



TO THE MAYOR AND COUNCILLORS OF THE MACKENZIE DISTRICT COUNCIL

Membership of the Asset and Services Committee:

Cr James Leslie (Chairman)
Claire Barlow (Mayor)
Cr Noel Jackson
Cr Evan Williams
Cr Russell Armstrong
Cr Murray Cox
Cr Graham Smith

*Notice is given of the Meeting of the Asset and Services
Committee to be held on Tuesday, March 17, 2015, following
the completion of the Finance Committee meeting.*

VENUE: Council Chambers, Fairlie.

BUSINESS: As per agenda attached

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER



ASSET AND SERVICES COMMITTEE

Agenda for Tuesday, March 16, 2015

APOLOGIES

DECLARATIONS OF INTEREST

MINUTES:

Confirm and adopt as a correct record the minutes of the Asset and Services Committee meeting held on February 3, 2015, including those matters taken in public excluded.

REPORTS:

1. Asset Manager's Report (attached)
2. Metal Charging Report (attached)
3. NZTA Audit Report (attached)
4. State Highway 8 Speed limit Review Request Report (attached)
5. MDC Report – Stock Truck Effluent Report (attached)
6. Gordon Street Stormwater (Report to follow)

ADJOURNMENTS: 10.30am - Morning Tea
12pm - Lunch

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE ASSET AND SERVICES COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON TUESDAY, FEBRUARY 3, 2015, AT 11.18AM

PRESENT:

Cr James Leslie (Chairman)
Mayor Claire Barlow
Cr Graham Smith
Cr Murray Cox

IN ATTENDANCE:

Wayne Barnett (Chief Executive Officer)
Bernie Haar (Asset Manager)
Suzy Ratahi (Roading Manager)
Geoff Horler (Utilities Manager)
Angie Taylor (Solid Waste Manager)
Arlene Goss (Committee Clerk)
Murray Petrie (Opus)
Julie Jongen (Committee Clerk)

APOLOGIES:

An apology was received from Cr Jackson, Cr Williams and Cr Armstrong.

DECLARATIONS OF INTEREST:

There were no declarations of interest.

MINUTES:

Resolved that the minutes of the meeting of the Asset and Services Committee held on November 25, 2014, including those parts taken in public excluded, be confirmed as an accurate record.

Cr Smith/Mayor Barlow

REPORTS:

ASSET MANAGERS MONTHLY REPORT – NOVEMBER 2014:

The purpose of this report was to update the Asset and Services Committee on the progress on various projects and also the normal operation of the department for the past month. The following matters were included in the discussion of this report:

Councillors asked questions regarding the quality of the water in Twizel which were answered by staff. Completion of the booster pumps should be by 31 March 2015.

Discussion took place on the purchase of land by a dairy farmer as to what impact this would have on the Twizel Water Supply, the Chief Executive and Bernie Haar will have discussions with the farmer.

Twizel have got nearly 24kms of AC piping that needs replacing, it is only just surviving. Discussions took place on the best cost effective ways to do the repairs.

Cr Smith expressed concerns that the Twizel Water Supply Upgrade project stays on budget.

Under the 30 Year Infrastructure Strategy, Bernie Haar noted that 864 hours of work has gone towards the LTP.

Under Roding, Suzy Ratahi stated that she has been in touch with the contractors to make sure Market Place is closed while repair work is done. So far the project is still under budget, but could change subject to weather conditions.

Mayor Barlow thanked Suzy and Bernie for all the hard work they have done and the extra hours they have put in.

Under Cass River Bridge, Cr Smith noted that the Station Owners and DOC need to be on board with this project.

One Network Road Classification levels of service, CE asked what clarification we have, Suzy responded that we have good data for reporting to NZTA. Bernie stated that the issues with time frames for budgets and reports need to be raised with NZTA by Council.

Councillor Leslie asked who could stay on after the meeting to discuss.

Bernie requested we discuss Manuka Terrace next so Angie wasn't held up.

MANUKA TERRACE, TWIZEL WATER SUPPLY REVIEW:

The purpose of this report was to review the options for the proposed water supply for Manuka Terrace, Twizel.

Discussions took place on the costs to get water supplied, and that the sections would have been sold as having no water supplied on those properties. Cr Leslie questioned whether Council has any obligations to these property owners.

Resolved:

1. That the report be received.

Cr Leslie/Cr Smith

2. That the report be provided in its entirety to the ratepayers in Manuka Terrace and that it be the subject of a further round of consultations to determine if the project should proceed.

Mayor Barlow/Cr Smith

Bernie tabled a report called Metal Charged At Resource Recovery Parks. The committee agreed this would be on the agenda for the next meeting.

Angie noted in addition to her report, they are getting numerous domestic rubbish placed in the public bins, she is considering better signage and infringement notices to the offenders. Mayor Barlow asked if "no glass" stickers have been printed, Angie confirmed they have been.

Utilities – Geoff expressed concerns over the wastage of water, Cr Cox suggested that all new dwellings have storm water tanks installed, discussion took place that more education needs to be done in this area.

Cr Smith asked Geoff if further water restrictions should be in place, Geoff confirmed that at this time it is getting to the stage where "no hosing" will be allowed, discussion took place as to who would be affected, eg golf clubs and bowling clubs. Preference would be that the community would do this voluntarily rather than Council enforcing it.

Tekapo – Geoff confirmed there was a one off incident over the holiday break where the sewerage settling pond released an odour due to the heat and lots of demand both from Tekapo and from septic tanks at Lake Alexandrina.

Resolved that the report be received.

Mayor Barlow/Cr Leslie

FAIRLIE WATER SUPPLY:

This matter was not discussed.

**THERE BEING NO FURTHER BUSINESS THE
CHAIRMAN DECLARED THE MEETING CLOSED AT 12.54PM**

CHAIRMAN: _____

DATE: _____

MACKENZIE DISTRICT COUNCIL

REPORT TO: ASSETS AND SERVICES COMMITTEE

FROM: ASSET MANAGER

SUBJECT: ASSET MANAGER'S MONTHLY REPORT

MEETING DATE: 17th March 2015

REF: WAS 1/1

ENDORSED BY: CHIEF EXECUTIVE OFFICER

REASON FOR REPORT

To update the Assets and Services Committee on the progress on various projects and also the normal operation of the department for the past month.

RECOMMENDATION:

1. That the report be received.

BERNIE HAAR
ASSET MANAGER

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ASSET MANAGEMENT

PROJECT PROGRESS

Twizel- Proposed upgrade to meet DWS

The table below sets out the work progress and decisions required.

