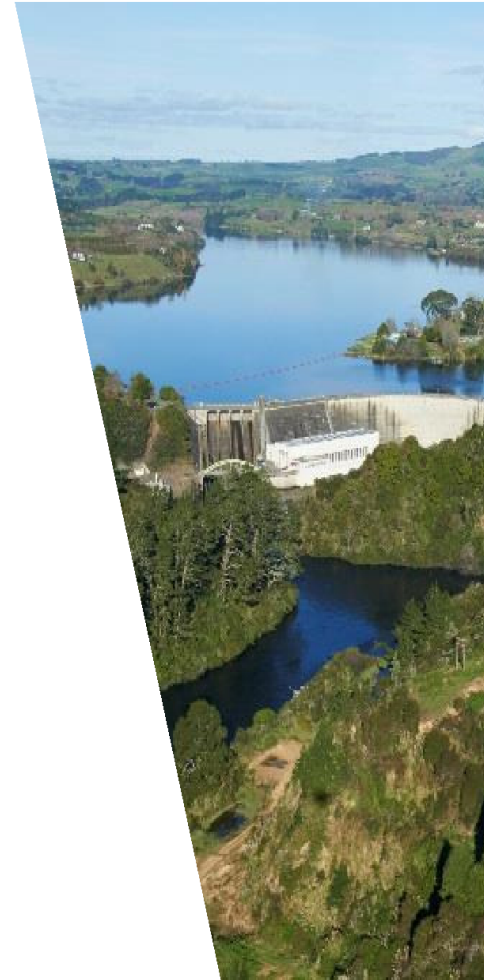
Major spend - opportunity to maximise and deliver greatest value for \$\$ invested

Enabler and dependency for other H2A initiatives

3 Waters - Project objectives

The Sub-Regional Three Waters Study is a collaborative piece of work to:

- deliver intergenerational 3-waters infrastructure investment plan unconstrained by territorial boundaries
- give effect to the Vision and Strategy for the Waikato River
- be a catalyst for paradigm shift in 3 waters management
- exemplify collaboration
- support tangata whenua aspirations
- identify candidate projects to showcase and pilot emergent central govt. tools
- inform Metro Spatial Plan and support delivery of Hamilton-Auckland Corridor Plan growth management objectives



3 Waters - Project overview

Key principles

- Considering 10, 30 and 100-year planning horizons
- Taking an integrated, holistic and boundary-less approach that delivers the best for river and best for community outcomes
- Consideration of three waters infrastructure (water supply, wastewater and stormwater) but excluding rural drainage and flood management
- Focus on the Future Proof sub-region within the context of the whole Waikato River catchment

Project phases

1. Scoping and strategic case preparation (complete).
2. Full technical study and delivery of intergenerational investment plan (dependent on funding).
3. Implementation



3 Waters - Phase 1 milestones

1. Terms of reference
2. **Vision and objectives**
3. Evaluation methodology
4. **Strategic business case**
5. Current state of three-waters report
6. **Master planning sprint outcomes**
7. Inputs into Hamilton-Waikato Spatial Plan



3 Waters – Project vision

Tooku awa koiora me oona pikonga he kura tangihia o te maataamuri

“The river of life, each curve more beautiful than the last”

...a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.

Key Project Objective:

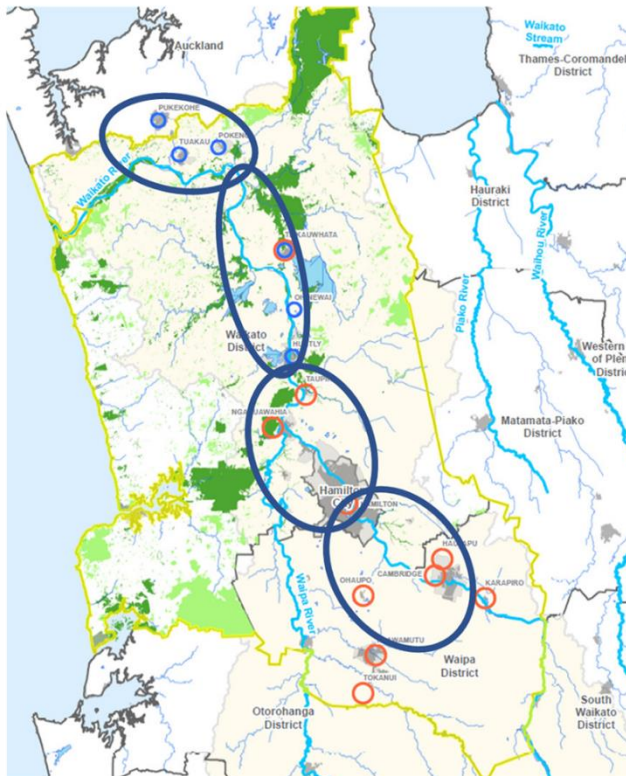
“give effect to the Vision and Strategy for the Waikato River”



3 Waters - Strategic case findings

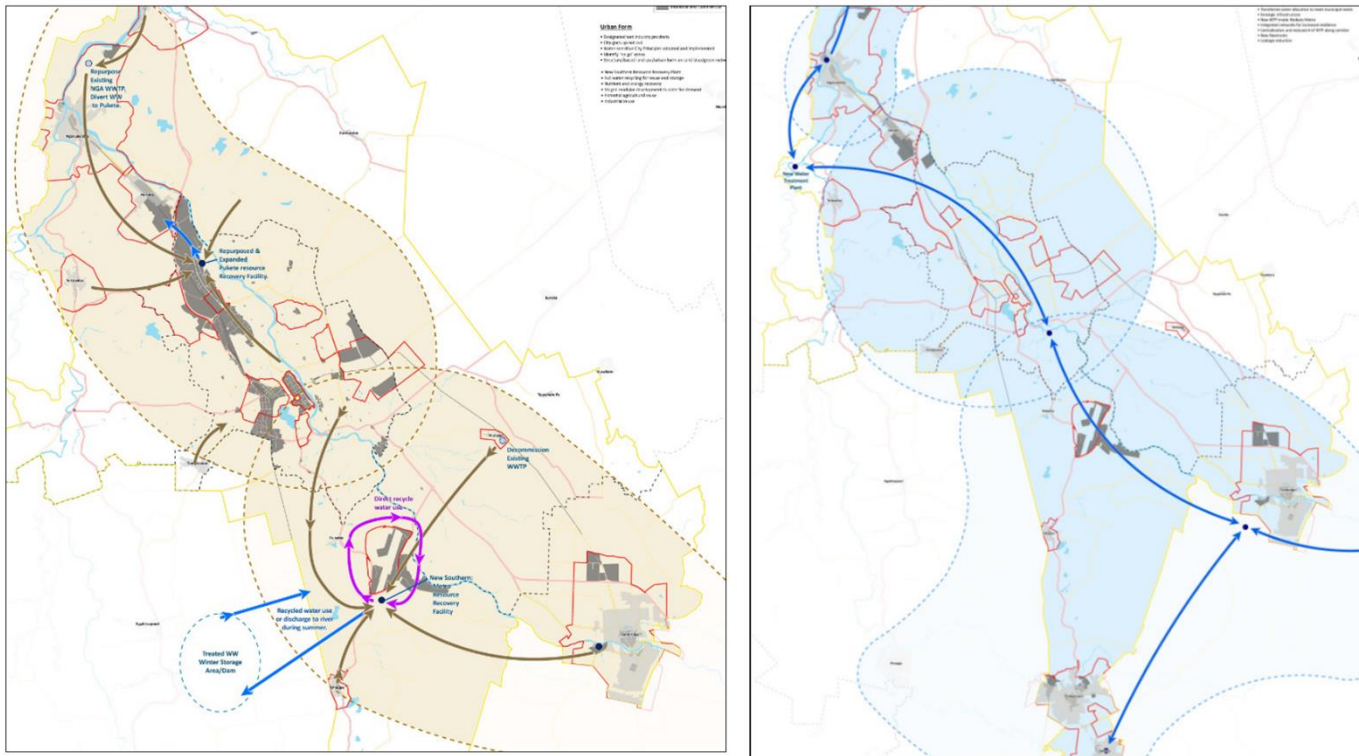
Key issues	Example opportunities
Lack of integrated management	Sub-regional approach to water and wastewater consenting
Historic decisions resulting in degraded environment and relationships	Centralised resource recovery facilities for southern metro and northern metro
Inadequate infrastructure planning	Agreed enhancement investment priorities and funding approach
Infrastructure deficit	Deliberate spatial planning and creating an environment that encourages and enables water use and reuse innovation
	Improved 3-waters infrastructure and sector resilience and capability through common and integrated solutions, scale and connected network

