

ROTORUA LAKES COUNCIL

Mayor
Members
COUNCIL

CONFIDENTIAL ITEMS TO BE RELEASED FOR THE QUARTER ENDING 31 MARCH 2024 (INFORMATION ONLY)

Report prepared by: Rick Dunn, Senior Governance and Democracy Advisor

Report reviewed by: Oonagh Hopkins, Executive Director – Corporate Planning and Governance

Report approved by: Andrew Moraes, Chief Executive

**1. TE PŪTAKE
PURPOSE**

The purpose of this report is to provide an update to Council on confidential items which can now be released for the quarter 1 January 2024 to 31 March 2024.

**2. HE TŪTOHUNGA
RECOMMENDATION**

That the report “Confidential Items to be released for the Quarter ending 31 March 2024” be received.

**3. TE TĀHUHU
BACKGROUND****3.1 Council’s Standing Orders, Clause 18.5 ‘Release of information from public excluded’ states:**

“A local authority may provide for the release to the public of information which has been considered during the public excluded part of a meeting.

Each public excluded meeting must consider and agree by resolution, what, if any, information will be released to the public. In addition the chief executive may release information which has been considered at a meeting from which the public has been excluded where it is determined the grounds to withhold the information no longer exist.”

**4. HE WHAKARAPOPOTOTANGA O NGĀ WHAKATAUNGA MATATAPU KUA PUTAINA
SUMMARY OF CONFIDENTIAL DECISIONS RELEASED**

ITEM NO.	ITEM	MEETING
4.1	Tender Approval for Contract 23-027: Water Main and Waste Water Services Development - Corner of SH30 and SH5.	Infrastructure & Environment Committee meeting. 12 December 2023.

ITEM NO.	ITEM	MEETING
4.2	Polynesian Spa Ltd Admission Charge Increase.	Infrastructure & Environment Committee meeting. 7 February 2024.
4.3	Morey St Flood Detention Dams and Wetland Extension of Contract Value to meet Additional Consent Requirements.	Infrastructure & Environment Committee meeting. 6 March 2024.
4.4	Appointment of Chief Executive.	Emergency Council meeting 20 December 2023.

4.1 TENDER APPROVAL FOR CONTRACT 23-027: WATER MAIN AND WASTE WATER SERVICES DEVELOPMENT - CORNER OF SH30 AND SH5

DOC ID: 20058255

The following recommendation was resolved at the Infrastructure & Environment Committee meeting (Confidential items) held 12 December 2023.

Resolved:

1. That the report 'Tender Approval for Contract 23-027: Water Main and Waste Water Services Development Corner of SH30 and SH5' be received.

Moved: Cr Paterson

Seconded: Cr Maxwell

CARRIED

Stavros Michael overviewed the report.

Further resolved:

2. That the Committee approve the award of "Contract 23-027" for the Water Main and Waste Water Services Development-Corner of SH30 and SH5 to Loveridge Ltd for the sum of \$1,062,282.00.
3. That the report not be released.
4. That the minutes relating to this item be made publicly available after successful and unsuccessful tenderers have been advised.

Moved: Cr Maxwell

Seconded: Cr Brown

CARRIED

4.2 POLYNESIAN SPA LTD ADMISSION CHARGE INCREASE

DOC ID: 20131633

The following recommendation was resolved at the Infrastructure & Environment Committee meeting (Confidential items) held 7 February 2024.

Extract of Infrastructure and Environment Committee Meeting Confidential Minutes 7 February 2024

20147418

**KŌRERO MUNA
PUBLIC EXCLUDED**

12.1 POLYNESIAN SPA LTD ADMISSION CHARGE INCREASE (DECION REQUIRED)

20131633

Resolved:

- 1. That the report 'Polynesian Spa Ltd Admission Charge Increase' be received.

Moved: Cr Brown
 Seconded: Cr Waru
CARRIED

Rob Pitkethley and Gert Taljaard (Chief Executive, Polynesian Spa Ltd) overviewed the report.

Further Resolved:

- 2. That the Committee approves the admission charge increase to retail prices as detailed below proposed by Polynesian Spa Ltd.

Product	Current Charge	Proposed Charge	% inc
Pavilion Pools	\$39.95	[REDACTED]	[REDACTED]
Family Pool Adult	\$26.95		
Family Pool Child	\$11.95		
Deluxe Lake Spa Adult	\$69.95		
Deluxe Lake Spa Child	\$69.95		
Lake View Private Pool	\$44.95		
Sky View Private Pool	\$29.95		
Private Pool Child	\$11.95		
Residents Monthly Pass	\$69.95		

Product	Current Charge	Proposed Charge	% inc
Residents Club Annual Pass	Minimum 20% discount to most pools and up to 43% on Deluxe Lake Spa. 20% off gift shop, Café & Massage.	[REDACTED]	[REDACTED]

3. That a redacted version of the report and minutes relating to this item be made publicly available following the Committee meeting.
4. That Council request Polynesian Spa Ltd maintain the previous discounts under the residents club annual pass.

Moved: Mayor Tapsell
 Seconded: Cr Wang
CARRIED

A division was called and votes were recorded as follows:

FOR: Cr Barker, Cr Wang, Cr Maxwell, Cr Kai Fong, Mayor Tapsell
 AGAINST: Cr Kereopa, Cr O'Brien, Cr Waru, Cr Paterson
 ABSTAINED: Cr Lee, Cr Brown

4.3 CONTRACT 22/028 MOREY ST FLOOD DETENTION DAMS AND WETLAND EXTENSION OF CONTRACT VALUE TO MEET ADDITIONAL CONSENT REQUIREMENTS

DOC ID: 20188574

The following recommendation was resolved at the Infrastructure and Environment Committee meeting (Confidential items) held on 6 March 2024.

DOC ID: 20239902

1

Extract from Infrastructure and Environment Committee Meeting Confidential Minutes 6 March 2024

20194988

**KŌRERO MUNA
PUBLIC EXCLUDED**

10.2 CONTRACT 22/028 MOREY ST FLOOD DETENTION DAMS AND WETLAND EXTENSION OF CONTRACT VALUE TO MEET ADDITIONAL CONSENT REQUIREMENTS

20188574

Resolved:

1. That the report Contract 22/028 Morey St Flood Detention Dams and Wetland Extension of Contract Sum to meet additional building consent requirements be received.

Moved: Mayor Tapsell

Seconded: Cr Lee

CARRIED

Stavros Michael overviewed the report and spoke to a presentation titled "Morey SW Dams Contract Variation."

