INFRASTRUCTURE STRATEGY

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INTRODUCTION

This Infrastructure Strategy (Strategy) sets out the requirements for long term management of our assets to ensure that they continue to deliver on levels of service over the next 30 years. It has been prepared based on Section 4 - Key Assumptions and should be read in conjunction with the Financial Strategy and the Long Term Plan.

ASSETS COVERED BY THIS STRATEGY	IN RELATION TO THESE ASSETS, THE STRATEGY OUTLINES:
Roads and footpaths Water supplies Wastewater/Sewage treatment and disposal Stormwater Community facilities and property	• Requirements for renewing and replacing existing assets. • How Council propose to respond to changes in demand. • How Council will allow for planned increases or decreases. • In levels of services provided through assets covered by this strategy. • How Council will maintain or improve public health and environmental outcomes or mitigate adverse effects on them. • How council will provide for the resilience of infrastructure assets.

MATAMATA-PIAKO TODAY - WHERE ARE WE NOW?

Our District and Communities

The geographic, demographic, social, economic, historic factors and special features of the district all impact on the delivery of our infrastructure assets. More information on the context in which we operate can be found in Section 5 of this plan.

The Matamata-Piako district (the district) is located in central Waikato, bounded in the east by the Kaimai Ranges and in the west by older ranges, in between is the Hauraki Plains. The district's three main rivers - Waihou, Waitoa and Piako - have moved back and forth across the Hauraki Plains, depositing shingle and silt, creating wetland areas, and helping to create the present landscape of flat alluvial plains and peat swamp.

Our district has good road links, including a network of state highways and local roads, to the main centres and ports of Hamilton, Rotorua and Tauranga, as well as easy access to Auckland. There are a number of roads, approximately 5% of the network, which lie within this peat area that require a specialised treatment and design for maintenance and renewal works. There are also a number of primary industries located on rural roads within the district and these create additional loadings and traffic on our roads.

We also have agreements with some of these large primary industries (meat and dairy processing) located in our district to supply water and take wastewater which help support the growth of our services.

In general, the different soil types present in the district have a very minor impact on the condition of our stormwater reticulation network. However with soils in the district ranging from very good to poor quality soakage we need to look at different stormwater for different areas. This was a major consideration for Council when we adopted the zoning for new growth areas in our towns.

In recent years tourism has also become a significant industry for the district, with the Hauraki Rail Trail and Hobbiton. The district continues to experience growth in the number of people visiting and staying in the area and this can create pressure on our assets such as public toilets, car parking spaces and other tourist facilities.

Increases in population, dwellings and rating units, as described in Section 5 of the Long Term Plan, all have implications for the infrastructure services. This can affect the capacity of our assets to deliver services to the community and the timing of capital projects. For example, for the roading activity population growth generally leads to an increase in the volume of traffic in the network placing increasing pressure on our assets. It is therefore essential that we ensure our asset management is robust and sustainable. We maintain detailed Asset Management Plans (AMPs) for all our infrastructure assets which has informed this Strategy.

In addition to population growth, the demographic profile of our district is changing with a shift towards an older population. This has flow on effects for the affordability of rates as less people are in the workforce. We therefore need to balance making sure our infrastructure assets provide an appropriate level of service whilst keeping rates affordable. Further details about how we aim to keep our rates affordable while providing quality service and infrastructure are described in the Financial Strategy in Section 2 of the Long Term Plan.

OUR ASSETS – SERVICE PERFORMANCE AND CONDITION

We have approximately $534 million invested in infrastructure assets in our district. Infrastructure accounts for around half of our annual operating expenditure. Overall our assets are in average to good condition, and continue to deliver the expected levels of service to our communities . We continue to invest in the ongoing maintenance and replacement of assets to ensure the provision of services to our residents and businesses is maintained. We currently spend almost $20 million annually on the maintenance and operations of our assets, to deliver services to our communities. Over the past 10 years we have spent on average $13 million on renewal of assets each year across our network infrastructure and community facilities.

Our assets and their value are set out below;

ASSETS COVERED BY THIS STRATEGY	DESCRIPTION		DEPRECIATED REPLACEMENT VALUE	% OF TOTAL
Roads and footpaths	1,006km of which 57.5km is unsealed		$ 225,692,052	55%
	197km footpaths		$ 7,662,875	
	350 bridges and underpasses		$ 21,322,839	
	500m cycleway			
	3,100 street lights		$ 3,714,322	
	Road signage and markings, drainage assets, railings and structures, berms and vegetation		$ 26,313,826	
		TOTAL	$284,705,914	
Water supply	7 Water Treatment Plants (WTP)		$ 7,982,869	9%
	331km reticulated water supply		$ 38,644,958	
		TOTAL	$ 46,627,827	
Wastewater/Sewage treatment and disposal	5 Wastewater Treatment Plants (WWTP)		$ 25,734,534	12%
	183km reticulated wastewater network		$ 32,040,311	
	34 pump stations		$ 2,945,078	
		TOTAL	$ 60,719,923	
Stormwater	107km stormwater mains		$ 40,039,811	8%
	6 retention ponds	TOTAL	$ 40,039,811	
Community facilities and property	4 pools and spas		$ 11,117,656	12%
	3 event centres / sports stadia (+MPMCC)		$ 11,175,403**	
	3 libraries		$ 2,099,188**	
	20 public toilets		$ 2,110,347	
	109 Elderly Persons Housing Units		$ 13,739,478	
	3 staff housing units		$ 1,829,400	
	3 works depots and 3 Council offices		$ 6,667,876**	
	1 Animal pound		$ 253,628	
	67 Community Halls, leased general buildings and non-leased general buildings		$ 15,130,749	
	1 Information Centre		$ 877,800	
		TOTAL	$ 65,001,525	
Parks and open spaces	6 Cemeteries		$ 221,200	4%
	108 hectares of parks and open spaces		$ 23,429,800	
	27 Playgrounds			
	23km tracks			
	Streetscapes			
	Gardens			
	Street Trees			
		TOTAL	$ 23,651,000	
Total			**$ 520,746,000**	

** The new Matamata-Piako CIvic and Memorial Centre is not included in these figures as construction has not yet been completed.

MATAMATA-PIAKO TOMORROW - WHERE ARE WE GOING?

Our 30 year vision: Matamata-Piako – The Place of Choice. Lifestyle. Opportunities. Home. We have a vision for our community to make Matamata-Piako 'the place of choice.' Our vision for the infrastructure services is to continue to provide services to our current and future community in an affordable way that represents good value for money. The Infrastructure Strategy provides a strategic roadmap for the next 30 years and beyond. It provides the direction and guidance on what decisions needs to be made, and when, in order to get to where we want to be in 2048.

KEY DRIVERS AND RESPONSES

As a community we face a range of external factors that can influence our decision making. As part of our long term plan we have identified four drivers that have an impact across all of our activities. (Further details on how these impacts on each asset group and our response are described in the individual asset sections of this Strategy).

DRIVER	MOST LIKELY SCENARIO FOR OUR DISTRICT	IMPACT ON INFRASTRUCTURE	OUR RESPONSE
COMPLIANCE 	Increased level of central and regional government direction particularly regarding public health and environmental outcomes.	This will impact on how we manage our infrastructure to ensure we protect and support public health and environmental outcomes. It is expected that this will require increased investment. While the cost of future changes to regulations and legislation is unknown, we have included $27 million in our budgets over 30 years to implement recommendations and requirements resulting from this across all our assets.	· We will comply with national standards. · We will use technology.
GROWTH AND DEMAND 	We are forecasting that our population will increase over time, with the majority of this increase happening among the older age groups (60+) and urban areas. We are also experiencing continued growth in tourism to our district.	Population growth and land intensification increases demand for infrastructure services in urban centres. Ageing population increases demand for accessibility and changes the way in which infrastructure assets and services are used. Continued growth in the tourism sector increases demand for visitor facilities and increased levels of service of existing facilities. We have included projects to a total value of $19 million to provide for growth in our district.	· We will plan for sustainable growth and manage demand. · We will provide additional capital and operational expenditure over the next 30 years.
RESILIENCE 	The global climate change we are currently experiencing means that we have more frequent severe weather events like storms and droughts.	More frequent severe weather events and droughts put pressure on our infrastructure, and may require improved capacity and capability to cope with severe weather events and natural hazards, and assist with the community recovery following such events. No allowance has been made for the replacement of damaged infrastructure but rather to ensure we fund the replacement of our assets as it is needed. We have included budgets of around $14 million per annum for the renewal of our assets. By completing the renewal programme and providing additional infrastructure we are improving the resilience of our current network. assets and services.	· Our infrastructure will support or improve public health benefits. · Our infrastructure will support or improve environmental outcomes. · We will maintain our current assets to maintain levels of service. · We will provide for the replacement of critical assets at the end of their useful life.
AFFORDABILITY 	The median household income for our district is $55,320 (2016), with around 68.5% of our population holding a formal qualification (2013 census). With the increase in the aging population, we are also forecasting that the average household size will decrease from 2.49 to 2.29 by 2048, with a higher proportion of single income or fixed income households.	The ageing population and moderate growth places a cap on the ability of our community to pay for infrastructure assets and services.	· We will optimise our investment and apply asset management practices to our planning. · We will smooth our costs where possible over time. · Non-critical assets will be run to failure and only replaced if there is still a demand and requirement for the asset.

HOW ARE WE GOING TO GET THERE? - OUR RESPONSE

Our most likely scenario

Taking into account the drivers, assumptions, and Financial Strategy previously described, we have identified the most likely infrastructure scenario for our communities and identified the anticipated significant infrastructure issues and decisions we will need to make over the next 30 years. The key issues and decisions required relate to the four main drivers previously identified;

COMPLIANCE

HOW SHOULD WE RESPOND TO CHANGES IN COMPLIANCE REQUIREMENTS?

We will comply with national standards.

We currently hold numerous resource consents for water take, treatment and discharge of wastewater, and discharge of stormwater. We will comply with or exceed the environmental standards and conditions of these consents by supporting environmentally friendly practices and technologies. We will support environmentally friendly practices and technologies in our provision of network infrastructure. For some activities and asset groups this may see a change in real or perceived levels of service. It is expected that there will be an increased requirement for investment to ensure our infrastructure continues to comply with new and strengthened regulations. This is further outlined under each asset group. We have included an estimated budget of $25.4 million over 30 years to implement any requirements resulting from new environmental standards.

We will use technology

This Strategy includes provision to utilise new technology as appropriate to ensure the future proofing of our assets and contribute to the compliance with national standards and regional policies. By taking a 'whole of life' approach to decision making on investment, we will consider the one off cost associated with new technology with the potential long term cost savings opportunities provided by the technology.

There is also an increasing expectation by our communities that we make appropriate and adequate use of technology wherever possible. The forecast budgets in this Strategy assume that we will use the best technology available that is most cost effective over the life of the asset.

GROWTH AND DEMAND

HOW CAN WE CONTINUE TO MEET THE DEMAND FOR SERVICES AS THIS CHANGES OR INCREASES OVER THE PERIOD OF THIS STRATEGY?

We will plan for sustainable growth and manage demand

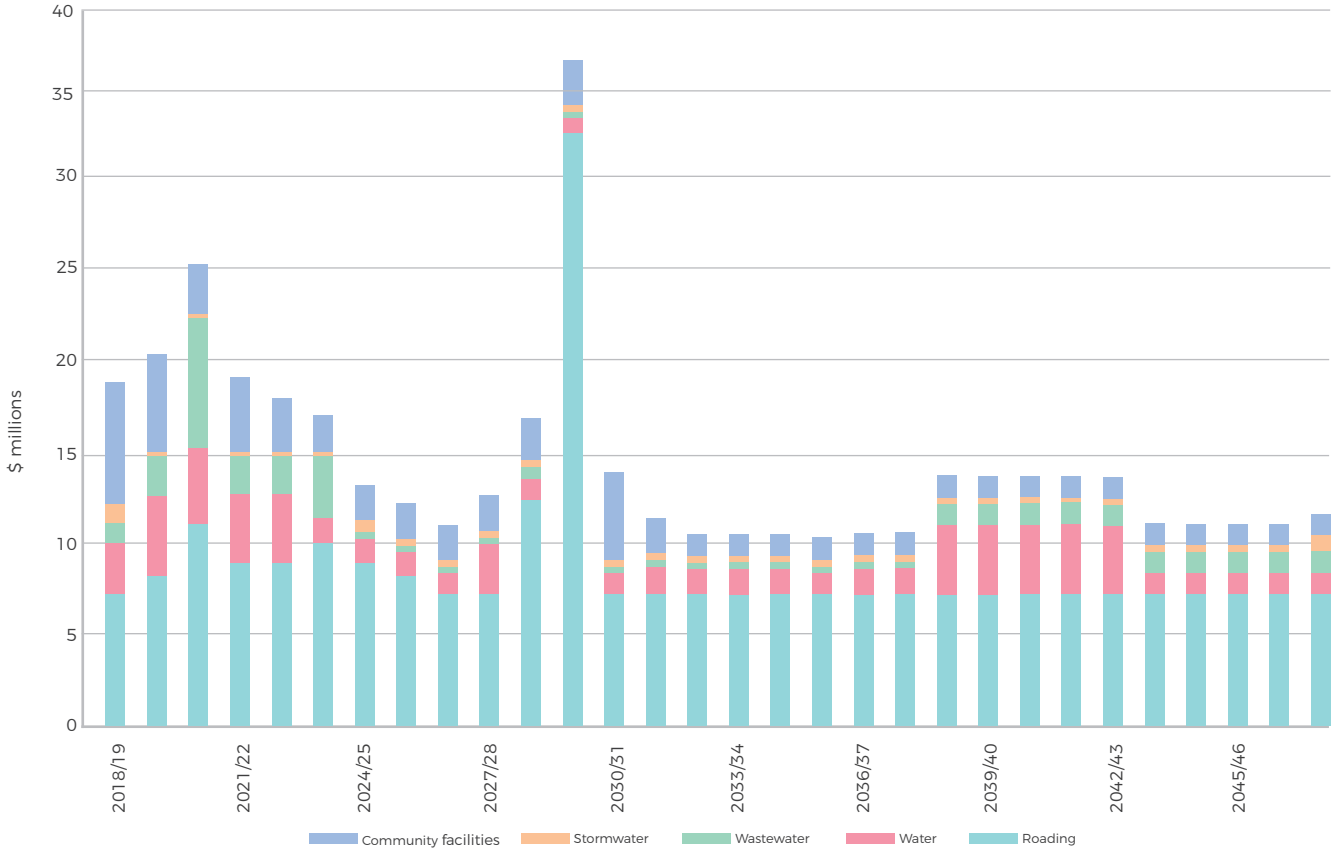
We will have the right infrastructure in place at the right time, to encourage growth while minimising the impact on our ratepayers. As set out in our Financial Strategy, growth is largely funded by development contributions, which are payable at the completion of the development. This means that there may be a lag in time between investment in infrastructure and the payment of development contributions, during which the ratepayers carry the burden of servicing any loans and interest on the investment. To minimise this burden, it is important that we get our timing right when investing in growth.

