



Waitakere City Council
Te Taiāo o Waitakere

NOTICE OF MEETING

INFRASTRUCTURE AND WORKS COMMITTEE

I hereby give notice that a Meeting of the Infrastructure and Works Committee will be held on:-

DATE: **Tuesday, 4 December 2007** **TIME:** **9.30 am**

VENUE: **Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere**

to consider the business as set out herein and to take any necessary action connected therewith.

27 November 2007

Desiree Tukutama
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8815

MEMBERSHIP:

Councillors	DQ	Battersby, JP (Chairman)
	RP	Dallow, QPM, JP (Deputy Chairman)
	BA	Brady, JP
	JM	Clews, QSO, JP
	RI	Clow
	LA	Cooper, JP
	AK	Corban, OBE, JP
	MM	Jolley
	PG	Mitchell

Mayor RA Harvey, QSO, JP (ex officio)
Deputy Mayor (ex officio)

(Quorum 5 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR A MEETING OF THE INFRASTRUCTURE AND WORKS COMMITTEE
TO BE HELD AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD,
HENDERSON, WAITAKERE, ON TUESDAY, 4 DECEMBER 2007
COMMENCING AT 9.30 AM**

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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFLICTS OF INTEREST

The Council has acknowledged in its Code of Conduct that Elected Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a member of the Council and any private or other external interest they might have. This note is provided as a reminder to members to check that no such conflicts arise in relation to any items on this agenda.



4 WATER SUPPLY ISSUES

GLOSSARY

Watercare Services Limited	(Watercare)
Health (Drinking Water) Amendment Act 2007	(the Act)
Local Network Operations	(LNOs)
Long Run Marginal Capital Cost	(LRMCC)
Weighted Average Cost of Capital	(WACC)
Long Run Marginal Operating Cost	(LRMOC)

PURPOSE OF THE REPORT

The purpose of this report is to advise the Infrastructure and Works Committee of a number of issues that will affect the Levels of Service and cost of water supply, and which will be reported fully to Council as part of the draft Annual Plan 2008/2009 process.

BACKGROUND

The Long Term Council Community Plan 2006-2016 identified all the activities and programmes required to provide water supply services to a high standard and achieving an "A" grading for water supply. Based on all the known information, it was forecast that there would not be a need for a price increase in water in the short to medium term. However, legislation changes and cost increases forecast by Watercare Services Limited (Watercare) will have an impact on the future cost of water supply services.

It should be noted that Council has not increased the price of water since 2000.

STRATEGIC CONTEXT

Council's objective is to provide water supply services based on the principles of sustainable management and integration of the 3 Waters.

Under the Local Government Act 2002, councils must retain ownership of public water supply assets. Water is purchased in bulk from Watercare, with EcoWater managing the water distribution network for Waitakere.

The Council has a role to take an overview of all water supply services in the City (both public and private). This involves identifying potential health and environmental risks associated with water supply and ensuring that these risks are managed within acceptable levels.

ISSUES

The two issues that have particular significance are as follows:

- Health (Drinking Water) Amendment Act 2007; and
- Watercare price increases and new tariff.

Health (Drinking Water) Amendment Act

The Health (Drinking Water) Amendment Act 2007 (the Act) was enacted on 17 October 2007 and comes into force on 1 July 2008, except for Section 6 of the Act that comes into force on 1 July 2013.

Council and Local Government New Zealand made submissions on the Act, with a specific concern being that the costs and benefits had not been demonstrated. Local Government New Zealand estimated that compliance costs for the whole country would be in the order of \$600 million. Some of the key requirements of the Act are as follows:

“Purpose

- (1) *The purpose of this Part is to protect the health and safety of people and communities by promoting adequate supplies of safe and wholesome drinking water from all drinking-water supplies.*
- (2) *Accordingly, this Part—*
 - (a) *provides for the Ministry to maintain a register of all drinking-water suppliers; and*
 - (b) *provides for the Minister to issue or adopt drinking-water standards; and*
 - (c) *imposes a range of duties on drinking-water suppliers, including duties to—*
 - (i) *monitor drinking water; and*
 - (ii) *take all practicable steps to comply with the drinking-water standards; and*
 - (iii) *implement risk management plans; and*
 - (d) *imposes a range of duties on water carriers; and*
 - (e) *provides for the appointment of drinking-water assessors to assess compliance with this Part, and sets out their functions and powers; and*
 - (f) *provides for the Director-General to recognise laboratories for the purposes of analysing drinking water; and*
 - (g) *sets out certain emergency powers that are available during public health emergencies relating to drinking water; and*
 - (h) *creates various offences; and*
 - (i) *provides for the dissemination of information about drinking water.*
- (2) *Standards issued or adopted under this section may, without limitation, specify or provide for all or any of the following:*
 - (a) *requirements for drinking water safety (including requirements relating to the transportation of raw water or drinking water):*
 - (b) *requirements for drinking water composition, including—*
 - (i) *maximum amounts of substances or organisms or contaminants or residues that may be present in drinking water; and*
 - (ii) *maximum amounts of substances that may be present in drinking water; and*
 - (iii) *maximum acceptable values for chemical, radiological, microbiological, and other characteristics of drinking water:*
 - (c) *criteria and procedures for demonstrating compliance with the standards, including the methods or tests by which the levels of determinands present in raw water or drinking water must be calculated or ascertained:*
 - (d) *monitoring analytical and calibration requirements, including minimum sampling and testing frequencies, and procedural requirements relating to sampling and analysis:*
 - (e) *performance standards that drinking-water suppliers, drinking-water assessors, and recognised laboratories are required to meet when sampling and testing raw water or drinking water:*
 - (f) *remedial actions to be taken if non-compliance with different aspects of the standards is detected:*
 - (g) *records that must be kept by drinking-water suppliers:*
 - (h) *any other matters relating to raw water or drinking water that may affect public health.*
- (3) *Standards issued or adopted under this section—*
 - (a) *may include guideline values for aesthetic determinands for avoiding adverse aesthetic effects in drinking water; and*

- (b) *may contain different provisions for different categories of bulk supplier, networked supplier, designated port or airport, or water carrier, or different provisions for each class of drinking-water supplier; but*
- (c) *must not include any requirement that fluoride be added to drinking water.*

Duty of suppliers in relation to provision of drinking water

- (1) *Every networked supplier, bulk supplier, and water carrier must take all practicable steps to ensure that an adequate supply of drinking water is provided to each point of supply to which that supplier supplies drinking water.*

Duty to take all practicable steps to comply with drinking-water standards

- (1) *Every drinking-water supplier must take all practicable steps to ensure that the drinking water supplied by that supplier complies with the drinking-water standards.*
- (2) *A drinking-water supplier complies with subsection (1) if the supplier implements those provisions of the supplier's approved public health risk management plan relating to the drinking-water standards.*
- (3) *Subsection (2) does not limit the ways in which a drinking-water supplier is able to comply with subsection (1).*
- (4) *Subsection (1) applies to each drinking-water supplier subject to any exemption or variation that has been granted to that supplier under section 69ZZD(2)(k).*
- (5) *Subsection (1) does not apply to those drinking-water standards that are identified in those standards as guideline values for aesthetic determinands for avoiding adverse aesthetic effects in drinking water.*

Duty to prepare and implement public health risk management plan

- (1) *Every drinking-water supplier must, on or before the date on which this section begins to apply to that drinking-water supplier, prepare in writing either or both of the following, whichever is applicable:*
 - (a) *a public health risk management plan in relation to that drinking-water supplier's drinking-water supply;*
 - (b) *in the case of a drinking-water supplier who is a water carrier, a public health risk management plan in relation to that water carrier's method of transporting raw water or drinking water.*

Duty to keep records and make them available

- (1) *Every drinking-water supplier and every temporary drinking-water supplier who is required to prepare a public health risk management plan under section 69Z or 69ZA must—*
 - (a) *keep records that contain sufficient information to enable a drinking-water assessor to ascertain whether or not that drinking-water supplier or temporary drinking-water supplier is complying with the requirements of—*
 - (i) *this Part; and*
 - (ii) *the drinking-water standards; and*
 - (iii) *that drinking-water supplier's or temporary drinking-water supplier's public health risk management plan; and*
 - (b) *keep records of any other risk management plan relevant to that supplier's supply.*

Duty to investigate complaints

Every drinking-water supplier who receives a complaint about the quality (including the wholesomeness) of the drinking water supplied by that supplier, or, as the case may require, transported by that supplier in the supplier's capacity as a water carrier, must investigate that complaint and,—

- (a) *if the complaint relates to the wholesomeness of the drinking water and is upheld, take all reasonable steps to improve the wholesomeness of that drinking water; or*
- (b) *if the complaint relates to a failure to meet the drinking-water standards and is upheld, take the appropriate remedial action specified in section 69ZF.*

Duty to take remedial action if drinking-water standards breached

Every drinking-water supplier who becomes aware that the drinking water supplied by that supplier, or, as the case requires, transported by that supplier in the supplier's capacity as a water carrier, is not meeting the drinking-water standards must—

- (a) *take all practicable steps to carry out the appropriate remedial action set out in the drinking-water standards to correct the problem; or*
- (b) *if no remedial action is set out in the drinking-water standards, take all practicable steps to correct the problem.*

Offences against sections in this Part

- (1) *Every person commits an offence who contravenes, or permits a contravention of, any of the following:*
 - (a) *section 69U (duty to protect source of drinking water):*
 - (b) *section 69V (duty to take all practicable steps to comply with drinking water standards):*
 - (c) *section 69Y (duty to monitor drinking water):*
 - (d) *section 69Z (duty to prepare and implement public health risk management plan):*
 - (e) *section 69ZA(5) (duty of certain drinking-water suppliers or temporary drinking-water suppliers to prepare and implement a public health risk management plan if required to do so):*
 - (f) *section 69ZF (duty to take remedial action if drinking-water standards breached):*
 - (g) *section 69ZZD(3) (duty to comply with requirements of a designated officer acting under emergency powers).*
- (2) *Every person commits an offence who contravenes, or permits a contravention of, any of the following:*
 - (a) *section 69ZD (duty to keep records and make them available):*
 - (b) *section 69ZG (duty to provide reasonable assistance to drinking water assessors, designated officers, and medical officers of health):*
 - (c) *section 69ZZI (compliance with compliance order).*
- (3) *Every person commits an offence who contravenes, or permits a contravention of, any of the following:*
 - (a) *section 69K (applications for registration):*
 - (b) *section 69L (renewal of registration by water carriers):*
 - (c) *section 69M (duty to update details on register):*
 - (d) *section 69S (duty of suppliers in relation to provision of drinking water):*

- (e) *section 69T (duties where risk to water is actual or foreseeable):*
 - (f) *section 69X (duty to test new water sources):*
 - (g) *section 69ZI (duty to notify medical officer of health of source and quality of raw water).*
- (4) *Every person commits an offence who, without reasonable excuse, takes any water from a fire hydrant, unless—*
- (a) *that person is a fire-fighter (as defined in section 2 of the Fire Service Act 1975); or*
 - (b) *that person is a member of a volunteer fire brigade (as defined in section 2 of the Fire Service Act 1975); or*
 - (c) *that person takes the water for the purposes of fire fighting; or*
 - (d) *that person—*
 - (i) *has the written approval of the drinking-water supplier who supplies water to the hydrant; and*
 - (ii) *has been assessed by that drinking-water supplier as being competent to take water from that hydrant in a way that does not endanger the networked system of which the hydrant forms a part or the water in that system.”*

Watercare Services Limited Tariff and Pricing

The existing contract for bulk water supply between Watercare and the Local Network Operators (LNOs) is due to expire on 30 June 2008. As a result of contract negotiations, both parties identified an opportunity to review the continued use of the current tariff structure for bulk water supply.

Castalia Strategic Advisors was commissioned by and proposed a rising block tariff structure for Watercare. The proposed tariff is based on the principle of long run marginal cost and provides an indication of the future costs of providing additional water, which incentives LNOs to further invest in leakage reduction and explore other water demand reduction initiatives. It ensures that LNOs responsible for growth in water demand will pay their fair share of the costs associated with providing for that growth.