Further Resolved:

2. That the Committee agrees to increase Contract 22/028 Morey St Flood Detention Dams and Wetland Contract from S7(2)(b)(ii), noting the additional sums reflect the compliance and design changes required by Waikato Regional Council as the regulating authority for dam construction compliance and that, without this additional work, building consent cannot be obtained and council's housing outcome anticipating up to 2,000 houses in the eastern catchment 4 area cannot be achieved.
3. That the Committee notes that the overall project cost (including an extension) will be S7(2)(b)(i), consisting of geotechnical, preliminary and detailed design, consents, physical works contract, extension to physical works, a contingency of S7(2)(b) and construction of a downstream wetland S7(2)(b).
4. That the Committee note that, in approving the contract extension, there will be an impact on the Draft 30-Year Infrastructure Strategy, Draft Financial Strategy and the proposed rates increase for Year 1 of the Draft Long-term Plan which would become an average of 10.2% compared with the average 9.88% proposed in December 2023.
5. That the Committee note that, in approving the contract extension, the Draft 30-Year Infrastructure Strategy, Draft Financial Strategy and supporting information would need to be updated prior to the Long-term Plan consultation document being published.
6. That this report be made publicly available on 4 April 2024, aligning with the publication of the LTP consultation document (with redactions for commercially sensitive information).
7. That the minutes relating to this item be made publicly available on 4 April 2024, aligning with the publication of the LTP consultation document.

Moved: Cr Barker

Seconded: Mayor Tapsell

CARRIED

Document Set ID: 20239902
Version: 7, Version Date: 04/04/2024

4.4 APPOINTMENT OF CHIEF EXECUTIVE

The following recommendation was resolved at the Emergency Council meeting (Confidential items) held on 20 December 2023.

DOC ID: 20130612

1

Council Emergency Meeting Minutes
20 December 2023

Confidential Minutes Emergency Council Meeting 20 December 2023

20130612

**KŌRERO MUNA
PUBLIC EXCLUDED**

6. NGĀ TAKE MATATAPU CONFIDENTIAL ITEMS

6.1 APPOINTMENT OF CHIEF EXECUTIVE

20098486

Resolved

1. That the report "Appointment of Chief Executive for the Rotorua Lakes Council" be received.

Moved: Cr Paterson
Seconded: Cr Kereopa

CARRIED

Mayor Tapsell spoke to the report and nominated Andrew Moraes as the candidate for Chief Executive. She also informed that if the nomination is not supported, then she'll call for a nomination of another candidate. Mayor Tapsell also outlined the process of the recruitment process, which was supported with comments from Cr Kai Fong.

Further Resolved

2. That the Council appoint Andrew Moraes to the position of Chief Executive.
3. That the Council delegate to the Mayor and Sheffield Search to present an offer of employment to Andrew Moraes within the set parameters and subject to negotiation of:
 - a) A term of employment with initial contract tenure of 5 years (Local Government Act provides for an initial term of up to 5 years).
 - b) A total remuneration package including:
 - Total remuneration salary, including base salary and superannuation/ Kiwisaver and company car of (\$360,000 to \$380,000).
 - c) A company car, included in total remuneration, as per the Rotorua Lakes Council vehicles policy or a vehicle value up to \$65,000, and accordingly salary sacrifice of \$19,500.
 - d) Five weeks annual leave.
4. The Council note, following the acceptance of the offer of employment, the Mayor will:
 - Notify the interim chief executive of successful appointment and start date
 - Notify the staff of a successful appointment of a Chief Executive and the start date.
 - Prepare and publish a media release that announces the Council appointment of a Chief Executive and the start date.

5. **That this report be made publicly available following all contract negotiations with the preferred candidate having been completed and a commencement date of employment has been established.**
6. **That the minutes relating to this item be made publicly available following all contract negotiations with the preferred candidate having been completed and a commencement date of employment has been established.**

Moved: Mayor Tapsell

Seconded: Cr Kai Fong

CARRIED UNANIMOUSLY

Mayor Tapsell thanked all those that that have been involved in the recruitment process and acknowledged the strength of the process of the candidates. The Mayor will now proceed with the next steps of the process to offer Andrew the role of chief executive.

**7. HE WHAKATAUNGA KIA HURI ATU TE ARONGA O TE HUI HAI HUI TŪMATAWHĀNUI
RESOLUTION TO MOVE OUT OF PUBLIC EXCLUDED**

Resolved

1. **That Council move out of Public Excluded Session.**

Moved: Cr Waru

Seconded: Cr O'Brien

CARRIED

OPEN SESSION

**5. NGĀ ĀPITI HANGA
ATTACHMENTS**

Attachment 1: Polynesian Spa Ltd Admission Charge Increase – Redacted Report

Attachment 2: Contract 22/028 Morey St Flood Detention Dams and Wetland Extension of Contract Value to meet Additional Consent Requirements - Redacted Report

Attachment 3: Appointment of Chief Executive - Redacted Report

Attachment 1: Polynesian Spa Limited Admission Charge Increase (Decision Required) – Redacted

DOC ID : 20223746

3

Doc ID: 20131633

<p>KORERO MUNA PUBLIC EXCLUDED</p>
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RESOLUTIONS TO EXCLUDE THE PUBLIC

<u>General subject of each matter to be considered</u>	<u>Reason for passing this resolution in relation to each matter</u>	<u>Ground(s) under Section 48(1) for passing of this resolution</u>
Polynesian Spa Ltd Admission Charge Increase	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Section 48(1)(a) Section 7(2)(b)(ii)

DOC ID : 20223746

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Doc ID: 20131633

ROTORUA LAKES COUNCIL

Mayor
Chair and Members
INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

POLYNESIAN SPA LTD ADMISSION CHARGE INCREASE (DECISION REQUIRED) - REDACTED

Report prepared by: Rob Pitkethley, Manager Active and Engaged Communities

Report reviewed by: Stavros Michael, Group Manager Infrastructure and Environment

Report approved by: Gina Rangī, Interim Chief Executive

1. **TE PŪTAKE
PURPOSE**

The purpose of this report is to seek Council approval for the Polynesian Spa Limited's changes to the Admission Charges to various pools at the Polynesian Spa in Government Gardens.

2. **HE TŪTOHUNGA
RECOMMENDATION**

1. That the report 'Polynesian Spa Ltd Admission Charge Increase' be received.
2. That the Committee approves the admission charge increase to retail prices as detailed below proposed by Polynesian Spa Ltd.

Product	Current Charge	Proposed Charge	% inc
Pavilion Pools	\$39.95	Section 7(2)(b)(ii)	
Family Pool Adult	\$26.95		
Family Pool Child	\$11.95		
Deluxe Lake Spa Adult	\$69.95		
Deluxe Lake Spa Child	\$69.95		
Lake View Private Pool	\$44.95		
Skyview Private Pool	\$29.95		
Private Pool Child	\$11.95		
Residents Monthly Pass	\$69.95		
Residents Club Annual Pass	Minimum 20% discount to most pools and up to 43% on Deluxe Lake Spa. 20% off gift shop, Café & Massage.		

3. That a redacted version of the report and minutes relating to this item be made publicly available following the Committee meeting.