Item	Outcome
1) Twizel Reservoir Liner Replacement. Will be included in the 2015-25 LTP for consideration. The liner is likely to be replaced in 2015-16.	Liner Report received. Included in the LTP for 2015-18
2) Twizel Water - Bench scale testing of 1µm cartridges for turbidity removal. Turbidimeter now being fitted. Geoff to emphasise to Whitestone Contracting the importance of filling in the record sheets.	This has been installed and testing is underway. Results to-date have shown some inconsistencies that we think is coming from silt on the liner being stirred up from the turbulence caused by the pump inflow. The test cartridge filter is being re-plumbed to record directly off the raw well water before it hits the reservoir. This has had a significant improvement with the test cartridge not replaced in six weeks. Still getting good results
3) Twizel Water – Screens. Camera inspection of No. 2 bore has been carried out. Opus have thoughts on way forward.	Pump is to be installed in No 2 bore. Draw down testing to be undertaken to re-develop the well. This will give an indication how well the screen/well is performing. Results will give an indication of required upgrade procedure for Bore No.1.
4) Twizel Water Supply, Water Safety Plan (PHRMP). Supply now compliant with the Health Act. The water testing procedures are now to be sorted out so that the water will be compliant with DWSNZ. Geoff to discuss with the DWA.	Completed

<p>5) Twizel - Information for Reticulation Modelling.</p> <p>Bernie to recheck zone maps to confirm “on-demand” and “restricted” for the Residential 4 zone in question. Murray can the contact Jeff McLean again to undertake the modelling.</p> <p>Modelling is also to consider: Larger Retic. pipe required from the reservoir to the take off point for the new trunk main to the west. Mackenzie Drive has 2 x 150mm dia. pipes. Could replace one with a larger pipe and run a rider main (fusion welded) inside the other, with cross links in places and valves at streets off.</p>	<p>Completed</p> <p>This work to be completed shortly The modelling is critical as pipe sizing confirmation is required for the Year 1 of the AC pipe replacement programme. In addition to the pipe sizing questions to the left there are other sizing questions such as; ☐ Mt Cook Street – 150mm pipe the right size or replace with different size? ☐ Pipe to Meridian location – 150 AC at present; replace with 63mm because of lower demand? ☐ etc</p>
<p>6) Twizel Booster Pumps</p> <p>When flow demands are confirmed (Item 6 above and Item 15 below) then contract documents preparation for supply can be started.</p> <p>Preliminary layouts for the stages of acceptable. Detailed design layouts for installation of booster pumps and treatment equipment can commence.</p> <p>Issues identified during preliminary design require short reports to be submitted for consideration: Best chemical type for chlorination. Protozoa testing versus Cartridge Filtration for higher log credit requirement.</p>	<p>Tenders considered and accepted</p> <p>Tenders considered and accepted</p> <p>Cryptosporidium testing is underway.</p>
<p>7) Pipe Condition Survey</p> <p>When results from the most recent samples have been received Bernie and Geoff will travel to Opus CHCH office – looking for interpretation of the data across the whole network.</p> <p>This will then lead to the required replacement programme and a report</p>	<p>All samples have been tested and the results supplied confirms the need to start the replacement programme in 2015 and continue for the next 20 years, spending \$200,000 to \$250,000 per annum. Included in 2015-25 LTP</p>

<p>prepared. A presentation will then be made to the council and Community Board.</p> <p>MDC will be looking to Opus to provide guidance with replacement options – relining/pipe cracking/etc.</p> <p>Preparation of contract documents, etc will also be required in the longer term.</p>	<p>Opus is preparing a report on the findings for both the Council and the community Board's information. Completed.</p> <p>Over time the options to replace, refurbish or reline will have to be considered.</p> <p>Included in 2015-25 LTP</p>
<p>8) SCADA Upgrade</p> <p>Meeting earlier in the day (11th) with Judy Blakemore (TDC). Sharing of some resources could be possible. Memorandum of Understanding between TDC/MDC needs to be prepared.</p> <p>Geoff to manage project for MDC. MP to keep in touch re space requirements, etc.</p>	<p>Geoff is working on this so that the first site can be installed in Twizel as part of the upgrade. A Memorandum of Understanding between TDC/MDC has been prepared and is subject to review prior to the parties executing the document. Completed</p>
<p>9) Manuka Tce Water Supply</p> <p>Opus to proceed with this work.</p>	<p>Consultation to be undertaken.</p>
<p>10) Tekapo WTP chlorination/UV compliance.</p> <p>Keith Turner and Geoff to meet to discuss non-compliance (paperwork)?</p>	<p>All compliance matters sorted out.</p>
<p>11) Fairlie Water Supply – New source.</p> <p>All piping and turbidimeter installed. Electrician to wire up turbidimeter and testing can start.</p> <p>Cello data logger will be downloaded once a month.</p>	<p>Installation complete and data being recorded.</p>
<p>12) Fairlie Reticulation Renewals</p> <p>Aerial maps supplied showing required work. Opus to provide offer of service for design, MSQA(?) and estimate.</p>	<p>Tenders considered and accepted.</p> <p>Work under way</p>

30 Year Infrastructure Strategy

This document has been reviewed by Audit New Zealand and also to Waugh Consultants. Their recommendations have been included and the document was adopted by Council on the 10th March 2015.

To date the Asset Management Team have invested 1007 hours into work developing this strategy, the AMPs and work associated with developing the LTP.

ROADING

General Maintenance

Resurfacing of 7% of Mackenzie District Councils Roading network is well underway, with completion expected prior to mid-March. There have been issues with the Market Place, Twizel resurfacing, which was completed In February 2014. This is still under defects liability period with the resurfacing contractor, the initial issue was a “flushing” seal, which is basically excess bitumen coming above the chip level which is exasperated by the hot summer we have had. This bitumen was being tracked into the shopping area. To remedy this the resurfacing contractor has placed some oversized chip to cover the flushed seal. This has resulted in the line marking being covered up, whilst the contractor has hand swept the line marking, there will be a requirement to remove the excess chip and re-mark once the risk of flushing abates.

Also of note is the level of cooperation from farmers using the roadside for storage. Last year we advertised Council’s policy and the need to keep baleage and hay as far back from the road edge as possible and at least 3m from the edge of carriageway. During normal roading inspections there have been no observations of non-compliant activities. This highlights the need to engage effectively with our stakeholders and ensure relevant policies are regularly advertised and easily obtainable.

There has been a spate of vandalism through the Haldon, Whiteman, Rocky Gully and Burnetts Roads, with numerous signs knocked over, costs expected to be in the order of \$2000, a complaint has been laid with Fairlie Police.

Bridge Maintenance

Lochaber Bridges – Due to the delay in Adhesion Sealing, repairs contractor, being able to meet onsite to assess and price works, repairs to these bridges will now occur in September/October, where the temperature is hopefully increasing, the only available space in their programme was Mid-April. With the likely hood of cold temperatures at that time, it was decided to complete the work at that later time, when

which when dealing with adhesive products and chip seals would provide with a greater risk of failure.

Coal Pit Bridge #2 – This bridge was scheduled for replacement 2024, however, initial results of Councils extensive beam drilling programme on timber structures throughout the District, have identified that this bridge potentially has a shorter useful remaining life than

this. A full report will be completed by Dave Charters, Council's consultant bridge engineer, late March. Once received a copy will be provided to Council.

Environmental Maintenance

To date spend in environmental maintenance is \$121,120.07, this is tracking higher than expected due to various flushing issues on our sealed roads. It also includes mowing, vegetation spraying, and winter snow clearance/ice gritting activities.

Bridge Replacements and Minor Improvements

- Bridge construction site works have commenced with Long Gully Bridge, Rutherford Road the first up for replacement.





