

REPORT TO: SPECIAL COUNCIL	
DATE: 18 June 2009	
SUBJECT: MAHIA WASTEWATER SCHEME	FILE REF: B01.08 & F.01.25
AUTHOR: N COOK, ENGINEERING MANAGER	ATTACHMENTS:
RELATED COMMUNITY OUTCOME(S): <ul style="list-style-type: none">▪ Safe & Secure Communities▪ A Life Time of Good Health and Well-being▪ An Environment That is Appreciated, Protected and Sustained For Future Generations	RELATED COUNCIL ACTIVITY: Sewerage

Attached is a late item concerning the “**MAHIA WASTEWATER SCHEME**” not included in the Agenda.

Recommended: That in accordance with Section 46A (7) of the Local Government Official Information and Meetings Act the item “**MAHIA WASTEWATER SCHEME**” be considered given the item had not come to hand at the time of Agenda compilation and consideration of this matter is required now in order to respond within the time frame allowed.

PURPOSE:

The Mahia Community Wastewater Scheme is identified as a significant issue in the draft LTCCP and this report is provided to assist Council with their decision making.

Following consideration of submissions to the LTCCP Council must firstly decide whether the environmental benefit still justifies the cost to ratepayers of proceeding with a community wastewater scheme.

If a decision to proceed is made then Council must decide whether to pursue the current land disposal site at Kaiwaitau 7C2B or an alternative forestry-based option nearer to Mahia Beach.

BACKGROUND:

The background to this issue is covered in depth in previous reports to Council and as such this report provides only the basic key background points. Note cost estimates and subsidy figures include GST.

Council has spent some 5 – 6 years and \$300,000 in investigation, design and resource consent preparation with the intent to develop a community wastewater reticulation, treatment and disposal facility for Opoutama, Oraka and Mahia Beach.

Part of the project development process involved successfully applying for subsidy from the Ministry of Health (MoH). An initial subsidy of \$4.4 Million was increased to \$5.1 Million upon submission of a report to MoH by Ruawharo Marae Trustees regarding the deprivation status of the Opoutama area.

Cost estimates increased from \$8.83 Million in 2005 to \$12 Million in 2008 – part of this increase was an allowance for considerably longer pipelines if land entry agreements could not be reached to allow us to cross private land with pipes.

Site selection has been covered in previous reports to Council. The initial criteria for site selection led to the adoption of Kaiwaitau 7C2B as the preferred site and design was undertaken on that basis. Resource consent applications have been lodged with Hawke’s Bay Regional Council (HBRC) and

with Wairoa District Council (Council). Those consents are on hold at Council's request and the HBRC consent is also subject to a request for further information related to effects on groundwater.

The 2008/09 Annual Plan submission process saw the emergence of substantial and widespread opposition to the project. Representatives of Ngai Rakato who had opposed the proposed treatment plant site from the outset were joined by many private citizens and ratepayers who object to the cost of the community scheme and question the need for it.

Following the 2008/09 Annual Plan submission process Council confirmed their commitment to a community wastewater scheme but instructed staff to review the site selection process and report back on feasible alternatives. This was done and with assistance from HBRC we have determined that a forestry-based land disposal option in the vicinity of Mahia Beach is a feasible alternative. Discussions have been held with landowners and 2 potential sites have been identified. No detailed negotiations have been entered into however sufficient discussion has taken place to give us confidence that either site could suit our purposes. The first site is behind the Mahia Beach community itself while the second is over the ridge to the south of Taylor's Bay – accessed via Kinikini Road.

There are savings to be made by locating the treatment facility closer to the main source of effluent. If Council decides to move in this direction there is a distinct possibility that Opoutama would not be serviced by this facility but alternative options could be looked at in consultation with that community.

