

Notice of the ordinary meeting of the

Regional Sewerage Business Unit

Te Rōpū ā-Roha Para, Whakatū / Te Tai o Aorere

Date:	Friday 11 June 2021
Time:	9.30a.m.
Location:	Council Chamber Floor 2A, Civic House 110 Trafalgar Street, Nelson

Agenda

Rārangi take

Chair	Tasman District Cr Kit Maling
Deputy Chair	Nelson City Cr Tim Skinner
Members	Tasman District Cr Trevor Tuffnell Nelson City Cr Brian McGurk Brendon Silcock (Independent Member) Vacancy (Iwi Representative) Philip Wilson (Industry Representative; non-voting)

Quorum: 3

Pat Dougherty
Chief Executive

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee Agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision

Nelson Regional Sewerage Business Unit

The Nelson Regional Sewerage Business Unit (NRSBU) is a joint committee of Nelson City and Tasman District Councils. Operation of the NRSBU is governed by a Board, as established by a Memorandum of Understanding (A1983271).

Areas of Responsibility:

- To manage and operate the wastewater treatment facilities at Bells Island and the associated reticulation network efficiently and in accordance with resource consent conditions to meet the needs of its customers.

Powers to Decide:

- The Councils are agreed that the responsibility for all management and administrative matters associated with the NRSBU operation shall be with the Board, and in particular the Board shall without the need to seek any further authority from the Councils:
 - Operate a bank account for the Business Unit;
 - Comply with the Procurement Policy of the Administering Council;
 - Enter into all contracts necessary for the operation and management of the Business Unit in accordance with the approved budgets and intent of the Business Plan;
 - Authorise all payments necessary for the operation and management of the Business Unit within the approved budgets and intent of the Business Plan;
 - Do all other things, other than those things explicitly prohibited by this Memorandum of Understanding or relevant statutes, that are necessary to achieve the objectives as stated in the Strategic Plan, Asset Management Plan or Business Plan approved by the Councils;
 - Comply with the Health and Safety Policy and requirements of the administering Council
- Contribute to the sanitary services assessment process of the Councils
- Contribute to and comply with the waste management plans of the Councils
- Contribute to the development of the Councils' Development and Financial Contribution policies
- Contribute to the Councils' Regional Policy Statement and Regional Plan Reviews
- Develop and keep under review an appropriate contract for the delivery of waste collection and disposal services with each of its customers
- Follow generally accepted accounting practices
- Follow good employment practices

Powers to Recommend to Councils:

- Any other matters under the areas of responsibility of the Business Unit and detailed in the Memorandum of Understanding.
- All recommendations to Council will be subject to adoption of an equivalent resolution by the other Council, unless it is a matter specific to one Council only.

Quorum:

- The Memorandum of Understanding governing the NRSBU allows for either six or seven members to be appointed. The quorum at a meeting is either three (if six members are appointed), or four (if seven members are appointed), including at least one from each local authority.

Procedure:

- The Standing Orders of the Council providing administration to the committee will be applied at each meeting.
- The Chairperson will not have a casting vote.
- Copies of minutes of meetings of the Joint Committee will be retained by each Council for record keeping purposes

1. Apologies

Nil

2. Confirmation of Order of Business

3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

5. Confirmation of Minutes

5.1 14 May 2021

6 - 8

Document number M17644

Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Confirms the minutes of the meeting of the Nelson Regional Sewerage Business Unit, held on 14 May 2021, as a true and correct record.***

6. Chairperson's Report

7. Nelson Regional Sewerage Business Unit General Managers Report to 30 April 2021

9 - 20

Document number R25906

Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Receives the report Nelson Regional Sewerage Business Unit General Managers Report to 30 April 2021 (R25906)***

8. Nelson Regional Sewerage Business Unit 2020/21 Capital/Renewals Expenditure and Carryover Update

21 - 25

Document number R25911

Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Receives the report Nelson Regional Sewerage Business Unit 2020/21 Capital/Renewals Expenditure and Carryover Update (R25911); and***
- 2. Notes that a report to approve projected carryovers from 2020/21 to 2021/22 will be presented to the first Nelson Regional Sewerage Business Unit Board Meeting in 2021/22.***

CONFIDENTIAL BUSINESS

9. Exclusion of the Public

Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Saxton Road Pumpstation Site Report	Section 48(1)(a) The public conduct of this matter would be likely to result in	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(i) To enable the local authority to carry on,

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		disclosure of information for which good reason exists under section 7	without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)



Minutes of a meeting of the Nelson Regional Sewerage Business Unit

Held in the Rūma Whakatū, Floor 2B, Civic House, 110 Trafalgar Street, Nelson

On Friday 14 May 2021, commencing at 12.03p.m.

