



THE WEST COAST  
REGIONAL COUNCIL

# Hokitika Southside Rating District 2021-2024 Asset Management Plan



West Coast Regional Council

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## **1.0 Purpose of this Document**

The purpose of this document is to summarise the management philosophy that is applied to the Hokitika Southside Rating District including the infrastructure assets and services. This approach ensures that acceptable levels of service are provided in the most cost effective manner and contribute to the achievement of the community outcomes identified in the West Coast Regional Council's Long-Term-Plan (LTP).

This AMP defines the objectives and performance standards of the Hokitika Southside Rating District for which the West Coast Regional Council bears the maintenance responsibility, including providing a basis upon which the effectiveness can be measured. The key purposes of this AMP are to:

- Provide a history of the Hokitika Southside protection scheme.
- Convey the long-term strategy for the management of the Hokitika Southside Rating District.
- Provide a tool to assist with management assets in a cost effective and sustainable manner.
- Manage the environmental, service delivery and financial risks of asset failure.
- Demonstrate that the service potential of the rivers and drainage assets is being maintained.

## **2.0 Asset Management Objectives**

West Coast Regional Council recognises that the Hokitika Southside Asset Management Plan is the fundamental driver of erosion protection for the scheme. This AMP has been developed in accordance with the Local Government Act 2002, with the first AMP completed in 2003 with three yearly updates or earlier where information indicates a significant change from what is stated in the current AMP.

In order to fulfil the outcomes, vision, goals and objectives of these assets, the West Coast Regional Council have adopted a systematic approach to the long-term management of its assets and services on the Hokitika Southside Rating District by preparing this AMP.

West Coast Regional Council is committed to best appropriate practice asset management in order to achieve the following key objectives:

- Meet the service expectations of the Hokitika Southside community.
- Ensure maintenance activities achieve efficient results with optimal benefits.
- Demonstrate Council's approach to managing risk and meeting growth requirements towards 1a sustainable future.
- Comply with all statutory requirements.

### 3.0 Hokitika Southside Background

From records dating back to 1865, the Hokitika River, in the vicinity of the south bank immediately upstream of the current State Highway Bridge, has been a series of sandbars and islands. The area is tidal and during flood events the channel dynamics change.

Erosion between 1943 and 1984 amounted to 86 metres over 41 years.

The current erosion cycle has been ongoing since 1978 and was extremely active between 1995 and 1998, when approximately 25 metres of valuable land was lost to erosion. From 2002 to January 2003 a further 12 metres had eroded.

In October 1995 an inspection of erosion was carried out at the request of Mr. Bob Bostwick, an affected landowner. A suggested solution for his individual property estimated the cost for 3 spurs, each 1,500 tonnes, at \$24,000.

On 30 April 1996 Mr. B. Bostwick wrote to Council seeking a possible cost sharing formula involving other parties, including Westland District Council and Transit NZ. The Council suggested discussions with similar affected parties in order to facilitate support or otherwise for a Special Rating District.

An initial offer of assistance from Transit NZ prompted further discussions. It was suggested that the locals meet to determine interest, or otherwise, to fund the local share, estimated at approximately \$75,000. An onsite meeting was held, on 14 March 1997, at K. Mehrstens' property with residents, Regional Councillors and Transit NZ representatives. No local support was forthcoming.

In March 1998 a proposed rating district, based on a suggested 3 classes and a flat rate based on either capital value or land area was presented to a meeting of local residents. It proposed 5 groynes & rip rap with an estimated cost of \$165,000.

Ratepayers would fund 70% or \$115,000 (Class A: 71.15%, Class B: 24.81%, Class C: 4.04%); while Transit NZ would fund 30% or \$50,000.

In November 2000, Council wrote to all 14 proposed ratepayers advising the worsening erosion situation and seeking support or otherwise for the establishment of a rating district to fund the works. In August 2001 all 14 ratepayers were advised of Transit NZ's proposal to gain resource consent for the construction of the first deflector groyne. This consent was abandoned when it became apparent that it would not attain local support.

In December 2001 a letter was sent to proposed ratepayers again seeking support or otherwise from ratepayers for works due to increased erosion. On 17 January 2002 a meeting was held at B. Bostwick's residence to gauge support or otherwise for protection works. New costings showed an increased total cost of \$250,000 but Transit had increased their proposed share to \$84,000.