- Mount Michael Valley Road and Middle Valley Road Site benching has been completed
- Whitestone Contracting have completed the intersection improvement on Irishman Drive/Maitland Place.



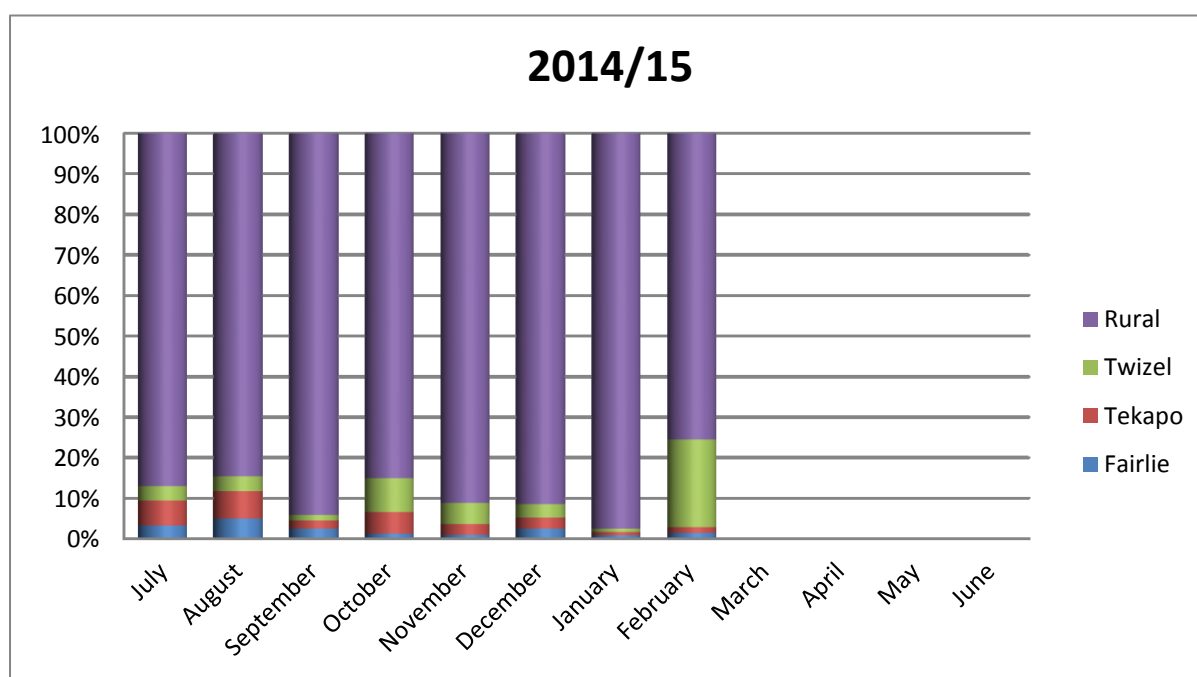
Collaboration Update

The management specification has been completed to draft level and once contractor response times and key performance indicators are completed this section of the contract will be able to be finalised. Work is continuing on the technical specification and district specific appendices. Total MDC cost to date \$8254.53.

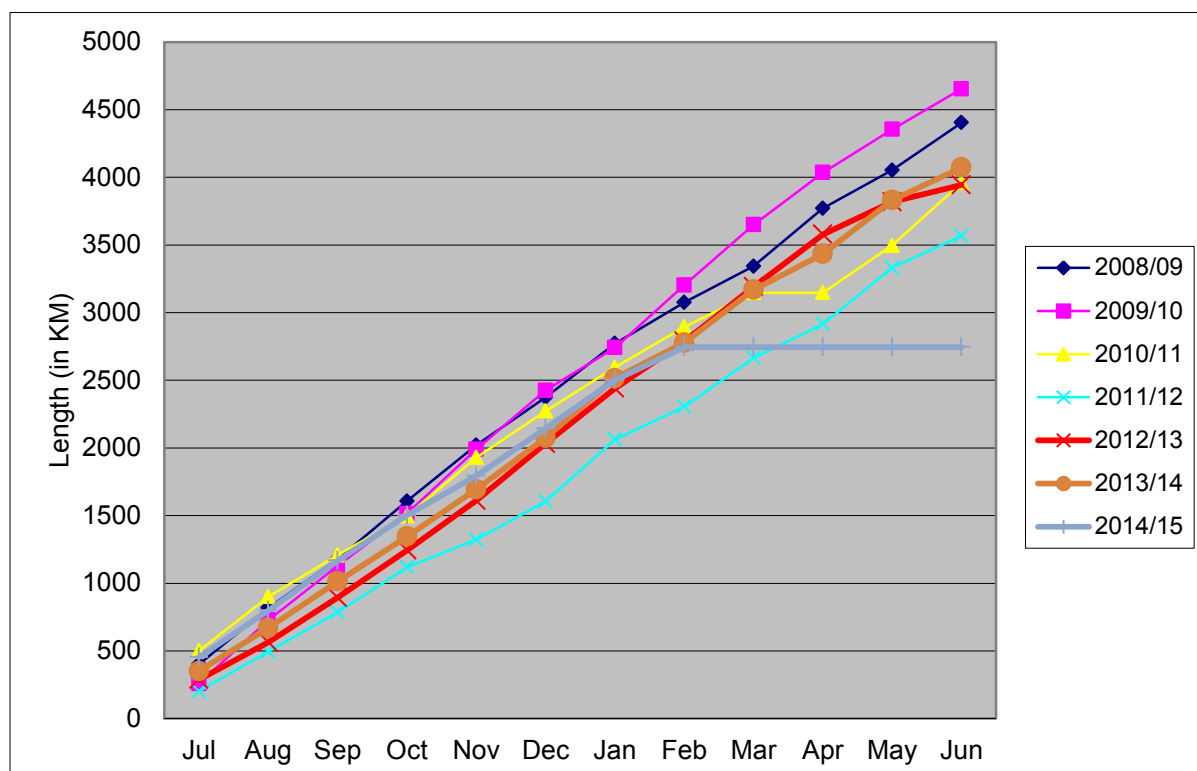
One Network Road Classification

Mackenzie District Council roads have been reviewed by NZTA and after answering some minor questions on route continuity have been re-submitted for final approval, this is expected in the coming weeks. Staff have now received transitional plan templates, which will support the writing of the Districts Transitional Plan.. The gap analysis will be completed in conjunction with the writing of the transition plan. At this stage there are a number of gaps in formal data gathering that will need addressing and implemented prior to the 2018-21 NLTP period. Whilst staff understood the implementation of ONRC would require a significant amount of work capturing various data to enable reporting on the required performance measures, it came as a real surprise to staff, that Council appear to be required to provide that level of detail for the last two years of the 2012-15 NLTP. The 2013/14 data set is required to be completed prior to the 31st March 2015. Staff have asked NZTA to provide clarification on this point. Staff see that time would be better spent identifying gaps and writing a fit for purpose transitional plan rather than presenting a report with many gaps.

Amaglamated Roding Budgets Graph Showing Percentage Share



Unsealed Road Grading (Cumulative)



UTILITIES

Budget Breakdown

FAIRLIE

Water:

End of January the Operation and Maintenance expenditure. Electricity cost \$1,084 is under budget. Contractors \$26,905 is under budget. Water quality monitoring \$2,959 is under budget.