Present: Tasman District Councillor K Maling (Chairperson), Nelson City Councillors B McGurk, T Skinner (Deputy Chairperson), Tasman District Councillor T Tuffnell and Industry Representative (non-voting) P Wilson

In Attendance: Group Manager Infrastructure (A Louverdis), Tasman District Council Engineering Services Manager (R Kirby), General Manager Regional Sewerage and Landfill (N Clarke), Accountant (A Bishop) and Governance Adviser (J Brandt)

Apology: Independent Member B Silcock

1. Apologies

Resolved NRSBU/2021/007

That the Nelson Regional Sewerage Business Unit

1. Receives and accepts the apology from Brendon Silcock.

Skinner/Tuffnell

Carried

1. Confirmation of Order of Business

There was no change to the order of business.

2. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

3. Public Forum

There was no public forum.

4. Confirmation of Minutes

4.1 12 March 2021

Document number M16488, agenda pages 5 - 8 refer.

Resolved NRSBU/2021/008

That the Nelson Regional Sewerage Business Unit

- 1. Confirms the minutes of the meeting of the Nelson Regional Sewerage Business Unit, held on 12 March 2021, as a true and correct record.***

McGurk/Tuffnell

Carried

5. Chairperson's Report

There was no Chairperson's report.

6. Nelson Regional Sewerage Business Unit Long Term Plan Submission Feedback Report

Document number R25839, agenda pages 9 - 26 refer.

General Manager Regional Sewerage and Landfill, Nathan Clarke, presented the report. He answered questions about the submissions received. It was noted that all submissions had been carefully considered by the NRSBU Board.

Group Manager Infrastructure, Alec Louverdis, and Tasman District Council Engineering Services Manager, Richard Kirby, answered questions about the timeline and next steps pertinent to Nelson City and Tasman District's respective Long Term Plan deliberations meetings the following week.

Resolved NRSBU/2021/009

That the Nelson Regional Sewerage Business Unit

- 1. Receives the report Nelson Regional Sewerage Business Unit Long Term Plan Submission Feedback Report (R25839) and its attachment (A2634083); and***

- 2. Confirms the Operational and Capital budgets outlined in the Nelson Regional Sewerage Business Unit Activity Management Plan 2021-2031 (A2588684) and the 2021/2022 Nelson Regional Sewerage Business Unit Business Plan (A2588602).***

Tuffnell/Skinner

Carried

Recommendation to Council NRSBU/2021/010

That the Nelson City Council and Tasman District Councils

- 1. Note that, following consideration of submissions, there are no changes to the 2021/2022 Nelson Regional Sewerage Business Unit Business Plan (A2588602) adopted to populate the Nelson City Council and Tasman District Council 2021 – 2031 Long Term Plans; and***
- 2. Note that, following consideration of submissions, there are no changes to the Nelson Regional Sewerage Business Unit Activity Management Plan 2021-2031 (A2588684) adopted to populate the Nelson City Council and Tasman District Council 2021 – 2031 Long Term Plans.***

Tuffnell/Skinner

Carried

There being no further business the meeting ended at 12.15p.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Nelson Regional Sewerage Business Unit General Manager's Report to 30 April 2021

1. Purpose of Report

- 1.1 This report is a three-monthly update by the General Manager (GM) on activities undertaken to the end of April 2021 by the Nelson Regional Sewerage Business Unit (NRSBU).

2. Summary

- 2.1 Operations are generally running well.
- 2.2 Health and Safety (H&S) improvement activities are continuing with additional issues resolved during this period.
- 2.3 A Registration of Interest (ROI) for the lease of Best and Bell Island land process is ongoing, with negotiations nearly complete with the preferred lessee.
- 2.4 Desludging is progressing on pond F2 at Bell Island. The work is progressing steadily but was stopped for several weeks due to the seasonal transition of the pond biology. The desludging is expected to continue over the winter now that the transition has occurred.
- 2.5 The regional pipeline rehabilitation project design and procurement is well underway, with contracts signed or ready to be signed for the SH6 to Monaco section, Turners and Growers section including easements agreed, and for the emergency generators supply.
- 2.6 The concept design for the renewal of the sludge storage tanks and the biosolids storage tanks has been developed and we are awaiting quotes from external suppliers for the works.
- 2.7 Financial performance to 30 April 2021 is below budget, with a significant decrease in fixed contributions compared to budget. This is mostly compensated by an increase in variable contributions and other recoveries. These cost increases have occurred due to changes outside NRSBU control.