In 2017 Council adopted and made operative Plan Change 47, also known as Plan Your Town. This plan change saw a change to the zoning areas and rules for our three main towns, with an increase in areas zoned for residential development (including medium density in-fill development) and lifestyle bl[Matamata-Piako Long Term Plan; LTP; Section 1; Introduction; Councillors; mayors message; vision]udgets of $19 million to provide the infrastructure required to service these residential areas in our Lon cture Strategy. The timing of these has been determined by reviewing our latest growth projectio and resource consent applications processed for those areas. Further details are provided under each evelopment Contribution Policy.

We will provide additional capital and operational t 30 years.

We want our communities to be vibrant and to grow. We will plan for and provide affordable infrastructure that is not a limiting factor to our district's growth. This means not only replacing and maintaining what we have, but building new infrastructure where and when it's needed. We have identified projects needed to improve our levels of service and to cater for the growth we anticipate in our district. (Refer to Section 6 of the Long Term Plan for details).

Figure 1 - Combined Infrastructure – projected renewal and capital cost 2018-48



RESILIENCE

HOW CAN WE ENSURE OUR NETWORK REMAINS RESILIENT AND ABLE TO COPE WITH SEVERE WEATHER EVENTS?

Our infrastructure will support or improve public health benefits

We will continue to support or improve public health benefits by providing infrastructure services such as:

- Reliable, clean and safe drinking water that meets the New Zealand Drinking Water Standards. We have included $1.5 million in our budgets to continue to make improvements to our treatment processes and plants.
- Safe roads and footpaths. We have included $25.5 million in our budgets to undertake road safety improvements across the district.
- Reliable and safe collection, treatment and discharge of wastewater that does not pose a risk to public health and environment. We have included $25.4 million in our budgets to maintain compliance with our resource consent conditions to minimise the risk to public health and environment.
- Well maintained urban stormwater network that protects the community from the effects of flooding. We have included $3.5 million in our budgets to increase some capacity of our stormwater network by providing additional soakage or retention to cater for the new growth areas.
- Recreation and leisure facilities that provide spaces for and encourage an active lifestyle. We have included $5.75 million in our budgets for cycleway expansions, new indoor sports facility and investment in parks and open spaces across the district.

Our maintenance and renewal programme for our infrastructure assets ensures the resilience of our assets, protecting our community from asset failure in the event of natural disaster, and supporting the community recovery following such events. The 'Resilience' section of the Financial Strategy sets out our financial provisions for the risks associated with natural hazards and environmental changes. Refer to our Key Assumptions in Section 4 for further details on how we are planning for natural disaster and hazards.

Our infrastructure will support or improve environmental outcomes

We will continue to work to improve our practices and minimise the impact of our activities on the environment. We currently hold 12 discharge consents for wastewater, four discharge consents for stormwater and 13 take consents for water, most of which are due to expire within the life of this Strategy.

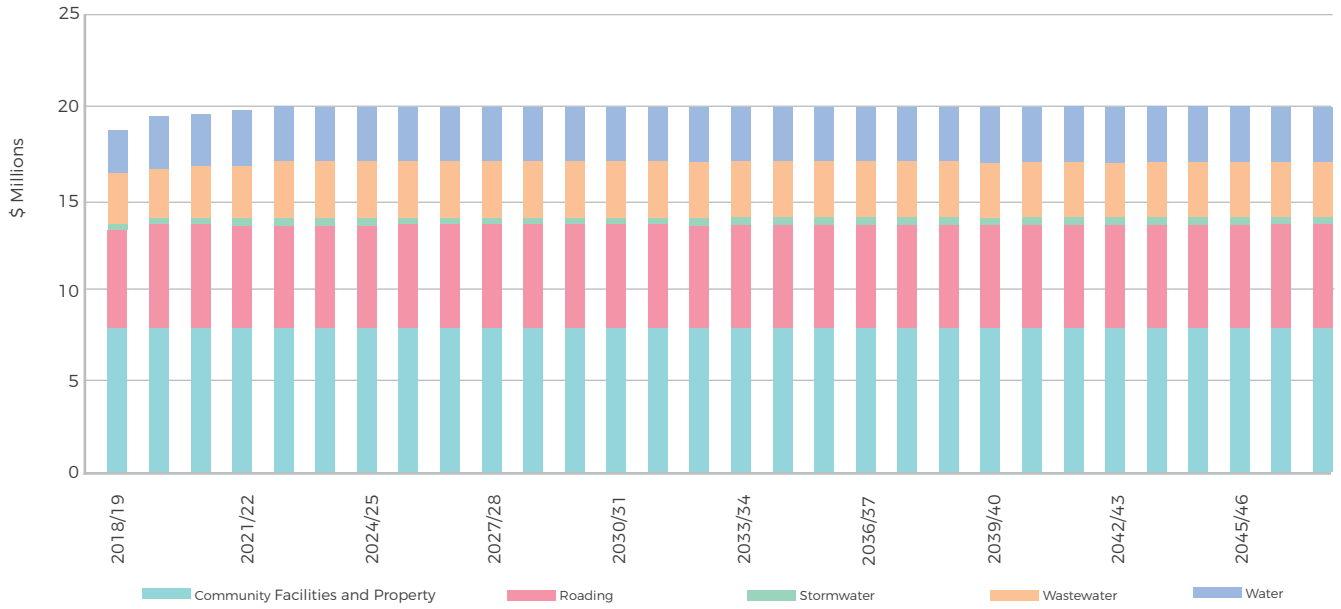
It is expected that the renewal of these resource consents will require water conservation and infiltration reduction measures to be implemented. There may also be a requirement to minimise discharge to water, treatment of stormwater and move towards wastewater discharge to land or increased treatment. Renewals of all of our consents are included in the renewal programme. A further estimated capital cost of $20 million for the upgrade of our plants and systems has been included in the term of this strategy. Further analysis of options is required before this can be implemented, and we have included operational budgets of $150,000 to carry out the feasibility work in this strategy. Funding to ensure the environmental impact is minimised is included in the project cost for all projects and operational forecast in the Long Term Plan and Infrastructure Strategy.

We will maintain our current assets to current levels of service

We will maintain or improve our current levels of service. This means that we must maintain and renew the existing infrastructure that delivers our core services. The strategy shows increases in the cost of maintaining our infrastructure being driven largely by inflation. The impacts of investing in additional assets are also contributing to the increase costs in some areas (Approximately $4.4 million for 30 years of consequential opex). It is expected that implementation of new technologies in the future may result in longer term operational cost efficiencies, however this is difficult to predict in advance, and has not been included in our operating forecasts.

An increase of $320,000 per year to improve levels of service for the Community Facilities and Property activities has been included in the operational costs for those activities. The cost allocation for increased levels of service for capital projects is shown in the project tables under each asset group in the Long Term Plan and this Infrastructure Strategy.

Figure 2 - Combined Infrastructure Projected operating cost 2018-48 (excluding inflation)



We will provide for the replacement of assets at the end of their useful life.

We will manage our assets to ensure they provide reliable services to our communities. We will continue to take a risk-assessment approach to our asset renewal programme, monitoring condition and performance to enable timely replacement of critical assets before failure. The condition of above ground assets is regularly monitored and below ground assets are checked whenever they are uncovered for repairs or new connections; and also when they are forecast for replacement.

Critical assets are considered those assets in which failure would result in a major disruption to the supply of services. These assets are regularly monitored for their condition to ensure their replacements are planned and completed to minimise risk of failure. Our critical assets include all treatment plants for water and wastewater, pump stations, trunk mains and associated structures. Regional Arterial roads are critical roads for the wider community.

An assessment has also been made for all bridges in our district and the following table identifies the critical ones as they have the highest vulnerability and impact rating, offering no alternative route.

For a full list of our critical infrastructure assets, refer to the individual Asset Management Plans.

BRIDGE	ROAD NAME	BRIDGE	ROAD NAME
7, 8	Pioneer Road	138	Avenue Road
15, 16, 18, 19	Tahuna-Ohineway Road	142, 143, 144, 145, 174	Morrinsville-Walton Road
31, 32, 33, 34, 35, 36, 223, 231	Paeroa-Tahuna Road	175, 176	Walton Road
39, 252	No. 1 Road	183, 184	Wardville Road
42, 43, 44, 45, 46, 47	Morrinsville-Tahuna Road	194	Okauia Springs Road
54	Tauhei Road	212	Old Te Aroha Road
57, 253	Piako Road	103, 104, 229	Alexandra Road
68	Ngutumanga Road	233	Whitaker Street
70	Stanley Road North	234	Church Street
73, 74	Te Aroha-Gordon Road	235	Gilchrist Street
92	Mace Road	240	Te Poi South Road
99, 100	Stanley Road South	247	Studholme Street
109	Shaftesbury Road	130, 131, 132	Kereone Road

AFFORDABILITY

HOW CAN WE ENSURE OUR COMMUNITIES ARE ABLE TO FUND THE PROJECTS IDENTIFIED TO MEET THE CURRENT AND FUTURE DEMAND FOR SERVICES?

We will optimise our investment and apply asset management practices to our planning
We maintain detailed Asset Management Plans (AMP) for all of our assets. The purpose of an AMP is to set out how we plan to deliver the agreed levels of service in the most cost effective way to current and future customers. This enables us to provide quality infrastructure to support community wellbeing, and that are fit for purpose and affordable now and in the future. Lifecycle asset management involves the cycle of activities concerning the planning, creating, operating, maintaining, rehabilitating, replacing, and disposal of assets. Lifecycle asset management acknowledges that once an asset has been created, it is always in a state of decay. Regular maintenance and programmed replacement ensure an appropriate level of service is delivered.

We will smooth our costs where possible over time.
Throughout this strategy there are graphs that show the peaks and troughs in the time and funding needed to renew our assets. This happens because assets have different lifecycles, and need to be replaced at different times. Where possible we've smoothed peaks in our reticulation and roading renewals, in order to give ratepayers more certainty and time to plan in their budgets. This effectively means that we may be collecting funding in advance or in arrears of when the costs will actually be incurred. This allows us to manage resources on an ongoing basis to ensure programmes are delivered on time and on budget, and minimises the impact on ratepayers in any given year. The risks associated with this approach are that the actual timing and costs may not align with planned work programmes and budgets.

We will monitor and review demand for Community Facilities and Property assets, and only replace if required by demand
Many of our community facilities and property assets were built to meet a need of the community of the time at which they were built. Changing trends in recreation and leisure time means that demands for some of these facilities have changed. As these assets are coming to the end of their useful life we will review the demand for them, and assess whether or not to replace or repurpose the facilities to meet current and future needs of our community. We will also review the provision and suitability of our buildings and facilities, including sport and recreation facilities, to ensure they continue to provide fit for purpose services to our communities.

OUR MOST LIKELY SCENARIO – WATER

Our Water service ensures our communities are supplied with clean, safe drinking water to ensure the health and wellbeing of our residents. Our key levels of service for the Water assets are described in Section 6 of the Long Term Plan. Our Water service consists of seven water supply schemes, including nine water treatment plants, 10 pump stations and 383 km of reticulated water supply to our towns and rural settlements.

Water is a precious resource, and there is an increasing demand for water to both residential and industrial users. With stricter environmental standards and conditions on our water take resource consents, we need to look for new ways to save and conserve water, and increase the security of our water supply for our communities. Freshwater management, including taking water for drinking water supply, is an important community issue and of particular interest to iwi. We will consult with iwi on the renewal and potential new water take consents.

Our forecast budgets include funding for continuous district-wide improvements to our water treatment plants and processes ($250,000 per year for the first 4 years), 3 projects to obtain consent for additional water sources and provide treatment ($2.75 million over the 30 years) and a fully funded renewal programme for the reticulated network and treatment plants (total of $56 million for the 30 years).