Wastewater:

End of January the Operation and Maintenance expenditure. Electricity cost \$1,670 is under budget. Contractor \$13,851 is over budget. Consent monitoring \$2,695 is on budget.

Storm water:

End of January the Operation and Maintenance expenditure. Contractor \$872 is under budget.

TEKAPO

Water:

End of January the Operation and Maintenance expenditure. Power \$3275 is over budget this is likely due to not allowing enough for the UV plant and new booster pump station in

the Lochinver subdivision. Contractor \$23,897 is under budget. Water quality monitoring \$2,460 is under budget.

Wastewater:

End of January the Operation and Maintenance expenditure. Power \$6,691 is under budget. Contractor \$30,573 is over budget. Consent monitoring \$1,378 is on budget.

Storm water:

End of January the Operation and Maintenance expenditure. Contractor \$5,773 is on budget. Consent monitoring \$531 is on budget.

TWIZEL

Water:

End of January the Operation and Maintenance expenditure. Contractor \$79,857 is over budget. Time spent of keeping old plant running. Power \$46,114 is under budget. Water quality monitoring \$3,060 is under budget.

Wastewater:

End of January the Operation and Maintenance expenditure. Contractor is \$12,219 on budget. Power \$1,185 is under budget. Consent Monitoring is \$755 is under budget.

Storm water:

End of January the Operation and Maintenance expenditure Contractor is \$5,953 over budget. Consent monitoring \$312 is under budget.

Burkes Pass

Water:

End of January the Operation and Maintenance expenditure. Contractor \$3,708 is over budget. Water quality monitoring \$1,972 is over budget. Extra testing has been done.

Wastewater:

End of January the Operation and Maintenance expenditure. Contractor \$1,379 is over budget. Monitoring for consent is \$1,379 is over budget.

General comments:

Water restrictions are still in place in Fairlie and Twizel townships. With a total hosing ban in place for Fairlie until flows in the Opihi River improve. Twizel restrictions may well need tightening as the Twizel River and Fraser Stream are both low.

The water line upgrade in Fairlie has been progressing well and should be completed in the next two weeks. So another section of Reinforced Concrete pipe has been removed from the reticulation.





Twizel upgrade is progressing the emergency generator is on site the new booster pumps arrive in April along with the new electrical control panel. Some work has started inside the pump shed in preparation for the pumps and electrical control panel.

Tekapo oxidation ponds had a bit of an odour problem not too sure what caused it but it was rectified. There have been no more problems with it since.

Mantra storm water line install is set to begin on Monday the 23 March this should be done in approximately two weeks.

SOLID WASTE

Event bin lids and flags

We have purchased a set of bin lids to be used at events. These are raised lids that fit over the top of a standard 240 litre wheelie bin and are colour coded for rubbish, recycling and glass. A set of labels has also been designed for these lids to more clearly illustrate what items should be placed in each bin. The lids and signage are aimed at encouraging people to separate their waste correctly and improve waste diversion at local events. The lids were used at the recent Tekapo fete and will be available to events throughout the district at no charge.



Waste volume data

There is a discrepancy between the volume of waste being received, compared to the volume of waste being sent to landfill. We are currently investigating a number of systems and introducing new methods to identify where our waste is coming from and how this is recorded. Improved data on waste sources will help us to target waste reduction measures.

Greenwaste and construction waste

Envirowaste is liaising with a new contractor regarding processing of greenwaste and construction waste. There may also be an opportunity with this contractor to remove the processed greenwaste from the recovery parks.

Lake Ohau Village waste

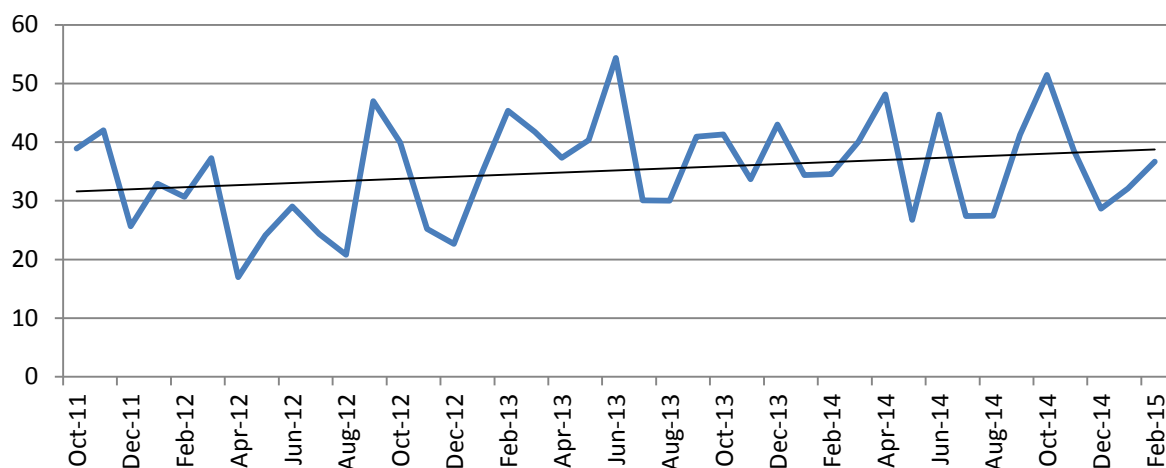
Mackenzie has an agreement in place with the Waitaki District Council to accept waste from Lake Ohau village. This is considered to be “out of district” waste that is not usually accepted. The current system was set up in 2009 and involves village residents purchasing Mackenzie pre-paid bags, which can either be placed in skips in the village, or brought into the Twizel Resource Recovery Park. The contents of the skips in the village are transported by the local lodge.

The conditions of this arrangement are that all waste is contained in official Mackenzie bags, the Waitaki District Council pays an annual fee to the Mackenzie for the service and that waste deliveries are limited to one load per week. The volume of waste being received from Lake Ohau has almost doubled since 2009 and I am currently in the process of reviewing the arrangement to ensure the system is appropriate and is being charged for correctly.

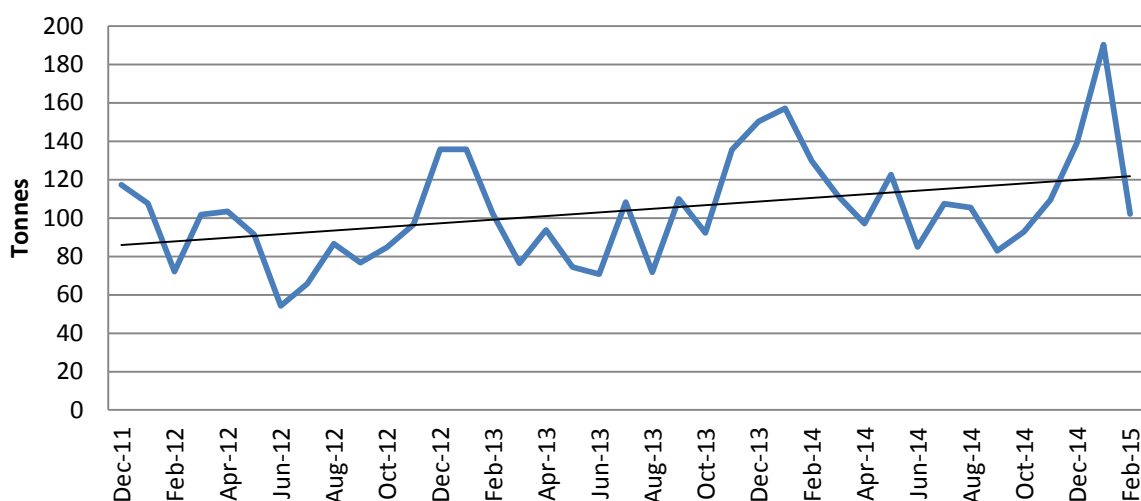
Metal recycling

Please refer to attached report.