HBRC have indicated a desire to partner Council in this venture to the extent that they may purchase the disposal site from us and then be responsible for developing the forest. This would be an investment risk they take in anticipation of realising a return from carbon credits and forest products. Council could of course decide to take on that investment risk itself – this would be a decision to be made at a later date when detailed financial modelling has been undertaken. The benefit of HBRC's involvement would initially be to reduce the capital cost of the project. In the longer term there are benefits from having a close relationship with HBRC as far as the continued effective operation of the facilities is concerned. HBRC is currently entering similar agreements with Central Hawke's Bay District Council.

It must be noted that the sellers of the land are valuing it based on development potential as lifestyle blocks or similar. HBRC on the other hand would value the land for its potential as a forest. There would be a significant gap between those values which would become a net cost to the scheme.

CURRENT SITUATION:

Kaiwaitau 7C2B

Resource consent applications to construct a treatment plant on Kaiwaitau 7C2B to service Mahia Beach, Oraka and Opoutama have been lodged but are on hold. Further investigation into effects on groundwater are required and these will cost in the order of \$50,000 - \$70,000 to complete. Assuming the results of those investigations satisfied the relevant hearings committees that the effects were manageable then consent could be obtained within 6 – 12 months. Appeals to the environment court are likely given the persistence and steadfast resistance shown by Ngai Rakato to date. Ngai Rakato have always maintained their intention to oppose the proposal by any means available to them, including appeal to the environment court. It is noted that despite Ngai Rakato requesting Council investigate alternative sites during last year's annual plan process, their environmental representative's submission to the draft LTCCP requests Council discontinue the project in its entirety.

Alternative Sites

A feasibility report was commissioned from Hardwood Management on recommendation by HBRC. This report confirmed the feasibility of the Mahia Beach site however it should be noted that considerably more work will be required before consent applications could be prepared.

At a public meeting at Mahia Beach Mr Archie Packer announced that he had land that could be considered and given its location close to, but away from the main population centre it could be preferred to the alternative Council was looking at. Mr Packer has since provided further information that confirms there is a second viable alternative to Kaiwaitau 7C2B. This second site would also lend itself to a forestry disposal option.

MoH Subsidy

Subsidy is available from Ministry of Health in the amount of \$5.1 Million, of which \$1.6 Million is specifically targeted towards Opoutama following an increase in subsidy for that community. The subsidy is available for new reticulation and treatment systems and is not able to be used for improvements to individual on-site systems. MoH officials have confirmed that developing a new proposal to deal specifically with Mahia Beach (and perhaps Oraka) and then addressing Opoutama separately would be supported if better outcomes could be obtained.

Submissions to LTCCP

The overwhelming majority of submissions to the LTCCP that refer to this issue are opposed to Council proceeding with the project. The main reason for opposing the project is the cost however many submitters note a number of other reasons as well – the most common being that there is insufficient hard data to confirm contamination and that the fact there is high risk of contamination when relevant criteria are assessed is not a good enough reason to impose costs across the whole community.

Many submitters suggest that if the project is to proceed then the whole of the district should contribute to the portion of the capital cost that is not covered by the MoH subsidy.

The Proposed National Environmental Standard

The Ministry for the Environment (MfE) is in the process of implementing a National Environmental Standard (NES) for on-site wastewater systems. This would introduce a 'warrant of fitness' style regime for on-site systems in areas considered high risk by the appropriate environmental authority (in our case this would be HBRC). Mahia is at the top of HBRC's list of high risk communities.

It could be argued that the proposed NES would achieve the outcomes that Council is seeking with the establishment of a community wastewater scheme – this is one of the arguments put forward by the Mahia Isthmus Residents and Ratepayers Association (MIRRA).

Whilst the introduction of the NES would undoubtedly improve the situation it would not be as effective as a community scheme and in fact the HBRC in its submission to the draft NES used Mahia Beach as an example of where the standard should NOT apply because the risk was too high.

Nothing in the proposed NES indicates any funding assistance or other subsidy programme will be available to upgrade individual on site systems however this may change as a result of submissions to the draft NES.

Informed Community?