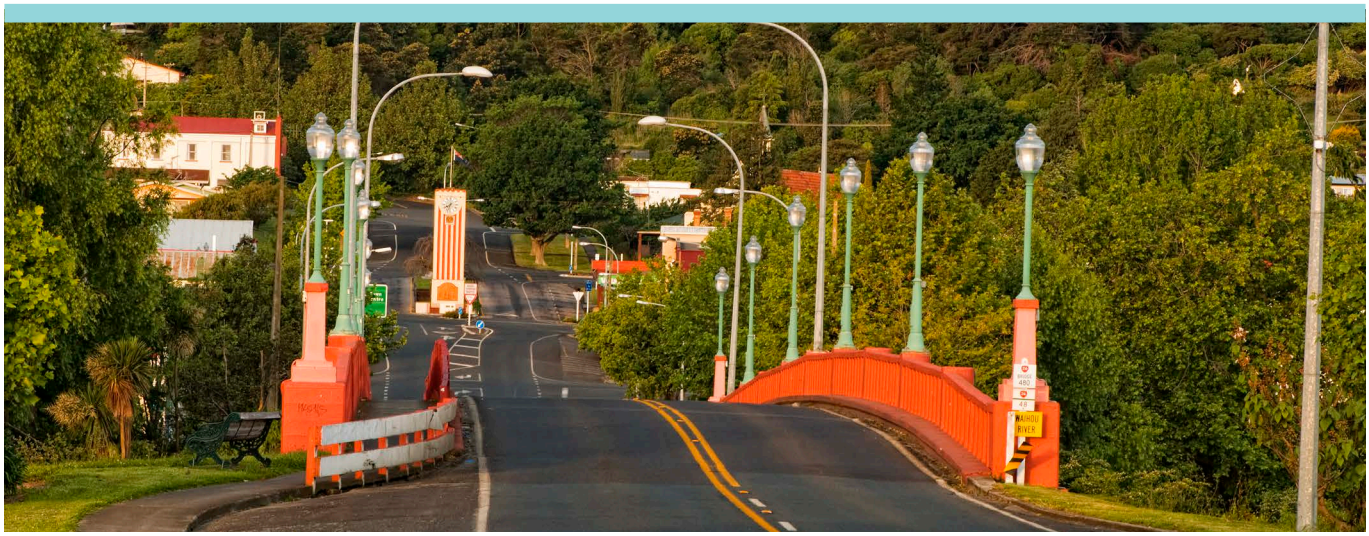
Council approved new residential zoning in the District Plan in 2017. This Strategy includes funding of $3.4 million over the 30 years to provide reticulated drinking water to these new areas. We have also budgeted $75,000 per annum over 30 years to increase the pipe-size when replacing existing pipes, and ensure any new pipes installed have sufficient capacity to cope with the forecast growth and increase the existing pressure in our network.

SIGNIFICANT ISSUES AND DECISIONS

To direct our future investment and management of the Water services, we have identified the following Strategic Priorities in response to the drivers/challenges previously identified:

CHALLENGES	STRATEGIC PRIORITY
Resilience	Water security and conservation
Compliance	Comply with Drinking Water Standards Comply with regional and national environmental standards
Growth and demand	Support economic growth and productivity Manage demand for water

The significant issues, decisions and options relating to the Water assets are outlined in the following table, with our preferred options highlighted. Funding for the preferred options has been included in the forecast budget for this Strategy. For each issue the significant assumptions relating to the specific issue is also described. Please refer to Section 4 of the Long Term Plan for the full list of assumptions and assessment of uncertainty and our response.



Issue: Water supply security-Morrinsville

Driver: Resilience, Growth and Demand

Decision required: 2018-21

Morrinsville is currently supplied with water from a single 17km long main trunk line from the Topehaehae Stream on Waterworks Road. The pipe is expected to reach the end of its useful life within the life of this Strategy (2039).

	Assumption:	**We will continue to deliver treated water to current and future residential customers in Morrinsville.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Reline existing main trunk line	By relining the pipe we can extend the asset life and reduce the risk of future breakages. Relining the pipe will lead to reduced flow rates and reduced quantities.	$7.5 million 2039				✓
	Investigate feasibility of establishing a new water source	This will provide certainty on whether an adequate additional water source can be sourced in Morrinsville.	$100,000 2018/19 $100,000 2019/20	✓			
	Establish the new water source	Provides for the development and treatment of the new water source.	$1.5 million 2026		✓	✓	
Other options	Do nothing.	The main trunk line is a critical asset. If we do nothing, the pipe will continue to deteriorate and more frequent breakages may be experienced and the pipe will eventually fail leaving Morrinsville without water supply.	No extra cost 2018-48	✓			
	Replace existing main water line from Waterworks road.	By increasing the size of the pipe at the time of renewal we would enable high flow rates which will provide improved water pressure to our customers.	$15m 2039			✓	✓

Issue: Water conservation

Driver: Resilience, Growth and Demand

Decision required: 2018-21

Water is a finite resource. While the district population is growing, it is expected that our water allocation from Waikato Regional Council resource consents will remain the same. This means that we need to share the same volume of water between increasing numbers of customers.

	Assumption:	**We will maintain existing water take allocation from regional Council. We will experience an increasing demand as a result of population and industry growth.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Minimise water loss.	Reduced water loss means more water can reach the end customer. Council currently has a leak detection programme in place which enables us to be pro-active in pipe repairs and informs prioritisation of work.	$40,000 per 2028-48	✓			
	Investigate water meter implementation and costs.	To develop a more detailed cost for the water meter installations to all users and also to develop and assess the impact on water demand. This does not include the installation of water meters.	$20,000 2020	✓			
Other options	Enhanced Status Quo; Managing demand through water meters and community education.	By reducing the quantity of water each household uses, the production of the same amount of water can serve more households. It is expected that installation of water meters may become a requirement from regional or central government in the future. This may change the priority of this option in the future.	$250,000 per 2028-48	✓			

Issue: Comply with Drinking Water Standards

Driver: Compliance

Decision required: 2018

Council is required to provide safe drinking water to its community to support the health and wellbeing of its residents. Drinking water quality is assessed against the Drinking Water Standards This is becoming a more critical issue and there are higher standards required for our treatment processes going forward. This is likely to result in plant item upgrades or new processes and plants added. The emphasis will also be on continuing or improving the quality testing processes.

	Assumption:	**We will continue to provide reticulated, treated water supply that meets the New Zealand Drinking Water Standards.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Maintain compliance with Drinking Water Standards.	Projects planned to address this issue includes installation of ultra-violet treatment of water at all our supplies	$250,000 per 2018-48 $500,000 in 2018/19	✓		✓	

Issue: Supporting economic growth and productivity

Driver: Resilience, Growth and Demand

Decision required: 2018

Network infrastructure required to facilitate this residential growth in the next 30 years has been included in the Long Term Plan budgets and this Strategy. Increasing demand from major industries in some areas (including Waharoa industrial area) will put pressure on Council to provide treated water in large quantities for these users above what we have currently planned.

	Assumption:	**We will provide treated water to all residentially zoned properties. Growth in residential and industrial demand will occur as outlined in Section 5.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Investigate the feasibility of securing additional water take consents and economic viability of providing water to potential future industries.	This will include completing an environmental assessment on the Waihou River and registering our interest with the Regional Council for an additional future water take consent. A partnership approach will then be used with industries for any capital works required.	$150,000 2018/19			✓	✓
Other options	Budget for the provision of new water source, treatment and distribution of water to potential future water customers.	As of 2017 there is no commitment from industry to require more water. This would mean that the investment cost would need to be carried by the ratepayers until such time as development contributions or other industry contributions can be recovered.	$20 million 2018-48			✓	✓

FINANCIAL INFORMATION

RENEWAL PROFILE AND ASSET CONDITION

The Water infrastructure assets' condition and reliability of data are described in the Water Asset Management Plan 2018-48. Our water treatment plants (WTP) and reticulated water supplies are generally in good condition, delivering the agreed level of service to our community.

The lives of water pipes are between 30 and 100 years depending on material. We have a fairly good understanding of what type of pipes we have. There are only approximately 9% of pipes of which we do not know the material. However the age of the assets is something that is a bit more difficult to ascertain exactly. We therefore carry out regular condition assessments which inform our renewal programme. Water loss (unaccounted for water) has been identified as a potential issue and we have been undertaking a leak detection programme to identify the cause. One source of losses is from old steel pipes and in particular spiral riveted steel. The replacement of these is being treated as a priority.

CAPITAL AND RENEWALS

The current practice is to smooth the reticulation renewal programme where it is practical to do so. It allows for some of the pipes that are scheduled for renewal to be re-assessed and the remaining life to be amended to reflect the findings. As a result of smoothing of the renewal programme, some maintenance and/or renewal work may be deferred.

FIGURE 4 - WATER RETICULATION PROJECTED RENEWAL LIFECYCLE REPLACEMENT COST 2018 ONWARDS
WATER RETICULATION RENEWALS

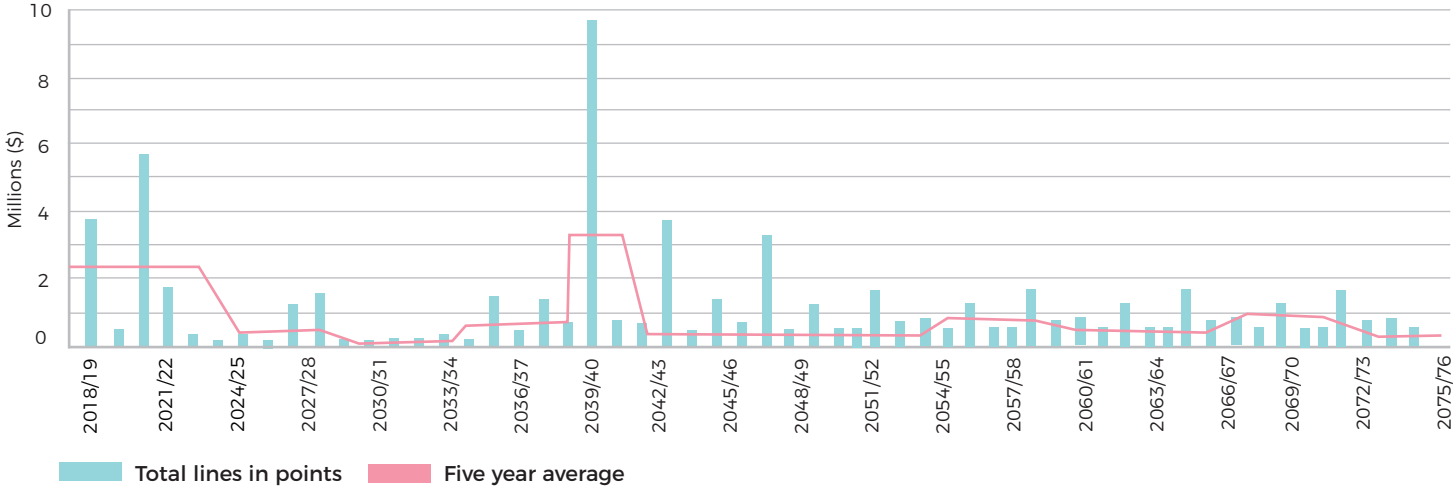
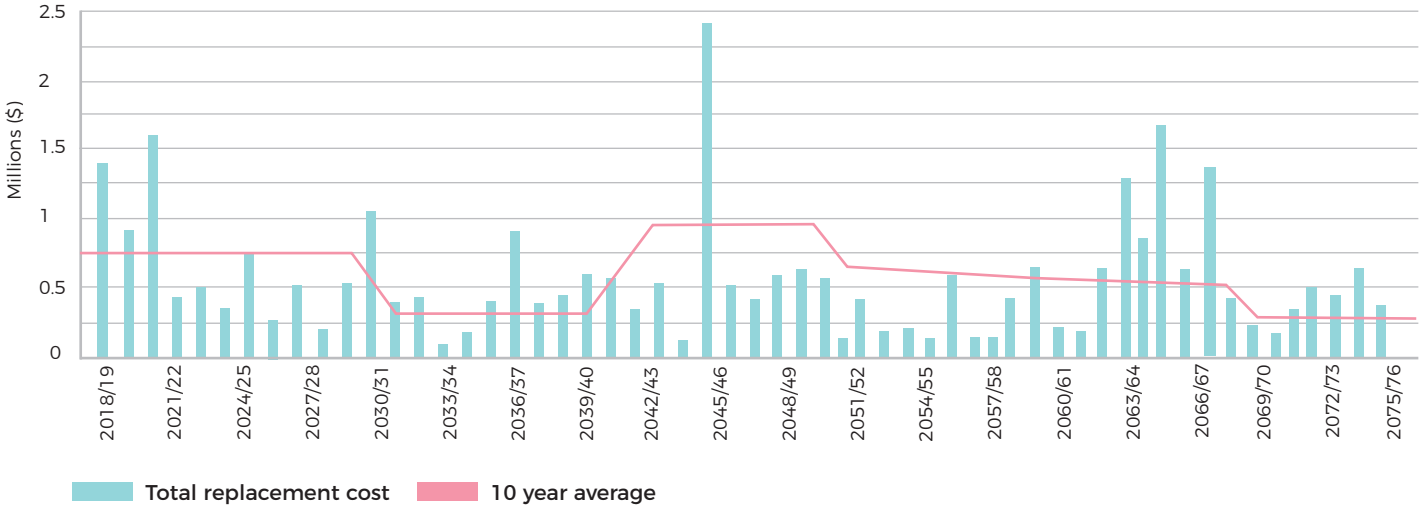


FIGURE 5 WATER PLANT PROJECTED RENEWAL LIFECYCLE REPLACEMENT COST 2018 ONWARDS

WATER PLANT



The previous graph shows the actual replacement schedule from our database with the smoothing of the work as proposed through this Strategy. The main trunk line replacement in Morrinsville can be seen in year 2039 which has been smoothed out as well. Whether or not this line will be replaced will depend on the decision of council in relation to Key decisions identified above. We plan to smooth the reticulation costs as much as possible to allow us to manage our work programme in a sustainable manner over time. There is an increase in plant renewal costs as there has and will be continued investment into improving the resilience and compliance for our drinking water quality with the addition of new assets.