Watercare has left the determination of which tariff structure it uses for its customers to decide but in doing so has advocated for a change to the rising block structure and expects the LNOs to deliver a unanimous decision. This report has been prepared by a Working Group of the LNOs to describe the tariff and its implications to support the separate processes and diverse decision-makers involved.

This report recommends the adoption 'in principle' of the proposed rising block tariff structure and introduction as soon as practical (either 1 July 2008 or 1 July 2009) subject to satisfactory resolution of exact terms.

It is noted that at this stage not all LNO representatives support the move to a new tariff structure. North Shore City's preference is to continue with the current structure and United Water has contractual issues which may prevent it moving away from the current structure until these are addressed. The other LNO representatives (Manukau Water, Metrowater, Waitakere City and Rodney District) support the change.

In order to meet the timeline for contract negotiations, it is desirable that an agreed way forward be established by no later than Friday 30 November 2007.

Current Tariff Structure

Within the current contract the wholesale or bulk water tariff is designed to meet Watercare's annual Revenue Requirement and is based on a combination of:

- a fixed component (being 30% for peak and load); and
- a variable unit charge component for the actual volume (cubic metres) of water supplied by Watercare to the LNO in each year, (making up the remaining 70%).

The **fixed component** is based on:

- a Peak Day Demand Charge: which is the LNOs Peak Day Demand for the 12 month period ending on 31 March in the immediately preceding Year, as a share of the regional aggregate;
- a Load Charge: which is the total volume of water (expressed as a number of cubic metres) supplied by Watercare to the LNO in the 12 month period ending on 31 March in the immediately preceding Year, as a share of the regional aggregate.

In addition to the above, the LNOs pay Watercare a metering charge for each Bulk Meter at each Supply Point.

The current tariff structure attempts to identify key cost drivers (Peak and Load, versus total demand) and recover these costs accordingly. The use of both fixed and variable components emerged through negotiations over the years and was designed to provide better alignment with the retail tariff structure, where a higher variable component is typically applied. In addition, a key driver for the current tariff structure was keeping it simple and relatively transparent.

At the expiry of the bulk water contract in July 2008, the tariff structure will have been in place for six years in its current form and for the three years prior the structure was the same but a capped price/volume mechanism was in place (eliminated as it had produced unintended 'gaming' incentives in relation to forecasting and pricing for actual demand). In effect there will have been no substantive change for nine years. With the contract up for review, Watercare took the opportunity to identify an alternative structure for charging customers to meet its annual revenue requirement, one that provides an economic signal to reduce water demand.

Key Driver for Change - Demand Management

The Auckland Water Industry faces a significant capital investment programme to meet increased water supply demand arising from population growth. An alternative is to implement programmes to reduce water demand and hence optimise capital costs.

In 2004 Watercare and the Local Network Operators agreed a new approach to managing Auckland's water described in the publication "From the Sky to the Sea: The Auckland Water Management Plan". The goal was to "promote the sustainable, efficient and wise use of reticulated water resources" in the region and a key objective involved managing water demand. A target was set of reducing regional gross per capita water demand regionally by 5% over a twenty year period (to 2024) with each organisation required to develop their own targets and action plans.

Based on the latest regional water demand forecasts Watercare has estimated the timing for the provision of additional water sources without significant water efficiency savings being introduced and this is set out below.

Table 1 - Timing for additional bulk water supply sources without significant demand management initiatives

Water supply augmentation scheme	Required date <u>without</u> demand management
Waikato 125 MLD	2015
Waikato 150 MLD	2025
Future source 100 MLD	2030
Future source 100 MLD	2053

Substantive water demand management programmes could be established across the region that deliver major efficiencies e.g.

- Rain Tanks on all new domestic properties;
- Beneficial wastewater use for industrial purposes;
- Universal wastewater charging;
- Pressure and leakage management;
- Additional groundwater recharge and/or use is increased;
- Water audits of schools, industry and domestic use;
- Use of water efficient devices.

If so, the timing of the next major regional water source could be deferred by between 5 and 20 years, beyond the current 50-year planning period. Assuming that the cost of the two future water sources is in the order of \$500 million with an interest rate of 7%, the annual benefit to the Auckland Region of deferring these sources is up to \$35 million per annum (without discounting cash flows).

With the above in mind methods or tools, introduced on a financially prudent basis, that encourage or incentivise behaviours to reduce water demand can therefore deliver a substantial benefit by minimising and deferring costs which are spent over the longer term - the ultimate prize for taking action now.

A review of best practice has shown that demand management requires a combination of methods, based on the following elements:

- Economic;
- Efficiency;
- Education;
- Environmental;
- Engineering;
- Enforcement.

While Local Network Operators can choose from a range of methods or tools to encourage end-consumers to change their behaviour and reduce water use, Watercare, as a wholesaler, has a more limited 'bag of tools' available to incentivise behaviour change. However the tariff structure Watercare applies is one of the economic tools that can encourage further investment by LNOs in programmes to reduce water use. Watercare's tariff structure is not a single 'silver bullet' solution to delivering reductions in water demand, but it is an important component lever that can contribute toward the overall objective, hence the proposal outlined below.

Proposed Rising Block Tariff Structure

Underlying Marginal Cost Principle

The proposed tariff is based on the economic principle of marginal cost, which provides an estimate of the additional cost associated with producing an additional unit of output. It is summarised in Table 2 below:

Table 2 - Long Run Marginal Cost Components

Long Run Marginal Cost	= Long Run Marginal Capital Cost
	+ Long Run Marginal Operating Cost
OR	LRMC = LRMCC + LRMOC

The marginal capital cost is the increment in capital costs required to supply an increment in volume as volume increases year on year. In order to supply these increasing volumes, the capital programme is compiled with projects aimed at supplying the projected increased volumes at least cost. The major example is new dams and their associated raw water pipelines and treatment plants.

In order to measure LRMC, Watercare's engineers went through the 2006 capital expenditure programme to determine the items that:

- would not be needed if there was no volume growth;
- would be built smaller and at lower cost if there was no volume growth.

When these items were removed, reduced or delayed, a new capital expenditure programme was obtained, which represents the capital expenditure programme as it would be without volume growth. The difference between the volume paths is the increment in volume, and the difference between the capital expenditure programmes is the increment in capital expenditure.

Determination of the Long Run Marginal Capital Cost (LRMCC)

The LRMCC price is that constant price that can be applied to the stream of incremental volumes to generate revenues that are sufficient to repay the incremental capital costs and earn a return on them equal to the weighted average cost of capital (WACC).

The WACC is determined from a standard calculation. It gives the rate of return on capital that a company needs to earn so that its debt and equity investors receive the respective returns they sought in investing in the company, taking the tax effects into account. In Watercare's case, Watercare obtained advice that its appropriate WACC is 7.2 percent per annum.

This WACC is a post-tax nominal figure. It is intended to be applied to cash flows which are in nominal terms and which include tax payments. For the calculation of the LRMC, however, the capital expenditures are in real (2007) terms and the tax effects are not included in the cash flows. Two adjustments are therefore necessary: a discount rate in real terms and an adjustment for tax effects.

When the increments in capital expenditure, after the tax adjustments, are discounted and accumulated the present value over the 20 years is \$453 million.

The LRMCC price is the constant price (in real terms) which, when applied to the volumes, gives the same present value as the present value of the increment in capital expenditure, after the tax adjustments. This price is the capital portion of the LRMCC.

The capital portion of the LRMCC price is therefore:

$$\text{Present Value (capital costs after tax adjustment)} / \text{Present Value (volumes)} \\ = \$453 \text{ million} / (562 \text{ million m}^3) = 81 \text{ cents per m}^3$$

Determination of the Long Run Marginal Operating Cost (LRMOC)

The operating cost portion of the LRMOC is much more readily obtained than the capital cost portion. As volumes rise, many operating costs rise in direct proportion to volume. For example, electricity costs for pumping and the costs of chemicals for treatment increase in proportion to volume. Other operating costs, such as labour costs, also increase in proportion to volume because we are looking at the long term. In the long term management has the time to adjust the scale of its operations to reflect the volumes supplied.

The marginal operating cost is 13 cents per m³.

Long Run Marginal Cost

Based on the above calculations, the proposed Long Run Marginal Cost (LRMC) is as follows:

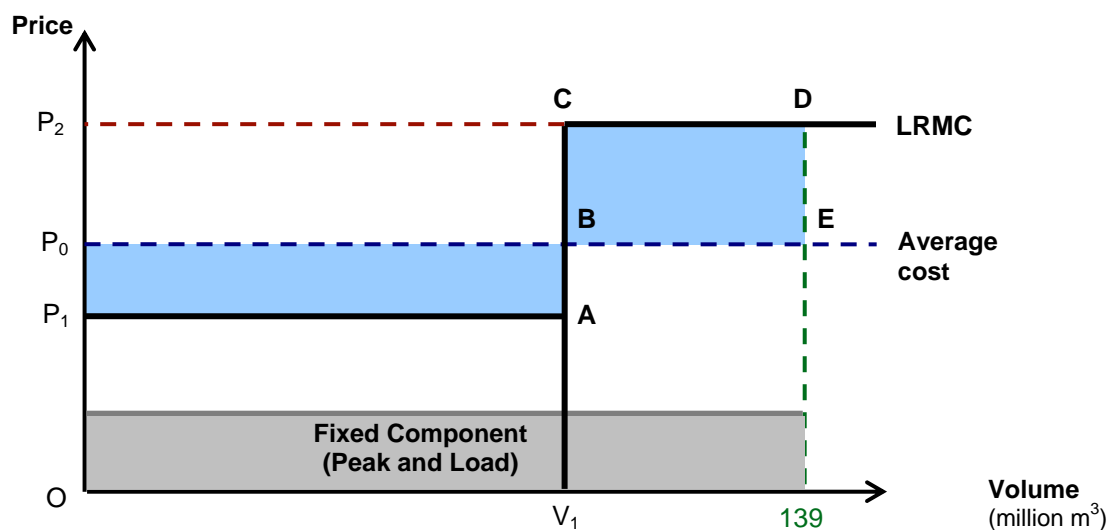
$$\text{LRMC} = 81 \text{ cents per m}^3 \text{ (LRMCC)} + 13 \text{ cents per m}^3 \text{ (LRMOC)} = 94 \text{ cents per m}^3$$

Calculation of Rising Block Tariff

As applies in the current tariff structure, Watercare propose to retain a fixed component (being 30% for peak and load) for obtaining the annual Revenue Requirement.

The remainder of the Revenue Requirement would be calculated using a rising block tariff as illustrated in Figure 1 below:

Figure 1 Proposed Rising Block Tariff



Up to the base volume V_1 , a price P_1 is charged, which is less than the average cost (per m^3). Beyond V_1 a higher price P_2 is charged which equates to the Long Run Marginal Cost (LRMC). P_1 and V_1 would be set so that revenue matches costs, which means the rectangle P_0P_1AB should be equal to rectangle $BCDE$. If V_1 is set closer to 139 million m^3 , then the P_1 price will be set higher, closer to the average cost, to ensure the revenue collected continues to match the costs.

Under the rising block tariff structure the revenue required by Watercare to provide bulk water services, as identified in its Funding Plan, would be derived from the area of two rectangles: P_1OV_1A plus CV_1139D . If the current tariff structure was used to meet the same revenue requirement this would be derived from the area of the rectangle: P_0O139E . The following table illustrates the calculations:

Table 3 - Comparison of Revenue Calculations under the Current Tariff structure or a Rising Block tariff structure

Examples are based on: WSL Revenue Requirement for 2008/09 = \$66,800,000 WSL Forecast Demand for 2008/09 = 139,123,460 million m^3	
Current Tariff Calculation	Rising Block Tariff Calculation
P_0 Average Cost (including fixed charges) x water demand = 48 cents x 139,123,460 = 66,779,261	<p><u>V_1 is set at 100% 2006/07 volume</u> $[P_1 \text{ cost (including fixed charges)} \times V_1]$ $+ [P_2 \times (\text{Forecast Demand} - V_1)] =$ [47 cents x 136,088,195] + [93.5 cents x 3,035,265] = 66,799,424</p> <p><u>OR: V_1 is set at 90% of 2006/07 volume</u> $[41.9 \text{ cents} \times 122,479,376] + [93.5 \text{ cents} \times 16,644,085]$ = 66,881,077</p>

The base volume V_1 would be divided across the six LNOs so that each LNO is charged price P_2 (i.e. the LRMC at 94 cents) beyond its part of V_1 . There are a number of potential bases for the allocation of V_1 across LNOs but there is no economic guide to the best allocation. Rather it is a matter for negotiation and agreement among the six LNOs and Watercare. The different options affect each LNO differently and compromise will be necessary. Scenarios have been modelled showing V_1 being set at 2006/07 actual volumes or a percentage thereof i.e. 90%.