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2.8 One change from the previous quarter is the increase in consultancy costs related to the retendering of the Nelson Regional Sewerage Scheme Operations and Maintenance (NRSS) Operations and Maintenance (O&M) contract.

3. Recommendation

That the Nelson Regional Sewerage Business Unit

1. Receives the report Nelson Regional Sewerage Business Unit General Manager's Report to 30 April 2021 (R25906)

4. Background

4.1 This report is the GM update to 30 April 2020. It outlines the activities, issues and opportunities that have occurred during this period.

5. Health and Safety (H&S)

5.1 H&S at the site is being managed well, and the programme of safety improvements is currently ongoing. Progress on these activities is being updated by the contractor in each monthly report.

5.2 A visit to the site is planned within the next quarter to review site health and safety.

5.3 Table 1 below shows a list of H&S notifications for the period January 2021 to 30 April 2021

Health and Safety notifications for the period to 30 April 2021			
Jan 2021	Incident	Operator splashed with wastewater	Changing diffuser plate in an aerator and when pressing on the diffuser plate wastewater sprayed out bolt hole onto the staff member.
Jan 2021	Incident	Operator banged into low hanging equipment	Walked into pumpstation and walked into endless chain. No injury.
March 2021	Incident	Minor vehicle damage	Closed garage door hit vehicle when closing.

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March 2021	Near Miss	Operator splashed with wastewater	Residual pressure caused Wastewater to squirt out of pipeline. – no injury.
March 2021	Incident	Trailer drawbar support leg on trailer not correctly Engaged.	Trailer tipped to angle and cause minor diesel spill. Spill cleaned up, trailer support reviewed, and engineering modification made to support to prevent future occurrence.
April 2021	Incident	Wind caught vehicle door and swung it open causing minor damage.	Minor property damage, no injury.

Table 2 below summarises the H&S improvements being undertaken on site.

H&S Projects	Comments
Work completed in the last three months:	<ul style="list-style-type: none"> DAF saturator tank replacement (completed) Inlet Screen guarding completed
Notable works currently under way:	<ul style="list-style-type: none"> Inlet odour upgrade ATAD odour upgrade
Notable H&S improvement works to be commenced in the next 3 months.	<ul style="list-style-type: none"> Replacement of grit removal system handrails and walkways.

6. NRSBU Activities

- 6.1 NRSBU staff have been busy during the period with numerous activities and projects in progress. Regional services staff capacity remains an issue particularly at the project development and initiation stage.
- 6.2 Workload has increase further and is getting to the point where issues will start to occur with ongoing performance and projects will become further delayed.

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6.3 Projects underway at present include:

6.3.1 Bell Island O&M contract procurement,

6.3.2 Moturoa Rabbit Island Biosolids O&M procurement,

6.3.3 Moturoa Rabbit Island Biosolids discharge consent,

6.3.4 Rising main Pipework upgrades including:

- Relining between SH6 and Monaco
- T&G site pipe replacement including agreeing easements
- Section through Heslops to coincide with Saxton Creek Stage 4 project
- New generator installation at the NRSS pump stations (PS)
- Overflow screening at Songer St PS
- Overflow screening at Wakatu PS
- Sea level rise protection bund at Songer St PS
- Sea level rise protection bund at Beach Rd PS
- Replacement of all NRSBU PS covers to improve safety and improve odour containment, and to reduced inundation risks on all the.