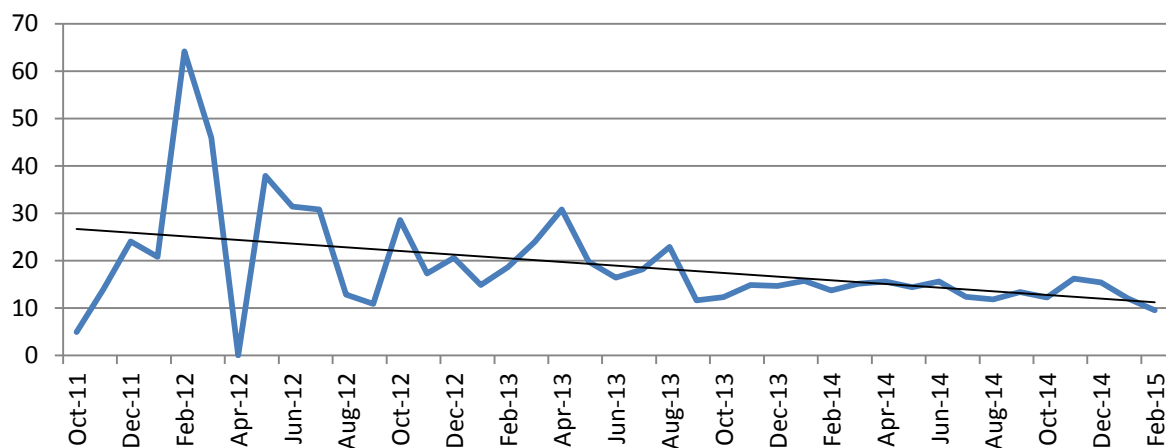
Percentage of waste diverted from landfill



Waste carted to landfill



Percentage of recycling sent to landfill as residual waste



MACKENZIE DISTRICT COUNCIL

REPORT TO: ASSET AND SERVICES COMMITTEE

SUBJECT: METAL CHARGES AT RESOURCE RECOVERY PARKS

MEETING DATE: 17 MARCH 2015

REF: WAS 18/6

FROM: MANAGER – SOLID WASTE

ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

Until recently, the Council received income from metal collected at the District's Resource Recovery Parks. As this material was profitable, there were no charges set for the public to dispose of metal. A charge of \$10 per item of whiteware is currently in place to reflect the extra processing costs associated with handling these.

Due to decreasing commodity prices, high transport costs due to our location and the typically low value metal we collect, the Council is now faced with paying for metal to be collected. In response to this change, this report recommends the introduction of charges for metal deposits and an increase to the charge for whiteware deposits.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. New charges for metal and whiteware deposits to the Resource Recovery Parks be introduced as follows and be effective immediately:

Whiteware – increase from \$10/item to \$15/item

Metal – new charge of \$15/m³ with a minimum charge of \$5

ANGIE TAYLOR
MANAGER – SOLID WASTE

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

N/A

BACKGROUND:

There is currently no charge for metal deposits to the District's Resource Recovery Parks and a charge of \$10 per item of whiteware. Previously, a metal merchant has collected material from all three recovery parks and paid the Council based on volume and current market rates for the various categories of metal. The merchant recently advised they have been running at a loss for the last two collections and can no longer continue to pay the Council for material collected. This change is due to a decrease in the international commodity prices for the types of metal we generate. The low market prices are combined with high transport/collection costs and a typically low value of material that is collected.

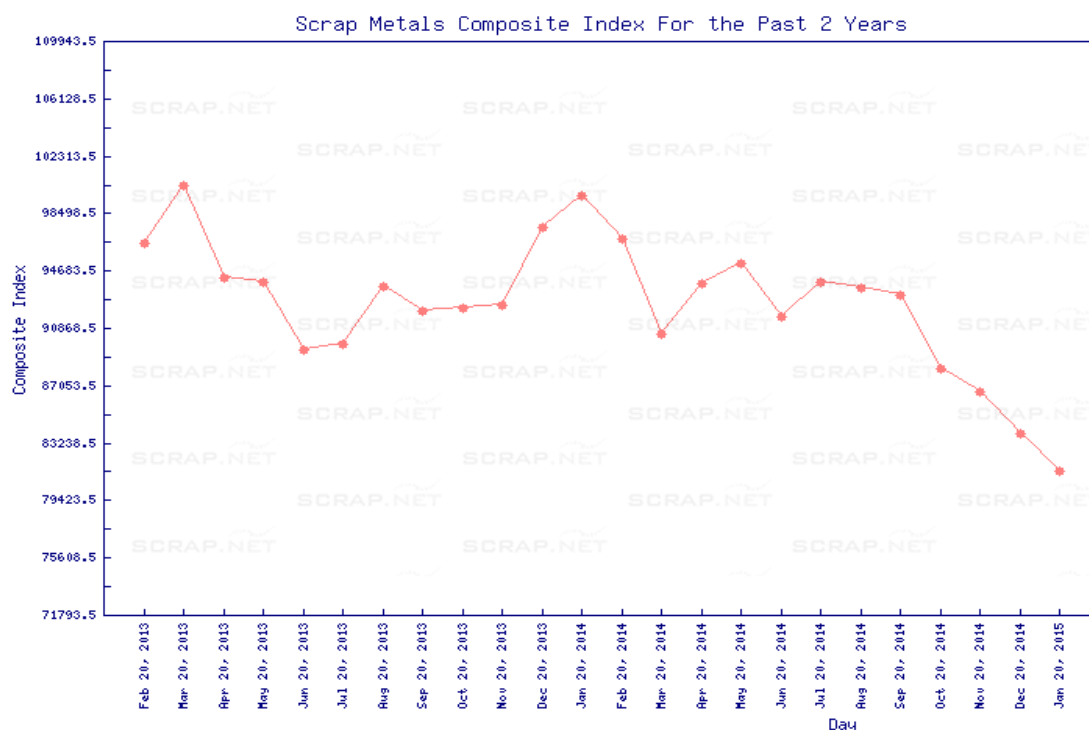
The merchant has been collecting metal from the Mackenzie for a long period of time and is interested in maintaining this service and their relationship with the Council. They can continue to collect metal from our recovery parks, however there is need to charge the Council for this service to cover costs. The estimated cost is \$500 per collection from each park. We currently have 3-4 collections from each park per year and I have estimated a \$5000 annual cost for a continued metal collection.