It is also proposed that the rising block tariff be applied on a monthly basis. If V_1 is set at a level between consumption in the high volume and low volume months, it would create an incentive to reduce consumption during the summer, and thereby to reduce the peak factor. Whether a monthly V_1 applies is also a matter for negotiation and agreement among the six LNOs and Watercare. Options such as providing a quarterly, six-monthly or annual wash-up once an LNO exceeds the agreed V_1 for the period could be considered and have different impacts.

Impact on Local Network Operators

Various scenarios have been modelled with the overall results summarised as follows:

- All operators will face a price increases as a result of the proposed pricing advised by Watercare based on its December 2007 AMP (i.e. 7% 2008/09, 8% 2009/10, 7% 2010/11 and 7% 2011/12);
- Under a Rising Block tariff structure;

- Operators whose growth rate is anticipated to be less than the regional average will pay relatively less if forecasts are achieved (i.e. Manukau Water, Waitakere);
- Operators with greater growth will pay more relative to other operators (i.e. North Shore and Rodney District);
- After a 4-year period, price increases to operators are minimised if all operators reduce water usage;
- If the Long Run Marginal Cost (P_2) is applied only to marginal volumes during the four months of summer (December to March), then the difference for each operator compared to the current tariff structure is minimised.

Under the current tariff structure the average price paid over the four years varies by 3.1 cents (6% of the average) Under the rising block structure the variation in average price widens to between 6.3 and 6.8 cents (12% of the average).

Table 4 - Average price paid per cubic meter of water over the four years 2008/09-2011/12

Tariff	Manukau Water	Metro-water	North Shore City	United Water	Rodney District	Waitakere City	Price variation between highest and lowest
Current	\$ 0.538	\$ 0.536	\$ 0.538	\$ 0.535	\$ 0.513	\$ 0.544	\$ 0.031
RB Scenario 7a = forecast	\$ 0.529	\$ 0.535	\$ 0.550	\$ 0.530	\$ 0.595	\$ 0.534	\$ 0.066
RB Scenario 7b +2% pa	\$ 0.548	\$ 0.554	\$ 0.568	\$ 0.548	\$ 0.611	\$ 0.552	\$ 0.063
RB Scenario 7c -2% pa	\$ 0.513	\$ 0.517	\$ 0.533	\$ 0.512	\$ 0.580	\$ 0.519	\$ 0.068

Water Tariff Principles

Whatever tariff structure is applied between Watercare and the LNOs there are a number of principles which the LNOs agreed that the water tariff should embody. Table 3 describes the principles and attempts a qualitative comparison of how well each structure meets these. The analysis uses a low, medium and high rating. A low rating means that it is less effective, medium that it is neutral and high means that it is more effective.

Table 5 - Qualitative comparison of current and proposed rising block water tariff

Principle	Current Water Tariff	Rising Block Water Tariff
Ease of understanding and implementation	High (existing structure is well understood)	Medium (new structure will take time to understand and implement)
Long term consistency of tariff formula	High (each LNO pays on exactly the same basis)	Medium (each LNO will pay differently according to the level of growth in water volumes)
Encourage conservation and sustainability incentives	Medium	High (LNOs will have an additional financial incentive to encourage conservation e.g. with pricing at LRMC, it is worth spending up to the LRMC to reduce water losses through leakage. At the average price there is less incentive)
Separates out cost of growth (transparency)	Low	High
Economic efficiency and equity (shared risks/shared benefits)	Medium	High

As can be seen from the table, each of the tariff structures has strengths or weaknesses relative to the other. The qualitative assessment does not reveal either option as clearly superior. Furthermore if the relative importance placed on each principle compared to another is also considered, depending on judgements made, the current or proposed tariff structure may emerge as more or less appealing to different organisations. Other factors therefore need to be considered in making a choice between two tariff structures.

Main Advantages and Disadvantages of each Tariff Structure

The advantages and disadvantages of each tariff structure are summarised below:

Table 6 - Main Advantages and Disadvantages of the Rising Block and Current tariff

Advantages	Disadvantages
<p>Rising Block Tariff</p> <ul style="list-style-type: none"> • The cost of growth is passed on to the cities/LNOs that are experiencing the growth i.e. those who create additional demand pay for that additional demand. • Strengthens the drivers to invest in demand management. • Is a tool that can help contribute to achieving the per capital regional water savings target. • The true cost of additional demand is charged to operators in a manner that promotes regional economic efficiency. • Strengthens the incentive to estimate, monitor and manage usage more closely. 	<ul style="list-style-type: none"> • May disadvantage existing customers in areas with higher population growth rates, especially if development charges are not levied. • Disadvantages an operator that has already instituted efficiency measures – it is harder (more costly) for them to obtain further demand savings. • Will change the balance of costs amongst the LNOs based on the rate of water demand growth (i.e. the share of WSL’s revenue paid by each LNO will alter). • Increases the variation in average pricing across the LNOs. • External factors, not controllable by the LNO (e.g. new major industrial user, drought) can have a significant impact on costs.
<p>Current Tariff</p> <ul style="list-style-type: none"> • Well understood, simple to administer and provides greater certainty. • Results in average pricing with less variation across all the LNOs • Is structured in a similar manner to retail tariff structure with a fixed and variable component. • Some demand management is being progressed. 	<ul style="list-style-type: none"> • Does not provide a strong financial incentive to invest in leakage or other demand management initiatives. • Cushions LNOs that are experiencing higher growth as they do not pay the true cost of providing additional water.

Under both the current tariff and the rising block tariff the opportunity exists to:

- explore different retail pricing models designed to encourage customers to reduce water use e.g. introducing a similar rising block model for commercial or possibly residential customers
- reduce the burden on existing customers by introducing developer charges or contributions for the costs that Watercare incurs in providing infrastructure to cater for growth in demand being generated (under current legislation this is only possible for Manukau Water, Metrowater and United Water).

As such neither of the above can be seen as a distinct advantage or disadvantage of the tariff structures. However in the case of developer charges or contributions the rising block tariff provides a greater incentive for Watercare to transparently identify the costs solely attributable to growth.

Issues Yet to be Resolved and Key Risks

As the status quo, the current tariff is attractive in providing a well-proven 'business as usual' model. Being new, the rising block tariff will involve change and therefore has issues that need to be considered and risks to be mitigated if a decision is made to move to the new model.

Determining the appropriate fixed component percentage (e.g. 30%, 10% or other)

Moving to have a greater proportion of pricing based on a variable component provides Watercare (and the LNOs) with a greater incentive to accurately forecast, monitor, manage and invest in mechanisms that reduce water demand – as getting it wrong can result in additional unforeseen costs. A balance needs to be determined and scenarios modelled for the impact to be assessed.

Determining whether to apply V_1 on a monthly, seasonal basis (e.g. December to March) or other basis

More modelling and assessment needs to be undertaken to determine the impacts once an 'in-principle' decision to proceed with the rising block tariff has been made.

Determining the volume to set V_1 and agreeing when it will be reviewed or reset

A key issue for some LNOs is the need to understand what conditions may invoke a review of V_1 or a commitment that at the end of the contract term (agreed at this stage to be four years to better align with Long Term Council Community Plan timings) that V_1 will be reviewed and reset.

Refining the LRMC and agreeing the term that applies

The LRMC calculation included in this report was calculated on the basis on Watercare's 2006 AMP. There have been some changes to the AMP since its publication with the 2007 AMP due for release in December. If a decision 'in principle' to progress with the introduction of a rising block tariff, then Watercare have undertaken to provide a recalculation of the LRMC based on this latest information.

As part of the negotiations thus far, it has been agreed that the LRMC would be set for the term of the contract - four years - and then recalculated.

Agreeing how revenue Watercare over-recovers is redistributed

In situations where actual demand exceeds forecast volume, Watercare will receive more revenue that it needs to cover its costs. It has been proposed to Watercare that this revenue should be a non-discretionary return made to the LNOs based on the share of water volume purchased and the P1 price per cubic meter of water. Watercare has indicated that any excess revenue earned will or will not be redistributed at its discretion. Such an approach has not been agreed by the LNOs and could prove to be a major obstacle to its introduction.

Agreeing how revenue Watercare under-recovers is obtained

Where actual demand fails to reach forecast volumes, Watercare will experience a loss for the year. It has not been agreed how this would be addressed but it is assumed that Watercare will proceed to adjust the prices in the following year to recover the money.

As part of the negotiations Watercare has indicated that it wants to move away from a committed price for the whole contract term as currently applies, and be able to adjust prices on an annual basis. This is a firm position regardless of which tariff structure is adopted. This could result in less pressure on Watercare to control costs.

Contractual obligations or decision-making processes prevent adoption of a rising block tariff structure from 1 July 2008

United Water has a 50 year franchise agreement with Papakura District Council. Pricing targets are set as part of that agreement and the introduction of a rising block tariff is likely to trigger a need to vary the contract. Progressing such a variation will require a lengthy process and may open up negotiations on other aspects of the agreement. Under the most optimistic scenario, it is unlikely that United Water would be in a position to move to a rising block tariff structure until after 1 July 2008.

Watercare has provided preliminary advice of proposed bulk water price increases, as follows:

	Water % Price Increase
2008/2009	7
2009/2010	8
2010/2011	7
2011/2012	7
2012/2013	8
2013/2014	9
2014/2015	10
2015/2016	10
2016/2017	9
2017/2018	6

The price increases will be confirmed once Watercare's Funding Plan is published in February 2008. In addition, Watercare proposes to establish a new bulk water tariff.

RESOURCES

It is difficult at this stage to quantify the cost of compliance as more time is needed to analyse the requirements of the Act. Budgets are being prepared for Council's consideration in February 2008, but preliminary estimates indicate that additional funding will be required, as follows:

- Operating costs: \$400,000 to \$700,000 per annum;
- Capital costs: \$5,000,000 over 5 years and then \$500,000 per annum.

The cost of compliance and relating to the new legislation has not been included in the Long Term Council Community Plan 2006-2016. Provision has been made for the cost of water supply but not at the level now estimated. The water supply account was forecast to generate an operating surplus and this may offset, in part, some of the additional costs.

CONCLUSION

New requirements in the Act and pricing of bulk water services will have an impact on the price of water in 2008/2009. A report will be submitted to the Long Term Council Community Plan and Annual Plan Committee on this matter.

RECOMMENDATIONS

1. That the Water Supply Issues report be received.
2. That it be a recommendation to the Long Term Council Community Plan and Annual Plan Committee that consideration be given to providing funding in the draft Annual Plan 2008/2009 to address the water supply issues raised in the Agenda report.

Report prepared by: Tony Miguel, Group Manager: Asset Management.



5 STATUS OF TRANSPORT ASSETS WORK PROGRAMME

GLOSSARY

Auckland Regional Transport Authority (ARTA)

PURPOSE OF THE REPORT

The purpose of this report is to provide an update to the Infrastructure and Works Committee on Transport Assets work programme and to provide a presentation to the Committee on the infrastructure components of the New Lynn Transport Oriented Development project.

BACKGROUND

There are a number of issues that affect the timing and delivery of Transport Assets work programme and these were signalled as risk issues to Council during deliberations on the 2007/2008 Annual Plan.