FIGURE 6 - WATER RETICULATION CAPITAL AND RENEWAL GRAPH 2018 - 2048
WATER RETICULATION RENEWAL AND CAPITAL

FIGURE 7 - TOTAL WATER PROJECTED CAPITAL AND RENEWAL EXPENDITURE 2018-48
TOTAL WATER CAPITAL AND RENEWAL

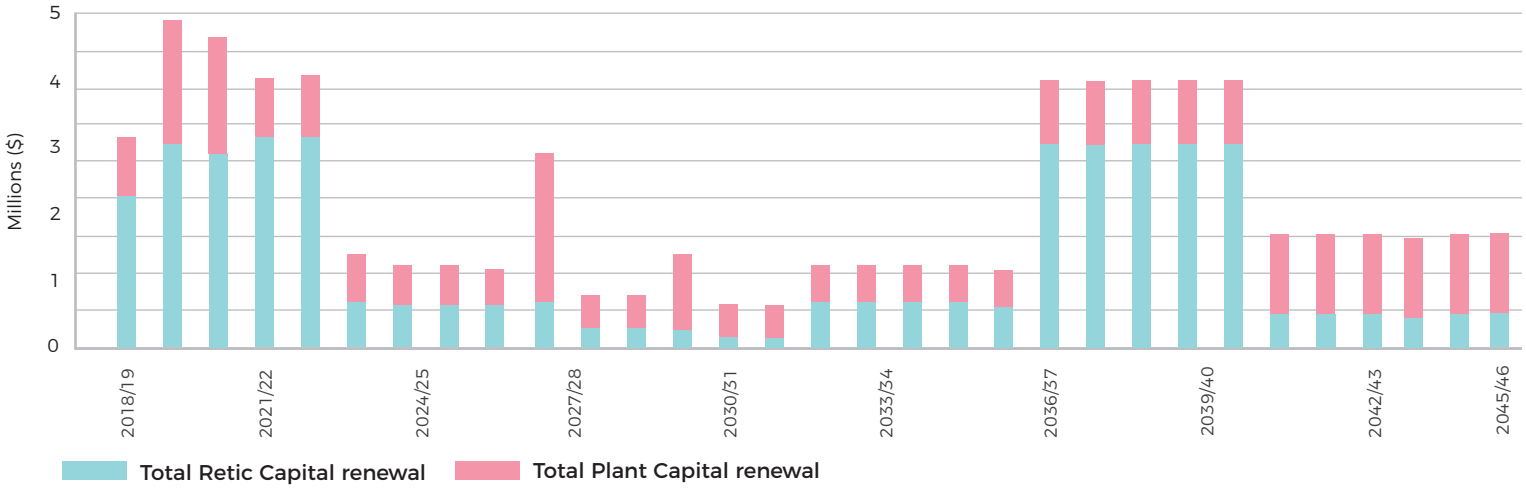


Figure 7 shows the smoothed cost of reticulation and plant renewals from Figure 4 and Figure 5 combined over the 30 years of this strategy. It also includes the capital costs. We have identified that the Water treatment plant renewal budget can be smoothed as well as there are not many critical high value assets that need to be replaced within the life of this strategy. The profile is showing that a large number of medium to small valued assets are coming to the end of their useful life within the life of this strategy and we are planning for their replacement. With monitoring of the assets and running the less critical ones to failure, a flat line replacement budget can be implemented. There are a number of growth related projects that will attribute to the capital expenditure. This mainly includes the increase of our piped network but also allows for new bores and treatment in Matamata, Waharoa and Morrinsville to provide an increase in water that can be supplied.

OPERATING

It is assumed that the operating costs for the Water assets will remain reasonably consistent, plus inflation and some additional costs due to the increase in the stock of assets. We are however looking to upgrade technology around our monitoring and operations which will create some efficiency. This means that the net impact on operating expenditure will not be substantial (total annual increase of $60,000 over 30 years). With the Drinking Water Standards changes, some new plant items will be installed which will result in some additional operating costs (total annual increase of $540,000 over 30 years). Our growth related capital expenditure for the water assets consist of increased capacity to existing reticulated network (increasing pipe sizes for existing pipes), which will not result in additional operating costs

OUR MOST LIKELY SCENARIO – WASTEWATER

Our wastewater network consists of five wastewater treatment plants (WWTP), 36 pump stations and 243km of wastewater pipes. The wastewater service ensures that wastewater (sewage and grey water that goes down your drains) is collected, treated and disposed of appropriately for the health and wellbeing of our community and environment. Our key levels of service for the Wastewater assets are described in Section 4 of the Long Term Plan.

With the increased frequency of severe weather events, the resilience of our wastewater network is under pressure. Overflows from the network as a result of heavy rain pose a risk to the environment and the public health of our community. To minimise this risk we have included budgets to ensure our network has sufficient capacity to provide safe disposal of residential wastewater.

The new freshwater management policy is also likely to put increased requirements for treatment and restrict disposal to waterways. This may also become a requirement of our discharge consent in the future. We have included $50,000 in our budgets to investigate the feasibility of discharge to land. This will involve consultation with iwi and the wider community.

Council approved new residential zoning in the District Plan in 2017. This Strategy includes funding of $4.5 million over the 30 years to provide wastewater services to these new areas. We have also budgeted $50,000 per year over 30 years to increase the pipe-size when replacing existing pipes, and ensure any new pipes installed have sufficient capacity to cope with the forecast growth over the next 30 years.

SIGNIFICANT ISSUES AND DECISIONS

To direct our future investment and management of the Wastewater services, we have identified the following Strategic Priorities in response to the drivers/challenges previously identified.

CHALLENGES	STRATEGIC PRIORITY
Compliance	Comply with regional and national environmental standards
Growth and demand	Support economic growth and productivity

The significant issues, decisions and options relating to the Wastewater assets are outlined in the following table, with our preferred options highlighted. Funding for the preferred options has been included in the forecast budget for this Strategy. For each issue the significant assumptions relating to the specific issue is also described. Please refer to Section 5 of the Long Term Plan for the full list of assumptions and assessment of uncertainty and our response.

Issue: Supporting economic growth and productivity in Waharoa
Driver: Resilience, Growth and demand
Decision required: 2018

Network infrastructure required to facilitate the residential growth areas in the next 30 years as identified through Plan Change 47 has been included in the Long Term Plan budgets and this Strategy. Increasing demand from major industries in some areas will put pressure on Council to provide wastewater reticulation and treatment facilities for these users.

	Assumption:	**We will provide wastewater disposal services to all residentially zoned properties. Growth in residential and industrial demand will occur as outlined in Section 5.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Allow for residential disposal only	This may send a signal to potential investors in industry that Matamata-Piako District is not suitable for their business and may lead to investment and employment going elsewhere. There will be no direct impact on ratepayers as no investment required. Industries will be required to provide for their own wastewater disposal option or provide pre-treatment onsite so that Council's wastewater treatment plants are able to cope with the additional wastewater flow.	no investment			✓	
Other options	Budget for the provision of new wastewater treatment capacity and reticulated wastewater network for potential future customers	As of 2018 there is no commitment from industry to require more wastewater treatment. This would mean that the investment cost would need to be carried by the ratepayers until such time as development contributions or other industry contributions can be recovered.	$45 million 2018-48			✓	✓

Issue: Compliance with our Discharge consents
Driver: Compliance
Decision required: 2018

With recent changes to legislation, there is increasing pressure to improve the water quality of our rivers. It is also acknowledged that the river is tapu for many iwi, and it is considered culturally disrespectful to discharge treated wastewater direct to the river.

	Assumption:	**We will comply with consent conditions, environmental standards and requirements.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Maintain compliance with our discharge consents	Council is required to ensure it meets resource consent conditions. Individual consents will require Council to allow for funds to upgrade plants so they meet increased resource consent requirements.	Matamata $5 million 2020/21 Morrinsville $15 million 2026-28			✓	✓

Issue: Wastewater discharge to land
Driver: Compliance
Decision required: 2024

With recent changes to legislation, there is increasing pressure to improve the water quality of our rivers. It is also acknowledged that the river is tapu for many iwi, and it is considered culturally disrespectful to discharge treated wastewater direct to the river.

	Assumption:	We will comply with consent conditions, environmental standards and requirements.					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Investigate feasibility of discharge to land as part of our consent renewals	The investigations will consider partial or full disposal to land for our wastewater discharges and the potential for decreasing the environmental impact we are having on our rivers and streams.*	$50,000 2018/19	✓			
Other options	Do nothing – continue with our existing discharge points	This means continuing to manage our current discharge points and continuing to meet our resources consent requirements.*	no cost				

*Both Matamata and Morrinsville Resource Consent Renewals fall within the life of this Strategy. $5 million in 2020 and $15 million 2026 has been allocated respectively for associated upgrade works.

FINANCIAL INFORMATION

RENEWAL PROFILE AND ASSET CONDITION

The Wastewater infrastructure assets' condition and reliability of data are described in the Wastewater Activity Management Plan 2018-48. We have good knowledge of the wastewater assets, and our forecast confidence for this group is fairly accurate (Confidence rating B). Overall our wastewater assets are in average to good condition, with a programme of regular asset condition assessments which informs our renewal profile and priorities.

There are approximately 5% of assets that we don't know the material of construction. This is not considered to be a significant risk as the life of "unknown" pipes are the same as the lowest rated pipe. The condition of the reticulation system varies with the various schemes. Te Aroha is subject to higher infiltration rates that can indicate a poor condition. The modelling of the Morrinsville reticulation for dry and wet weather flows indicates that the catchment is generally in poor condition. It is believed that much of the inflow and infiltration originates within private properties from defective pipes and low gully traps and a programme of testing is addressing this issue. We are undertaking condition assessments of our reticulation using closed circuit television (CCTV) and especially for assets approaching scheduled renewal. This is resulting in some renewals being deferred and the pipes given an extended life. We also have a program of inspections using smoke testing and other means to identify faults and to ensure they are remedied.

All wastewater treatment plants have been upgraded in recent years but some plant assets such as membranes require replacement over relatively short time frames. There is also a large amount of electronic equipment that requires replacement every five years.

CAPITAL AND RENEWALS

FIGURE 8 - WASTEWATER PLANT PROJECTED RENEWAL LIFECYCLE REPLACEMENT COST 2018 ONWARDS
WASTEWATER PLANT RENEWALS

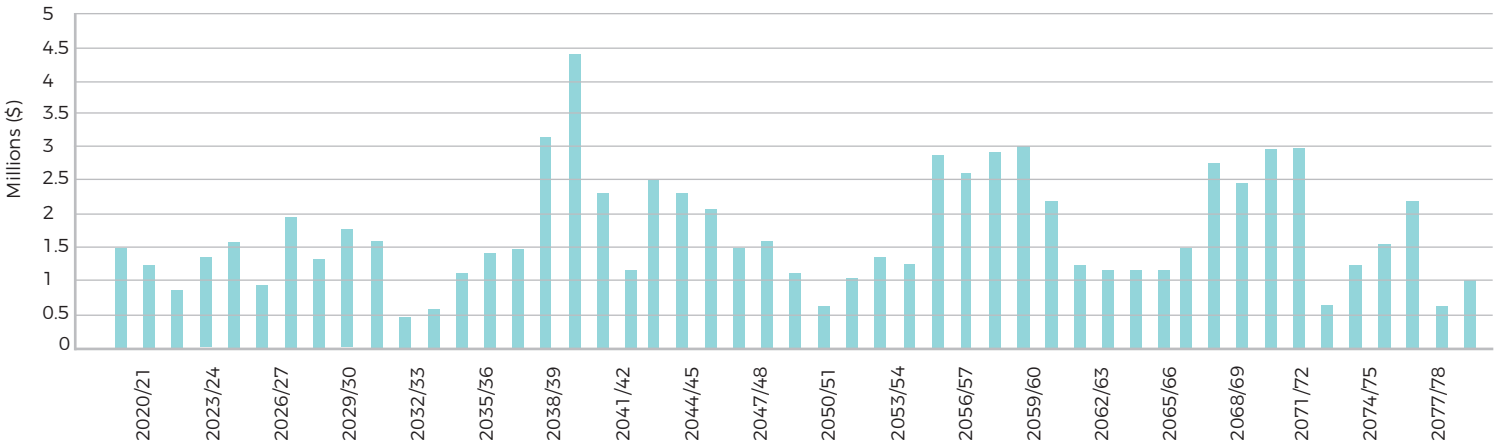
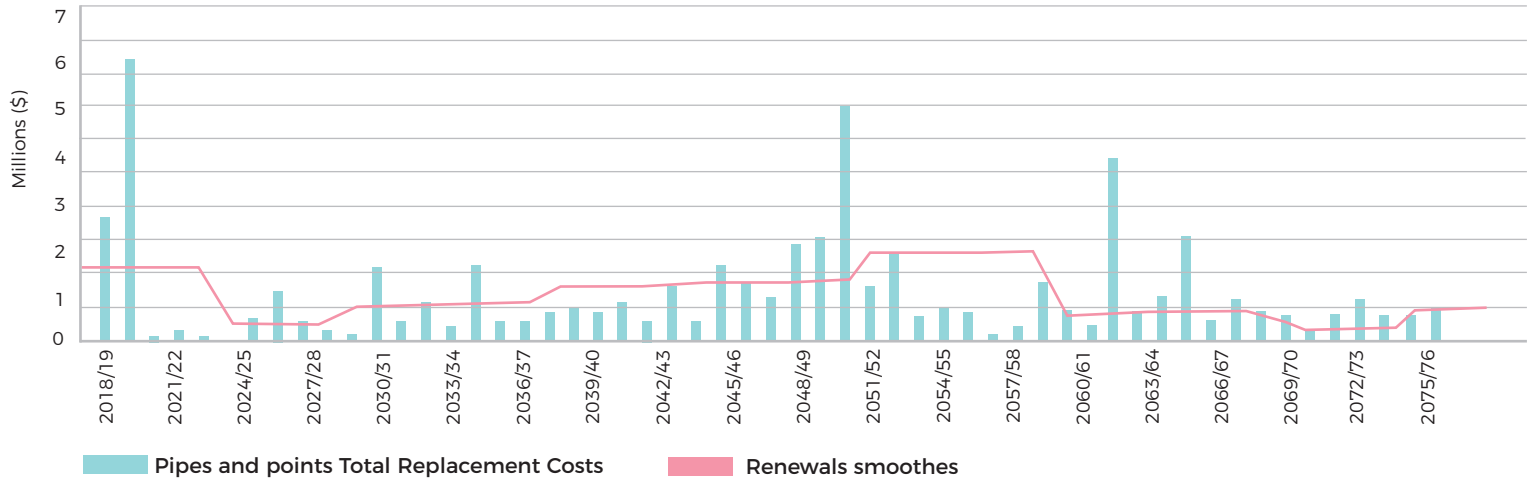


FIGURE 9 - WASTEWATER RETICULATION PROJECTED RENEWAL LIFECYCLE REPLACEMENT COST 2018 ONWARDS
WASTEWATER RETICULATION RENEWALS



The above graphs show the actual replacement schedule from our database with the smoothing of the reticulation work as proposed through this Strategy. We plan to smooth the reticulation costs as much as possible to allow us to manage our work programme in a sustainable manner over time. We undertake regular monitoring and condition assessments of our assets to inform the prioritisation of work and minimise the potential risk of failure.