The metal merchant has advised they will monitor the market prices and are willing to return to paying the Council for this material at such time this becomes profitable again. It is expected that market prices will improve in the future, however it does not appear the current dip in prices is a short term situation.

The income from metal for the last financial year was \$4947. In addition to this, the Council received 318 items of whiteware at \$10 each, generating a total of \$3180. The last metal collection was collected at no charge, however the Council did not receive any income for this.

In order to recover the new cost of metal collection, a charge for metal deposits and an increased charge for whiteware needs to be considered.

Below is a graph showing the international commodity prices for mixed scrap metals over the past two years.



POLICY STATUS:

There is no existing Council Policy in relation to this issue.

To ensure the Council upholds the integrity of the Mackenzie Waste Management and Minimisation Plan, any decisions need to encourage the public to separate and recycle materials rather than dispose of into residual waste.

SIGNIFICANCE OF DECISION REQUESTED:

It is considered that the decision is not significant in terms of the Council's Policy on Significance.

The impact on the community of a new charge to disposal of a recyclable material should be considered. There is a perception that charges set too high may lead to increase fly dumping. It is considered that setting recycling charges lower than residual waste charges encourages the separation of recyclable materials.

ISSUES AND OPTIONS:

Continuing to have metal collected now presents a cost to the Council. To offset the collection costs, new charges at the recovery parks can be introduced. Should new charges be initiated, it is recommended that the level of charges need to be set appropriately to provide incentive to separate and recycle materials instead of disposing of as residual waste.

The metal could be stored at the recovery parks until market prices improve, however this could lead to storage and space issues if the markets are slow to recover.

Another option is to stockpile metal and engage a separate contractor to crush and bale the material on site, then transport to a metal merchant. However, costings for this have worked out greater than the price supplied to have metal collected by the current merchant. This may also lead to storage issues while a suitable volume of material builds up.

CONSIDERATIONS:

Legal Considerations:

N/A

Financial Considerations:

In the current market, the Council is required to pay for the collection of metal. To offset this cost, a new charges for metal deposits at our recovery parks can be introduced.

Other Considerations:

N/A

ASSESSMENTS OF OPTIONS:

In order to offset the new cost of metal collections, it is considered that a new charge for metal deposits to the recovery parks and an increased charge for whiteware is introduced as follows:

Whiteware – increase from \$10/item to \$15/item

Metal deposits - \$15/m³ with a minimum charge of \$5

A timeframe for market prices to improve and the Council to be able to receive an income for metal again is uncertain. In light of this, it is considered that stockpiling metal until such time is likely to lead to storage issues.

CONCLUSION:

It is recommended that a new charges for metal deposits to our recovery parks is introduced to counter the collection charges. The charges recommended in this report reflect a balance between covering the estimated collection costs, while still remaining low compared to residual waste charges. This aims to continue encouraging the public to separate metal as a recyclable material from residual waste.

MACKENZIE DISTRICT COUNCIL

REPORT TO: ASSETS AND SERVICE COMMITTEE

FROM: ROADING MANAGER

SUBJECT: MDC FINAL INVESTMENT AUDIT REPORT

DATE: 17th MARCH 2015

REF: WAS 2/4/5

REASON FOR REPORT

To provide Council with the full report following the recent Investment Audit carried out by the New Zealand Transport Agency (NZTA)

RECOMMENDATIONS:

- (a) The report be received.
- (b) The recommendations from the recent NZTA Procedural Audit be implemented within this audit period.
 - i. That Mackenzie District Council confirms its costs charged to the business unit are based upon up-to-date information in future..
 - ii. That Mackenzie District Council develops a process for monitoring over and under spend in the maintenance and operations output.

SUZY RATAHI
ROADING MANAGER

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

BACKGROUND

The NZ Transport Agency has a legal obligation to audit organisations that are funded through the NLTP. The audits typically take place on a cycle of 2 to 4 years. The current audit programme includes technical, procedural, post-implementation, road infrastructure safety, and theme audits. Mackenzie District Councils Roading activities are currently audited on a 3 yearly cycle.

ATTACHEMENTS

November 2014

TRANSPORT AGENCY INVESTMENT AUDIT REPORT

Monitoring Investment Performance

Report of the investment audit carried out under section 95(1)(e)(ii) of the Land Transport Management Act 2003.

Approved Organisation (AO):	Mackenzie District Council
Programme value – NZTA Investment (2012 – 2015 NLTP)	\$5.3 m
Date of investment audit:	10 – 13 November 2014
Investment Auditor:	Ron Wheeler
Report No:	IARWI-1437

OBJECTIVE

The objective of this audit is to provide assurance that the Transport Agency's investment in Mackenzie District Council's land transport programme is being well managed and delivering value for money. We also sought assurance that the Council is appropriately managing risk associated with the Transport Agency's investment. We recommend improvements where appropriate (for audit programme refer appendix A).

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EXECUTIVE SUMMARY

Mackenzie District Council's land transport programme is well managed and delivering agreed outcomes. Council is leveraging off shared services opportunities with neighbouring authorities to achieve value-for-money. Reprocessing of dig-out material is yielding savings and giving good results when used for unsealed pavement maintenance.

Council needs to review its charges to its in-house professional services to ensure they are based on up-to-date information.

Council asset management staff has a good understanding of their network and its works programme appears to be prioritized well.

FINDINGS

	Issue	Assessment	Risk ^a
1	Previous audit issues	Green	
2	Financial management	Green	
3	Procurement	Green	
4	Contract Management	Green	
5	Professional Services	Amber	Low
6	Multi-party Agreements	Green	

^a A risk rating is only included for 'amber' or 'red' assessments

* * *Question 1: What issues, if any, remain unresolved from the previous procedural audit?		
Findings	The previous procedural audit in November 2011 made two recommendations. The issues related to a small over claim and road safety audit requirements. Both matters were reviewed as part of this audit and found to have been addressed.	
Question 2: Has Mackenzie DC good financial systems in place to effectively manage the Transport Agency's investment in the delivery of its land transport programme?		
Findings	<p>Funding claims for the three years from 1 July 2011 to 30 June 2014 were successfully reconciled to Council's general ledger.</p> <p>Identified over claims of \$10,293 for Traffic Services Maintenance in the 2012/13 year and \$53,377 for Network and Asset Management in the 2013/14 year were able to be off-set against other unclaimed eligible expenditure found in the general ledger but not included in the land transport disbursement account. As the Council caps its budgets as part of managing its financial accounting system, eligible over expenditure is not coded to the land transport disbursement account. Council's funding allocation cap has been reached consistently in recent years.</p> <p>To mitigate possible anomalies which could result in over claims in future, it is suggested that Council's asset management staff develops a process layered between the general ledger and its claims for financial</p>	

[Type here]

