



Mackenzie

DISTRICT COUNCIL

Unconfirmed MINUTES

**Allandale Rural Water Supply Ratepayers
Annual General Meeting**

22 June 2022

**MINUTES OF MACKENZIE DISTRICT COUNCIL
ALLANDALE RURAL WATER SUPPLY RATEPAYERS ANNUAL GENERAL MEETING
HELD AT THE COUNCIL CHAMBERS, FAIRLIE
ON WEDNESDAY, 22 JUNE 2022 AT 4.30PM**

PRESENT: Evan Williams, Ashley Biggs, Stephen Adams, Robbie Travers, Andrew Johnson, Peter Giraud, Stephen Whittaker, Tony Habraken, Mitch Taylor

IN ATTENDANCE: Mayor Graham Smith, Cr Stuart Barwood, Cr Murray Cox, Geoff Horler (Utilities Manager), Sandy Hogg (Finance Manager), Arlene Goss (Governance Advisor)

1 OPENING

The Mayor declared the meeting open.

2 APOLOGIES

COMMITTEE RESOLUTION ALL/2022/15

Moved: Ashley Biggs

Seconded: Stephen Adams

That the apologies received from those named below be accepted and leave of absence granted:

- David Morgan
- Ralph Moffat
- David Williams
- Roly Thompson
- Chad Skeetstamp

CARRIED

3 REPORTS

3.1 ELECTION OF CHAIRPERSON AND MEMBERS OF COMMITTEE

The chairman of the Allandale rural water supply committee, Neil Campbell, passed away in December, 2020. He worked as chairman on behalf of the water users for 17 years.

A minute's silence was held in his memory. This was followed by the election of a new chairperson.

The Mayor called for nominations for chairperson. Mitch Taylor was nominated by Stephen Whittaker and this was seconded by Evan Williams. There were no other nominations and Mitch Taylor was elected unopposed.

Traditionally, all those present at the AGM have been made members of the committee, with all having voting rights.

COMMITTEE RESOLUTION ALL/2022/16

Moved: Stephen Whittaker

Seconded: Evan Williams

1. That Mitch Taylor be elected chairperson of the Allandale Rural Water Supply Ratepayers Committee for 2022/23.

CARRIED

That the members of the committee for 2022/23 are (names).

3.2 MINUTES OF ALLANDALE RURAL WATER SUPPLY RATEPAYERS COMMITTEE MEETING - 7 MARCH 2019

There were no matters arising from the minutes.

COMMITTEE RESOLUTION ALL/2022/17

Moved: Stephan Whittaker

Seconded: Evan Williams

1. That the Minutes of the Allandale Rural Water Supply Ratepayers Committee Meeting held on Thursday 7 March 2019 be received and confirmed as an accurate record of the meeting.

CARRIED

5.3 FINANCIAL REPORT AND BUDGET

The financial report was prepared for the committee members to review the forecasted financial report for the year ended 30 June 2022 and determine the budget for the 2022/2023 year.

Finance manager Sandy Hogg introduced herself and went through the highlights of report.

A question was asked about depreciation. A decision has been made to fund 66% of the value of the asset. This would build up the financial reserve to allow future replacements.

Sandy Hogg said in the past the Spur Road ratepayers paid the Allandale rate and a second Spur Road rate. The methodology changed at the time of the Long Term Plan to Allandale paying a percentage of the costings, with Spur Road paying the rest.

This was not communicated to the rating department. So Spur Road residents ended up paying two rates instead of one. "Basically we overcharged Spur Road and under-rated the Allandale water users."

Council has sought legal advice on how to deal with this. Spur Road ratepayers have been reimbursed, leaving a shortfall in the account of \$18,000 which was under-rated from Allandale. This left a deficit in the account.

She asked how the committee wanted to pick up the \$18,000 deficit. It could be listed in the reserve, so if there were savings in the next few years they could reduce this amount, or were Allandale users prepared to pay \$38,00 per unit?

The \$320.75 in the recommendation does not include the \$18,000.

The deficit would only be on the Allandale users. Could it be paid with depreciation? Yes. The rates for next year could be increased, but are already up 18% to meet operational costs.

Discussion favoured a three year spread of the deficit rather than paying it back in one lump sum. The finance manager was asked to explain depreciation so she outlined the current situation. If the committee chose to use depreciation it would put the unused funded depreciation of about \$15,000 towards the deficit.

Mayor Graham Smith left the meeting at 4.57pm.

The committee felt it would benefit them to draw this out because if Three Waters went ahead, debt would be taken up by central government. They passed a resolution to pay back the deficit over a three year period.

Invoices would go out in July/August

Sandy Hogg will write to the Allandale users to explain the situation.

COMMITTEE RESOLUTION ALL/2022/18

Moved: Evan Williams

Seconded: Name unknown

1. That the report be received.
2. That the financial report for the year ended 30 June 2022 be adopted.
3. That the budget for 2022/2023 be adopted as presented.
4. That the water supply recommends to Council a rate requirement of \$320.75(GST Incl.) per unit to achieve an income requirement of \$154,923 for the Allandale section of the scheme.
5. That the water supply recommends to Council a rate requirement of \$445.16 (GST Incl.) per unit to achieve an income requirement of \$29,826 for the Spur Road Scheme.

CARRIED

COMMITTEE RESOLUTION ALL/2022/19

Moved: Ashley Biggs

Seconded: Stephen Whittaker

6. That the rates increase as planned for next year and the \$18,000 deficit will be paid by the Allandale users over a three year period. This will be approx. \$9.90 per unit.

CARRIED

Evan Williams asked for his vote against the motion to be recorded.

5.4 GENERAL BUSINESS

Utilities manager Geoff Horler updated the committee on maintenance on the asset. There had been a number of leaks on Clayton Road and joints were being replaced to address this. Trying to find leaks was an issue. More flow meters and valves were required to find out where these leaks were occurring. A meter has been installed at Spur Road, but a few more were needed to track the leaks.

A question was asked about the interest rate charged. This was confirmed at 1.7% in the Long Term Plan. Sandy Hogg explained how this was reviewed each month. This was the internal interest rate on internal borrowing. This year Council would be going out to borrow money externally and the internal rate would match whatever the external rate was. There was currently \$262,000 still to pay on the scheme. The loan was over 25 years.

What was the consultant costs for? This was in the budget, but the forecast was that nothing would be spent.

Geoff Horler spoke about the new Fairlie treatment water plant that was planned. This would cost \$8 million but would also benefit Allandale. It was funded by Three Waters Stimulus, at no cost to the Allandale scheme. It would provide clean drinking water.

This scheme needed to think about options to meet water compliance rules.

Mayor Graham Smith rejoined the meeting at 5.15pm.

Allandale would need to apply for consent because people were wanting to hook onto the system and all the water was currently allocated.

Questions were asked about the Fairlie supply and what this would mean for users.

Sandy Hogg asked for help to clean up the list of Allandale users, to pick up any that were missed.

Need to turn the B shares into A shares to clean this up. B shares are either surrendered or people needed to pay the capital value. The value was about \$2,500 plus GST per share.

The chairman asked that people with B shares be given the option to either surrender them or pay the capital cost. A resolution was passed to this effect.

The Mayor offered an update on Three Waters Reform. MDC believed it could manage and supply water under the cost of the proposed scheme. Council was a member of the "Communities for Democracy" to challenge this reform. A compromised plan was suggested but not taken up. This would transfer the assets and debt to the taxpayer. The Mayor said he did not know how this would end up but it would not be in place until 2024.

In the meantime there would be an election, so the plan was to slow this down until there was a change of government.

Geoff Horler then gave his opinion on Three Waters reform and outlined current work on water infrastructure across the district.

COMMITTEE RESOLUTION ALL/2022/20

Moved: Stephen Whittaker

Seconded: Tony Harbraken

That people with B shares be given the option to either surrender them or pay the capital cost.

CARRIED

The Meeting closed at 5.39pm.

The minutes of this meeting were confirmed at the Allandale Rural Water Supply Ratepayers Annual General Meeting held on .

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CHAIRPERSON