FIGURE 10 - WASTEWATER RETICULATION PROJECTED CAPITAL AND RENEWAL EXPENDITURE 2018-48
WASTEWATER PLANT CAPEX AND RENEWALS

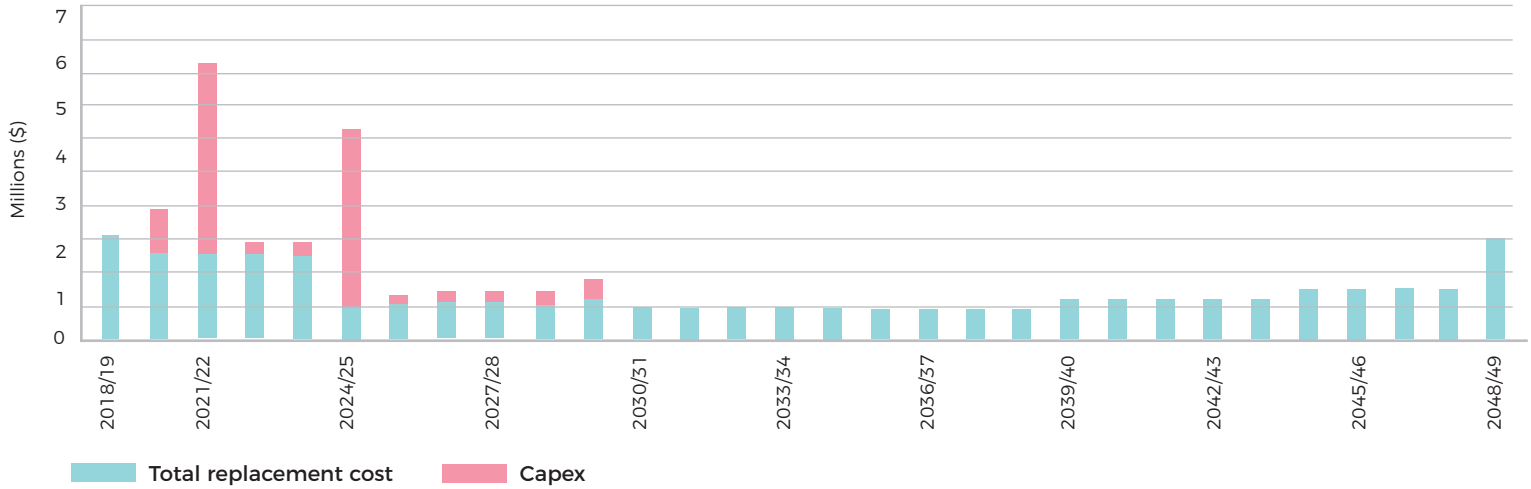


FIGURE 11 - WASTEWATER PLANT PROJECTED CAPITAL AND RENEWAL EXPENDITURE 2018-48

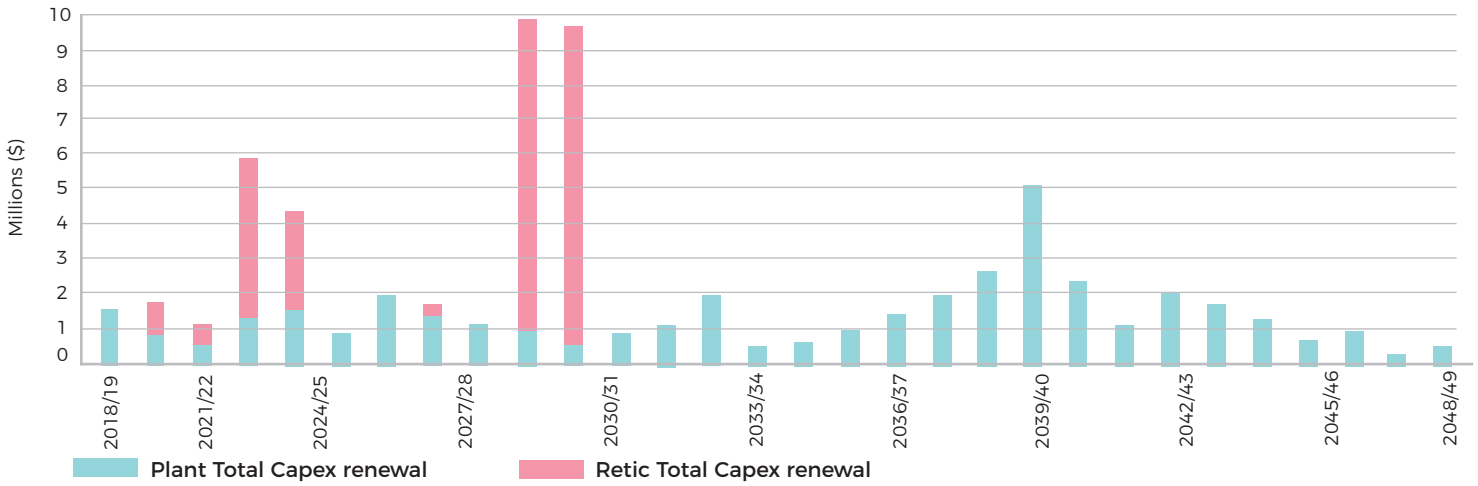


FIGURE 12 – TOTAL WASTEWATER PROJECTED CAPITAL AND RENEWAL EXPENDITURE 2018-48

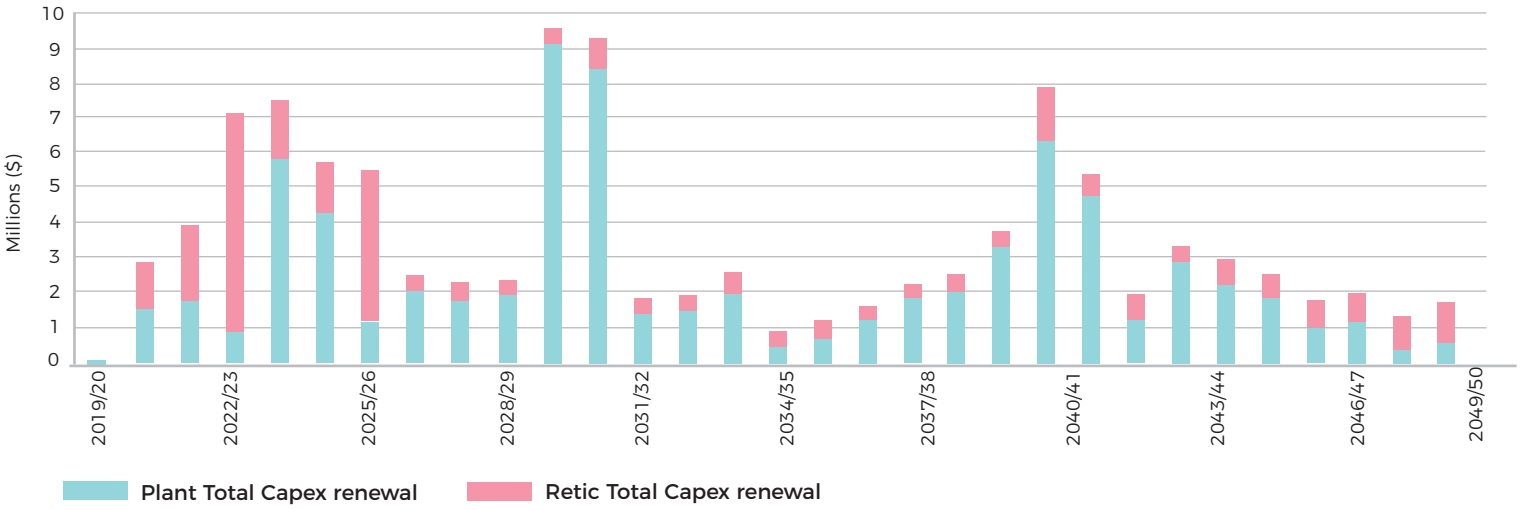


Figure 12 shows (dark red lines) the smoothed cost of reticulation renewals from Figure 9 combined with the actual cost of waste water treatment plant renewals from Figure 8 over the 30 years of this strategy. It also includes the capital costs. Wastewater treatment plant renewals are difficult to smooth because the individual asset vary in cost and criticality. There are high value assets that will require renewal throughout this strategy like membranes at our plants and liners of our treatment ponds.

There is an increase in plant renewal costs as there has and will be continued investment into improving the resilience and level of compliance to environmental standards over the life of the strategy. The major costs being the upgrades required to our plants to meet more stringent resource consent conditions when existing consents are renewed. This can be shown in Figure 11 in 2020/21 with $5 million budgeted for the upgrade to Matamata wastewater treatment plant and 2026-28 with $15 million budgeted for the upgrade to Morrinsville wastewater treatment plant. There are a number of growth related projects that will attribute to the capital expenditure. These are the upgrade of our main trunk lines and additional reticulation in both Morrinsville and Matamata to ensure additional flow can as a result of growth can be accommodated in our reticulation network.

OPERATING

It is assumed that there is a small increase of $17,000 appx per year over 30 years in operating costs for the Wastewater activity with the addition of inflation as well. This is based on the assumption that our levels of service will not change but there are improvements being made to our wastewater treatment plants over time which will require additional maintenance. Allowance also has to be made for the de-sludging of our ponds or the bioremediation work to reduce the sludge ($80,000 from Year2019). Our growth related capital expenditure for the wastewater assets consist of increased capacity to existing reticulation network and additional pipes, which will increase our maintenance expenditure by $15,000 appx. per year over 30 years.

OUR MOST LIKELY SCENARIO – STORMWATER

Stormwater systems safely and efficiently drain surface water to minimise flooding in our communities. Our key levels of service for the Stormwater assets are described in Section 6 of the Long Term Plan. We aim to ensure stormwater is well managed, and work with property owners to improve stormwater drainage and reduce flooding.

Council is responsible for urban stormwater management, while the regional council is responsible for drains and rural land drainage. Customer satisfaction is traditionally low in this area, as many customers are not happy about surface flooding during heavy rain. Surface flooding is an acceptable way to manage flooding during severe weather events, and Council has confirmed that we will maintain existing levels of service for Stormwater. New developers will be required to manage soakage onsite to minimise the impact on the community.

With the new Freshwater Management policy it is expected that some treatment of stormwater may be required in the future. What this will involve is unknown at the time of writing this strategy. Our budgets do not include any funding besides now stormwater facilities for the growth areas. The total funding for this is $500,000 over the 30 years.

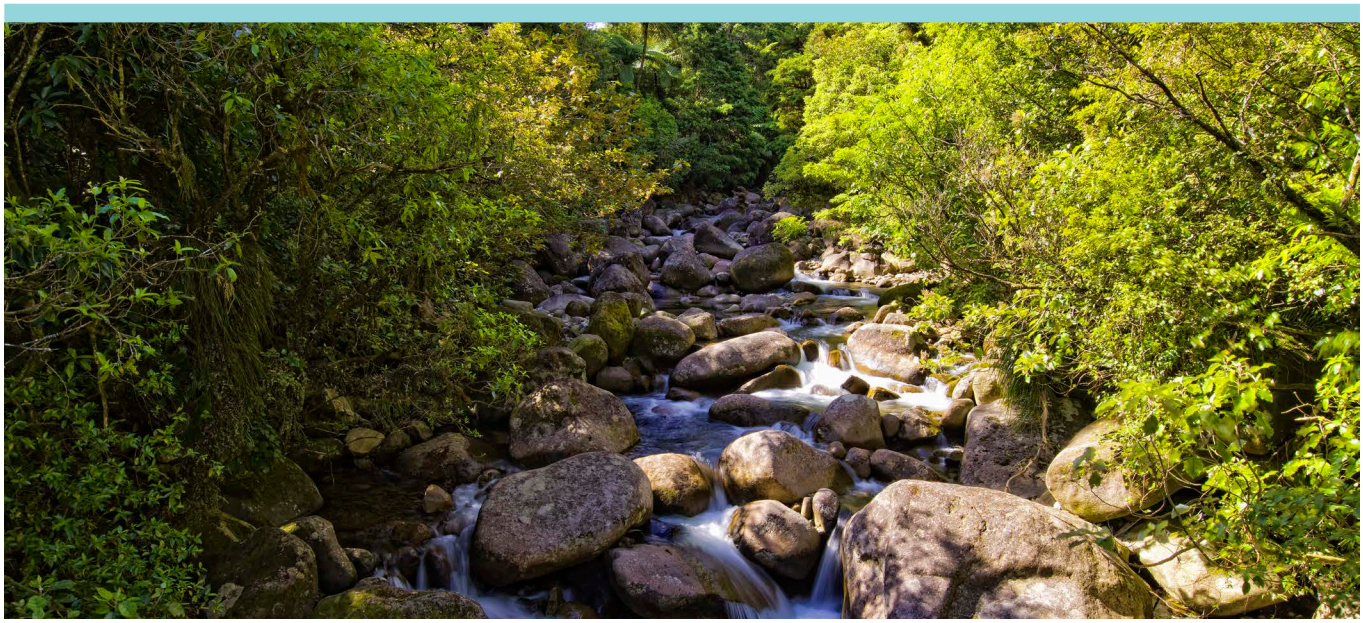
Council approved new residential zoning in the District Plan in 2017. The existing stormwater network is at capacity, and developers are required to manage stormwater on-site through soakage to minimise the impact on the wider community.

