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NOTE: An amendment to the 2015-2025 Long Term Plan affects the content of this Infrastructure Strategy. Changes relate to the transfer of one of Council's strategic assets, its municipal buildings, to Gisborne Holdings Ltd. Please refer to Page 10 of the LTP for more information about the asset transfer or visit Council's website.

Executive Summary

Council manages \$1.9b worth of assets on behalf of our communities. Many of these assets are critical to the day-to-day functioning and wellbeing of our communities.

These assets contribute significantly to public health and the economy. They enable industry to function and require careful management to ensure that we sustainably draw on our natural environmental assets for the benefit of our communities today, but also protect these precious resources for future generations.

The Local Government Amendment Act 2014 was passed in August 2014 and with that, councils are now required to develop an Infrastructure Strategy covering a minimum period of 30 years, as part of our Long Term Plans.

The purpose of the Strategy is for Council to look beyond the ten year horizon and consider any significant issues that we might face; how this may impact on the assets we have, the services we provide and how we will manage these issues, risks and costs.

We have given thought to what will likely occur and have developed a 'most likely scenario' for the Gisborne district. This document outlines the strategic issues we believe that we face, and articulates the options that we have for managing those issues, and the implications that arise from those issues.

In preparing this Infrastructure Strategy we have considered the condition of our current asset base, as well as future demand and changes in demographics, economy and the environment and how this may impact on the levels of service provided by those assets.

- We acknowledge that rates affordability is an issue for many in our community. The affordability of our services and an awareness that we have a reasonably static population base will be kept in mind.
- Overall, we believe it is prudent to contain the asset base so that we can ensure what we have remains affordable and sustainable. This means that for the most part we will not provide further assets and services beyond the current footprint, capacity and boundary.
- We will also look to minimise costs but maximise benefits, through asset optimisation, evidence-based asset management, collaboration and working smarter. We will treat the assets as networks, and promote integrated planning for this same purpose.
- We have a number of critical projects in the short term to address our stormwater infiltration issues, and expect a number of projects being required in the future to address increasing standards relating to water management which will need to be

prioritised and balanced against our business as usual operations.

- We will continue to invest in communities' wellbeing through important community/recreational infrastructure assets but will do so in a staged manner so that they remain affordable.
- We believe our approach will be financially prudent, and support communities with resilient and sustainable infrastructure into the future.

Introduction

This Strategy outlines a current state and a future state for the significant infrastructure assets of Council, being:

- water supply
- sewerage (referred to as Wastewater)
- stormwater
- flood protection
- roads
- and other significant community assets, such as the Gisborne Airport and Olympic Pool.

This Strategy is set out in two parts. **Our Infrastructure Strategy** provides the context within which we have prepared this Strategy. In this part we take a "whole of network" view and have outlined our direction as well as the significant issues we believe that we face with our infrastructure in the future. This section outlines our options for addressing those issues, as well as our significant risks and assumptions.

The second part of the Strategy contains **Appendices** that explore each of the infrastructure activities in more detail. They outline the significant decisions and projects we anticipate in the next 30 years as well as the planned operating and capital expenditure.

Other useful sources of information about our assets and asset planning

- Council has Asset Management Plans for each of its assets. These should be referred to for specific asset information.
- At the time of preparing this Infrastructure Strategy, Council is also reviewing its Urban Development Strategy. Council adopted the draft Urban Development Strategy in December 2014 for consultation later in 2015.
- The financial figures presented here should be read in conjunction with relevant sections of the Long Term Plan 2015-2025 (LTP) including the Financial Strategy and key accounting policies.

Our Infrastructure Strategy

1. About Tairāwhiti – Gisborne

Gisborne District Council (Council) represents the largest district in the North Island, covering 8,386 square kilometres of land. We are a unitary authority, thereby combining the functions, duties and powers of territorial and regional authorities.

At the 2013 Census, Gisborne district was home to around 43,653 people: 32,690 (75%) in Gisborne city and 10,960 (25%) in Gisborne's rural areas.

The population of Gisborne is projected to increase between 2011 and 2025 by 2.1%. After 2025 until 2046 the population is projected to decline by 1.5%. Over this same period, the working age population, people aged 15-64 years, will also decrease by 19% while the population aged 65+ will increase by 46%. In short, the demographic profile indicates a reasonably static and aging population in the short term and a declining population in the longer term. ⁽¹⁾

Māori make up almost one-half of the district's population, more than three times the national proportion of 15%.

The district has high social deprivation and low household income. This means that rates affordability continues to be a concern and focus for Council.

Agriculture has been an important industry since earliest settlement. This industry has diversified over the years and now forestry, viticulture, horticulture and related industries such as food processing are becoming increasingly important. Tourism has also been targeted as an industry of growth potential.

Intensification of agriculture and horticulture is not envisaged due to land use constraints and the current over allocation of water takes. Harvesting of forestry is identified to peak in 2030 and will result in a further planting cycle.

The Port of Gisborne is a strategic asset for the community given 92% of the region's exports leave via the Port including logs, squash, plywood and kiwifruit. Owned and operated by the Eastland Group the Port also contributes to the local economy through employment and enabling industry to operate.

The Gisborne Airport is owned by Council and currently leased by the Eastland Group. The airport is an important asset for the Gisborne region and sees passenger numbers of approximately 130,000 – 135,000 per annum.

The asset condition of significant recreational infrastructure does vary and there has been substantial investment in recent years e.g. the Cenotaph reconstruction and War Memorial Theatre. Both of these projects are now complete. There are a number of other projects that Council has committed to which includes

upgrading the HB Williams Memorial Library, Tairāwhiti Navigations and the Inner Harbour development project.

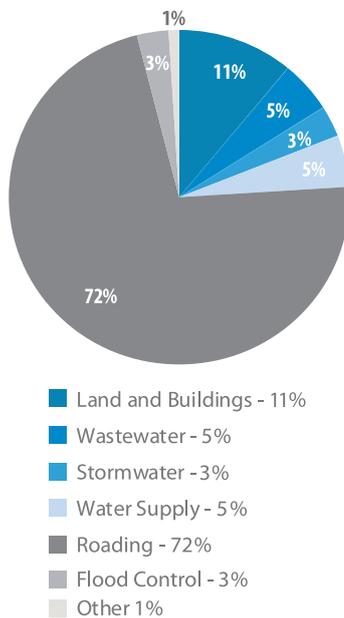
Council's municipal building on Fitzherbert Street needs to be rebuilt as the current building is earthquake prone. The Olympic Pool is now 40 years old and due for an upgrade.

Council operates in a heavily regulated environment which includes National Policy Statements, Regional Plans, District Plans and Bylaws and various other forms of legislation and regulation. These will influence the future management of Council's strategic assets and are continually monitored.

The Regional Freshwater Plan is currently being developed to ensure that water quality across the region is maintained or improved; the allocation of water is sustainable; and the ecology within streams is protected. Higher quality standards of wastewater and stormwater discharges and other quality matters should be expected in the future as well as an increased emphasis on managing water demand. The Regional Freshwater Plan is part of Council's response to these issues.