6.3.5 Site improvement works at Bell Island including:

- Generator procurement and installation
- Recycle water system optimisation.
- Inlet works area paving improvements
- Pond desludging and sea defence bund.
- Lease for Radio Yacht Squadron finalisation.
- Lease of farmland on Best and Bell Island including procurement of the irrigation system and the fencing etc.
- Improvements to the stock water system on Best Island for the lease.
- Repair and maintenance of the Bell Island access road

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- Asphalt and chip sealing around inlet structure to reduce risk of discharge to environment.
- Vehicle underbody wash to reduce corrosion from salt water.
- An Expression of Interest document is being developed for release to identify parties interested in the supply and installation of a solar power systems at the Bell Island facility. The EOI would include NRSBU considering agreeing a power purchase agreement (PPA) with an appropriate party to give electricity power supply price certainty for a long period of time and a slight saving on current power costs. This would also reduce NRSBU carbon emissions.

This process is been undertaken in response to a company requesting information on which to base an offer for the installation of a system. NRSBUI consider it appropriate to allow all interested parties to consider the opportunity rather than deal with just one party. There is no commitment to proceed further if the expressions of interest do not provide appropriate benefit to NRSBU.

6.3.6 Other Bell Island Projects

- Sludge tanks replacement design
- Facilities upgrade design.
- Odour upgrades at inlet works
- Odour upgrade work at ATAD system

6.3.7 Renewals and maintenance on buildings and equipment.

7. Update on Significant projects

7.1 **Rabbit Island Biosolids Application Consent** – The Rabbit Island Biosolids Application consent has been publicly notified with submissions closing on 19 May. Four submissions were received, three of which related primarily to cultural considerations and opposed the consent, with the fourth supported the consent but requested a reduced consent duration. NRSBU have received the information and are considering the next steps at present.

7.2 **Bell Island O&M contract** - The Expression of Interest for the Operations and Maintenance of the Bell Island facility has been completed with the shortlisted companies being advised. The Registration for Proposal process with the short-listed companies is now in progress.

7.3 **Rabbit Island O&M contract** - The documents for the Biosolids Application Operations and Maintenance Contract are in legal review. The

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tender process will be a single stage process and will commence before the end of June.

- 7.4 **NRSS pipeline upgrade -Section 11** (Relining the section between Martin point and SH6) – Preferred supplier selected and notified, contract ready for signing. The contract will be signed, and work will commence within the next month.
- 7.5 **NRSS pipeline upgrade - Section 9** – T&G pipe replacement, Procurement of pipe underway. Procurement of the long lead time items for the installation contractor underway. Easements have been agreed and signed. The installation contract has been signed and work will commence on the 19 July.
- 7.6 **Generators Purchase** - The supply contract has been signed with the supplier, and the new generators are expected to arrive in October and November 2021.
- 7.7 **Dewatering of the Bell Island** ponds is underway, progress is slower than desired due to the weather and pond conditions requiring the contractor to stop work on a few occasions. At present 6 dewatering bags have been filled, and we are expecting to have up to 30 dewatering bags at the end of the dewatering process.
- 7.8 **Asset inspections** - a concerted effort has been made to inspect the NRSS assets and undertaken condition over the last few months. NRSBU has increase resource to undertake these assessments so that the information will be available for the O&M tender process.

8. Contract 3458 – Nelson Regional Sewerage System Operations Update

- 8.1 Operations are generally running well.
- 8.2 There are ongoing issues with flow metering with issues occurring with the Richmond inflow meter owned by TDC, and the Stoke catchment inflow meter owned by NCC. A lot of effort has gone into trying to resolve these issues over the last 18 months, but there is still a significant inconsistency in the flows in the system. Recently NCC have replaced the Saxton Rd catchment flowmeter. Review of the system flow monitoring since then has indicated that despite work to improve accuracy the NRSBU outflow meter at the Beach Rd Pumpstation may not be accurate. This issue results in uncertainty around invoicing, and therefore is important to resolve. Further work will be undertaken to resolve this issue.
- 8.3 There was one odour notification during this period. The complaint was investigated but no clear cause was identified.

9. Contract 3619 – Biosolids Application Operations Update

- 9.1 Application of biosolids on Moturoa Rabbit Island has been working well during this period.
- 9.2 Several odour notifications were experienced from the biosolids system during February when irrigation on the eastern side of Moturoa Rabbit Island. These issues were resolved rapidly once NRSBU had been informed and the irrigation was relocated to the western side of Moturoa Rabbit Island.