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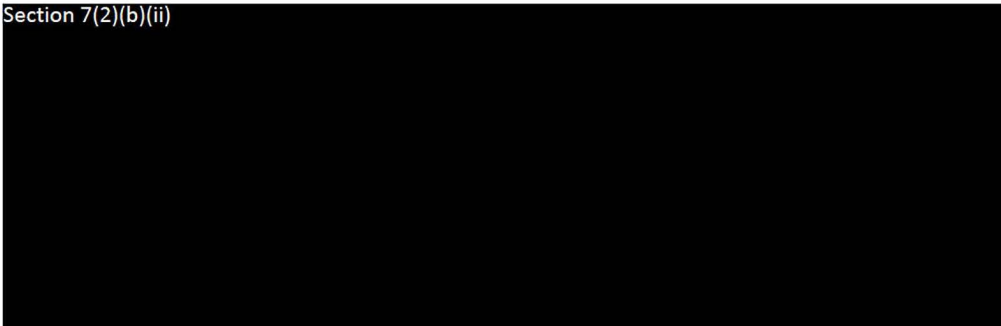
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3. TE TĀHUHU BACKGROUND

The Polynesian Spa Ltd proposed a range of admission price increases for the 2024 bathing season (starting 1 April 2024) to the December 2023 Infrastructure and Environment Committee meeting. These proposals were discussed by the Committee members and there was not support for the proposed increases, with the main areas of contention being what are considered to be the local products based around the Family Pool admission prices. The December 2023 proposed prices were agreed to be left on the table until a discussion was completed with Polynesian Spa Ltd.

The Active and Engaged Community Manager has met with the Chief Executive Officer for Polynesian Spa Ltd and discussed the December 2023 Infrastructure and Environment Committee meeting and the main points of concern. The Polynesian Spa CEO has received this information and after Board discussion, has proposed an adjusted table of price increases for the 2024 season. These price increases are detailed in Recommendation 2 of this paper and the Chief Executive Officer for Polynesian Spa Ltd will be available at the February 2024 Infrastructure and Environment Committee meeting to talk to the Committee.

Section 7(2)(b)(ii)



The proposed percentage increase to admission fees to the Polynesian Spa Family Pool are now approximately half of the proposed percentage increase to the other pools in the facility. The Residents Club Annual Pass also applies significant discounts to these other pool offerings for locals.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

4.1 Price increases

As noted in the December 2023 agenda, the admission price increases being requested for the 2024 season follow relatively lower than normal increases requested over the last few years. For the 2023 year the requested increases were well below CPI and for some categories no increase in admission charges occurred. In the 2022 year the increases averaged around 15% but this was to cover a two year period as there were no increases requested since 2020 due to Polynesian Spa Ltd working through the Covid 19 impacts on their business.

The December 2023 Infrastructure and Environment Committee meeting agenda paper on this item discussed the cost pressures facing the business and the capital investments that have been made in the last year both for pool visitors and staff. There are also planned capital costs coming this year with further building improvements and landscape changes associated with a period of business disruption that will occur when the lakeside retaining wall is being renewed.

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RotoruaNZ regularly monitor visitor attractions and local businesses via the Rotorua Business Pulse Survey and the most significant recent concerns for Rotorua tourism businesses are the inflating costs of goods and services and attracting and retaining good staff. Consequently the cost pressures facing Polynesian Spa Ltd are not unique and capital investment into improved staff facilities is a good way to try and reduce staff retention and attraction problems facing many local businesses. RotoruaNZ also monitor attraction pricing and the proposed increases put forward by Polynesian Spa are not considered to be unusual or excessive in the current attraction market. RotoruaNZ have said that two other operators with similar price point offerings have recently increased their prices by 42% and 38% to meet increasing pressures on their businesses.

Option 1**Retain the status quo and do not approve the charge increase for the admission charges.**

This option will limit Polynesian Spa Limited's ability to operate and continue supplying improved services to locals and visitors and employment for staff. The tourism economy is still recovering from Covid 19 effects where many businesses exhausted their balance sheets and had limited ability to generate revenue to meet costs and improve their offerings. With Rotorua still striving to be an international spa city with an increasing range of offerings, the Polynesian Spa Ltd has been maintaining a service that meets a market segment and not approving these proposed increases will make it more difficult to provide this market opportunity for visitors and locals in Rotorua.

Option 2**Approve the charge increase requested for the admission charges.**

This option would allow Polynesian Spa Limited to continue maintaining the current levels of service for the spa market and ensuring that historic and future investments in the facility are able to deliver the necessary sustainable returns. The Polynesian Spa Ltd has reduced the earlier proposed price increase for the most popular local offering being the Family Pool facilities. There is also further discounting via the Residents Club Annual Pass. A check against other admission prices shows the Polynesian Spa Ltd locals pricing is comparable with other similar commercial hot spring pool offerings in Rotorua.

Option 2 is the recommended option.

**5. TE TINO AROMATAWAI
ASSESSMENT OF SIGNIFICANCE**

The decisions or matters of this report are not considered significant in accordance with the Council's Significance and Engagement Policy.

**6. NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA
COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY**

Community consultation is not considered necessary in relation to this matter.

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**7. HE WHAIWHAKAARO
CONSIDERATIONS****7.1 Mahere pūtea
Financial/budget considerations**

This matter has no impact on Council's finances as it is a request to approve a change in admission charges as per Polynesian Spa Limited's lease with Council and these charges have no influence on Council's rental revenue.

**7.2 Kaupapa Here me ngā Hiraunga Whakariterite
Policy and planning implications**

The approval of changes to the admission charges for entry to the Polynesian Spa are consistent with the Council's economy priorities of enabling and attracting smart investment, confidence and a vibrant reputation and contributing to a world class tourism destination. It also assists with the community priority of enhancing community wellbeing.

**7.3 Tūraru
Risks**

There are no significant risks to Council associated with this matter. As with all decisions of Council, there is a reputational risk to ensure that the public and any persons with whom Council has a formal relationship, such as a lessee, that Council is seen to be and is fair and reasonable in all its dealings. There is some risk that resident users of bathing options will be affected by these admission increases however, there will also be residents who appreciate the additional value and quality of the bathing areas and discounted access to a wider range of facilities.

**7.4 Te whaimana
Authority**

Approval for these admission charge changes is provided for in the lease.

Attachment 2: Contract 22/028 Morey St Flood Detention Dams and Wetland Extension of Contract Value to meet Additional Consent Requirements

DOC ID: 20239902

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Doc ID: 20188574

**KORERO MUNA
PUBLIC EXCLUDED****RESOLUTIONS TO EXCLUDE THE PUBLIC**

<u>General subject of each matter to be considered</u>	<u>Reason for passing this resolution in relation to each matter</u>	<u>Ground(s) under Section 48(1) for passing of this resolution</u>
Contract 22/028 Morey St Flood Detention Dams and Wetland Extension of Contract Sum to meet additional building consent requirements	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Section 48(1)(a) Section 7(2)(b)(ii)

DOC ID: 20239902

3

Doc ID: 20188574

ROTORUA LAKES COUNCIL

Mayor
Chair and Members
INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

CONTRACT 22/028 MOREY ST FLOOD DETENTION DAMS AND WETLAND EXTENSION OF CONTRACT VALUE TO MEET ADDITIONAL CONSENT REQUIREMENTS**Report prepared by:** Eric Gurden 3 Waters Capital Programme Manager**Report reviewed by:** Stavros Michael Group Manager – Infrastructure and Environment**Report approved by:** Gina Rangi – Interim Chief Executive**1. TE PŪTAKE
PURPOSE**

The purpose of this report is to seek approval from the Committee to extend contract 22/028 due to new dam building consent conditions imposed on the project at Morey Street by Waikato Regional Council, the regulating authority for dam construction compliance.