SIGNIFICANT ISSUES AND DECISIONS

To direct our future investment and management of the Wastewater services, we have identified the following Strategic Priorities in response to the drivers/challenges previously identified.

CHALLENGES	STRATEGIC PRIORITY
Resilience	Network capacity management Level of service of urban watercourses
Compliance	Comply with regional and national environmental standards
Growth and demand	Support economic growth and productivity Manage demand for water

The significant issues, decisions and options relating to the Stormwater assets are outlined in the following table, with our preferred options highlighted. Funding for the preferred options has been included in the forecast budget for this Strategy. For each issue the significant assumptions relating to the specific issue is also described. Please refer to Section 5 of the Long Term Plan for the full list of assumptions and assessment of uncertainty and our response.



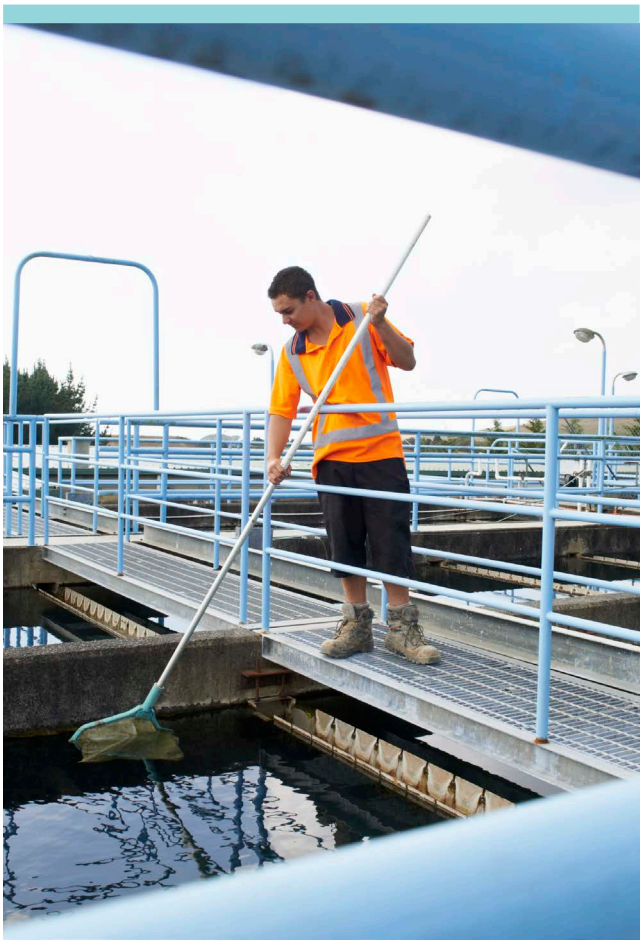
Issue: Network capacity

Driver: Resilience

Decision required: 2018

Our stormwater network has limited capacity, resulting in large quantities of stormwater entering our wastewater network and entering our wastewater treatment plants. Stormwater is one of the services our customers are least satisfied with. There are capacity issues in most of our urban networks and they cannot cater for any major weather events.

	Assumption:	**Ponding of stormwater on our road network is a means of stormwater management. Flooding of habitable dwellings is not acceptable.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Status Quo – continue with minor improvements such as increased soakage and complete further catchment studies to identify suitable stormwater management options for areas of development.	This option allows for some improvements to the existing network by increasing soakage or isolated network improvements. It also enables Council through the catchment studies to make better decisions with regard to land use and infrastructure.	$20,000 per year 2018-48 $100,000 per year 2018-48	✓		✓	
Other options	Increase the capacity of our network	Increase the pipe sizes in our network to provide for an increase in volume. There are times when this is not possible due to gradients required.	$300M 2018-48			✓	



Issue: Level of service of urban watercourses

Driver: Resilience

Decision required: 2018

It is estimated that there are 50km of watercourses in or adjacent to the Matamata, Morrinsville, Te Aroha and Waharoa urban areas. Council currently maintains 33% of these, with the remainder maintained either by the Regional Council or the relevant landowner.

	Assumption:	**The ratepayers are not willing to pay more for Council to increase its Levels of Service.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Maintain existing levels of service as per schedule of watercourses identified in the Stormwater bylaw but allow for council to use its discretion and consider individual circumstances	Council will continue to get landowners to maintain private drains but will make an allowance to provide some assistance in special circumstances if there is a specific need.	$100,000 per year 2018-48			✓ Operational	
Other options	Maintain existing levels of service as per the schedule of watercourses identified in the Stormwater bylaw	Will continue to get complaints from the community about the state of some of our watercourses. The only cost to Council is the administration cost associated with this option.	$50,000 per year 2018-48			✓ Operational	
	Do more - Council takes over limited responsibility for all the remaining open watercourses	Watercourses will be maintained to a higher standard. The impact of this approach is likely to be welcomed by affected property owners. This improved maintenance may not have any significant benefit for stormwater disposal for the greater community but will provide more certainty around responsibilities..	$200,000 per year 2018-48			✓ Operational	

FINANCIAL INFORMATION

RENEWAL PROFILE AND ASSET CONDITION

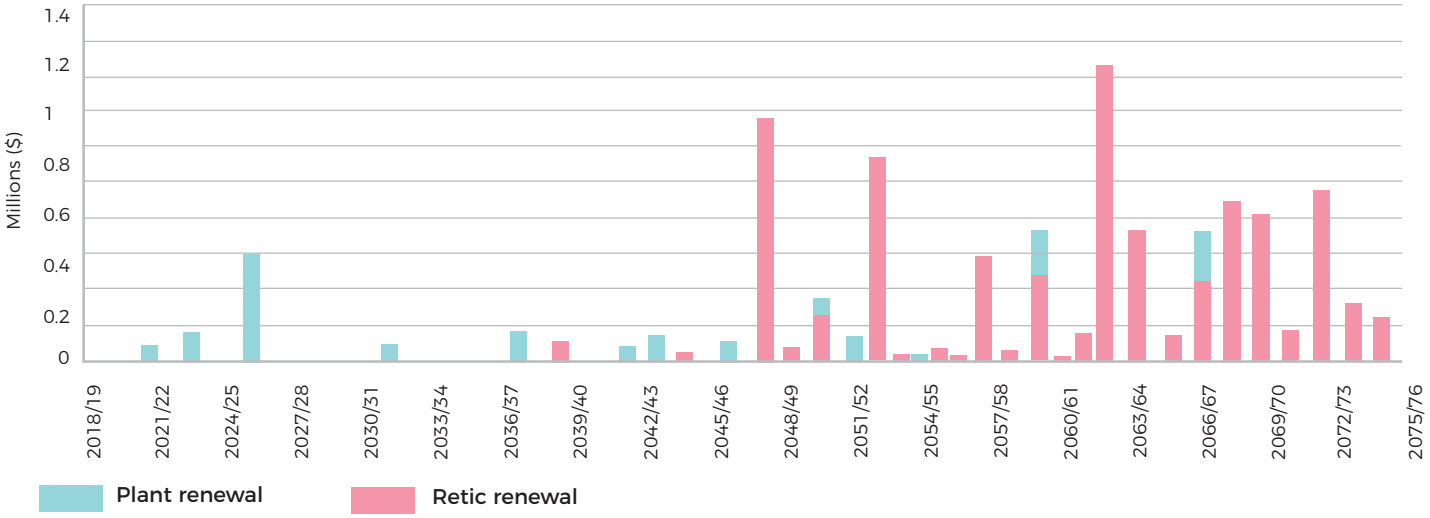
The Stormwater infrastructure assets' condition and reliability of data are described in the Stormwater Asset Management Plan 2018-48. We are unsure of the materials of 17% of assets, which makes up about 21 kilometres of the piped network. These pipes have been given the same life as the shortest life pipe material so that the renewal funding is not at risk in this area. Our overall forecast confidence for the stormwater infrastructure is fairly accurate (Confidence rating B).

Only minimal replacement of stormwater pipes is expected over the next 30 years. The spike in 45 years' time (shown in Figure 13) is due to the assumed date of installation of about 50% of the pipes and it is anticipated that condition rating these pipes closer to this date will spread the actual replacement dates and cost.

We have included $400,000 in 2024 for the renewal of our discharge consents. In addition to existing pipes in our Stormwater network, there has been an increase in stormwater structures installed through development and vested in Council. These will have an impact on renewals but again, this is outside of the term of this Strategy as seen in Figure 14.

CAPITAL AND RENEWALS

FIGURE 13 - STORMWATER RETICULATION AND PLANT PROJECTED RENEWAL LIFECYCLE REPLACEMENT COST 2018-75



The above graph shows the actual replacement schedule from our database.