One odour complaint was confirmed as coming from the biosolids application.10. Finance

- 10.1 The NRSBU finances continued to deteriorate since the second quarter with NRSBU still tracking for a loss for the year.
- 10.2 There are four changes that have influenced the finances over the last quarter.
 - 10.2.1 The first significant factor is the lower interest rate, which reduces the Return on Investment, and therefore the revenue that NRSBU collects from the Fixed Contributions. The effect of this change is a continued reduction in revenue which now equates to an under recovery against budget of \$743,000 for the year to date. This indicates that we should continue to expect a deficit in this item of around \$900,000 for the full 2020/21 year.
 - 10.2.2 The second issue is an increase in consultancy charges in relation to the NRSBU O&M tender contract development and the collection of Asset Data for the O&M tender. The costs for consultancy support have exceeded the budget by \$48,000 for year to date.
 - 10.2.3 The third factor for the increase costs is the change to the Operations and Maintenance contract. The cost of the Operations and Maintenance has increased because of increased monitoring required by the resource consent. The unit costs also increased when the Nelmac contract was extended. The year to date increase in these costs is ~\$182,000.
 - 10.2.4 The additional costs are partly compensated by the reduced interest charges on the term liabilities, and by an increase in revenue from the Best Island sand royalty payments and an increase in septage disposal charges for the year to 30 April 2021.
- 10.3 The NRSBU has a deficit for the period to 30 April 2021 of \$382,000, which is up from the deficit of \$175,000 for the second quarter.

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10.4 Table 2 below shows the NRSBU Financial Report to 30 April 2021.

Nelson Regional Sewerage Business Unit								
Financial Report								
Income Account for the period to				30th April 2021				
	Actual	Budget	Actual	%	%	2020/21 Budget		
	Month	Month	YTD	YTD	Year	YTD	Annual	YTD Variation
Income								
Contributions Fixed	301,509	375,833	3,015,092	80	67	3,758,333	4,510,000	(743,241)
Contributions Variable	413,032	327,917	3,485,864	106	89	3,279,167	3,935,000	206,697
Other Recoveries	23,451	13,166	316,926	241	201	131,667	158,000	185,259
Interest	0	-	29			-	-	29
Total Income	737,993	716,916	6,817,910	95	79	7,169,167	8,603,000	(351,257)
Less Expenses								
Management	27,724	41,667	407,172	98	81	416,667	500,000	9,495
Electricity	45,687	75,027	811,333	108	90	750,268	900,322	(61,065)
Contract Maintenance	76,504	58,877	771,519	131	109	588,743	706,492	(182,776)
Reactive and Proactive Maintenance	40,277	61,469	633,410	102	85	623,471	748,165	(9,939)
Monitoring	28,512	24,251	161,008	66	55	242,500	291,000	81,492
Consultancy	35,644	6,250	111,124	178	148	62,500	75,000	(48,624)
Insurance	7,722	6,250	77,220	124	103	62,500	75,000	(14,720)
Sundry	18,149	11,537	125,372	109	91	115,375	138,450	(9,997)
Biosolids Disposal	49,728	54,881	594,719	108	90	548,809	658,571	(45,910)
Operating & Maintenance Expenses	329,948	340,209	3,692,878	108	90	3,410,833	4,093,000	(282,045)
Financial	24,121	59,500	222,558	37	31	595,000	714,000	372,442
Depreciation	200,887	188,750	2,008,867	106	89	1,887,500	2,265,000	(121,367)
Total Expenses	554,957	588,459	5,924,303	101	84	5,893,333	7,072,000	(30,970)
Net Income	183,037	128,457	893,608	70	58	1,275,834	1,531,000	(382,226)
Capital Expenditure								
Renewals	36,636		667,703				2,105,240	
New Capital Expenditure	313,969		4,426,469				11,598,711	
Total Capital Expenditure	350,605		5,094,171				13,703,951	

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10.5 The NRSBU financial Position as at 31 December 2020 is shown in Table 3 Below

Nelson Regional Sewerage Business Unit			
	Balance Sheet as at		30th April 2021
	Current	Last Month	June 2020
Equity			
Opening Equity (July)	52,165,551	52,165,551	49,562,837
Plus Net Income YTD	893,608	710,571	0
Plus Revaluation	0	0	2,602,714
Closing Equity	53,059,159	52,876,122	52,165,551
Contingency Reserve	100,000	100,000	100,000
	53,159,159	52,976,122	52,265,551
Which was Invested as follows -			
Current Assets			
Bank	7,764	7,247	4,382
Debtors	53,352	60,953	568,279
NCC Current account	0	0	0
Total Current Assets	61,116	68,200	572,661
Fixed Assets	73,897,527	73,747,809	70,812,223
Current Liabilities			
Creditors	(55,498)	(630,404)	(21,081)
NCC Loan	(210,000)	(170,000)	(960,000)
TDC Current Account	0	0	(423,626)
NCC Current account	(533,986)	(39,483)	(1,714,625)
Total Current Liabilities	(799,484)	(839,887)	(3,119,333)
Term Liabilities	(20,000,000)	(20,000,000)	(16,000,000)
Derivative Financial Instruments	0	0	0
	53,159,159	52,976,122	52,265,551

11. Discharge performance

- 11.1 The wastewater discharge performance from Bell Island WWTP has meet all the consent criteria for the period.
- 11.2 There was one unconfirmed odour complaint recorded from Bell Island.
- 11.3 There was one confirmed odour complaint from the biosolids disposal facility.

12. NRSBU Resourcing

- 12.1 There are ongoing resource capacity issues for regional services staff which are going to get worse over the next period due to an increase in the active projects and a reduction in staff.

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- 12.2 The reduction in staffing relates to the Regional Services Activity Manager handing in his termination notice and indicating that he will be leaving the team in July.
- 12.3 The capital works programme is being implemented for both NRSBU and NTRLBU concurrently and this includes a significant amount of capital and renewals works.
- 12.4 NRSBU has engaged additional support for assets inspections to allow the asset information to be ready for the O&M tender process.
- 12.5 The resourcing constraints are leading to some capital and operational works being delayed, and further delays are expected because of reduced staffing levels in the regional services team.

Author: Nathan Clarke, General Manager Regional Sewerage and Landfill

Attachments

Nil

Important considerations for decision making
1. Fit with Purpose of Local Government The NRSBU is a joint committee constituted pursuant to the provisions of Schedule 7 to the Local Government Act 2002 and contributes to the four Local Government well-beings of social, economic, environmental and cultural.
2. Consistency with Community Outcomes and Council Policy This report supports the delivery of the following Council Community Outcomes: <ul style="list-style-type: none">• Our infrastructure is efficient, cost effective and meets current and future needs.
3. Risk This report allows the NRSBU board to monitor and review the ongoing operations of the NRSBU. The report considers risks from health and safety and compliance, and with resource consents.
4. Financial impact This report has no financial impacts. It summarises financial performance against budgets.
5. Degree of significance and level of engagement The NRSBU is a Joint Committee of the two Councils and its activities are included in the Long-term Plans and Annual Plans of each Council. Consultation is undertaken by both Councils in the preparation and adoption of these plans.
6. Climate Impact A key feature of the Business Plans for NRSBU is the inclusion of a long-term objective of greenhouse gas emissions with the commitment to measure and reduce greenhouse gas emissions from the facility and consideration about site location and retreat for vulnerable sites.
7. Inclusion of Māori in the decision-making process No engagement with Māori has been undertaken in preparing this report but iwi have representation on the Board.

8. Delegations

Powers to Decide:

- *The Councils are agreed that the responsibility for all management and administrative matters associated with the NRSBU operation shall be with the Board, and in particular the Board shall without the need to seek any further authority from the Councils:*
 - *Enter into all contract necessary for the operations and management of the Business Unit in accordance with approved Budgets and the intent of the Business Plan.*
 - *Authorise all payments necessary for the operations and management of the business unit within the approve budgets and the intent of the Business Plan*
 - *Do all other things, other than those things explicitly prohibited by this MOU or relevant statutes, that are necessary to achieve the objectives as stated in the strategic Plan, Asset Management Plan or Business Plan approved by the councils.*

Powers to Recommend to Councils:

- *Any other matters under the areas of responsibility of the Business Unit and detailed in the Memorandum of Understanding*
- *All recommendations to Council will be subject to adoption of an equivalent resolution by the other Council, unless it is a matter specific to one Council only.*

Nelson Regional Sewerage Business Unit 2020/21 Capital/Renewals Expenditure and Carryover Update

1. Purpose of Report

- 1.1 To consider and approve the 2020/21 financial year capital and renewals expenditure, including the carryover requirements to 2021/22.

2. Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Receives the report Nelson Regional Sewerage Business Unit 2020/21 Capital/Renewals Expenditure and Carryover Update (R25911); and***
- 2. Notes that a report to approve projected carryovers from 2020/21 to 2021/22 will be presented to the first Nelson Regional Sewerage Business Unit Board Meeting in 2021/22.***

2. Background

- 2.1 Nelson Regional Sewerage Business Unit (NRSBU) has been undertaking a challenging renewals and expenditure programme during the 2020/21 financial year.
- 2.2 Officers generally approach capex projects with a three-year duration, allowing a year for concept development, a year for detailed design and consenting (if required), and a year for construction.
- 2.3 Officers are now approaching a year's employment within Regional Services, and as a result the current renewals and capex projects have had to be completed within an accelerated timeframe.

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- 2.4 Business unit resource levels are lower than needed to meet the workloads, and whilst assistance has been provided from NCC Capital Projects and external support has been engaged from consultants, delivery timeframes have had to be extended.
- 2.5 To ensure that the final project outcomes represents high quality, high performing, and value for money installations several project timelines have been delayed. This will result in funding required to be carried over from 2020/21 to 2021/22.
- 2.6 Ensuring that the correct contractor, both in terms of capability and value, has been selected for the work has also impacted on completion timeframes. This is due to the market experiencing significant capacity constraints through high post-COVID shutdown workloads.
- 2.7 The following table details overall renewals and capital expenditure predicted to the end of June, along with subsequent carryover.

	Full Budget 2020/21	Forecast Spend 2020/21	Forecast Carryover
<u>Renewals</u>			
Total Renewals	\$ 2,105,240	\$ 979,037	\$ 1,126,205
<u>Capital</u>			
Regional Pipeline	\$ 3,167,694	\$ 1,119,435	\$ 2,048,259
LOS from Consents	\$ 6,257,916	\$ 4,352,149	\$ 1,905,767
Other	\$ 2,173,101	\$ 1,077,319	\$ 1,095,782
Total Capital	\$ 11,598,711	\$ 6,553,340	\$ 5,049,808

- 2.8 The table below details renewals and capital works with carryover values above \$50k

	Full Budget 2020/21	Forecast Spend 2020/21	Forecast Carryover
<u>Renewals</u>			
Renewals: Buildings	\$245,000	\$47,300	\$197,700
Renewal Inlet	\$300,000	\$100,000	\$200,000
Renewal: Sludge Storage	\$200,000	\$100,111	\$99,889
Renewal: Saxton Is Air Valve Chambers	\$150,000	\$6,847	\$143,153
Carryover - Aerators	\$485,463	\$0	\$485,463
<u>Capital</u>			
Regional Pipeline Duplication	\$3,167,694	\$1,119,435	\$2,048,259
Pump Station Overflow Screens	\$480,000	\$242,914	\$237,086
Generator Project	\$1,400,000	\$476,339	\$923,661
ATAD Odour Upgrade	\$750,000	\$150,000	\$600,000
Sludge Management in Ponds at Bell	\$1,557,721	\$1,480,391	\$77,330
Operator Building	\$300,000	\$45,713	\$254,287
Bell Island Irrigation & Fencing	\$300,000	\$210,000	\$90,000
Sludge Storage Tanks	\$750,000	\$25,174	\$724,826

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2.9 Specifics of proposed renewal carryovers are as follows:

- 2.9.1 Buildings: During the concept design process for the new operator facilities/workshop building it was identified that the concept building would be at risk of future sea level rise. An alternative structure, on an elevated platform was preferred as an appropriate solution. Earthworks is programmed to be completed this FY, with building construction during the 2021/22.
- 2.9.2 Inlet: Refurbishment works to the concrete inflow structure have been delayed whilst the inlet odour upgrade, high pressure milliscreen wash systems and milliscreen safety upgrades were completed. This work is now programmed for the first half of 2021/22.
- 2.9.3 Sludge Storage: The refurbishment of the sludge storage tank was cancelled in lieu of a new, dual tank, system. This allows for system redundancy, which will allow future maintenance works to be completed on the new tanks, greatly extending their life. Design work on the tanks is complete, and construction will commence in the first half of 2021/22.
- 2.9.4 Saxton Island air valve chambers: Funding was reallocated to these works following inspections identifying chamber issues and storm surge/wave action susceptibility. Remedial measures are identified, with work due to commence in the first quarter of 2021/22.
- 2.9.5 Aerators: There is a significant renewals project for the aeration basin scheduled to commence in 2021/22. Funding was held back this year to allow staff to review the aeration delivery system, with the intention to complete a major overhaul – resulting in greater flexibility, and significantly improved power efficiency for the aeration basin.

2.10 Specifics of proposed capital carryovers are as follows:

- 2.10.1 Regional pipeline duplication: Contractors have been secured to complete both section 9 (Saxton PS to SH6 – Turners & Growers), and section 11 (SH6 to Monaco lining).

Physical works through section 9 (Turners & Growers) has been deferred to 2021/22 to take advantage of significant savings presented by selecting a contractor who was not able to start in this FY. This contract has been awarded.

Procurement of a contractor to install the remedial lining to section 11 was extended, to allow NRSBU staff to de-risk the contractual arrangements around installation. This has been

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finalised, and the contractor selected, with physical works due to start in the first quarter of 2021/22.

- 2.10.2 Pump station overflow screens: Detailed design of the Songer St and Whakatu pump stations revealed several constraining factors, with insufficient hydraulic head eliminating the option of a screened gravity overflow. The requirement to install pumped overflows presented issues due to the small site footprints. To reduce construction costs, build time and constructability risks Officers identified options to repurpose existing structures to house the overflow screens & new pumps.

The Songer St screen install is due to start this FY, with completion in the first quarter of 2021/22.

Whakatu has ongoing design issues relating to installing an overflow pipeline. Final design is expected to be completed early in the first quarter of 2021/22, with construction due to commence following the completion of the Songer St screen

- 2.10.3 Generators: The procurement of new emergency generators took longer than anticipated, in part due to Staff working to ensure the selected units provided better than specified emissions. The generators have been ordered, with units to arrive and be installed in the first half of 2021/22.

- 2.10.4 Autothermal Thermophilic Aerobic Digestion (ATAD) Odour Upgrade: Commencement of works was deferred to allow completion of the water recycling facility, and inlet odour works. Design is now completed, with the contractor securing materials, and modifying the old Dissolved Air Flotation (DAF) saturator tank for re-use as an ammonia scrubber. Works will continue during the first quarter of 2021/22.

- 2.10.5 Sludge Management: Construction of the bund foundations is complete; this is ahead of programme. Desludging has progressed, but slightly slower than anticipated due to some equipment failures and a pause to allow F2 pond conditions to stabilise. Funding is already included in 2021/22 budgets, with carryover to supplement this and allow the full desludging scope to be completed.

- 2.10.6 Operator Building: See comments in 2.9.1

- 2.10.7 Bell Island Irrigation & Fencing: The purchase of the existing fencing and irrigator will be completed in the 2020/21 FY, along with some upgraded fencing on Bell Island. The remainder of the fencing work will be completed in the first half of the 2021/22.

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2.10.8 Sludge Storage Tanks: See 2.6.3. This funding also includes refurbishment of the existing biosolids tank, and construction of a new duplicate tank and mixing/transfer system. The sludge & biosolids tank project also includes replacing the existing submersible mixer systems with an externally pumped, nozzle mixing system which should improve in tank mixing, and reduce solids settleability. Additional work has also been undertaken to include the existing, unused, heat exchanger in the biosolids pumping system, to reduce the temperature of pumped biosolids. This is in preparation for possible replacement of the aging biosolids transfer pipe to Rabbit Island with an High Density Polyethylene (HDPE) pipe. Work on these upgrades is scheduled to commence early in the 2021/22.

2.11 Officers have been advised by Tasman District Council (TDC) that as a result of changes to the NRSBU 2020/21 renewals/capital expenditure programme, TDC have elected to expend a portion of the funding allocated to NRSBU on work at their Motueka Waste Water Treatment Plant. As NRSBU will be completing 20210/21 work in 2021/22 these funds are still required. Confirmation that TDC has allocated this funding in 2021/22 is yet to be received by Officers.

3. Conclusion

- 3.1 It is forecast that \$6.18M of renewals and capital funds will be required to carried forward into 2021/22. Of this total approximately \$4.25M has already been committed either via stand-alone contracts, or through the Nelson Regional Sewerage Scheme Operations and Maintenance Operations and Maintenance contract.
- 3.2 Expenditure of these funds is generally programmed for completion in the first half of 2021/22.
- 3.3 Final carryover values will be presented for approval at the first Board Meeting of 2021/22.

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Attachments

Nil