Council's current asset base of \$1.9b has grown considerably (from approximately \$572k) since asset management reporting began in 1999/2000. The increase has been mainly due to an improvement in asset information and the revaluation of assets on a three yearly basis. The graph below shows that roading assets represent by far the largest component of Council's assets at 72%. The four water assets (water, wastewater, stormwater and flood protection) comprise a further 16% of total assets and Council buildings (including the Theatres, Library, Pool) are 7% of our assets.

Graph 1: Council Asset Base



Overall Council has good asset information on which to base its planning and there is sufficient asset provision (i.e. no significant deficiencies) for current use and future demand.

Council's LTP is informed by this Infrastructure Strategy and includes more information about our district and people, our assets and plans for managing these now and for the future.

2. Most Likely Scenario for Tairāwhiti?

So what do we expect will occur?

Given the static, ageing and eventually declining population, we believe that for the majority of our infrastructure assets, there will be **no significant change from current demand and use.**

Furthermore, we do not believe that there will be a significant change to the type of industry from what exists currently (for example, horticulture will remain as horticulture and not be converted to dairy).

Our communities' ability to pay for services will continue to be constrained. We therefore expect to **contain the asset base to ensure that what we have remains affordable and sustainable.**

Because it will not be affordable to extend the asset base, we envisage that future development will mostly occur within the existing asset footprint and asset boundary. This will enable Council to maximise the benefit of its existing asset base.

The 2019 Te Ha Sestercentennial commemoration celebration is potentially going to drive community infrastructure activity prior to 2019 that would not have otherwise occurred in this timeframe.

We will continue to invest in important community recreational infrastructure assets such as the Olympic Pool, War Memorial Theatre, HB Williams Memorial Library, Council building, cycleways, but will do so in a staged manner so that they remain affordable. The majority of these significant community infrastructure asset redevelopments occur in the short-term (within the first 10 years of this Strategy).

Changing fresh water standards will require Council to make investments to improve our management of fresh water. It is likely to involve additional water demand strategies in the short term and likely provide additional raw water storage in the longer term. It will also result in improving the water quality that we discharge back into the environment for both stormwater and wastewater.

The community has strongly signalled it wants Council to reduce the frequency that wastewater is discharged into rivers and streams and onto private property during wet weather events. To achieve this, a whole of network approach (meaning assets on private property and Council's assets) is required to prevent the stormwater infiltrating into the wastewater system. **Over the next seven years, we envisage working with the community – a combined public and private effort - to reduce the inflow and infiltration of stormwater into the wastewater network during wet weather events so that in future, the frequency and severity of this issue is alleviated.**

Like most organisations, Council finds it difficult to predict what the effects of climate change will mean for our future. **We are likely to experience the same amount of rain over a year but at higher intensities with long periods between events and also need to mitigate for effects of sea level rise.** In addition, natural hazards that are considered likely are flooding, high winds, earthquake, fire and ash fall. Council's infrastructure assets are being designed to accommodate the climate change forecasts for 2040 as detailed by the Ministry for the Environment. These forecasts remain dynamic; are continually reviewed and further planning will continue.

3. Significant Infrastructure Issues

The significant issues relating to the management of our infrastructure that we believe Council will need to consider within the next 30 year period are outlined in the following table.

The table also outlines our proposed response to those issues and the implications.

The **Appendices** outline these issues and our responses, by activity, in further detail and the LTP includes plans involving Council assets for the next ten years.

Table 1: Significant infrastructure issues, options and implications

Significant infrastructure issues S.101B(2)(a)	Principal options for managing these issues S.101B(2)(b)	Implications of options S.101B(2)(b)
1. The Regional Freshwater Plan		
<p>The Freshwater Plan is currently being developed. At the time of preparing this Infrastructure Strategy a non-statutory draft Freshwater Plan was being consulted on. The aim of the Freshwater Plan is to ensure that water quality across the region is maintained or improved.</p> <p>The issue is that it is currently uncertain what response will be required by Council.</p> <p>We anticipate that higher quality standards of wastewater and stormwater discharges and other quality matters should be expected in the future.</p> <p>We expect that the Freshwater Plan will set targets to improve water quality and the health of our streams and rivers which is likely to impact on the Council's ability to extract water, especially during summer.</p>	<p>The Freshwater Plan is a mandatory requirement for Council therefore compliance with the Plan will be required.</p> <p>When there is more certainty regarding the response required, Council will need to balance affordability of services and higher quality standards.</p> <p>Staging its response will potentially be an option.</p> <p>The Plan is likely to lead to:</p> <ul style="list-style-type: none"> the development of demand management strategies (which may involve water metering for example) for better management of resources. the requirement for additional water storage beyond our current storage capacity. improvements being required in the quality of stormwater and wastewater discharge. additional protection of aquatic life. 	<p>For the purposes of our financial modelling we have anticipated additional capital expenditure as follows:</p> <ul style="list-style-type: none"> Water supply activity - \$13.6m in the twenty years from 2025/26 for demand management initiatives and \$5.5m in twenty years from 2025/26 for additional water storage. Stormwater activity - \$16.9m in the twenty years from 2025/26 for implementation of water quality improvements. Land Drainage activity - \$4.6m over five years from 2025/26 for catchment improvements. <p>Failure to comply with the new standards will potentially compromise the renewal of resource consents.</p> <p>Aside from legal compliance issues, public health and environmental health may be put at risk in the long term.</p> <p>Additional money may also be provided for a managed aquifer recharge study.</p>
2. Stormwater Inflow and Infiltration		
<p>The community has signalled it wants Council to reduce the frequency that wastewater is discharged into rivers and streams and private property during wet weather events. To achieve this, a whole of network approach is required to prevent the stormwater infiltrating the wastewater. This is complex and costly, both to Council and the community.</p> <p>Inflow and infiltration of stormwater into the wastewater network during wet weather</p>	<p>The Wastewater Discharges Reduction Project has been initiated to address the inflow and infiltration issue.</p> <p>To address the issues, Council and community must take a "whole of network" approach, meaning that improvements are required to stormwater and wastewater assets on private property as well as Council's assets.</p> <p>The project has been staged over a 10 year period and areas are being prioritised on a risk basis. The focus to date has been approximately 70% on the public system and 30% on the private system. This is likely to reverse as the project progresses.</p>	<p>We have anticipated additional capital expenditure of \$22m over the next ten years in a combination of wastewater and stormwater infrastructure.</p> <p>Currently overflow is a permitted activity and doesn't require consent. The Freshwater Plan is likely to require resource consent for overflow to occur. There are cost implications in both obtaining a resource consent and monitoring compliance with the consent.</p>

<p>events results in overflows to private property and discharges to rivers in Gisborne city. This is a significant issue for the Council and the community as it presents health risks to property owners and is culturally unacceptable to discharge human waste direct to water.</p> <p>Severe storm events are predicted to occur more frequently.</p>	<p>The project cannot entirely remove the risk of overflow but is intended to reduce the severity and frequency of the issue by:</p> <ul style="list-style-type: none"> • stopping leaky sewer laterals, and • better management of stormwater on private property. 	<p>A resource consent would mean greater transparency of overflow events for the community.</p> <p>Aside from legal compliance issues, public health and environmental health are continually put at risk in both the short and long term until the severity and frequency of inflow and infiltration is reduced.</p>
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3. Development Infill rather than Urban Sprawl

<p>Whilst the Council recognises the need for a variety of lifestyle choices, we need to contain the asset base to ensure that what we have remains affordable and sustainable. Therefore, we need to effectively encourage appropriate infill and new connections within our current asset footprint in order to achieve asset optimisation of the water, wastewater and stormwater assets in particular.</p>	<p>Council can 'contain' the asset base, rather than continue to add to it.</p> <p>Council has a range of tools to manage development and connections to its utilities assets, in particular the:</p> <ul style="list-style-type: none"> • Regional Land and District Plan • Engineering Code of Practice • Development Contributions Policy, and Bylaws. <p>Currently, Council is reviewing its Urban Development Strategy, an objective of which is to ensure a greater proportion of housing demand is accommodated by infill development. There is sufficient 'green field' land zoned for General Residential in the existing urban area to amply provide for the growth that is most likely to occur over the next 20 years.</p> <p>Adopting an 'infill' development approach where 80% of new housing is accommodated within the existing urban area and 20% in the Rural Residential zone would achieve a good balance.</p> <p>Council has identified where it has capacity within its current reticulation schemes to accommodate additional connections. There is capacity within the current water and wastewater reticulation schemes to accommodate the towns of Wainui and Makaraka. Council needs to work with these communities to determine the benefit and cost effectiveness of progressing these connections, the requirement for an increased level of service and/or any identifiable environmental or health risks with continuing to use septic tanks.</p> <p>Council needs to be clear with the development community that it is not intending to expand its asset infrastructure beyond the existing footprint.</p>	<p>The implications of not containing the asset base would result in an increased cost across all ratepayers. Given the static and declining population, a larger asset base would have to be funded by the same number of ratepayers, which is not considered affordable for the community and therefore an unsustainable service.</p> <p>There are capital costs associated with connecting other towns (such as Wainui and Makaraka) to existing reticulated services, the funding arrangements for which would need to be considered by the community and Council.</p> <p>It is also worth noting that an inherent assumption in the capacity of the water and wastewater systems is that there would be no significant change to current industry use.</p>
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	<p>Council could choose to incentivise infill and new connections.</p>	
<p>4. Affordability of the Road Network</p>		
<p>How to keep the road network affordable into the future. Given the dependency of the roading programme on oil based products inflation has a considerable impact on Council's costs in roading. To take no action will see the costs of providing the same levels of service increase.</p>	<p>Similar to issue #3 above, Council can 'contain' the asset base, rather than continue to add to it. This will be critical to keeping the road network affordable.</p> <p>Council can 'flat line' the roading budget (i.e. no inflation or increase in costs) and look to make operational efficiencies and cost reductions.</p> <p>Council has recently established Tairāwhiti Roads for this purpose – a collaborative model combining management of the Gisborne District Council roading assets with those of the New Zealand Transport Agency across the Gisborne region.</p> <p>Continuing to have the support of NZTA and the Government is critical to keeping the road network affordable as they are joint partners with the Council in the delivery and maintenance of the road network.</p> <p>Council may consider a reduction in levels of service for the roading activity, such as changing some roads from asphalt to chip seal which is approximately 50% cheaper.</p> <p>Council can continue to not provide additional seal extensions.</p> <p>By supporting alternative transport arrangements such as walking and cycling through the Active Transportation Project, Council may reduce vehicular traffic however; the main causes of road wear and tear are trucks and storm events.</p>	<p>The implications of not allowing for inflation in the roading budget will lead to a reduction in current service levels eventually.</p> <p>These implications do not take into account a change in use on the road network due to oil and gas exploration in the Gisborne area (see issue #9 below), which is a further risk to the condition and affordability of the road network in the future.</p>
<p>5. Forestry Harvest</p>		
<p>The upcoming forestry harvest will directly impact on the number of heavy vehicles travelling to and from forestry areas, sawmilling centres and the port, thus increasing the demand on existing road assets.</p> <p>According to a report by the Eastland Group, the forestry peak is expected to occur between 2025 and 2030 at over double that of today's production volume.</p> <p>This is a significant increase and will impact the cost of maintenance on the roading network and community amenity.</p>	<p>Collaboration with stakeholders is seen as the primary mechanism which with to manage demand on the roading network.</p> <p>Council already has in place a communications strategy with primary industry. Regular meetings with forestry companies to understand and assess the impact of forestry on the network, together with regular liaison with NZTA and other local authorities over demand on the network.</p> <p>Council can review its rating approach and apportion a greater cost of the activity to the users that exacerbate the need for the service.</p> <p>Logging forecasts are reviewed every three years with changes being incorporated into</p>	<p>Council is expecting to spend \$500k in maintenance and renewals over the next ten years.</p> <p>Council considered whether a bypass would be an option but has ruled this out for affordability reasons.</p> <p>To create capacity for high productivity motor vehicles additional capital expenditure would be required for bridge strengthening and other projects.</p> <p>As part of developing the 2015-2025 LTP, Council has reviewed its rating approach</p>

	<p>Council's maintenance and operations investment forecasts for roading.</p> <p>Council has completed a health impact assessment of heavy traffic routes through Gisborne city and implemented new measures to mitigate the effects of logging trucks on residential areas. This is an ongoing programme.</p> <p>Council is creating capacity for heavier or slightly longer trucks (known as high productivity motor vehicles) – along a number of strategic routes.</p> <p>While there are still reservations and concerns with regards to secondary local routes, the vast majority of works required to accommodate future heavy vehicle demands has been completed.</p>	<p>and apportioned a greater cost of the activity to the users that exacerbate the need for the service.</p>
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6. Security of the Road Network

<p>The impact of storm and weather events means that we can't guarantee the security of the road network to our industry and community. There are specific concerns from industry that operate on just-in-time models.</p>	<p>Council prioritises capital projects that will deliver route security.</p> <p>Council maintains a preventative maintenance budget (now known as resilience projects) to target specific areas of concern on the roading network.</p> <p>Council could explore the creation of secondary access routes.</p> <p>Council maintains its current road network so that further route security issues do not occur.</p>	<p>The creation of secondary access routes are likely to be unaffordable.</p> <p>The implication of not addressing this issue is that industry may choose to relocate to a district with a roading network less impacted by storm and weather events. Relocation or even a downsize of industry would likely impact on the local economy directly through job losses, the flow on of this could be a net migration loss of population.</p>
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7. Climate Change / Natural Hazards

<p>There is likely to be increasing frequency and severity of weather events and sea level rise. Natural hazards that are considered likely are flooding, high winds, earthquake and fire ash fall.</p>	<p>Council's principal option for managing the effects of natural hazards is multi-pronged:</p> <ul style="list-style-type: none"> • understanding the risks to its critical assets • mitigating the financial risk of natural hazards • building the communities' resilience to deal with natural hazards, and • taking opportunities to build resilience into the infrastructure network • Preparing a strategy for climate change. <p>Council has sought external advice and assessment on the potential impacts of various natural hazards and the likely impact of those hazards on its critical infrastructure.</p>	<p>For the purposes of financial modelling improvements to the infrastructure assets resulting from changes in climate will be part of the water supply demand management initiatives.</p>
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	<p>Council has disaster insurance as a mitigation to the financial impacts of natural hazards.</p> <p>Council can proactively build resilience in its infrastructure through mitigation avoidance measures, such as not building critical infrastructure on flood plains, and by taking opportunities through renewal works to enhance the resilience of particular assets.</p> <p>Council is already working with Ministry for the Environment 2040 climate change scenarios ⁽²⁾ for design purposes. Council anticipates that by 2030-2040 onwards additional expenditure will be required for changes or improvements to the assets resulting from changes in climate.</p> <p>Council makes investments in the communities' resilience to and preparedness for natural disasters through its Civil Defence activity.</p>	
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8. Maintaining our Existing Assets

<p>Council takes responsibility for providing essential infrastructure on behalf of its communities. Whilst this comes at significant cost it is undertaken in a manner which promotes optimal life cycle management of the assets. Whilst it's currently affordable, the perception could be that it restrains other expenditure.</p>	<p>Principally, Council can look to minimise costs but maximise benefit, through asset optimisation, evidence-based asset management, collaboration and working smarter.</p> <p>Council can treat the assets as networks, and promote integrated planning for this same purpose.</p> <p>Council can explore alternative ways of delivering the same or similar levels of service, in particular through technological advances and improved asset management techniques, and procurement of services and materials.</p>	<p>By not managing the assets well, Council will subject the community to additional and unnecessary costs, or burden future ratepayers with unfair and/or unnecessary debt.</p> <p>The essential infrastructure assets are critical for continued public and environmental health. Failure to deliver these services well and prudently can have severe consequences.</p>
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9. Oil and Gas Exploration

<p>A Development Study for oil and gas exploration in the Gisborne district was undertaken in 2013 (led by Ministry of Business, Innovation and Employment). The Study outlines potential benefits, impacts and risks of petroleum (oil and gas) development across the East Coast if such a development were to eventuate.</p> <p>It represents a very first step and it is therefore too premature to plan for any impacts to community, environment and infrastructure.</p>	<p>If development of the East Coast does proceed, Council and the community would need to make a number of significant decisions with regard to provision of infrastructure, impacts to local economy, environment and amenity.</p> <p>Whilst it is too premature to plan for any impacts and therefore consider the range of options in response, the purpose of including this issue in this Infrastructure Strategy is to signal that within the next 10-15 years this matter may have to be considered.</p>	<p>Council has made no financial provision for dealing with the potential effects of oil and gas exploration at this stage.</p>
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2 NB: New Zealand Ministry of Health climate change scenarios are calculated for two future periods: 2030–2049 ('2040') and 2080–2099 ('2090').

<p>With respects to infrastructure, there could potentially be substantial impacts to the roading network resulting in requirements for bridge strengthening and other capital works. There may also be substantial requirements for water.</p>		
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10. Gisborne Airport

<p>The Gisborne Airport is an important asset for the region, valued at approximately \$13.4m. The airport is owned by the Council, and is operated by the Eastland Group by lease arrangement. The current lease arrangement expires in 2021, with an option to renew for a further 15 years. However, either party may withdraw from the contract at the expiry period.</p> <p>The issue is that the Council needs to ensure that the airport remains a going concern and is operated and managed efficiently and effectively. There is a risk that without sufficient notice, the airport could be returned to Council, and the Council could incur significant maintenance and operational costs, for which it has not planned.</p>	<p>The principal option is to work with the Eastland Group in the lead up to the renewal period to ensure a lease renewal arrangement for a further 15 years.</p> <p>Council could also choose to withdraw from the current lease arrangement and retender the operations of the airport, which would give Council an opportunity to refresh the lease arrangement to include sufficient asset management and performance management targets.</p>	<p>Within the life of this Strategy, Council will need to tender the airport operations and maintenance contract. The current lease only requires a six month notice period should either party wish not to renew, so should this occur in 2021, planning needs to commence in the next few years.</p> <p>There is a risk that if the asset is not maintained appropriately by the lessee then the cost of asset maintenance and/or renewal will fall to the Council, which has not currently been budgeted.</p> <p>Depending on the asset condition these costs could be substantial.</p> <p>Council does not fund depreciation on the airport assets as it is assumed that the asset will be returned to Council at the end of the lease in the same condition as when the lease began.</p> <p>Should the airport cease to operate the impacts for the region could be extreme to business, tourism and for the community.</p>
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11. Community Infrastructure Projects

<p>Council considers community infrastructure essential to the functioning of a modern city, however balancing the costs of these community infrastructure upgrades against the communities' ability to pay is a constant challenge.</p> <p>The War Memorial Theatre and Cenotaph have been completed and the HB Williams Memorial Library is currently being upgraded. Council is also</p>	<p>Council will stage the timing of these works to ensure that the expenditure is spread over a number of years rather than being incurred all at once.</p> <p>With regards to the Olympic Pool the scope of the works to be undertaken is not yet confirmed. The Pool redevelopment can be considered and undertaken in smaller component parts. The scope and staging of these component projects is an option Council has to make the redevelopment more affordable. This option would also balance the need to address a number of</p>	<p>For the purposes of our financial modelling we have anticipated capital expenditure of \$11m for the Fitzherbert Street office rebuild over two years. However this cost has now been excluded from Council's financial forecast as it will be incurred by Gisborne Holdings Ltd.</p> <p>Similarly, we have anticipated capital expenditure of \$10.5m for redevelopment of the Olympic Pool over 5 years. We</p>
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<p>committed to its Navigations project whereby a cultural heritage trail through the inner harbour, Titirangi Reserve and other key sites will be developed over the next 7 years.</p> <p>The Olympic Pool needs redevelopment as the asset is nearing the end of its life and several of its component parts need immediate remedial works. A total rebuild of the Olympic Pool may be unaffordable for the community considering the other projects that Council also has to undertake and is already committed to.</p> <p>Council needs to upgrade or rebuild its Fitzherbert Street buildings as they are considered earthquake prone. The cost of the rebuild is anticipated to be \$11m. Council's municipal buildings will be transferred to Gisborne Holdings Ltd who will manage and fund the rebuild.</p>	<p>remedial works at the Pool with the desire for overall improvements to the facilities.</p> <p>Council approved the option to rebuild the administration centre. This will be a smaller, single-storey building with sustainable design reducing energy and operational costs by a projected \$30m over the building's 50-year life span. The costs of strengthening were similar to those of a new build, but did not offer the same level of efficiencies across the complex. Unlike the Olympic Pool, it is not most cost effective to stage the rebuild. Ownership of the municipal buildings will transfer to Gisborne Holdings Ltd in December 2015. They will now manage and fund the rebuild.</p> <p>Council can, and often does seek external funding for significant community funded infrastructure to alleviate the cost to ratepayers.</p> <p>For example, the Eastland Community Trust is funding the Navigations project by \$5m, and the Eastland Group have agreed to fund \$1.6m of the infrastructure development on the training wall walkway. Just over 60% of the Cenotaph restoration was funded by the Environment and Heritage Lottery Fund.</p>	<p>anticipate to receive \$10.5m (100% of cost) in grant funding for the Olympic Pool redevelopment.</p>
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4. Expenditure Summary

In addressing the issues identified above, and delivering the 'most likely scenario', Council expects to spend \$627m on new or replacement infrastructure between 2015 and 2045. Over the same period, \$1.6 billion is expected to be spent on operating costs, labour, depreciation, materials and maintenance.

Table 2: Expenditure summary.

These figures are anticipated to be spread across the infrastructure asset activity areas as follows:

Infrastructure Activity	Capital Expenditure \$000	Operational Expenditure \$000
Water Supply	45,141	273,753
Wastewater	75,389	321,293
Stormwater	39,922	135,619
Flood Protection	15,645	88,336
Roading	414,851	1,107,921
Other Community Infrastructure assets	35,639	239,447
Total	626,587	2,166,369

Further details by activity are contained in the Appendices from Page 45.

5. Risk Management and Insurance

Council has a Risk Management Policy for managing potential risks to the organisation. A framework has been developed to assist with a consistent approach to risk management across Council.

While the organisation faces many risks, Council has carried out risk management in accordance with the direction given by the International Infrastructure Management Manual (IIMM), with regard to infrastructure. Key principles are to avoid and mitigate the risks where possible.

An independent Infrastructure Loss Analysis is carried out to provide Council a risk engineering report that summarises the natural hazardscape for both local and regional perils. This provides loss estimates for consequential damage caused to Council-owned infrastructure following a natural disaster event.

An independent assessment of Council's risk profile is also carried out. This identifies and ensures these risks are fully considered in terms of limits and scope of Council's insurance programme.

Council manages the financial risk associated with natural disasters through the provision of insurance cover for 40% of the likely damage that matches the 60% from central government under the National Civil Defence Emergency Plan.

APPENDIX A – WASTEWATER AND STORMWATER ASSETS

1. Wastewater and Stormwater Assets Overview ⁽³⁾

This section provides a contextual overview of the wastewater and stormwater assets, including commentary on the asset condition, current and future demand, resilience and levels of service considerations for both today and the future. We have presented the Wastewater and Stormwater activities together given the significant issue regarding inflow and infiltration.

Asset condition and operational issues

- The Gisborne city wastewater treatment plant was constructed in 2010. Whilst there is a proportion of the wastewater network that is nearing the end of its expected life, the average remaining life is 49 years, alternatively on average the overall remaining life of the asset base is 55%.
- Specifically:
 - there are pre-1920 pipes that have either exceeded or are very close to exceeding their design life.
 - there is a backlog of pipes that have reached the end of their expected life and are currently being prioritised and will be replaced over the next ten years.
- Most of the district's stormwater reticulated assets were installed over the last 50 years, with 50% installed between 1970 and 2000. Substantial upgrade works to the network were undertaken over the last 20 years as part of the Catchment Upgrades.
- The Freshwater Plan currently in development is likely to include the requirement for consents and higher quality discharge for stormwater and wastewater into rivers and will therefore impact the operations and costs of these services.

Resilience and Levels of Service issues

- Inflow and infiltration of stormwater into the wastewater network during wet weather events results in overflows to private property and discharges to rivers in Gisborne city. This is a significant issue for Council and the community as it presents health risks to property owners and is culturally unacceptable to discharge human waste direct to water.

- The impact of more frequent and more severe storms resulting from climate change will exacerbate this issue.
- A risk assessment of Council's wastewater assets has been undertaken and identified critical assets.
- The stormwater asset risk assessment has yet to be completed but is less of a priority due to the consequences of failure being much less.

Public health and environmental issues

- The overflow issue can create unsanitary conditions, which impose risks to both public health and the environment.
- Further, it is culturally insensitive for the wastewater to be disposed, untreated, into the rivers and sea.

Growth/decline issues

- There is currently no capacity or performance issue at the Gisborne city wastewater treatment plant.
- Industrial development is being encouraged to occur to the western area of Gisborne city. This could potentially result in increased demand for wastewater reticulation in this area. This particularly applies if an industry with a significant industrial discharge establishes in this area as the separate industrial system is quite geographically specific.
- Despite the issues outlined above, the system does have the capacity to cater for additional connections of settlements not currently connected to the reticulated wastewater system (such as Makaraka and Wainui).

2. Wastewater and Stormwater Asset Management Approach ⁽⁴⁾

Over the next 30 years, we intend to manage the wastewater and stormwater assets by:

- maintaining the existing assets through investing appropriately in our renewals programme on an annual basis. In the first ten years we expect to invest \$29.6m in renewals works to maintain our existing assets, \$20.9m and \$8.7m on wastewater and stormwater respectively; and
- considering the following significant projects.

3 For the purposes of meeting the requirements of s.101(3)(a-c) and 101(4)(c)(i-iii)

4 For the purposes of meeting the requirements of s.101B(4) of the Local Government Act, these statements are considered to be the most likely scenario for the stormwater and wastewater assets.

Design Project	Principal Options	Cost
Wastewater discharges reduction	To reduce frequency of sewage overflows into water courses by reducing stormwater infiltration and inflow.	\$22m
Wetlands Complex	Establish wetland complex to cease the discharge of human waste to the sea.	\$12m

3. Significant Assumptions and Statement of Uncertainty ⁽⁵⁾

There is a high level of confidence in the asset information and likely timing of the capital projects noted above.

There is a high degree of uncertainty around the response required to the Freshwater Plan. For the purposes of our financial modelling we have anticipated additional capital expenditure of \$13.6m over 20 years from 2025/6 for the stormwater activity for implementation of water quality improvements. These costs are indicative because detailed project scoping or investigations have not yet occurred.

There is a high level of confidence around population growth figures, however there is less certainty around future consumption patterns, and changes to industry use. It is assumed however that there will be no significant change to the type of industry from that which currently exists.

4. Wastewater Indicative Expenditure ⁽⁶⁾

The Council estimates the following indicative projected capital and operating expenditure associated with the management of its **wastewater** assets.

WASTEWATER INDICATIVE EXPENDITURE	Year 1 2015/16 \$000	Year 2 2016/17 \$000	Year 3 2017/18 \$000	Year 4 2018/19 \$000	Year 5 2019/20 \$000	Year 6 2020/21 \$000	Year 7 2021/22 \$000	Year 8 2022/23 \$000	Year 9 2023/24 \$000	Year 10 2024/25 \$000
Capital Expenditure	2,221	3,278	2,029	3,940	5,483	3,932	6,638	2,695	3,300	2,069
Operating Expenditure	5,771	6,021	6,247	6,330	6,502	6,995	7,298	7,639	7,927	7,973

	Years 11-15 (2025/26-2029/30) \$000	Years 16-20 (2030/31-2034/35) \$000	Years 21-25 (2035/36-2039/40) \$000	Years 26-30 (2040/41-2044/45) \$000
Capital Expenditure	16,203	10,212	6,304	7,086
Operating Expenditure	45,178	55,497	68,172	83,742

5. Stormwater Indicative Expenditure ⁽⁷⁾

The Council estimates the following indicative projected capital and operating expenditure associated with the management of its **stormwater** assets.