On 23 January 2002 a public meeting was held at the Westland District Council to gain WDC assistance. No assistance was forthcoming. On 1 May 2002, another public meeting was held at the Westland District Council. WDC agreed to offer \$6,000 on the condition that the locals made individual offers. On 21 May 2002 a letter was received from R. Montagu (Spokesperson) outlining individual ratepayers' pledges - \$73,000 – This figure was considered inadequate.

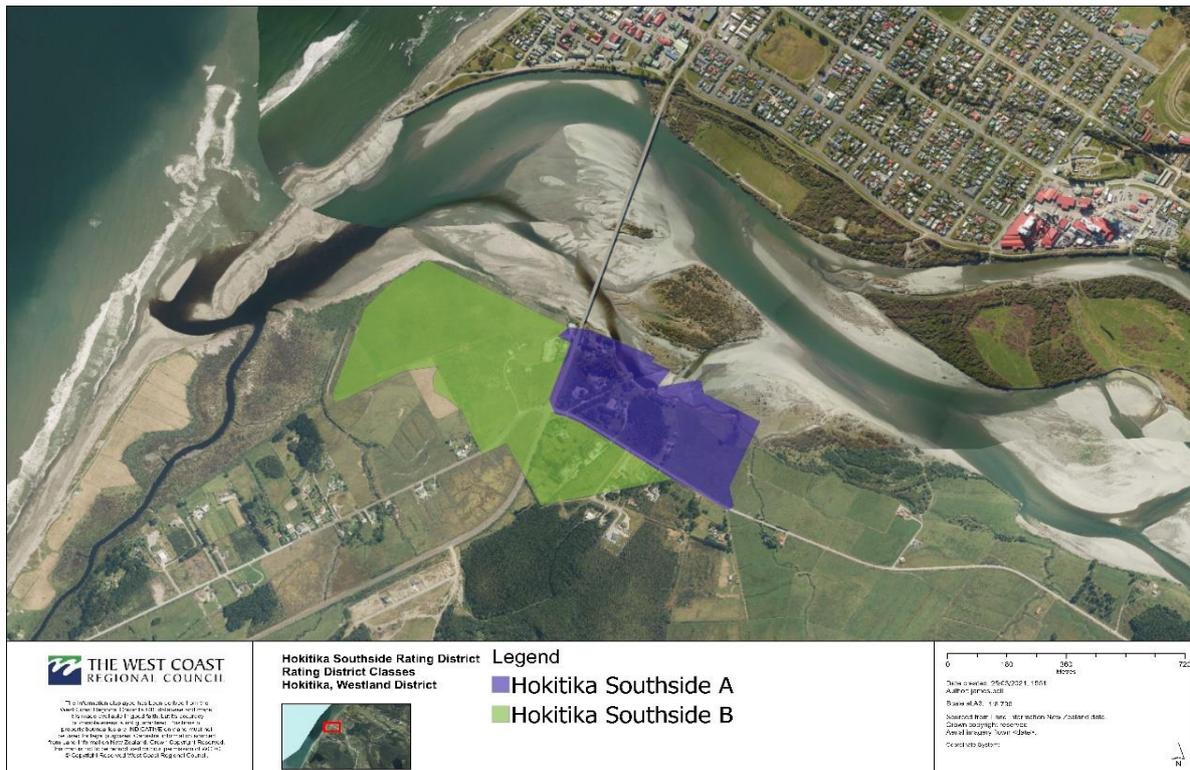
In June 2002 advice was received from ratepayers advising of a "possible" \$135,000 financial contribution and requesting a meeting. A meeting was held on 3 July 2002 at B. Bostwick's residence, but no further commitment was made.

In September 2002 Transit NZ agreed to increase their contribution to a 50% sharing of both capital works and ongoing maintenance works.

On 10 September 2002, The West Coast Regional Council resolved to establish a rating district. The works would be funded by way of a 5-year loan. In September 2002 a resource consent application was lodged and in March 2003 the resource consent approval was received. In July 2003 letters were sent to proposed ratepayers enclosing plans of the proposed rating district, seeking feedback by 28 July 2003.