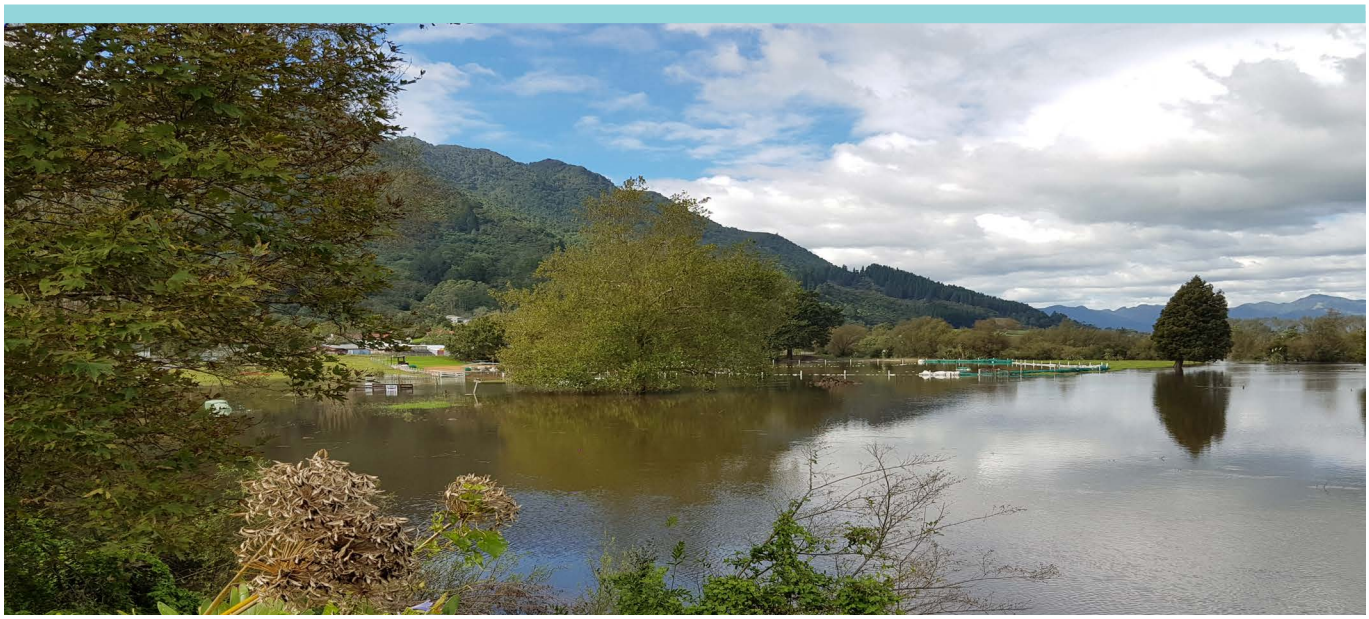


FIGURE 14 - STORMWATER PROJECTED CAPITAL AND RENEWAL EXPENDITURE 2018-48

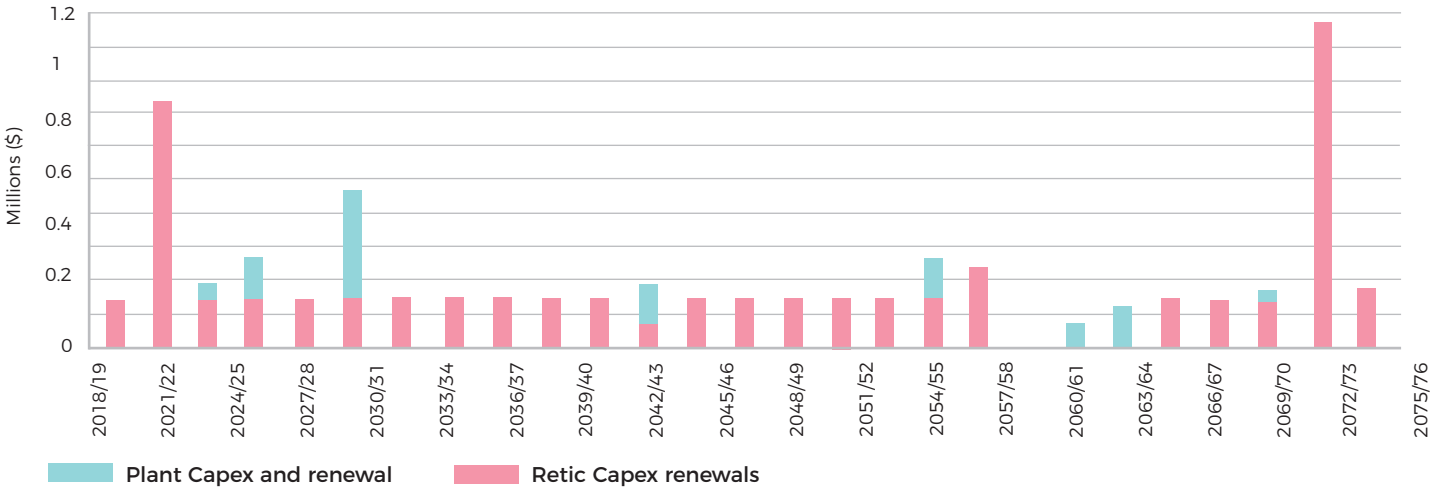
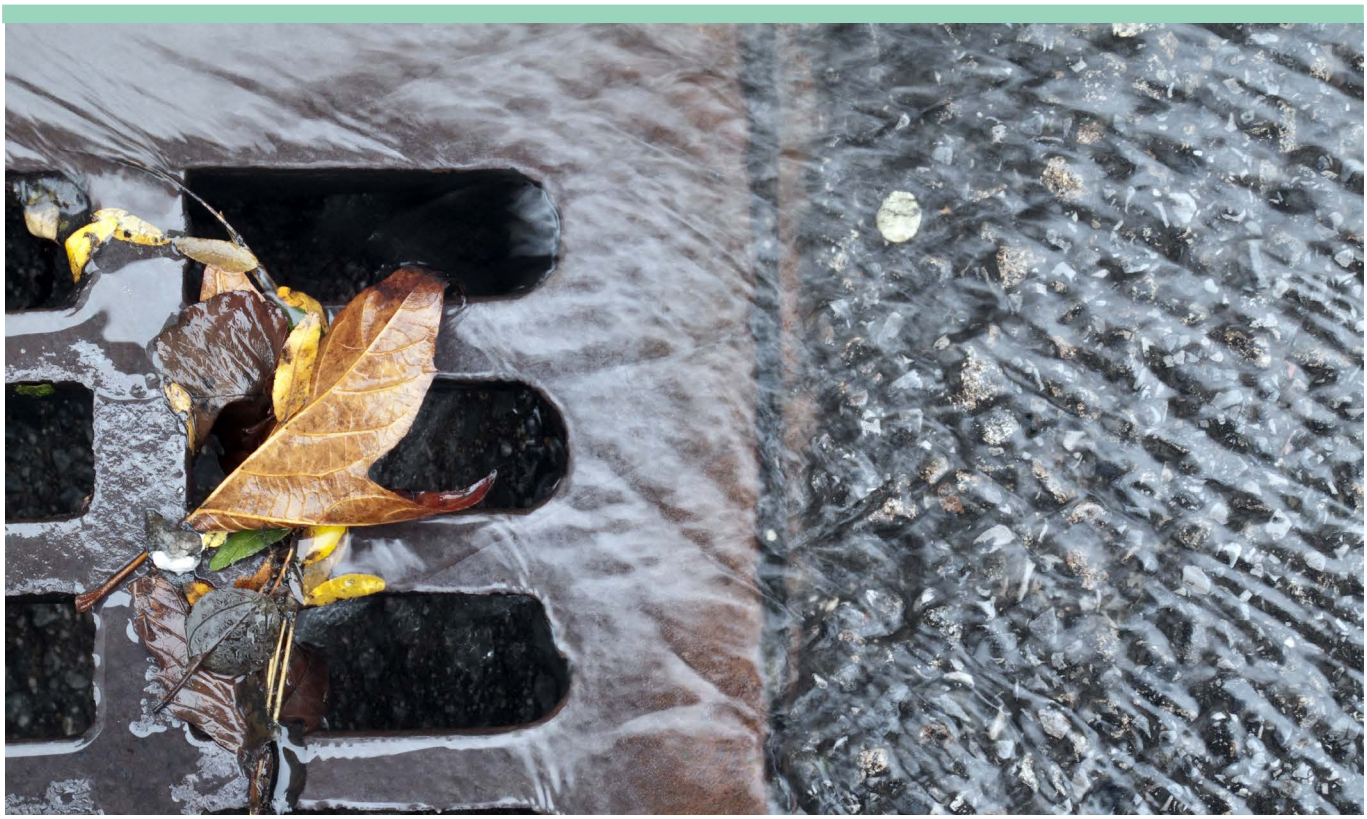


Figure 14 shows the cost of renewals from Figure 13 combined with the actual cost of new capital works for the stormwater asset over the 30 years of this Strategy.

The peaks in the renewal profile are the replacement of the majority of our Matamata pipes in 2047 and Te Aroha in 2052. There have been no issues with the pipe condition to date, it is planned to complete some assessment of these to assess their condition and to verify the asset age. There is also a pump replacement that is scheduled in 2021.

OPERATING

It is assumed that the operating costs for the Stormwater assets will increase slightly as there are additional stormwater retention and detention ponds resulting from subdivisions which need to be maintained, and also inflation. Our assumption is that our levels of service will not change however we are completing some improvements to our network as we are aware that climate change will increase the number and intensity of flooding in the future.



OUR MOST LIKELY SCENARIO – ROADING AND FOOTPATHS

The Roading network connects people with their needs, enables businesses to access resources/ markets and provides people with social, cultural, recreational and employment opportunities. Our key levels of service for the Roading and Footpaths assets are described in Section 6 of the Long Term Plan.

Council approved new residential zoning in the District Plan in 2017. This Strategy includes funding to provide roading and footpaths to service these new areas. The increase in freight transport on our roads also means that we have included funding to strengthen one bridge every year, which will also improve the resilience of our network.

SIGNIFICANT ISSUES AND DECISIONS

To direct our future investment and management of the Roading and footpaths services, we have identified the following Strategic Priorities in response to the drivers/challenges previously identified:

CHALLENGES	STRATEGIC PRIORITY
Resilience	Network capacity management Level of service of urban watercourses
Compliance	Comply with regional and national environmental standards
Growth and demand	Support economic growth and productivity Manage demand for water

The significant issues, decisions and options relating to the Roading and footpaths assets are outlined in the following table, with our preferred options highlighted. Funding for the preferred options has been included in the forecast budget for this Strategy. For each issue the significant assumptions relating to the specific issue is also described. Please refer to Section X of the Long Term Plan for the full list of assumptions and assessment of uncertainty and our response.

Issue: Matamata Bypass and Morrinsville Bypass
Driver: Growth & Demand
Decision required: 2020

We have set aside land designated for transport bypass in both Matamata and Morrinsville. Both these designations will lapse in 2020 unless we have given effect to them. This means that in order to retain the designations, we must initiate works such as designs by 2020. If we don't do this, the designations will lapse, and if we still require the bypasses in the future, we will have to re-apply and go through a Plan Change process with associated consultation and hearings.

	Assumption:	**There will be no NZTA funding for either of the two bypasses. Cost estimates are net cost to Council, after sale of surplus land.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Remove the Morrinsville designation.	If there is no need identified for the bypasses and no budgets allocated, it would provide more certainty to property owners to remove the designation. Morrinsville has had the installation of a heavy traffic bypass after the designation was obtained and the need for a further bypass has been assessed not to be great.	Morrinsville Bypass $ 0			✓	
	Extend the current Matamatra designation before it lapses	This will allow for the Waikato Expressway to be established and the impacts of this on our traffic to be assessed. Council will be able to make an informative decision on whether there will be a reduction of traffic through the CBD. For a designation to be extended, allowance must be made for the design and construction in the future.	Matamata design $2 million 2019-21 Matamata construction $30 million 2028-30		✓	✓	
Other options	Fund for the Bypass construction within the current term of the designations	To fund the construction of both the bypasses by 2020/21. This would mean a very large investment without accounting for the impact the Waikato Expressway could have on our traffic through the district and specifically our two urban centres.	Matamata $30 million 2019/20 Morrinsville $40 million 2019/20		✓	✓	

Issue: One Network Road Classifications
Driver: Growth & Demand
Decision required: 2018

The New Zealand Transport Agency has determined a framework for how investment and level of service is prioritised for our roading network.

	Assumption:	**We will continue to receive 51% funding from Central Government for our currently subsidised roading programme.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	To implement the One Network Road Classification framework and associated levels of service	This means that our network will see some changes to how it is managed. Overall the funding level will not change and all our roads will continue to be maintained. But some differences to the level of service on our roads will be noticed. The investment into our key routes will continue or be even slightly higher, however the investment into our lower trafficable roads will not be the same.	No additional cost			✓	✓

Issue: Cycleway Extensions
Driver: Growth & Demand
Decision required: 2018

With the Hauraki Rail Trail being extended to Matamata, the next step is to now continue the cycleway to Pairere where the Waikato River Trail and Te Awa Trail will all meet. Providing an opportunity for connectivity and increasing the economic benefits of the trail. It is also important to optimise opportunities of the existing trail within our district by providing off-shoots to our attractions along the Kaimai Ranges.

	Assumption:						
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	To complete off-shoots from our existing trails to provide opportunities to highlight some of our key attractions and hidden gems. This includes Wairere Falls, Kaimai Crash site, Okauia Springs, Waiorongomai etc	This would be on-road, signposted routes on existing roads. Although there is a cost to this, it would improve and showcase some of our existing attractions. Increasing visitor numbers and expenditure in our district, contributing to our economic growth of businesses.	$750,000 2018-21		✓	✓	
	Main leg extension from Matamata to Pairere	This would mean the main extension of the Grade 1 trail to Hinuera and then Pairere where it would meet with the other two trails. It is expected that government funding will be received.	$1.5* million 2021/22		✓	✓	
Other options	To not complete any extensions to our cycleway	This would mean no additional costings will be required. The opportunity to highlight some of our key attractions and create a further increase in tourism will not be achieved.	0				

*$1.5 milion from Council, total project cost estimated to be $3m, with the remaining costs obtained from MBIE or other external funders.

FINANCIAL INFORMATION

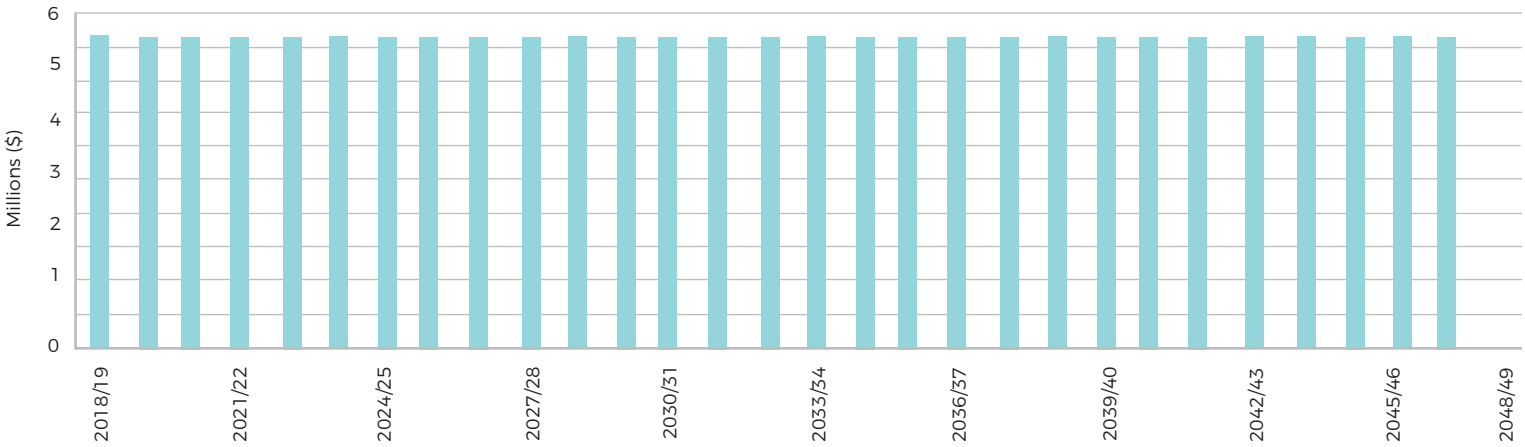
RENEWAL PROFILE AND ASSET CONDITION

The Roads and Footpaths infrastructure assets' condition and reliability of data are described in the Roading Asset Management Plan 2018-48. The current asset condition of our roads (both sealed and unsealed) is acceptable by national standards and maintenance and renewal programmes are conducted in accordance with national standards. Our forecast confidence level is fairly accurate (Confidence Level B)

The pavement of most of the roads is known and the life can be predicted reasonably accurately, but where soil conditions (such as peat) are a factor, the useful life or assets can be very unpredictable. The other varying factor is some of the traffic growth, specifically the increase in heavy vehicles on our roads. Both of these factors are managed by ensuring that road conditions are monitored and continuous and most optimised traffic counting is completed throughout the district. An increase in data collection on our network has meant we are able to complete better modelling on our surfacing and pavement renewal requirements.

CAPITAL AND RENEWALS

FIGURE 15 - ROADS AND FOOTPATHS PROJECTED RENEWAL LIFECYCLE REPLACEMENT COST 2018-48



The above graph shows the averaged replacement schedule from our database with the smoothing of the work as proposed through this Strategy. This includes an average 6km of annual pavement renewal and 85km of annual road reseals.