URBAN STORMWATER INDICATIVE EXPENDITURE	Year 1 2015/16 \$000	Year 2 2016/17 \$000	Year 3 2017/18 \$000	Year 4 2018/19 \$000	Year 5 2019/20 \$000	Year 6 2020/21 \$000	Year 7 2021/22 \$000	Year 8 2022/23 \$000	Year 9 2023/24 \$000	Year 10 2024/25 \$000
Capital Expenditure	842	469	654	1,063	906	1,721	1,772	1,996	502	508
Operating Expenditure	2,696	2,763	2,787	2,685	2,770	2,786	2,924	3,086	3,217	3,363

	Years 11-15 (2025/26-2029/30) \$000	Years 16-20 (2030/31-2034/35) \$000	Years 21-25 (2035/36-2039/40) \$000	Years 26-30 (2040/41-2044/45) \$000
Capital Expenditure	4,793	7,346	9,222	8,128
Operating Expenditure	19,056	23,408	28,755	35,322

5 For the purposes of meeting the requirements of s.101B(4)(c)(d) for these particular infrastructure assets.

6 The purposes of meeting the requirements of s.101B(4)(a) for these particular infrastructure assets.

7 The purposes of meeting the requirements of s.101B(4)(a) for these particular infrastructure assets.

APPENDIX B – WATER SUPPLY ASSETS

1. Water Supply Assets Overview ⁽⁸⁾

This section provides a contextual overview of the water supply assets, including commentary on the asset condition, current and future demand, resilience and levels of service considerations for both today and the future.

Asset condition and operational issues

- There is good asset information on which to base planning, and more condition assessment work is planned.
- There is a 30-50 year life on the current assets.
- The current Operations and Maintenance contract with Fulton Hogan runs until June 2015 with an option to extend to 2018.
- The proposed Freshwater Plan is likely to impact on the Te Arai and Waipaoa River source water takes, which is likely to cause supply/demand issues due to possible water take limitations. This would cause a faster draw-down of Mangapoike dam storage, in particular during extended dry periods. This will need to be supported by a demand management strategy once the requirements of the Freshwater Plan are known.
- At periods of peak water demand the system is under significant pressure to service the large industrial users in full production, when at the same time there is competition for water to irrigate by residential customers.

Resilience and Levels of Service issues

- The Waipaoa River is over allocated and as stated above the proposed Freshwater Plan is likely to impact on the source water takes.
- Land stability risks surrounding the Waingake trunk pipeline alignment need to be assessed. The planned harvesting of mature pine trees in the water catchments is likely to significantly increase the risk of land instability.
- Climate change predicts similar annual rainfall with higher intensity. Longer periods between rain events has also been predicted with more droughts. As part of a planned demand strategy Council will need to review existing and future water infrastructure requirements and the implications to the security of supply.

Public health and environmental issues

- The provision of safe, potable water is a critical Council service. Any failure to service can have significant issues for public health and the environment.

Growth/decline issues

- The current asset provision meets the current use and projected future demand.
- It is assumed that there will be no significant change to the type of industry.

2. Water Supply Asset Management Approach ⁽⁹⁾

Over the next 30 years, we intend to manage the water supply assets by:

- maintaining the existing assets through investing appropriately in our renewals programme on an annual basis. In the first ten years we expect to invest \$10.7m in renewals works to maintain our existing water supply assets.

3. Significant Assumptions and Statement of Uncertainty ⁽¹⁰⁾

There is a high degree of uncertainty around the response required to the Freshwater Plan. For the purposes of our financial modelling we have anticipated additional capital expenditure of \$6.9m in the end years from 2025/26 for demand management initiatives and \$22m in years 2043-2045 for additional water storage. These costs are indicative because detailed project scoping or investigations have not yet occurred.

There is a high level of confidence around population growth figures, however there is less certainty around future consumption patterns, and changes to industry use. It is assumed however that there will be no significant change to the type of industry from that which currently exists.

8 For the purposes of meeting the requirements of s.101(3)(a-c) and 101(4)(c)(i-iii)

9 For the purposes of meeting the requirements of s.101B(4) of the Local Government Act, these statements are considered to be the most likely scenario for the water supply assets.

10 For the purposes of meeting the requirements of s.101B(4)(c)(d)) for these particular infrastructure assets.

4. Water Supply Indicative Expenditure ⁽¹¹⁾

Council estimates the following indicative projected capital and operating expenditure associated with the management of its **water supply** assets.

WATER SUPPLY INDICATIVE EXPENDITURE	Year 1 2015/16 \$000	Year 2 2016/17 \$000	Year 3 2017/18 \$000	Year 4 2018/19 \$000	Year 5 2019/20 \$000	Year 6 2020/21 \$000	Year 7 2021/22 \$000	Year 8 2022/23 \$000	Year 9 2023/24 \$000	Year 10 2024/25 \$000
Capital Expenditure	1,389	1,321	1,134	1,473	884	727	1,241	2,377	2,808	834
Operating Expenditure	4,991	4,947	5,282	5,222	5,420	5,601	5,834	6,165	6,527	6,847

	Years 11-15 (2025/26-2029/30) \$000	Years 16-20 (2030/31-2034/35) \$000	Years 21-25 (2035/36-2039/40) \$000	Years 26-30 (2040/41-2044/45) \$000
Capital Expenditure	7,398	5,898	5,231	12,426
Operating Expenditure	38,798	47,659	58,544	71,916

11 The purposes of meeting the requirements of s.101B(4)(a) for these particular infrastructure assets.

APPENDIX C – FLOOD CONTROL ASSETS

1. Flood Control Assets Overview ⁽¹²⁾

This section provides a contextual overview of the flood control assets, including commentary on the asset condition, current and future demand, resilience and levels of service considerations for both today and the future.

Asset condition and operational issues

- Council has responsibility to minimise and prevent damage within its district by flood and erosion. This includes administering, monitoring, controlling or maintaining rivers, streams and watercourses.
- Council administers and maintains two flood control schemes, one river improvement scheme, and one river erosion protection scheme within the district.
- The first Flood Control Scheme (the Waipaoa River Flood Control Scheme - WRFCS) was constructed between 1953 and the mid 1960's to control the extensive flooding of the Poverty Bay Flats, and was followed by the Te Karaka Flood Control Scheme (TKFCS) in 1987-1988 and the Turanganui, Taruheru River Improvement Scheme (TTRS) between 1998 and 2002.
- The stopbanks for the WRFCS and the TKFCS are generally considered to be in good to very good condition. Major culverts and outlet structures are also in very good condition. The stopbanks have a life expectancy of at least 100 years, the floodgates and pipes have about 50 years life expectancy. A full condition assessment is planned before the programmed capital work is to continue.
- In the city the Taruheru timber revetments are in a poor to good condition. Some of the timber revetments have reached the end of their lives and need renewal within the next ten years.
- The condition of the concrete revetments is unknown and therefore they are scheduled for a condition assessment.
- An Asset Condition and Risk Assessment was completed recently for the WRFCS which highlighted a number of significant proposals to improve the resilience of the Scheme.
- Technological changes are expected to impact on management and practices.

Resilience and Levels of Service issues

- Stormwater Integrated Catchment Management Plans will be developed over the next five years to

be in place by 2020 in accordance with the proposed Freshwater Plan.

- Critical assets for the flood control activity have been identified. An operational programme has been developed to assess the assets for renewals. Once this work is complete, further work can be programmed to assess the consequences of failure.
- During 2018/19 specific Emergency Management Plans will be created, for a Major Flood, Tsunami, Earthquake and a Volcanic Eruption. Within these plans critical assets will be identified at a high level for this activity.
- Costs associated with this activity can escalate in the event of a major flood.

Public health and environmental issues

- One of the key functions of this activity is to provide and manage the protection of people and their properties including land from flooding, river erosion, and coastal erosion in identified areas.
- The Flood Control Schemes provide a safe farming and living environment to the whole community of Gisborne and the areas directly benefiting from their very existence. Failure would result in a major disaster.
- Detrimental environmental, health, economic or social consequences may arise from not appropriately managing this activity.

Growth/decline issues

- This activity is largely driven by community expectations and environmental standards.
- It is assumed that there will be no significant change to the type of industry.

2. Flood Control Asset Management Approach ⁽¹³⁾

Over the next 30 years, we intend to manage the flood control assets by:

- maintaining the existing assets through investing appropriately in our renewals programme on an annual basis. In the first ten years we expect to invest \$11m in renewals works to maintain our existing assets
- considering the following significant project within next ten years.

12 For the purposes of meeting the requirements of s.101(3)(a-c) and 101(4)(c)(i-iii)

13 For the purposes of meeting the requirements of s.101B(4) of the Local Government Act, these statements are considered to be the most likely scenario for the water supply assets.

Design Project	Principal Options	Cost
Waipaoa River Flood Protection Scheme	To upgrade and strengthen protection works to cater for "Cyclone Bola" type flood.	\$9.4m

3. Significant Assumptions and Statement of Uncertainty ⁽¹⁴⁾

There is a high level of confidence in the asset information and likely timing of the capital project noted above.

There is a high degree of uncertainty around the response required to the Freshwater Plan. For the purposes of our financial modelling we have anticipated additional capital expenditure of \$4.6m over ten years from 2025/26

for the Land Draining activity for catchment improvements. These costs are indicative because detailed project scoping or investigations have not yet occurred.

There is a high level of confidence around population growth figures, however there is less certainty around future consumption patterns, and changes to industry use. It is assumed however that there will be no significant change to the type of industry from that which exists currently (for example, horticulture will remain as horticulture and not be converted to dairy).

4. Flood Control Indicative Expenditure ⁽¹⁵⁾

Council estimates the following indicative projected capital and operating expenditure associated with the management of its flood control assets.

FLOOD CONTROL INDICATIVE EXPENDITURE	Year 1 2015/16 \$000	Year 2 2016/17 \$000	Year 3 2017/18 \$000	Year 4 2018/19 \$000	Year 5 2019/20 \$000	Year 6 2020/21 \$000	Year 7 2021/22 \$000	Year 8 2022/23 \$000	Year 9 2023/24 \$000	Year 10 2024/25 \$000
Capital Expenditure	757	1,038	811	1,313	1,011	1,012	1,012	1,213	1,413	1,414
Operating Expenditure	1,726	1,888	1,718	1,776	1,816	1,810	1,923	1,916	1,996	2,196

	Years 11-15 (2025/26-2029/30) \$000	Years 16-20 (2030/31-2034/35) \$000	Years 21-25 (2035/36-2039/40) \$000	Years 26-30 (2040/41-2044/45) \$000
Capital Expenditure	4,651	0	0	0
Operating Expenditure	12,443	15,285	18,777	23,065

14 For the purposes of meeting the requirements of s.101B(4)(c)(d)) for these particular infrastructure assets.
 15 The purposes of meeting the requirements of s.101B(4)(a) for these particular infrastructure assets.

APPENDIX D – ROADING ASSETS

1. Roothing Assets Overview ⁽¹⁶⁾

This section provides a contextual overview of the roading assets, including commentary on the asset condition, current and future demand, resilience and levels of service considerations for both today and the future.

Asset condition and operational issues

- The scope of the Land Transport activity is significant, as it covers street lights, footpaths etc. For the purposes of this Strategy, the significant infrastructure components within the Land Transport activity are considered to be the sealed and unsealed road network and the walking/cycling amenities.
- Tairāwhiti Roads has been set-up to manage the roading activity with the Gisborne district. The first of its kind in New Zealand, it is a collaborative model combining management of the Council roading assets with those of the NZ Transport Agency across the Gisborne region. Embedding this collaboration is a priority .
- With respect to the road network, the current asset condition (both sealed and unsealed) is acceptable by national standards and maintenance and renewal programmes are conducted in accordance with national standards. However there is room for improvement with regards to optimisation of the current planned (pro-active) maintenance of the assets, particularly for sealed roads. This is not unique to Gisborne district, but common throughout New Zealand.

Resilience and Levels of Service issues

- Keeping the road network affordable into the future by containing the asset. Over time, a reduced level of service with respect to road condition may be more suitable.
- It is highly unlikely that any increases to levels of service (such as more seal extension) will be affordable.
- The impact of storm and weather events means that we can not guarantee the security of the road network to our industry and community. There are specific concerns from industry that operate on just-in-time models.
- Reducing the adverse effects of motor vehicles by creating more 'shared space' roads (roads that look and feel like pedestrian areas).

Public health and environmental issues

- The provision of an integrated, safe, responsive and sustainable land transport system is a fundamental requirement for Council.
- Public health and safety could be compromised by failure to manage this activity well.

Growth/decline issues

- Increased use of the road network with the upcoming forestry harvest will impact the cost of maintenance and impact community amenity.
- If East Coast oil and gas development proceeds the roading network would likely be impacted significantly.

2. Roothing Asset Management Approach ⁽¹⁷⁾

Over the next 30 years we intend to manage the roading assets by:

- Maintaining the existing assets through investing appropriately in our renewals programme on an annual basis. In the first ten years we expect to invest \$102.5m in renewals works to maintain our existing assets.

3. Significant Assumptions and Statement of Uncertainty ⁽¹⁸⁾

There is a high level of uncertainty associated with the potential impacts of oil and gas exploration in the Gisborne district and at this stage Council has made no financial provision for dealing with the potential effects of oil and gas exploration.

There is a moderate level of uncertainty associated with the increased use of the road network resulting from the upcoming forestry harvest. The Council has reliable information from the Industry on which to base its planning and response.

Timing of renewal and maintenance projects is dependent on the rate of road deterioration. If roads deteriorate faster than expected then capital works will need to be brought forward, potentially resulting in the need to borrow additional money earlier (increasing overall debt servicing costs over the life of this strategy). Conversely, if the works are able to be delayed the requirement for Council to borrow money for these projects is reduced.

16 For the purposes of meeting the requirements of s.101(3)(a-c) and 101(4)(c)(i-iii)

17 For the purposes of meeting the requirements of s.101B(4) of the Local Government Act, these statements are considered to be the most likely scenario for the water supply assets.

18 For the purposes of meeting the requirements of s.101B(4)(c)(d)) for these particular infrastructure assets.

4. Roding Indicative Expenditure ⁽¹⁹⁾

The Council estimates the following indicative projected capital and operating expenditure associated with the management of its **roding assets**.

LAND TRANSPORT INDICATIVE EXPENDITURE	Year 1 2015/16 \$000	Year 2 2016/17 \$000	Year 3 2017/18 \$000	Year 4 2018/19 \$000	Year 5 2019/20 \$000	Year 6 2020/21 \$000	Year 7 2021/22 \$000	Year 8 2022/23 \$000	Year 9 2023/24 \$000	Year 10 2024/25 \$000
Capital Expenditure	12,275	12,187	13,592	11,167	13,464	13,593	12,989	13,584	13,280	13,657
Operating Expenditure	24,158	24,254	24,690	25,179	25,807	26,595	27,392	28,002	28,650	29,480

	Years 11-15 (2025/26-2029/30) \$000	Years 16-20 (2030/31-2034/35) \$000	Years 21-25 (2035/36-2039/40) \$000	Years 26-30 (2040/41-2044/45) \$000
Capital Expenditure	71,480	74,763	62,073	76,747
Operating Expenditure	162,651	191,319	225,040	264,704

¹⁹ the purposes of meeting the requirements of s.101B(4)(a) for these particular infrastructure assets.

