

DATE	20 April 2023
BRIEF PAPER	TO THE MAYOR AND COUNCILLORS
FROM	Glenn Rainham, Far North Waters Alliance (an alliance between FNDC & Ventia)
PURPOSE	<ol style="list-style-type: none"> 1. The Te Tai Tokerau Water Trust ("<i>Trust</i>") have proposed that the Far North District Council ("<i>FNDC</i>") purchase 200 shares in the planned Otawere reservoir in Te Ahu Ahu Road, Waimate North. 2. The <i>Trust</i> have requested the opportunity to present this proposal 3. Following this presentation, a workshop styled session will be provided for Councilors' to consider the proposal

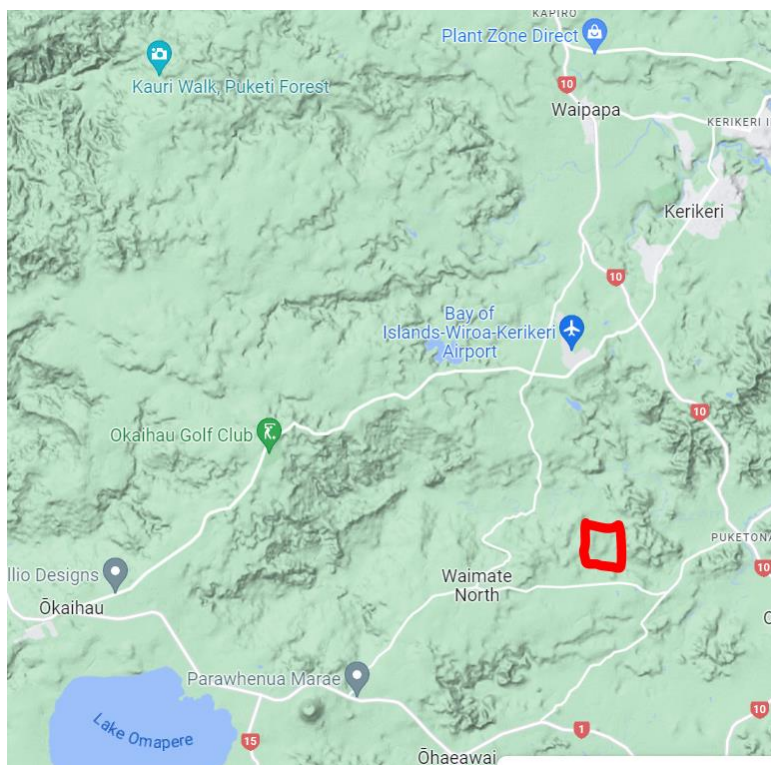
BACKGROUND

The *Trust* will complete construction of the 750,000 Matawii Reservoir at Ngawha this year at a cost of \$15m. The *FNDC* has purchased 66 shares and has a right of first refusal to purchase a further 14 shares in the Kaikohe Water Company which will operate Matawii on completion. This shareholding will provide much needed additional capacity for the Kaikohe municipal water supply.

THE OTAWERE RESERVOIR

An option to provide additional capacity for the **Kerikeri** municipal water supply.

The proposed Otawere Reservoir, near Waimate North, is the third of the Trust's projects: a 4,000,000 cubic metre reservoir at a budgeted cost of \$41 million (including \$5 million of contingency). This project received a resource consent from the COVID-19 Fast Track Panel in July 2022, and the necessary land has been secured.



Having determined that the Otawere Reservoir would, on the basis of the \$41 million construction price, be commercially viable, the *Trust* has focused its attention on securing the funding to enable construction to proceed. It is proposed that construction would take place over the 2023-24 and 2024-25 summer months, with water supply becoming available following the winter of 2025.

To date, funding has been secured from:

- MBIE – loan funding of \$17.5 million
- NRC – convertible notes of \$5 million

The *Trust* seeks to raise the remaining \$18.5m through:

- Sale of shares to landowners, horticultural industry, iwi and other partners: \$11m
- **Sale of 200 shares to *FNDC*: \$7.5m.**

Attached to this briefing paper is the proposal document provided by the *Trust*. This document provides further information on the rationale and strategic options they believe support this investment by the *FNDC*. Today's presentation will provide the opportunity for Councillors to ask questions to assist in reaching a decision as to whether we wish to invest.

CONSIDERATIONS

To assist in your deliberations, I have attached a copy of the current Kerikeri Water Supply Strategy dated June 2021.

In addition, I have suggested below some questions you might like to consider when deliberating on this proposal. These may assist in refining your views and possibly assist in framing some questions for the *Trust*.

1. How realistic are the economic benefits to the area bearing in mind that Kerikeri Irrigation have an available supply to land-owners?
2. Would the Otawere Dam supply be available to supply raw water to Okaihau?
3. With our current risk for Kerikeri being an ageing water treatment plant and an ageing watermain, what would the timing of this project look like? Additional source volume under our Kerikeri Water Strategic Plan indicates this won't be required for 3-4 years.
4. Do we have alternatives for additional volume? This Otawere proposal would require an investment for shares of \$7.5M and an investment for a raw water main of approximately 9kms at between \$5 - 9M
5. Could this be funded by Entity-A under 3-Waters reforms? The next tranche of Better-off funding as an option has disappeared under the reforms re-set? Would require DIA sign-off.
6. Could *FNDC* support this proposal in other ways? Similar to the support by the NRC.