Council and HBRC have given the community exhaustive amounts of information on these issues and with the MIRRA also disseminating information I believe the community is well informed about the risks of not proceeding with a community based scheme. I believe the community understand that if the scheme does not proceed they can expect a programme of investigation and enforcement to be initiated by HBRC with Council's support and individual owners will be required to comply with appropriate standards.

The community has also been informed by HBRC and Council that there is a risk that an owner of a non-complying system may not be able to obtain consent for a new on-site system. I believe the community is well informed about the proposed NES for wastewater systems however I am not sure they have truly taken in the potential costs of such a regime coming into force. Certainly Council's opinion on the consultation documentation was that the MfE understated annual costs considerably.

On balance I believe the community as a whole is well informed about the alternatives and while individuals may have a view of the future as it relates to their own on-site system that is very optimistic, the majority opinion would seem to be that the benefits of a community scheme do not justify the cost – and that the potential costs to individuals of continuing with on-site systems are a better reflection of the scale of the problem.

The Silent Majority?

In the past Council has discussed the existence of a 'silent majority' who wanted Council to "...get on with it..." for the good of the community and the environment. Given the widespread opposition seen over the past year in particular it is questionable whether any such silent majority exists.

OPTIONS:

1. Discontinue the project
2. Proceed with consent application for Kaiwaitau 7C2B.
3. Proceed with investigation/design/consent for a land disposal alternative near Mahia Beach.

Depending on what option is decided upon for the overall scheme, some further discussion may be needed with the Opoutama community to determine the preferred course of action in that area given the additional subsidy that was obtained on their behalf through the work of Ruawharo Marae Trustees.

ASSESSMENT OF OPTIONS:

A brief discussion of each option is provided followed by a preliminary attempt at identifying the key risks. The risk assessment should be viewed with caution in this case where so much more information is known about one option as compared to the others. Rather than being an exhaustive list it should be viewed as a 'seed list' to prompt thought and discussion.

General Discussion on Outcomes

Council must consider whether the implementation of the NES for on-site wastewater systems will, or could, achieve the environmental outcomes that a centralised community scheme would achieve. Or if it is accepted that a centralised scheme for community of this nature will always be more effective, is the gap between the two so great as to warrant the cost of the centralised scheme?

It can be argued that a centralised scheme for which a public body like Council holds resource consent will always be more sustainable than a situation where, over time, 500 or more properties hold individual consents for their own disposal needs. Note that while many systems at present do not have and are not required to have resource consent, the NES will effectively change that because even though a consent may not be required, regular monitoring of conditions that are similar to resource consent conditions will be.

HBRC's proposed plan change would also be likely to create changes to improve environmental outcomes if Council decided not to proceed, however it must be noted that HBRC has steadfastly promoted a more comprehensive community scheme.

Option 1: Discontinue Project

Funds spent to date are a sunk cost and would attract no subsidy. The current situation of poor quality discharges into the environment would continue until such time as HBRC or WDC identify specific on-site systems that are failing and require them to be brought up to standard. The introduction of the NES and the proposed HBRC plan change would assist in this regard.

Note that there is no subsidy or assistance programme in place at this stage to assist individuals with meeting the proposals in the NES and therefore individuals will be liable for the costs of repairing or replacing their own on-site systems if/when they are so identified. It is possible that in some (hopefully rare) cases resource consent may be declined with the effective result that the subject property is unable to be used for its intended purpose. Or alternatively the recent practice of utilising holding tanks would have to be extended. Under current policy, if the project is discontinued those property owners with holding tanks will be required to seek resource consent for a new on-site disposal system.

Key Risks

- Ad-hoc approach to enforcement may allow environmental degradation to continue however introduction of the NES would mitigate this risk with the cost being borne by individuals in the form of fees, rather than rates.
- Some individuals may find their properties unusable if they cannot obtain consent to replace failing on-site systems
- Individual owners will face higher cost to install a consented on-site system than they would to connect to a community scheme.
- Subsidy will be reallocated by the MoH. If the community decides in the future to resurrect the community scheme initiative they will face potentially higher costs and no guarantee of subsidy.