APPENDIX E – SIGNIFICANT COMMUNITY INFRASTRUCTURE ASSETS

1. Other Community Assets Overview ⁽²⁰⁾

This section provides a contextual overview of the significant community infrastructure projects that Council has under way or is likely to consider now and in the future. For the purposes of this Infrastructure Strategy, Council has chosen to consider the following assets as significant community infrastructure:

- Cenotaph
- War Memorial Theatre
- HB Williams Memorial Library
- Tairāwhiti Navigations & Inner Harbour
- Olympic Pool
- Municipal building (GHL-owned)
- Gisborne Airport.

NB: the project status noted in the table below is current as at October 2014 and is included here for context. Project updates are available on our website www.gdc.govt.nz/major-projects/ and in the LTP.

Cenotaph

Asset Condition and Operational issues - Significant damage was sustained to the Cenotaph in the December 2007 earthquake.

Project Status - Physical restoration works on the Cenotaph monument commenced in May 2014 and was completed in readiness for the Anzac Day commemorations on 25 April 2015.

War Memorial Theatre

Project status - The theatre was officially closed in June 2013 when construction commenced. The rebuilt theatre was officially reopened on Anzac Day - 25 April 2015.

HB Williams Memorial Library

Asset Condition and Operational issues - The library building requires earthquake strengthening and any extension to the current building will require it to be brought up to the new building code.

Resilience and Levels of Service Issues - The library is often overcrowded and how we use the space is changing. Staff struggle to find space for stock, archives and to provide young people with the services they are asking for. We need to improve access for disabled users and there is limited space to hold public meetings, study quietly and for staff to work.

Project status - This project is expected to cost \$3.5m with physical construction works occurring in 2015. Generous bequests totalling \$1.63m have already been received towards the upgrade.

Tairāwhiti Navigations & Inner Harbour

Project status - This project is an improvement to levels of service for the recreational enjoyment of the Gisborne area as well as promoting a greater appreciation and recognition of the cultural heritage of the area. The project comprises many parts, including:

- River training wall (the wall that separates the harbour and trains the river)
- Inner harbour development Turanganui River bridge
- Clip-on to railway bridge connecting walkways
- Titirangi Reserve (Kaiti Hill).

It is expected that the walkway to the slipway and the bridge over to Waikanae will be ready for Te Ha celebrations in 2019. The total project cost is anticipated to be \$12.55m. Council's contribution is expected to be \$4.02m with the balance of funds being obtained through external funding.

Olympic Pool

Asset Condition and Operational Issues - The Olympic Pool is a popular facility but is now 40 years old. The asset is nearing the end of its life and several of its component parts need more immediate remedial works. Council has recently received a detailed condition assessment which elaborates on these matters.

Resilience and Levels of Service Issues - Given the age of the Pool, and its popularity in the community it makes sense to address issues and improve services at the Pool through asset upgrades.

Project status - Council is currently scoping the various options for improving this asset.

Municipal Building

Council's municipal buildings asset will transfer to Gisborne Holdings Ltd in December 2015. The LTP has been amended to reflect this. Refer to Page 10 of the LTP for more information about the amendment and transfer of this asset or visit Council's website.

Asset Condition and Operational Issues - The municipal building in Fitzherbert Street comprises several buildings, built from 1953 to 2007. Two buildings are earthquake prone and seen as unsafe under the Building Act 2004. All staff from one of those buildings have been relocated to other sites in the city. All the buildings on the site need to be upgraded to meet current building code standards. The 1953 building must be repaired or rebuilt by 2016.

Project status - In May 2014 Council approved a complete rebuild as the preferred option. The project is to be completed by 2017 with a budget of \$11m.

Gisborne Airport

Asset condition and operational issues - Council does not currently hold asset condition information for the airport. This is noted as a significant infrastructure issue in Section 4 of the Strategy. The airport is owned by Council, and is operated by the Eastland Group by lease arrangement. The current lease arrangement expires in 2021, with an option to renew for a further 15 years. However either party may withdraw from the contract at the expiry period.

2. Other Community Assets Management Approach ⁽²¹⁾

Over the next 30 years, we intend to manage the significant community infrastructure by:

- Ensuring that Council balances community needs and affordability.
- Where possible, undertaking a staged approach to projects to spread the financial impact over a number of years.
- Seeking external funding to alleviate the requirement on rates revenue.

Design Project	Principal Options	Cost
Scope, timing and costs of works concerning redevelopment of the Olympic Pool.	A staged investment over several years that addresses current remedial concerns and future improvements to the facility.	Ranging up to \$10.5m over 5 years. 100% of which is anticipated to be funded externally.

Design Project	Principal Options	Cost
Design and timing of the Municipal Building.	This project is now owned by Gisborne Holdings Ltd following the transfer of Council's municipal buildings asset to them in December 2015.	The \$11m cost for this project will be incurred by Gisborne Holdings Ltd. It is expected to be complete in 2017
Gisborne Airport lease renewal arrangements.	Refer to Section 3 "Significant Infrastructure Issues" Page 37, issue #9 for details.	

3. Significant Assumptions and Statement of Uncertainty ⁽²²⁾

Other than the assets and projects above, Council assumes that there will be no further significant community infrastructure projects required in the 30 year period.

Council also assumes that where stated, the external funding requirements will be realised.

4. Community Infrastructure Indicative Expenditure ⁽²³⁾

Council estimates the following indicative projected capital and operating expenditure associated with the management of its **significant community infrastructure** assets.

COMMUNITY PROPERTY INDICATIVE EXPENDITURE	Year 1 2015/16 \$000	Year 2 2016/17 \$000	Year 3 2017/18 \$000	Year 4 2018/19 \$000	Year 5 2019/20 \$000	Year 6 2020/21 \$000	Year 7 2021/22 \$000	Year 8 2022/23 \$000	Year 9 2023/24 \$000	Year 10 2024/25 \$000
Capital Expenditure	7,038	2,425	6,302	6,601	2,379	268	284	290	308	464
Operating Expenditure	4,736	5,012	5,151	5,194	5,514	5,908	6,030	6,054	6,192	6,334

	Years 11-15 (2025/26-2029/30) \$000	Years 16-20 (2030/31-2034/35) \$000	Years 21-25 (2035/36-2039/40) \$000	Years 26-30 (2040/41-2044/45) \$000
Capital Expenditure	2,320	2,320	2,320	2,320
Operating Expenditure	35,051	41,428	48,967	57,877

21 For the purposes of meeting the requirements of s.101B(4) of the Local Government Act, these statements are considered to be the most likely scenario for the water supply assets.

22 For the purposes of meeting the requirements of s.101B(4)(c)(d)) for these particular infrastructure assets.

23 the purposes of meeting the requirements of s.101B(4)(a) for these particular infrastructure assets.