Many of these issues are to do with work programmes set by ONTRACK, Transit New Zealand and ARTA.

STRATEGIC CONTEXT

The Council's 'Integrated Transport and Communication' platform and growth planning provide the key strategic contexts for this report.

In terms of transport, Council's vision is for a sustainable multi-modal transport system that is integrated with land use, contributes to Waitakere being an eco city and enables future residential and employment growth.

ISSUES

It is likely that a number of projects will not be completed in 2007/2008 and these are detailed below:

Project	Budget	Possible Carry Forward	Comment
Whau River Crossing	\$460,000	\$300,000	Project scope has increased as Transit New Zealand wishes to be involved and lead the project.
Universal Drive Extension	\$4,177,000	\$2,000,000	Delays due to Morrison Funerals not relocating in the expected timeframe.
Te Atatu Road Corridor Improvements	\$1,554,000	\$1,000,000	Project scope not yet approved by Council.
Henderson Town Centre Alderman Drive/Trading Place	\$6,188,000	\$6,138,000	Project scope for Trading Place approved but rest of the project scope not approved and it is not possible to progress Trading Place in isolation.
Rail Station Precinct Upgrades	\$598,831	\$237,649	Project delayed awaiting completion of ONTRACK's work programme.
Land Legalisation 530/568 Te Atatu Road	\$200,000	\$89,000	Delays in settlement with property owners.
Sturges Road Bridge Upgrade	\$4,551,000	\$4,551,000	Timing uncertain. ONTRACK will now lead bridge construction and Council's work will follow after the bridge.
Buckley Motorway	\$1,000,000	\$1,000,000	Timing dependent on Transit New Zealand.
New Lynn TC TOD	\$4,585,000	\$3,000,000	Timing dependent on completion of contract negotiations with ONTRACK/Fletcher.
Contribution to Transit New Zealand re Massey Pedestrian Bridge	\$250,000	\$250,000	Timing dependent on Transit New Zealand's programme.

New Lynn Transit Oriented Development Project

There have been a number of workshops with ONTRACK, ARTA and the Fletcher consortium to finalise construction and design details and to identify the relevant cost components.

Some of this work has not been finalised and it is expected that design will be sufficiently completed by February 2008 to enable pricing of the various elements of the project.

It is proposed to provide an update to the Infrastructure and Works Committee on the key issues and timing for future decisions.

RESOURCES

Funding has been provided in the Annual Plan 2007/2008 for these projects, with the exception of the New Lynn Transit Oriented Development project where the cost estimates have still not been confirmed and there may be a need for further funding. This issue will be reported to the Long Term Council Community Plan and Annual Plan Committee.

CONCLUSION

There are a number of Transport Assets projects where the timing and scope will vary and it is proposed to keep the Infrastructure and Works Committee informed as to the issues as they arise.

RECOMMENDATIONS

1. That the Status of Transport Assets Work Programme report be received.
2. That the presentation on the New Lynn Transit Oriented Development project be received.

Report prepared by: Tony Miguel, Group Manager: Asset Management.



6 HENDERSON HERITAGE STATION UPDATE

GLOSSARY

Henderson Heritage Trust	(The Trust)
Henderson Railway Station	(the Station)
St Michael's Chapel	(the Chapel)
Auckland Regional Council	(ARC)

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Infrastructure and Works Committee to pay the Henderson Heritage Trust (the Trust) \$50,000 that is set aside in the Annual Plan 2007/2008 for the restoration of the Henderson Railway Station (the Station) building and for Council to consider the feasibility of sub-leasing the building once it is restored.

BACKGROUND

The historic Station is listed in the District Plan as a Category I building and is also scheduled by the Historic Places Trust as a Category II building. The Station is associated with the early development of rail, passenger transport and the growth of Waitakere. The expansion of the western line as far as Henderson was completed in 1881 and the growth and development of early settlements is closely linked with the development of the "main trunk line". The first original station at Henderson comprised a timber structure with a shelter shed, a ladies waiting room and a toilet. In 1892 Henderson became a flag station. By 1897 the Station comprised a passenger platform complete with shelter shed, a cart dock and goods shed. The Falls Hotel was built in 1875 and by 1902 a suburban workman's train between Henderson and Auckland was operating. From 1907-1912 rapid growth in suburban traffic meant that the Station was enlarged in 1909 and by December 1912 it was completed as a Class B station

In 2004 the Council passed a resolution to apply for resource consent to relocate the Station from its original site to the Corban Estate to enable the new transport interchange and double tracking project to occur without any constraints. The Council entered into a Memorandum of Understanding with the Trust which outlined that Council would meet the relocation expenses. However, following an interim decision by the Commissioner, it was determined that the Station should remain in the rail corridor and the resource consent was subsequently withdrawn. The Trust have a two year lease over the building and its immediate environs from ONTRACK. That lease expired in May 2007 and a new lease agreement has been circulated to the Trust.

STRATEGIC CONTEXT

The Station building is an important link between the City's past and present. It provides a context for the community today to compare the achievements of today with those of the Victorian era. The Station building is located in part of the rail and bus interchange that has been developed at a cost of approximately \$15 million. The Station should be restored to ensure its long term viability and that it does not detract from this significant investment in public transport infrastructure.

ISSUES

The Trust have virtually the same membership as the Falls Hotel Preservation Trust and have undertaken some of Henderson's most difficult restoration projects: the Falls Hotel and St Michael's Chapel (the Chapel) on the Corban Estate. As a trust, they have an excellent mix of business people, property specialists and lawyers. Their specialisation is using their business acumen to adapt and re-use historic buildings in Henderson.

The restoration of the Falls Hotel was contingent on Council providing a favourable lease over part of the Falls Park. Similarly, the Chapel was relocated onto the Corban Estate by Council but the project was handed over to the Trust to restore the building. The Chapel is in the final stages of its completion for use as a gallery and reception venue following a thorough restoration. The former church will be officially opened in February 2008. The building sits on land owned by Council and will be managed on a day to day basis by the Corban Estate Arts Centre.

The old Station project has had a complex history and has presented the Trust with some additional risks. The Trust purchased the building from ONTRACK approximately five years ago for the sum of \$999. The Trust subsequently had the building and part of the platform listed with the NZ Historic Places Trust on the understanding that this would assist them. When Council applied to relocate the building, a number of heritage agencies including the NZ Historic Places Trust and ARC participated in the debate. The outcome of that process has been that Council later withdrew its consent application following the interim decision of the Planning Commissioner. The building was originally going to be relocated to the Corban Estate where it would be restored. That is no longer possible and the Trust are in the process of finalising a long term lease agreement with ONTRACK for a twenty year lease of the land that the building is located on with a first right of renewal for an additional 14 years. A 34-year lease provides a greater level of certainty for the Trust being able to re-coup the costs of its restoration.

Council resolved to assist the Trust in its negotiations for the long term lease and to give the Trust the sum of \$50,000 when it had consents in place for the restoration. It is considered that this funding should be brought forward to enable the Trust to prepare its consent applications and lodge funding applications from external Trusts in a reduced timeframe. The Trust are well known for delivering a quality result and have a proven track record.

The Trust have expressed the view that they are prepared to restore the building provided that they have certainty from Council on an end use of the building and ideally be in a position to negotiate a sub-lease. The Station is in the middle of a \$15 million transport interchange and town centre. It is also conveniently located in close proximity to the air bridge. It may be advantageous to Council if it could sub-lease the building from the Trust for office purposes if additional office accommodation is required. Council also works closely alongside other partner organisations such as SAFER Waitakere, Waitakere Pacific Board, etc who may wish to find office space in the City centre. This would give the Trust some assurance that the building would not lie vacant following its restoration. Council or a related organisation would be supporting a worthwhile project without being financially liable for the complete restoration.

RESOURCES

There is \$50,000 in the 2007/2008 heritage budget for this project. The other resources required at this time are staff time that is already budgeted for.

CONCLUSION

The Trust has a reputation for accepting difficult restoration projects and adapting historic buildings for commercial use. Council has worked alongside the Trust for the St Michael's Chapel and the Falls Hotel projects and has been able to reduce the level of risk to the Trust by leasing land either on a public reserve or the Corban Estate at a favourable rate. In this case, the Trust is taking on the full commercial costs of negotiating a lease directly with ONTRACK and will be in a position to apply for funding for the restoration. However, Council can provide the Trust with some certainty by providing a seeding fund for the project and negotiating a sub-lease of the renovated space for office use if the office space is required. This would enable an important historic building in the town centre to be adapted and re-used and at the same time, will supply for additional accommodation for staff if investigations determine that such space is needed.

RECOMMENDATIONS

1. That the Henderson Heritage Station Update report be received.
2. That the Infrastructure and Works Committee approve payment to the Henderson Heritage Trust of \$50,000 to enable them to progress the restoration of the old Henderson Railway Station.
3. That Council's Project Manager: Strategic Property Projects and Property Services Manager be instructed to undertake the feasibility of Council or one of its related organisations sub-leasing the old Henderson Railway Station for office space.
4. That further updates on the old Henderson Railway Station and the feasibility of sub-leasing it be reported back to the Infrastructure and Works Committee to be approved.

Report prepared by: Alina Wimmer, Principal Advisor: Heritage.



7 LIMEBURNERS BAY UPDATE

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Infrastructure and Works Committee for a Hobsonville Heritage Trust to be established, the balance of the Sinton Road compensation be transferred to that Trust, and that an archaeological assessment and survey of Limeburners Bay be commenced in February 2008.

BACKGROUND

Limeburners Bay has been noted as an archaeological site in the City of Waitemata District Plan, and was noted as "Clarks Ceramics Factory, Hobsonville Pt Allots 2 & 24 DP 22195". The entire Limeburners Bay archaeological site is comprised of the remains of several brickworks established between the 1850s and early 1900s.

The Auckland Regional Council's cultural heritage inventory that was started before 1995, identified that some archaeological sites could extend over large areas up to 1 km in area. A preliminary assessment of heritage features in Waitakere identified the Limeburners Bay area as being significant and these were specifically listed in the District Plan.

The Limeburners Bay area has had a chequered history in terms of historic remains being destroyed as a result of urbanisation, four-wheel drive vehicles gaining access to the foreshore and land clearing activities. In November 2006, Council's Field Services team received complaints from local residents about alleged clearing of vegetation and damage to archaeological sites. This was investigated and as a result, Council has successfully prosecuted Hobsonville Residential Developments Ltd. The prosecution is not discussed further in this report, as it is being reported on separately by Council's Legal Services team.

A general report on Limeburners Bay was presented to the May 2007 meeting of the Projects Special Committee where it was resolved:

- “1. *That the Limeburners Bay report be received.*
2. *That a report be brought back to the Projects Special Committee on issues regarding the Limeburners Bay from the southern boundary and the area of archaeological remains up to Scott Road including Clark House, and the other houses created by R.O Clark on the northern side of Scott Road and include:*
 - *The future of Clark House;*
 - *Protection of the archaeological remains;*
 - *The role of the Auckland Regional Council and the Historic Places Trust; and*
 - *Any issues relating to breaches of the Historic Places Trust by the developer.”*

859/2007

This report has been prepared in response to that request.

STRATEGIC CONTEXT

The strong community platform in the Long Term Council Community Plan places emphasis on a strong sense of connection and belonging. Cultural heritage icons such as Limeburners Bay are focal points where people can gather and appreciate their connection to the City's past and present.

Limeburners Bay is one of the most significant cultural heritage sites in Waitakere and the Auckland region. It was selected by Auckland Regional Council for a feature poster of historic heritage. Within Limeburners Bay are the remains of Carder's heavy clay pottery works (Item 330 in the District Plan), RO Clark Ltd works (CHI#181) and the unmarked Holland site between. Limeburners Bay is regarded as the birthplace of ceramics in Waitakere before manufacturing shifted to New Lynn. The archaeological sites are of regional significance. Clark House is listed in the District Plan as a Category I heritage item. It is the only building in the City with a Category I heritage listing by the New Zealand Historic Places Trust.

