Nelson City Council
te kaunihera o whakatū

OPEN

MINUTE ITEM ATTACHMENTS

Ordinary meeting of the

Works and Infrastructure Committee

Thursday 16 February 2017
Commencing at 9.00am
Council Chamber

Civic House

110 Trafalgar Street, Nelson

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Infrastructure Review

Works & Infrastructure Committee Meeting 16 February 2017

Presentation by S E Cross representing Nelson Residents Assn

A1712429 - Nelson Residents Association - Steve Cross - Works and Infrastructure

Summary

1. There are many signs that Nelson City has significant problems with its underground infrastructure.

2. There is a substantial backlog of work which needs to be performed, in addition to the regular programmed level of replacement and renewal.

3. Whilst Council staff produce detailed Asset Management Plans, close inspection shows that these plans contain a lot of “cut and paste” from previous versions.

4. Council constantly falls short of delivering against its AMP’s, meaning the infrastructure backlog keeps growing year-on-year.

5. In the private sector it is common practice for AMPs to be subjected to independent 3rd party review. Indeed, financiers often insist on this.

6. Just as NCC has its accounts audited, it should have regular, independent assessments performed on the state of its infrastructure, with reporting directly to the W&I Committee.

7. Such a review will also advise how realistic and achievable Council’s AMPs are.

Clearly there are issues with water reticulation

30% of Nelson's water "disappears"

Source: 2015/2016 Annual Reports

Nelson's water losses are appalling

1. Results are directly comparable between cities – the computation is exactly the same for everyone.

2. Real leakage is a new benchmark parameter that the Department of Internal Affairs required Local Authorities to report from the 2016 year.

3. Calculated in accordance with guidelines (and a computer program) produced by Water NZ. Calculation allows for unmetered demand, hydrant flushing etc.

4. "*Water lost from leaking pipes is a key indicator of the performance of our water network. High levels of water loss can show that the network is in poor condition or that it is being operated inefficiently.*" (Hamilton City Council)

5. NCC figures are shocking. All that water had to be extracted, transported, treated, pumped, stored. No private company would ever tolerate this level of inefficiency.

Within NCC, these levels of loss do not appear to have generated the level of concern one would expect

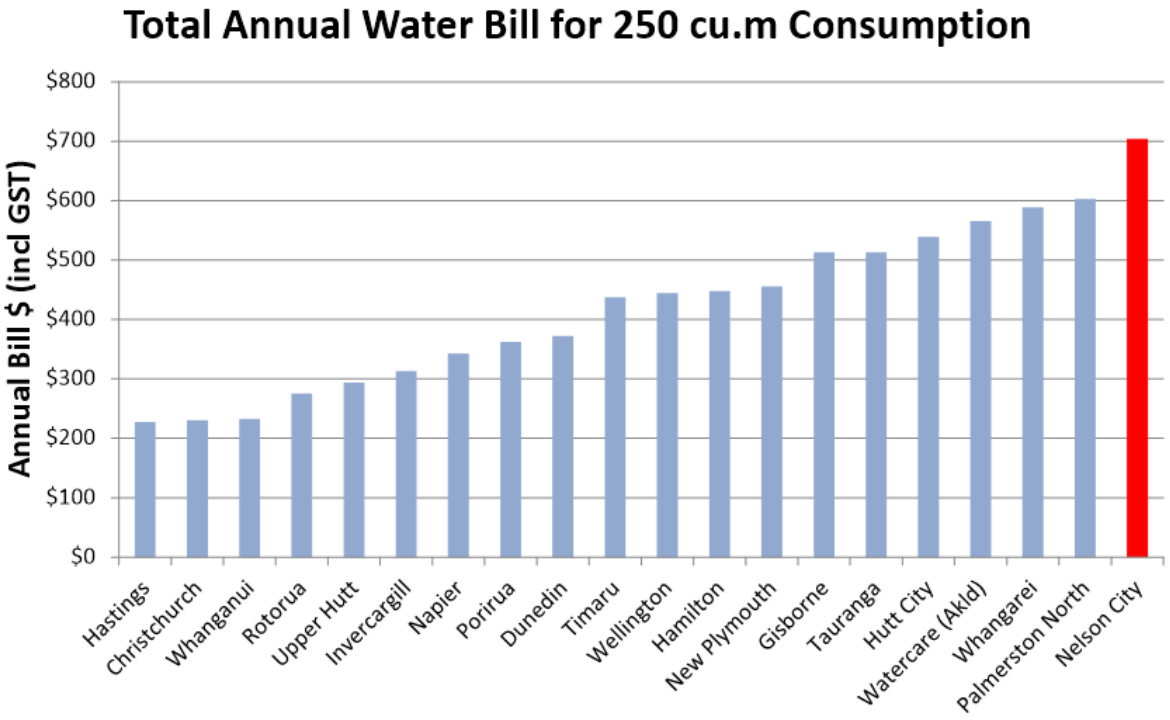
1. Asset Management Plans show that high levels of losses have been known about for some years now.

