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Report to the Rural Services and Wairarapa Committee
from Ian Heslop, Divisional Engineer

River Scheme Asset Management Plan Performance

1. Purpose

- 1.1 To present the Committee with Performance Statements for the Asset Management Plans produced for five river management schemes within the Wairarapa.
- 1.2 To inform the Committee of the outcome of the recent audit of Wairarapa river management works carried out by the Council's Flood Protection Group.
- 1.3 To update the Committee with the results of the recently completed Asset Management Plan re-valuations.

2. Background

- 2.1 The Local Government Amendment Act (No. 3) of 1996 requires Strategic Financial Plans to be prepared for the infrastructural assets under Council control. Asset Management Plans provide the basis for preparation of credible financial plans.
- 2.2 Basic Asset Management Plans have been prepared for 5 river management Schemes serviced by the Wairarapa Division as listed below.
 - Lower Wairarapa Valley Development Scheme
 - Waiohine-Mangatarere
 - Upper Ruamahanga
 - Waingawa
 - Waipoua

- 2.3 These plans are “live” documents, and will be improved and updated on an ongoing basis. In particular the asset registers and condition assessments are updated annually, and provide a basis for developing sustainable ongoing Scheme maintenance programmes.
- 2.4 Each year Performance Statements are prepared reporting on plan performance indicators. The 2001/02 Scheme Performance Statements are attached.
- 2.5 An annual audit of Wairarapa Scheme maintenance standards is carried out by staff from the Flood Protection Group of the Council’s Landcare Division. A report summarising the results from the June 2002 audit is attached.
- 2.6 Every three years an asset revaluation exercise will be undertaken to comply with the requirements of Financial Reporting Standard No. 3. A June 2002 asset revaluation has just been completed, the results of which are summarised in Table 1. The methodology and results of this revaluation have been reviewed and certified by John Easter, Professional Engineering Consultant. Also Council owned land related to the Schemes has been re-valued by Baker and Associates, Registered Farm Valuers.

3. Discussion

- 3.1 The Schemes have a combined asset valuation of \$73.0m as itemised in Table 1. These Schemes have a range of infrastructural assets such as stopbanks, the Ruamahanga River diversion channel, the Blundell Barrage, culverts and floodgates, weirs, floodways, fences, erosion protection structures, and protective plantings.

Table 1 - Scheme Asset Valuations & Works Programmes

Scheme	1997 Asset Valuation	2002 Asset Valuation	Current Annual Works Programmes
LWVDS	\$42,035,500	\$67,808,310	650,000
Waiohine-Mangatarere	\$897,850	\$2,021,080	225,000
Waingawa	\$407,400	\$572,270	174,000
Waipoua	\$764,580	\$1,463,790	54,000
Upper Ruamahanga	\$592,500	\$1,186,630	264,000
Total	\$44,697,830	\$73,052,080	\$1,367,000

- 3.2 The recent revaluation of Scheme assets increased the total asset value from \$44.7m (December 1997) to \$73.0m (June 2002). This 63% increase was significantly greater than the 15% increase in Construction Cost Index occurring over this period. The main reason for this was the addition of the LWVDS diversion channel at a value of \$26.5m.

- 3.3 The Scheme land has been valued at \$2.8m. This land is mainly within the Lower Wairarapa Valley Development Scheme floodway and diversion channel system.
- 3.4 A key component of future Asset Management Plans will be the accumulation of adequate Scheme Flood Damage Reserve and Major Flood Damage Recovery Funds. A working group involving Council Managers, Accountants, and Engineers has developed a policy relating to these issues. It is anticipated that this policy will provide a basis for negotiating appropriate rating levels with the respective Scheme Advisory Committees.
- 3.5 The LWVDS review is expected to increase the required service standard and level of annual works programme by up to \$150,000. The other works programme levels have resulted from recent reviews, and are expected to be appropriate and sustainable for the foreseeable future.

4. Scheme Status

4.1 Lower Wairarapa Valley Development Scheme

The LWVDS is in very good financial and physical condition. The remaining Scheme loans have been paid off, and the Scheme reserve fund currently stands at a very healthy \$1.2m. Overall asset condition ratings are favourable, although this year priority needs to be given to Manganui grade control weir repair, drainage floodgate maintenance, and tidy up of stock damaged stopbanks.

A review of the LWVDS is now underway, and will be completed over the next two to three years. Among other things, the review will assess long term Scheme maintenance, renewal, and capital work requirements.

4.2 Waiohine-Mangatarere River Management Scheme

The current level of annual programme is seen as adequate to meet ongoing Scheme maintenance needs.

The physical condition of the Waiohine-Mangatarere Scheme has continued to improve. Durable repairs have been completed at the most vulnerable sites, and Asset Management Plan performance criteria have been satisfied, with the exception of the two relating to the stopbank condition and berm width. It is planned to address these deficiencies over the next few years.

The Scheme has a deficit of \$120,284 which is expected to be repaid within the next two years. After this the focus will be on building up satisfactory flood damage reserves.

4.3 Waingawa River Management Scheme

The Waingawa Scheme is in good overall financial and physical condition. Asset Management Plan performance criteria have been satisfied, and damage from the 2000 floods has now been satisfactorily addressed.

The current annual programme of \$174,000 is adequate to meet the Scheme's ongoing maintenance needs. Scheme assets are in good condition, deferred maintenance is manageable, and the Scheme has accumulated a small surplus of \$5,025.

A review of the Waingawa Scheme is planned over the next few years.

4.4 Upper Ruamahanga River Management Scheme

Although the Asset Management Plan performance criteria have largely been satisfied, the Upper Ruamahanga Scheme is in a less than satisfactory position, and \$26,850 of desirable maintenance has been deferred. The deferrals consist mainly of willow lopping, rock groyne repair at the Dew/Blakemore site, and Te Whiti stopbank maintenance. In the Te Whiti case there is little point carrying out maintenance, as a stopbank upgrade is planned for early 2003.

During last year a review of the Upper Ruamahanga Scheme was completed. The old Scheme has now been replaced with three new Schemes, each of which has improved service standards, along with increased works programmes and rating levels.

The combined annual works programme will be \$264,000 in comparison to the previous level of \$164,000. This is expected to produce a significant improvement in Scheme condition over the next few years. The modest \$2,472 scheme surplus will be allocated to the new Schemes, and the new rating levels should enable flood damage reserves to build up over time.

4.5 Waipoua River Management Scheme

The Waipoua Scheme is in a satisfactory physical condition, and the Asset Management Plan performance criteria have been achieved with the exception of some minor stopbank maintenance. The Scheme has benefited substantially from last year's doubling of rates and increased works programme. Also the deficit of \$47,262 is expected to be repaid within the next three years.

5. Audit of Maintenance Standards

An audit of Wairarapa Scheme maintenance standards was carried out by river engineering staff from the Council's Landcare Division in July 2002 (see

Attachment 3). A total of ten sites were inspected within the northern Wairarapa area.

Within the Upper Ruamahanga Scheme the River Road, Masterton Cemetery and Landfill, and Blakemore/Dew/Percy sites were inspected.

Within the Waipoua Scheme the Daniell/Mahunga, Sports Bowl, and Masterton grade control weir sites were inspected.

Within the Waingawa Scheme the Hood Aerodrome, Masterton water supply pipeline, Hyde, and SH2/Rail Bridge sites were inspected.

The auditors endorsed the management approaches adopted at these sites, and considered that overall maintenance was being carried out to appropriate standards. They noted the significant progress made at problem sites over the past few years, and commended the Scheme review process. They also recommended that in future emphasis should be placed on edge vegetation planting and maintenance.

6. Summary

- 6.1 The Wairarapa River Scheme Asset Management Plans have been updated, and the 2001/02 Performance Statements for these Plans are attached.
- 6.2 The Schemes are generally in good physical condition, with any deferred maintenance to be addressed over the next few years.
- 6.3 Adequate regional funding has been approved in the Council's Business Plan to support satisfactory Scheme maintenance programmes.
- 6.4 The Waiohine and Waipoua Schemes both have a financial deficit, but assuming no further flood damage, current rating levels are sufficient to comfortably repay these deficits within the next three years.
- 6.5 A policy has been developed setting target levels and annual contributions for both Scheme Flood Damage Reserve and Major Flood Damage Recovery Funds. Scheme ratepayer buy-in to this policy will be sought over the next few years.
- 6.6 The Flood Protection Group audit endorsed Wairarapa river scheme maintenance standards.
- 6.7 The three yearly asset re-valuations have been completed consistent with the requirements of Financial Reporting Standard No. 3.

7. Communication

The Asset Management Plan Performance Statements and copies of the Flood Protection Group's audit report will be presented to the Scheme advisory committees for their information.

8. Recommendation

That the Committee:

- (1) Receive the Asset Management Plan Performance Statements prepared for the Lower Wairarapa Valley Development Scheme; and the Waiohine-Mangatarere, Upper Ruamahanga, Waingawa, and Waipoua River Management Schemes.*
- (2) Note the results of the June 2002 asset and land revaluations.*
- (3) Receive the June 2002 Audit of River Management Asset Maintenance Standards for the Wairarapa.*

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