ISSUES

History

The New Zealand Archaeological Association describes the Limeburners Bay site as comprising of three brickworks, where potteries were established between 1860 and 1929. The Carders and Clarks brickworks have extensive remains further inland. Along the foreshore to the east the whole bay has archaeological remains including clay pipe retaining the foreshore, a brick built wharf, ceramic and glass remains.

The site of Clark House was not part of the original landholding acquired by R.O. Clark in the 1850s but was purchased later around the late 1870s. Between the 1890s and 1902 the Clark House was constructed from large hollow salt glazed stoneware blocks fired in the Clarks brickworks. Because some of the blocks measured two feet in length, they could be laid in much less time than the bricks. Documentary records showing the completed house appear as early as 1906 when a photograph of the house appeared in Clark's illustrated price list. The very best of materials were used in the house and a number of elements were imported. There were elaborate tiles and iron filigree balcony ornamentation, ornate pressed metal ceilings as well as an expertly crafted timber ceiling featuring a geometric design in different woods. Intricate stained glass windows and marble and timber fireplaces were also installed. It is said that Italian craftsmen were employed to lay the decorative floor tiles that grace the veranda, hallways and service areas of the ground floor.

As well as serving as a family home, the dwelling also took on other roles during the Second World War. The war years saw the women of the extended Clark family running a Red Cross centre in the billiard room. The house was also used extensively to hold fundraising events and garden parties.

By 1927 the Clark family business was going well and T.E Clark negotiated a merger with one of the firms leading competitors known as the New Zealand Brick and Tile Pottery. Two years later T.E Clark had managed to secure the formation of an enormous new company comprising of some six smaller manufacturers. The new company was the Amalgamated Brick and Pipe Company Ltd. Further amalgamations followed and new ventures began with R.O. Clark's Hobsonville works being closed and the equipment being transferred to New Lynn where it formed the nucleus of the new Crown Lynn factory.

By 1949 T.E Clark was in his mid 60s. The children had left home and he and his wife were finding Clark House too large for them so they decided to move to Epsom. Ngaroma and another Clark property at 18 Hobsonville Road (made from the same glazed bricks) were offered to the government. Negotiations for the sale of Ngaroma to the Crown were finalised in 1950. It was noted that the house had been well maintained and that much of the four acre site was in fine lawns and gardens with specimen trees and shrubs. In 1965 cabinet approved the purchase of a decompression chamber that is used to assess the effects of high altitude conditions on recruits. The Aviation Medicine Unit undertakes medical assessments for the RNZAF ground and aircrew, provides educational courses, conducts research and giving advice to the RNZAF on medical matters.

Having weathered the storms of the Great Depression and the Second World War T.E Clark died in 1964 and the business was taken over by a new generation of Clarks. Malcolm and T.E Clark II (Sir Tom Clark) helped grow the enterprise. By 1974 the firm was known as Ceramco with Tom Clark as managing director. Ceramco was one of New Zealand's largest businesses. Sir Tom Clark was knighted in 1967, and passed away in June 2005.

The 1990s saw several changes start to occur. Central Government reviewed the operational requirements of Base Auckland and relocated some personnel and aircraft to Ohakea Airbase and transferred ownership of Hobsonville Airbase to Housing New Zealand. Clark House continues to have a defence force designation over the site and is still used as a medical unit. It is unlikely that Defence ownership and occupation of this site will change in the short to medium term. Any possible sale of the Clark House by the Crown would involve firstly offering the property to any other government department before going through a formal "offer-back" process to the Clark family itself.

The New Zealand Ceramic Heritage Charitable Trust was formed in the late 1990s after Richard Quinn had made a presentation to a group of NZ potters and he wrote an article in the NZ Potter magazine, documenting a heritage trail that he had taken the group on. Quinn's research at that time indicated that Hobsonville had a rich history in ceramics with tangible remnants still visible in the landscape from beehive kilns, through to shipwrecks, jetties, heritage trees, the Scott Road church and cemetery, Clark House, former servants quarters at 18 Clark Road and former workers cottages in Clarks Lane and houses of the early settlers. His tour included Clark House and the archaeological remains of the former brickworks. His tour was inspirational and Coromandel potter Barry Brickell and others formed their Trust with the aim of turning Clark House into a national ceramics museum.

The idea had support from the mayor and Sir Tom Clark, although the ceramics museum concept has never gained any real traction due to Crown ownership of the site. The New Zealand Ceramic Heritage Trust have most of their membership outside of Auckland and are not resourced to achieve their aims and objectives.

The future of Clark House is that it will continue to be used as a medical unit until such time as it becomes surplus to Crown requirements. It is considered that the future of Clark House is linked to the strategic operation of Whenuapai airbase. The Whenuapai airbase is not under threat of imminent closure and statements from central government indicate that the airbase's future is assured for at least the next 15 years. It is considered that Clark House is a national treasure and should be preserved for future generations.

Preservation of Archaeological Remains

Limeburners Bay contains remnants of three major brickworks: the Carder site, the Clark site and the Holland brickworks. The brickworks are largely in the esplanade reserve, although remnants of beehive kilns and flues are present on private property. Throughout the 1990s Bannings Way was progressively developed for residential subdivision and an authority was granted by the New Zealand Historic Places Trust to the Bannings to destroy part of an archaeological site to lay a sewer connection to the land. A further subdivision at 54 Bannings Way is underway and has approval from Council. As part of that application, Council negotiated to take some of the site as a reserve contribution to better protect the known archaeological features.

Responsibility for the care and preservation of archaeological sites rests with Council under the provisions of its District Plan and the New Zealand Historic Places Trust under the provisions of their Act. The New Zealand Historic Places Trust has nine items that are listed in its schedule of buildings, but the protection for those items is through the Waitakere City Council District Plan. Applicants that wish to alter, destroy or modify an archaeological site must gain approval from Council and the Trust to do so. For example, Transit NZ obtained approval to demolish Sinton House from the Trust and Council in order to construct SH18.

Within the last 12 months, Council has negotiated with Hobsonville Residential Developments who own the "Beryl Block" to fence the road boundary thereby blocking vehicular access down the unformed legal road to the remaining archaeological features. The developer also obtained approvals from the New Zealand Historic Places Trust for a site investigation under Section 18 of the Historic Places Act 1993. The Section 18 process together with a consent from Council, meant that the developer was able to employ their own archaeologist, Rod Clough, to uncover and determine the extent of the original brickworks and kilns. Several kiln floors were uncovered over a two month period and the final results of that investigation are still to be provided to the Trust and Council. However, it is clear that not all of the kiln floors were intact and some of them were located beyond the 20m esplanade reserve that Council is entitled to take under the Reserves Act 1977. It is considered that Council's regulatory arm should take land in lieu of a reserve contribution if possible to secure the best examples of these treasures for future generations.

The issues for Council to consider are:

- How best to preserve the remaining archaeological features of Limeburners Bay;
- Methods of securing archaeological features for public access and interpretation;
- Whether Council or a Heritage Trust would be best placed to raise funds for the proposed heritage trail.

Hobsonville Residential Developments wish to subdivide their land in accordance with the District Plan rules for residential housing and apartments. Their planning consultants, Boffa Miskell have circulated a copy of their draft subdivision plan to the West Auckland Historical Society for their comment. The subdivision and land use consent process is a regulatory one and the application is likely to be heard by the Council's Hearings Commissioners at some stage in the future. Council has scope to protect heritage features through the use of reserves contributions (taking land instead of financial contributions) and covenants if necessary. The NZ Historic Places Trust may also gazette the former brickworks, which can be done under their Act without the consent or approval of the landowner. This would have the effect of making any development on that portion of land subject to an approval from the Trust, although there would be no financial incentives to a landowner i.e. no funding would be available from the NZ Historic Places Trust. Gazetting of the property means that there would no longer be any dispute over whether the kilns were pre-1900 or not, they would be classed as an archaeological site.

The information that Council requires in order to protect the sites is:

- An archaeological assessment of all the brickworks in the area together with a map;
- A map of the site currently owned by Hobsonville Residential Developments with the extent of the archaeological features shown;
- A valuation of the land over and above what Council can take as an esplanade reserve.

Council is intending to employ a consultant archaeologist for a relatively fixed term period next year with the aim of providing a more detailed archaeological survey of the area and map of known features. That information will be used in the heritage trail and to further document the importance of the heritage resource.

Development of a Heritage Trail

AI-A6

Hobsonville Residential Developments employed a landscape architect to draw up a heritage trail based largely on an article written by Richard Quinn. The Quinn article and proposed heritage trail draws together the tangible remains of Hobsonville's rich ceramics history and is attached at pages A1 to A6. Richard Quinn, arguably New Zealand's foremost expert on Crown Lynn pottery, was responsible for highlighting the importance of Limeburners Bay to both Council and the NZ Historic Places Trust in the early 1990s. The remains of the kilns at Limeburners Bay are outstanding and the community would be better able to appreciate their local area if there was interpretive signage that explained the significance of heritage features.

A related piece of work is the preparation of a landscape plan that will provide for public access to the archaeological features. This will include development of boardwalks and better public access through the esplanade reserve, in the same manner as those developed through Harbourview Estate together with interpretational signage. Preservation efforts need to be designed on a site by site basis, realising that no single stabilising technique is suitable for use on all sites. The kiln floors could be protected from pilfering by using modern mortar to secure the top couple of layers of brick to their site and a light planting regime around them to highlight the archaeological features, without dominating them i.e. maram grasses etc. Boardwalks would enable access through the esplanade reserve, without trampling over historic features. It will be important to balance historic and recreational needs in this unique coastal environment.

A trust could work with Council to develop the proposed heritage trail along the esplanade reserve and on Council's road reserve. An independent charitable trust can raise funds independently. Olympic Park in New Lynn has been able to be better developed with the assistance of an independent trust and the investment in that park has been greater than would be possible by Council alone. Membership of the trust must remain independent of Council in order to maintain charitable status. It is understood that the trust membership includes Councillor Dallow, local historian Malcolm Hahn and Byran Heron.

Any Issues Relating to the Breach of the Historic Places Act

At the time that Hobsonville Residential Developments cleared some of their land in preparation for further development, the NZ Historic Places Trust undertook their own investigation into the site damage. They employed a consultant archaeologist, Matt Felgate, to assess the site and provide recommendations on the age of various structures and remains. The Historic Places Trust has a limitation period of two years in which to prosecute for site damage. Technically, the Trust could still prosecute but is unlikely to given its resources.

The Role of the Auckland Regional Council

The Auckland Regional Council have a role to play primarily in water quality, discharges and air quality matters. They employ a heritage team that provide them with advice on managing their own heritage resources, maintaining a database of cultural heritage resources, administer the environmental initiatives fund and promote heritage conservation. It is likely that the Auckland Regional Council would support initiatives to protect the archaeology at Limeburners Bay and develop a heritage trail. However, it is not clear if there would be any specific budget allocated by the Auckland Regional Council for this item.

RESOURCES

Council obtained \$300,000 as compensation for the demolition of Sinton House by Transit NZ last year as part of the SH18 project. This amount was paid in accordance with the terms of a consent order reached between Council and Transit NZ. The terms of that consent order tagged the money primarily for heritage projects in the north of the City. The amount in the account is \$266,666.67 and this could be transferred to a Hobsonville Heritage Trust as a seeding fund for heritage projects to the north of the City. A Hobsonville Heritage Trust would have the advantage of being able to source funding for works that would benefit the whole community without incurring costs to Council.

In addition, there is sufficient funding in the existing heritage budget to employ a consultant archaeologist on a fixed term to fulfil a survey of the Limeburners Bay area as outlined in the report.

CONCLUSION

Limeburners Bay is a significant heritage resource in the Auckland region although its potential for interpreting the history of the clay industry has not yet been unlocked. The Limeburners Bay area has never been comprehensively assessed and it is proposed that work will commence next year for a three month period to undertake this survey. The pending application by Hobsonville Residential Developments has provided an opportunity to further protect known heritage features and the regulatory arm of Council have the ability to negotiate for land in lieu of financial contributions to keep the best examples of kiln floors. There is the potential with the latest application to achieve a positive outcome for heritage, as opposed to only pursuing legal remedies in the Environment Court.