3 Waters - Master planning sprint agreed themes



- 4 distinct areas: North Waikato, Central River Communities, North Metro, South Metro
- Centralisation for North Waikato, North Metro, South Metro
- Both decentralisation & centralization identified for River communities
- Pursue resource recovery and reuse – water, nutrients, energy
- Siting industrial activity around resource recovery centres to maximise water re-use
- Adoption of water Sensitive City and Community Design Principles
- Investment in Cultural and Environmental Restoration to address impacts of urbanization
- Critical linkages with blue/green corridor; metro plan; transport
- **Cambridge WW identified as critical project. Need to secure funding to pursue and (if appropriate) commence implementation of Southern Metro facility**

3 Waters - Hamilton-Waikato Spatial Plan Area – Servicing Concepts



3 Waters – Phase 2 Funding

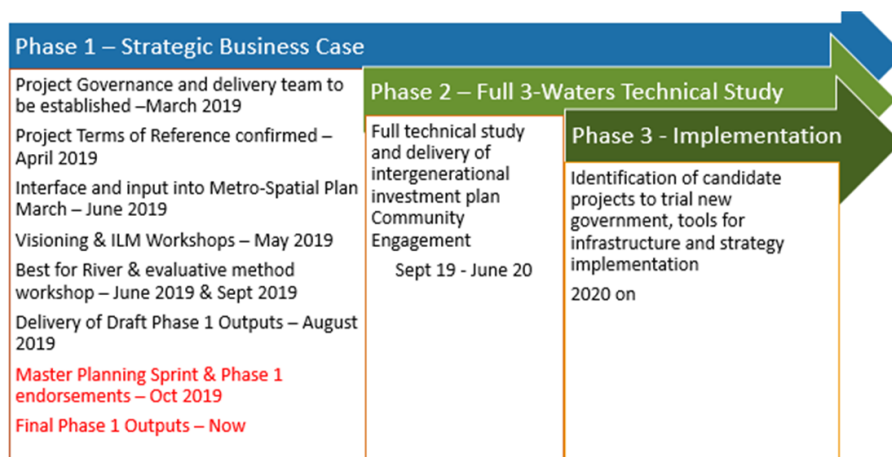
1. Phase 2 detailed project scope and funding proposal
2. Partner funding contribution principles:
 - 50% local / 50% central funding partnership
 - Multiple councils and iwi project partnership
 - Strategic projects that improve overall resilience
 - Consider options for water service delivery arrangements
3. HCC Phase 2 Funding Contribution = \$215,000 (30%)

Key issues	Local (\$000)	Central (\$000)	Total (\$000)
Phase 1 (completing)	*250	0	250
Phase 2A	0	250	250
Phase 2B	*750	750	1,500
Project total	1,000	**1,000	2,000
*Excludes an estimated \$275k cost in kind per phase.			
**Contribution made on the basis of long-term management and operation being in scope			

4. WAIKATO SUB-REGIONAL THREE WATERS STUDY

The Waikato Sub-Regional Three Waters Study seeks to identify the most innovative, responsive and timely infrastructure solutions, unconstrained by territorial boundaries, while creating better environmental outcomes, community benefits and overall efficiencies than individual TLAs.