	<p>assistance to monitor over and under spend in the maintenance and operations outputs.</p> <p>Activity on a sample from the contract retentions account was tested and validated to payment certificates. The account is monitored and well managed.</p> <p>A sample of expenditure transactions was reviewed for the 2013/14 financial year for correct land transport disbursement account coding. All were confirmed for financial assistance eligibility.</p> <p>Council's financial management systems are well structured to support the delivery of its land transport programmes.</p>
Suggestion	That Mackenzie District Council develops a process for monitoring over and under spend in the maintenance and operations output.
Question 3:	Has Mackenzie DC acted in accordance with its endorsed procurement strategy and the Transport Agency's procurement procedures requirements?
Findings	<p>Five physical works contracts were reviewed for compliance with the Transport Agency's approved procurement procedures (refer appendix B for schedule of contracts reviewed).</p> <p>Outsourced professional services procured during the period covered by the audit were of low value and consultants were engaged using expedited procedures.</p> <p>All physical works contracts reviewed complied with the Transport Agency's requirements and were consistent with Council's endorsed procurement strategy.</p>
Question 4:	Has Mackenzie DC contract management practices in place to ensure contracts are managed effectively?
Findings	<p>Council has good in-house processes in place for both the administration and management of its contracts including stakeholder meeting records, regular management reporting and controls around contract variation approvals.</p> <p>Value for money is being demonstrated by leveraging shared services opportunities with neighbouring authorities.</p> <p>Positive test results are being achieved at numerous sites where reprocessed "rotten rock" is being used for unsealed pavement maintenance. Initial findings are showing improved levels of service with reduced maintenance overheads.</p> <p>Council's modest budget for its minor improvements programme is well prioritized with three bridge replacements scheduled, several planned sight benches and an intersection improvement for this financial year.</p> <p>Road safety audit requirements are well understood and a previous audit recommendation to produce road safety audit exception declarations has been adopted.</p>
Question 5:	Are Mackenzie DCs professional services providing value for money?
Findings	Council manages its land transport network totally in-house with the exception of its bridge inspection and maintenance programme which requires outsourced specialist skills. Council has in place a service level

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	<p>agreement for the delivery of in-house professional services for the current 2014/15 year.</p> <p>A sample of activity costs was reviewed for reasonableness. Its charge-out rates for the services delivered is providing value for money to Council. However, the business unit's lump sum charge-out rates are based on an historic timekeeping sample which needs updating. With the impending changes to the way administration costs are funded Council should also consider reviewing the actual administration costs of the unit.</p>
Recommendation	That Mackenzie District Council confirms its costs charged to the business unit are based upon up-to-date information in future.
Suggestion	That Mackenzie District Council when repeating the timekeeping exercise for its in-house professional services business unit also takes the opportunity to consider the allocation of administration costs to enable accurate claiming from 1 July 2015.
Question 6:	<p>Does Mackenzie DC have appropriate systems in place to ensure multi-party agreements are managed effectively?</p>
Findings	<p>Council has in place a documented multi-party funding agreement with Timaru District Council for the delivery of their reseals programmes under a common supplier contract. The initial contract term was for two years with a further year extension approved by the Transport Agency to align with Waimate District Council's reseal programme renewal, at which time the cost benefit of the multi-party agreement can be re-considered.</p> <p>A single contract payment certificate is issued to the contractor by Timaru DC as the lead agency and separate buyer created invoices are produced for each Council responsible for paying the contractor directly. Each Council claims its share of financial assistance from the Transport Agency. Professional services for the reseals contract are outsourced and the costs shared. Timaru DC invoices Mackenzie DC directly for its share.</p> <p>A sample of invoices was reviewed and the payment arrangements confirmed to the terms of the agreement. Costs are monitored and the agreement well managed.</p>

APPENDIX A**Audit Programme**

1. Previous audit November 2011
2. Land Transport Disbursement Account
3. Final Claims for 2011/12, 2012/13, and 2013/14
4. Transactions (accounts payable) - 2013/14
5. Retentions Account
6. Reconciliation between ledgers supporting final claim and the audited financial statements
7. Procurement Procedures
8. Contract Variations
9. Contract Management & Administration
10. Professional Services
11. Multi-party agreements
12. Transport Investment On-line (TIO) Reporting
13. Other issues that may be raised during the audit
14. Close out meeting

APPENDIX B

(from Question 3)

CONTRACTS AUDITED

Contract Number	Tenders Received	Date Let	Description	Contractor		
			Physical Works			
1202	2	Mar 2012	Princes Street, Fairlie Upgrade 2011/12	Whitestone Contracting	Estimate Let Price Final Cost	\$ 59,440 \$ 72,039 \$ 72,039
1206	1	Mar 2012	Pavement Remarking	Fulton Hogan	Estimate Let Price Final Cost	\$ 40,000 \$ 38,115 \$ 29,921
1208	2	Sep 2012	Reseals 2012 - 2014 (shared contract with Timaru DC [TDC-2065])	Fulton Hogan	Estimate Let Price Final Cost	\$1,190,000 \$1,482,153 Ongoing
1212	3	Feb 2013	Market Place West Upgrade, Twizel	Whitestone Contracting	Estimate Let Price Final Cost	\$ 60,000 \$ 73,773 \$ 78,784
1215	5	Oct 2014	2014/15 Bridge Replacements	Whitestone Contracting	Estimate Let Price Final Cost	\$ 262,000 \$ 354,770 Ongoing

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Audit: **Mackenzie District Council**

APPENDIX C



Mackenzie District Council

8th December 2014

Ron Wheeler
Senior Investment Advisor
NZ Transport Agency
Level 2, AA Centre
450 Moray Place
Dunedin 9058

Dear Ron,

Consideration of Draft Audit Report for Mackenzie District Council

After careful review of the draft report I am pleased to confirm that Council agrees the following

- The facts disclosed have been stated correctly
- No facts material to an issue have been omitted; and
- No unfair inference has been conveyed, either generally or in particular

On behalf of Council I would like to thank you for the way you conducted the audit and in particular the guidance and advice you gave at the time.

Yours faithfully,

Suzy Ratahi
Roading Manager

P.O. Box 52, Main Street, Fairlie 7949. Tel 03 685 9010 : Fax 03 685 8533
Market Place, Twizel 7901. Tel 03 435 0737 : Fax 03 435 0537
South Canterbury, New Zealand : www.mackenzie.govt.nz : email: info@mackenzie.govt.nz

Investment Audit of Mackenzie District Council
Report Number: IARWI - 1437

December 2014

Prepared by:



Ron Wheeler, Senior Investment Auditor

Reviewed by:



Glenn McGregor, Senior Investment Auditor

Approved by:



Marianne McMillan, Investment Assurance Manager

MACKENZIE DISTRICT COUNCIL

REPORT TO: ASSET AND SERVICES COMMITTEE

SUBJECT: STATE HIGHWAY 8 SPEED LIMIT REVIEW REQUEST

MEETING DATE: 17th MARCH 2015

REF: 2/5/1

FROM: ROADING MANAGER

ENDORSED BY: CHIEF EXECUTIVE OFFICER

PURPOSE OF REPORT:

To present to the Mackenzie District Council a request from the Residents of both Burkes Pass Township, and the Tekapo Community Board, to apply to NZTA to consider two speed limit reviews in Burkes Pass and Tekapo respectively.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. That the Council formally requests the New Zealand Transport Agency to conduct a review of the posted speed limits in the Lake Tekapo and Burkes Pass areas as requested and advise the both the Lake Tekapo Community Board and the Burkes Pass Residence Association of the outcome.