Work on the scheme commenced in July 2003.

#### 4.0 Hokitika Southside Rating District



#### 5.0 Description of Assets

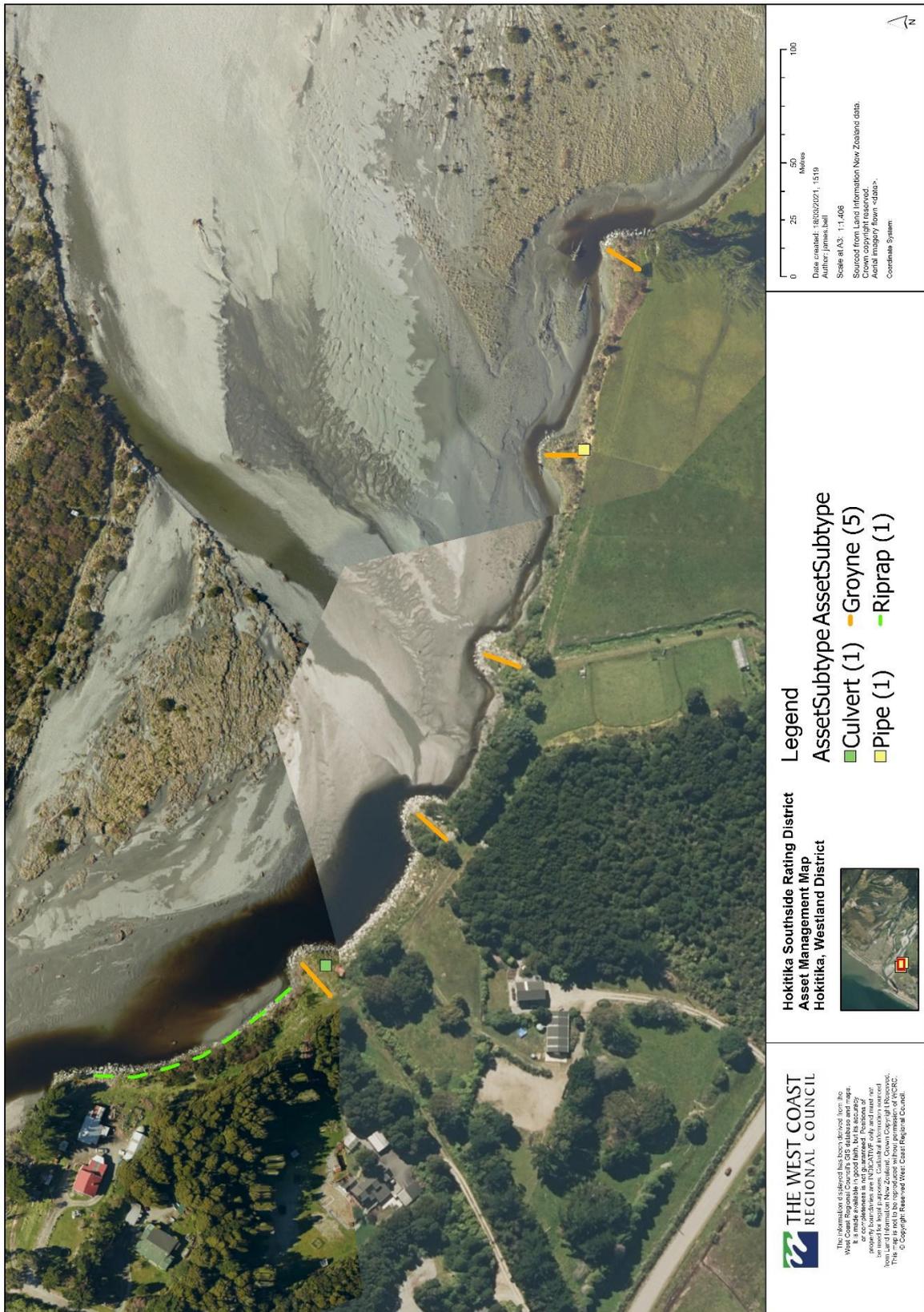
Asset	Quantity	Unit	Rate
Rock	10,529	Tonne	\$41.45
Rubble	16,570	Tonne	\$21.45
Ancillary	33,048	\$	\$1.00
<b>Asset Value</b>			<b>\$824,901.55</b>
<i>Contingencies</i>			\$82,490.16
<i>Resource Consents</i>			\$18,147.83
<i>Emergency Work Conditions</i>			\$82,490.16
<b>Total Asset Value</b>			<b>\$1,008,029.69</b>

As at 1 July 2020

5.1 Physical Assets

<b>Asset Type</b>	<b># of Assets</b>	<b>Asset Components</b>	<b>Quantity</b>	<b>Rate</b>	<b>Value</b>	<b>Total Value</b>
Culvert	1	Culvert	\$10,800.00	1	\$10,800.00	<b>\$10,800.00</b>
Pipe	1	Pipe	\$648.00	1	\$648.00	<b>\$648.00</b>
Groyne	5	Rock	7912T	\$41.45	\$327,952.40	\$601,740.20
		Rubble	12764T	\$21.45	\$273,787.80	
Riprap	1	Rock	2617T	\$41.45	\$108,474.65	\$190,113.35
		Rubble	3806T	\$21.45	\$81,638.70	
<b>Roading</b>	1	Roading	\$21,600.00	1	\$21,600.00	\$21,600.00
<b>Total</b>						<b>\$824,901.55</b>

## 5.2 Asset Map



**Note: Not all assets have been added to the asset map due to having no spatial data to represent them.**

## 6.0 Existing Standard

### 6.1 Service Level

The Levels of Service represented in this AMP are described and aligned with community values including affordability, quality, safety, community engagement, reliability and sustainability.

Councils in New Zealand will generally adopt one of three methods for determining the level of service provided by a scheme:

- Agreeing on a scope of physical works with the community without reference to a target capacity or return period (low risk schemes)
- Providing physical works with a level of performance provided in terms of a target capacity (medium risk schemes)
- Providing physical works with a level of performance in terms of a target return period (high risk schemes)

Each of the three methods for determining the level of service may be suitable for a given scheme, provided that communities understand event likelihood, scheme and property vulnerability, potential consequences, and residual risk.

Where council staff have recommended physical works or analysis that did not proceed due to community resistance to cost, then councils are only able to track their service delivery through measures around maintenance works programmes or a general description of asset condition.

The objective of the Hokitika Southside Rating District is to minimise the risk of bank erosion on the true left bank of the Hokitika River for a distance of 450 metres above the State Highway Bridge. The scheme is for the maintenance of five groynes and a section of riprap that protect the Hokitika River's south bank immediately upstream of the highway bridge.

### 6.2 Maintenance Programme

An annual maintenance report is prepared each year in consultation with the Hokitika Southside Rating District spokesman and liaison committee prior to adoption by the Council for inclusion in its annual budgets.

In preparing the annual maintenance report the following will be considered:

- An inspection to identify works requiring immediate repair.
- Works anticipated as being required given a 'normal' season.
- Flexibility to meet unbudgeted damages.

### 6.3 Damage and Risk Exposure

Erosion works are constructed in a very high energy environment with the purpose of resisting and absorbing some of that energy. It is considered that no matter what the standard of maintenance carried, it is likely that damage will occur from time to time.

An assessment of maximum damage potential was estimated as below:

Event size (AEP)	Value	Damage ratio	Damage exposure	Prudent Reserve	Prudent reserve contribution
10%	\$1,008,030	5%	\$50,401	\$50,401	100%
5%	\$1,008,030	10%	\$100,803	\$70,562	70%
2%	\$1,008,030	20%	\$201,606	\$100,803	50%

It has been deemed, within reason, that all Rating Districts have a prudent reserve target balance that contributes to at least 100% of the damage exposure for a 10% AEP event, 70% for a 5% AEP event and 50% for a 2% AEP event. These percentages define what is an appropriate and acceptable level of risk for Council and the community.

#### 6.4 Prudent Reserve

Why do we need a prudent reserve?

- Minimise the financial impact of unplanned works, such as those caused by weather events
- Ensure the rating district is able to contribute funding that is sustainable and affordable
- Ensure Council's debt level is managed, and that borrowing is still available when required
- Ensure the debt levels of the rating district do not exceed the ability to fund the repayments

This target balance for the 'prudent reserve' for this rating district is \$95,000 as agreed by council. This prudent reserve is immediately available. It is likely the current reserve will only cover a portion of the actual cost of the potential damage that could occur.

If an event were to occur and the prudent reserve does not cover the full repair and rebuild cost of the assets, it is understood by the community that the remaining costs will be paid by loan or the rating district accounts will be in overdraft. In the instance of extreme weather events, NEMA funding and the Councils private insurance will be accessed for cost recovery if the criteria are met. The West Coast Regional Council's insurance policy has a \$400,000 excess. 40% of eligible rebuild costs will be met by this policy.

Below are the key criteria that needs to be met to access the NEMA funding, which can cover up to 60% of eligible rebuild costs

*The provisions for government financial support to local authorities apply whether or not a state of emergency is, or has been, in force*

*Government assistance will not normally be available for assets which receive a subsidy from any other source, unless:*

- *the local authority has adequately protected itself through asset and risk management including mitigation, where appropriate, and the proper maintenance of infrastructure assets, or*
- *the local authority has made sound financial provisions (such as the provision of reserve funds, effective insurance or participation in a mutual assistance scheme with other local authorities) to a level sufficient to ensure that the local authority could reasonably be expected to meet its obligation to provide for its own recovery*

## **Threshold**

*Threshold for reimbursement; As with other response claims, Government policy is to reimburse 60 percent of the combined eligible costs (response and essential infrastructure costs), above the following thresholds:*

- *0.0075 percent of the net capital value of the city council, district council or unitary authority involved*
- *0.002 percent of the net capital value of unitary authorities where the assets in question are of a type that ordinarily are managed by regional councils, or*
- *0.002 percent of net capital value in the case of regional councils*

## **7.0 Funding**

### **7.1 Maintenance**

Maintenance is funded by targeted rates, the level of rating being determined each year in the Annual Plan process. This involves:

- a) Preparation of an annual works programme and corresponding budget.
- b) Adoption of the annual works programme and budget.
- c) Discussion of the works report and budget with the ratepayers.
- d) Adoption of final budget in the Council's Annual Plan.

The aim of maintenance is to ensure the infrastructure assets are kept at a standard where they can always perform to their service level. Where rock is required to be placed on existing infrastructure under direct attack from the river, the protection required to maintain the existing infrastructure at its same service potential would be charged to the scheme maintenance account.

Capital works are generally defined as works which increase the service level of the scheme. Such work would include increasing the design standard or the area covered by a scheme and works to increase security or performance of an erosion control system or structure over and above that identified in the asset plan.

### **7.2 Damage Repairs**

Routine damage repairs are funded by a combination of:

- a) Carrying out work as scheduled in annual works programme.
- b) Reprioritising works identified in the annual works programme.
- c) Use of financial reserves.

Major damage repairs would be funded by loans raised by the Council and repaid by targeted rating over a number of years.

### **7.3 Financial Reserves**

Financial reserves are held within the rating district account to provide the following:

- a) Meet the costs of unscheduled works.
- b) Enable an immediate response to flood damage repairs.

- c) Prevent major fluctuation in rating levels annually.

The levels of financial reserves held in the rating account are determined by the estimated damage exposure and the likely need for un-programmed works.