Secondly, the report advises of the impacts this would have on the Draft 30-Year Infrastructure Strategy, Draft Financial Strategy, the proposed rates increase in year one of the Draft 2024-2034 Long-term Plan and the draft updated Development Contributions Policy.

**2. HE TŪTOHUNGA
RECOMMENDATION**

1. That the report Contract 22/028 Morey St Flood Detention Dams and Wetland Extension of Contract Sum to meet additional building consent requirements be received.
2. That the Committee agrees to increase Contract 22/028 Morey St Flood Detention Dams and Wetland Contract from S7(2)(b)(ii), noting the additional sums reflect the compliance and design changes required by Waikato Regional Council as the regulating authority for dam construction compliance and that, without this additional work, building consent cannot be obtained and council's housing outcome anticipating up to 2,000 houses in the eastern catchment 4 area cannot be achieved.
3. That Council notes that the overall project cost (including an extension) will be S7(2)(b)(iii), consisting of geotechnical, preliminary and detailed design, consents, physical works contract, extension to physical works, a contingency of S7(2)(b) and construction of a downstream wetland S7(2)(b)(iv).
4. That Council note that, in approving the contract extension, there will be an impact on the Draft 30-Year Infrastructure Strategy, Draft Financial Strategy and the proposed rates increase for Year 1 of the Draft Long-term Plan which would become an average of 10.4% compared with the average 9.88% proposed in December 2023.

DOC ID: 20239902

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5. That Council note that, in approving the contract extension, the Draft 30-Year Infrastructure Strategy, Draft Financial Strategy and supporting information would need to be updated prior to the Long-term Plan consultation document being published.
6. That this report be made publicly available on 4 April 2024, aligning with the publication of the LTP consultation document (with redactions for commercially sensitive information).
7. That the minutes relating to this item be made publicly available on 4 April 2024, aligning with the publication of the LTP consultation document.

3. TE TĀHUHU BACKGROUND

Council's investment in infrastructure to create appropriate capacity for anticipated future housing development involves significant upfront costs and impacts on Council's debt. However, the design horizon of such infrastructure investment is long, up to 100 years. The objective of Council's Development Contributions Policy is to ensure gradual recovery of these upfront costs from those who benefit from that infrastructure.

A summary of the development of this project/contract is outlined below.

2020

In mid-2020, during the initial period of the Covid-19 Pandemic, the Government offered to provide funding assistance to Local Authorities to progress projects that would otherwise be unaffordable, to help stimulate local economies (Crown Infrastructure Partners or CIP funding).

Rotorua Lakes Council successfully secured:

1. \$5.0m in CIP funding for Active Transport modes improvements (shared paths and safety) and
2. \$15.0m contribution for the stormwater system enhancements targeting as a priority upstream attenuation (Morey Street Dams) to enable the Ngāti Whakaue Tribal Lands Stage 1 to Stage 11 land development, which would enable 1100 housing units. The project estimate at that time was up to \$30m (noting that detailed design, consenting and tender process would confirm the final pricing).

In addition, with Council support, the fund also provided \$35.0m directly to NZTA/Waka Kotahi for Stage 2 of the Te Ngae SH30 improvements – Sala Street to Ōwhata Road (Stage 1 was in progress).

The proposed housing growth area within the Ngāti Whakaue Tribal Lands area contributes towards the acceleration of needed housing supply and is in line with Council's broader housing objectives.

The CIP funding agreement required substantial completion of the proposed work in 2023 and that Council would continue further downstream improvements.

2021

The CIP funding was used to prepare an Eastern Catchment stormwater management plan that identified the necessary high level upstream attenuation, the downstream stormwater channels constraint points and the required sequential long-term intervention works. These works aim to enhance the whole of the system capacity including climate change considerations over a 100-year horizon and new stormwater loading demand expected to arise from planned new housing in the area.

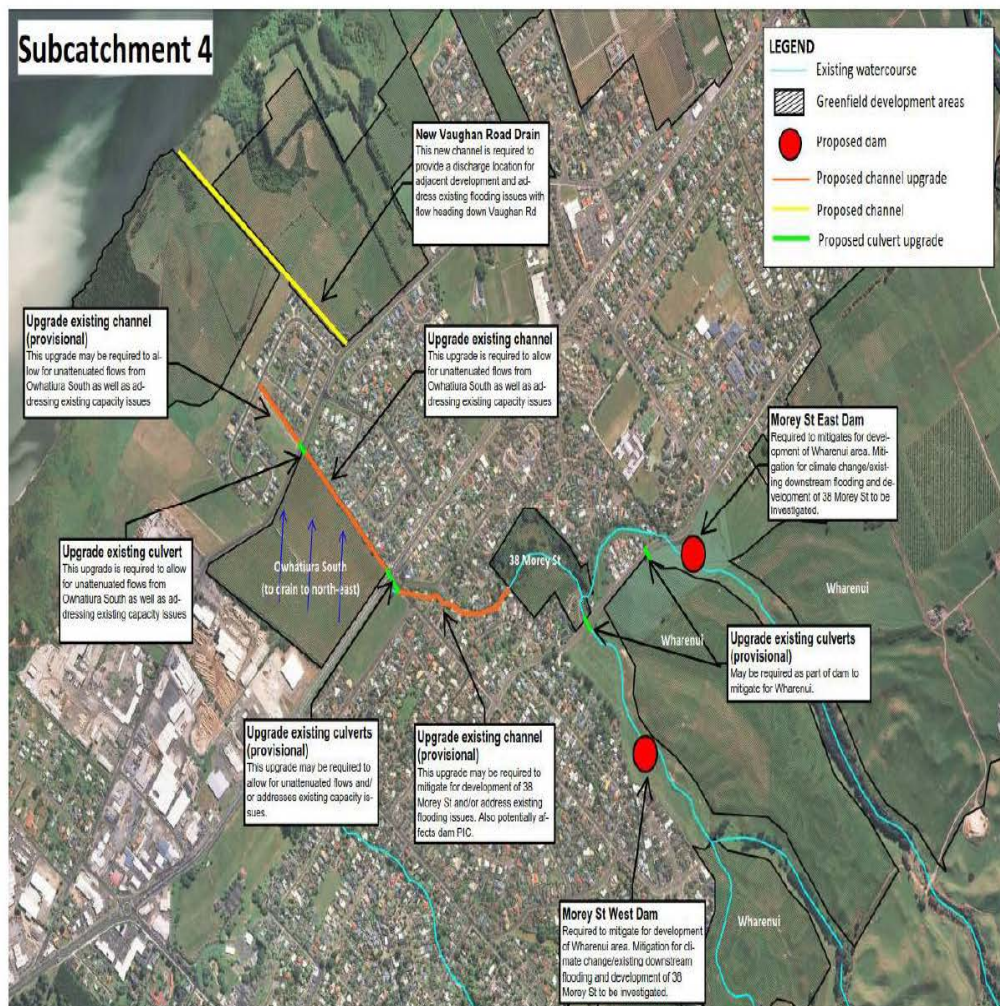
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Preliminary feasibility investigations and location assessment established that two flood detention dams above Morey Street and a wetland for water quality treatment would:

- Enable development of about 1,100 sections within the Ngāti Whakaeu Tribal Lands area.
- Reduce the adverse impact of present day and modelled future climate change scenarios. Mitigation of future climate change impacts and the potential impact of flooding is a key issue for stormwater in the Rotorua district.
- Mitigate the impact of increased stormwater runoff from housing development on the existing downstream stormwater system.
- Further mitigate existing flooding risks downstream of the proposed development area through more effective flow balancing.
- Improve water quality resulting from sediment settlement at the detention dams and filtration/settlement provided by the wetland

The below image identifies works through the sub-catchment, including the Morey St dams:



DOC ID: 20239902

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2022

Preliminary engineering design of the proposed works was completed in mid-2022. Applications were made for:

- Resource consent (lodged with Toi Moana - Bay of Plenty Regional Council);
- Building Consents to authorise construction of the detention dams (lodged with Waikato Regional Council, the dams' regulatory authority).

At the same time, land easements were negotiated and agreed with Ngāti Whakaue Tribal Lands for the siting of the dams and drainage reserve channels upstream and downstream of the dams.

In June 2022, the council received a report providing an update on progress, noting timeframes to comply with the funding agreement, and an open tender process was underway. Due to local government elections in September 2021, the Council resolved in June 2022 to delegate authority to the Chief Executive Officer to finalise and approve a contract to start construction.

The delegated authority also enabled the project to meet CIP funding timing parameters. To meet that funding milestone a contract was required to be let around October 2022 so that mobilisation and earthworks could start during that coming summer.

The CIP funding contribution of \$15m towards the eastern stormwater management plan (estimated then to be about \$30.0m) included delivery timeframe expectations and the proviso that the council, through its Long-term Plan programmes, would continue to improve and complete the balance of the required stormwater works in the catchment.

A preliminary schedule of quantities of works was used to structure the tenders and the contract to rapidly progress construction of the dams. Based on those preliminary schedules, the dams work was subsequently awarded to MAP Projects for §7(2)(b)(ii) with a provisional contingency of §7(2)(b) to be held by Council.

The contract was awarded prior to obtaining a dam building consent because of the CIP timing requirements and the uncertainty about how long such a consent would take to be granted by the regulating authority. The risk of awarding the contract ahead of a dam building consent was highlighted within the project risk register and was provisionally mitigated by submitting the detailed design through an independent peer review process.

2023

Between late 2022 and mid-2023, severe weather events resulted in cumulated rainfall of three times the annual average for Rotorua, with Cyclone Gabrielle causing about \$13B of damages across the country and in our district high lake water levels and generally very high saturation ground conditions.

Preparatory earthworks proceeded throughout 2023 but were impacted by adverse weather and ground conditions in the early part of the year.

DOC ID: 20239902

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In November 2023 Waikato Regional Council, in considering that the dams would hold about 250,000 tonnes of water in extreme weather events, adopted a particularly conservative approach in its Potential Impact Classification (PIC). This required a number of additional dam safety measures to further reduce risk and to safeguard downstream properties from a potential dam collapse.

Through December and into January 2024, Council and its specialist dam designers interrogated those additional regulatory decisions but Waikato Regional Council held firm in its position.

The flow-on effect of these strict conditions is that there is a need to amend a number of significant design components and the evaluation of contract-based re-pricing as well as final contract delivery time delays. The changes imposed by the building consent are outlined later in this report.

It is important to note that these consent conditions must be met for the dams to obtain a certificate of compliance and to satisfy the CIP funding terms so that the funding can be released.

2024

The building consent conditions were assessed and in December 2023/January 2024 the necessary design and contract pricing changes were initiated to ensure that the dams can achieve the required certified compliance.

The project is currently progressing with the expectation that it will be completed (structurally) by June 2024, subject to approval of the recommendations in this report. CIP funding partners are sympathetic to the reasons for the works progressing beyond 2023, but their expectation remains that the full anticipated outcome of the dams and gradually the downstream works will continue to be pursued and delivered by the council, as their main driver for the funding support is to enable housing supply objectives.

Detail of additional works now required

- **Morey East Auxiliary spillway** S7(2)(b)(ii)
The current contract tender design spillway included a reinforced, grass-lined surface with a discharge point at the toe of the dam. The regulator did not concur with the approach of having the spillway discharge near the toe of the dam and its review decision requires a concrete dissipation structure (such as at Morey West). After several iterations the decision was made to re-design the spillway with a new alignment that discharges further away from the dam and includes rip-rap lining to the downstream sections.

DOC ID: 20239902

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- **Morey West Auxiliary spillway** S7(2)(b)(iii)
The initial tender issue drawings for the auxiliary spillway included a concrete chute and energy dissipation structure. The regulator requires that the maximum nested storm inflow assumptions be increased. This allowance for higher flows means the spillway requires further capacity enhancement. The final design for the concrete structures is larger and there is a significant increase in concrete and steel quantities. In an effort to reduce the impacts of these changes the design team carried out value engineering to straighten and shorten the spillway alignment.
- **Addition of geogrid layers** S7(2)(b)
Geogrid layers added to the Morey West dam to provide greater strength (less tension damage) during an earthquake.
- **Primary Spillway Changes** S7(2)(b)
Changes to both dams' primary spillway pipe connection detail from HDPE to concrete section including stainless steel sleeve and grouting.
- **Morey West Primary Spillway Changes** S7(2)(b)
Change to Morey West primary spillway steel design to address potential liquefaction risk and change from HDPE pipe connections to electrofusion welds.
- **Additional instrumentation** S7(2)(b)(ii)
Extensometers to measure deflections in an earthquake for Morey West.
- **Morey east abutment filters** S7(2)(b)
Highly permeable materials present at Morey East could potentially act as seepage paths around the dam. Additional filter zones were required to be designed to mitigate this risk.
- **Archaeology discovery** S7(2)(b)
Several archaeological sites were discovered in the borrow areas. This stopped earthworks for approximately 10 days while an archaeologist was engaged, and Heritage NZ was informed and investigated.
- **Extended weather and time-related costs** S7(2)(b)
The time-related costs the contractor is entitled to are still being worked through, however, it is likely that this will be about \$1m in additional cost.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

As noted above the government CIP funding contribution of \$15.0m was offered on the basis that the funds would be substantially used by 2023. The CIP funding contribution was also used to support exploration of a range of robust, holistic solutions in the stormwater management plan for the catchment, including design, resource consenting, construction and dam expert supervision, downstream wetlands requirements, ecological and cultural assessments, archaeological protocols and downstream optimisation of channels to the lake as well as legal and land easement costs for the two attenuation dams.

The building consent conditions to complete and certify the dams (the most critical portion of the whole system in the catchment) means the actual dams contract costs will exceed the currently approved contract. The government funding contribution of \$15.0m is capped. The balance of the funding required to complete the stormwater management plan in the catchment and to enable the

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anticipated housing development will need to be funded initially by the council’s own funds and recovered through Development Contributions.

Impacts on the Draft 30-Year Infrastructure Strategy

The Draft Infrastructure Strategy anticipates ongoing network renewal programmes for the LTP as well as investment for stormwater enhancements in the 2024-34 years as below:

Programme	\$Total Mil	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
SW Renewals	30	3	3	3	3	3	3	3	3	3	3
East SW Catch total	23.66	3.675	1.985	3.94	2.69	4.28	4.53	2.56			
Lee Rd	2.72				0.25	0.5	1.97				
Hinemoa Pt area	4.22	0.1	0.37	0.75	1.5	1.5					
Owhata/Mansfield	1.43			0.13	0.3	1.0					
Iles/Butler area	7.04				0.64	1.28	2.56	2.56			
Vaughan culvert	3.08	3.08									
Owhatiura Sth	1.65	0.165	0.165	1.32							
Melrose PI	3.080	0.28	1.4	1.4							
Morey culvert	0.44	0.05	0.05	0.34							

Notes:

1. The proposed enhancements enable land development and therefore will be included in the Development Contributions Policy.
2. It will be recommended that the additional funding required to complete the Morey Street Dams project/contract be included in the Development Contributions Policy as well because the works will enable land development.

Impacts on Draft Financial Strategy

The additional costs to complete the Morey street dams will increase debt by an equivalent **s7(2)(b)**, which will be recovered through development contributions. This will alter Council’s debt profile and interest expense over the 10 year of the LTP.

Impacts on proposed rates increase Year 1 – movement from 9.88% to 10.4%¹

Including this additional capital budget in Council’s Long-term Plan will increase interest expense in Year 1, bringing the rates increase from 9.88% to 10.4%. Staff have not included a proposal to find additional savings to offset this increase because this would primarily be achieved by decreasing funding dedicated to future years’ renewals (i.e. less than depreciation). Such an approach would reduce rates in the short term, but would have medium and long term impacts on the adequacy of council infrastructure. In particular, it would increase the risk of asset failure, which impacts on safety, property and the downstream environment. Reducing spend on renewals is therefore inconsistent with Council’s priorities of being a good steward of resources, prudent financial management and protecting and restoring our environment. Further, the Government has already signalled that legislation to support its Local Water Done Well policy will require that renewals be fully funded.

Options for the committee to consider

- (a) Approve an extension to the existing project value. This will allow for the costs of the additional building consent requirements, based on the engineer’s assessment of a fair contract value and

¹ The correct percentage of 10.2% is noted in the minutes. (see recommendation number 4 – page 1)

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on the rates of the approved tenders including a provisional contingency (held by Council) for any as yet unforeseeable elements. **(recommended)**

- (b) To not approve contract sum change or slow works **(not recommended)**.

The CIP fund retains some \$13m of funds that can be released to Council subject to the certified completion of the dams. Costs to date have been funded through debt and if the works do not progress to completion, that debt will remain with Council. In addition it will impact on the Council's relationship with the Government which funds other similar programmes like the Infrastructure Acceleration Fund.

If the works are slowed down, coming weather changes will likely push this project further into the following summer, incurring additional maintenance costs and creating risks due to incomplete earthworks.

If the dams are not completed and certified, Council will not be able to consent housing on the Ngāti Whakaue Tribal Lands stages, causing loss of economic activity, tension with NWTL land easement agreements and reducing anticipated housing outcomes. The upstream works must be completed to allow the development of the 1100 houses anticipated within the NWTL stages. This was clearly articulated in the CIP funding Deed.

The likelihood of a better price for the necessary balance of works required to meet consent compliance through the re-procurement of a separate contract is poor.

Officers' advice is that Option (a) is the most prudent course of action in terms of cost and risk management and would ensure the current contractor's resources remain on site and works are completed within the timeframes expected by the Crown, which will enable the release of the balance of the CIP funds.

6. **TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE**

The decisions or matters of this report are significant with regards to the contract price variance, and will require updates to the draft Infrastructure Strategy and Financial Strategy, before consultation is approved for the proposed LTP. It does not require separate consultation as consultation will occur through the LTP process.

7. **NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY**

Significant effort has been made to secure the resource and building consents for these works, including engagement with iwi, land owners and the local community during the feasibility and design development phase of the project. The two dams under construction are within Ngāti Whakaue Tribal Lands (NWTL) and a Heads of Agreement was signed with NWTL for these works.

8. **HE WHAIWHAKAARO CONSIDERATIONS**

8.1 **Mahere Pūtea Financial/budget considerations**

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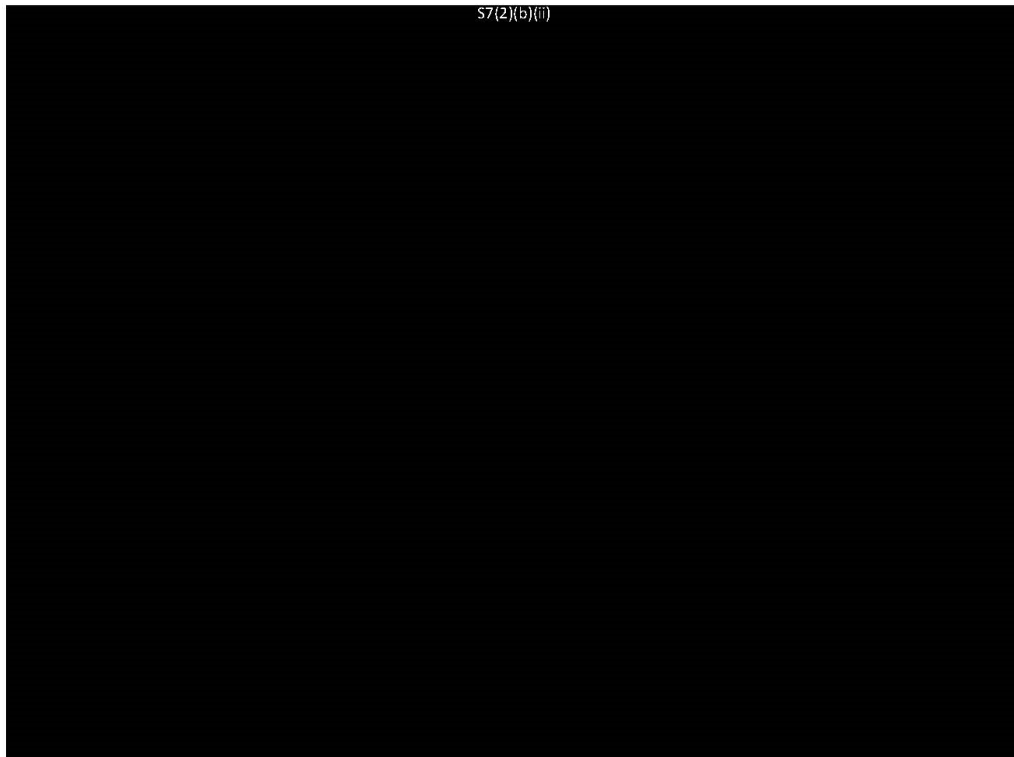
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The 2021-2031 LTP allocated funding for stormwater improvements in the Eastern Rotorua area. \$15m from the CIP Shovel Ready fund was included within that funding provision on the basis that those funds would be sufficient to undertake all pre-construction, legal, planning, design, consenting and building the two upstream dams and the peripheral system elements.

The Building Consent Conditions required by the regulatory authority in late 2023 have driven a variance to the expected final cost.

The summary financial impacts for the contract are tabled below:

S7(2)(b)(ii)



8.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications

Updates are now required to the draft Infrastructure Strategy and Financial Strategy for the proposed LTP. These will be updated and submitted to a future Council meeting. The updated costs will also be included in the Development Contributions Policy, which will also be reported to a future Council meeting.

8.3 Tūraru Risks

Council is committed to this project as it is a significant part of its overall programme and key to the implementation of the housing objectives articulated in the Council's LTP and reconfirmed as a key strategic priority.

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Not extending the value of the current contract for building the stormwater detention dams will not offset the need for the works. Opting for a separate procurement in the general market instead carries the risk of higher cost increase and potential supply chain disruption that would jeopardise consents for housing development.

**8.4 Te Whaimana
Authority**

Council has the authority to approve the recommendation of this report as per the Council Delegations Register.

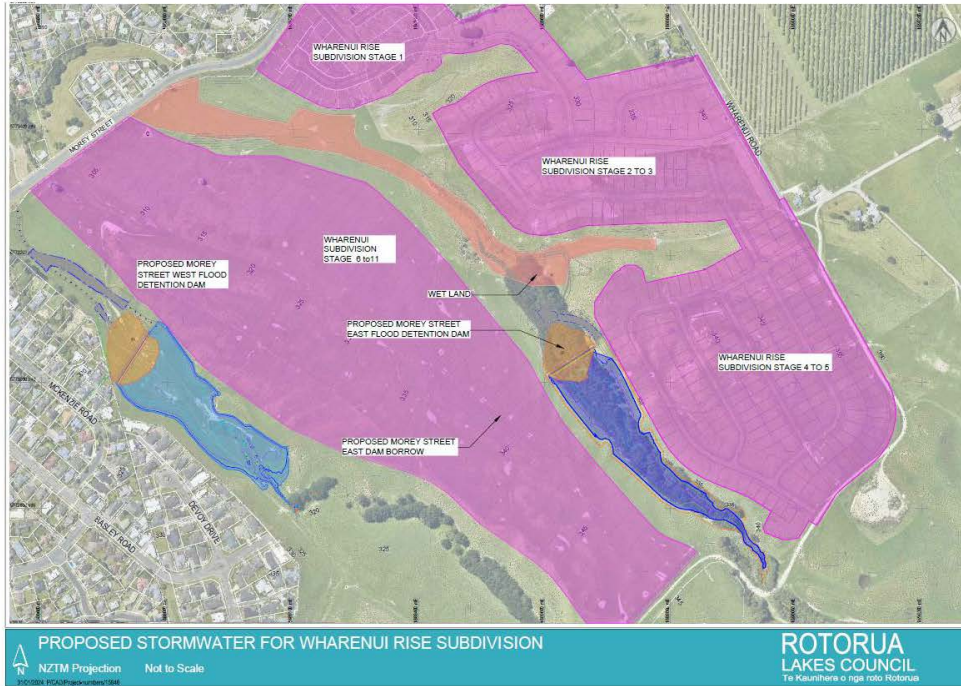
**10. NGĀ ĀPITI HANGA
ATTACHMENTS**

Attachment 1: Extent of proposed NWTL Wharenui Rise Development
Attachment 2: Morey St Dam Construction Photos

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Attachment 1: Extent of proposed NWTL Wharenui Rise Development



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Attachment 2: Morey St Dam Construction Photos



Western Dam auxiliary spillway construction



Eastern Dam progressing above the ground



Western Dam - construction of the primary outlet



Eastern Dam progress from above



Western Dam - construction of the primary spillway



Eastern Dam - construction of the primary spillway

Attachment 3: Appointment of Chief Executive

**KORERO MUNA
PUBLIC EXCLUDED**

RESOLUTIONS TO EXCLUDE THE PUBLIC

<u>General subject of each matter to be considered</u>	<u>Reason for passing this resolution in relation to each matter</u>	<u>Ground(s) under Section 48(1) for passing of this resolution</u>
Appointment Chief Executive	Protect the privacy of natural persons, including that of deceased natural persons.	Section 48(1)(a) Section 7(2)(a)
	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Section 48(1)(a) Section 7(2)(b)(ii)
	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 48(1)(a) Section 7(2)(i)
	Maintain effective conduct of public affairs through protection of such members, officers, employees and persons from improper pressure or harassment.	Section 48(1)(a) Section 7(2)(f)(ii)

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ROTORUA LAKES COUNCIL

Mayor
Members
COUNCIL

Appointment of Chief Executive for Rotorua Lakes Council

Report prepared by: Oonagh Hopkins – Executive Director, Corporate Planning & Governance /
Clint Brickhill – Director, People & Organisational Development

Report reviewed by: Mayor Tapsell

Report approved by: Mayor Tapsell

1. TE PŪTAKE PURPOSE

The purpose of this report is for Council to appoint a chief executive and to move into employment negotiations with the preferred candidate

2. TE TUHINGA WHAKARĀPOPOTOTANGA EXECUTIVE SUMMARY

In September 2023 the position of chief executive became vacant.

Under section 42 of the Local Government Act 2002, a local authority must in accordance with clause 33 and 34 of Schedule 7, appoint a chief executive. Further the Local Government Act states

- (2) A chief executive appointed under subsection (1) is responsible to his or her local authority for—
- (a) implementing the decisions of the local authority; and
 - (b) providing advice to members of the local authority and to its community boards, if any; and
 - (c) ensuring that all responsibilities, duties, and powers delegated to him or her or to any person employed by the local authority, or imposed or conferred by an Act, regulation, or bylaw, are properly performed or exercised; and
 - (d) ensuring the effective and efficient management of the activities of the local authority; and
 - (da) facilitating and fostering representative and substantial elector participation in elections and polls held under the [Local Electoral Act 2001](#); and
 - (e) maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the local authority; and
 - (f) providing leadership for the staff of the local authority; and
 - (g) employing, on behalf of the local authority, the staff of the local authority (in accordance with any remuneration and employment policy); and
 - (h) negotiating the terms of employment of the staff of the local authority (in accordance with any remuneration and employment policy).

- (3) A chief executive appointed under subsection (1) is responsible to his or her local authority for ensuring, so far as is practicable, that the management structure of the local authority—
 - (a) reflects and reinforces the separation of regulatory responsibilities and decision-making processes from other responsibilities and decision-making processes; and
 - (b) is capable of delivering adequate advice to the local authority to facilitate the explicit resolution of conflicting objectives.
- (4) For the purposes of any other Act, a chief executive appointed under this section is the principal administrative officer of the local authority.

3. HE TŪTOHUNGA RECOMMENDATION

1. That the report “Appointment of Chief Executive for the Rotorua Lakes Council” be received.
2. That the Council appoint (**inset name on the day**) to the position of Chief Executive.
3. That the Council delegate to the Mayor and Sheffield Search to present an offer of employment to (**inset name on the day**) within the set parameters and subject to negotiations of:
 - a) A term of employment with initial contract tenure of 4 years (Local Government Act provides for an initial term of up to 5 years).
 - b) A total remuneration package including:
 - total remuneration salary, including base salary and superannuation/Kiwisaver and company car of (\$360,000 to \$380,000).
 - c) A company car, included in total remuneration, as per the Rotorua Lakes Council vehicle policy or a vehicle value up to \$65,000, and accordingly salary sacrifice of \$19,500.
 - d) Five weeks annual leave.
4. That Council note, following the acceptance of the offer of employment, the Mayor will:
 - Notify the interim chief executive of successful appointment and start date.
 - Notify the staff of a successful appointment of a Chief Executive and the start date.
 - Prepare and publish a media release that announces the Council appointment of a Chief Executive and the start date.
5. That this report be made publicly available following all contract negotiations with the preferred candidate having been completed and a commencement date of employment has been established.
6. That the minutes relating to this item be made publicly available following all contract negotiations with the preferred candidate having been completed and a commencement date of employment has been established.

4. TE TĀHUHU BACKGROUND

In September 2023 the position of chief executive became vacant. At that point the Mayor and Deputy Mayor initiated work to commence a recruitment process for a new Chief Executive for the Rotorua Lakes Council.

Initially three recruitment agencies were presented to the Mayor and Deputy Mayor for a decision to secure the expertise of a recruitment consult to undertake the advertising and recruitment process. Sheffield Search were successful.

A recruitment programme and timeline was developed. This timeline is attached as Attachment 1.

5. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

Under section 42 of the Local Government Act 2002, a local authority must, in accordance with clauses 33 and 34 of Schedule 7, appoint a chief executive.

The Mayor shall lead the discussion on the recruitment process.

6. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

The decision does not meet the thresholds contained in the Significance and Engagement Policy, which may depend on the level of significance requiring a council to consult.

The decision to appoint a Chief Executive is required under the Local Government Act.

Therefore, in itself, it is significant as the appointment of a suitably qualified Chief Executive has a number of responsibilities bestowed upon them through the requirements of the Local Government Act, Section 42 and section 33 and 34 of schedule 7.

7. NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY

Notification of a successful appointment will be made in accordance with the resolutions outlined in section 3 of this report.

8. HE WHAIWHAKAARO CONSIDERATIONS

8.1 Mahere Pūtea Financial/budget considerations

A chief executive salary is currently budgeted for.

The salary range for employment negotiations is in alignment with Council's salary benchmarking undertaken by Strategic Pay.

8.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications

N/A

8.4 Tūraru Risks

Should an appointment to Chief Executive be delayed, this would trigger the need to extend the Interim Chief Executive secondment for a longer period. The Interim Chief Executive may need to return to her substantive position and not agree to the extension. The organisation may need to go through a resolution process to appoint a new Interim Chief Executive internally or externally.

9. NGĀ ĀPITI HANGA ATTACHMENTS

Attachment 1: Chief Executive recruitment timeline
Attachment 2: Strategic Pay Analysis

Attachment 1: Chief Executive recruitment timeline

Rotorua Lakes Council | Chief Executive Officer

Timeline

Estimated Timings

2 October

Briefing with the Selection Panel, and Sheffield Search

To discuss requirements, role, 'Candidate Brief', and advertisement.

9 October – 3 November

Search and Advertising

During this period, a Sheffield Search Consultant may contact candidates to discuss their application, explore motivations for applying, and assess suitability and fit with the key competencies for the role. All applications received will be acknowledged via email.

Applications close **Friday, 3 November @ 5.30 pm.**

7 November –
1.30pm to 3pm**Longlist Review Meeting with the Selection Panel -**10 November –
17 November**Consultant Interviews with Sheffield Search**

Neil Munro, Associate Director, Sheffield Search will conduct behavioural-based interviews with those candidates selected for progression ('virtually'). -

22 November –
4pm to 5pm**Shortlist Review with the Selection Panel, and Sheffield Search**

22 – 28 November

Once Shortlist is approved it will be sent through to Elected Members
Psychometric Assessments, and Background Checks completed by Sheffield Search

1 December -
2.30pm to 3.30pm

Psychometric Assessments Debrief with the Psychologist completed by Sheffield Search

4 December –
10.30am to 4.30pm

Interviews with the Selection Panel

5 December –
8am to 9.30am (if needed)

Interviews to be conducted 'in person', if possible.

11 December – 1pm to
3pm

Performance Review Committee

Preferred candidate to present to Elected members

13 December

Due Diligence and Decision. Resolution to be passed with Elected Members

Reference checking and probity checking completed. Commencement date to be agreed with appointee and Rotorua Lakes Council

Attachment 2: Strategic Pay Analysis

STRATEGIC PAY ANALYSIS

The analysis Strategic Pay did is based on unit size which is an internal measure of Rotorua Lakes Council's size capturing turnover/revenue and headcount. There are 26 CEO's within the catchment pool which are leading a similar sized council. Below is a list of the entities that were included. Note, the included councils below range from Strategic Pays unit size 6 to 8. Rotorua Lakes Council sits in unit 7 so there are councils below that are smaller and larger.

The average CE remuneration value over the below Councils is \$391,500. This is for total remuneration. Total remuneration includes Base Salary, Superannuation and Company vehicle.

Canterbury Regional Council (Environment Canterbury
(ECAN)

Greater Wellington Regional Council (GWRC)

Hutt City Council

Rotorua Lakes Council

Whangarei District Council

Palmerston North City Council (PNCC)

Nelson City Council

Waikato Regional Council

Queenstown Lakes District Council (QLDC)

Tasman District Council

Invercargill City Council

Bay of Plenty Regional Council

Selwyn District Council

Timaru District Council

Otago Regional Council

Taupo District Council

Waikato District Council

Far North District Council (FNDC)

Marlborough District Council

Gisborne District Council

Waipa District Council

Whanganui District Council

Horowhenua District Council

Manawatu District Council

Masterton District Council

Western Bay of Plenty District Council

Dayna Hendry
Senior Consultant