RECOMMENDATIONS

1. That the Limeburners Bay Update report be received.
2. That a Hobsonville Heritage Trust be established and transferred the balance of the compensation paid to Council for the Sinton House demolition.
3. That Council commence a comprehensive archaeological assessment and survey of Limeburners Bay in February 2008.
4. That the Hobsonville Heritage Trust be given the task of developing the proposed heritage trail, and further heritage projects focussed in Hobsonville with assistance of Council officers.

Report prepared by: Alina Wimmer, Principal Advisor: Heritage.



8 **NEW LYNN TRANSIT ORIENTED DEVELOPMENT - RAIL TRENCH PROJECT ROAD CLOSURES**

The information on the extent and timing of road closures was not able at the time of printing of the Agenda. The report will be circulated separately to the Agenda.



9 **KEN MAUNDER PARK FOOTBRIDGE REPLACEMENT**

PURPOSE OF THE REPORT

The purpose of this report is to seek approval from the Infrastructure and Works Committee on the proposed design for the Ken Maunder Park footbridge replacement.

BACKGROUND

Ken Maunder Park is a Citywide park and therefore jurisdiction for development on this park resides with the Infrastructure and Works Committee. The New Lynn Community Board has been kept fully informed on the progress of this project.

A7 A timber footbridge was located between Ken Maunder Park, located at 34 Binstead Road and Queen Mary Avenue, New Lynn. A location map is attached at page A7. The footbridge was a timber structure resting atop a 1,300mm diameter Watercare wastewater pipe crossing the Rewarewa Creek. The footbridge was a major pedestrian link for residents to the New Lynn town centre and for children to access Avondale College.

It was established that some of the joists had collapsed making the bridge unsafe. The footbridge was closed to pedestrians and the renewal of the bridge was made a top priority. The upgrade of the Ken Maunder Park footbridge was incorporated into the Parks Structures Renewals Programme for 2007/2008.

The New Lynn Community Board at its April 2007 meeting resolved the following:

- “1. That New Lynn Community Board supports and approves that Option 2 be further investigated with urgency and developed as the preferred option for the footbridge at Ken Maunder Park.
2. That the matter of funding the Ken Maunder Park Footbridge works be referred to the Long Term Council Community Plan and Annual Plan Special Committee and be included as part of the Board’s submission to the draft 2007/2008 Annual Plan.”

764/2007

The approved Option 2 involves a complete demolition of the existing timber structure and replacement with a new timber structure on top of the existing pipe bridge to meet all current specifications and codes.

Following approval from the New Lynn Community Board the existing timber footbridge was demolished in June 2007.

At the September 2007 meeting of the City Development Committee, the results of the recent geotechnical investigation were presented. This stated that the existing Watercare pipe bridge foundations and columns do not meet current earthquake loading standards for walkways and therefore a footbridge will not be permitted on the top of this pipebridge. The City Development Committee resolved the following:

“That the City Development Committee endorses the New Lynn Community Board’s request for further investigation of the options for the replacement of the Ken Maunder Park Footbridge.”

3466/2007

STRATEGIC CONTEXT

This project contributes to Council’s Urban and Rural Villages platform where the objective is to make the city a vibrant and enjoyable place to live, work and play by creating attractive urban places that encourage growth and economic development, with minimal environmental impacts.

This project also contributes to Council’s strategic platforms of Integrated Transport and Communication where the objectives are to provide for a safe, pleasant and direct pedestrian and cycle access.

One of the draft Parks and Open Space Strategy 2005 objectives is to involve communities in the design and management of parks and continue with providing and managing key pedestrian linkages through our parks in high use areas.

ISSUES

Community Consultation

A public survey was carried out in order to understand community needs for replacement of the Ken Maunder Park footbridge.

1,300 questionnaires were delivered on the 2 October 2007 to residents within 10 minutes walking distance of the old footbridge. 90 completed questionnaires were returned.

Based on the 90 household responses it is estimated that prior to the bridge being removed there were at least 310 crossings per week.

The key survey results were as follows:

- The majority of respondents said that the replacement of the footbridge should be carried out as a high priority;
- The provision of a walk/cycleway is of strong importance;
- The majority of respondents said ‘speed of replacement’ was of a high priority;
- The majority of respondents felt that the ‘art component’ was of a low priority.

New Bridge Location

The location of the new footbridge is limited by a number of factors, predominantly access at each end, distance between banks, and the location of the existing Watercare pipe bridge.

A8 Two options for the location of a new footbridge have been considered. A location map showing the proposed new alignments is attached at page A8.

Alignment A runs parallel to the existing pipe bridge structure approximately offset by 3-5 metres to the north.

Alignment B is located further away from the Watercare pipe bridge and runs from Queen Mary Avenue reserve to a point within Ken Maunder Park north of the existing large green shed.

Alignment B is the preferred option for the following reasons:

- Interference during maintenance of the two structures is less likely to occur;
- Construction of the pile foundations for the new bridge will be less problematic as it won't be so close of the Watercare pipe bridge;
- Reduced likelihood of being able to jump from the new footbridge to the Watercare pipe bridge;
- Reduced access to Watercare pipe bridge from new bridge;
- Reduced likelihood of opportunistic vandalism to the existing Watercare pipe bridge;
- Reduced likelihood of damage to new bridge from possible failure of the Watercare pipe bridge;
- Same length as alignment A.

Bridge Style

A9-A11 The bridge style options can be viewed at pages A9 to A11.

Three bridge styles have been chosen for comparison as outlined below:

A9 Option One: Beam (as attached at page A9)

Concrete columns, steel I beams spanning between columns, and timber deck.
Preliminary Cost Estimate: \$750,000 (approximately)

A10 Option Two: Truss (as attached at page A10)

Concrete columns, steel truss spanning between columns, and timber deck.
Preliminary Cost Estimate: \$1,050,000 (approximately)

A11 Option Three: Suspension (as attached at page A11)

Single centre pile suspension bridge with timber deck.
Preliminary Cost Estimate: \$2,500,000 (approximately)

Option two is proposed as the preferred option for the following reasons:

- Aesthetic appearance;
- Less piles in waterway;
- Reduced time and cost spent on design;
- Reduced construction time on site;
- Least disruption to environment.

Option 2 is more costly than option one due to the aesthetic nature of the bridge. However because of its high profile, demand for its use and life expectancy of 50 years, there are cost benefits in proceeding with option two.

Following approval of the proposed bridge design by the Infrastructure and Works Committee, the process will involve detailed design, obtaining of consents and tendering of the physical works. Physical works are planned to be carried out in late 2008 subject to the Annual Plan 2008/2009 approval of funding.

Decision Making

This proposal is presented with due consideration of relevant criteria, as promulgated in Section 77 of the Local Government Act 2002. The principal community outcome to be derived is an improvement in pedestrian linkages resulting in an increase in safety and convenience for residents of the City.

RESOURCES

Funding of \$360,000 has been allocated for the repair or replacement of the Ken Maunder Park footbridge in the Annual Plan 2007/2008. Part of this budget will be used to progress detailed design and to obtain consents. It is intended that the remaining budget of approximately \$300,000 from the 2007/2008 Annual Plan be carried over to the draft 2008/2009 Annual Plan to undertake the physical works.

Additional funding of approximately \$750,000 for the truss style bridge is therefore required to be included in the draft 2008/2009 Annual Plan for the construction of Ken Maunder Park Footbridge. This amount is currently a preliminary estimate and will be confirmed when the design process has been completed. It is anticipated that this work will be completed prior to the Annual Plan going out for public consultation in April 2008.

CONCLUSION

The public consultation process has indicated that the local community desires a replacement pedestrian bridge be built as soon as possible.

In order to meet community needs and for aesthetic purposes it is proposed that option two (truss style bridge) is the preferred option.

Ken Maunder Park is a Citywide park and therefore jurisdiction for development on this park resides with the Infrastructure and Works Committee.

RECOMMENDATIONS

1. That the Ken Maunder Park Footbridge Replacement report be received.
2. That the Infrastructure and Works Committee approve option two (truss style bridge) for the replacement of the Ken Maunder Park footbridge.
3. That the Infrastructure and Works Committee recommend to the Long Tem Council Community Plan and Annual Plan Committee that funding of \$750,000 be included in the Annual Plan 2008/2009, for the replacement of the Ken Maunder Park footbridge.
4. That the Infrastructure and Works Committee recommend to the Long Tem Council Community Plan and Annual Plan Committee that Annual Plan 2007/2008 funding for the Ken Maunder Park footbridge replacement be carried over to the Annual Plan 2008/2009.

Report prepared by: Katharine Slack, Team Leader Parks Assets Development.



10 KEN MAUNDER PARK PROPOSED REDEVELOPMENT

GLOSSARY

Suburbs New Lynn Cricket Club and the Lynn Avon United Football Club (the Clubs)
Ken Maunder Park (the Park)

PURPOSE OF THE REPORT

The purpose of the report is to seek approval from the Infrastructure and Works Committee for the proposed plans to redevelop Ken Maunder Park (the Park).

BACKGROUND

The Park hosts two sporting clubs, the Suburbs New Lynn Cricket Club and the Lynn Avon United Football Club (the Clubs). Both clubs have their own clubrooms and use the fields at different times throughout the year.

The Clubs put in a joint application to Council's Leisure Facility Partnership Fund in 2006/2007 to redevelop the cricket clubrooms to house both Clubs, remove the football club and build an indoor training facility on the Park to cater for the needs of both the clubs and the community. Council approved their application in February 2007 and allocated \$250,000 towards the project with the condition that they meet a number of criteria, including securing all the required funding and obtaining Resource and Building consent.

- “5. *That the Finance and Operational Performance Committee endorse the recommendation by The Management Team that \$250,000 be allocated from the Leisure Facility Partnership Fund for the Suburbs New Lynn Cricket Club and Lynn Avon United Association Football Club for their proposal to upgrade the cricket clubrooms and construct an indoor training facility and that The Management Team is given the authority to manage and distribute these funds during the project's development as required.*
6. *That the successful applicants, Green Bay High School, Suburbs New Lynn Cricket Club and Lynn Avon United Association Football Club, meet the stage three criteria and all other conditions as set out by The Management Team by 30 June 2008 and that the applicants and Council share the costs of producing a feasibility study and design work or the Finance and Operational Performance Committee can withdraw all remaining funding and require the applicants to reapply.”*

119/2007

The Park is a Citywide park and therefore jurisdiction for development on this park resides with the Infrastructure and Works Committee.

STRATEGIC CONTEXT

This project contributes to Council's Urban and Rural Villages platform where the objective is to make the city a vibrant and enjoyable place to live, work and play by creating attractive urban places that encourage growth and economic development, with minimal environmental impacts.

Leisure facilities and activities contribute to the well being of the City's residents by providing recreation opportunities that promote health and social cohesion. The Council's Leisure Strategy, Community Facility Plan, Parks Strategy and Revenue and Financing Policy guide the provision of facilities and activities to ensure that they are available to all residents, responsive to changing demands and provided efficiently. Council's strategic objective for leisure is that a comprehensive range of leisure, recreation and sports services and facilities are provided.

To improve the well being of the City's people and communities, Council provides and supports a diverse range of leisure opportunities through facility operation and development, direct funding, assistance to access other funding and support of activity initiatives

ISSUES

- A12 The Clubs have worked in partnership with Council since having their application to the Leisure Facility Partnership Fund accepted. This has included consultation with Safe Waitakere, Leisure Services and Parks Assets. The proposed facilities do have some impact on the park itself and therefore the Clubs have worked with Parks Assets to develop a concept plan for the Park which sees the incorporation of the indoor training facility and the opportunity to make the Park more accessible and visible for the public (see proposed concept plan attached at page A12).

Below are details of the major changes being proposed to the Park:

Indoor training facility

- A13 The two clubs are planning on building an indoor training facility to the north-east as you enter the Park from Binsted Road, just in front of the number one football field (see page A13). The facility will have four indoor cricket wickets to enable off season and wet weather training for local cricket players, and will be flexible enough to cater for football and other sporting codes. The facility will be available for community uses up to 50% of the time with the other 50% to be utilised by the Clubs.