SUZY RATAHI
MANAGER – ROADING

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

INTRODUCTION

Council has received requests from two different communities raising concerns about speed limit through those townships.

See attached letter from the Burkes Pass Residents Association and the relevant excerpt from the Lake Tekapo Community Board Meeting Minutes.

Council has no authority over these two applications as they both relate to areas on New Zealand State Highway network.

ATTACHMENTS:

1. Lake Tekapo Community Board Minutes excerpt

GENERAL BUSINESS – MOVING THE 60KM SPEED RESTRICTION SIGN ON SHW8:

Stella Sweney raised this. Bernie Haar said they have had meetings with the contractors that represent NZTA. If the community board formally ask for a review they will do a review but moving the speed zone wasn't supported at the meeting attended by Bernie Haar.

Stella Sweney said NZTA need to visit and see all the traffic, cyclists and pedestrians in that area.

Resolved that the Tekapo Community Board recommends that Council approach NZTA to move the 60km/h limit to be extended beyond Hamilton Drive.

Stella Sweney/Lyn Martin

2. Letter From Burkes Pass Residents

The Secretary,
Burkes Pass Residents Association
2122 Fairlie-Tekapo Road
R D 17
FAIRLIE 7987

Noel Jackson,
Mackenzie District Council
P O Box 52
FAIRLIE 7949

28th January 2015

Dear Noel,

We, the members of the Burkes Pass Residents Association, have made a decision at our meeting tonight, to apply for a reduced speed limit through Burkes Pass township, due to multiple observed near misses during heavy traffic, and our deep concerns there will be a potential fatality.

We would like to see an 80km speed restriction from Burkes Pass Cemetery, slowing to 60km where the current 80km sign is situated. At the Fairlie end of town, we would like to see the current 80km sign replaced with a 60 km sign.

We look forward to your positive response.

yours sincerely,

J. Sykes
Julie Greer *Leah* *Edith*
J. Caplan *Donna* *John Emery* *Barry*
apologies:
Jane & Graham Batchelor
Barbara & John Corcoran
Keith Walter
Janine & Peter Donoghue
Louise Corcoran

copy sent to Simon Bird, Deputy Contract manager
South Canterbury Network Outcomes, NZTA,
P O Box 1479, Russley, Christchurch 8140

CONCLUSION:

As NZTA is the governing body in all matters in relation to State Highway management, it is recommended that both of these speed limit review requests are passed on to NZTA for their due consideration.

MACKENZIE DISTRICT COUNCIL

REPORT TO: ASSETS AND SERVICES COMMITTEE

SUBJECT: STOCK TRUCK EFFLUENT PROGRAMME

MEETING DATE: 17th MARCH 2015

REF:

FROM: SUZY RATAHI **ENDORSED BY:** CHIEF EXECUTIVE OFFICER

Note – Draft prepared by Kate Sanders 4 March 2015

1. PURPOSE OF REPORT:

To obtain support for Mackenzie District Council to contribute to the Canterbury Regional Stock Truck Effluent Programme.

2. STAFF RECOMMENDATIONS:

1. That the report be received.
2. That Mackenzie District Council contribute \$3,000 per annum towards the Canterbury Regional Stock Truck Effluent Programme.
3. That Mackenzie District Council agrees to sign up to the Canterbury Regional Stock Truck Effluent Disposal Agreement for Sharing of Operational Costs.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

3. BACKGROUND:

The Canterbury Regional Stock Truck Effluent Disposal Agreement for Sharing of Operational Costs was established in 2005. The purpose of the programme was to ensure that stock truck effluent disposal facilities were provided, operated and maintained across the Canterbury Region. Effluent Disposal Facilities benefit the road user, as well as stock truck companies and farmers.

This agreement sets out that Environment Canterbury and LTNZ (now NZTA) share the cost of establishing a network of disposal facilities across the Canterbury region.

Ongoing maintenance agreements for each site are managed and initially paid for by the responsible Road Controlling Authority (RCA). That RCA is able to claim financial assistance from NZTA at their normal FAR (financial assistance rate). The local share is then invoiced to Environment Canterbury, and recovered from all signatory Canterbury RCA's based on an agreed formula for sharing the cost (population (25%), and road length (75%)).

Due to changes in land use across the region, Environment Canterbury consider it appropriate to review this process to ensure that the cost is shared fairly across the region. Since the agreement was signed in 2005, there have been significant changes to the Canterbury landscape and farming practices. There are now more dairy farms and greater areas of irrigated high productivity pastoral land across much of the region.

In particular we have seen big changes in the percentage of NZ dairy farms located in South Canterbury (1.3% in 2004/05 compared to 4.6% in 2012/13). Mackenzie/Timaru had 3.22 cows per hectare in 2004/05, and in 2012/13 Timaru has 3.54 and Mackenzie has 3.11 cows per hectare (averaging to 3.4 cows per ha across both districts). While this brings increased revenue to the district, effectively it also indicates that more effluent is produced in Mackenzie now than when the agreement was first put forward. We also have had changes to population across the region, and to the length of roads in each district.

Currently 8 out of the 9 District Councils in Canterbury are signatories to the agreement (Waimate DC made a decision to join the agreement in December 2014). With Waimate on board, the cost to Mackenzie District Council is approximately 5% of the total cost across the Canterbury region. At this stage the cost is calculated to be around \$3,000 per annum. The invoicing for this cost operates in a similar manner as cross boundary bridges (where one council maintains the bridge and obtains the FAR share from NZTA then invoices 50% of the remaining local share to the neighbouring council. The cost per capita is approx. 70 cents per annum.

The formula and process was agreed by Canterbury territorial authorities a decade ago, and is an efficient method for managing the costs across the region. The process of re-litigating how the funds for this programme are collected across the region is not an efficient use of rate-payer funds. Under the current system, effectively the other districts across the region are subsidising the benefits to the Mackenzie District.

The benefits to the Mackenzie District are that the district is included when reviewing the location of stock truck effluent disposal stations, and that the cost of maintaining any new

facilities will be shared across the region. The location of stock truck effluent stations provides a number of benefits including:

- Efficient disposal of effluent for all stock trucks;
- Environmental benefits due to a reduction in the amount of effluent spilled on to roads and into roadside drains;
- A decrease in road safety risk due to minimising slippery surfaces on corners and hills where effluent spills;
- A more pleasant road environment for cyclists, pedestrians and road workers.

Currently Mackenzie District Council receives the benefits of the stock truck effluent stations located in the Timaru District (at Pareora). While there appear to be very few complaints about effluent spills, it is likely that NZTA and Police are contacted in the first instance, and as such spills are unlikely to be brought to the attention of Mackenzie District Council.

4. ATTACHMENTS:

None

5. POLICY STATUS:

6. SIGNIFICANCE OF DECISION REQUESTED:

Ongoing cost of approximately \$3,000 per annum, plus staff involvement in the Stock Truck Effluent Working Group (STEWG).

7. ISSUES AND OPTIONS:

Do nothing. Council can continue to do nothing about stock truck effluent in the Mackenzie District. However the increase in the number of stock, and stock movements in the region is having an effect on road safety and water quality in the Mackenzie District.

8. CONSIDERATIONS:

9. CONCLUSION: