NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Napier Civic Building
231 Hastings Street
t +64 **6 835 7579**
e info@napier.govt.nz
www.napier.govt.nz

ORDINARY MEETING OF COUNCIL

Open Agenda Supplementary Item 3

Meeting Date:	Thursday 7 May 2026
Time:	9.30am
Venue:	Chapman Room Level 1, Chapman Pavilion McLean Park Latham Street Napier
	Livestreamed via Council's YouTube Channel

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3. URBAN WATERWAYS TRANSFER OF OPERATIONS - ADDENDUM

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	1910556
Reporting Officer/s & Unit:	Stephen Moratti, Head of Strategy and Investments John Kelsey, Network Control Systems Lead

1.0 Executive Summary - Te Kaupapa me te Whakarāpopototanga:

1.1 This report seeks Council approval to transfer the management and operation of Hawke's Bay Regional Council (HBRC) urban drainage assets within Napier's stormwater network to Napier City Council (NCC), and to progress the subsequent transfer of ownership into NCC's asset register ahead of establishment of a regional water services council-controlled organisation (WSCCO).

1.2 The current split ownership and informal arrangements are no longer fit for purpose and create unnecessary complexity, unclear accountability, and challenges for investment planning, compliance, and incident response. The preferred option is a geographic transfer, with NCC managing and operating the HBRC assets from 1 July 2026 and ownership transferring to NCC on 1 July 2027 (to then be transferred to the WSCCO).

1.3 Key implications include the need for a joint community engagement process (noting the decision is assessed as High significance). Financially, implementation costs are estimated at $150,000–$250,000, NCC would assume approximately $1,250,000 per annum in operating expenditure (partially offset by HBRC targeted rates being passed through), and assets with a book value of $10.012 million (as of 30 June 2023) would transfer from HBRC to NCC; approximately $250,000 of unfunded overheads would remain with HBRC. NCC would likely require up to two additional roles (or equivalent contracted capacity) to plan and deliver the ongoing maintenance and operational management of the additional assets. The final resourcing requirement, including role scope, timing, and funding source, will be confirmed through the implementation planning and budget update process prior to 1 July 2026.

1.4 This transfer of strategic assets will be of **High** significance as per the Significance and Engagement Policy and following legal advice, staff recommend HBRC and NCC prepare a single Statement of Proposal or consultation document to consult with Napier residents and ratepayers. Consultation is planned for September 2026, Hearings in October 2026 and a decision in November 2026. This will avoid complicating already complex 2027 long term plans and enable transfer with other stormwater assets to the Water Services CCO.

2.0 Recommendations - *Ngā Tūtohunga*

That Council

a. **Receives** the report titled Urban Waterways Transfer of Operations - Addendum dated 07 May 2026.

b. **Approves** the transfer of management of the Hawkes Bay Regional Council assets within the Napier urban waterway stormwater network to Napier City Council.

c. **Endorses** the action plan for the transfer of ownership of the Napier Urban Waterways assets, from Hawkes Bay Regional Council into the Napier City Council asset register, as part of the establishment of a Regional Water Organisation.

d. **Notes** the significance the report and the need for a joint community engagement process with Napier City and Hawkes Bay Regional Council with respect to the proposed ownership transfer

3.0 Background - *Ngā Tuāpapa:*

3.1 A widespread open drainage network provides stormwater drainage and management for most of the Napier urban environment. Some waterways were originally designed to provide land drainage to rural environments, however now form a critical part of NCC's stormwater network.

3.2 Pieces of the network assets are separately owned, operated and managed by Hawkes Bay Regional Council (HBRC) and Napier City Council (NCC). The network assets include pump stations, detention dams, flood gates, and culverts, as well as open waterways.

3.3 The urban drainage assets currently owned by HBRC form a core part of Napier's urban stormwater network.

3.4 Maintenance and operation of the waterways is currently carried out by both HBRC and NCC. The two Councils have structured regular meetings to co-ordinate stormwater activities at both Strategic and Operational levels, and more recently to develop a single delivery plan.

3.5 The current ownership and management arrangement was determined in the last reform of local government in 1989 and is no longer fit for purpose.

3.6 Furthermore, a lack of formalisation, and the interdependence of the HBRC urban drainage assets and NCC's stormwater assets creates unnecessary complexity and challenges in managing the entirety of the stormwater network.

3.7 Large rainfall events in 2020 and 2023 demonstrated the importance of coordinated response plans, underscoring the need for deeper integrated management between HBRC and NCC. These events, and the review of the 2020 rainfall event created additional impetus to review the current ownership arrangements.

3.8 The Coalition Government's Local Water Done Well policy also seeks to address inefficiencies in the current management and ownership structures for Water, Wastewater and Stormwater assets across the country. While HBRC was not required to take part in the Local Water Done Well process, the policy presents an opportunity to address the existing ownership arrangements of urban drainage assets. The objectives of the Hawke's Bay councils' response to the Local Water Done Well policy are well aligned to the overall objectives of this business case.

3.9 A review of urban stormwater network service delivery was initiated in 2021 to primarily address:

- The need to provide a consistent level of service for stormwater services within Napier's urban areas.
- The need for a coordinated, consistent, investment approach for Napier's stormwater services.
- Lack of accountability with roles and responsibilities not clearly defined.
- Lack of clarity around ownership and operational responsibilities.
- Potential to increase risk for incident response without a suitable framework in place.
- The need for effective ownership, governance, and management arrangements for Napier's urban stormwater to be in place prior to the establishment of any potential three waters entity in Hawke's Bay

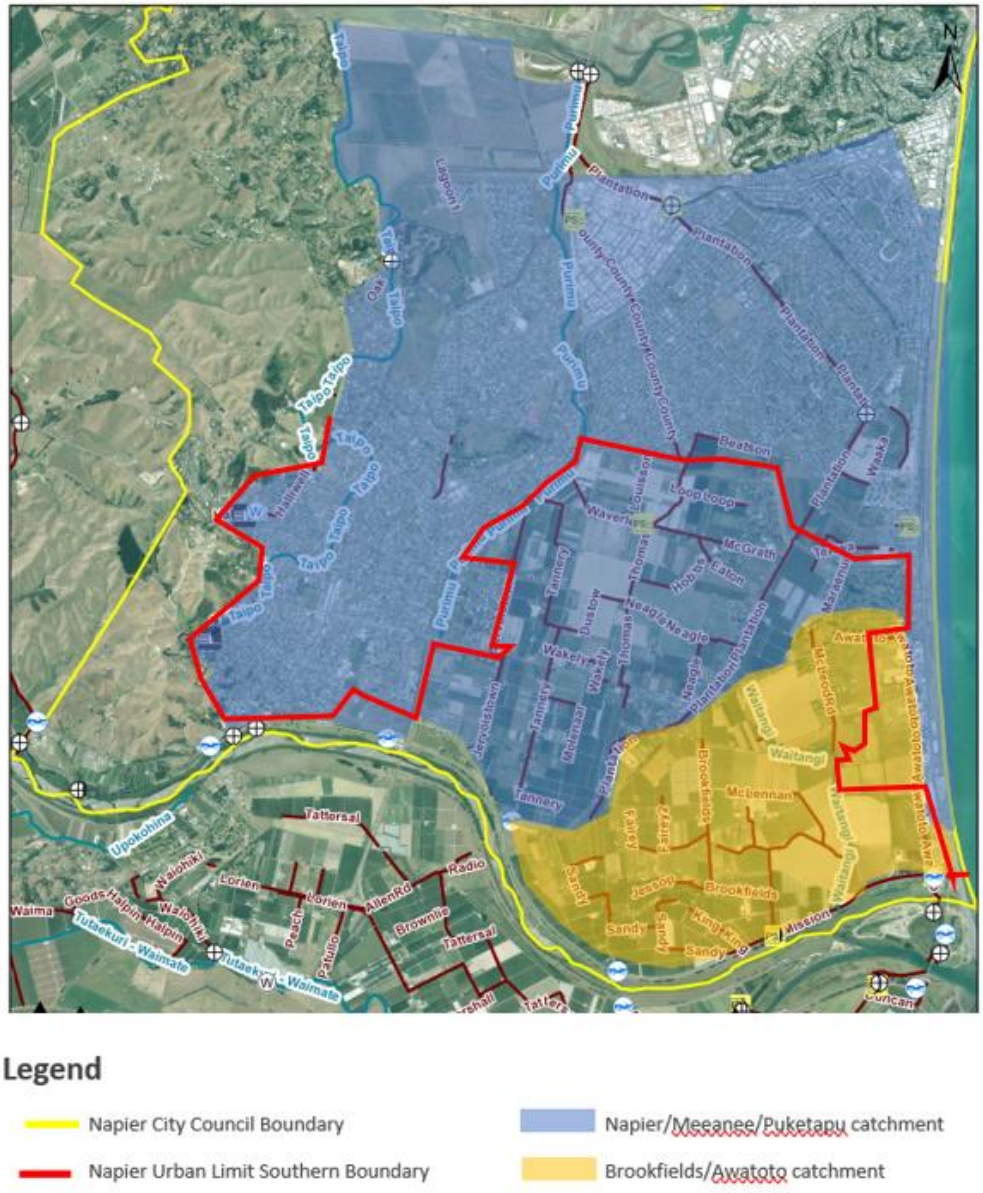

Figure 1 - Napier Urban Stormwater drainage area with open waterways and pump stations

3.10 Bay View stormwater catchment assets are also included in the NCC scope of work. HBRC report that they do not own assets in the Bay View catchment, which differs from

the NCC records. NCC records show HBRC as the owner for some open drains along Hill Road. NCC will also take ownership of the 123 Hill Road culvert and the downstream waterway that have been significant concern to residents. The culvert feeds into the top of the Ahuriri Estuary which is owned by HBRC and will remain under HBRC ownership. This section is however critical to Bay View flood mitigation and therefore NCC will take operational control and maintenance of this 2.5km stretch of the Estuary/Open Waterway down to the Onehunga Pump Station (see figure 2)

Figure 2 - Open Waterway at the top of the Ahuriri Estuary

3.11 Eskdale open waterways will remain under HBRC ownership and management as they manage the Eskdale catchment system, and the intent is to have clear accountabilities at a catchment level (shown as the brown waterways in figure 3).

3.12 Pāmu / Landcorp waterways and stopbanks are outside the scope of the transfer and will remain under private ownership.

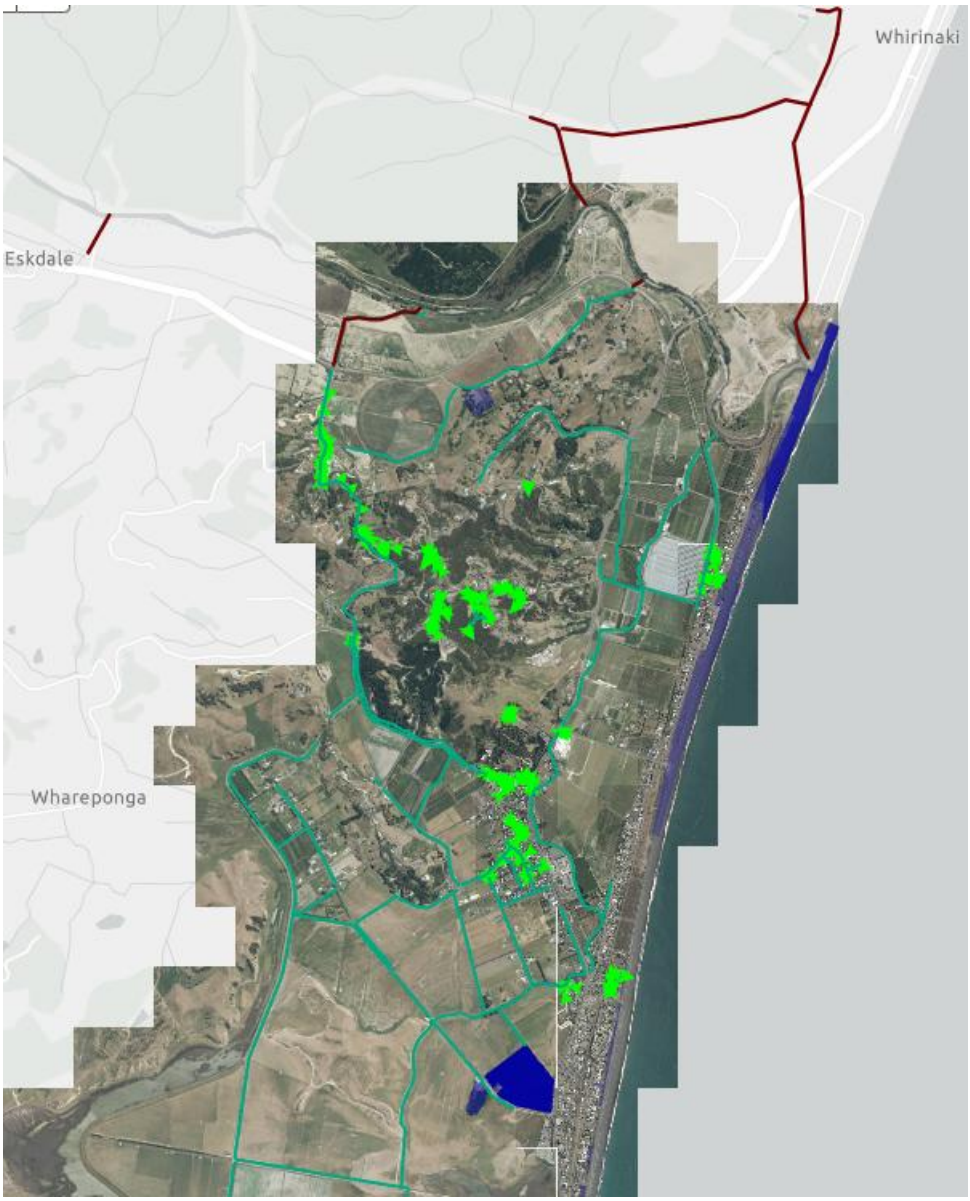

Figure 3 - Bay View Catchment Area

4.0 Discussion - *Ngā Whakamārama:*

4.1 Key Issues

Key issues presented by the current arrangement are summarised below.

- **Levels of Service** – Existing levels of service for some drainage catchments are based on land drainage levels of service and are not aligned to urban stormwater levels of service. Figure 4 shows the varied levels of service currently within the Napier urban waterways. The attached Napier Stormwater Network Combined Delivery Plan shows the current planned pathway to resolve some of the current service level issues.

Figure 4 - Napier Urban Waterways Levels of Service

- **Roles and Responsibilities** – There is no contract or formal arrangement in place between the two organisations regarding management of the waterways. There is no single formal 'source of truth' documentation about roles and responsibilities.
- **Accountability** – Accountability is not clear across the stormwater activity with regards to waterways maintenance and operation. Public and communities are not clear who is responsible for what.
- **Ownership** – Land, assets and equipment may have different ownership e.g. pump station owned by HBRC, but SCADA system installed by NCC, who operate the pump station.
- **Investment and Decision Making** – Level of investment across both councils is not consistent across both councils which has downstream impacts. Each council makes investment decisions based on their own 'risk appetite' with limited coordination. A whole of network approach is required for planned future investment in drainage assets which is more challenging under joint ownership and operation.
- **Compliance** – There is an increasing need for accurate asset data, performance and consent monitoring.
- **Uncertainty around 3-Waters reforms** – Future 3 Waters service delivery is still largely unknown through implementation of the Local Water Done Well policy. The establishment of a new water services entity may alter opportunities to transfer drainage schemes.

4.2 Business Case for Change

The current arrangements for ownership, management and the operation and maintenance of stormwater and drainage assets between HBRC and NCC were initially reviewed in 2022 to enable identification of the optimal model for operating the Napier Urban Waterway and the business case was developed in July 2024.

Since the July 2024 analysis, the main non-financial update to the business case is a revision of the implementation approach resulting from the Local Water Done Well strategic context and the decision taken by NCC to adopt a joint Water Services Delivery

Plan (WSDP) with Hastings and Central Hawke's Bay District Councils resulting in the establishment of a Water Services Council Controlled Organisation (WSCCO).

This business case (attached) recommends the transfer of the urban drainage assets in the Napier/Meeanee/Puketapu and Brookfields/Awatoto catchments to NCC on 1 July 2027, to be transferred into the WSCCO. To assist in the transfer of assets and joint WSCCO planning, it also recommends that the asset management and operational responsibilities of the urban drainage assets are contracted to Napier City Council for the period from 1 July 2026 to 30 June 2027. This will allow Napier City Council to properly incorporate the urban drainage assets in their planning as they work to assist the WSCCO with its long-term planning.

4.3 Schedule for Transition

A schedule for the transfer of assets will be developed and agreed by Council Officers based around the milestone dates below.

- NCC will provide management and operation of HBRC assets from 1 July 2026.
- Ownership of assets will transfer to NCC on 1 July 2027 in line with the WSCCO operational date.

The required consultation for ownership transfer by both Councils may impact the transition timeline.

The development of a single Asset Management Plan for the urban stormwater assets is in progress, as is the provision of detailed asset related information associated with HBRC's urban waterway assets. Regular meetings between Council's are in place to help facilitate this knowledge transfer.

4.4 Strategic Objectives

The proposal aligns with NCC's strategic objectives by:

- Ensuring transparent and participatory decision making
- Supporting resilient communities through appropriate and sustainable funding models
- Ensuring alignment with the Council's Revenue & Financing Policy and Levels of Service

5.0 Options - *He kōwhiringa anō:*

Ten options were considered in the Business Case, which are noted below.

a) Status Quo – maintain current arrangements.

b) Enhanced Status Quo – Current practice operationalised, documented and collated into a structured and combined format.

c) Enhanced Status Quo with Rationalisation of Contracts – option b, plus additional improvements through rationalisation of contracts.

d) Enhanced Status Quo with Waterways Asset Management Position Established – option b, plus establishment of a new role to oversee the management of the urban waterways as a combined activity.

e) Assets Split on a Geographic Basis – open drainage assets transferred based on their geographical location such as catchment boundaries or urban boundary.

f) Assets Split by Function – each council has full ownership and responsibility for a specific asset “function” or activity.

g) All Assets Transferred to One Council – one council has full responsibility for ownership and management of all open waterways within Napier City Council boundary.

h) Full Shared Services Jointly Managed Between HBRC and NCC.

i) CCO/CCTO owned by Council/s – transfer of the urban waterways into a newly established CCO/CCTO.

j) Council Forms and Alliance Arrangement to Manage and Deliver the Urban Waterways

5.1 Assessment of Options

Shortlisted options were considered in the Business Case. The options were assessed against the following consideration factors:

- Finance
- Risk
- Assessment against investment objectives and business needs

5.2 Preferred Option - Transfer of assets between the two organisations with assets split on a geographic basis

Transfer of the urban drainage operation and maintenance in the Napier /Meeanee/ Puketapu and Brookfields/Awatoto catchments to NCC on 1 July 2026, followed by asset transfer to NCC through to WSCCO on 1July 2027.

Advantages

- Investment decisions will be able to be made independently and will better support ‘best for network’, efficiency and clear local accountability.
- There will be full alignment of risk, planning, investment and funding across the network, with one entity being responsible for all elements of the management of drainage assets.
- A geographic split will provide greater consistency of approach than would otherwise be able to be achieved through a functional split of assets.
- Consistent ownership of all stormwater assets within the Napier City boundary is better aligned with the district planning functions.
- More efficient delivery of services with clarity around ownership and responsibilities.

- Accountability can be clearly defined, and performance measured for each organisation.

Disadvantages

- $250,000 unfunded overheads remain with HBRC, recovered through rates.
- There will be stranded costs due to corporate overhead allocations in current drainage catchment budgets that need to be assessed as part of implementation.
- NCC would likely require up to two additional roles to plan and deliver the ongoing maintenance and operational management of the additional assets

6.0 Next Steps - *Te Koke*

6.1 Undertake the necessary consultation with the Napier community

6.2 Obtain updated legal advice for the asset transfer

7.0 Attachments

1⇩	Napier Stormwater Network Combined Delivery Plan	Doc Id: 1910635
2⇩	Presentation - Urban Waterways Transfer	Doc Id: 1910631
3⇩	Napier Urban Waterways Business Case (see previous separate attachment 1907792)	See Separate Att 1

Summary of Considerations - *Tuhinga Whakarāpopoto:*

Council's key considerations are that the proposed transfer supports the purpose of local government under by improving clarity, accountability, efficiency, resourcing, and long-term service sustainability; is expected to improve Māori engagement outcomes; has no material direct impact on emissions or climate risks but should strengthen climate adaptation by enabling whole-of-network planning and upgrades; carries financial implications including estimated implementation costs of $150,000–$250,000, around $1,250,000 per year in operating expenditure shifting to NCC (with HBRC continuing to collect targeted rates and pass them through), HBRC retaining about $250,000 in unfunded overhead; is assessed as High significance due to ownership transfer to strategic assets and requires community consultation and Ministerial notification.

Fit with purpose of Local Government - *Ngā aronga tā te Kaunihera- ā-rohe kōrero*

Council is required to give effect to the purpose of local government as set out in Section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf) of communities in the present and for the future.

The single organisation transfer will promote—

- better fulfilment of the purpose of local government
- productivity improvements within local authorities and districts or regions
- efficiencies and cost savings
- assurance that the local authorities concerned have the resources necessary to enable them to effectively perform or exercise their responsibilities, duties, and powers
- effective responses to the opportunities, needs, and circumstances of the affected area
- enhanced effectiveness, efficiency, and sustainability of local government services
- better support for the ability of local and regional economies to develop and prosper

enhanced ability of local government to meet the changing needs of communities for governance and services into the future.

Māori Impact Statement - *He kōrero whaitake tā te māori kōrero:*

There are likely to be engagement improvements with NCC managing all of the urban waterways within the city boundaries and NCC's strong relationships with Mana Whenua.

Climate Change - *Te Huringa o te āhuarangi*

This decision does not have an impact on:

- Greenhouse gas emissions (from council operations, community activities, or associated infrastructure),
- Napier's adaptation to a changing climate (e.g. flooding, sea level rise, coastal erosion, inundation, drought, heatwaves),
- Or is it itself likely to be impacted by these climate-related risks

Adaptation to climate change will be enhanced by NCC operating and then owning the urban waterways network because the network in its entirety can be considered when planning and implementing upgrades to meet or enhance levels of service.

LTP/ Annual Plan/ Financial Strategy/ Infrastructure Strategy - *Te Pae Tawhiti/ ā-tau / ā- Taunaki Ahumoni /ā- Taunaki Hanganga*

As these assets will be transferred to the Water Services CCO on 1 July 2027, they will be included in the Water Services Strategy.

Financial considerations - *Whai whakaaro Ahumoni:*

The transfer of assets is expected to have the following financial impacts (assessment based on 2023/24 operating budgets, which will be updated in finalising the Business Case).

- Implementation costs in the range of $150,000 -$250,000, including an estimate for internal staff costs.
- Approximately $1,250,000 of additional annual operating expenditure being borne by NCC, with a commensurate reduction at HBRC. Both Councils have agreed for HBRC to continue collecting targeted stormwater rates from impacted properties which will be passed through to NCC.
- NCC may require additional operational/asset management resource capacity (up to two roles, or equivalent) to manage the additional assets. The final FTE requirement and associated costs will be confirmed during implementation planning and reflected in the updated operating budgets.
- Approximately $250,000 of unfunded overheads (including employment costs) remaining within HBRC.
- Transfer of assets with a book value of $10,012,000 (as of 30 June 2023) from HBRC to NCC. This equates to approximately 4% of HBRC's total assets, and 0.4% of NCC's total assets. Asset values will be agreed by Councils at the time of transfer.

The Business Case will not account for any increased efficiency of delivery; however, these are likely to exist following transfer. Detailed analysis of future funding requirements will take place as part of the transfer process, including up to two additional roles that may be required to plan and deliver the ongoing maintenance and operational management of the additional assets. Any confirmed additional resourcing will be incorporated into the finalised business case and budget settings, including confirmation of whether the cost is offset within existing funding arrangements.

Transfer of any debt or financial reserves are yet to be agreed upon; however, it is anticipated that any reserves and/or debt associated with urban waterways will be included in the transfer.

The majority of funding comes from Napier City Council and Hawke's Bay Regional Council budgets and will be sought through the Long-Term Plan (LTP) process.

Efficiencies have been sought to reduce costs and minimise disruption to the community by combining projects and coordinating works.

Where new developments benefit directly from upgrades, developers are required to contribute to the cost of infrastructure improvements.

Significance and Engagement - *Ko te Hiranga me te Hiwaia o te whakaaro:*

This decision has been assessed under the Council's Significance and Engagement Policy as being of **High** significance as it involves changes to ownership and control of strategic assets. The strategic assets being land drainage systems including waterways and pump stations.

Consultation (internal/external) - *Ngā Uiuinga (Ki te Kaunihera /ki ngā tāngata katoa)*

NCC managing the operations of the current HBRC urban stormwater assets is not considered significant. HBRC will continue to rate for the service and set budgets according to a joint Asset Management Plan. It is an extension of an existing contract to manage parts of the urban waterways and will clarify roles and responsibilities to assist the existing level of service to be met.

Community consultation is required under section 17 - Transfer of responsibilities of the Local Government Act.

The decision sought from Council in this report is an agreement in principle to the proposed pathway so that work to this end can progress.

Staff sought legal advice on the appropriate process steps to follow to effect the proposed transfer, in particular on the consultation required. In summary the legal advice found that the transfer would normally be a decision that must be provided for in an LTP because it involves a substantial portion of a strategic asset (the Heretaunga Plains Flood Control Scheme) and the transfer is only conditionally referred to in HBRC's current long-term plan and not at all in NCC's. However, because of the LTP Order made under the Severe Weather Emergency Recovery Legislation Act (SWERLA), Simpson Grierson recommend that NCC and HBRC consult using a s83 special consultative procedure, rather than amending long term plans.

Simpson Grierson also commented on how consultation could be approached. Based on their advice staff recommend HBRC and NCC prepare a single Statement of Proposal or consultation document to consult with Napier residents and ratepayers and aim for consultation in September 2026, Hearings in October 2026 and a decision in November 2026. This will avoid complicating already complex 2027 long term plans and enable transfer with other stormwater assets to the Water Services CCO

A local authority must also notify the Minister of its intention to transfer responsibility or accept a transfer of responsibility under section 17.

Risks: Legal/ Health and Safety etc. - *Whaktūpato Ture/ Hauora me te Haumaru*

NCC assuming responsibility for the urban waterways has potential to improve the overall Level of Service, mitigating community risk.

The following risks have been identified.

Up to 399 easements have been identified as potentially being required to complete the asset transfer. Investigation of the legal requirement and current status of these easements is yet to be undertaken.

There is a risk of continued confusion in operation of respective stormwater networks including pumpstation maintenance and operation. This is currently managed through regular operational and strategic liaison meetings to ensure respective parties are aligned.

It is possible that costs are higher than forecast and/or budgeted for. In the 2026/27 financial year, HBRC will continue to rate for the management of HBRC's owned urban waterways and will continue to be responsible for any agreed over budget costs associated with NCC's management of the assets. This applies to both operational and renewal expenditure. Upon transfer of ownership on 1 July 2027, the new WSCCO will become responsible for all financial aspects of the urban waterways.

Until ownership is transferred there is a risk of ongoing increased costs to community as a result of the duplication of operational roles and activities. This will be resolved through the transfer of ownership.

There is potential for the transition schedule to experiences delays, which will impact on staff time and will potentially impact on levels of Service, if maintenance work is missed and management of the waterways is not transferred to NCC as per the schedule. This is deemed unlikely as NCC has incorporated the transfer of both management and ownership into their plans as they move forward to the WSCCO handover.

Napier Stormwater Network Combined Delivery Plan

Hawke's Bay Regional Council (HBRC) and Napier City Council (NCC) have engaged Stantec to undertake a consolidation of the HBRC Scheme Review and the NCC Stormwater Master Plan documents to create a collaborative, single stormwater delivery plan for the City of Napier.

Prepared for:
Hawkes Bay Regional Council
& Napier City Council

30 June 2025

Prepared by:
Oscar Averill

Project/File:
310103270

Stantec New Zealand

Napier Stormwater Network Combined Network Delivery Plan

Revision Schedule

Revision No.	Date	Description	Prepared by	Quality Reviewer	Independent Reviewer	Project Manager Final Approval
01	30/06/2025	Draft for Client	Oscar Averil	Gary Schofield	Neal Cody	Rebecca Crook
01	03/11/2025	Final for Client	Oscar Averil	Gary Schofield	Neal Cody	Rebecca Crook

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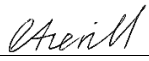
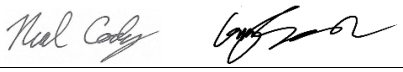
Prepared by: 

Oscar Averill

Reviewed by: 

Neal Cody & Gary Schofield

Approved by: 

Rebecca Crook

Project: 310103270

Napier Stormwater Combined Network Delivery Plan

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Napier Stormwater Combined Network Delivery Plan

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Figure 8: CDP25-7 Project Upgrades
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List of Appendices

Appendix A MCDA Scoring Results

Foreword

The Napier Stormwater Network Combined Delivery Plan (CDP) consolidates the:

- Napier City Council Stormwater Master Plan (NCC SWMP), (Stantec, 2020)
- Hawke's Bay Regional Council (HBRC) Scheme Review, (Stantec, 2023)

The purpose of the combined delivery plan is to enable collaboration between HBRC and NCC by consolidating the two separate stormwater strategy documents into a single document, with consistent naming conventions and frameworks for prioritising delivery plans. The aim is to optimise efficiencies between HBRC and NCC regarding delivery of their stormwater programmes.

The NCC SWMP and HBRC Scheme Review were prepared by Stantec and issued in September 2020 and March 2023, respectively. Separate hydraulic assessments were undertaken for each document to identify areas within Napier for system improvement and to develop hydraulic solutions to mitigate the impact of property flooding. The key modelling input data and assumptions underpinning these assessments are outlined for the NCC SWMP and HBRC Scheme Review below.

NCC SWMP:

- The hydraulic modelling assessment was undertaken using the NCC stormwater model. This model was built in 2020 by Stantec using the DHI Mike Flood software. See the Model Build Report (Stantec, 2020) for details of the modelling approach, conclusions, limitations, and outcomes related to the development of the NCC stormwater model.

- The existing baseline model and the existing improvements model (including upgrades) were created using the 2019 NCC Code of Practice rainfall for a 50-year return period design storm event. This rainfall event included an allowance for climate change escalation, with the simulation also accounting for sea level rise and vertical land movement.

- There were 30 existing system improvement projects identified in this study. The proposed works were developed to a conceptual level and need to be confirmed on site.

- The upgraded system modelling results assumed that all proposed project upgrades would be implemented. That is, a greater cumulative benefit is often achieved through the completion of multiple projects rather than a single project.

HBRC Scheme Review:

- The hydraulic modelling assessment was undertaken using an updated version of the NCC stormwater model, which incorporated additional field data and corrections.

- The existing baseline model and the existing improvements model (including upgrades) were created using the HBRC Code of Practice rainfall for a 100-year return period design storm event. This rainfall event included an allowance for climate change escalation, with the simulation also accounting for sea level rise and vertical land movement.

- There were 14 existing system improvement projects identified in this study. The proposed works were developed to a conceptual level and need to be confirmed on site.

- The upgraded system modelling results assumed that all proposed project upgrades would be implemented. That is, a greater cumulative benefit is often achieved through the completion of multiple projects rather than a single project.

Napier Stormwater Network Combined Delivery Plan
Foreword

A unique feature of the Napier stormwater network is the interaction and co-dependency between HBRC and NCC assets. Each council owns assets which impact the performance of the other. This includes assets that may be technically owned by one council being managed and operated on a day-to-day basis by another, such as the Purimu, Plantation and County Pump Station (HBRC assets but managed by NCC). In addition, flooding can result from both localised urban rainfall and wider catchment influences like river overflows. This creates complexities with regards to stormwater management, given the jurisdiction for these falls within different council organisations. This document aims to address these challenges by promoting consistent frameworks, prioritisation, and collaboration.

References

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Napier Stormwater Network Combined Delivery Plan
Setting the Framework

1 Setting the Framework

Two in-person workshops were held with HBRC and NCC council staff members to develop a framework for prioritising stormwater system improvement projects. A Multiple Criteria Decision Analysis (MCDA) approach was used to guide the prioritisation process. During the first workshop, council staff members participated in a 'pairwise' comparison exercise to vote on and establish the prioritisation criteria and their respective weightings.

The prioritisation criteria and their respective weightings, derived from the pairwise analysis, are shown in Table 1.

Table 1: Prioritisation Criteria and Weightings.

Prioritisation Criteria	Weighting (%)
Cost benefit to network	56.5
Constructability	30.1
Risk	13.4

Ten capital expenditure (CAPEX) projects were shortlisted for inclusion in the MCDA based on their cost-benefit rankings in the NCC SWMP and HBRC Scheme Review, alignment between programmes, and an internal assessment by Stantec. A summary of the shortlisted projects was provided to Council members in advance of and during the second workshop. This workshop focused on the MCDA scoring process, where participants evaluated and scored each project against the agreed prioritisation criteria.

2 MCDA Results

The project rankings, derived from the MCDA scoring process, are shown in Table 2.

Table 2: MCDA Informed Project Rankings

Rank	HBRC/NCC Original Scheme Project	Combined Delivery Plan (CDP) Project
1	County Drain (E8 – HBRC Scheme Review)	Pirimai and County Drain SW Improvement (CDP25-1 – Pages 15, 16)
2	Whitmore Park SWMF & Georges Drain Diversion (E6 – HBRC Scheme Review)	Whitmore Park SWMF & Georges Drain Diversion (CPD25-2 – Page 17)
3	Taipo Drain (E10 – HBRC Scheme Review)	Taradale Park SWMF & Taipo Drain Culvert Upgrades (CDP25-3 – Page 18)
4	Pirimai Storm Trunks & PS (S1 – NCC SWMP)	Pirimai and County Drain SW Improvement (CDP25-1 – Pages 15, 16)
5	Marewa Park SWMF (E4 – HBRC Scheme Review)	Marewa Park SWMF (CDP25-4 – Page 19)
6	CBD & Napier South Flood Alleviation (S5A, S5B, S5C, S5D – NCC SWMP)	CBD & Napier South Flood Alleviation (CDP25-5A, 5B, 5C, 5D – Pages 20, 21, 22, 23)
7	Church Road Stormwater (S12 – NCC SWMP)	Church Road Local Pipe Upgrade (CDP25-6 – Page 24)
8	CBD & West Central Storm Trunks (S4A, S4B, S4C – NCC SWMP)	CBD & West Central Storm Trunks (CDP25-7A, 7B, 7C – Pages 25, 26, 27)
9	Halliwell Drain Culvert Upgrade (E11 – HBRC Scheme Review)	Halliwell Drain Culvert Upgrade (CDP25-8 – Page 28)
10	Ahuriri Storm Trunks (S6 – NCC SWMP)	Ahuriri Storm Trunks (CDP25-9 – Page 29)

3 Opinion of Probable Cost

3.1 Cost Source and Escalation

All monetary values presented in this report have been sourced from the NCC SWMP or the HBRC Scheme Review and escalated to March 2025 NZ dollars. The escalation rate was derived using the NZ Transport Agency Waka Kotahi (NZTA) 'Construction Other Than Structures' price index (NZTA, 2025). The estimated costs, presented as the 'Opinion of Probable Cost (OPC)' for each upgrade component, have been directly escalated from the original reports and do not represent a reassessment or revaluation of project costs. These estimates include allowances for engineering and consenting fees (15%) and a contingency of 30%.

3.2 Cost Allocation

At the request of HBRC, cost allocation has been based on the principle that each asset owner is responsible for funding works on their own assets. Accordingly, estimated costs have been split between HBRC and NCC only. No cost allocations have been applied to portions of the upgrades that may be funded through future developer contributions associated with growth areas identified in the assessments.

Table 3 presents the typical cost allocation methodology applied to derive the OPC for each project upgrade.

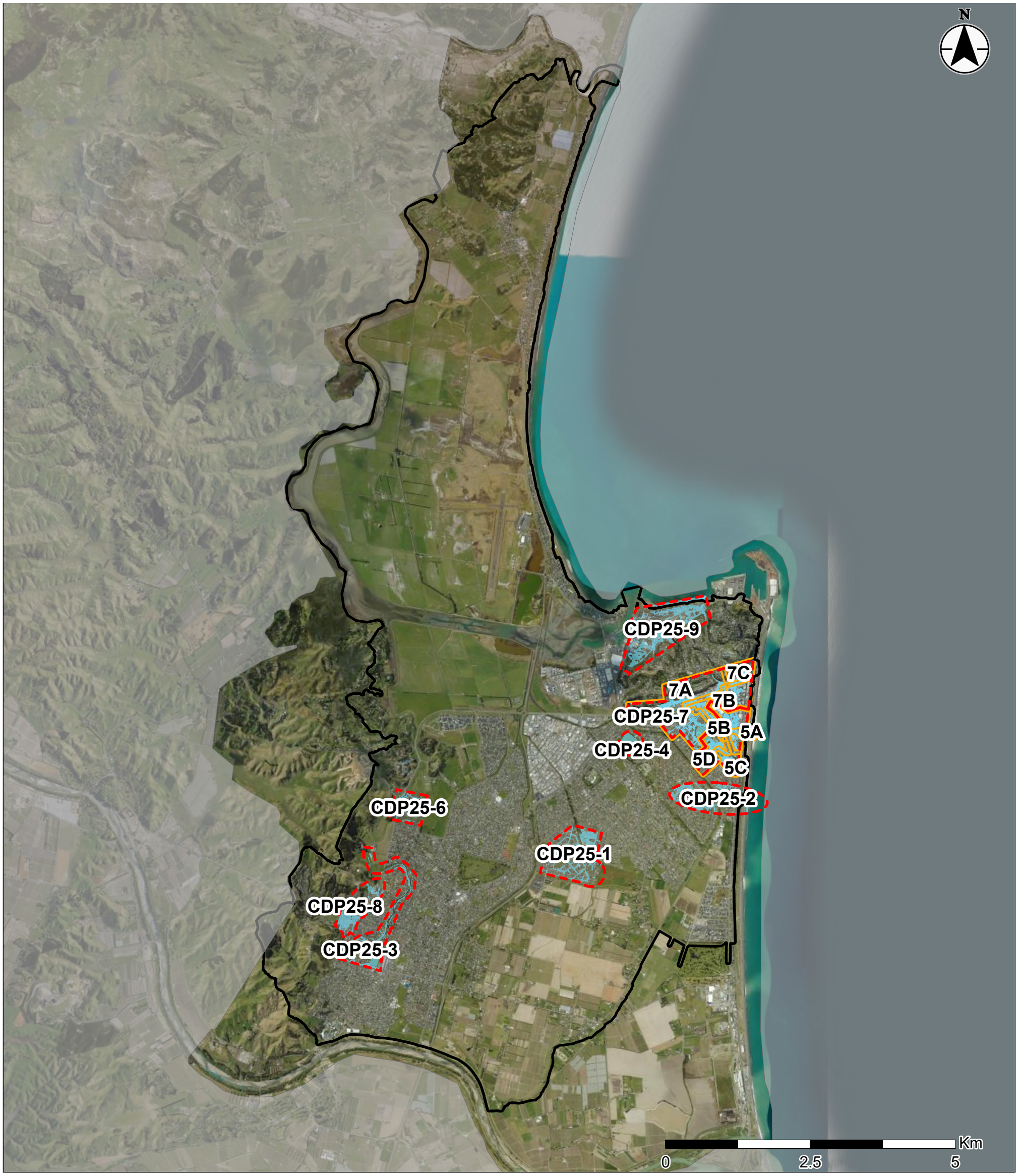
Table 3: Typical Cost Allocation by Infrastructure Type

Infrastructure Type	Cost Allocation	Asset Allocation
Culvert	NCC: 100%	NCC owned asset
Pipe	NCC: 100%	NCC owned asset
Pump Station	Shared	Dependent on the area of benefit
Rising Main	Shared	Dependent on the area of benefit
Sump	NCC: 100%	NCC owned asset
Stormwater Management Facility (SWMF)	NCC: 100%	NCC owned asset
Open Watercourse	HBRC: 100%	HBRC owned asset

4 Prioritised Projects

The prioritised project areas targeted for stormwater infrastructure upgrades are numbered and shown in Figure 1. Figures 2 to 10 show the focused extents for infrastructure upgrades.

The proposed upgrades originate from the NCC Stormwater Management Plan (SWMP) and/or the HBRC Scheme Review. This report presents a prioritised consolidation of these previously identified projects. It is strongly recommended that all upgrades included in this report undergo detailed review and reassessment prior to implementation. This process should consider potential integration with any projects initiated since the original reports were issued and confirm the validity of each concept proposal.



Area Overview
Project Areas
Sub-Projects
Ponding Outputs

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Topographic Map: Esri, HERE, Garmin, USGS, NGA
World Imagery: Hawkes Bay RC, LINZ, NIWA, Maxar
World Imagery: Hawkes Bay RC, LINZ, NIWA, Earthstar Geographics

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Project Location
Napier, NZ

Client/Project
Hawkes Bay Regional Council
Stormwater Network Plan Development

Figure No.
1

Title
CDP25 Area Overview

- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- Proposed New / Upgraded Pump Station
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Topographic Map: Esri, HERE, Garmin, USGS, NGA
World Imagery: Hawkes Bay RC, LINZ, NIWA, Maxar

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Project Location
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Client/Project
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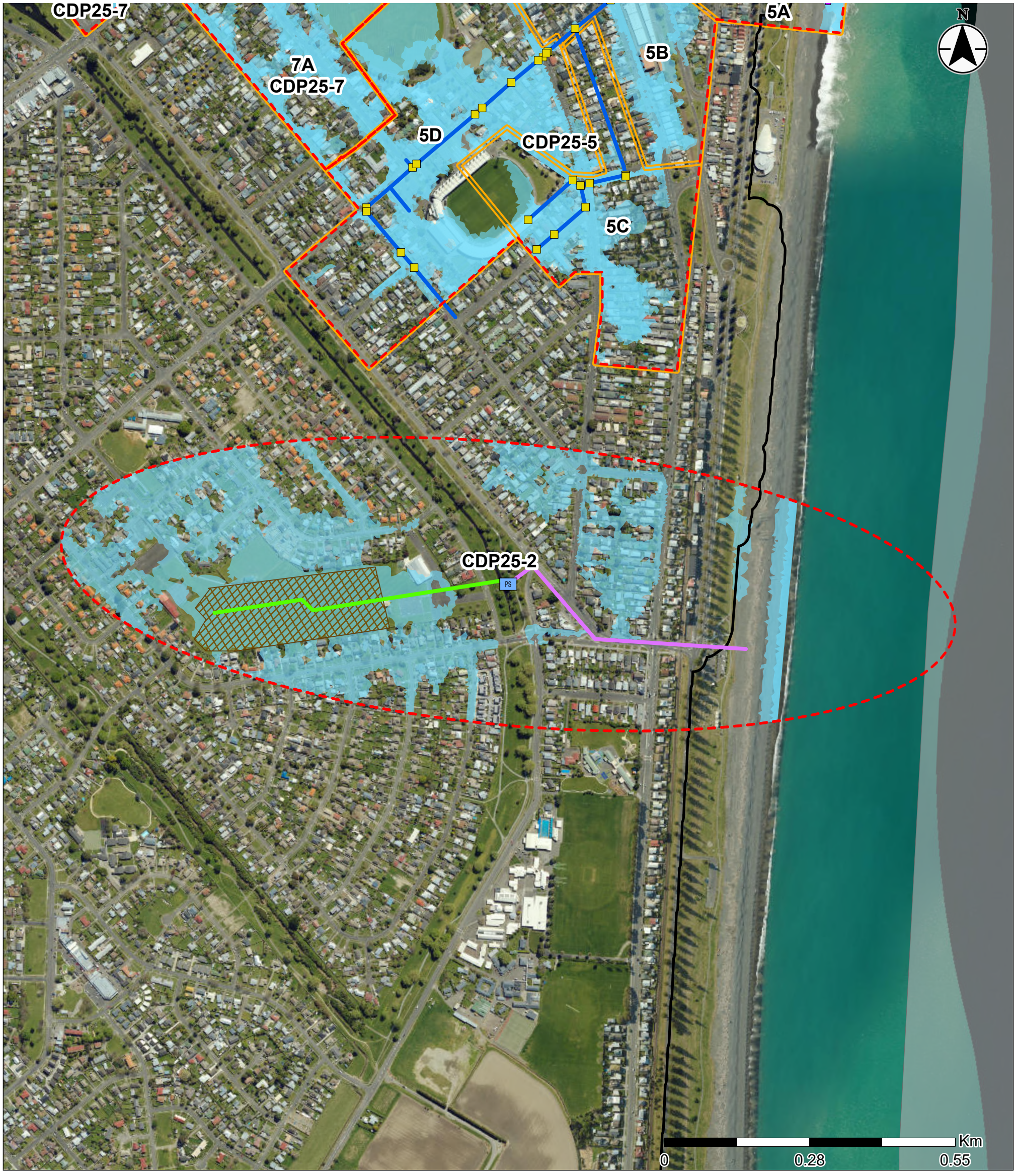
Stormwater Network Plan Development

Figure No.
2

Title
CDP25-1: Pirimai & County Drain Stormwater Improvement



- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- Proposed New / Upgraded Pump Station
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

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Project Location
Napier, NZ

Client/Project
Hawkes Bay Regional Council
Stormwater Network Plan Development

Figure No.
3

Title
CDP25-2: Whitmore Park SWMF and Georges Drain Diversion

- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- Proposed New / Upgraded Pump Station (PS)
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Topographic Map: Esri, HERE, Garmin, FAO, USGS
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Project Location
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Client/Project
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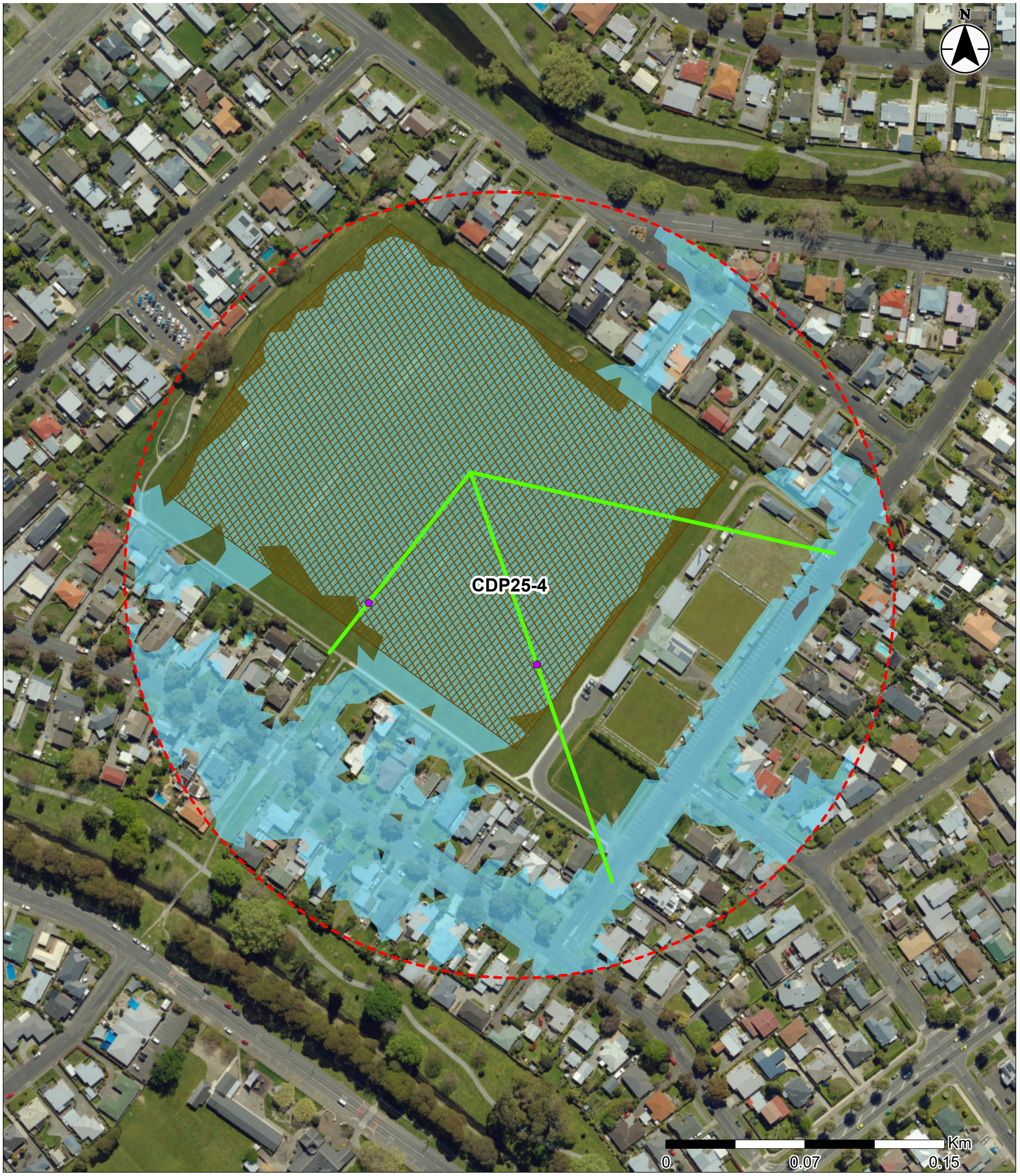
Stormwater Network Plan Development

Figure No.
4

Title
CDP25-3: Taradale Park SWMF and Taipo Drain Culvert



- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- Proposed New / Upgraded Pump Station
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Imagery: Hawkes Bay RC, LINZ, LINZ, NIWA
World Topographic Map: Esri, HERE, Garmin, FAO, USGS
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Project Location
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Client/Project
Hawkes Bay Regional Council
Stormwater Network Plan Development

Figure No.
5

Title
CDP25-4: Marewa Park SWMF

- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- Proposed New / Upgraded Pump Station
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Topographic Map: Esri, HERE, Garmin, FAO, USGS
World Imagery: Hawkes Bay RC, LINZ, NIWA, Maxar

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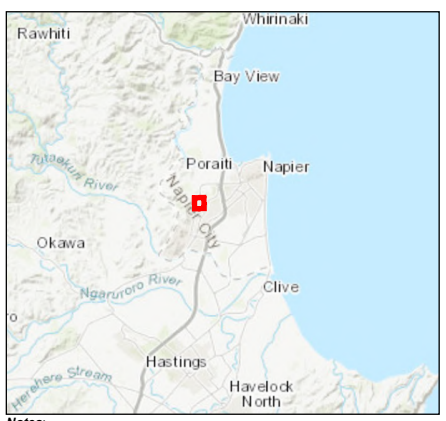
Project Location
Napier, NZ

Client/Project
Hawkes Bay Regional Council
Stormwater Network Plan Development

Figure No.
6

Title
CDP25-5A, CDP25-5B, CDP25-5C, CDP25-5D: CBD & Napier South Flood Alleviation



- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- Proposed New / Upgraded Pump Station
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Imagery: Hawkes Bay RC, LINZ, LINZ, NIWA
World Topographic Map: Esri, HERE, Garmin, FAO, USGS
World Imagery: Hawkes Bay RC, LINZ, NIWA, Maxar

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Project Location
Napier, NZ

Client/Project
Hawkes Bay Regional Council
Stormwater Network Plan Development

Figure No.
7

Title
CDP25-6: Church Road Local Pipe Upgrade

- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- PS Proposed New / Upgraded Pump Station
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Topographic Map: Esri, HERE, Garmin, FAO, USGS
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Project Location
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Client/Project
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Figure No.
8

Title
CDP25-7A, CDP25-7B, CDP25-7C: CBD & West Central Storm Trunks

- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
- Proposed New / Upgraded Pump Station (PS)
- Inlet Upgrades
- Pipe Upgrades
- Culvert Upgrades
- New Rising Main
- Drain Modification
- New Outlet Pipe
- Proposed Storage Units

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Project Location
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Client/Project
Hawkes Bay Regional Council
Stormwater Network Plan Development

Figure No.
9

Title
CDP25-8: Halliwell Drain Culvert Upgrades

Notes:
1. Coordinate System: NZGD 2000 Hawkes Bay Circuit
2. Data Sources: NCC
3. Background: World Topographic Map: Esri, HERE, Garmin, FAO, USGS
World Imagery: Hawkes Bay RC, LINZ, NIWA, Maxar

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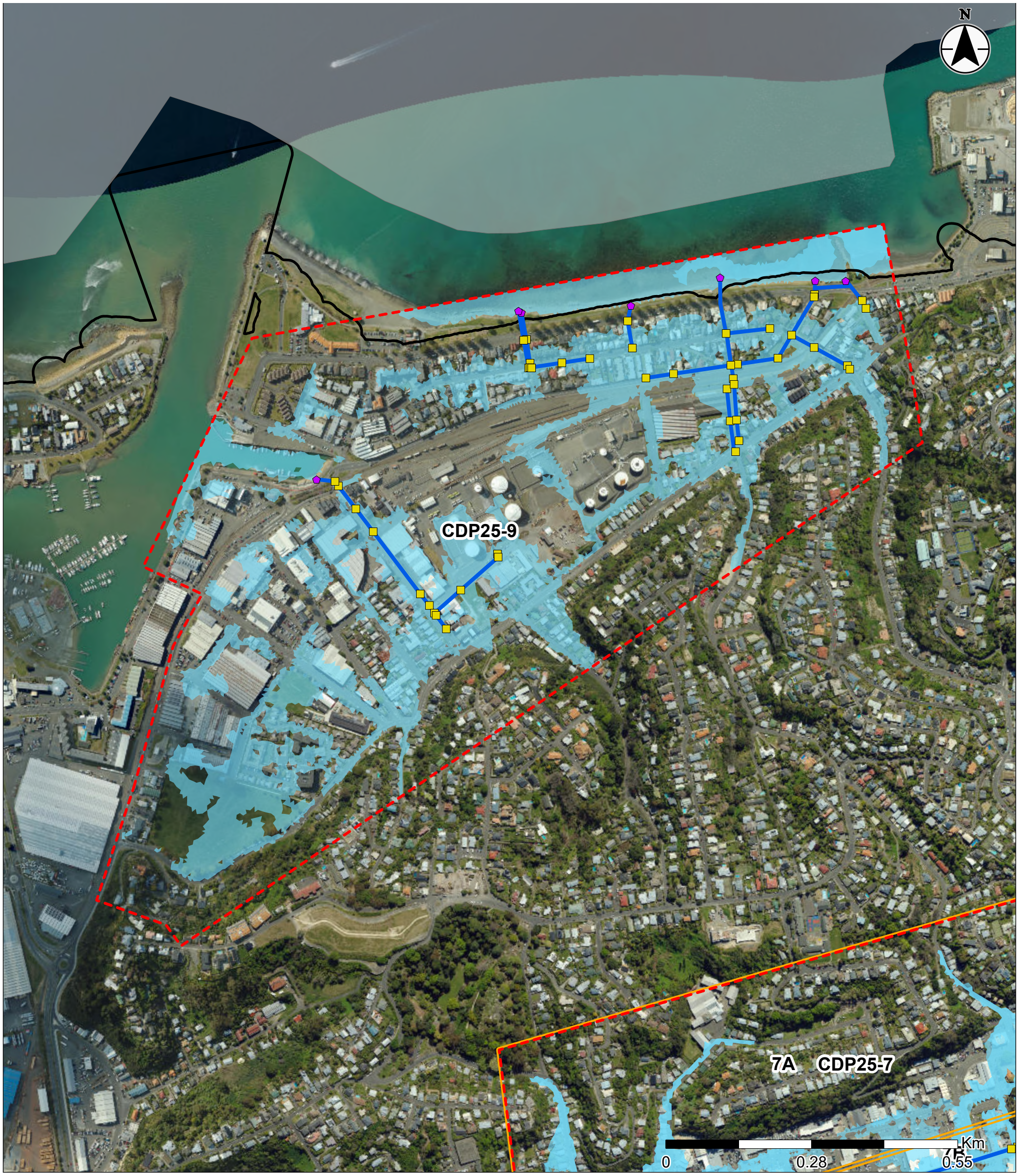

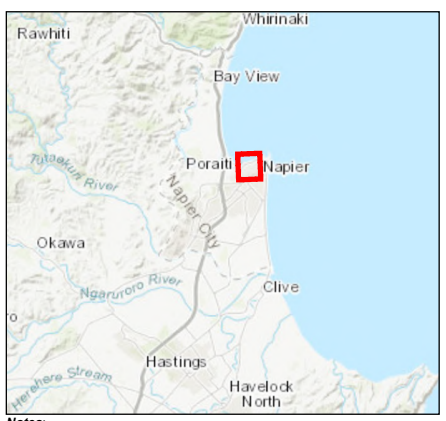

- Area Overview
- Project Areas
- Sub-Projects
- Ponding Outputs
- Flap Gate Upgrades
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- Inlet Upgrades
- Pipe Upgrades
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- New Outlet Pipe
- Proposed Storage Units

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3. Background: World Topographic Map: Esri, HERE, Garmin, FAO, USGS
World Imagery: Hawkes Bay RC, LINZ, NIWA, Maxar

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Project Location
Napier, NZ

Client/Project
Hawkes Bay Regional Council
Stormwater Network Plan Development

Figure No.
10

Title
CDP25-9: Ahuriri Storm Trunks

4.1 CDP25-1: Pirimai & County Drain SW Improvement

This project combines the upgrades identified in Project E8 of the HBRC Scheme Review with the pipe and sump upgrades identified in Project S1 of the NCC SWMP. The proposed upgrades are shown in Figure 2.

4.1.1 Upgrade Components

These upgrades include the following infrastructure improvements:

- Existing open watercourse widening:
  - 200 m of open watercourse widening
- Pump upgrades:
  - A new pump station with a capacity of 6.0 m^3/s
- Culvert upgrades:
  - 2 x 25 m of 2000 x 1500 mm box culverts
  - 2 x 25 m of 2000 x 1500 mm box culverts
- Pipe upgrades:
  - 50 m of 375 mm diameter pipe
  - 80 m of 450 mm diameter pipe
  - 170 m of 525 mm diameter pipe
  - 70 m of 600 mm diameter pipe
  - 300 m of 750 mm diameter pipe
  - 110 m of 825 mm diameter pipe
  - 90 m of 900 mm diameter pipe
  - 160 m of 1050 mm diameter pipe
- Upgraded and/or new sumps providing approximately 4,500 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 166 standard sumps
- Four new flap gates

4.1.2 Additional Commentary

Model results indicate a high water level in the County Drain, which leads to stormwater back-up and surface flooding due to under capacity infrastructure.

To address these issues, the project includes a combination of increased inlet capacity through additional sumps, upsizing of trunk pipes, and hydraulic improvements to the open watercourse. The widening of the upper County Drain, along with the construction of a new pump station and upgraded culverts, will enhance conveyance and reduce water levels within the drain.

A new stopbank near the Pirimai area would mitigate the risk of overflows from the Cross County Drain (CCD) during extreme rainfall events, providing additional protection to adjacent properties.

4.1.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 4.

Napier Stormwater Network Combined Delivery Plan
Prioritised Projects

Table 4: CDP25-1 OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$5,257,432	NCC	$0	$5,257,432
Culverts	$2,602,017	NCC	$0	$2,602,017
Open Watercourse Widening	$100,057	HBRC	$100,057	$0
Pump	$18,811,717	HBRC	$18,811,717	$0
Sumps	$3,121,641	NCC	$0	$3,121,641
Flap Gates	$28,898	NCC	$0	$28,898
Total	**$29,921,763**	**HBRC: 63%**	**$18,911,774**	**$11,009,989**

4.2 CDP25-2: Whitmore Park SWMF and Georges Drain Diversion

This project originates from Project E6 identified in the HBRC Scheme Review. The proposed upgrades are shown in Figure 3.

4.2.1 Upgrade Components

These upgrades include the following infrastructure improvements:

- Dual purpose SWMF:
  - 67,000 m^3 of earthworks and associated park improvements
- New pipe:
  - 550 m of 3000 x 500 mm box pipe
- New rising main:
  - 525 m of 1800 mm diameter pipe
- Pump upgrades:
  - A new PS with a capacity of 2.0 m^3/s

4.2.2 Additional Commentary

Model results indicate a high water level in the Georges Drain, which leads to stormwater back-up and surface flooding due to under capacity infrastructure.

To alleviate flooding, a dual-purpose SWMF is proposed at Whitmore Park to provide temporary retention storage during major rainfall events and reduce surface flooding. The SWMF is considered dual-purpose as it also offers opportunities to enhance the public space for community benefit.

In addition, a new pump station and rising main diversion are proposed to lower the water level in Georges Drain and provide relief to upstream systems.

4.2.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 5.

Table 5: CDP25-2 OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$7,056,988	NCC	$0	$7,056,988
Rising Main	$30,938,181	50/50 HBRC & NCC	$15,469,090	$15,469,090
SWMF	$3,180,028	NCC	$0	$3,180,028
Pump	$5,283,009	50/50 HBRC & NCC	$2,641,504	$2,641,504
Total	**$46,458,206**	**NCC: 61%**	**$18,110,595**	**$28,347,611**

4.3 CDP25-3: Taradale Park SWMF and Taipo Drain Culvert Upgrades

This project originates from Project E10 identified in the HBRC Scheme Review, with the exclusion of one culvert upgrade which is in progress by HBRC. The proposed upgrades are shown in Figure 4.

4.3.1 Upgrade Components

These upgrades include the following infrastructure:

- Dual purpose SWMF:
  - 66,000 m^3 of earthworks and associated park improvements
- New pipe:
  - 110 m of 900 mm diameter pipe
- Culvert upgrades:
  - 2 x 30 m of 1500 mm diameter culverts
  - 2 x 30 m of 1800 mm diameter culverts
  - 10 m of 2500 x 2500 mm box culverts

4.3.2 Additional Commentary

Model results indicate a high water level in the Taipo Drain, which leads to stormwater back-up and surface flooding due to under capacity infrastructure.

To alleviate flooding, a dual purpose SWMF and culvert upgrades are proposed to reduce the surface flooding levels. The SWMF will provide temporary retention storage during major rainfall events and the proposed culvert upgrades will improve the channel conveyance. The SWMF is considered dual-purpose as it also offers opportunities to enhance the public space for community benefit.

After discussion with HBRC, it is noted that the model results do not match with visually observed flooding. Therefore, it is recommended that water level and flow data be collected during rainfall events, and that the hydraulic model be calibrated prior to implementing the proposed upgrades.

4.3.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 6.

Table 6: CDP25-3 OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$1,130,755	NCC	$0	$1,130,755
Culverts	$3,459,533	NCC	$0	$3,459,533
SWMF	$4,782,089	NCC	$0	$4,782,089
Total	**$9,372,377**	**NCC: 100%**	**$0**	**$9,372,377**

4.4 CDP25-4: Marewa Park SWMF

This project originates from Project E4 identified in the HBRC Scheme Review. The proposed upgrades are shown in Figure 5.

4.4.1 Upgrade Components

These upgrades include the following infrastructure:

- Dual purpose SWMF
  - 56,000 m^3 of earthworks and associated park improvements
- New pipe:
  - 555 m of 450 mm diameter pipe
- Two new flap gates

4.4.2 Additional Commentary

Model results indicate a high water level in the Georges Drain, which leads to stormwater back-up and surface flooding due to under capacity infrastructure.

To alleviate flooding levels, a dual-purpose SWMF is proposed at Marewa Park to provide temporary retention storage during major rainfall events. The new SWMF will also reduce pressure on both Georges Drain and Plantation Drain. Two new flap gates are proposed to control the flow direction. The Plantation Drain can flow into the SWMF; however, flap gates will control the flow from the SWMF back into Plantation Drain.

4.4.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 7.

Table 7: CDP25-4 OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$1,983,329	NCC	$0	$1,983,329
SWMF	$4,807,275	NCC	$0	$4,807,275
Flap Gates	$14,449	NCC	$0	$14,449
Total	**$6,805,053**	**NCC: 100%**	**$0**	**$6,805,053**

4.5 CDP25-5A: CBD & Napier South Flood Alleviation (Part A)

This project originates from Project S5A identified in the NCC SWMP. The proposed upgrades are shown in Figure 6.

4.5.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 20 m of 1200 mm diameter pipe
  - 15 m of 1350 mm diameter pipe
  - 80 m of 1500 mm diameter pipe
- Pump upgrades:
  - Upgrades to an existing PS to increase its capacity to 1,300 l/s, and changes to the start and stop levels of its existing pumps
- One new flap gate

4.5.2 Additional Commentary

Under capacity storm pipes and insufficient downstream pumping capacity are the major cause of surface flooding in the area. Increased inlet capacity (in adjacent project areas), storm pipe upgrades and increased pumping capacity are proposed to reduce the surface flooding levels.

The Sale Street Pump Station upgrade is proposed because it has a larger catchment area compared to Dalton Street Pump Station and therefore will have a more significant impact on the network when upgraded. Additionally, the overland flow from the Dalton Street Pump Station catchment drains into the Sale Street catchment.

4.5.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 8.

Table 8: CDP25-5A OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$42,605,498	NCC	$0	$42,605,498
Pumps	$4,327,813	NCC	$0	$4,327,813
Flap Gate	$7,225	NCC	$0	$7,225
Total	**$46,940,536**	**NCC: 100%**	**$0**	**$46,940,536**

4.6 CDP25-5B: CBD & Napier South Flood Alleviation (Part B)

This project originates from Project S5B identified in the NCC SWMP. The proposed upgrades are shown in Figure 6.

4.6.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 30 m of 675 mm diameter pipe
  - 90 m of 900 mm diameter pipe
  - 10 m of 1050 mm diameter pipe
  - 60 m of 1200 mm diameter pipe
  - 340 m of 1350 mm diameter pipe
  - 170 m of 1500mm diameter pipe

- Upgraded and/or new sumps providing approximately 2,120 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 79 standard sumps

4.6.2 Additional Commentary

Under capacity storm pipes and insufficient downstream pumping capacity are the major cause of surface flooding in the area. Increased inlet capacity and storm pipe upgrades are proposed to reduce the surface flooding levels.

4.6.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 9.

Table 9: CDP25-5B OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$7,647,005	NCC	$0	$7,647,005
Sumps	$1,485,600	NCC	$0	$1,485,600
Total	**$9,132,605**	**NCC: 100%**	**$0**	**$9,132,605**

4.7 CDP25-5C: CBD & Napier South Flood Alleviation (Part C)

This project originates from Project S5C identified in the NCC SWMP. The proposed upgrades are shown in Figure 6.

4.7.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 40 m of 450 mm diameter pipe
  - 120 m of 600mm diameter pipe
  - 115 m of 675 mm diameter pipe
  - 20 m of 750 mm diameter pipe
  - 90 m of 825 mm diameter pipe
  - 20 m of 1350 mm diameter pipe

- Upgraded and/or new sumps providing approximately 1,530 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 58 standard sumps

4.7.2 Additional Commentary

Undersized storm pipes and insufficient downstream pumping capacity are the major cause of surface flooding in the area. Increased inlet capacity and storm pipe upgrades are proposed to reduce the surface flooding levels.

4.7.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 10.

Table 10: CDP25-5C OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$2,055,027	NCC	$0	$2,055,027
Sumps	$1,090,694	NCC	$0	$1,090,694
Total	**$3,145,721**	**NCC: 100%**	**$0**	**$3,145,721**

4.8 CDP25-5D: CBD & Napier South Flood Alleviation (Part D)

This project originates from Project S5D identified in the NCC SWMP. The proposed upgrades are shown in Figure 6.

4.8.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 5 m of 300 mm diameter pipe
  - 20 m of 600 mm diameter pipe
  - 60 m of 1050 mm diameter pipe
  - 40 m of 1200 mm diameter pipe
  - 560 m of 1350 mm diameter pipe

- Upgraded and/or new sumps providing approximately 1,320 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 51 standard sumps

4.8.2 Additional Commentary

Undersized storm pipes and insufficient downstream pumping capacity are the major cause of surface flooding in the area. Increased inlet capacity and storm pipe upgrades are proposed to reduce the surface flooding levels.

4.8.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 11.

Table 11: CDP25-5D OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$7,636,346	NCC	$0	$7,636,346
Sumps	$959,058	NCC	$0	$959,058
Total	**$8,595,405**	**NCC: 100%**	**$0**	**$8,595,405**

4.9 CDP25-6: Church Road Local Pipe Upgrade

This project originates from Project S12 identified in the NCC SWMP. The proposed upgrades are shown in Figure 7.

4.9.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 50 m of 525 mm diameter pipe
  - 100 m of 600 mm diameter pipe

- Upgraded and/or new sumps providing approximately 1,100 l/s of additional inlet capacity, within the wider catchment, equivalent to approximately 40 standard sumps.

4.9.2 Additional Commentary

Under capacity storm pipes are the major cause of surface flooding in the project area. Increased inlet capacity and storm pipe upgrades are proposed to reduce the surface flooding levels.

4.9.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 12.

Table 12: CDP25-6 OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$877,036	NCC	$0	$877,036
Sumps	$752,203	NCC	$0	$752,203
Total	**$1,629,239**	**NCC: 100%**	**$0**	**$1,629,239**

4.10 CDP25-7A: CBD & West Central Storm Trunks (Part A)

This project originates from Project S4A identified in the NCC SWMP. The proposed upgrades are shown in Figure 8.

4.10.1 Upgrade Components

S4A upgrades include the following infrastructure:

- Pipe upgrades:
  - 35 m of 300 mm diameter pipe
  - 155 m of 525 mm diameter pipe
  - 90 m of 600 mm diameter pipe
  - 455 m of 900 mm diameter pipe
  - 215m of 1500 mm diameter pipe
  - 270 m of 1800 mm diameter pipe
  - 570 m of 2000 mm diameter pipe
  - 165 m of 2300 mm diameter pipe
  - 300 m of 2500 mm diameter pipe

- Upgraded and/or new sumps providing approximately 4,600 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 174 standard sumps

4.10.2 Additional Commentary

Under capacity storm pipes are the major cause of surface flooding in the project area. Increased inlet capacity and storm pipe upgrades are proposed to reduce the surface flooding levels.

4.10.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 13.

Table 13: CDP25-7A OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$45,152,615	NCC	$0	$45,152,615
Sumps	$3,272,082	NCC	$0	$3,272,082
Total	**$48,424,696**	**NCC: 100%**	**$0**	**$48,424,696**

4.11 CDP25-7B: CBD & West Central Storm Trunks (Part B)

This project originates from Project S4B identified in the NCC SWMP. The proposed upgrades are shown in Figure 8.

4.11.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 700 m of 900 mm diameter pipe
  - 265 m of 1500 mm diameter pipe

- Upgraded and/or new sumps providing approximately 3,920 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 146 standard sumps

4.11.2 Additional Commentary

Under capacity storm pipes are the major cause of surface flooding in the project area. Increased inlet capacity and storm pipe upgrades are proposed to reduce the surface flooding levels.

4.11.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 14.

Table 14: CDP25-7B OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$8,723,496	NCC	$0	$8,723,496
Sumps	$2,745,540	NCC	$0	$2,745,540
Total	**$11,469,035**	**NCC: 100%**	**$0**	**$11,469,035**

4.12 CDP25-7C: CBD & West Central Storm Trunks (Part C)

This project originates from Project S5C identified in the NCC SWMP. The proposed upgrades are shown in Figure 8.

4.12.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 10 m of 300 mm diameter pipe
  - 10 m of 600 mm diameter pipe
  - 10 m of 900 mm diameter pipe
  - 300 m of 1800 mm diameter pipe

- Upgraded and/or new sumps providing approximately 5,760 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 215 standard sumps

4.12.2 Additional Commentary

Undersized storm pipes are the major cause of surface flooding in the project area. Increased inlet capacity and storm pipe upgrades reduce the surface flooding levels in the project area.

4.12.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 15.

Table 15: CDP25-7C OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$5,134,203	NCC	$0	$5,134,203
Sumps	$4,043,089	NCC	$0	$4,043,089
Total	**$9,177,292**	**NCC: 100%**	**$0**	**$9,177,292**

4.13 CDP25-8: Halliwell Drain Culvert Upgrades

This project combines the upgrades identified in Project E11 of the HBRC Scheme Review with the pipe and sump upgrades identified in Project S7 of the NCC SWMP. The proposed upgrades are shown in Figure 9.

4.13.1 Upgrade Components

These upgrades include the following infrastructure:

- Culvert upgrades:
  - 2 x 25 m of 1500 mm diameter culverts
  - 2 x 25 m of 1500 mm diameter culverts
- Pipe upgrade:
  - 215 m of 2500 x 1800mm box pipe
  - 40 m of 525 mm diameter pipe
  - 310 m of 600 mm diameter pipe
  - 30 m of 750 mm diameter pipe
- Three new flap gates

4.13.2 Additional Commentary

Model results indicate a high MWL in the Halliwell Drain, which leads to stormwater back-up and surface flooding due to under capacity infrastructure.

To alleviate flooding, increased inlet capacity and storm pipe upgrades were proposed along with culvert upgrades to improve channel conveyance and reduce the water level in Halliwell Drain.

4.13.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 16.

Table 16: CDP25-8 OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$10,638,325	NCC	$0	$10,638,325
Culverts	$893,621	NCC	$0	$893,621
Sumps	$2,029,232	NCC	$0	$2,029,232
Flap Gates	$21,675	NCC	$0	$21,675
Total	**$13,582,853**	**NCC: 100%**	**$0**	**$13,582,853**

4.14 CDP25-9: Ahuriri Storm Trunks

This project originates from Project S6 identified in the NCC SWMP. The proposed upgrades are shown in Figure 10.

4.14.1 Upgrade Components

These upgrades include the following infrastructure:

- Pipe upgrades:
  - 110 m of 375 mm diameter pipe
  - 30 m of 450 mm diameter pipe
  - 240 m of 525 mm diameter pipe
  - 465 m of 600 mm diameter pipe
  - 250 m of 675 mm diameter pipe
  - 410 m of 1050 mm diameter pipe
  - 140 m of 1200 mm diameter pipe
  - 270 m of 1350 mm diameter pipe
  - 50 m of 1500 mm diameter pipe
  - 150 m of 1650 mm diameter pipe
  - 100 m of 1800 mm diameter pipe
  - 15 m of 1950 mm diameter pipe
- Upgraded and/or new sumps providing approximately 1,100 l/s of additional inlet capacity within the wider catchment, equivalent to approximately 40 standard sumps
- Seven new flap gates

4.14.2 Additional Commentary

Under capacity storm pipes are the major cause of surface flooding in the area. The surface water flooding is exacerbated by a steep hill catchment draining to a low flat area without a defined overland flow. Increased inlet capacity and storm pipe upgrades are proposed to reduce the surface flooding levels.

4.14.3 OPC and Cost Allocation

The breakdown of costs for the upgrades by infrastructure type are shown in Table 17.

Table 17: CDP25-9 OPC and Asset Ownership by Infrastructure Type

Infrastructure Type	Cost	Asset Owner	HBRC Cost	NCC Cost
Pipes	$26,123,359	NCC	$0	$26,123,359
Sumps	$6,299,697	NCC	$0	$6,299,697
Flap Gates	$50,573	NCC	$0	$50,573
Total	**$32,473,630**	**NCC: 100%**	**$0**	**$32,473,630**

Napier Stormwater Network Combined Delivery Plan
Prioritised Projects

4.15 OPC by Infrastructure Type for CDP25 Projects

Table 18: OPC by Infrastructure Type for CDP25 Projects

Project	Costs $								Subtotal $M	Engineering & Consenting Fees (%)	Subtotal $M	Contingency (%)	Subtotal $M
	Pipes	Culverts	Rising Main	Diversions	SWMFs	Pumps	Flap Gates	Sumps					
CDP25-1	$3,516,677	$1,740,480	$0	$66,928	$0	$12,583,088	$19,330	$2,088,054	$20.01	15%	$23.02	30%	$29.92
CDP25-2	$4,720,393	$0	$20,694,435	$0	$2,127,109	$3,533,785	$0	$0	$31.08	15%	$35.74	30%	$46.46
CDP25-3	$756,358	$2,314,069	$0	$0	$3,198,722	$0	$0	$0	$6.27	15%	$7.21	30%	$9.37
CDP25-4	$1,326,642	$0	$0	$0	$3,215,569	$0	$9,665	$0	$4.55	15%	$5.23	30%	$6.81
CDP25-5A	$28,498,661	$0	$0	$0	$0	$2,894,858	$4,833	$0	$31.40	15%	$36.11	30%	$46.94
CDP25-5B	$5,115,054	$0	$0	$0	$0	$0	$0	$993,713	$6.11	15%	$7.03	30%	$9.13
CDP25-5C	$1,374,600	$0	$0	$0	$0	$0	$0	$729,561	$2.10	15%	$2.42	30%	$3.15
CDP25-5D	$5,107,924	$0	$0	$0	$0	$0	$0	$641,511	$5.75	15%	$6.61	30%	$8.60
CDP25-6	$586,646	$0	$0	$0	$0	$0	$0	$503,146	$1.09	15%	$1.25	30%	$1.63
CDP25-7A	$30,202,418	$0	$0	$0	$0	$0	$0	$2,188,683	$32.39	15%	$37.25	30%	$48.42
CDP25-7B	$5,835,114	$0	$0	$0	$0	$0	$0	$1,836,481	$7.67	15%	$8.82	30%	$11.47
CDP25-7C	$3,434,249	$0	$0	$0	$0	$0	$0	$2,704,408	$6.14	15%	$7.06	30%	$9.18
CDP25-8	$7,115,937	$597,740	$0	$0	$0	$0	$14,498	$1,357,346	$9.09	15%	$10.45	30%	$13.58
CDP25-9	$17,473,819	$0	$0	$0	$0	$0	$33,828	$4,213,844	$21.72	15%	$24.98	30%	$32.47
Subtotal	**$115,064,492**	**$4,652,288**	**$20,694,435**	**$66,928**	**$8,541,400**	**$19,011,732**	**$82,153**	**$17,256,747**	**$185.37**	**15%**	**$213.18**	**30%**	**$277.13**

5 Proposed 10-year CAPEX Programme

The programmes presented in this report are based on an estimated total capital expenditure (including contributions from both councils) of approximately $90 million for over the 10-year period from 2026 to 2035. This estimate is derived from the CAPEX forecasts outlined in the HBRC Scheme Review and the NCC SWMP, which, when escalated for inflation, total $43.46 million for HBRC and $46.86 million for NCC. To align with this projected budget, the four highest-ranked CDP projects have been included in the 10-year programme.

The annual CAPEX distribution for each project was derived by dividing the total project cost into two components:

- Design and Tendering: 15%
- Construction Works (including material supply): 85%

Annual expenditure was then allocated based on the forecasted duration of each component.

Two 10-year CAPEX programmes have been developed for the 2026–2035 period:

- **Unconstrained Programme**: Prioritises project delivery according to ranking and scheduling efficiency, without consideration of annual CAPEX constraints for HBRC and NCC.

- **Constrained Programme**: Seeks to comply with the HBRC and NCC annual CAPEX estimates by staggering project timelines within the overall programme of works, delivering approximately $9.5 million per year (including contribution from both councils).

The programmes outlined in this report have been developed independently of HBRC's and NCC's wider programme of works and without consideration of any additional constraints the respective council organisations may have.

5.1 Proposed Unconstrained Programme

The breakdown of costs and duration used to develop the unconstrained 10-year CAPEX programme is shown in Table 19.

Table 19: Proposed Unconstrained Cost and Duration for the Components of Work

Project	Total Cost	Design & Tendering		Construction Works	
		Cost	Duration (years)	Cost	Duration (years)
CDP25-1	$29,921,763	$3,902,839	0.75	$26,018,924	1.5
CDP25-2	$46,458,206	$6,059,765	2	$40,398,439	1.5
CDP25-3	$9,372,377	$1,222,484	0.75	$8,149,893	1
CDP25-4	$6,805,053	$887,615	0.75	$5,917,437	0.75

The proposed unconstrained programme has the four highest-ranked CDP projects scheduled to occur in the order of their rankings, with each project proceeding continuously from design and tendering through to physical works. Figure 11 presents a visual representation of the proposed unconstrained programme annual cashflow requirements during the 2026-2035 period. The costs are not separated by HBRC and NCC contributions.

Napier Stormwater Network Combined Delivery Plan
Proposed 10-year CAPEX Programme

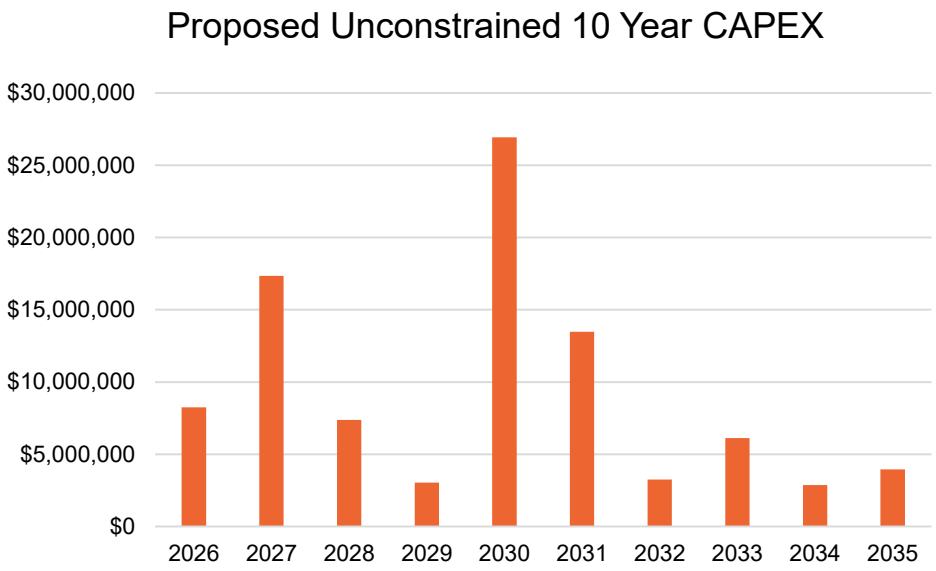

Figure 11: Proposed Unconstrained 10 Year CAPEX Programme Annual Cashflow Requirements

Table 20 presents the details of the proposed project and cash amounts for each year.

Table 20: Proposed Unconstrained 10-Year CAPEX Cashflow and Outlay Details

	CPD25-1	CPD25-2	CPD25-3	CPD25-4	
Project Cost	**$29,921,763**	**$46,458,206**	**$9,372,377**	**$6,805,053**	**Total**
2026	$8,239,326				**$8,239,326**
2027	$17,345,949				**$17,345,950**
2028	$4,336,487	$3,029,883			**$7,366,370**
2029		$3,029,883			**$3,029,883**
2030		$26,932,293			**$26,932,293**
2031		$13,466,147			**$13,466,147**
2032			$3,259,957		**$3,259,957**
2033			$6,112,420		**$6,112,420**
2034				$2,860,094	**$2,860,094**
2035				$3,944,958	**$3,944,958**

5.2 Proposed Constrained Programme

To reduce peak CAPEX in 2027, 2030, and 2031 – as indicated in the proposed unconstrained programme – the construction works for CDP25-1 and CDP25-2 will need to be delivered in non-continuous intervals. As shown in Table 21, the durations for construction work has been extended to three years for CDP25-1 and four years for CDP25-2 to support a more balanced distribution of annual CAPEX across the 10-year programme.

Napier Stormwater Network Combined Delivery Plan
Proposed 10-year CAPEX Programme

Table 21: Proposed Constrained Cost and Duration for the Components of Work

Project	Total Cost	Design & Tendering		Construction Works	
		Cost	Duration (years)	Cost	Duration (years)
CDP25-1	$29,921,763	$3,899,069	0.75	$25,993,795	3
CDP25-2	$46,458,206	$6,059,765	2	$40,398,439	4
CDP25-3	$9,372,377	$1,222,484	0.75	$8,149,893	1
CDP25-4	$6,805,053	$887,615	0.75	$5,917,437	0.75

Figure 12 presents a visual representation of the proposed constrained programme annual cashflow requirements during the 2026-2035 period. The annual CAPEX is separated by HBRC and NCC contributions.

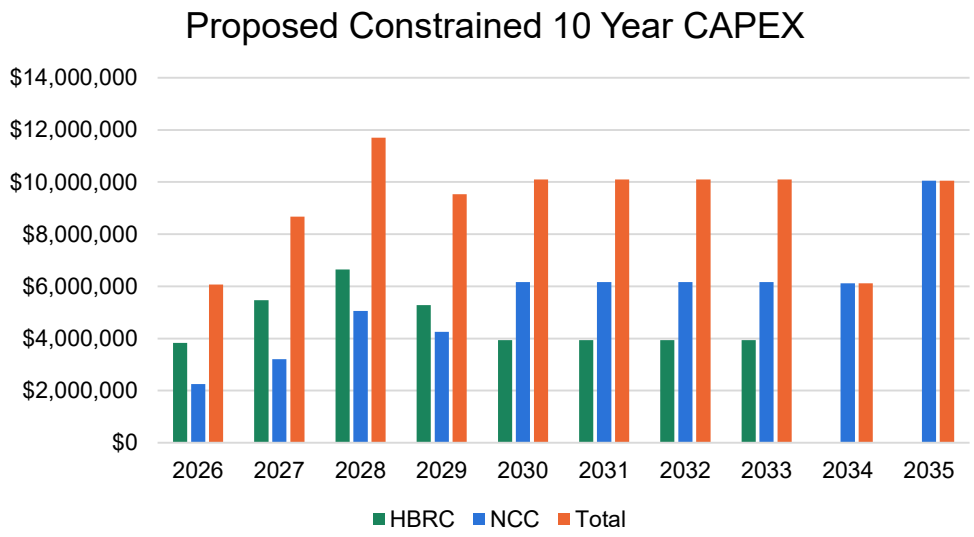

Figure 12: Proposed Constrained 10 Year CAPEX Programme Annual Cashflow Requirements

Table 22 presents the details of the proposed project and cash amounts for each year. The final two years of the program currently show no capital contributions from HBRC, which presents a potential opportunity for HBRC to get a head start on planning and delivery of future projects.

Napier Stormwater Network Combined Delivery Plan
Proposed 10-year CAPEX Programme

Table 22: Proposed Constrained 10-Year CAPEX Cashflow and Outlay Details

	CDP25-1		CDP25-2		CPD25-3		CPD25-4				
Project cost	**$29,921,763**		**$46,458,206**		**$9,372,377**		**$6,805,053**				
Cost split	**HBRC: 63%**	**NCC: 37%**	**HBRC: 39%**	**NCC: 61%**	**HBRC: 0%**	**NCC: 100%**	**HBRC: 0%**	**NCC: 100%**	**Total**	**HBRC**	**NCC**
2026	$3,824,782	$2,246,300							**$6,071,082**	**$3,824,782**	**$2,246,300**
2027	$5,463,974	$3,209,001							**$8,672,975**	**$5,463,974**	**$3,209,001**
2028	$5,463,974	$3,209,001	$1,181,654	$1,848,229					**$11,702,858**	**$6,645,628**	**$5,057,229**
2029	$4,097,981	$2,406,751	$1,181,654	$1,848,229					**$9,534,614**	**$5,279,635**	**$4,254,979**
2030			$3,938,848	$6,160,762					**$10,099,609**	**$3,938,848**	**$6,160,762**
2031			$3,938,848	$6,160,762					**$10,099,609**	**$3,938,848**	**$6,160,762**
2032			$3,938,848	$6,160,762					**$10,099,609**	**$3,938,848**	**$6,160,762**
2033			$3,938,848	$6,160,762					**$10,099,609**	**$3,938,848**	**$6,160,762**
2034					$0	$3,259,957	$0	$2,860,094	**$6,120,052**	**$0.00**	**$6,120,052**
2035					$0	$6,112,420	$0	$3,944,958	**$10,057,378**	**$0.00**	**$10,057,378**

6 Conclusions and Recommendations

The Napier Stormwater Network Combined Delivery Plan consolidates the NCC SWMP and the HBRC Scheme Review to optimise efficiencies between HBRC and NCC regarding delivery of their stormwater programmes.

Two in-person workshops were held with HBRC and NCC staff to develop a prioritisation framework for stormwater system improvement projects using a MCDA approach. CAPEX projects identified in the NCC SWMP and HBRC Scheme Review were evaluated and scored against agreed criteria to establish MCDA informed project rankings.

Two 10-year CAPEX programmes were developed for the 2026–2035 period to guide project delivery under different funding scenarios:

- **Unconstrained Programme**: Prioritises project delivery according to ranking and scheduling efficiency, without consideration of annual CAPEX constraints for HBRC and NCC.

- **Constrained Programme**: Seeks to comply with the HBRC and NCC annual CAPEX estimates by staggering project timelines within the overall programme of works, delivering approximately $9.5 million per year (including contribution from both councils).

The programmes were based on an estimated total capital expenditure (including contributions from both councils) of approximately $90 million for over the 10-year period. To align with this projected budget, the four highest-ranked CDP projects – shown in Table 23 – were included in the 10-year programmes.

Table 23: CDP25 Projects Included in the 10-Year CAPEX Programme

Rank	Combined Delivery Plan Project	Total Cost $M
1	CDP25-1: Pirimai and County Drain SW Improvement	$29.92
2	CDP25-2: Whitmore Park SWMF & Georges Drain Diversion	$46.46
3	CDP25-3: Taradale Park SWMF & Taipo Drain Culvert Upgrades	$9.37
4	CDP25-4: Pirimai and County Drain SW Improvement	$6.81

The proposed unconstrained CAPEX programme projected annual expenditure of up to $26.93 million. To comply with HBRC and NCC CAPEX constraints and achieve a more consistent investment profile, the duration of construction works (including material supply) was extended for the proposed constrained programme. This resulted in a more uniform distribution of costs, targeting approximately $9.5 million in annual CAPEX over the 10-year period. The final two years of the program currently show no CAPEX contributions from HBRC, which presents a potential opportunity for HBRC to get a head start on planning and delivery of future projects.

Appendices

Appendix A MCDA Scoring Results

		Cost Benefit to Network (1 = Very Poor) (2 = Poor) (3 = Moderate) (4 = Good) (5 = Excellent)	Constructability (1 = Very Difficult) (2 = Difficult) (3 = Moderate) (4 = Easy) (5 = Very Easy)	Risk (1 = Very High) (2 = High) (3 = Moderate) (4 = Low) (5 = Very Low)	Total Score
		Weighting	Weighting	Weighting	
		0.565	0.301	0.134	
Rank	HBRC/NCC Original Scheme Project	Average Score	Average Score	Average Score	
1	County Drain (E8 – HBRC Scheme Review)	4.41	3.5	3.45	4.01
2	Whitmore Park SWMF & Georges Drain Diversion (E6 – HBRC Scheme Review)	4.27	2.82	3	3.66
3	Taipo Drain (E10 – HBRC Scheme Review)	3.82	3.18	3	3.52
4	Pirimai Storm Trunks & PS (S1 – NCC SWMP)	3.36	3.23	3.27	3.31
5	Marewa Park SWMF (E4 – HBRC Scheme Review)	3.18	3.32	3.09	3.21
6	CBD & Napier South Flood Alleviation (S5A, S5B, S5C, S5D – NCC SWMP)	3.45	2.09	2.64	2.93
7	Church Road Stormwater (S12 – NCC SWMP)	2.14	4.09	3.91	2.96
8	CBD & West Central Storm Trunks (S4A, S4B, S4C – NCC SWMP)	3.5	2.09	2.27	2.91
9	Halliwell Drain Culvert Upgrade (E11 – HBRC Scheme Review)	2.27	2.68	3.27	2.53
10	Ahuriri Storm Trunks (S6 – NCC SWMP)	2.32	2.27	2.91	2.38

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Napier Urban Waterways Transfer

7th May 2026

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Decision

- **Approve** the transfer of management of the Hawkes Bay Regional Council assets within the Napier urban waterway stormwater network to Napier City Council.

- **Endorse** the action plan for the transfer of ownership of the Napier Urban Waterways assets, from Hawkes Bay Regional Council into the Napier City Council asset register, as part of the establishment of a Regional Water Organisation.

- **Note** the significance of the report and the need for a joint community engagement process with Napier City and Hawkes Bay Regional Council with respect to the proposed ownership transfer

NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Current Issues

- Funding challenges
- Misaligned levels of service
- Multiple points of accountability
- Competing priorities
- Emergency response coordination
- Inefficient processes for minor capital works
- Operation as separate networks

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Te Kaunihera o Ahuriri

Benefits

Of NCC/WSCCO taking ownership

- Clarity and Purpose
- Control and Accountability
- Strategic Future Control
- Economies of Scale

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Pathway

Now to 1 July 2026

- Develop single Asset Management Plan for all urban Stormwater Assets
- Separately Owned

1 July 2026 – 1 July 2027

- NCC operate all urban stormwater assets
- Split ownership retained
- Consult of transfer of ownership

1 July 2027

- Transfer of Assets to Regional WSCCO
- Based on geographic split as outlined in 2024 Morrison Low business case

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Decision

- **Approve** the transfer of management of the Hawkes Bay Regional Council assets within the Napier urban waterway stormwater network to Napier City Council.

- **Endorse** the action plan for the transfer of ownership of the Napier Urban Waterways assets, from Hawkes Bay Regional Council into the Napier City Council asset register, as part of the establishment of a Regional Water Organisation.

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NAPIER
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Supporting Slides

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Background

- HBRC and NCC own a widespread open drainage network that covers most of the Napier Urban environment
- HBRC and NCC meet regularly to co-ordinate stormwater activities at a Strategic and Operational level, and more recently to develop a single delivery plan.
- The network includes pump stations, detention dams, flood gates, and culverts, as well as open drains
- Maintenance and operation of the drains is carried out by both HBRC and NCC
- The drains were originally designed to provide land drainage to rural environments
- They now form a critical part of NCC's stormwater network
- The current arrangement was determined in the last reform of local government in 1989

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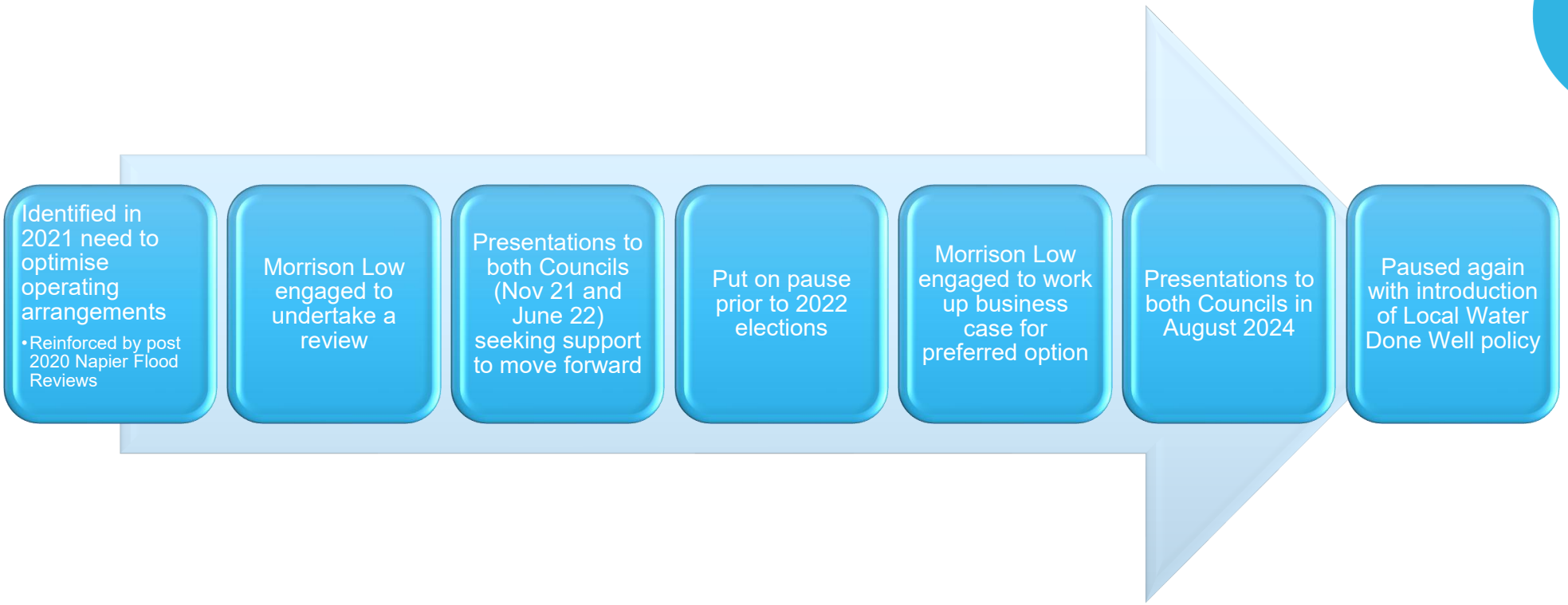
Business Case Journey



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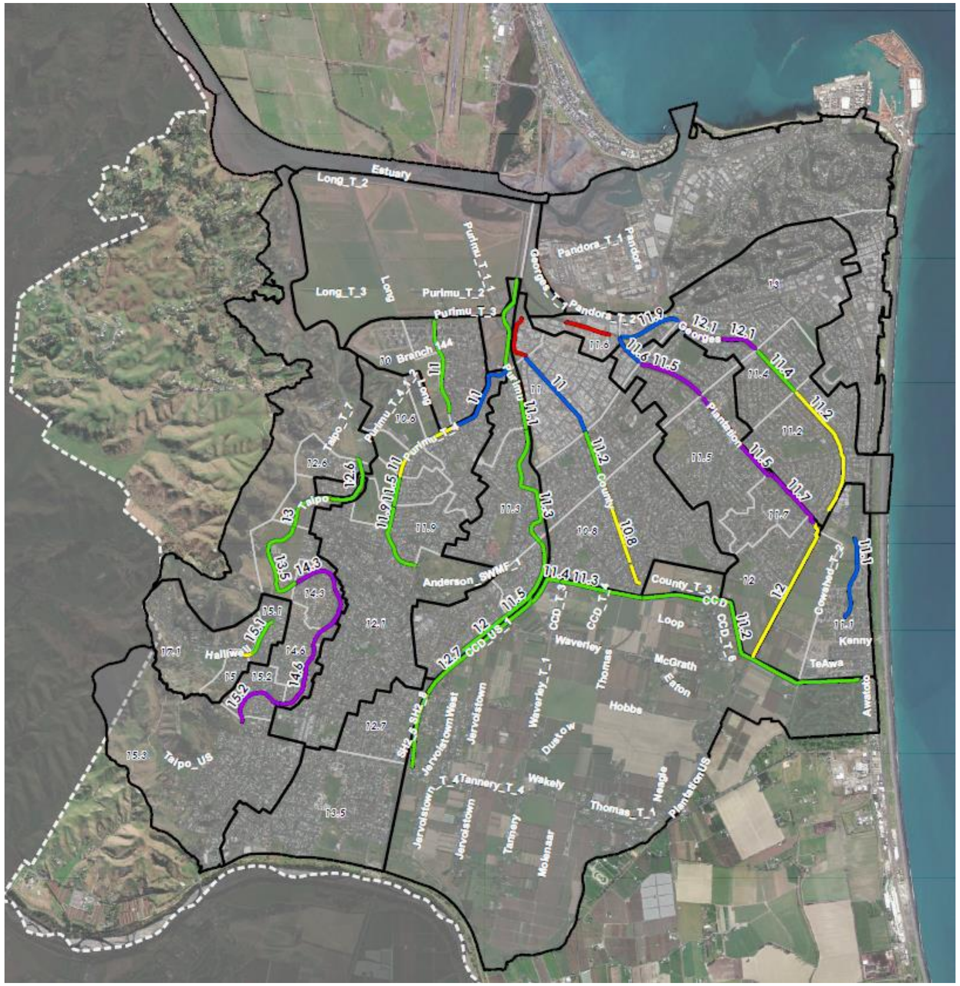
Overview of Urban Waterways



Study Boundary

Napier City Boundary

Drain Catchment

Drain Sub-catchment

Drain LoS

- <10-Year LoS
- 10-Year LoS
- 20-Year Los
- 50-Year LoS
- 100-Year LoS

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Risks

Of not taking action

- Eroding Confidence in Local Government
- Heightened flood risk
- Continued Confusion

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Interim Arrangement – Next 12 Months

During Management Period

- HBRC continue to hold consents and compliance risk
- HBRC continue to hold Insurance on assets
- HBRC responsible for unplanned renewals in response to failure
- HBRC to transfer operation budget to NCC. HBRC's holds financial responsibility for any reactive maintenance outside of budget
- HBRC responsible for any major capital through to commissioning and hand over

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Risks

Risks of NCC taking ownership

- Political Risk
- Increased Cost to community (Stranded Overheads)
- Resourcing

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Financial Implications- preferred option

$1.25m	Operational Expenditure funded mainly by targeted rate ($1.05m)
$900k +	Targeted Rates to Transfer
$40/property	Average increase in NCC stormwater rate (if incorporated within that rate)
$10m	Reduction of HBRC targeted rate (average rate) Book Value of assets transferred
$250k	Stranded overhead for HBRC – no anticipated increase in overheads or resourcing requirements for NCC

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Information transferred to date

- HBRC's AM Plan
- Maintenance Contract and schedule
- Financial information, including rates take and proposed transfer
- Asset Register
- GIS layers with accompanying data
- Confirmation of appropriate Resource Consents
- Asset Inspection Records
- Planned Renewal programme, including Combined Capital Investment Programme

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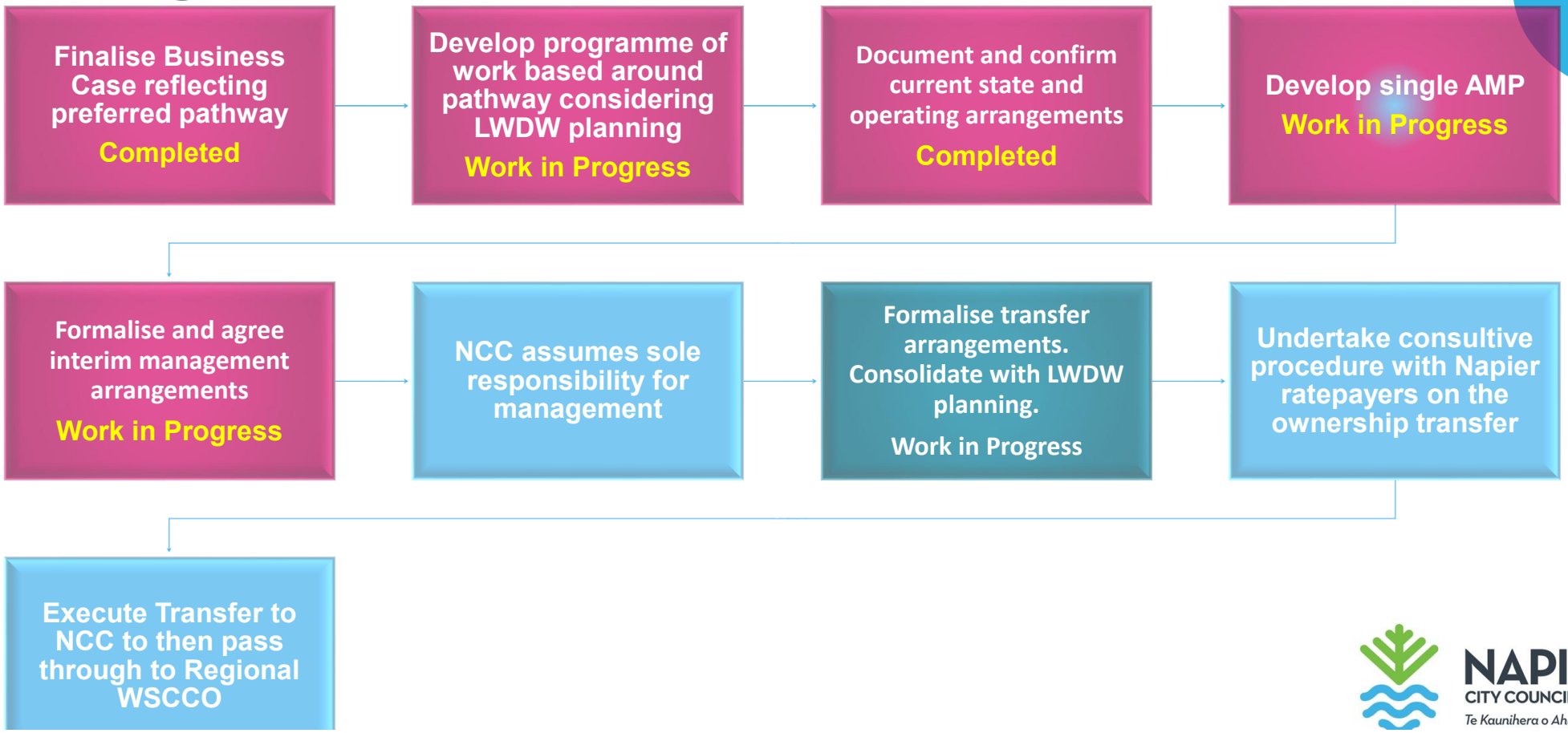
Programme for transfer



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Future Decisions

7 May 2026 – NCC - Decision to operate and manage urban waterways
- Endorse intent to receive ownership of assets

27 May 2026 – HBRC - Approve decision for HBRC to out source operation and Management to NCC
- Endorse intent to transfer ownership of assets

Sep/Oct 2026 - NCC & HBRC agree to consultation under section 83 of the LGA on ownership transfer

Oct-Nov 2026 – NCC and HBRC hold separate Hearings and resolve to transfer/receive (or not) ownership of urban waterways

Oct/Nov 2026 – NCC - Decision to pass through to the Regional WSCCO on 1 July 2027

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Ownership and financials

Pump Station	Ownership			Capital Costs		O&M Costs		NCC O&M Responsibility
	NCC (3Waters)	HBRC	Private	NCC (3Waters)	HBRC	NCC (3Waters)	HBRC	
County Drain New*	✓?	✓?			✓		✓	
County Drain Old*	✓?	✓?		✓	✓	✓	✓	✓electrical
Dalton Street	✓			✓		✓		✓
Georges Drive (Kennedy Road)	✓			✓		✓		✓
Plantation		✓			✓		✓	✓electrical
Purimu	✓			✓		✓	✓	✓
Railway (Balmoral)	✓			✓		✓		✓
Sale Street	✓			✓		✓		✓
Onehunga	✓			✓		✓		✓
Cross Country Drain	✓			✓		✓		✓
Brookfield		✓					✓	
Kenny		✓					✓	
Mission		✓					✓	
Landcorp			✓					
Airport			✓					
Laggon Farm (NCC Business Unit)			✓					
Burness Road Underpass			✓					✓
Waverley		✓					✓	

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Morrison Low Advisory

HAWKES BAY REGIONAL COUNCIL
TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

NAPIER CITY COUNCIL
Te Kaunihera o Ahuriri

Napier Urban Waterways
Business Case

November 2025

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1. Executive Summary

1.1. Overview

On behalf of Hawke's Bay Regional Council (HBRC) and Napier City Council (NCC), Morrison Low Advisory (MLA) was engaged to refresh the 2024 business case for the future operating model of Napier's Urban Waterways services. This work supports both councils in ensuring the urban drainage assets across the Napier/Meeanee/Puketapu and Brookfields/Awatoto catchments are managed effectively to mitigate flood risk, support infrastructure resilience, and to accommodate future urban development.

The current arrangements for ownership, management and the operation and maintenance of stormwater and drainage assets between HBRC and NCC were initially reviewed in 2022 to enable identification of the optimal model for operating the Napier Urban Waterways. This version of the business case is a refresh of the information used in July 2024 to develop a draft business case, which built on the work from 2022. The preferred option for the future operating model has not changed from the July 2024 analysis.

Since the July 2024 analysis, the main non-financial update to the business case is a revision of the implementation approach resulting from the Local Water Done Well strategic context and the decision taken by NCC to adopt a joint Water Services Delivery Plan (WSDP) with Hastings and Central Hawke's Bay District Councils resulting in the establishment of a Water Services Council Controlled Organisation (WSCCO).

This business case recommends the transfer of the urban drainage assets in the Napier/Meeanee/Puketapu and Brookfields/Awatoto catchments to the new WSCCO on 1 July 2027. To assist in the transfer of assets and joint WSCCO planning, it also recommends that the asset management and operational responsibilities of the urban drainage assets are contracted to Napier City Council for the period from 1 July 2026 to 30 June 2027. This will allow Napier City Council to properly incorporate the urban drainage assets in their planning as they work to assist the WSCCO with its long term planning.

1.2. Analysis

1.2.1. Strategic Context

The urban drainage assets currently owned by HBRC form a core part of Napier's urban stormwater network. Current arrangements regarding the ownership, operation and management of the urban drainage network date back to the 1980s and are no longer fit for purpose. Furthermore, a lack of formalisation, and the interdependence of the HBRC urban drainage assets and NCC's stormwater assets creates unnecessary complexity and challenges in managing the entirety of the stormwater network.

Large rainfall events in 2020 and 2023 demonstrated the importance of coordinated response plans, underscoring the need for deeper integrated management between HBRC and NCC. These events, and the review of the 2020 rainfall event created additional impetus to review the current ownership arrangements.

The Coalition Government's Local Water Done Well policy also seeks to address inefficiencies in the current management and ownership structures for Water, Wastewater and Stormwater assets across the country. While HBRC was not required to take part in the Local Water Done Well process, and its

assets are not included in the Hawke's Bay Joint Water Services Delivery Plan, the policy presents an opportunity to address the existing ownership arrangements of urban drainage assets. The objectives of the Hawke' Bay councils' response to the Local Water Done Well policy are well aligned to the overall objectives of this business case.

1.2.2. Economic Assessment

The investment objectives developed as part of this business case were:

- Service delivery model is fit for purpose, delivers the required level of service and meets statutory requirements.
- There is clear accountability for the performance of the network.
- Incident response capability with effective chain of command and control, coordination and decision-making processes in place.

In recommending the preferred option a range of potential options were considered. The shortlisted options included:

- Consolidated contracts for a single source of truth and cost efficiencies.
- Dedicated waterways asset management role to promote consistency and network-wide best practice.
- Asset transfer to a single organisation for clear accountability and improved performance.

1.3. Preferred Option

The preferred option to implement a **transfer of assets to a single organisation** with **assets split on a geographic basis** was assessed as the option most likely to meet the strategic objectives and improve asset management and service levels for Napier ratepayers.

While this transfer relates in a change of ownership at an entity level, there is no transfer of risk or ownership between ratepayer groups, as schemes are predominantly targeted rate funded across ratepayers in Napier.

1.3.1. Benefits

At a high level the key benefits of the preferred option include:

- Investment decisions will be able to be made independently and will better support 'best for network', efficiency and clear local accountability.
- There will be full alignment of risk, planning, investment and funding across the network, with one entity being responsible for all elements of the management of drainage assets.
- A geographic split will provide greater consistency of approach than would otherwise be able to be achieved through a functional split of assets.
- Consistent ownership of all stormwater assets within the Napier City boundary is better aligned with the district planning functions.
- More efficient delivery of services with clarity around ownership and responsibilities.
- Accountability can be clearly defined, and performance measured for each organisation.

1.3.2. Risks

At a high level the key risks of the preferred option are related to implementation and include:

- For Workstream 1, implementation ahead of the WSSCO's July 2026 start date due to competing priorities, potential community or Council resistance to service transfer, and inconsistent consent status for Napier pump stations.
- For Workstream 2, legal and commercial challenges entering the WSSCO arrangement due to limited prior involvement, unresolved residual liabilities, potential community or Council opposition to asset ownership transfer. Potential workstream risks will require formal review and mitigation planning while advancing the programme of work in collaboration with the WSCCO, with some risks likely to be addressed through legal advice, technical assessments, and detailed transfer documentation.

1.3.3. Financial Impacts

The selection of the preferred option prioritised service delivery outcomes, with funding considerations treated as secondary.

However, cost-effectiveness remained a relevant factor in evaluating delivery options. There are opportunities for reduced operating costs under a single governance and service delivery structure, and a more streamlined delivery approach may improve value for money for ratepayers, even if physical works costs remain largely unchanged.

To complete the financial assessment, it has been assumed that:

- all options will continue to be funded via targeted rates applied to properties within the serviced catchments.
- since operational, the scope and cost of capital works and investment costs are broadly consistent across options, the main financial differentiator is the cost of implementing change.

For the transfer of all catchment assets to a single organisation:

- Assets valued at $10.012 million (4% of HBRC's fixed assets) transferred from HBRC to the WSCCO.
- Implementation costs assessed at <$100,000 for the asset transfer to WSCCO (to be refined during implementation).
- Transfer of debt or financial reserves between HBRC and the WSCCO will need to be assessed as part of the implementation.

Operating Impact:

- $1.03 million annual operating expenditure shifts from HBRC to the WSCCO.

HBRC Residual Costs:

- $605,000 unfunded overheads remain with HBRC, recovered through rates.
- There will be stranded costs due to corporate overhead allocations in current drainage catchment budgets that need to be assessed as part of implementation.

1.3.4. Implementation

Implementation of the preferred option will occur through two separate, concurrent, workstreams:

1. **The establishment of joint asset management responsibilities and transfer of service delivery responsibilities** for the land drainage assets within the Napier/Meeanee/Puketapu drainage catchment, and all of the land drainage assets from within the Brookfields/Awaoto drainage catchment **to Napier City Council**.
2. **The transfer of the ownership** of all land drainage assets within the Napier/Meeanee/Puketapu drainage catchment, and all of the land drainage assets from within the Brookfields/Awatoto drainage catchment **to a single organisation, which will be the established Regional WSCCO**.

Note: The joint WSDP outlines how drinking water, wastewater, and stormwater services will be delivered by the WSCCO, a new entity jointly owned by the three councils **however we note that the HBRC owned assets considered in this business case** and the services required were **not included in the Joint Water Services Delivery Plan.**

1.4. Next steps

The urban drainage assets play a key role in the management of stormwater within the Napier City, and the network is unable to achieve desired, or required, levels of service without coordinated investment across both entities under the current ownership arrangements.

Effective management of Napier's stormwater network requires a single point of accountability and ownership which implementation of the preferred option achieves.

To progress implementation of the preferred option, we recommend that:

- Councils seek updated legal advice (refer to Sections 8.2.3 and 8.3.1).
- Councils seek endorsement from their elected members of the preferred way forward, and to obtain agreement to commence consultation.
- Councils undertake the necessary consultation with the Napier and Hawke's Bay communities.
- Councils review funding implications and make appropriate revisions to funding models, revenue and financing policies, and overhead allocation models.
- HBRC begins conversations with the WSCCO transition team regarding the potential future asset ownership transfer of the drainage assets.

From a timeline perspective:

- Regarding consultation, to undertake a single consultation on the transfer to the WSCCO with an interim transfer of management responsibilities even if not strictly required would be of value. Earlier consultation will give the WSCCO more certainty so that it can plan accordingly.
- Pending the outcome of the legal advice and in light of HBRC's wider work programme, HBRC officers have recommended that consultation should take place concurrently with consultation on the 2026-27 annual plans.

2. Business Case Background

Morrison Low completed an initial business case assessment of potential operating models for the delivery of services for the Napier Urban Waterways assets in August 2022. This business case was refreshed in July 2024 but not finalised.

HBRC and NCC saw the need to review the delivery of this activity to support a sustainable and optimal model of delivery moving forward that would support excellence in service delivery and provide enhanced accountability to ratepayers, communities and visitors. The arrangements for ownership, management and operations and maintenance were reviewed and assessed.

Whilst it was generally considered that the current arrangements for 'business-as-usual' tasks have been working adequately, it was acknowledged that there was room for improvement to ensure a more efficient service for ratepayers and communities as well as ensuring that processes and procedures are in place and understood by both organisations' management and operational staff when responding to emergency events.

The review was initiated primarily to address:

- the need to provide a consistent level of service for stormwater services within Napier's urban areas, as highlighted through low levels of community satisfaction with the performance of Napier's stormwater system.
- the need for a coordinated, consistent, investment approach for Napier's stormwater services.
- lack of accountability with roles and responsibilities not clearly defined.
- lack of clarity around ownership and operational responsibilities.
- potential to increase risk for incident response without a suitable framework in place.
- the need for effective ownership, governance and management arrangements for Napier's urban stormwater to be in place prior to the establishment of any potential three waters entity in Hawke's Bay.

The current service delivery model was considered and evaluated against a range of other potential arrangements, including:

- An enhanced status quo, with rationalisation of contracts, and standardisation of operating procedures etc.
- The creation of a designated role spanning both organisations.
- The transfer of assets to a single council.

To develop the business case the New Zealand Treasury's single stage Better Business Case process has been broadly followed, which is good practice for public sector decision-making. This approach provides objective analysis and consistent information to decision-makers, enabling them to make smart investment decisions for public value.[1] It is an ideal tool for the public sector to make long term decisions regarding service delivery. As well as financial measures, it considers strategic, economic, commercial and management measures in a weighted, balanced context.

A significant amount of information was referenced to substantiate the business case. Appendix A contains a list of the supporting documentation.

[1] *https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc*

3. Current arrangements

Through provision of the stormwater activity, councils are responsible for safely collecting, treating, and disposing of stormwater. One of the core goals of the stormwater system is to minimise the effects of flooding.

Drainage schemes across the Hawke's Bay Region include detention dams, open drains, piped culverts, pump stations and control gates to meet this core requirement.

3.1. HBRC drainage assets

Hawke's Bay Regional Council currently owns, manages, and operates 25 separate flood control and drainage schemes across the Hawke's Bay region. Most of these schemes serve predominantly rural communities and are designed and operated to reflect this function.

Across all of its drainage schemes, HBRC manages:

- 544 kilometres of open drainage
- 23 pump stations
- 3,000 structures and culverts
- Assets with a combined replacement value of approximately $260 million in 2023.

The Napier area is serviced by the HBRC Heretaunga Plains Scheme, which serves approximately 39,000 hectares and 82% of Hawke's Bay's population. The scheme includes all of Hastings, Flaxmere and Havelock North urban areas as well as most of the Napier urban area.

The Heretaunga Plains Scheme includes:

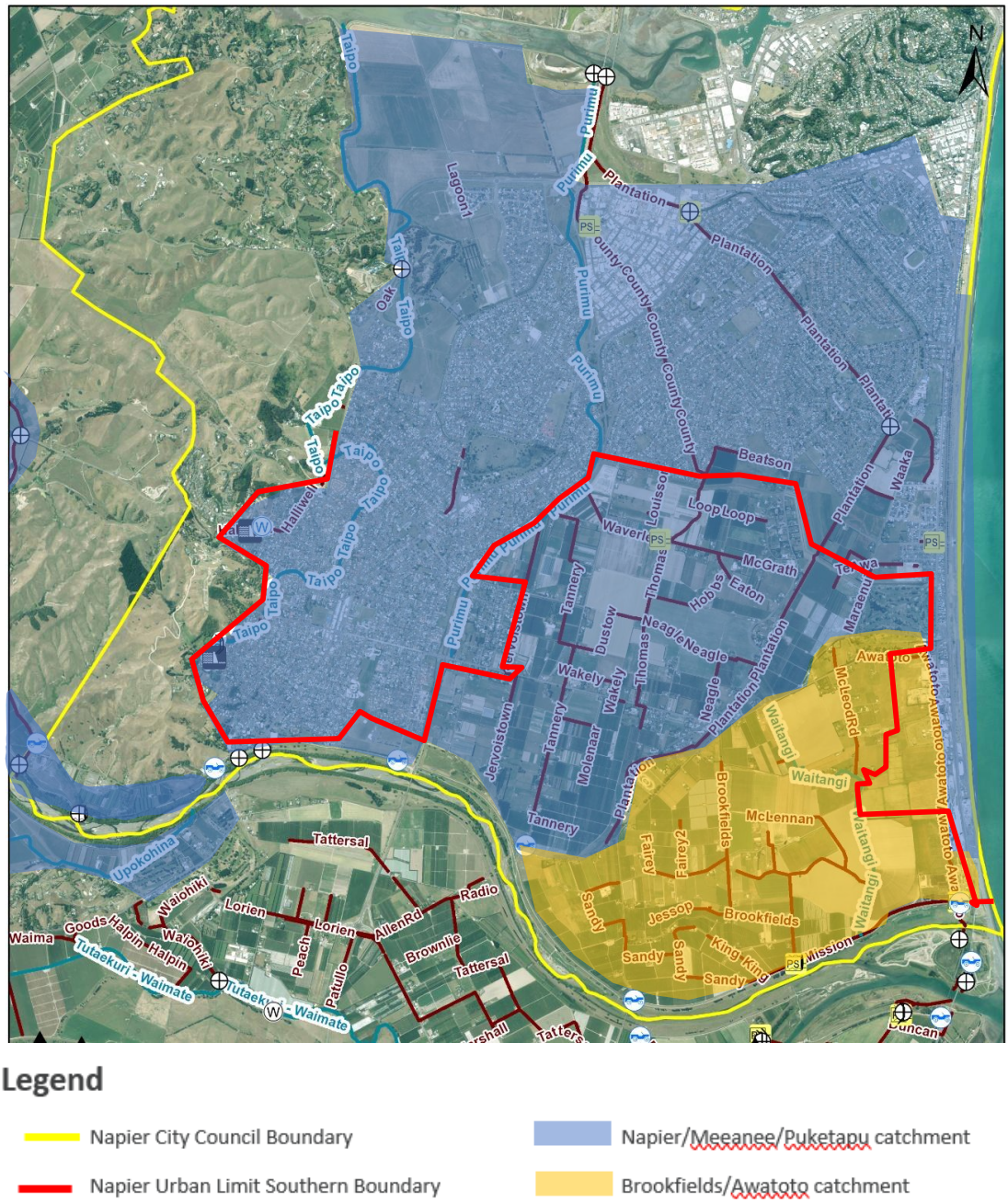
- 157 km of stopbanks
- 129 km of river channels and edge protection
- 447km of drainage channels
- 18 pump stations
- 217 structures and culverts
- Assets with a combined replacement value of approximately $152 million in 2020.

The Heretaunga Plains scheme consists of nine drainage catchments, including the Napier/Meeanee/Puketapu catchment and the Brookfields Awatoto catchment, both of which operate predominantly within the Napier City boundary. These two drainage catchments account for almost one quarter of the total length of drainage channels, and one third of the total pump stations in the Heretaunga Plains Scheme and the **assets are colloquially known as the "Napier Urban Waterways".**

- The Napier/Meeanee/Puketapu drainage catchment is the predominant drainage scheme that services the Napier City Urban area and extends beyond the western boundary of NCC into the Hastings District (although those assets that are within the Hastings District are not being considered in this review).
- The Brookfields/Awatoto drainage catchment, services a predominantly rural area within the Napier City boundary but also includes drainage assets which service commercial and industrial estates on Waitangi Road.

To support understanding of the catchment description, a catchment map is provided in Figure 1. Refer to Appendix, B, C and G for the asset details within these catchments that are specific to this assessment.

Figure 1 Map of the Napier/Meeanee/Puketapu and Brookfields/Awatoto drainage catchments



3.2. Service delivery

Maintenance and operations of the Napier Urban Waterways is managed and delivered in-house with ownership, operations and maintenance split across the two councils as explained in the following sections.

3.2.1. Hawke's Bay Regional Council

Asset management

Delivery of the asset management and investment functions for urban drainage is carried out primarily by the regional assets group and the asset planning team. This team is responsible for asset planning across all of HBRC's infrastructure assets. There are no resources dedicated specifically to asset management for drainage schemes, the HPFCS, or the schemes being considered in this business case. Based on time sheet data and cost allocations, it is estimated that between 1 – 2 FTE worth of resources from the Regional Assets group may be used for the management of the Napier/Meeanee/Puketapu and Brookfields/Awatoto schemes combined.

Some of this time relates to liaison, joint planning and coordination between HBRC and NCC.

An organisational structure for the HBRC Asset Management Group is provided in Appendix D.

Operations and maintenance

Operations and maintenance services are undertaken by Works Group (Business Unit of the HBRC Asset Management Group):

- Direct award of works with annual programme developed
- Service Level Agreement in place – provides some price tension
- Actual expenditure vs budget monitored
- Some minor renewals awarded - partly dependent on skill set required
- Electrical works sub-contracted out.

Maintenance works are sometimes cross contracted between Works Group (HBRC) and City Services (NCC), typically a reflection of the specialist plant required to undertake specific activities such as spraying or mowing. This means that in some cases, maintenance activities that are the "responsibility" of HBRC are carried out by NCC's City Services group under a contractual arrangement, and vice versa.

The proposed transfer of scheme ownership is not expected to result in any changes to current delivery arrangements for the operation and maintenance of the schemes, as the HBRC Works Group holds specialist skills that are likely to be required for the ongoing maintenance of the drains as well as HBRC's broader activities.

An organisational structure for the HBRC Works Group is provided in Appendix D.

3.2.2. Napier City Council

Asset management

Drainage and reticulated stormwater work together to form part of the overall stormwater network in the Napier City area. Asset management and investment planning for the overall stormwater network is carried out within the Water Strategy team (part of the Infrastructure Group) by a dedicated Drainage

Planning Lead. Asset management for the stormwater network also draws on skills of other staff within the Water Strategy team, including the Water Strategy Operations team.

Discussions with NCC staff indicate that the transfer of the drainage assets from HBRC to NCC is unlikely to result in need for additional resourcing.

Operations and maintenance

Operations and maintenance services are undertaken by City Services (a NCC Council Directorate).

As of August 2025, NCC was progressing through an organisational change, and the organisational structure provided in Appendix D may not be current (but the new structure is not considered material to this report).

3.2.3. Inter-Council Service Delivery Arrangements

There is evidence of a transition from informal to more formal arrangements over time. The arrangement between HBRC and City Services is presently described as:

- various (informal/partial) documents regarding the shared arrangements/MOU between NCC and HBRC.
- direct award of works.
- no formal Service Level Agreement.
- some minor renewals awarded - dependent on capacity and capability.

Maintenance works are sometimes cross contracted between Works Group (HBRC) and City Services (NCC), typically a reflection of the specialist plant required to undertake specific activities such as spraying or mowing.

3.2.4. Operational Case Study – County Drain

To demonstrate the operational complexities that arise under the existing operational model, the County Drain case study is provided in this section. Figure 2 illustrates the key operational details on a map of the area.

The County drain is part of the Napier/Meeanee/Puketapu drainage catchment and drains from the South to the North through a mainly urbanised environment. The drain is owned by HBRC; however, it is located on a greenspace corridor and road reserve land owned by NCC. The NCC stormwater network flows into the County drain at a number of points along its length.

The County drain flows into the Ahuriri estuary under normal conditions, with overflows into the adjacent Purimu stream (owned by HBRC) and the Cross Country Drain during high rainfall events (owned by NCC).

The drain is serviced by one pump station, with seven pumps (in two separately powered sets), which has two “parts”, described as “County Old” and “County New”. County Old is owned by NCC, while County New is owned by HBRC. Both parts of the County pump station are managed by NCC.

The agreed operating and maintenance arrangements are:

- HBRC to maintain the drain.
- NCC to provide routine checks on the pump station. These include a twice-weekly inspection of the station including a brief run of each pump to check that they are drawing the correct power (not always possible because of the number of pumps and low water - but different pumps are

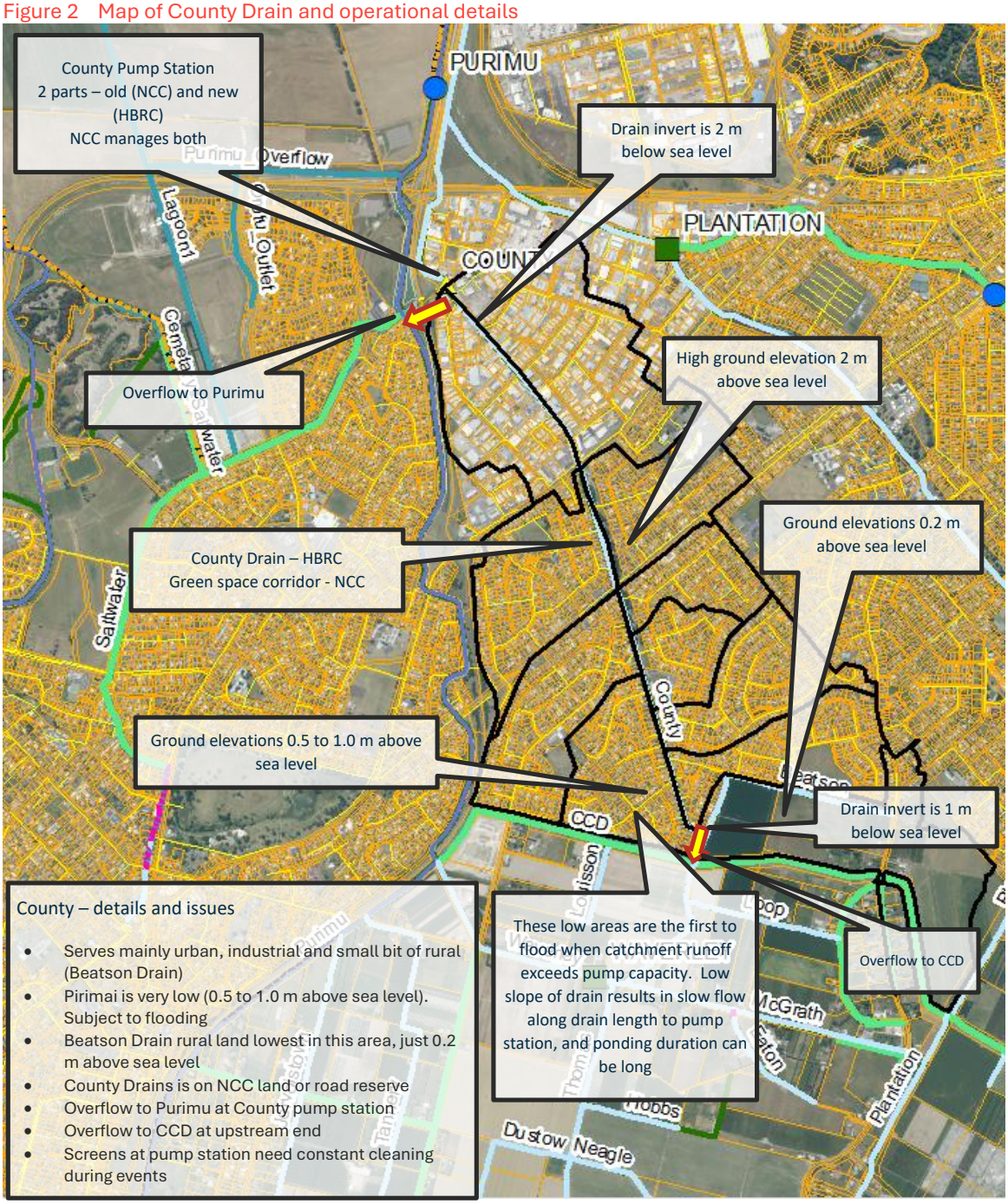
run on each visit). Record power readings and maintain the station in a tidy condition. If any electrical or mechanical problem is found, then HBRC are informed. Repairs are carried out at the instigation and the cost of the HBRC.

- HBRC meets the operational costs and carries out renewals works and other capital works.
- NCC to provide twice-weekly clearing of the screens, including removal and disposal of the screenings.
- In the event of rain, the screens are to be cleared during or after each event, by the NCC.
- Alarms from the station are monitored by NCC monitoring service and NCC staff are contracted to be on 24-hour standby to attend to any alarms that may occur and take any action necessary to deal with the cause.

In addition:

- While the County New pump station is owned by HBRC, it contains equipment owned by NCC (for example SCADA) as well as equipment owned by HBRC.
- HBRC ‘s works group is contracted to provide maintenance of the green space corridor surrounding the County drain.

Figure 2 Map of County Drain and operational details



4. Strategic Case

4.1. Overview

The strategic case presents clear and evidence-based rationale for change, demonstrating alignment with the broader strategic objectives of both councils and the regional context.

A summary of the key issues and opportunities (supplied in more detail in Section 4.7) that were identified that support a case for change include:

- Levels of service - The delivery of urban stormwater services is different to the delivery of land drainage and flood protection works. Stormwater services are typically the domain of Territorial Authorities.
- Roles and responsibilities - There is no contract or formal arrangement in place between the two organisations regarding management of the waterways - who does what / who owns what / who pays for what / who is responsible for what? It is generally accepted that more structure around roles and responsibilities will support improved incident response.
- Collaboration - HBRC and NCC have their own individual policies, priorities and funding mechanisms with consequent varying focusses and resourcing. However, they continue to work together on a number of initiatives such as regular strategic meetings, operational meetings and co-funding of an investigation into stormwater quality. There is the opportunity to build on this relationship/arrangement.
- Accountability - Accountability is not clear across the stormwater activity with regards to waterways maintenance and operations, with no one entity having overall responsibility with no clear separation. Land, assets and equipment on the same network or system may have different ownership.
- Investment and decision-making - Priorities may be different for each council and there is limited coordination on investment decisions which may lead to conflicts in investment on a scheme or network.
- Impacts on urban planning - Greenfield housing development opportunities in rural areas are constrained by levels of service provided by urban open drainage assets, for which HBRC is unable to fund through development contributions. In contrast, NCC is able to fund any investment through development contributions.
- Compliance - There is an increasing need for accurate asset data/information for performance and consent monitoring.
- 3-Waters reforms - At the point of the 2024 review of this business case the future of the three waters service delivery in Hawke's Bay was still largely unknown following repeal of the Water Services Entities Act, and the relative infancy of the Local Water Done Well policy.
  - NCC's 2025 decision to adopt a joint Water Services Delivery Plan (WSDP) with Hastings and Central Hawke's Bay District Council's means that the establishment of a joint WSSCO is now underway.

Strategic investment objectives were confirmed during this stage of work and are provided in Section 4.9.

4.2. Evolution of Napier City

HBRC and NCC have operated the Napier urban waterways according to a methodology determined through an agreement in 1989. At the time the methodology was developed, Napier was a vastly different city. Over the last 35 years, the Napier urban area has expanded significantly, moving further South into areas that were once primarily rural in nature.

Over time, increasing urbanisation of areas that are serviced by HBRC owned land drainage schemes has meant that the core function of these schemes, and consequently the level of service that needs to be provided by them, has changed. For all intents and purposes, many of these schemes now form a critical part of Napier's urban stormwater system.

- Over the next 10 years, Napier's population is set to grow by up to 9.4% or 6,700 people to a total estimated population of 75,300 by 2033 and an additional 2,560 households[2]. The likely effect of this is increasing urbanisation of rural land areas that are currently serviced by HBRC drainage assets.
- Climate change will impact the climate of Hawke's Bay to increase the storminess and likelihood of high rainfall events which, with rising sea levels and the generally flat nature of Napier, will require close monitoring of the combined network to ensure that it delivers on the level of service commitment. These risks were highlighted with the landfall of Cyclone Gabrielle in February 2023, which resulted in the loss of life and substantial property and infrastructure damage.

This gradual change in function, together with increased compliance requirements and the need to be able to respond to emergency events such as the November 2020 flood event, have highlighted the need to ensure the current arrangements reflect this evolution.

Continued urbanization of rural land will require the adoption and application of specific land use policies requiring the mitigation of stormwater effects. However, the ability for mitigation to be fully considered and adopted is currently constrained through the mixed ownership model and changing function of the drainage assets.

4.3. Coordinated Emergency Management

Napier Rainfall Event 2020

On 9 November 2020, Napier received an extreme level of rain in a short period of time over a small geographic area. Due to the speed and intensity of the weather event, many parts of the City and environs were flooded. The stormwater system worked as it was designed to do, although the specifications of the system are rated below the rating of this storm, which was described as a '1 in 250 year' event, one of the highest rainfalls on record[3].

The 'Napier Rainfall Event November 2020: Hazard Report' concluded that '*the management and operation of drainage assets by HBRC and NCC requires effective co-management in events to ensure that the network is able to operate to maximum capacity and issues are quickly resolved*'[4].

The report considered that while each organisation has its own processes for managing assets during heavy rainfall, there was no evidence of a coordinated network-wide response plan, reinforcing the

[2] Stats NZ Subnational population projections: 2018(base)–2048 update, "High" scenario, assumed household density of 2.6 residents per occupied dwelling (per 2018 Census).
[3] November 2020 Napier Flood (Napier City Council).
[4] Napier Rainfall Event November 2020 Hazard Report, page 8.

need for this business case. The draft report also commented that the operating model of the Napier urban waterways should be reviewed to determine if improvements could be made in the way that the combined system served Napier's stormwater function.

Cyclone Gabrielle

On the 13th and 14th of February 2023, Cyclone Gabrielle made landfall with the Hawke's Bay region, with rain and winds intensifying across the district to unprecedented levels. Following the event an independent review was commissioned to assess the operational performance of the Hawke's Bay Civil Defence Emergency Management Group's response to Cyclone Gabrielle. The review was primarily focussed on the operational response to the event. The report made several recommendations to improve the reduction, readiness, response, and recovery activities, including the following recommendation which is of relevance to this review:

> *"Develop, implement and communicate a regional Disaster Reduction Plan in partnership with local partners and communities. The Plan should include:*
>
> *Risk reduction operations such as:*
>
> *i. River management (dredging, maintenance of river mouths and tributaries etc.)*
>
> *ii. Stop bank planning and maintenance*
>
> *iii. Drain and flood scheme maintenance*
>
> *iv. Management of forestry by products*
>
> *v. Plans for mitigation of utility and service outages"*

Further information related to these events, is provided in Appendix E.

4.4. Joint Water Services Delivery Plan 2025

In separate meetings held on 29 August 2025 Napier City Council, Hastings District Council, and Central Hawke's Bay District Council each formally adopted a joint Water Services Delivery Plan (WSDP) to submit to the Department of Internal Affairs in line with the Local Water Done Well legislative deadline on September 3, 2025.

The joint WSDP sets out how drinking water, wastewater, and stormwater services will be delivered by the Water Services Council Controlled Organisation (WSCCO) and outlines the pathway to establishing the new entity. Owned by the three councils, it will consolidate all water services currently provided by the three councils.

The options presented in this business case, and the benefits of implementing the preferred option, should be viewed independently of this decision (however this decision impacts the implementation approach which is outlined in the commercial and management case sections).

This business case seeks to achieve:

- consistent levels of service for urban stormwater and drainage activities within the Napier City boundary.
- coordinated investment in stormwater services within the Napier area.
- more efficient and effective urban development model of urban infrastructure regulation and construction.

- a clearer line of sight regarding the responsibilities of each council in relation to the provision of stormwater, drainage and flood protection activities.

We note that the HBRC owned assets considered in this business case and the services they provide were **not included in the Joint Water Services Delivery Plan.** This means that some stormwater services provided to Napier residents and their costs, have not yet been considered in that plan.

This may be inconsistent with how other councils' three waters assets and services have been evaluated in the plan and the impact of their inclusion into the plan will need to be assessed by the new entity as part of the implementation phase.

This business case is intended to address specific issues related to the current ownership and operating model, and as such, has a set of clear and specific objectives that address those issues.

The alignment between the objectives in this business case and the assessment criteria used to assess Local Water Done Well (LWDW) delivery options[5] is summarised in Table 1 and these are considered broadly in alignment.

Table 1 Alignment of WSDP assessment criteria and business case investment objectives

LWDW Modelling & Assessment Criteria	Business Case
Value for Money	Assessed in the Financial Case (Section7)
Enhanced Delivery & Capability	Service delivery model is fit for purpose, delivers the required level of service and meets statutory requirements (Investment Objective 1:)
Increased Resilience	Incident response capability with effective chain of command and control, coordination and decision-making processes in place (Investment Objective 3)
Community and mana whenua engagement	Aligned (see Section 3.2.2)
Ease of Implementation	
Minimised Impact to Community	There is clear accountability for the performance of the network (Investment Objective 2)

4.5. Mātauranga Māori

Water is a critical taonga for Māori that holds a central role in their sense of identity and well-being. Many hold the inherent understanding that Māori are *Ko wai mātou* – we are water. The principle of kaitiakitanga is strong for ancestral water so Māori perspectives, knowledge and interests are pivotal to any discussion of water.

Wai *water* is the essence of all life and the world's most precious resource. It is of high importance to Māori, as it is the life giver of all things, a precious taonga *treasure*, part of Māori whakapapa *genealogy*.

Te wai, he taonga i tuku iho mai i ngā tīpuna

[5] Local Water Done Well Modelling and Criteria Assessment – Hawke's Bay Regional Recovery Agency

Water is taonga, a precious treasure passed down from our ancestors

Water is under increasing pressure due to the strain we have put on the world, including rapid urbanisation, food production challenges, aging infrastructure and climate change.

Through urbanisation we have disrupted the flow of water, in particular ngā roimata o ngā Atua, the tears of Ranginui *sky father* to Papatūānuku *earth mother*. We have made the land impervious to water through laying concrete, asphalt and roofs; we have piped and culverted our waterways; we have taken water from one catchment to serve the people in another catchment.

As a result, many of our local water resources have depleted over time and this has impacted a range of traditional practices. This is especially true for the harvesting of resources, wild foods and plants, where stocks have been depleted or lost, or where discharges of wastewater and stormwater make wild food consumption and recreation unsafe and subject to tapu *cultural restriction*.

This review specifically considers the conveyance of stormwater from an urban environment into natural waterways. However, this review's predominant focus relates to who manages, operates and maintains the open waterways within Napier City Council's urban area. It does not specifically pertain to the way in which that occurs, how much is spent on the management of the waterways, or any potential treatment of stormwater prior to its discharge into natural and built environments.

Council officers discussed this review (in 2024) with the Hawke's Bay Regional Council's Māori Partnerships Group and NCC's Te Waka Rangapū to determine their preferred engagement approach. Feedback from these groups suggested a growing frustration with the current management and operating structure, whereby Māori are unable to clearly identify who to raise concerns with, and a strong desire for a single point of accountability. Consequently, they expressed a desire to be involved in this kaupapa *only once a clear direction had been identified and agreed*.

Given the broader context of Local Waters Done Well it is proposed that further engagement with Māori is carried out as part of the wider reform programme under the joint water entity.

4.6. Territorial Authority

Each organisation identifies its own Mission and Vision and strategic priorities through their Long-Term Plans and annual plans. The following section sets out how the proposed transfer of assets within this business case aligns with each council's vision, mission and strategic priorities.

Hawke's Bay Regional Council

HBRC sets out its core strategic goals within its "Strategic Plan 2020 – 2025". The plan includes a mission statement, vision, and four core areas of focus. The strategic plan also sets out HBRC's values, organisational identity, and approach.

Figure 3 HBRC's Mission, Vision and Focus areas

This business case seeks to give effect to HBRC's mission, vision, and focus areas by:

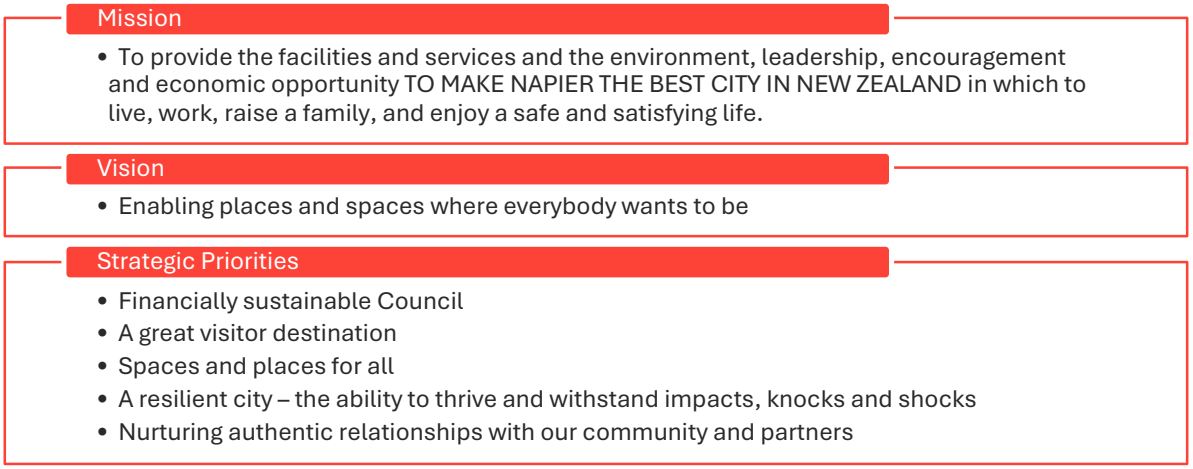
- enabling a whole of network approach to investment in improved stormwater levels of service, thereby potentially reducing and mitigating the impacts of high rainfall events on residents, businesses and communities.
- aligning ownership of drainage assets with the ownership of the green corridors and land in which they are situated.
- creating a single point of accountability for stormwater discharges, consents and quality.
- enabling HBRC to focus its resources towards the management of rural land drainage, river management and flood protection, to improve the productive potential of land.

Napier City Council

In 2023 Napier City Council revisited its mission, vision and strategic priorities. Through that process it adopted five key strategic priorities which are used to help guide decision makers on what projects, activities and budgets to prioritise in its Long-Term Plan.

These mission statements, vision and strategic priorities are outlined in Figure 3 below. Strategic priorities are supported by definition statements, which are not highlighted in the chart.

Figure 4 Napier City Council mission, vision and strategic priorities



This business case is aligned to the mission, vision and strategic priorities of NCC in the following ways:

- Community and social wellbeing is enhanced through improved management of stormwater systems within the Napier City area and by reducing the likelihood and impact of flooding events through an improved ability to deliver level of service upgrades.
- By combining ownership of drainage assets with the land and green corridors in which they are situated, there would be an improved ability to undertake coordinated investment that improves the amenity and function of spaces.
- Investment in drainage assets and the stormwater network currently requires a high level of coordination across councils to ensure that the investment is effective and able to deliver the desired outcomes. This is resulting in delayed investment in infrastructure and potential increased costs. A single point of ownership and accountability should ensure that investment can be completed when it is needed, can be coordinated to deliver intended outcomes efficiently and duplication of effort is minimised.
- The mixed ownership and management arrangement makes it difficult for community groups, and mana whenua to engage in key issues relating to the existing drainage and stormwater network. A single point of ownership and accountability will make it easier to engage with interested stakeholders.

4.7. Issues and opportunities

In undertaking this review, through workshops and the review of information, the following issues and opportunities were previously identified for the Napier urban waterways operation:

Table 2 Summary of issues and opportunities

Description	Issue / Opportunity	Discussion
Roles and responsibilities	Issue	There is no contract or formal arrangement in place between the two organisations regarding management of the waterways - who does what / who owns what / who pays for what / who is responsible for what? A lack of formalised documentation about roles and responsibilities – much of this is documented but there is no single 'source of truth'. There is a lack of public clarity for roles and responsibilities which is exacerbated by cross contracting due to access to specialist equipment. Capability and capacity for incident response needs to be aligned to the roles and responsibilities of each organisation. The original agreement (1989) is outdated and no longer fit-for-purpose. Other agreements regarding urban waterways have been developed since but these are generally not specific on roles and responsibilities although they do highlight the desire to work together.
Levels of service	Issue	Existing levels of service for the Napier/Meeanee and Brookfields/Awatoto drainage catchments are based on land drainage levels of service and not clearly aligned to urban stormwater levels of service. Planned future investment in drainage assets requires alignment to ensure downstream impacts are minimised, and that designed upgrades are consistent. A whole of network approach needs to be adopted which is more challenging under joint ownership and operation.

Description	Issue / Opportunity	Discussion
		HBRC does not have the ability to levy development contributions from new development within the drainage areas, which could otherwise be used as a potential funding source for some of these upgrades. NCC does have the ability to levy Development Contributions.
Collaboration	Opportunity	HBRC and NCC have their own individual policies, priorities and funding mechanisms with consequent varying focusses and resourcing. However, the councils do work together: • Regular operational meetings for which minutes are also reviewed by the strategic meetings. • Regular strategic meetings (monthly) where they 'check in' with each other. • The councils are co-funding an investigation into stormwater quality – looking at point sources of pollution and then developing an investment plan to address. There is the opportunity to build on this relationship/arrangement. A combined Stormwater AMP could be seen as the next level of maturity.
Accountability	Issue	Accountability is not clear across the stormwater activity with regards to waterways maintenance and operations. No one entity has overall responsibility with no clear separation e.g. the Purimu, Plantation and County Drain pump stations are dual managed by HBRC and NCC, although NCC undertakes the day-to-day maintenance and operation, with HBRC contributing financially and advisory. Joint discharge consents gives accountability across both organisations. Not evident to the public and communities as to who is responsible for what – who should they contact if they have a complaint/issue? Accountability can be more complicated when assets are owned by one entity but maintained by another.
Ownership	Issue	Both councils are reasonably clear on asset ownership. Land, assets and equipment may have different ownership e.g. pump station owned by HBRC but SCADA system installed by NCC, who operate the pump station – a necessary 'tool' for efficient operation but owner may not be willing to invest. There is some conflict between asset registers and AMPs. Assets within assets may have different ownership e.g. pump stations / SCADA / pumps.
Investment and decision-making	Issue	Priorities may be different for each council and there is limited coordination on investment decisions – each council makes their own decisions based on their own 'risk appetite'. Level of investment across both councils may not be consistent across both councils which could have downstream impacts. NCC projects have been fed into the HBRC LTP with key projects informed through the Napier City Stormwater Master Plan 2020 which provides alignment.

Description	Issue / Opportunity	Discussion
Compliance	Issue	There is an increasing need for accurate asset data/information and performance and consent monitoring. Privately owned pipes discharging to HBRC/drains – who takes responsibility? Do owners know their responsibilities?
Uncertainty around the 3-Waters reforms	Issue	At the point of the 2024 review of this business case the future of the three waters service delivery in Hawke's Bay was still largely unknown following repeal of the Water Services Entities Act, and the relative infancy of the Local Water Done Well policy. NCC's 2025 decision to adopt a joint Water Services Delivery Plan (WSDP) with Hastings and Central Hawke's Bay District Council's means that the establishment of a joint WSSCO is now underway.

4.8. Benefits of investment/change

The benefits arising from addressing the issues and opportunities associated with the current arrangement were discussed in a workshop on 23 May 2024. The workshop identified that the primary benefits arising from addressing the current ownership and management arrangements are outlined in Figure 5 below.

Figure 5 Benefits of addressing current arrangement

Coordination between councils requires a significant amount of effort and resourcing. A single ownership and management model will negate the need for this coordination between organisations.
The transfer of ownership of HBRC owned drainage assets and the associated resource consents, creates a separation between the regulatory and operational functions of HBRC.
More efficient maintenance and operations, including providing consistency in SCADA, CCTV and telemetry systems and ability to coordinate maintenance and renewals across assets.
A single emergency response coordinator resulting in a reduced need for interagency co-ordination. This also allows HBRC to manage emergency response resources more effectively across the region.
Streamlined investment decision making can be achieved, as investment can be planned across the entire stormwater network, allowing solutions to be considered that would be difficult to achieve through existing arrangements.

4.9. Investment objectives, existing arrangements and business needs

Strategic objectives were agreed with the councils and adopted as investment objectives, reflecting both organisations' strategic context and the aims of this review.

Table 3 Investment objectives, existing arrangements and business needs

Investment Objective 1	**Service delivery model is fit for purpose, delivers the required level of service and meets statutory requirements**
Existing arrangement	• Informal model of service delivery in place. • Inconsistency between the measurement and design standards of stormwater levels of service between the urban land drainage assets and more traditional "urban stormwater". • No contract or formal arrangement in place between the two organisations. • Potential funding constraints for level of service improvements and addressing changing demands on network arising from growth. • A need to coordinate investment across two organisations to give effect to level of service improvements, without mechanisms to ensure complimentary investment is "matched". • Roles and responsibilities not well defined. • Conflict in asset data in some areas. • Different priorities for each organisation can lead to investment decisions that may not be 'best for network'. • There is no mechanism for one council to require the other council to make investment in level of service improvement, which gives rise to deferral of needed investment.
Business needs	• An operating model that delivers an efficient and value for money service. • A model that supports future growth and levels of service through a consistent and coordinated investment approach. • A model that better enables compliance. • Increasing need for accurate asset data/information and performance and consent monitoring.
Investment Objective 2	**There is clear accountability for the performance of the network**
Existing arrangement	• Lack of public clarity of roles and responsibilities. • Accountability is not clear across the stormwater activity. • No one entity has overall responsibility with no clear separation - assets within assets may have different ownership. • Not evident to the public and communities as to who is responsible for what. • Accountability can be more complicated when assets are owned by one entity but maintained by another.
Business needs	• Defined and clear performance requirements. • Clear lines of accountability and responsibility. • A model with a single point of accountability for any network/system.

Investment Objective 3	Incident response capability with effective chain of command and control, coordination and decision-making processes in place
Existing arrangement	• No evidence of an overall response plan for the management of the network. • Lack of clarity of roles and responsibilities. • Accountability is not clear across the stormwater activity. • Whole of network investment planning would allow improved opportunities to mitigate and reduce the impacts of high rainfall events.
Business needs	• Capability and capacity for incident response needs to be aligned to the roles and responsibilities of each organisation. • Effective event management to ensure that the network is able to operate to maximum capacity and issues are quickly resolved.

5. Economic Case

The economic case outlines the assessment criteria and methodology used to identify the preferred option. The economic case also considers the financial costs of implementing each of the shortlisted options.

5.1. Options Assessment Criteria

All options were assessed against the following critical success factors:

- Strategic fit and business needs
- Potential value for money
- Supplier capacity and capability
- Potential affordability
- Potential achievability

Taking into account the strategic/investment objectives of this review, the following assessment criteria were identified:

Table 4 Assessment Criteria

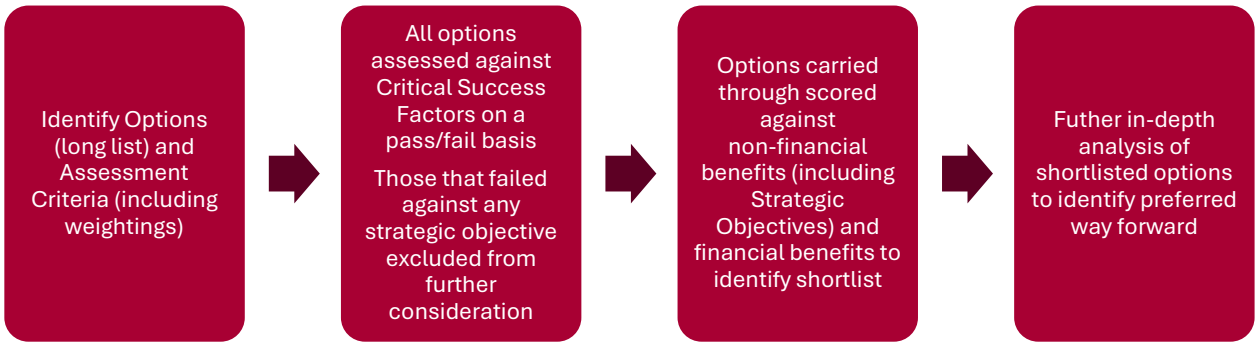
Financial Benefits (30%)	Non-financial Benefits (70%)
• Set up costs (10%) • Governance and management costs (10%) • Operational costs (10%)	Strategic/Investment Objectives: • Service delivery model is fit for purpose, delivers the required level of service and meets statutory requirements (10%) • There is clear accountability for the performance of the network (10%) • Incident response capability with effective chain of command and control, coordination and decision-making processes in place (10%) Other non-financial benefits: • Clear definition of roles and decision-making responsibilities across each council (10%) • Acceptable and manageable level of risk (5%) • Effective, efficient and consistent delivery of service (10%) • Supporting regional collaboration (5%) • Political sensitivity (10%)

5.2. Identification of long list options and assessment

5.2.1. Methodology

The process for the option analysis phase is outlined in the figure below.

Figure 6 Options analysis



Assessment criteria and options were agreed through an issues and opportunities workshop in September 2021. Following an initial analysis of the long list of options by Morrison Low, those results were presented and workshopped with key management and operational staff from both organisations by way of a challenge workshop in October 2021 to score all options and identify the shortlisted ones.

A further workshop in March 2022 then confirmed the preferred way forward in light of developments in the Three Waters Reform and consideration of timelines and high-level costing information.

Investment objectives, problem statements, and risks were revisited at a workshop involving staff from NCC and HBRC on 23 May 2024. This resulted in a confirmation that the objectives remained relevant. The workshop also identified the need to draw a clear alignment between the objectives of this business case and any iterations of Three Waters Reform.

5.2.2. Longlist of options

A range of options (the long list) for alternative service delivery arrangements were identified for consideration against the status quo. This is not an exhaustive list of options but is designed to cover the range of practicable options.

The longlist options and assessment are set out in the table below which includes a description of each option, the outcome from the longlist assessment and associated commentary. The full analysis of the longlist is detailed in Appendix F.

Longlisted options were first assessed against the critical success factors with any option failing against any factor excluded from further consideration. The options were then scored against agreed assessment criteria to determine their overall fit with the strategic objectives and financial and non-financial criteria. Options were scored between 1 and 5 where 1 demonstrated minimal benefit and 5 scoring maximum benefit.

Options that scored the highest and met the critical success factors, were identified to be carried forward for further consideration (shortlisted and are highlighted in shaded colour).

Table 5 Long list assessment summary

Option description		Assessment score	Ranking and overall assessment	Advantages	Disadvantages
1	**Status Quo** Current arrangements maintained	3.1/5	7 - Not recommended	• Business as usual / familiarity • No additional cost to implement any change	• Continued lack of accountability with roles and responsibilities not clearly defined • Uncertainty around ownership and operational responsibilities • Potential to increase level of risk for incident response
2a	**Do minimum / Enhanced Status Quo** Current practice operationalised - documented and collated into a structured and combined format	3.5/5	6 - Discounted from further analysis	• Modest improvement over the status quo	• Added benefits are considered low compared to current practice
2b	**Enhanced Status Quo with rationalisation of contracts** Option 2a plus additional improvements through rationalisation of contracts	4.15/5	4 - Potential option	• This option presents some additional benefits over the do-minimum option and is likely to see an uplift in overall performance • Rationalisation of contracts will lead to efficiencies and potential cost savings	• Still areas of uncertainty around cross-over between ownership and operations/maintenance responsibility • Some conflict in investment decision-making (each organisation has their own priorities which may have an impact on a system that is managed / owned by both)
2c	**Enhanced Status Quo with waterways asset management position established** Option 2b plus establishment of a new role to oversee the management of the urban waterways as a combined activity	4.2/5	2 - Potential option	• This option would provide for someone in an asset management role acting on behalf of both councils which will help drive consistency and prioritisation on a 'best for network' basis	• Still areas of uncertainty around cross-over between ownership and operations/maintenance responsibility • Perceived conflict of interest if asset management position held by one of the organisations

Option description		Assessment score	Ranking and overall assessment	Advantages	Disadvantages
3a	**Assets split on a geographic basis** Open drainage assets transferred based on their geographical location such as catchment boundaries or urban boundary (as defined in District Plan for example)	4.5/5	1 – preferred option	• Clear split of assets – ownership and maintenance/operations responsibilities • Assets will be owned, operated and maintained by one organisation giving clear accountability which generally drives performance • Roles and responsibilities will be clearly defined and understood • Geographic split (e.g. by catchment) less likely to have conflicts of interest than split by function	• Higher cost of implementation than options 2a and 2b although once established, should be more cost-effective and efficient • May require s17 process (transfer of responsibilities) and s16 process (where a regional council takes over significant activity already being undertaken by a TLA council or vice versa)
3b	**Assets split by function** Each council has full ownership and responsibility for a specific asset 'function' or activity e.g. open waterways vs stormwater channels	4.15/5	3 - Potential option	• Clear split of assets – ownership and maintenance/operations responsibilities • Assets will be owned, operated and maintained by one organisation giving clear accountability which generally drives performance • Roles and responsibilities will be clearly defined and understood	• Higher cost of implementation than options 2a and 2b although once established, should be more cost-effective and efficient • Would require s17 process (transfer of responsibilities) and s16 process (where a regional council takes over significant activity already being undertaken by a TLA council or vice versa) • Potential for impacts from other assets which are the responsibility of the other organisation within same catchment • Public confusion may persist if function is not clearly defined.

Option description		Assessment score	Ranking and overall assessment	Advantages	Disadvantages
3c	**All assets transferred to one council (either NCC or HBRC)*** One council has full responsibility for ownership and management of all open waterways within the Napier City Council boundary	3.9/5	Discounted due to replication of 3a	This could reflect the current 3-Waters direction to some degree (HB to be part of Entity C). This option is broadly consistent with option 3a (depending on the agreed drainage catchments to be transferred) and has therefore been discounted due to a lack of specificity. Where there is a desire to ultimately transfer all drainage assets to one council, this can still be addressed through the definition of the geographic area under option 3a.	
4	**Full shared services jointly managed between HBRC and NCC**	Not scored – Failed critical success factors		Likely higher governance costs and additional setup cost with little, if any, added benefit over the current arrangements	
5	**By CCO/CCTO owned by Council/s** Transfer of the Urban Waterways into a newly established CCO/CCTO (unrelated to the Regional WSCCO)	Not scored – Failed critical success factors		Likely higher governance costs and additional setup cost with little, if any, added benefit over the current arrangements Could add complexity to the management of the networks	
6	**Council forms an Alliance arrangement to manage and deliver the urban waterways**	Not scored – Failed critical success factors		The volume and type of work carried out in this space would be unlikely to attract, or warrant, a partnership approach with the private sector	

This table was created before the LWDW policy update progressing (Option 5).

5.3. Shortlisted options

5.3.1. Overview of options

The longlist of options analysis resulted in three options being shortlisted for further assessment as below:

1. **Single source of truth and consolidated contracts** (Option 2b: Enhanced Status Quo with rationalisation of contracts)
2. **Create designated role** (Option 2c: Enhanced Status Quo with waterways asset management position established)
3. **Transfer of assets**
    a. Option 3a: Assets split on a geographic basis
    b. Option 3b: Assets split by function.

5.3.2. Financial discussion for shortlisted options

The focus of the review is on service delivery and decisions regarding funding are not the key decision-making variables when looking at service delivery options. In that context, funding cost-effectiveness is included in the review through the consideration of:

- Whether there are costs that can be reduced by sharing services between the councils for governance and service delivery.
- The relative establishment costs and ongoing financial impact of each of the options considered.
- A high-level cost assessment has been completed to enable comparison of the shortlisted options. This assessment has considered the range of costs for implementing each of the options and includes an estimate of the value of internal staff time that may be required.
- It is anticipated that the cost of delivering the physical works will vary little across the options as the scope of works will essentially remain unchanged. However, it is anticipated that a more efficient delivery model will result in better value for money to ratepayers.
- The drainage catchments that are the subject of this business case are funded through the application of targeted rates levied over properties serviced by the catchments. Given costs of operating and investing in these schemes are broadly consistent across all options and will be funded by the same group of ratepayers, the financial analysis presented below focusses only on the cost of implementing change. A discussion on the ongoing investment requirements and operational costs of the catchments is included in Appendix B (HBRC Scheme Descriptions and Performance) and C (NCC Stormwater Network and Performance).

The table below outlines the costs that will be included in each of the options and includes allowances for the value of staff time (noting that no additional resourcing is expected to be required).

Table 6 High level financial impact of shortlisted options

Costs	OPTION		
	Option 1 - Single source of truth and consolidate contracts	Option 2 - Create designated role	Option 3 - Transfer of assets
Cost Estimate	$25,000 -50,000	$50,000 -70,000	<$100,000
Asset data register	Complete	Complete	Complete
Māori/Iwi consultation	✓	✓	✓
Rationalise contracts / develop Standard Operating Procedures	✓	✓	✓
Revaluation of assets	Complete	Complete	Complete
Survey of assets	Complete	Complete	Complete
AMP review	×	×	✓
New role established	×	✓	×
Legal costs for transfer of assets	×	×	✓
Consultation	×	×	✓

5.3.3. Assessment of shortlisted options

The merits of each shortlisted option were assessed against the status quo and according to:

- the relative likelihood of each option to meet the business needs.
- the relative risks associated with delivering each option.

5.3.4. Risk assessment

For the risk assessment, options have been assessed against political, economic, social, technical, legal and environmental risks as below. Shading in the table denotes level of risk with red indicating high risk and green indicating low risk.

Table 7 Risk assessment

Option		Political risk – Reputational risks to HBRC/NCC, 3-Waters reform	Economic risk – cost increases / uncertainty	Social risk - population growth, customer expectations	Technical risk - Untried technology or process	Legal risk - Council decisions legally challenged	Environmental risk – climate change, environmental compliance	Recommendation from risk assessment
0: Status Quo		High risk – current issues and problems not addressed	High risk – lack of clarity can lead to uncertainty around costs and funding	Medium risk – does not provide well for growth	Low risk – no change in method of delivery	Low risk - unlikely to be legally challenged	High risk – current issues and problems not addressed	Not recommended
1: Single source of truth and consolidate contracts		Medium risk – minimal improvement in delivery	Low risk – no change to overall service, some efficiencies introduced	Medium risk – does not provide well for growth	Low risk – no change in method of delivery	Low risk - unlikely to be legally challenged	Medium risk – improvements over status quo with clarity around accountability	Possible
2: Create designated role		Medium risk – minimal improvement in delivery	Low risk – asset mgt role to support investment decisions	Medium risk – does not provide well for growth	Low risk – no change in method of delivery	Low risk - unlikely to be legally challenged	Medium risk – improvements over status quo with clarity around accountability	Possible
3: Transfer of assets	3a: Geographic split	Low risk – clear boundaries supports clear accountability	Low risk – clear boundaries and accountability will better support good investment decisions	Low risk – asset split allows for investment decisions around growth within one organisation	Low risk – no change in method of delivery	Medium risk – s17 process required	Low risk –	Preferred
	3b: Functional split	Medium risk - clear boundaries supports clear accountability but potential catchment cross-over. Additional complexity with implementation during WSCCO establishment.					Medium risk – some risk liability from other organisation with potential overlap of catchments	Possible

5.3.5. Assessment against Investment Objectives and Business Needs

Table 8 Assessment of shortlisted options against investment objectives and business needs

Business needs	Options				
	Status Quo	1: Single source of truth & consolidate contracts	2: Create designated role	3: Transfer of assets	
				3a: Geographic	3b: Functional
Investment Objective 1: Service delivery model is fit for purpose, delivers the required level of service and meets statutory requirements					
• An operating model that delivers an efficient and value for money service • A model that supports future growth and levels of service • A model that better enables compliance • Increasing need for accurate asset data / information and performance and consent monitoring	Does not meet - Current model out of date and not fit-for-purpose.	Partially meets – addressing asset information conflicts and consolidating contracts will deliver more effective model, but ownership / responsibility overlaps will not deliver most efficient option	Partially meets – dedicated role to support better investment decision making but ownership / responsibility overlaps remain	Fully meets – clear split of assets will support clear maintenance / operational responsibilities	Partially meets - clear split of assets will support clear maintenance / operational responsibilities. Some cross-boundary risks regarding compliance
Investment Objective 2: There is clear accountability for the performance of the network					
• Defined and clear performance requirements • Clear lines of accountability and responsibility • A model with a single point of accountability for any network / system	Does not meet – roles and responsibilities / accountability not clear.	Partially meets – improvement over status quo but ownership / responsibility overlaps will remain	Partially meets – as option 1	Fully meets – clear split of assets will give clear accountability	Partially meets – clear split of assets will give clear accountability however care will need to be taken to define and distinguish asset function
Investment Objective 3: Incident response capability with effective chain of command and control, coordination and decision-making processes in place					
• Capability and capacity for incident response needs to be aligned to the roles and responsibilities of each organisation • Effective event management to ensure that the network is able to operate to maximum capacity and issues are quickly resolved	Does not meet - roles and responsibilities / accountability not clear.	Partially meets – more efficiency but still some overlap in ownership / O&M responsibilities which may give lack of clarity in the response to events	Partially meets – more efficiency but still some overlap in ownership / O&M responsibilities which may give lack of clarity in the response to events	Fully meets – clear split of assets will give clear accountability	Fully meets – clear split of assets will give clear accountability
Recommendation from assessment	**Not recommended**	**Possible**	**Possible**	**Recommended**	**Possible**

6. Preferred option

The preferred option is to implement a **transfer of assets to a single organisation** with **assets split on a geographic basis**. While this transfer relates in a change of ownership at an entity level, there is no transfer of risk or ownership between ratepayer groups, as schemes are predominantly targeted rate funded across ratepayers in Napier.

Figure 7 Preferred option

Key benefits of the preferred option include:

- One organisation will be fully responsible for ownership and operation / maintenance of those assets.
- Risk easier to deal with as it will lie fully with the owner who is responsible for the assets and the related service.
- Allows alignment of growth planning, regulatory duties, funding and infrastructure planning within the urban area.
- More efficient delivery of service with clarity around ownership and responsibilities.
- Accountability can be clearly defined, and performance measured for each organisation. The public will have improved clarity regarding the owner of stormwater/drainage assets.
- Investment decisions will not be reliant on coordination with other organisations as all linked assets will be under the control of one entity.
- Investment decisions will better support 'best for network'.
- Financial responsibilities clear.

Whilst the set-up costs to implement the transfer of assets option will be higher than under other options which do not include asset transfer, the ongoing costs of physical works will be similar and will deliver a more efficient and cost-effective service.

6.1. Geographic split boundary definition

As described in Section 3.1 both catchments have been considered independently in terms of identifying the assets and geographic boundaries that may apply. Appendix G provides more detail on the asset split.

The options applying to each scheme, including the advantages and disadvantages of each approach, are outlined below in Table 9 and Table 10.

Table 9 Geographic asset split options applying to the Napier/Meeanee/Puketapu drainage catchment

Description	Advantages	Disadvantages
Option 1 Transfer entire catchment within the Napier City Council boundary[6].	• Simplicity – all drains within the Napier Boundary are the responsibility of a single organisation. • Full control of upstream and downstream water flows by one entity. • Expertise for management of rural drains can be contracted from HBRC. • Allows single organisation to proactively manage investment in drainage assets which may be subject to future urbanisation and coordinate this with changes in district planning provisions.	• A number of drains are truly rural in terms of level of service and design – this is HBRC's expertise.
Option 2 Transfer only assets within the urban limits defined in Napier City Council's District Plan	• Leaves rural drains with HBRC, who have the appropriate expertise to manage and maintain the drains. • Includes a clear geographic split between single organisation and HBRC assets.	• Includes six points of interface between HBRC and single organisation managed drains including two high flow interfaces at Waverly and Tannery Drains. • May need to be reviewed again if the urban area of Napier expands. • Some drains are owned by both councils.
Option 3 Transfer assets within the urban limits defined in Napier City Council's District Plan plus drains that traverse the urban limit	• Reduces number of interface points between WSCCO and HBRC drains. • No split ownership of individual drains. • Ensures that the majority of rural drains remain within HBRC ownership (who have the asset management expertise).	• Contributes to confusion about ownership of urban drains. • May need to be reviewed again following expansion of the Napier Urban area.

[6] With the exception of the Apley stream, the Dartmoor, Cadwallader, Turirau, O'Briens, McCluskey and Rubbish Tip drains and any drains on the southern side of the Tutaekuri river.

Table 10 Geographic asset split options applying to the Brookfields/Awatoto drainage catchment

Description	Advantages	Disadvantages
Option 1 Transfer all drainage assets in the Brookfields/Awatoto drainage catchment within the Napier City Council boundary.	• Reduces confusion about ownership of drainage assets within the Napier City Council boundary. However, NCC also owns a number of roadside drains within the Brookfields/Awatoto catchment. • A single organisation may be more able to invest in level of service upgrades on the Awatoto Drain and may have more ability to collect development or financial contributions to fund this work. • There is increasing demand from property owners serviced by the Brookfields/Awatoto drainage catchment for an increased level of service.	• The Brookfields/Awatoto drainage catchment is predominantly rural and is more naturally aligned with drainage catchments that will be retained by HBRC.
Option 2 Hawke's Bay Regional Council retains all of the drainage assets in the Brookfields/Awatoto drainage catchment.	• The Brookfields/Awatoto drainage catchment is predominantly rural and is more naturally aligned with drainage catchments that will be retained by HBRC.	• Confusion regarding asset ownership may remain, drainage catchment boundaries are not obvious to public who will continue to expect assets that "look the same" to be managed by the same entity. • Single organisation may be more able to invest in level of service upgrades on the Awatoto Drain.
Option 3 Transfer the drainage assets (drains and pump stations) which primarily service the industrial estate to single organisation with retaining rural drainage assets.	• Results in rural drains being retained by HBRC, while better enabling investment in drains servicing commercial property.	• Mixed ownership of drains within a catchment will continue and will require investment in level of service upgrades to be co-ordinated to ensure desired outcomes are achieved. • Drainage catchment boundaries are not obvious to public who will continue to expect assets that "look the same" to be managed by the same entity. • There are practical and technical limitations to the separation of the Brookfields/Awatoto drainage catchment noted in the Inspiratus review. Separation of ownership would likely conflate existing challenges.

On balance, we have recommended that for the **Napier/Meeanee/Puketapu catchment** and all drainage assets within the NCC boundary are transferred. This recognises that this option is most likely to fulfil the strategic objectives of this review, in particular:

- Service delivery model is fit for purpose, delivers the required level of service and meets statutory requirements
  - Future development in areas outside of the urban limits in NCC will require boundaries to be revisited or risk being provided with a lower level of service than is otherwise required.
  - Ownership of all drainage assets within the city boundary enables better alignment of urban planning with investment in supporting drainage infrastructure.
  - Create full alignment between district planning provisions, infrastructure planning, funding provisions and regulatory functions and powers.
- There is clear accountability for the performance of the network
  - Transfer of all assets within the NCC boundary is the only option that provides absolute clarity regarding the roles and responsibilities for managing those assets.
  - Transfer of all assets is the only option that recognises the function of drainage assets as being key parts of the stormwater network.
  - Alternative transfer arrangements require the management of interface points for the monitoring of water quality, and a continued need to coordinate investment to ensure effective performance of the network.

Transfer of the Brookfields/Awatoto drainage assets was discussed in a workshop with NCC and HBRC staff. That workshop identified a preferred approach to transfer all of the drainage assets in the **Brookfields/Awatoto catchment** to a single organisation for the reasons listed above.

6.2. Treatment of the remaining assets in the catchments

This business case is specific to Napier's Urban Waterways, however **some of the underlying principles may be applicable to other Hawke's Bay Regional Council assets within the newly established WSCCO service area**. Further work would be required to identify and assess those assets in detail.

For example, the Napier/Meeanee/Puketapu catchment includes:

- The Apley stream
- The Dartmoor, Cadwallader, Turirau, O'Briens, McCluskey and Rubbish Tip drains
- Drains on the southern side of the Tutaekuri river

Most of these drains service ratepayers in the Hastings District and have been excluded from the transfer proposal. However, a small number of ratepayers in the Napier City area are also serviced by some of these drains. These drains are not connected to the part of the drainage catchment that is proposed to transfer, and function as operationally separate drainage areas. These drainage assets relate to the "Puketapu" drainage catchment.

Ongoing ownership, operation and maintenance of the drainage assets in these areas will continue to be the sole responsibility of HBRC, and ratepayers will be levied a targeted rate for that service provision. Whether these continue to be funded as a separate catchment or are amalgamated into a different neighbouring catchment, is an operational decision that will be made closer to transfer date. The costs associated with managing the "Puketapu" catchment are considered to be immaterial to the overall costs of the Napier/Meeanee/Puketapu catchment.

7. Financial Case

The Financial Case considers the financial viability of the services and identifies possible funding sources by demonstrating that the preferred option is affordable and fundable.

7.1. Current funding

The expenditure on the Napier waterways is not significant in terms of the overall spend within each council. In 2025 the Napier/Meeanee/Puketapu and Brookfields/Awatoto drainage scheme budgets will equate for approximately 2% of HBRC's total operating budget[7]. The budget for the HBRC owned drainage schemes equates to 18% of NCC's 2024/25 budget for its stormwater activity.

Table 11 Current funding split

HBRC		NCC	
Funded through 90% targeted rates / 10% general rates		Funded through 100% targeted rates	
2025/26 budgets (Napier/Meeanee/Puketapu and Brookfields/Awatoto drainage areas combined)	Opex (incl depreciation) = $1.90 million Capex = $766,000	2025/26 budgets for stormwater activity	Opex (incl depreciation) = $12.7 million Capex = $6.9 million[8]

Regardless of which service delivery model is accepted, funding options are continually assessed and refined as part of regular service optimisation reviews, when changes to service are proposed (e.g. as part of the Long-Term Plan) or when Council reviews its revenue and financing policy.

7.2. Financial implications of implementation

Any option taken forward that includes the transfer of assets will need an in-depth assessment of the financial implications for HBRC and the WSCCO.

This section presents an estimate of the financial implications based on operating budgets for the 2025/26 financial year. The actual financial implications for each council will be fully assessed as part of the process for implementing the preferred option and will be reliant on a number of decisions and actions.

Factors which may influence future cost and balance sheet outcomes include condition assessments and asset revaluation processes, as well as further role and process definition work which may arise as a result of Māori/Iwi consultation. This may result in additional roles or resources being required within the final operating model.

Further, impacts to ratepayers will not be fully understood until a rating mechanism is determined.

It is estimated that implementation of the preferred transfer of assets option will have a cost below $100,000 pending legal advice regarding the transfer mechanism.

Cost estimates include a provision for internal staff time and high-level estimates for external resources.

[7] HBRC annual plan 2024/25
[8] Sourced from Napier city council volume 1 of the Three-Year plan 2024-27

7.3. Current financial situation

The operating budgets for the 2025/26 financial year, as they relate to the assets considered as part of this review, are outlined for each council in the table below:

Table 12 Current financial situation

	HBRC – Napier/Meeanee/Puketapu and Brookfields/Awatoto catchments	NCC – Stormwater activity
Operating costs	$1,025,000	$1,814,000
Overheads – general	$515,000	$3,328,000
Employment overheads	$90,000	$n.a[9]
Depreciation	$270,000	$5,574,000
Loan interest	$0	$0
Capital charges	$0	$1,973,000
Total expenditure	**$1,900,000**	**$12,689,000**
Book value of assets	$10,012,000	$280,382,000

As noted, for both councils, the stormwater and drainage activities are funded mainly by way of targeted rate.

There is a significant asset renewal programme for the Napier/Meeanee/Puketapu scheme which will see the balance of that scheme's depreciation reserve fully depleted by the end of the 2026/27 financial year. In addition to the physical assets included in the above information HBRC reports the following reserve balances which may be relevant to the transfer of assets.

Table 13 HBRC reserve balances estimated closing balance 2023/24

Reserve name	Balance
Targeted rate operating reserve	$682,000
Depreciation reserve	$1,000,000
Disaster reserve[10]	$266,000
Total	**$1,948,000**

[9] Value cannot be derived from NCC's 3-year plan.
[10] As of the 24/25 Annual Report this reserve is now fully depleted.

7.4. Ongoing financial impacts of transfer

The ongoing impacts of the transfer of the Napier/Meeanee/Puketapu and Brookfields/Awatoto catchment assets are presented in the following table. As the preferred option includes the transfer of assets from both catchments, these have been combined in the table below.

The analysis does not include any estimates of potential operating efficiencies that may be achieved following transfer. It is expected that these may exist due to consolidation of contracting and contract management, a reduction in duplication in relation to the development of strategic documents and Asset Management Plans, and a reduction in required effort for coordination of work. Most of these efficiencies are likely to be minor and may not give rise to any financial savings (but may give rise to improved productivity).

Detailed analysis of future funding requirements should take place as part of the transfer process.

Implementation of the preferred option would result in the following transfer of costs in the 2027/28 year. The costs below include a loan funded feasibility study, which is a one-off cost (spanning two years) relating to proposed capital upgrades in the Napier/Meeanee/Puketapu catchment. This study, and the associated funding, will be completed prior to the 2027/28 and will not form part of the transferred costs.

Table 14 Financial implication of implementation of preferred option

	Total existing costs (HBRC)	To that will now be borne by WSCCO	Costs that will remain with HBRC
Contracted works (general)	$645,000	$645,000	-
Contracted works (stopbanks)	$25,000		$25,000
Contracted works (Puketapu)	$240,000		$240,000
Other operating costs	$155,000	$155,000	
Overheads – general	$515,000	-	$515,000
Employment overheads	$90,000	-	$90,000
Depreciation	$270,000	$270,000	-
Total expenses	**$1,900,000**	**$1,030,000**	**$870,000**
Funded by:			
Targeted rates	$1,485,000	$730,000	$265,000
General rates	$185,000	-	$605,000
Loan funding (feasibility study)	$300,000	$300,000	
Book value of assets	$10,012,000	$10,012,000	*$0*

The rates impact of the proposed transfer is therefore approximately $1.03 million per annum, or an average of $40 per property in Napier that pays a stormwater targeted rate. This equates to approximately 1% of Napier's annual rates income. This will be largely offset by a reduction in HBRC's

targeted rate. The actual impact on individual ratepayers may differ as rating structures, differentials, and ratepayer groups may differ.

The total rates funding requirement is higher than the current arrangement due to current catchment rates being partly funded from operating reserves. This option will remain available to the WSCCO following transfer.

NCC currently funds its stormwater activity through a targeted rate which includes differentials for commercial and industrial properties, and an exemption for rural properties. The drainage assets that are proposed to transfer include assets which service rural property. The WSCCO will not be legally empowered to charge rates and will need to consider its approach to charging for stormwater assets as part of its implementation work and the development of its first Water Services Strategy. This work should include consideration of the stormwater service area. The transfer of drainage assets that service properties in Napier that do not currently pay a stormwater targeted rate, may mean that the service area is larger than the current targeted rate area in Napier.

Costs remaining with HBRC relate to the Puketapu catchment, the maintenance of stopbanks, and corporate overhead costs. The funding mechanism for these has been illustrated as a general rate across the entire Hawke's Bay region, however in practice, overhead costs will be redistributed across the remaining activities in Council and will therefore follow the underlying funding approach for those activities. A more detailed discussion on this stranded overhead cost is included later within the Financial Case.

Cost split

For completeness, the split of costs to be transferred between the Napier/Meeanee/Puketapu and Brookfields/Awatoto catchments is shown below.

A portion of the Napier/Meeanee/Puketapu catchment relating to the Puketapu area is proposed to remain with HBRC. Additionally, some of the contracted works relate to maintenance of stopbanks will remain. A review of HBRC's contract with Works Group has been undertaken, and those costs have been separated and are assumed to not transfer.

Table 15 Distribution of budget between Napier/Meeanne/Puketapu and Brookfields/Awatoto catchments

Item	Napier/ Meeanee/ Puketapu	Brookfields/ Awatoto	Total
Contracted works (general)	$595,000	$50,000	$645,000
Contracted works (stopbanks)	$25,000	-	$25,000
Contracted works (Puketapu)	$240,000	-	$240,000
Other operating costs	$70,000	$45,000	$155,000
Overheads – general	$430,000	$85,000	$515,000
Employment overheads	$65,000	$25,000	$90,000
Depreciation	$225,000	$45,000	$270,000
Total expenses	$1,650,000	$250,000	$1,900,000

Item	Napier/ Meeanee/ Puketapu	Brookfields/ Awatoto	Total
Funded by:			
Targeted rates	$1,315,000	$170,000	$1,485,000
General rates	$160,000	$25,000	$185,000
Loan funding (feasibility study)	$300,000	-	$300,000
Book value of assets	$8,214,000	$1,798,000	$10,012,000

7.5. Capital expenditure

HBRC's proposed capital works programme for the three years of its 2024/25 three-year plan (a replacement for its Long-Term Plan) is set out below. The programme predominantly focuses on renewal of ageing infrastructure, rather than new capital works.

Renewals are funded through the established depreciation reserves for each catchment, including any annual funded depreciation charges. Investment in upgraded levels of service or growth-related infrastructure is funded through debt or grants if available.

Table 16 Budgeted capital expenditure

	2024/25	2025/26	2026/27
Napier/Meeanee/Puketapu			
Renewals	-	$757,000	$606,000
Level of service and growth upgrades	$10,000	$10,000	$10,000
Brookfields/Awatoto			
Renewals	-	-	$7,000
Level of service and growth upgrades	-	-	-

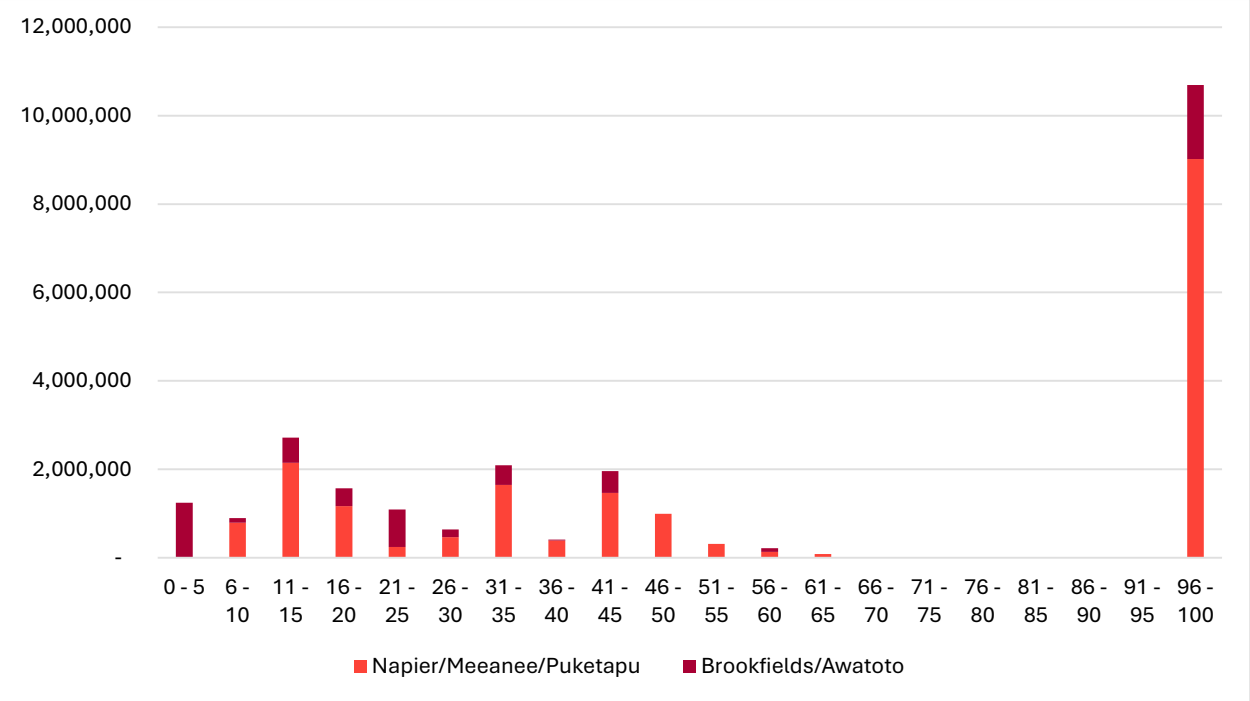
Of note, the three-year capital works programme does not include the investment identified in the Stantec or Inspiratus reviews, as outlined in Appendices H and I. However, it is noted that:

- The Napier/Meeanee/Puketapu drainage scheme operating budget includes $500,000 spread over years 2024/25 and 2025/26 to undertake a feasibility study to support the planned upgrades to that scheme.
- The need for planned upgrades in the Napier/Meeanee/Puketapu schemes has been recognised by Council staff and is expected to be required in the next ten years. The benefits from undertaking this investment are only likely to be fully realised if WSCCO is able to complete its share of the required investment.

The chart below shows the age profile of assets in the two schemes against their replacement value. The chart shows $1.5 million of assets in the Napier/Meeanee/Puketapu catchment, and a further $1.2 million of drainage assets in the Brookfields/Awatoto catchment, with less than 5 years of remaining useful life. Open drains are recorded as having a further 100 years of useful life.

This would suggest an asset renewal programme of approximately $370,000 per year will be required over the next ten years across the two catchments. The majority of this investment relates to pump station assets.

Figure 8 Asset replacement value by remaining life



7.6. Stranded costs

The current operating budgets for the Napier/Meeanee and Brookfields/Awatoto drainage catchments include an allocation of corporate overhead costs. These costs form part of the total cost calculation which is used to determine the amount of targeted rates to be collected from properties within the scheme catchments.

We have assumed that general overheads and internal charges are not likely to transfer to the WSCCO.

These overhead cost recoveries include a share of costs for:

- Corporate support, customer service, and communications
- Finance, treasury, risk and IT
- Governance and executive
- Office accommodation, utilities, etc

Combined, the two schemes will fund $515,000 of corporate overhead in 2025/26. Asset transfer of these two schemes to the WSCCO would be unlikely to result in any material reduction to the underlying corporate overhead costs within HBRC.

These costs are not additional costs. They are already funded by ratepayers within the drainage catchment and will not be transferred. The transfer is not anticipated to create any need for additional organisational overhead within the WSCCO (as it was not expected too had the asset transfer been to NCC).

The overhead costs currently funded through the transferring drainage catchments will be reallocated across the remaining activities in HBRC based on its existing methodology. This means that the funding for these overheads will include a variety of sources, reflective of the underlying funding approach for each activity. This will result in a small change in total rates payable by all ratepayers in the Hawke's Bay region.

HBRC could also consider funding these costs through targeted rates within the existing catchment areas, though this may be difficult to achieve through application of section 101(3) of the Local Government Act 2002.

We have also assumed that employment overheads ($90,000) will remain with HBRC. These overheads relate to the allocation of staff employment costs (based on timesheets). These overhead costs relate to actual work undertaken by staff in each catchment. It is estimated that between 1 – 2 FTE's worth of time is spent on the Napier/Meeanee/Puketapu and Brookfields/Awatoto schemes combined. However, this is spread over a number of staff, meaning there is unlikely to be a case for reducing resources following the transfer of drainage assets. These costs would similarly be redistributed across other activities within HBRC.

8. Commercial Case

8.1. Overview

The purpose of the commercial case is to demonstrate that the preferred option will result in a viable solution where appropriate agreements can be put in place to deliver the services.

Implementation of the preferred option will occur through two separate, concurrent, workstreams.

The two implementation workstreams to manage are:

1. Establishment of joint asset management responsibilities and transfer of service delivery responsibilities to NCC by 1 July 2026
2. Transfer of asset ownership to the WSCCO at a date to be defined (and highly dependent on WSCCO transition programme).

These two workstreams are illustrated below and covered in more detail in Section 9 Management Case.

Figure 9 Implementation of the preferred option

8.2. Implementation of Workstream 1

Delivery of this workstream is intended to be complete by 1 July 2026. Implementation of Workstream 1 involves the following activities described in this section.

8.2.1. Complete stocktake of assets

A stocktake of assets to be transferred, including an assessment of condition, valuation, consent status and expected useful life, was commissioned by Napier City Council and has been recently completed. The stocktake identified:

- The assets have a current optimised replacement value of $27.3 million.
- The assets have a current book value of $18.2 million (this is based on the remaining life of assets, and is not the book value of the assets as recorded in HBRC's asset register).
- Two pump stations which do not currently have resource consents (Brookfields and Mission).
- Two pump stations with expired resource consents (County and Kenny Road).
- Two jointly held resource consents (County and Plantation).

This information can also be utilised for Workstream 2 however by the time the asset ownership transfer occurs it may need to be updated.

The PDP reports for this stocktake have been attached as Appendix J.

8.2.2. Assess existing contractual arrangements

The existing contractual arrangements relating to the operation and maintenance of the Napier/Meeanee/Puketapu and Brookfields/Awatoto catchments are outlined in the table below. It is noted that there may be additional contractual arrangements that are not detailed here. HBRC's Works Group and NCC's City Services engage subcontractors to undertake specialised work on scheme assets occasionally.

To the best of our knowledge, all of the sub-contracting arrangements are on an ad-hoc/as needed basis, and there are no ongoing commitments. It is anticipated that the work currently contracted to HBRC's Works Group and NCC's City Services will continue to be carried out by those groups into the foreseeable future.

As part of the proposed transfer, the completeness of the above stocktake of contractual arrangements will be verified. Given HBRC will maintain overall funding responsibility and ownership of the drainage assets between 1 July 2026 and 30 June 2027, a decision will need to be made as to whether these contracts (and their management) are transferred alongside the asset planning and asset management responsibilities, or whether novation is delayed until 1 July 2027.

Table 17 Summary of existing contracts

Principal to contract	Contractor	Services provided	Estimated annual value[11]	End date (if applicable)
HBRC	HBRC Works Group	Asset Maintenance, Drainage and Pumping	$330,000	30 June 2024
HBRC	NCC – City Services	Napier Pump Stations Maintenance - County, Plantation, Purimu	$125,000	30 June 2024
HBRC	Broad Electrical	Electrical Maintenance	$6,000	30 June 2024
HBRC	Harris Landscaping	Napier Urban Streams Taipo Maintenance	$12,500	30 June 2024

8.2.3. Legal advice and creation of legal agreement

Once the split of assets has been determined, a 'Memorandum of Understanding", "Service Level Agreement", or an equivalent legally binding document will be required. HBRC should confirm no other legal advice is required to support this workstream (it is expected this advice would be limited as ownership arrangements are not being impacted).

The document would need to address issues such as:

- How the interface between rivers and flood control and drainage assets will be managed
- The process for developing a joint asset management plan
- The process for updating catchment management plans
- The use of any relevant easements or other infrastructure access requirements

[11] Transferring schemes component

- Legal and regulatory compliance responsibilities
- Functional roles and responsibilities for service delivery
- Funding and cost-sharing arrangements
- Performance monitoring metrics.

8.3. Implementation of Workstream 2

The tasks required to deliver this workstream have not been extensively detailed due to its interdependency with the WSCCO establishment and transition plan. The timing for the transfer of the ownership of the urban waterways assets as described in this business case has been set for June 30, 2027, however this date will need to be assessed as the workstream gets underway and progresses.

8.3.1. Legal advice

The legal advice originally obtained from Simpson Grierson for the transfer of assets from HBRC to NCC is attached as Appendix K.

HBRC will need to commission updated legal advice regarding the legal process *for enacting a transfer of the drainage assets from HBRC to the WSCCO*. In addition to the matters covered in the existing advice it should also consider:

- The asset transfer process having regard to the Local Government (Water Services Act), and whether there is a need for a two-stage transfer.
- Whether the Local Government (Water Services Preliminary Arrangements) Act has changed the consultation requirements.
- The impacts on the WSCCO's constitution, shareholders agreements, calculation of shareholding, and balance sheet position.

Regarding consultation, from a practical perspective, to undertake a single consultation on the transfer to the WSCCO with an interim transfer of management responsibilities even if not strictly required would be of value. Earlier consultation will give the WSCCO more certainty so that it can plan accordingly.

Pending the outcome of the legal advice and in light of HBRC's wider work programme, HBRC officers have recommended that consultation should take place concurrently with consultation on the 2026-27 annual plans.

If the provisions of the Local Government (Water Services) Act 2025 can be utilised, it is expected that the transfer of assets and associated debt and reserves could be addressed through a transfer agreement with the WSCCO. This would need to include:

- The legal description and value of assets to be transferred
- Any agreed consideration
- The transfer of responsibilities for, and ownership of, resource consents
- The transfer of any relevant easements
- The legal responsibilities for any historical claims or unpaid debts at the date of transfer.

8.3.2. Urban drainage interface details

In addition, to achieve the transfer HBRC and the WSCCO will need to consider the interface of the urban drainage assets. This could be addressed in a separate Interface Agreement or may ultimately reside in a memorandum of transition.

This may include:

- Which bit of which watercourse is managed by:
  - WSCCO
  - HBRC
  - Roading Authority
  - Private owners
- What function will each entity be responsible for, such as:
  - Whole of catchment management
  - Emergency management
  - Land use planning
  - Structures, stopbanks, culverts
  - Channel maintenance
  - Managed retreat
  - Nature based solutions
  - Consent monitoring and compliance
- How the interface between rivers and flood control and drainage assets will be managed.
- Any changes to emergency management responsibilities and arrangements that arise because of the transfer.

9. Management Case

The purpose of the management case is to demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the services, including feedback into the councils' strategic planning cycle.

The two implementation workstreams to manage are:

1. Establishment of joint asset management responsibilities and transfer of service delivery responsibilities to NCC by 1 July 2026.
2. Transfer of asset ownership to the WSCCO at a date to be defined (and highly dependent on WSCCO transition programme).

9.1. Overview

To successfully implement the preferred option, the following actions are recommended:

Workstream 1 – Establish Joint Asset Management Responsibilities and Transfer Service Delivery Responsibilities

- **Appoint a Project Manager** to oversee the transfer of responsibilities. This team would be in place until the responsibilities have been transferred, and management lies with NCC. The Project Team will consist of leads from both HBRC and NCC to ensure programme delivery and coordination.
- **Develop a Project Plan** this should include:
  - a delivery structure
  - responsibilities matrix
  - timeline
  - an understanding of the necessary approvals required for the memorandum of understanding and authority to proceed.

Workstream 2 – Transfer Asset Ownership

- **Use the existing Project Team and appoint a WSCCO point of contact** to oversee the transfer of assets. This team would be in place until the asset transfer is complete, and the assets are transferred to the WSCCO. The Project Team is expected to consist of workstream leads from HBRC coordinating with the appropriate workstream lead from the WSCCO transition team to ensure programme delivery and coordination.
- **Develop a HBRC specific Project Plan** to complement the WSCCO transition plan. This should include:
  - responsibilities matrix
  - approval of the asset transfer plan and authority to proceed.

Specialist advisors will need to be identified and procured to support delivery of the asset transfer. These advisors are likely to include legal (conveyance and s17 process), finance (asset valuations and ongoing costs), communications and engagement.

9.2. Programme

The indicative programme for implementation of the preferred option is outlined in the table below:

Figure 10 Implementation programme of the preferred option

TASK	Who	Duration
Workstream One - Establish joint asset management and transfer service delivery responsibilities		
Legal Advice (pertains to both workstreams, will inform consultation requirements)	Internal / external	3 Weeks
Identify and document current contracts / arrangements including with sub-contractors and cross-contracting	Internal	3 Weeks
Define roles and responsibilities	Internal / external	3 Weeks
Develop and agree interface agreement and memorandum of transfer	Internal / external	6 weeks
Develop standard operating procedures for stormwater activities and interfaces with river and flood control assets	Internal / external	6 weeks
Establishment of joint asset management and transfer of service delivery responsibilities	Internal / external	1 week
Workstream Two - Transfer asset ownership		
WSCCO Establishment (WSCCO led process, limited detail provided)		
Legal advice	Internal	3 Weeks
Define roles and responsibilities (estimate)	Internal / external	3 Weeks
Consultation documents released	Internal / external	6 weeks
Transfer of asset ownership	Internal / external	1 week

9.3. Risk management

At a high level, the risks listed below have been identified for implementing the two workstreams. Both workstreams need to stay present to risk of the impact of changes on staff.

Workstream 1 – Establish Joint Asset Management Responsibilities and Transfer Service Delivery Responsibilities

- Achieving implementation while the WSSCO is being established, ahead of its operational start date of July 1, 2026, may be challenging due to competing priorities and change in focus during the period.
- Service delivery responsibility transfer may be opposed by the community (if consultation is required on this element) or not approved by the Council.
- Operationally the status of consents for pump stations within the Napier City area are inconsistent ranging from consents being associated with adjacent assets, to having no consents in place.

Workstream 2 – Transfer Asset Ownership

The workstream risks have not been extensively detailed due to its interdependency with the WSCCO establishment and transition plan. The risks to implementation for this workstream will need to be reviewed and formalised.

Some of these risks may be mitigated or resolved through seeking external legal advice or through the proposed work programme. For example, issues regarding residual liabilities are likely to be addressed through legal advice, asset condition assessments, and through specific clauses in any memorandum of transfer that is prepared.

- There may be legal and commercial challenges associated with entering the WSCCO arrangement without having been involved in earlier discussions.
- The residual liabilities may be a spectrum of items and could include debts or obligations that remain with HBRC, or ongoing responsibilities such as warranties, indemnities, or environmental obligations.
- Asset ownership transfer is opposed by the community or not approved by the Council.

10. Next steps

To progress implementation of the preferred option, we recommend that:

- Councils seek updated legal advice (refer to Sections 8.2.3 and 8.3.1).
- Councils seek endorsement from their elected members of the preferred way forward, and to obtain agreement to commence consultation.
- Councils undertake the necessary consultation with the Napier and Hawke's Bay communities.
- Councils review funding implications and make appropriate revisions to funding models, revenue and financing policies, and overhead allocation models.
- HBRC begins conversations with the WSCCO transition team regarding the potential future asset ownership transfer of the drainage assets.

From a timeline perspective:

- Regarding consultation, to undertake a single consultation on the transfer to the WSCCO with an interim transfer of management responsibilities even if not strictly required would be of value. Earlier consultation will give the WSCCO more certainty so that it can plan accordingly.
- Pending the outcome of the legal advice and in light of HBRC's wider work programme, HBRC officers have recommended that consultation should take place concurrently with consultation on the 2026-27 annual plans.

Appendix A Supporting documentation

Documents reviewed include but not limited to:

- HBRC Annual Report 2023/24
- HBRC Annual Plan 2025/26
- HBRC Three Year Plan 2024/27
- HBRC Annual Report 2022/23
- HBRC Annual Plan 2023/24
- HBRC Long-Term Plan 2021/31
- Napier/Meeanee/Puketapu Scheme review (Stantec, 31 March 2023)
- Brookfields Awatoto scheme review (Inspiratus Feb 2024)
- November 2020 Napier Flood (Napier City Council)
- Napier Rainfall Event November 2020 – Hazard Report (August 2021)
- The Independent Review into HB CDEM Group's response to Cyclone Gabrielle
- Independent Operational Review – Napier Floods (August 2021)
- Heretaunga Plains Flood Control Scheme Asset Management Plan 2021
- Terms of reference and Description of Napier/Meeanee Drainage network
- NCC Annual Report 2023/24
- NCC Annual Plan 2025/26
- NCC Three Year Plan 2024/27
- NCC Annual Report 2022/23
- NCC Annual Plan 2023/24
- NCC LTP 2021/31
- NCC Stormwater Activity Management Plan 2021-31
- A range of operational and technical information provided to Morrison Low from HBRC and NCC senior managers.
- Draft reports from PDP dated 24 January 2024, 9 April 2024, and 5 June 2024.
- Information available online relative to the joint WSDP with Napier City Council, Hastings District Council and Central Hawke's Bay District Council.
- *Late Agenda of Ordinary Meeting of Council - Thursday, July 31, 2025*

Appendix B HBRC Scheme Descriptions and Performance

The Napier Meeanee/Puketapu catchment

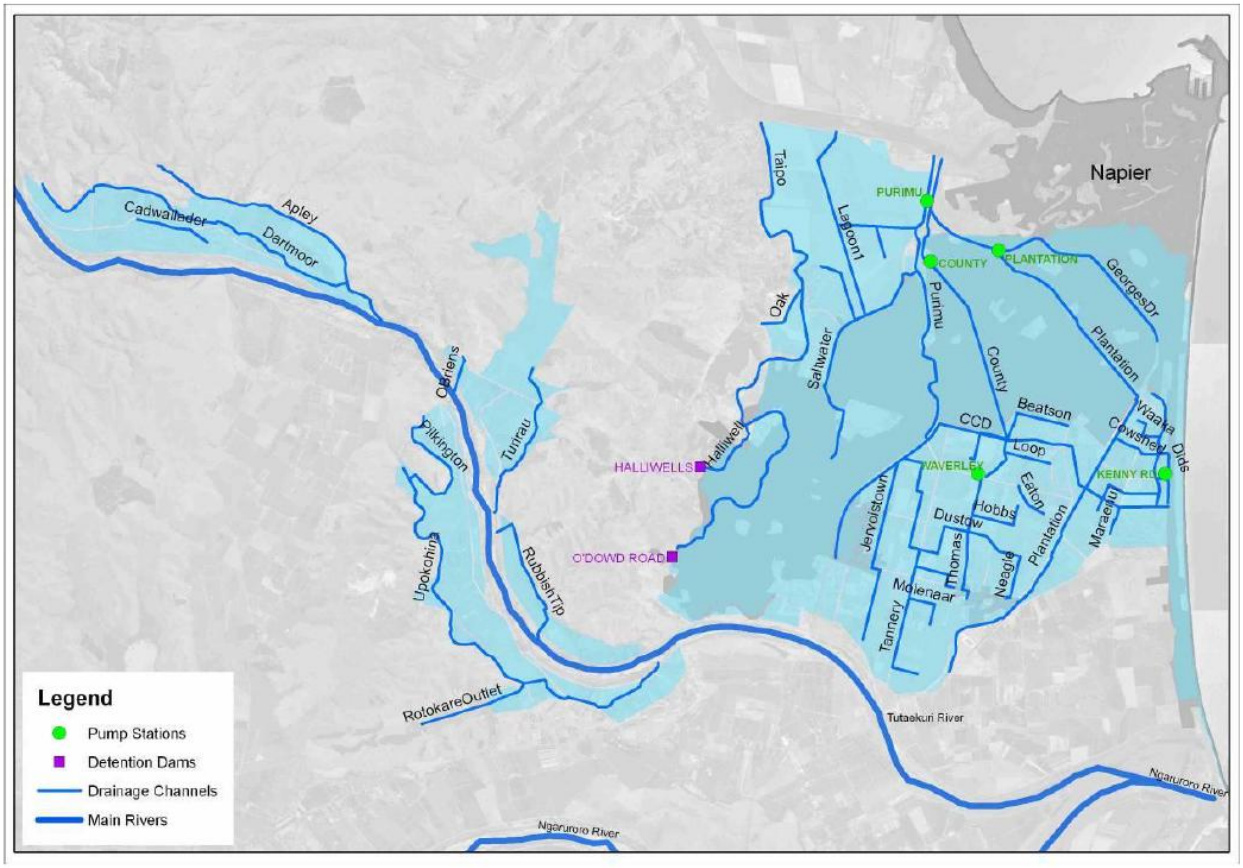
Scheme description

This catchment covers the area between Lagoon Farm and Prebensen Drive in the North through to the Tutaekuri River and Awatoto Road in the South. The scheme includes:

- 78 km of open channels
- 8.3 km of stopbanks
- 2 tidal floodgates
- 6 pipelines
- 2 detention dams
- 16 pumps located across 4 pump stations
- Assets with an estimated replacement value of $20.35 million (per PDP report)[12].

The drainage catchment follows the Tutaekuri River to the West, crossing into the Hastings District around Ōmaranui Road, Dartmoor Road and Springfield Road. The areas within the Hastings District are excluded from this review. The catchment mainly drains to the North.

Figure 11 Map of Napier/Meeanee/Puketapu drainage catchment



[12] $15.4 million based on 2020 valuations

Levels of service

While the Brookfields/Awatoto drainage catchment is predominantly serviced by HBRC owned drainage assets, the Napier/Meeanee/Puketapu catchment involves a complex mix of HBRC and NCC owned assets which must operate in tandem to achieve planned levels of service. A review of the Napier Meeanee Puketapu Scheme was completed by Stantec in early 2023 (provided in Appendix H).

Instead of modelling the HBRC drainage network to a specific level of service, Stantec focussed on ensuring that the HBRC drains will allow the local network to drain freely if it has sufficient capacity. The modelling also considered scenarios to accommodate future growth within the drainage catchment areas.

The Stantec report highlighted a broad range in the level of service currently provided by drainage assets in the Napier/Meeanee/Puketapu drainage catchment, and in some cases within the same drain, for example:

- Current level of service across the drainage catchment varies from less than a one in ten-year event on parts of the plantation drain, through to a one in one-hundred-year event on the Purimu drain.
- Part of the Plantation Drain having a level of service that can respond to a less than a one in ten-year event, with other parts of the same drain being able to respond to a one in one-hundred-year event.

Modelling undertaken by Stantec resulted in a detailed list of upgrades to the drainage network, including upgrades to culverts, stormwater management systems, and pipe. Upgrades were grouped into existing and future upgrades:

- Existing upgrades relate to the current growth and rainfall scenarios and had total estimated costs in the order of $200 million.
- Future scenario upgrades related to expected increases in rainfall as a result of climate change, and additional property growth. The total estimated costs of these upgrades was $356 million.

These projects have been prioritized with a target annual expenditure of between $3 – 5 million per year for the first 10 years.

The Stantec report also recognises that upgrades to the Napier/Meeanee/Puketapu drainage scheme have benefits to the NCC local network. The report therefore considers how costs could be shared between the councils. The summarised suggested cost split is outlined in the table below. Note that cost sharing arrangements have not been formally agreed.

Table 18 Cost estimate for future upgrades for Napier/Meeanee/Puketapu catchment (2023 Stantec Report)

	Total cost	Proposed HBRC share	Proposed NCC share
Existing upgrades	$200.09 million	$44.3 million	$155.78 million
Future upgrades	$356.20 million	$231.53 million	$124.67 million

The proposed total cost of future upgrades to the Napier/Meeanee/Puketapu drainage catchment are more than double the replacement value of HBRC's entire drainage network.

Details regarding the recommended upgrades, costs, and timing are contained in the Stantec report (Appendix H).

Roles and responsibilities

For the Napier / Meeanee Drainage Scheme, the roles and responsibilities are captured in Table 19.

Table 19 Roles and Responsibilities for the Napier / Meeanee Drainage Scheme

Taipo Stream	• Most land owned by NCC
	• Stream maintained by HBRC
	• Catchment includes the Halliwell and O'Dowd dams
	  – Halliwell Dam –Dam/Spillway/Gate owned and operated by HBRC, NCC owns the land the dam is on, HBRC owns the detention area but NCC maintains the detention area
	  – O'Dowd Dam - Dam/Structure/Gate owned and operated by HBRC, NCC own the land the dam is on, private ownership and maintenance of detention area

Saltwater Creek	• Owned by NCC • Maintained under contract by HBRC
Meeanee (Waverley)	• Rural drains owned by HBRC • Drains are on private land or road reserve
Purimu catchment	• Largest catchment – serves rural areas and most of Taradale • Includes Saltwater and Waverley • Purimu pump station owned and maintained by NCC • Purimu Drain owned by HBRC
County Drain	• County Drain – HBRC • NCC stormwater pipes flow into the open drains • County Pump Station: 2 parts – old (HBRC) and new (NCC) - NCC manages both
Plantation Drain	• Plantation pump station: owned by HBRC, dual managed by HBRC and NCC, NCC undertakes the day-to-day maintenance and operation, HBRC contributes financially • Plantation Drain: owned by HBRC, managed by NCC - NCC stormwater pipes flow into open drains • Harakeke Waterway constructed and maintained by HBRC • Drains are on NCC land or road reserve
Georges Drive Drain	• Georges Drive pump station: owned by NCC, managed by NCC • Georges Drive Drain: owned by NCC, managed by NCC • Drains are on NCC land or road reserve
Te Awa/Kenny Road	• Owned and operated by HBRC
Cross Country Drain	• Owned and maintained by NCC • Pump station owned and maintained by NCC
Old Tutaekuri River Bed	• Maintenance ownership not well defined

The information above shows the inconsistency in ownership and maintenance responsibilities across the Meeanee / Napier area.

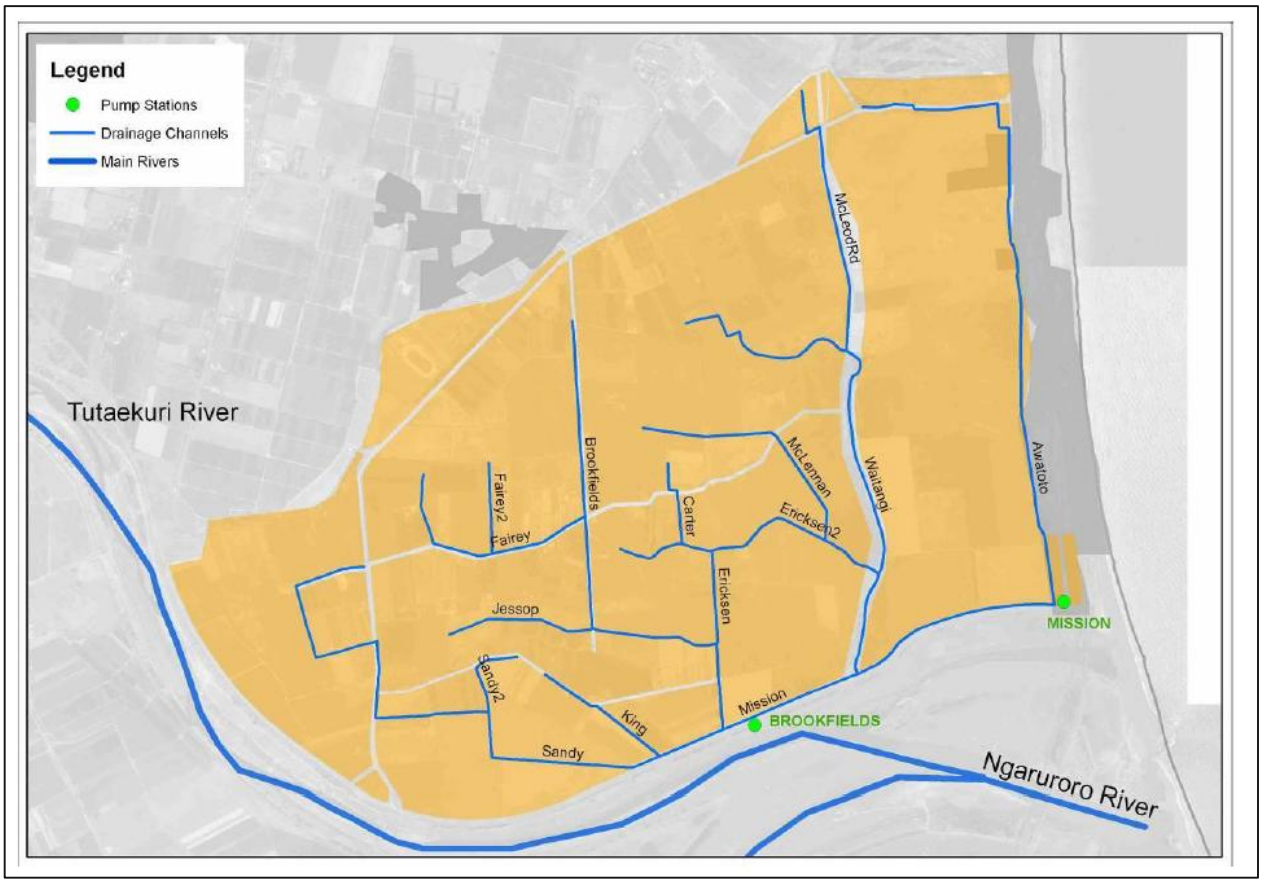
The Brookfields/Awatoto catchment

Scheme description

This catchment covers the area between Awatoto Road in the North and the Tutaekuri River in the South. The area drains south to the Mission drain, before being pumped to the sea in the East. The catchment is served by:

- 22km of open channel
- 2 pipelines
- 1 control gate
- 1 mobile pump
- 5 permanent pumps located in two pump stations.
- Assets with an estimated replacement value of $6 million (per PDP report)[13]

Figure 12 Map of Brookfields/Awatoto drainage catchment



The Napier/Meanee drainage scheme services an area that has become increasingly urbanized over time, and the function and level of service required of the scheme has evolved. The demands for water drainage within the area serviced by this scheme are now more aligned with an urban stormwater system than a typical land drainage scheme.

The Brookfields/Awatoto drainage scheme services a large number of commercial and industrial businesses. The businesses in this area are situated in low lying land which faces risks of flooding

[13] $3.3 million based on 2020 valuations

during high rainfall events. With the increasing severity and frequency of such events, businesses in this area are now requesting further investment in the drainage scheme and have indicated a willingness to contribute financially.

The increase in the area of impermeable surface in both the Brookfields/Awatoto and Napier/Meanee areas has resulted in the drainage schemes needing to manage significantly greater volumes of water than their design performance.

Levels of service

Existing planned level of service for rural drainage catchments in Hawke's Bay is to drain at least 32mm of runoff in a 24-hour period. A Drainage Catchment Review for the Mission & Brookfield's Catchments was completed by Inspiratus in early 2024 (provided in Appendix I). The Inspiratus review notes that this would theoretically require a continuous pumping rate of 3,626L/s, versus a combined 3,550L/s of actual pumping capacity from the Brookfields and Mission pump stations.

Detailed hydraulic modelling of a 5-year event (which would create approximately 43mm of runoff – higher than the design standard) suggested the catchment was likely to achieve around 85% of target performance. The report noted that to achieve the target performance, nominal pumping capacity would likely need to be 15 – 20% higher than the average target rate (to account for periods where pumping does not occur).

Overall modelling suggested that the current level of service for the catchment was unlikely to be achieved.

The review then considered the investment and upgrades required to the Brookfields/Awatoto catchment to meet the requirements of the New Zealand Building Code, which states that the stormwater network should be designed to ensure that there is no flooding of habitable floors in a 1 in 50 year event.

Modelling of pump station upgrades was carried out based on a hypothetical 50-year storm event. That modelling identified significant upgrades to the Awatoto and Mission drains to improve drainage capacity, and the replacement of existing pump stations with four 3,000L/s pumps at the Mission pump station and two 2,500L/s pumps at the Brookfields pump station.

The report also considered alternative solutions, including:

- Maintaining different levels of service between the Brookfield's and Mission Pump station – this was ruled out due to shared geography and close relationship between the two drainage catchments.
- Replacement of the two pump stations with one "mega" pumpstation was ruled out due to the benefits of being able to operate both pumpstations in tandem.
- Splitting the two catchments was ruled out due to the need to undertake significant investment to separate the catchments properly.

Cost estimates for the recommended upgrades totalled $6.3 million for the Brookfield's pump station, and $7.75 million for the Mission pump station. These cost estimates do not include the costs of upgrading or reconfiguring the Awatoto or Mission drains (which would be needed to ensure performance of the system).

Further detailed design has been completed for the pump stations and is included in the Inspiratus review (Appendix I).

Performance measures

HBRC updated their performance measures with their 2024-2027 three-year plan. Normally a ten-year Long-Term Plan would be developed, as all councils are required to under the Local Government Act 2002 (LGA 2002). However, special temporary legislation following Cyclone Gabrielle in February 2023 changed the planning cycle to three years for the worst affected councils.

The most relevant of these are outlined in the table below. It should be noted that the 2023 results were impacted by Cyclone Gabrielle.

HBRC does not need to report against the Department of Internal Affairs' mandatory performance measures for stormwater as it is not a Territorial Authority.

Table 20 Revised HBRC flood control performance measures

Strategic alignment	Level of Service Statement	Level of Service Measure	Performance Target (previous year's AR result)
A resilient community Outcome measures: By 2030, flood risk is being managed to adapt to foreseeable climate change risks out to 2100	HBRC will maintain a cost-effective flood control and drainage network that provides protection from frequent flooding to communities and productive land within designated flood protection schemes in the Heretaunga Plains and Ruataniwha Plains. HBRC administers these schemes: 1) Heretaunga Plains Flood Control Rivers and Drainage Scheme 2) Upper Tukituki Scheme 3) Small Schemes	Major flood protection and control works maintained, repaired, and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme: 1. An annual maintenance programme is prepared and delivered. 2. Annual capital programme is prepared and delivered.	Mandatory measure Not Achieved (2023-24) (Maintenance programme completed. Capital programme 60% completed) Not Achieved (2022-23) Not Achieved (2021-22)
		Following a flood event, affected areas are surveyed and repairs are programmed: 3. Following a major flood event, a flood report will be compiled within 6 months of the event (major event is defined as material impact to property or productivity). 4. Major event report outcomes incorporated into AMP.	Not Achieved (2023-24) Achieved (2022-23) Achieved (2021-22)

Strategic alignment	Level of Service Statement	Level of Service Measure	Performance Target (previous year's AR result)
A prosperous community	HBRC will maintain cost-effective drainage schemes that provide drainage and remove surface water from beneficial land use within designated scheme areas.	Drainage infrastructure is maintained, repaired and renewed to the standards defined in the relevant scheme Asset Management Plan and annual works programme: a) An annual maintenance programme is prepared and delivered. b) An annual capital programme is prepared and delivered.	New measure
A resilient community	HBRC will build new flood infrastructure in accordance with the *Future of Severely Affected Land* contract with the Government to improve protection resilience to communities for future flooding events.	A capital programme for new flood infrastructure is prepared and delivered.	New measure

Appendix C NCC Stormwater Network and Performance

The Napier stormwater network consists of open drains, large underground pipes and pump stations which carry stormwater out into the sea. About three quarters of the city is reliant on pumped systems for stormwater drainage.

Open drains are used extensively in Napier to transport stormwater and to provide storage to reduce the peak load on stormwater pump stations.

In the area of the Taradale hills, two detention dams are utilised to reduce the peak load on the stormwater disposal system. Both are in the Taipo catchment and are owned by NCC but managed by HBRC under the Heretaunga Plains Flood Control Scheme.

Napier City Council owns and operates a significant stormwater network across the city, which includes:

- 241 kilometres of stormwater mains
- 10 Pump stations
- 2 Detention dams – managed by HBRC
- 47 kilometres of open drains
- 5,337 manholes
- A total replacement value of $341 million

10.1.1. Levels of service

NCC's performance measures remained unchanged with their 2024-2027 three-year plan. Normally a ten-year Long-Term Plan would be developed, as all councils are required to under the Local Government Act 2002 (LGA 2002). However, special temporary legislation following Cyclone Gabrielle in February 2023 changed the planning cycle to three years for the worst affected councils.

Napier City Council's 2021 – 2051 Infrastructure Strategy notes that the current desired level of service for stormwater services is to provide protection from a one in fifty-year rainfall event. The infrastructure strategy notes however that this is not currently being achieved due to inadequate capacity in the network. Achieving full capacity in the network will require coordination of investment with HBRC owned infrastructure.

The infrastructure strategy also sets an aspirational service level of protection from a one in one-hundred-year rainfall event. It is recognised that the costs of achieving this are likely to be prohibitive, and that value for money solutions will need to be sought.

Napier City Council's 2021 infrastructure strategy identified significant expenditure being required to develop Lagoon Farm as a stormwater detention facility, with estimated costs ranging from $18.2 million to $40 million at the time. As of late 2025 this project was expected to be in the preliminary design phase[14].

10.1.2. Performance measures

The following performance measures apply to NCC's stormwater network. The majority of these performance measures are mandatory measures set pursuant to section 261B of the Local Government Act 2002.

[14] *Ahuriri Regional Park Masterplan Joint Committee Meeting*

It should be noted that the 2023 results were impacted by Cyclone Gabrielle.

Of particular relevance for this business case, resident satisfaction of the performance of the stormwater network has consistently fallen below targets. NCC's 2023/2024 report indicates that resident satisfaction levels have remained consistent for the last four years.

As the stormwater work committed to through the Three-Year Plan progresses, an increase in satisfaction is expected. Improvement in overall stormwater network performance requires coordinated investment and management with HBRC.

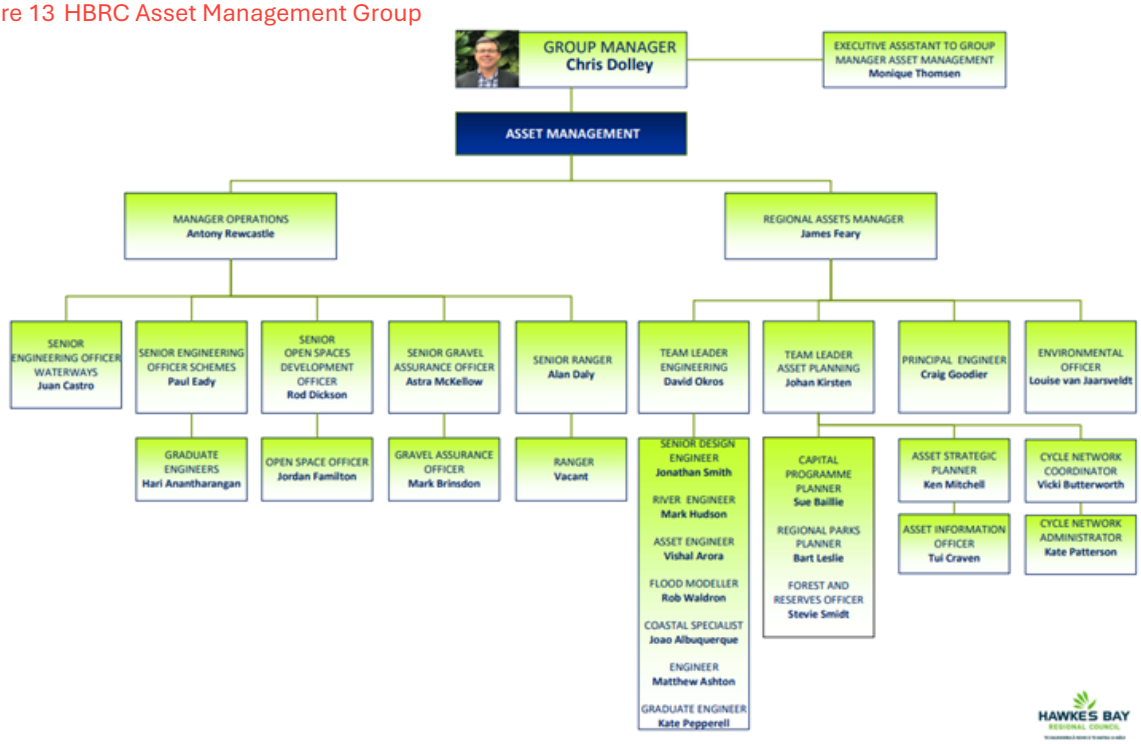
Table 21 NCC Stormwater – performance measures (Annual Report 2023/24)

Level of Service	Service Performance measure	Actual 2023/24	Target 2023/24	Performance 2023/2024	Actual 2022/23	Actual 2021/22
The Stormwater network adequately protects the health and safety of Napier residents and protects property by providing protection against flooding	System adequacy – *Number of flooding events that occur per year	0	≤1	Achieved	0	0
	System adequacy – *For each flooding event, the number of habitable floors affected per 1,000 properties	0	≤1	Achieved	0	0
	Response time – *Median response time to attending a flood event (notification to personnel being on site)	0.55 Hours	≤2 hours	Achieved	117.28 hrs	0
Stormwater is collected and disposed of in a manner that protects public and environmental health	Discharge compliance – *Compliance with resource consents for discharge from its stormwater system as measured by the number of:					
	a) Abatement notices	0	0	Achieved	0	1
	b) Infringement notices	0	0	Achieved	0	2
	c) Enforcement orders	0	0	Achieved	0	0
	d) Convictions received in relation to stormwater resource consents	0	0	Achieved	0	0
	Number of education programmes delivered to improve stormwater quality	2	>1	Achieved	1	1
Residents are satisfied with Council's Stormwater service	Customer satisfaction – *Number of complaints received about performance of stormwater system (per 1,000 properties connected)	4.5	≤5	Achieved	6.12	4.56
	Percentage of residents satisfied with Stormwater in the Residents Satisfaction Survey	46%	89%	Not achieved	46%	39%

Appendix D Organisational Workforce Details

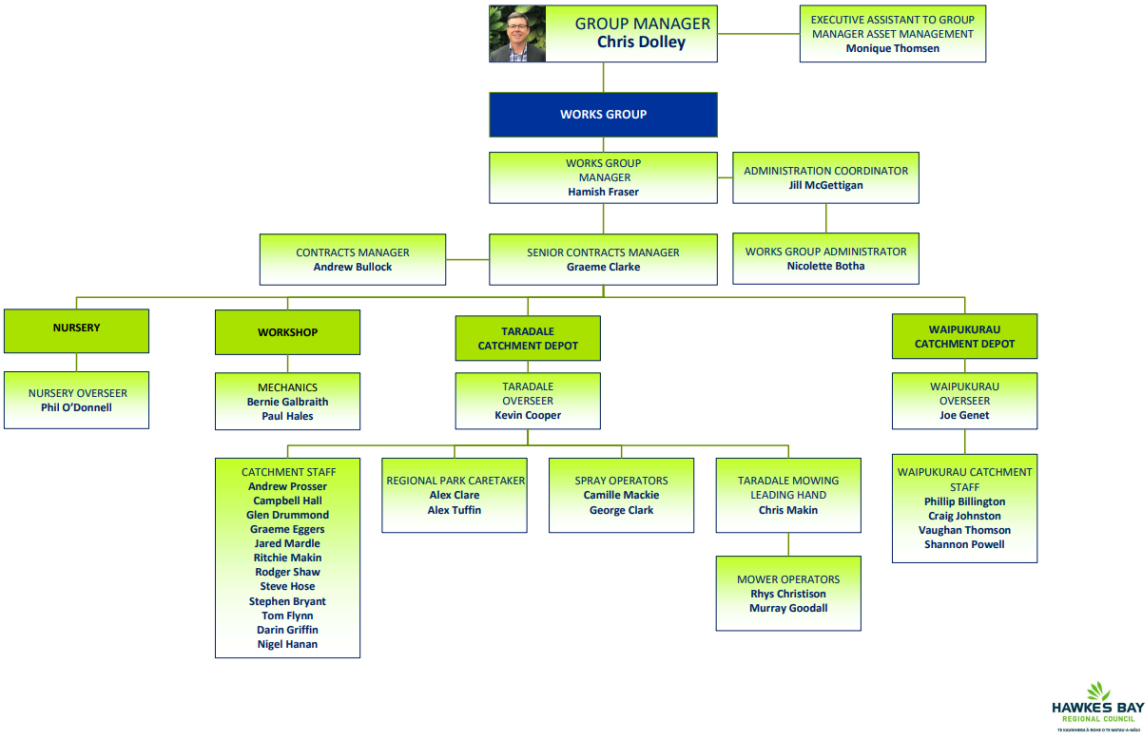
While roles may have been filled by different people, the HBRC Asset Management Group organisational structure below is current.

Figure 13 HBRC Asset Management Group



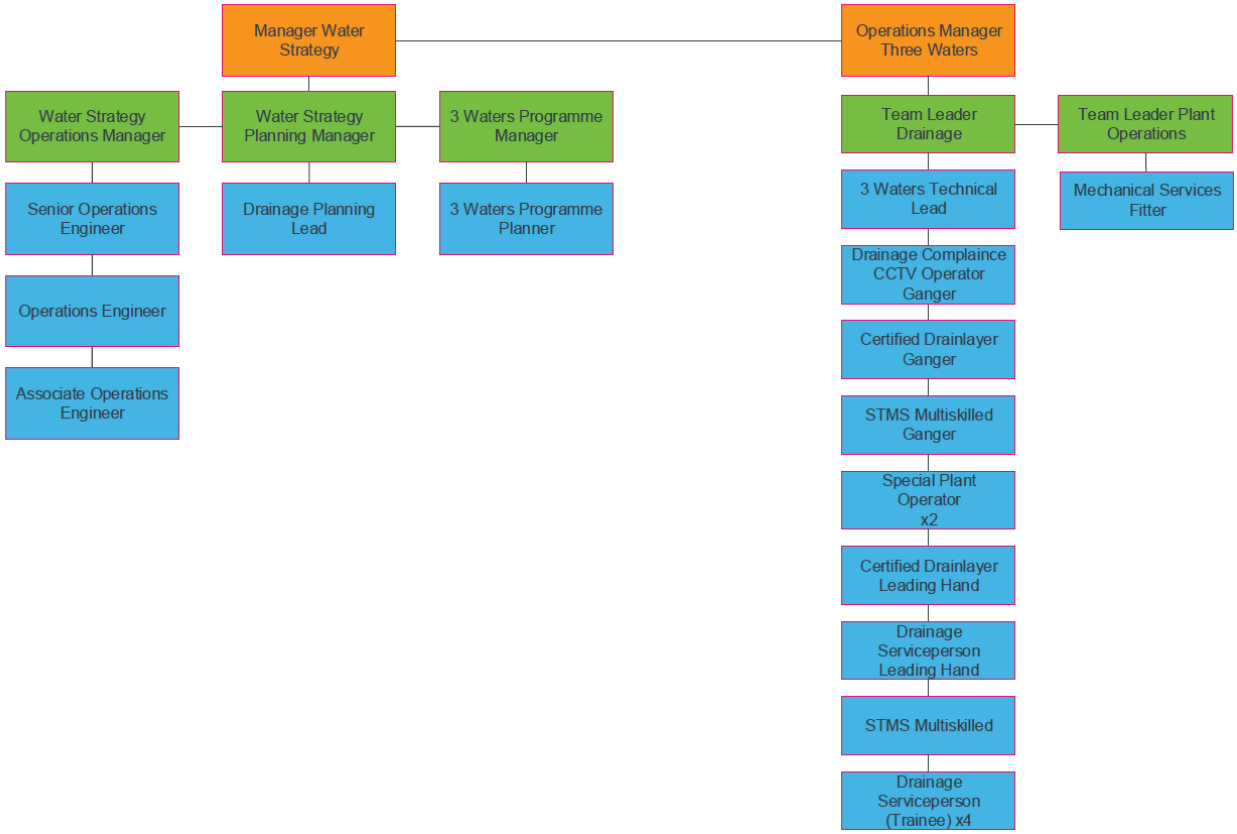
While roles may have been filled by different people, the HBRC Works Group organisational structure below is current.

Figure 14 HBRC Works Group



The specific roles within City Services involved in the day-to-day operation and maintenance of the stormwater network is shown on the right of Figure 15.

Figure 15 NCC Infrastructure – Water Strategy



Appendix E Emergency Management Events

2020 rainfall event

The November 2020 flooding event was one of the worst to hit the city in recent times. There was 240mm of rain within a 20 hour time period with the event focussed on a very small area in the order of 15 square kilometres.

The 'Napier Rainfall Event November 2020: Hazard Report' (HBRC Civil Defence Emergency Management Group, July 2021) reviews the causes of the event, the consequence of the performance of assets to control drainage and flooding and the impacts of the event on the community and built environment.

The report recognises that the stormwater network and drainage channels are not designed for an event of such magnitude.

Specific to this review, the report concluded that '*the management and operation of drainage assets by HBRC and NCC requires effective co-management in events to ensure that the network is able to operate to maximum capacity and issues are quickly resolved*'. The report considered that although each organisation has its own processes in place for management of assets in heavy rainfall events, there was no evidence of an overall response plan for the management of the network.

One of the recommendations from the report states:

'*NCC and HBRC should review the existing arrangements for management of the flood scheme to ensure the most effective integration and coordination of the assets where possible. This includes arrangements for conducting of operational activities, both in readiness and response.* ***This may be achieved through the development of a plan that clearly details the roles and responsibilities of all parties involved in the management of the scheme, including maintenance, forecasting, data sharing, response priorities and activities, reporting lines and structures and resource requirements'***[15].

Cyclone Gabrielle

On the 13th and 14th of February 2023, Cyclone Gabrielle made landfall with the Hawke's Bay region, with rain and winds intensifying across the district to unprecedented levels. Critical infrastructure, including flood protection, electrical, and drainage networks were damaged and failed. The results of the Cyclone were catastrophic and included the loss of life and livelihoods.

The event saw peak rainfall of 400mm over 12 hours at Glengarry, with rain significantly exceeding forecasts throughout most of the region. In some areas peak rainfall reached nearly 40mm per hour. This compares to the modelled one hundred year events in the Inspiratus and Stantec reviews of the Brookfields/Awatoto and Napier/Meeanee/Puketapu schemes (respectively), which focussed on modelling network upgrades to address 24 hour storm depths of up to 247mm. The scale of the event was unlike any other seen in the region, and it would not be economically viable to design infrastructure to manage the levels of rainfall observed during Cyclone Gabrielle.

Following the event an independent review was commissioned to assess the operational performance of the Hawke's Bay Civil Defence Emergency Management Group's response to Cyclone Gabrielle. The review was primarily focussed on the operational response to the event. The report made a number of

[15] *Emphasis added*

recommendations to improve the reduction, readiness, response, and recovery activities, including the following recommendation which is of relevance to this review:

> *"Develop, implement and communicate a regional Disaster Reduction Plan in partnership with local partners and communities. The Plan should include:*
>
> *Risk reduction operations such as:*
>
> *vi. River management (dredging, maintenance of river mouths and tributaries etc.)*
>
> *vii. Stop bank planning and maintenance*
>
> *viii. Drain and flood scheme maintenance*
>
> *ix. Management of forestry by products*
>
> *x. Plans for mitigation of utility and service outages;"*

This recommendation can be implemented under the existing arrangements between HBRC and NCC, and both councils currently work together to provide effective operation and maintenance of drainage assets. However, existing operational arrangements add complications to this planning by requiring a high level of coordination across different network assets.

Appendix F Options Analysis

This table was created before the LWDW policy update progressing (Option 5).

Service Delivery Options Review

Service group:	Urban Waterways	**Potential benefits of the option:**		
Client:	HBRC / NCC	5		High level of benefit
Review date:	April 2022	3		Medium level of benefit
Version	Final	1		Low level of benefit

		Status Quo	Enhanced Status Quo			Transfer of ownership			Shared Services	Council Control Organisation/Council Controlled Trading Organisation	Alliance
Service delivery options	**Weighting**	**Option 1: Status Quo**	**Option 2a: Do minimum / Enhanced Status Quo - current practice operationalised**	**Option 2b: Enhanced Status Quo with rationalisation of contracts**	**Option 2c: Enhanced Status Quo with waterways asset management position established**	**Option 3a: Assets split on a geographic basis**	**Option 3b: Assets split by function**	**Option 3c: All assets transferred to one council (either NCC or HBRC)**	**Option 4: Full shared services/joint committee jointly managed between HBRC and NCC**	**Option 5: By CCO/CCTO owned by Council/s**	**Option 6: Council forms an Alliance arrangement to manage and deliver the urban waterways**
Description of option:		Current arrangements.	Current practices to be documented and collated into a structured and combined format (such as a Management framework or Standard Operating Procedures) to include: - roles and responsibilities of and within each organisation - asset ownership - systems in place to manage and operate waterways - operations and maintenance responsibilities - emergency event/incident response	Option 2a plus additional improvements through rationalisation of contracts. eg electrical / pump stations works could be procured as a single contract - currently sub-contracted out by HBRC and NCC)	Option 2b plus establishment of a new role to oversee the management of the urban waterways as a combined HBRC/NCC activity (asset management type role with costs split across both councils). Capex funding decisions would remain separate	Open drainage assets transferred based on their geographical location. This option would entail open drainage assets that are located within the defined "Napier urban boundary" being transferred to NCC (and later Entity C) Geographic split to be defined but could align with catchment boundaries or urban boundary (as defined in District Plan for example - may need review as urban limits grow).	Each council has full ownership and responsibility for a specific asset 'function' or activity eg open waterways vs stormwater channels. Each system would include all assets along it such as the waterway or drainage channel itself, culverted sections, pump stations etc. Would need clear definition of waterways / open drains / watercourses etc. This option would entail "open drainage" assets to be transferred to HBRC (and potentially later to Entity C)	One council has full responsibility for ownership and management of all open waterways within the Napier City Council boundary.	Formal shared services arrangement to manage and provide the urban waterways activities. This would typically have a formal governance group or joint committee of some description overseeing the joint delivery of works across the two councils.	Transfer of the Urban Waterways into a newly established CCO/CCTO. This would include establishment of a board of directors and formal entity. Possible transfer of assets. This would likely include an expectation for the CCO/CCTO to return a dividend to Council/s, and for the CCO/CCTO to compete for work from Council/s.	Council would form an alliance to manage the urban waterways with a private company. Alliance could be formed in a number of different ways. - Long-term agreement e.g. 15 years - Suppliers could invest or purchase assets from the councils. - JV could be set up between the councils and the private sector.
Critical Success Factors	**Y/N**	**Carried through as comparator**	**Further assessment**	**Further assessment**	**Further assessment**	**Further assessment**	**Further assessment**	**Further assessment**	**Discount**	**Discount**	**Discount**
Strategic Fit and Business needs		Partial	Partial	Yes	Yes	Yes	Yes	Yes	Partial	Partial	Partial
Potential Value for money		Partial	Yes	Yes	Yes	Partial	Partial	Partial	No	No	No
Supplier capacity and capability		Partial	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Potential affordability		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Partial	No
Potential achievability		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Partial	Partial	No
Financial benefits:	**30%**	**11.0**	**10.0**	**11.0**	**11.0**	**11.0**	**11.0**	**11.0**	**Not scored**	**Not scored**	**Not scored**
Set up costs	10%	**5**	**4**	**4**	**4**	**3**	**3**	**3**			
Governance and management costs	10%	**3**	**3**	**4**	**4**	**5**	**5**	**4**			
Operational costs	10%	**3**	**3**	**3**	**3**	**3**	**3**	**4**			
Non-financial benefits:	**70%**	**23.0**	**28.0**	**34.0**	**35.0**	**38.0**	**34.0**	**31.0**	**Not scored**	**Not scored**	**Not scored**
Strategic Objectives											
Service delivery model is fit for purpose, delivers the required level of service and meets statutory requirements,	10%	**3**	**4**	**5**	**5**	**5**	**5**	**3**			
Clear accountability for the performance of the network	10%	**3**	**3**	**4**	**4**	**5**	**4**	**5**			
Incident response capacity and capability with effective chain of command and control, coordination and decision making processes in place	10%	**3**	**4**	**5**	**5**	**5**	**4**	**3**			
Other											
Acceptable and manageable level of risk	5%	**3**	**3**	**4**	**4**	**5**	**4**	**3**			
Effective, efficient and consistent delivery of service	10%	**3**	**4**	**5**	**5**	**5**	**5**	**4**			
Clear definition of roles and decision making responsibilities	10%	**2**	**4**	**4**	**5**	**5**	**5**	**5**			
Supporting regional collaboration and alignment	5%	**3**	**3**	**3**	**3**	**3**	**3**	**3**			
Political sensitivity	10%	**3**	**3**	**4**	**4**	**5**	**4**	**5**			
TOTAL SCORE	**100%**	**3.1**	**3.5**	**4.15**	**4.25**	**4.5**	**4.15**	**3.9**			
Overall ranking:		**7**	**6**	**4**	**2**	**1**	**3**	**5**			
Financial benefit ranking:		**1**	**7**	**1**	**1**	**1**	**1**	**1**			
Non-financial benefit ranking:		**7**	**6**	**3**	**2**	**1**	**3**	**5**			
Overall assessment:		**Not recommended but used as comparator**	**Discount**	**Potential**	**Potential**	**Preferred**	**Potential**	**To be further considered depending on outcome of 3W reform**	**Discount**	**Discount**	**Discount**
Commentary:		Continued lack of accountability with roles and responsibilities not clearly defined. Uncertainty around ownership and operational responsibilities. Potential to increase level of risk for incident response	Could be used as a cost-effective option whilst the 3W reform is progressed - cost of investment will not have material impact regardless of outcome of reform. Documenting 'where we are now' and 'how we do this' (for example as a set of Standard Operating Procedures) will give clarity and provide a level of accountability and will better define roles and responsibilities for management, operators and contractors.	Could be used as an interim option whilst the 3W reform is progressed - cost of investment will not have significant impact regardless of outcome of reform. Rationalisation of contracts will lead to efficiencies and potential cost savings.	Could be used as an interim option whilst the 3W reform is progressed - cost of investment will not have significant impact regardless of outcome of reform. This option would provide for someone in an asset management role acting on behalf of both councils which will help drive consistency and prioritisation on a 'best for network' basis - likely not a full time role and costs would be shared. No change in ownership	Will give clear accountability - drives performance Geographic boundary potentially on a catchment / urban basis. Would require s17 process (transfer of responsibilities) and s16 process (where regional council takes over significant activity already being undertaken by TLA). Consultation could be undertaken as part of Annual Plan process Resource consents would need to be reviewed for transfer of obligations under RMA and consent conditions	Will give clear accountability - drives performance Will need to clearly define 'function' - eg drainage channels and piped networks (generally man-made) vs watercourses (generally natural) Would require s17 process (transfer of responsibilities) and s16 process (where regional council takes over significant activity already being undertaken by TLA). Consultation could be undertaken as part of Annual Plan process Resource consents would need to be reviewed for transfer of obligations under RMA and consent conditions	This could reflect the current 3-Waters direction to some degree (HB to be part of Entity C) Would require s17 process (transfer of responsibilities) and s16 process (where regional council takes over significant activity already being undertaken by TLA). Consultation could be undertaken as part of Annual Plan process. Resource consents would need to be reviewed for transfer of obligations under RMA and consent conditions	Likely higher governance costs Additional setup cost with little, if any, added benefit	High set up and governance costs. Likely to increase operational costs. Could add complexity to the management of the networks. High cost with little added benefit	The volume and type of work carried out in this space would be unlikely to attract, or warrant, a partnership approach with the private sector. This model would likely add additional cost for little clear benefit over other options.

Appendix G Detailed Asset Split Options Assessment

Table 22 Detailed asset split for each option available for the Napier/Meeanee/Puketapu drainage catchment

Description	Included	Excluded
Option 1 Transfer entire catchment within the Napier City Council boundary to Napier City Council	All drainage assets within the Napier/Meeanee/Puketapu drainage catchment that are within the Napier City Council boundary	• The Apley stream • The Dartmoor, Cadwallader, Turirau, O'Briens, Phils, McCluskey and Rubbish Tip drains • Any drains on the southern side of the Tutaekuri river • NCC transportation/NZTA assets • Estuary and stopbanks • Any waterways that are currently managed by HBRC and flow from NCC to HDC
Option 2 Transfer only assets within the urban limits defined in Napier City Council's district plan	• The Taipo and Halliwell drains and the Halliwells and O'Dowd Road flood detention areas • All drainage assets located north of the Cross Country Drain • The full length of the Purimu Stream • The full length of the Te Awa, Maraenui and Eriksen drains and the Kenny Road pump station	• The Jervoistown drain • The portions of the County and plantation drains that are south of the Cross Country Drain • The Waverly pump station • NCC transportation/NZTA assets • Estuary and stopbanks • Any waterways that are currently managed by HBRC and flow from NCC to HDC Any drainage assets located outside the Napier City Council boundary per option 1
Option 3 Transfer assets within the urban limits defined in Napier City Council's district plan plus drains that traverse the urban limit	The same assets as option 2 above, with the following additional assets: • The portions of the County and plantation drains that are south of the Cross Country Drain • The Loop and Louisson drains	Per option 2

Table 23 Detailed asset split for each option available for the Brookfields/Awatoto drainage catchment

Description	Included	Excluded
Option 1 Transfer all drainage assets in the Brookfields/Awatoto drainage catchment within the Napier City Council boundary to Napier City Council	All of the assets in the Brookfields/Awatoto drainage catchment are included	None of the assets in the Brookfields/Awatoto drainage catchment are excluded. The following assets are excluded: • NCC transportation/NZTA assets • Estuary and stopbanks
Option 2 Hawke's Bay Regional Council retains all of the drainage assets in the Brookfields/Awatoto drainage catchment	None of the assets in the Brookfields/Awatoto drainage catchment are included	All of the assets in the Brookfields/Awatoto drainage catchment are excluded. Also excluded are: • NCC transportation/NZTA assets • Estuary and stopbanks
Option 3 Transfer the Awatoto drain and Mission pump station to Napier City Council	• The Awatoto Drain • The Mission Pump station	• The remaining assets in the Brookfields/Awatoto drainage catchment, including the Brookfields pump station and the Mission, Waitangi and McLeod Rd drains

Appendix H Napier Meeanee Puketapu Scheme Review (Stantec)

Appendix I Drainage Catchment Review Mission & Brookfield's Catchments (Inspiratus)

Appendix J PDP advice regarding transferring assets

Appendix K Legal advice regarding asset transfer

Document Status

Job #	Version	Written	Reviewed	Approved	Report Date
3056	001	G.Woodward	S.Cross	S.Cross	11 November 2025

Morrison Low Advisory
Advice You Can Act On