An overview of the study and key milestones is shown in the diagram below.



The project is nearing the completion of phase 1, with the finalisation of key outputs. Key deliverables from phase 1 include:

1. Project terms of reference
2. Project vision and key objective
3. Evaluation methodology
4. Strategic business case
5. Master planning sprint outcomes
6. Inputs into Metro Spatial Plan
7. Current state of three-waters report

Project vision and objective

As part of phase 1, the project vision and key objective were determined. The vision is:

Tooku awa koiora me oona pikonga he kura tangihia o te maataamuri

“The river of life, each curve more beautiful than the last”

...a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.

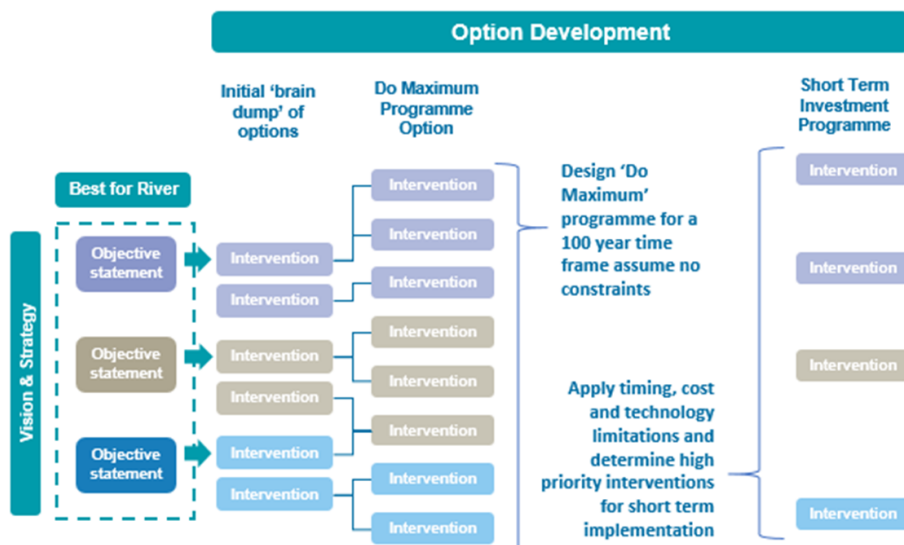
The key project objective is:

“give effect to the Vision and Strategy for the Waikato River”

Specific 'best for river' investment objectives have also been developed along with draft KPIs as part of Phase 1 and will inform Phase 2 of the Waikato Sub-regional three waters project and individual three waters projects being delivered by individual local authorities.

Evaluation methodology

An evaluation methodology has been determined from which to identify and assess implementation options going forward. The methodology begins and ends with Te Ture Whaimana (see diagram below). The Vision and Strategy and 'best for river' objective statements are the basis of the framework and formulates our 'do maximum' programme of options.



Master planning sprint agreed themes

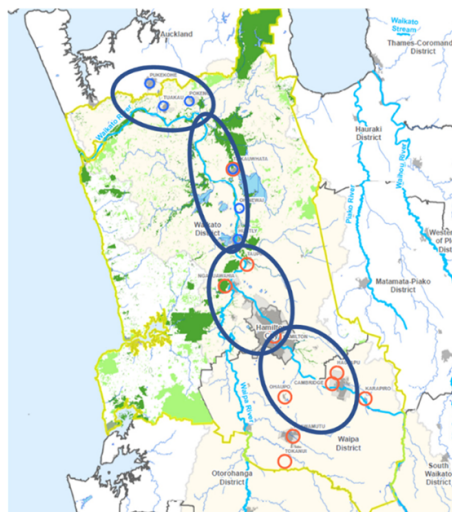
A master planning sprint workshop was held on 18 October 2019 with all the partners. The design sprint was a culmination of the previous 12 months work delivered through the project and sought to identify key components that **might** inform a long-term (100 year +) strategy for three waters infrastructure that will:

1. Contribute to achieving Te Ture Whaimana,
2. Provide for the needs of the sub-region
3. Meet the objectives of the Corridor Plan and the 3 Waters Project

Four distinct servicing areas were identified during the workshop, including North Waikato, Central River Communities, North Metro and South Metro (see map below).

Agreed themes included:

- Centralisation for North Waikato, North Metro and South Metro areas for water and wastewater



- Both decentralisation and centralisation identified for the River Communities
- Pursue resource recovery and reuse - water, nutrients and energy
- Siting industrial activity around resource recovery centres to maximise water reuse
- Adoption of water sensitive city and community design principles
- Investment in cultural and environment restoration to address impacts of urbanisation
- Critical linkages with blue/green corridor, the Metro Spatial Plan and transport

The Cambridge Wastewater was identified as a critical project. Funding is required to pursue and (if appropriate) commence the implementation of the Southern Metro facility.

Strategic business case

A strategic business case has now been completed for the project. The strategic case sets out the case for change in municipal water, wastewater and stormwater management in the Waikato and Waipa river catchment. The strategic case is intended to support development of a programme business case for investment long-term, collaborative strategy for three waters management and delivery in the sub-region unconstrained by territorial boundaries.

Key issues identified in the strategic case include:

- Lack of integrated management
- Historic decisions resulting in degraded environment and relationships
- Inadequate infrastructure planning
- Infrastructure deficit

These problems highlight a need to re-evaluate, re-design and deploy urban water management solutions and delivery mechanisms that meet the objectives of Te Ture Whaimana, rise to the challenges facing communities, and deliver environmental, cultural, social and economic benefits.

Addressing the problems above is expected to deliver the following outcomes and benefits:

- River health and quality is enhanced and people's connection with the River is restored.
- Commitment and dedication to a collaborative and integrated approach to land, water, community planning that is holistic, integrated, aligned with community aspirations, and provides opportunities for involvement by wider community.
- Deliver best for river solutions and approaches for managing growth and resource sustainability.

Example opportunities identified in the strategic case include:

- Sub-regional approach to water and wastewater consenting
- Centralised resource recovery facilities for southern metro, northern metro
- Agreed enhancement investment priorities and funding approach
- Deliberate spatial planning and creating an environment that encourages and enables water use and reuse innovation
- Improved 3-waters infrastructure and sector resilience and capability through common and integrated solutions, scale, connected networks

Current State Report

The current state report provides context and technical evidence in support of the strategic business case for a change and provides foundation information for Phase 2 of the project.

Next steps

The key next step for the project is to update the Terms of Reference for the Project (including confirming the detailed scope for Phase 2) and secure funding for phase 2. Funding will be sought from Future Proof partners, central government and other key stakeholders.

Key elements of Phase 2 include:

- Programme Business Case to align with 2021 LTP processes and planning including:
 - Detailed technical investigation of potential projects to inform spatial plans and unlock H2A corridor
 - Prioritised project list including
 - Protection of strategic sites e.g Future plant locations
 - Water supply integration
 - Sub-regional approach to consenting
 - Specific upgrades (eg. WWTP etc)
 - Multi-benefit blue/green asset sites (stormwater + recreation)
 - Demand interventions e.g. water metering, education campaigns, leak reduction
 - Options to fund and finance the programme over the short, medium and long term
 - Procurement options and opportunities to standardise, align, package and sequence
 - Management and delivery options to maximise value, build capability, unlock opportunities earlier
 - Potential implementation plan with candidate projects