FIGURE 16 - ROADS AND FOOTPATHS PROJECTED CAPITAL AND RENEWAL EXPENDITURE 2018-48

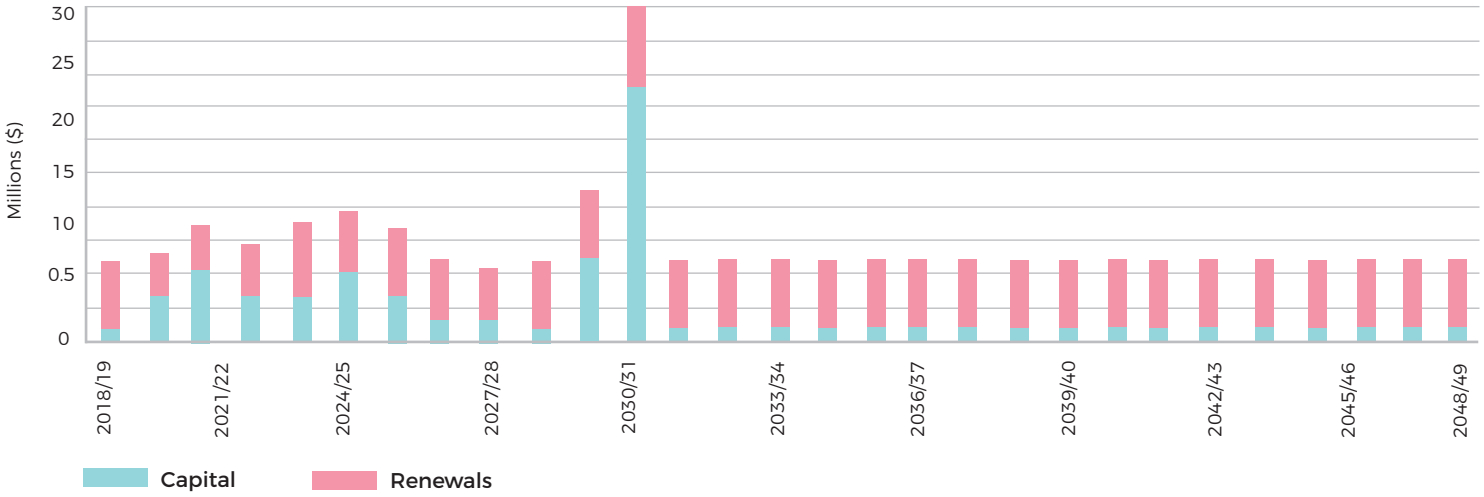
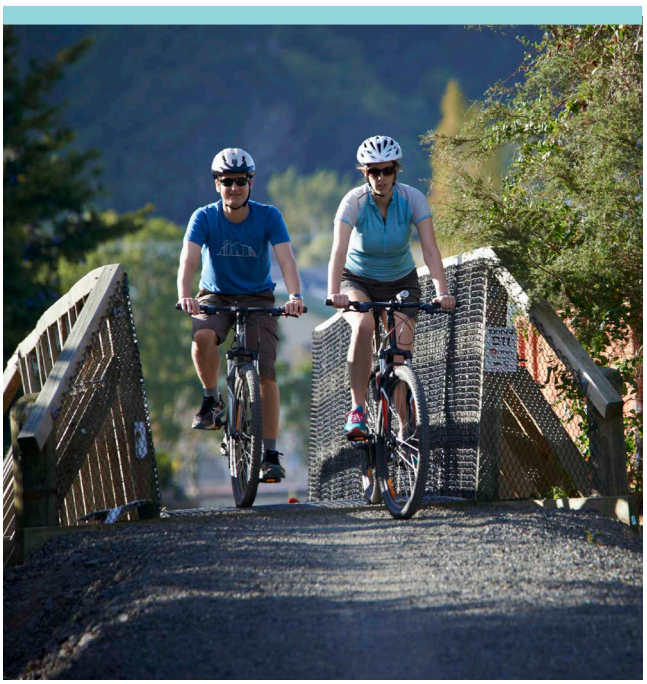


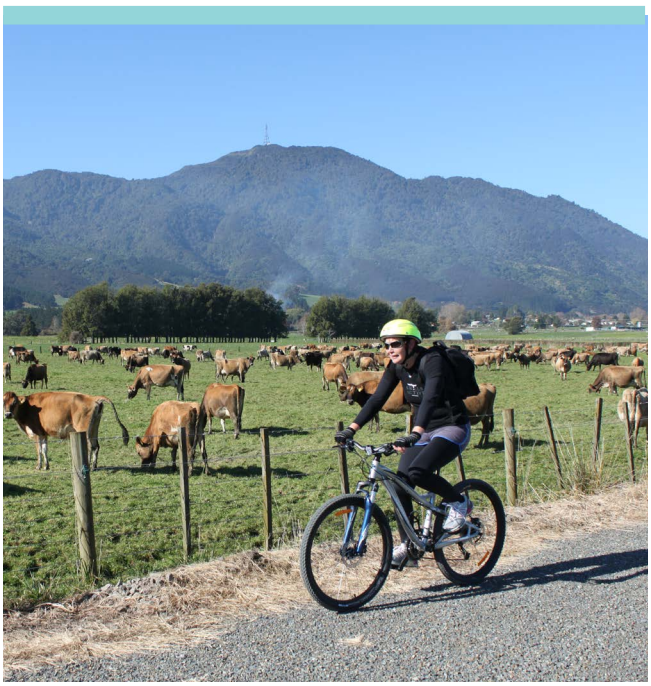
Figure 16 shows (red lines) the smoothed cost of renewal and the actual cost of new capital works. The key capital projects are all associated with the growth work identified as part of our urban growth and providing for connectivity in our towns for vehicles and also very importantly for pedestrians. The Matamata Bypass construction has been budgeted for 2029/30 which is indicated by the big spike on the Graph.

There is an annual allocation to provide for some upgrade works to our bridges. As previously described some of our bridges are critical assets providing the only route of transport. To ensure these bridges can cope with severe weather events and remain open to traffic during and emergency, we are planning to progressively strengthen our bridges. This will also allow for high productivity vehicles to use these and increase the economic opportunities in the district. These are prioritised based on strategic use and current traffic numbers.

OPERATING

It is assumed that the operating costs for the Roads and Footpath assets will remain the same plus inflation. This is based on the assumption that although there will be some changes to our levels of service based on the One Network Road Classification framework they will balance out. We are forecasting a slight increase of investment on some of our more critical routes with less investment on our less trafficked roads. Our growth related capital expenditure for the increased capacity to existing network, will not result in significant additional operating costs.





OUR MOST LIKELY SCENARIO – COMMUNITY FACILITIES AND PROPERTY

Community Facilities & Property, including Parks and Open Spaces, is about providing facilities for sport, recreation and cultural activities, affordable housing for elderly people, and buildings and facilities that enable us to provide a range of services to the community. Our key levels of service for the Community facilities and Property assets are described in Section 6 of the Long Term Plan.

Council owns and administers buildings and land across the district. Many of the buildings are more than 50 years old, and will reach their end of useful life in the next 30 years. As these assets come to the end of life we will review the demand and requirement for the assets, and decide whether to replace, repurpose or demolish the buildings. Any decision relating to our Strategic Assets will be subject to community consultation in line with our Significance and Engagement Policy. Any major structural work to buildings will require additional earthquake strengthening in line with the earthquake-prone buildings regulations and amendments to the Building Act 2004 Any demolishment of older buildings must consider whether there is likely to be asbestos within the structure of the asset and how the disposal of this can be managed as part of the project. These considerations have been included in cost estimates for the purpose of this Strategy.

SIGNIFICANT ISSUES AND DECISIONS

To direct our future investment and management of the Community Facilities services, we have identified the following Strategic Priorities in response to the drivers/challenges previously identified:

CHALLENGES	STRATEGIC PRIORITY
Compliance	Comply with regional and national environmental standards which includes earthquake and asbestos regulations
Growth and demand	Support economic growth and productivity
Affordability	Review existing facilities to ensure they remain fit for purpose, and develop an exit strategy for those that do not meet current and future needs of the community.

The significant issues, decisions and options relating to the Community Facilities & Property assets are outlined in the following table, with our preferred options highlighted. Funding for the preferred options has been included in the forecast budget for this Strategy. For each issue the significant assumptions relating to the specific issue is also described. Please refer to Section 5 of the Long Term Plan for the full list of assumptions and assessment of uncertainty and our response.

Issue: Indoor Recreation Facility - Matamata
Driver: Growth & Demand
Decision required: 2018

Headon Stadium is Councils only Indoor Sports Facility in Matamata, it has a one court capacity and was built in 1974. Currently work is being programmed to complete some major repair and renewal work on the Stadium. This work does not make provision for major upgrade or expansion to the current facility.

	Assumption:	**That the recreation trends in the district are as identified in the Regional Sports Facilities Plan 2014.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	To complete a feasibility study and an allocation of capital to construct a new facility.	The detailed feasibility study will look at the economic benefits, most suitable location, and funding options.	$2M 2019/20			✓	
Other options	Status quo – no additional courts in Matamata	Council determines without completing a detailed feasibility study to not provide any additional indoor court space in Matamata	0				
	Budget for part cost of a new 2 court facility with third party funding partnership	Council determines without completing a detailed feasibility study to provide funding to construct a new 2 court facility at the Matamata Domain	$2.5M 2018/19			✓	

Issue: Redevelopment of our Streetscape
Driver: Growth & Demand
Decision required: 2018

It has been determined that the Streetscape in our three towns need to be upgraded. This is a re-development of the streetscape and beyond the replacement of our existing assets. Streetscape assets generally only have a 15 year life.

	Assumption:	**That the growth and demand in our district is as per economic development and population projections.**					
	Principal options	**Implications of options/what are the benefits?**	**Cost estimate and timing**	**Operational**	**Growth**	**Levels of service**	**Renewal**
Preferred option	Allocate a renewal budget for the replacement of the street furniture in our CBD. Like for like.	To ensure that our CBD assets like seats, gardens, bins, railings etc are renewed when required. This will ensure that operating costs can be minimised and renewals programmed. The cost is more as at times assets will be renewed before they fail.	$50,000 per annum				✓
	To provide for an upgrade of the existing streetscapes	This will provide for a new design for our CBD's.	MM $750,000 2019/20 MV $500,000 TA $500,000 2020/21			✓	✓
Other options	Status Quo – retain the current assets and manage these through maintenance	This allows costs to be less by maintaining the current assets. But does not allow for planned replacements of our street furniture assets	Opex $20,000 per annum 2018-48			✓	✓

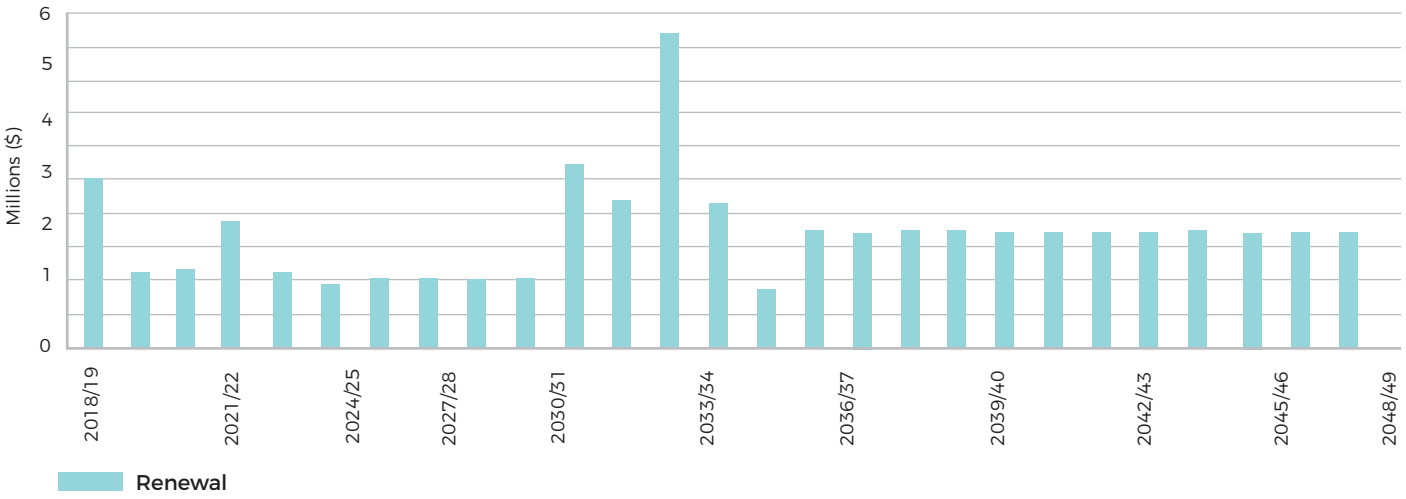
FINANCIAL INFORMATION

RENEWAL PROFILE

The Community Facilities and Property infrastructure assets' condition and reliability of data are described in the Community Facilities and Buildings Asset Management Plan 2018-48 and the Parks and Open Spaces Asset Management Plan 2018-48. Renewal profiles for buildings and plant for Pools and spas are under development. The figures below are using the data from the previous Long Term Plan.

CAPITAL AND RENEWALS

FIGURE 17 - COMMUNITY FACILITIES AND PROPERTY PROJECTED RENEWAL LIFECYCLE REPLACEMENT COST 2018-48



The above graph shows the actual replacement schedule from our database with the smoothing of the work as proposed through this Strategy.

FIGURE 18 - COMMUNITY FACILITIES AND PROPERTY PROJECTED CAPITAL AND RENEWAL EXPENDITURE 2018-48

Figure 18 shows (red lines) the cost of renewals from Figure 17 combined with the actual cost of Community Facilities and Property new works over the 30 years of this strategy.

There is a $1.5m of renewal planned for Headon Stadium in 2018/19 which will allow for the renewal of major components of the building to bring it up to current standards.

Council has adopted an approach for buildings where the need for major renewals are assessed against the use of the building, the associated costs and benefits, and its strategic purpose. A building with very limited use, high replacement cost and having no future use identified will not be renewed. Some allowance has been made in the building maintenance budgets for disposal and/or demolition.

Currently work is underway to develop a more detailed plan for the asbestos and earthquake management of our buildings. A strategy will be developed which will provide further assistance in determining and prioritising the renewal work.
Council has allowed for an increase of $2.9 million over 30 years in renewal funds for assets in our community facilities which have not previously been depreciated. These include tracks and street furniture in our Central Business Districts.
The continued implementation of our Open Spaces Strategy also contributes to the capital expenditure. There is work planned in all of our urban centres to provide pedestrian linkages to achieve connectivity and provide for recreational space.

OPERATING

It has been identified that an increase in level of service is provided for in the Community Facilities activity. The additional operating cost has been allocated to improve and provide an increase in customer satisfaction around CBD cleanliness, amenity and response rates to complaints.