Renovation of cricket clubrooms

The Clubs plan to share the cricket clubrooms during their respective playing seasons. There will be some overlap between seasons but the Clubs believe with some renovations the clubrooms will be able to cater for the needs of both clubs. The plans include an expansion of the upstairs lounge with a larger balcony, an upgrade of the downstairs lounge into a more family friendly environment, and an upgrade of the changing facilities. There will be no change to the footprint of the existing building.

Relocation of the number one football field

The number one football field is nearing the end of its playing life and will need major renovations in the near future. The current proposed site for the indoor training facility would see it encroach on the existing number one field and therefore it will have to be shortened to a three quarter sized playing field to accommodate the new facility. The concept plan proposes upgrading the current number two field and making that into the new number one playing field, with the current number one field to be utilised as a training field.

Redevelopment of the car park

The current car park layout is poorly designed and ineffective. With the proposed changes the entire car park would be redeveloped to allow a greater number of car parks and greater flow throughout. The lighting would be upgraded to provide greater security and safety during the evenings.

Opening up the entrance way to the Park

- A14 The new concept plan would see the opening up of the entrance way to the Park to allow greater visibility from the street. Currently the entrance way is very narrow with a lot of vegetation blocking the view shaft into the Park (see photos 1 and 2 attached at page A14). The proposed changes would see the entrance way widened as part of the car park upgrade, and the removal and replacement of the vegetation, that is currently blocking the view into the park, with lower level planting.

Relocation of the public toilets

- A15 The public toilets are currently located in the entrance way to the park (see photo 3 at page A15). The proposed changes would see these located elsewhere in the Park which would enable the entrance way to be widened as discussed above.

Removal of football clubrooms

- A15 With the merger of the Clubs into the cricket clubrooms it creates the opportunity to completely remove the football clubrooms. This site will be redeveloped into either additional car parking or green space. The removal of the clubrooms will improve the view of the park from the street improving security (see photo 4 at page A15).

Onsite caretaker

The Clubs are proposing to provide a facility to house an onsite caretaker as part of the renovations of the cricket clubrooms. Council's Crime Prevention Project Leader and the local Police have endorsed this proposal stating it would improve the security and safety of the park.

Development of walking tracks around the Park

As part of the new concept plan an upgrade of the walking tracks around the Park is proposed to enable greater connectivity and access around the Park.

The concept plans have been presented to the Parks Design Review team who have approved the plans. The redevelopment of the Park is however contingent on the Clubs meeting the conditions of the Leisure Facility Partnership Fund which includes obtaining Resource and Building consents and raising all the funds required to fully construct the facilities. Parks Assets have given the Clubs until the start of October 2008 to demonstrate that the indoor training facility will go ahead. If the Clubs meet all the conditions Parks Assets have agreed to work with the Clubs in partnership to implement the upgrade of the Park as outlined in the concept plan in late 2009 and early 2010, subject to funding being approved through the Annual Plan process. If the indoor training facility does not go ahead the planned changes will not be implemented.

This report has also been presented to the New Lynn Community Board and a verbal update will be given outlining their views on this proposal.

RESOURCES

Council has allocated \$250,000 from the 2006/2007 Leisure Facility Partnership Fund toward the proposed indoor training facility and renovations of the cricket club. There is no funding set aside in the 2006-2016 Long Term Council Community Plan for Parks Asset's contribution to the redevelopment of the Park. If the Clubs meet the criteria required of them by October 2008 Parks Assets will put up budget for consideration in the 2009/2010 Annual Plan.

CONCLUSION

Suburbs New Lynn Cricket and Lynn Avon United Football are proposing to amalgamate into the cricket clubrooms on Ken Maunder Park, demolish the existing football clubrooms and build a new club and community indoor training facility. As part of this concept, Parks Assets in partnership with the Clubs are proposing to make some improvements to the visibility, access and security to the Park.

Ken Maunder Park is a Citywide park and therefore jurisdiction for development on this park resides with the Infrastructure and Works Committee.

RECOMMENDATIONS

1. That the Ken Maunder Park Proposed Redevelopment report be received.
2. That the Infrastructure and Works Committee approve the proposed plan for the redevelopment of Ken Maunder Park.

Report prepared by: Rob McGee, Leisure Services, Projects and Contracts Officer.



11 PROPOSED WORKS ON OWENS GREEN

GLOSSARY

Muddy Creek Riders Incorporated (the Club)

PURPOSE OF THE REPORT

The purpose of this report is to seek the approval of the Infrastructure and Works Committee on the proposed construction of a multi-purpose shed, extension of the existing dressage arena and realignment of the driveway and car park area at Owen's Green by Muddy Creek Riders Incorporated (the Club).

BACKGROUND

Owen's Green is a Citywide park therefore jurisdiction for development on this park resides with the Infrastructure and Works Committee.

The Club hold a five year lease on part of Owen's Green with a right to seek renewal for an additional five years. The final expiry date of the lease is 1 June 2017.

The Club moved onto the park in June 2007 at the commencement of the lease. Since this date, the Club has constructed hitching rails and corrals to create a safe environment for both horses, members of the Club and the public. The Club now wish to undertake further works in order to effectively operate as a community riding club.

STRATEGIC CONTEXT

Council has adopted a platform of 'Strong Communities', which addresses how the Council supports the health and wellbeing of the City's residents. The development of leisure facilities in the City contributes to this platform by providing:

- Positive impact on the social, cultural and environmental wellbeing of the City;

- Providing places for healthy activity and recreation;
- Leisure facilities and services that people enjoy.

ISSUES

Lease

The proposed works are within the area of land covered by the lease. The lease was granted under sections 54 of the Reserves Act 1977 which requires the Ministry of Conservation to approve the erection of additional buildings.

Proposal

- A16 An aerial photo is attached at page A16 showing an area at Owen's Green known as the 'top paddock'. The aerial photo highlights the existing facilities located in the 'top paddock'. The Club has sought Council approval to undertake three separate projects, all of which will take place in the 'top paddock'. Additional land leased by the Club that is not shown in the photo is used for grazing purposes and general riding only.

Construction of a Multi Purpose Shed

- A17 The Club propose to construct a 3 metre x 8.4 metre multi-purpose shed in the location indicated at page A17.

The shed will be used as a tack room, club room and for administration purposes during events. Exterior cladding will be tanalised plywood, stained and graffiti guarded.

Extension of the Existing Dressage Arena

A 40 metre x 19 metre dressage arena is currently located at Owen's Green. The Club propose to extend the width of the arena to 20 metres, which is the standard width of a dressage arena. The arena will also be resurfaced with a mix of sand and rubber chips.

- A17 In conjunction with the above works, the Club propose to extend the length of the arena by an additional 20 metres to bring the size of the arena up to that of a standard dressage arena. A map showing the location of the arena including the proposed extension is attached at page A17.

The works will involve minimal earthworks. A drainage system will be laid and layers of various materials will be compacted to produce the arena base. The arena will be surfaced with a mix of sand and rubber chips. A low railing will be construction around the arena.

The proposed extension of the arena will encroach onto the existing driveway. The driveway will need to be realigned to allow for the works and this project is covered in the section below.

Realignment of the Existing Driveway and Extension to Existing Car Park

- A17 Should approval for the extension of the arena be granted, the Club will need to realign the existing driveway. The alignment of the new driveway is shown on page A17. The paddock to the north of the driveway will be decreased in size to allow for the works.

In addition to the realignment of the driveway, a small car park is planned at the entrance to the Club. Also proposed is to increase the size of the existing car park to the fence line. This area is already used for parking. The additional car parking space is to allow for the increasing membership of the Club and for parking during events.

The driveway and car parking areas will be compacted loose metal.

Consultation

Prior to any works taking place at Owen's Green, Council officers have instructed the Club to provide evidence of sufficient and satisfactory consultation with all neighbouring properties of the park.

This proposal has been presented to Council by the Club and has the approval of Council officers.

Approval is subject to obtaining resource and building consents as well as satisfying additional conditions set by Council officers.

A recommendation is being sought by the Waitakere Community Board at the meeting of 4 December 2007. The recommendation of the Waitakere Community Board will be presented to the Infrastructure and Works Committee meeting on 5 December 2007.

RESOURCES

In respect of the proposed extension, the only Council resources required would be staff time prior to and during the construction process. All proposed works will be fully funded by the Club.

CONCLUSION

The proposed works at Owen's Green will have a positive community impact benefiting both the Club members and current and future communities.

RECOMMENDATIONS

1. That the Proposed Works on Owen's Green report be received.
2. That the proposed construction of a 3 metre x 8.4 metre multi-purpose shed by Muddy Creek Riders Incorporated, subject to obtaining resource consent and building consent and satisfying additional conditions set by Council officers, be approved.
3. That the proposed extension of the existing arena by an additional 20 metres in length by Muddy Creek Riders Incorporated, subject to obtaining resource consent and satisfying additional conditions set by Council officers, be approved.
4. That the realignment of the existing driveway and extension of the existing car parking area by Muddy Creek Riders Incorporated, subject to obtaining resource consent and satisfying additional conditions set by Council officers, be approved.
5. That the approval of the Minister of Conservation under section 54 of the Reserves Act 1977 be obtained in respect of the construction of the multi-purpose shed on Owen's Green by Muddy Creek Riders Incorporated.

Report prepared by: Sarah Natac, Customer Liaison Officer, Parks and Open Spaces.



12 HENDERSON YOUTH FACILITY (GLOBAL CAFÉ) PROJECT UPDATE

GLOSSARY

Henderson Youth Facility	(Global Café)
West Wave Recreation Centre	(Recreation Centre)
Information Management project team office space	(IM office space)
Financial and Operational Performance Committee	(FOP)
Long Term Council Community Plan	(LTCCP)
Project Control Group	(PCG)
Alliance Construction Ltd	(Alliance)

PURPOSE OF THE REPORT

The purpose of this report is to update the Infrastructure and Works Committee on progress of the Henderson Youth Facility (Global Café) project.

BACKGROUND

In May 2006 Council committed via resolution to retrofit the former Henderson Library located at Alderman Drive, to develop a youth facility operated by a service supplier. The Global Café will cater for youth aged 13-25 with a focus on music, performance and art. Global Cafe will have recording rooms, meeting spaces, a cafe, performance areas and a community room.

At the same time as works is being carried out for the development of a youth facility, Council resolved to upgrade the Recreation Centre and create office space on the upper level of Global café for Council's information management team.

- “4. That the Projects Special Committee recommends to the Long Term Council Community Plan and Annual Plan Special Committee that \$200,000 be allocated in 2006/2007 for modernising the West Wave Recreation Centre.
5. That the Projects Special Committee recommends to the Long Term Council Community Plan and Annual Plan Special Committee that \$500,000 be allocated in 2009/2010 for renewal funding for the West Wave Recreation Centre.
6. That the Projects Special Committee endorses the consequential relocation of Council's Information Management Project Team by January 2007 to allow a Youth Facility to be developed on the lower level of the former Henderson Library site, and recommends to the Long Term Council Community Plan and Annual Plan Special Committee that appropriate provisions be made within the 2006-2016 Long Term Council Community Plan for relocation and operational costs.”

922/2006

A Registration of Interest process was followed to pre-select suitably qualified and competent contractors to ensure a high level of performance during the contract works. On 17 August 2007 the Tenders Subcommittee passed the following resolution:

“That the four top scoring registrants be invited to tender for Contract No. SP05004H - Henderson Youth Facility, IM Offices and Recreation Centre Upgrade, with the registrants being:

- Mainzeal Property and Construction Ltd
- Scope Projects Ltd
- Alliance Construction Ltd
- Naylor Love Construction Ltd.”

3247/2007

Tenders were invited from the short listed registrants and on 12 October 2007 the Tenders Subcommittee resolved to award *Contract SP05004H - Henderson Youth Facility Retrofit, Information Management Offices Retrofit and Recreation Centre Upgrade* to Alliance Construction Ltd (Alliance) in the sum of \$4,125, 535.00 plus GST.