Option 2: Proceed with consent application for Kaiwaitau 7C2B.

Further work to be undertaken including some new bores drilled and monitored over a period of months. Analysis of results will tell us whether our assumptions regarding groundwater movement are justifiable. Assuming they are justifiable we would proceed with consent notification. If they are not we will need to re-assess options ranging from improved treatment levels, different technology, or abandoning the proposal in favour of a different site.

Key Risks

- Obtaining resource consent is still not a certainty
- Costs will continue to increase due to delays (cost escalation) and may increase if scope changes are required through the resource consent process – eg higher level of treatment required.
- Council is likely to face legal challenge in the environment court if resource consent is granted.
- Decision will be unpopular with that portion of the community who are objecting to the scheme either on the basis of cost or site selection.
- Some residents may find themselves in a situation where they simply cannot afford the rates and have to move to more affordable locations.

Option 3: Proceed with consent application for land disposal near Mahia Beach.

A comprehensive Assessment of Environmental Effects will be needed to support consent application and this will require a repeat of much of the investigatory work that was carried out for the current consent application. Mitigating this somewhat is the fact that we would be working closely with HBRC engineers and scientists which should make the resource consent process more efficient and correspondingly less costly.

Key Risks

- Obtaining resource consent is not a certainty
- Decision will be unpopular with that portion of the community who are objecting to the scheme simply on the basis of cost.
- A site in close proximity to residential areas could create a whole new cause for objection - moving the site from one 'backyard' to another may simply change the objectors, not the level of objection.
- Some residents may find themselves in a situation where they simply cannot afford the rates and have to move to more affordable locations.
- Following more than one alternative will increase cost with a guarantee that some of the money spent will be on a site that does not proceed.
- Unsure what impact there may be on the subsidy if we delay uptake for too long.

SUSTAINABILITY:

It is now accepted in New Zealand that any discussion of sustainability must encompass social, cultural and economic well-being as well as environmental well-being. In a discussion focussed solely on environmental well-being there should be no argument that for Mahia Beach a centralised scheme would be the most sustainable. However Council must consider the social, cultural and economic impacts as well as the environmental and to that end the cost:benefit ratio of a slightly lower environmental outcome such as may result from the introduction of the NES should be considered.

PREFERRED OPTION:

There is no preferred option presented as this issue is as much political as it is about the technical engineering aspects. The most significant aspect of the discussion has become the imposition of significant capital cost at a time of worldwide recession and consequent individual economic hardship. HBRC and MfE have made it clear that the environmental risks will be dealt with if the community scheme does not proceed, albeit potentially to a lesser standard and at a higher cost to some individuals.

It is entirely correct for Council to question itself as to what good leadership entails and while flying in the face of wholesale opposition may be warranted in many cases to achieve a greater good, only Council can decide whether this is one of those times.

SIGNIFICANCE & CONSULTATION:

No further consultation is required for Council to make a decision on anything contained in this report. The issue is identified as significant in the draft LTCCP and Council has the information necessary to make the decision.

FINANCIAL IMPACT:

Council has spent over \$300,000 to get the current proposal to where it is now. Our estimates to obtain sufficient data to satisfy HBRC's request for further information on the Kaiwaitau 7C2B site suggest a further \$50,000 - \$70,000 will need to be spent. This cost is substantially made up of the need for a number of new groundwater monitoring bores in the vicinity of the proposed site.

The draft LTCCP makes allowance for \$100,000 to either develop an alternative option or proceed with the Kaiwaitau 7C2B option. If the project is discontinued this allowance would be limited to recovering costs incurred to date for the 2009/10 financial year and no further charges would be made into the future.

RECOMMENDATION(S):

1. That the report be received.
2. That Council considers the content of this report and advises their preferred course of action.



N Cook
ENGINEERING MANAGER