#### 7.4 Depreciation

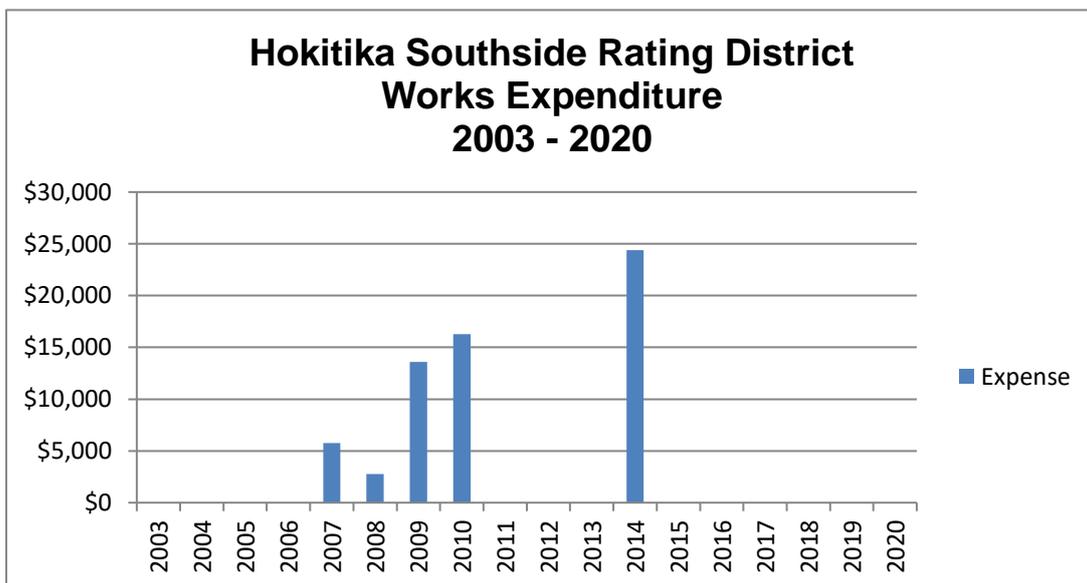
River control schemes are designed to be maintained in perpetuity by constantly repairing and replacing component parts which are damaged by floods or by the constant wear and tear encountered in a river environment.

The performance measure is that the infrastructure assets are maintained to meet their service levels at all times.

As there is a constant cycle of replacement of elements of the infrastructure as necessary, depreciation of the value of the assets is not appropriate and funding of depreciation is not necessary. This approach is consistent with the NZ Infrastructure Asset Valuation and Depreciation Guidelines, Section 5.4.4.

#### 7.5 Works Expenditure

This chart reflects the construction costs of infrastructure assets on the Hokitika Southside Rating District. This chart **does not** reflect the total annual expense incurred by the Hokitika Southside Rating District. Please refer to the annual works and financial report for the total expenses.



#### Expenditure 2003 - 2020

<b>Total expenditure</b>	<b>\$62,823</b>
<b>Average expenditure</b>	<b>\$4,188</b>
<b>Total asset value</b>	<b>\$1, 008,029</b>

## 7.6 Cost Sharing

The below table shows the cost sharing agreement that is currently in place for the Hokitika Southside Scheme.

	<b>% of Actual Maintenance/Capital Costs</b>
NZ Transport Authority	50
Hokitika Southside Rating District	25
Westland Milk Products	25

## 8.0 Performance Measures

The following procedures may be adopted to ensure the adequacy of maintenance.

<b>Period</b>	<b>Procedure</b>	<b>Performance Measure</b>
Annually	Produce annual works report for the rating district assets to include type of work to be undertaken, quantities, location and costs.	No reports of stopbanks or erosion protection works requiring repairs without an agreed programme of remedial work in progress. Asset maintenance is current as per level of service.
	Organise contracts for agreed scheme work, oversee contract completion and report to Council.	
	Report on works undertaken during the previous financial period to the rating district ratepayers and Council.	
Triennially	Re-measure cross section river profiles to determine whether the riverbed is stable, or aggrading, and to identify management issues or options.	Report to Council and ratepayers on revaluation of assets and the Plan review.
	Revaluation of the asset schedule to include any additional rock placed on stopbanks and bank protection works over the three-year period.	
	Review this Asset Management Plan	
10-yearly	Flood modelling will be undertaken to identify a range of level of services.	Report to council and ratepayers.

## 8.1 AMP review and Monitoring

This plan is a living document, which is relevant and integral to daily activity. To ensure the plan remains useful and relevant the following on-going process of AMP monitoring and review activity will be undertaken:

- Formal adoption of the AMP by the West Coast Regional Council.
- Review and formally adopt Levels of Service to comply with the Hokitika Southside Committee.
- Revise this AMP three yearly prior to Long Term Plan (LTP) to incorporate and document changes to works programmes and outcome of service level reviews.
- Quality assurance audits of asset management information to ensure the integrity and cost effectiveness of data collected.
- Peer review and external audits will be undertaken to assess the effectiveness with which this plan meets corporate objectives. Periodic internal audits will be undertaken to assess the adequacy of asset management processes, systems and data and external audits will be undertaken to measure asset management and performance against 'best practice'.