The contract was awarded to Alliance on 15 October 2007.

STRATEGIC CONTEXT

Council's leisure facilities and activities contribute to the well being of the City's residents, by providing recreation opportunities that promote health and social cohesion. The Council's Draft Leisure Strategy Plan guides the provision of these facilities and activities to ensure that they are available to all residents, responsive to changing demands and provided efficiently. Council's strategic objective for leisure is that a comprehensive range of leisure, recreation and sports services and facilities are provided.

To improve the well being of the City's people and communities, the Council provides and supports a diverse range of leisure opportunities through facility operation and development, direct funding, assistance to access other funding and support of activity initiatives. Through the Strategic Plan Council has adopted a platform of 'Strong Communities' stating that in the next 10 years Council will develop a City where: *"People are active, healthy and content. They feel safe and there is a strong sense of community"*.

ISSUES

To date 90% of the demolition for the Recreation Centre, Global Café and IM office space is complete and initial preparation work has begun.

Timeline/Milestones

The contractor has advised that they intend applying for an extension of time for all three portions of the contract, however no formal extension of time has been received.

The extensions are related to the date of issue of the building consents. The extension that will be applied for on the Recreation Centre is nine working days. The extension of time to be applied for Global Cafe/IM office space is to be advised.

The extensions may impact significantly on the Recreation Centre. Recreation Centre management have signalled that by not completing the works on time it may impact on a number of clients not returning to the Recreation Centre if term one after school programmes can not be started on time and that the entire term of programmes will be impacted. Officers are currently investigating ways to mitigate the risks and will report back to the Infrastructure and Works Committee at a later stage.

The current timeline status including tentative (to be formally agreed) extensions of time to date is provided in Table 1 below.

Table 1 - Timeline Status

TIMELINE STATUS			
Key contract dates / times	As at contract award October 2007	Change	As at November 2007
Acceptance of Tender	15 October 2007	-	15 October 2007
Contract Commencement	15 October 2007	-	15 October 2007
Contract Period. 1 Rec. Centre 2 Global Cafe/IM office space	65 working days 126 working days	9 w.d (tentative) -	74 working days 126 working days
Extension of Time (at tendered daily rate cost)	-	To be advised	
Extension of Time (at no cost)	-	To be advised	
Due Date for Completion (Practical Completion)			
Rec Centre	2 February 2008	9 w.d	14 February 2008
Global Cafe / IM office space	29 April 2008	-	29 April 2008

Financial Status

To date the following items have been identified as incurring additional expenditure and will come out of the project contingency.

- Additional electrical connection between the West Wave Aquatic Centre switchboard and the new Recreation Centre main switchboard;
- Change of specifications to the members ablutions in the Recreation Centre.

The existing steel roofs above the Recreation Centre ablutions and the lower level of Global Cafe/IM offices need to be replaced. A provisional allowance was made in the job costs section of the tender report that was approved by the Tenders Subcommittee on 12 October 2007, being \$280,000 plus 10% contingency of \$28,000. Drawings for the additional roof areas have been issued to the contractor for pricing and this is expected shortly. The summarised financial status for the construction project (exclusive of fees) is provided in Table 2.

Table 2 - Financial Status

FINANCIAL STATUS			
Project Costs	As at contract award 15 Oct	Change	As at November 2007
Tender Award Value. Alliance Construction	\$4,125,535.00	-	\$4,125,535.00
Provisional Sum for Roof Replacement	\$420,000.00	-	\$420,000.00
Contingency Sum	\$448,000.00	-	\$448,000.00
Total Construction Cost (incl. contingency)	\$4,573,535.00	-	\$4,573,535.00

Project Risks and Issues

The following issues are currently being managed to mitigate unfavourable impacts on the project outcome:

Power Shutdown for installation of new main switchboard in the Recreation Centre

Discussions are in progress with affected stakeholders supplied from the Recreation Centre switchboard, including the crèche, bowling club and West Wave Aquatic Centre. A meeting is to be held with all stakeholders including the Contractor and Electrical Engineer. It is expected that the shut down will be for a period of 24 hours.

Re-roofing of Ablutions roof and Youth Facility Roof

The replacement of the additional roof segments is being discussed with Contractor however there is a potential that it may impact on the timing for the completion of the project.

Parking issues during construction

During the construction of Canopy and walkway along the Recreation Centre frontage there will be a loss of parking, including mobility parking. The timing will depend on the Contractor's programme. The Contractor is currently re-evaluating the programme and will advise. Any issues regarding parking will be reported back to the Henderson Community Board.

Landscaping/Fountain

In June 2007 the Projects Special Committee passed the following resolution:

- “3. That the Projects Special Committee resolve to remove the existing water fountain located at Alderman Drive as part of the Henderson Youth Facility Project.
4. That the Projects Special Committee approve the running of a school competition to assist with the design of an alternative water feature for the Henderson Youth Facility.
5. That an alternative water feature be designed for the front of the Henderson Youth Facility and the designs be brought back to the Projects Special Committee for approval.
6. That officers contact the Corban family to discuss the relocation of the plaque currently located on the fountain at Alderman Drive.”

971/2007

A18

Liston College year twelve students were asked to submit designs fit for the site. Twelve designs were submitted and the Project Working Group met to discuss the designs. Concurrently Council's landscape architect and Arts Coordinator both submitted designs. All three categories of designs were presented to the Chief Executive Officer for his comments. The Chief Executive Officer supported the design attached at page A18. The design is currently being costed, if available at the meeting this will be presented verbally. There is currently \$30,000 allocated in the budget for the initial design and scoping of a fountain, with an additional \$50,000 for site landscaping. However, there are no funds for the construction of the fountain. A separate report providing funding options and timing will be presented.

Quality

No adverse quality issues have been identified to date. Most of the activities to date have been related to demolition. Ongoing quality audits are being conducted by the architect, consulting engineers, the Council's independent quality assurance consultant and the Council's project manager.

Quality audits undertaken to date confirm that the Contractor's general attitude to maintenance of quality construction practice on site is good.

Health and Safety

There have been no health and safety incidents on site to date. Quality audits to date confirm that the Contractor's general attitude to maintenance of health and safety on site is good.

Injury Prevention Audit & CCS Inc Audit

At the June 2007 Projects Special meeting the committee resolved the following:

"That a report be brought back to the Projects Special Committee on injury prevention and design materials and aspects".

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Due to the relatively new nature of injury prevention audits officers were unable to find an independent company to carry out a review of the detailed designs for the facility. However, officers forwarded a copy of the detailed designs to Auckland City Council's Communities Living Injury Free Co-ordinator for their feedback.

Over all they commented that the facility looked good and that the curved nature reduced sharp corners which was positive. The main comments related to finishes and surfaces rather than the design of the shell for the facility such as ensuring slip resistant coating on the exposed concert flooring.

They also covered disability accessibility, which was also covered by a separate audit by CCS Inc. All of the comments were forwarded to the architect and discussed by the project group. Where practicable the advice from CCS Inc has been incorporated into the design.

RESOURCES

For all these projects (Global Cafe, the Recreation Centre upgrade and the creation of office space for Council's Information Management project team) the approved budget (including the additional funding approved through Tenders Subcommittee in October 2007) is \$6,196,806.

As noted in the report no provision has been included for the fountain construction.

CONCLUSION

The contract for the physical works for the development of Global Café, the Recreation Centre upgrade and the IM office space was awarded to Alliance in October 2007. 90% of the demolition work is complete and initial preparation work has begun. The contractor has advised that they intend applying for an extension of time for all three portions of the contract. The extensions are related to the date of issue of the building consents. The extensions will impact significantly on the re opening of the Recreation Centre and the number of patrons able to attend their programmes.

Items have been identified as necessary variations and will be funded out of the project budget contingency.

Three risks and issues have been identified:

- the requirement to shut down the power for installation of new main switchboard in the Recreation Centre for 24 hours;
- there is a potential that by replacing of the additional roof segments it will impact the completion of the project.
- during the construction of canopy and walkway along the Recreation Centre frontage there will be a loss of parking, including mobility parking.

The following issues are currently being managed to mitigate unfavourable impacts on the project outcome.

RECOMMENDATION

That the Henderson Youth Facility (Global Café) Project Update report be received.

Report prepared by: Clare Sarney, Project Manager: Youth Facility and Duncan Miller, Project Engineer.



13 NEW LEASE REQUEST BY WEST COAST COMMUNITY ARTS TRUSTS

GLOSSARY

Old Piha Fire Station	(the building)
Piha Reserves Management Plan	(the plan)
West Coast Community Arts Trust	(WCCAT)
Lease Assessment Group	(LAG)

PURPOSE OF THE REPORT

A19

The purpose of this report is to seek the approval of the Infrastructure and Works Committee (IAWC) to grant a lease of the Old Piha Fire Station (the building) to the West Coast Community Arts Trust (WCCAT). The building is located on a small part of the Piha Domain which is a City Wide Park under the delegated authority of the IAWC. See location of site at page A19.

BACKGROUND

The Piha Reserves Management Plan was adopted in September 1999. Within the plan it identifies the location of the land which has now been vested as Local Purpose (Community Building) Reserve.

A short history of the building is as follows:

- **November 1999** - a short term lease was considered and granted in February 2000 to a group of Piha artists who would form a charitable trust.
- **June 2000** - saw the old Piha Fire Station added to the councils Parks Asset Register by the Finance Policy and Property Committee under resolution 1645/2000.
- **August 2001** - the land was classified as a Local Purpose (Community Buildings) Reserve becoming part of Piha Domain and is included in the City Wide Parks list.

- **April 2002** - the Waitakere Community Board granted a long term lease of five years under resolution 593/2002, to the Piha artists who formed the West Coast Community Arts Trust.

The WCCAT has been lessee of the 40m2 building known as the old Piha Fire Station for the past five years from 1 June 2002 until 31 May 2007 and is currently renting on a month by month basis.

The WCCAT operates an art gallery providing an outlet for the sale and display of local artists work under the 'future role' seen for the building in the Piha Management Plan 1999. The Trust relies on volunteers who help with managing the gallery and provide support with local events. The volunteers also assist with maintenance on the building.

STRATEGIC CONTEXT

The Councils Strategic Platforms include Building Strong Communities and Urban and Rural Villages. The Strategic Priorities including Sustainable Development and Lifelong Learning must be evident in all Council activities.

By providing a lease to the WCCAT, it will enable them to continue to provide a key, functional use community facility which meets the Councils Strategic direction and complies with the Piha Management Plan.

ISSUES

The LAG has considered this application and agrees that there are no known issues and supports granting of the lease to WCCAT. Councils Manager of Arts supports the lease application of the WCCAT.

The WCCAT continues to demonstrate it is capable of running a successful art gallery in Piha. Granting of the lease will enable the WCCAT to continue to provide this service to the local and wider community and enable Council to achieve its vision within the Strategic Priorities.

RESOURCES

No resources are required other than staff time. A rental received will be in accordance with the Community Lease Policy at \$210.00 + GST.

CONCLUSION

It is recommended that the IAWC grant the WCCAT a lease under the Community Lease Policy under its Standard Terms and Conditions; for a five year term with a five year right of renewal.

RECOMMENDATIONS

1. That the New Lease Request by West Coast Community Arts report be received.
2. That the Lease to West Coast Community ArtsTrust be approved for a five year term with a right of renewal for a further five year term.
3. That the Chief Executive be given authority to negotiate and conclude a lease with the West Coast Community Arts Trust in the Old Piha Fire Station on Seaview Road, Piha (Part Section 1 on Survey Office Plan 70252) under section 61 of the Reserves Act 1977 and the lease be executed as negotiated.

Report prepared by: Margaret Groot, Property Manager: Tenancy.



14 **THE WAITAKERE STADIUM GRANDSTAND - CONSTRUCTION STATUS
OCTOBER/DECEMBER 2007**

This report was not available at the time of printing of the Agenda and will be circulated separately.