2. Despite this, the issue seems to be one that is accepted rather than seen as a matter requiring intensive investigation and remediation.

3. In a private sector situation a matter like this would be the subject of regular Board review and reporting. There would be high levels of accountability on staff to develop a Plan to address the matter and comprehensively deal with it.

4. The overwhelming impression one gets from reading the AMPs is one of "shoulder shrugging".

Nelson's water is also the most expensive of any city in NZ …

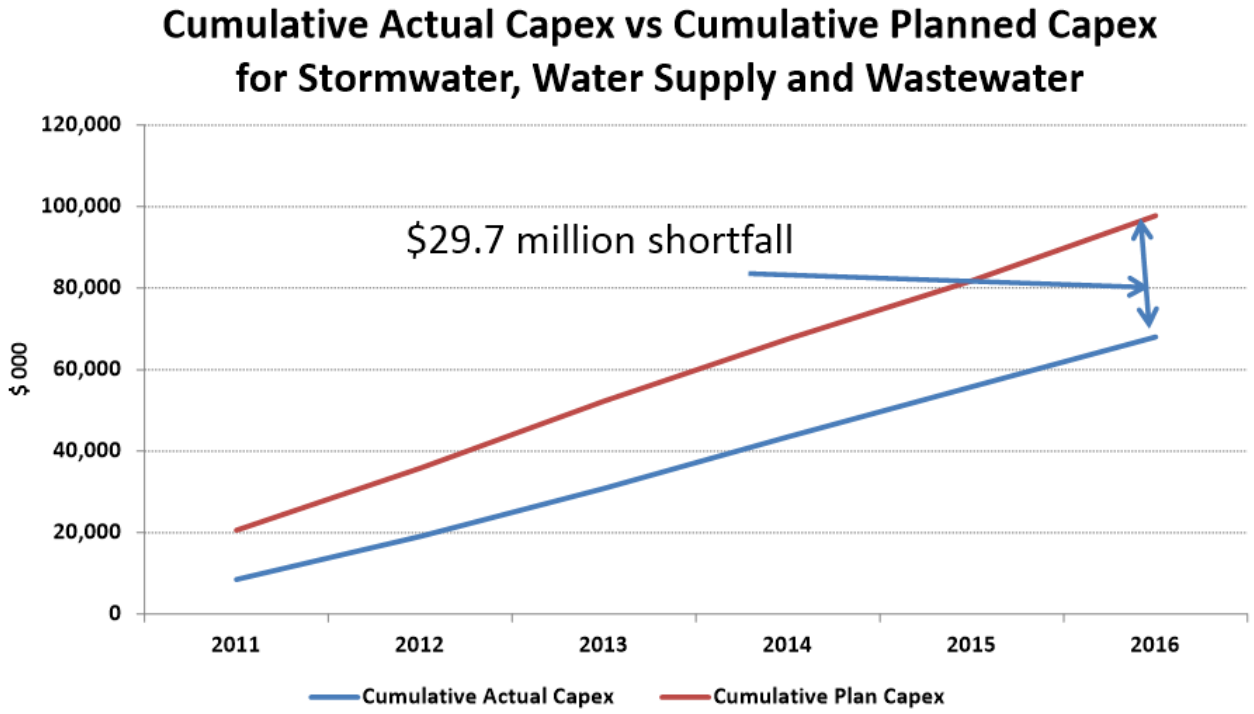


This relationship holds true at other levels of assumed annual consumption

Planned works have never been executed

1. The 2010/2011 Annual Plan set an objective of having an Aa grading for Nelson's water supply by 2018/2019.
2. Ministry of Health guidelines are that a city the size of Nelson should have an Aa grading. We currently have an Ab grading.
3. In 2012/2013 the Plan objective changed to one of maintaining an Ab rating.
4. In 2011/2012 Council stated that it would "address risk, quality and sustainability issues by …. Finding and fixing water losses".
5. Over the past 6 years actual capex on stormwater/water supply and wastewater has fallen short of the planned expenditure by **$30 million** (actual spend of $97.8 million vs plan of $68.0 million).
6. Plans are either unrealistic or Council lacks the resources to execute them.

Actual work performed consistently falls short of Plan ….



Expenditure on existing assets is less than depreciation ....

This means that infrastructure condition isn't being maintained. Ratepayers are being rated to cover depreciation (in the operating budget) but the money is not being spent where it should be.

NB Data only available for past 4 yrs.

*Excludes expenditure on growth assets (funded from development contributions).

Actual expenditure figures overstate the value of works completed because they include an allocation of corporate overhead

The infrastructure backlog needs to be quantified….

1. What is the state of Nelson's infrastructure compared to where it should be?

2. In financial terms, what is the backlog?

3. Issues of inter-generational equity arise when there is an infrastructure backlog, as the current generation effectively passes a liability on to future generations.

4. Current spends on replacement of assets is clearly too low

   eg Water supply asset value $134 million, $1.5 million spent in 2015/2016 on replacement

   Wastewater reticulation asset value $114.6 million, $1.287 million spent on replacement.

The state of NCCs sewers is dreadful

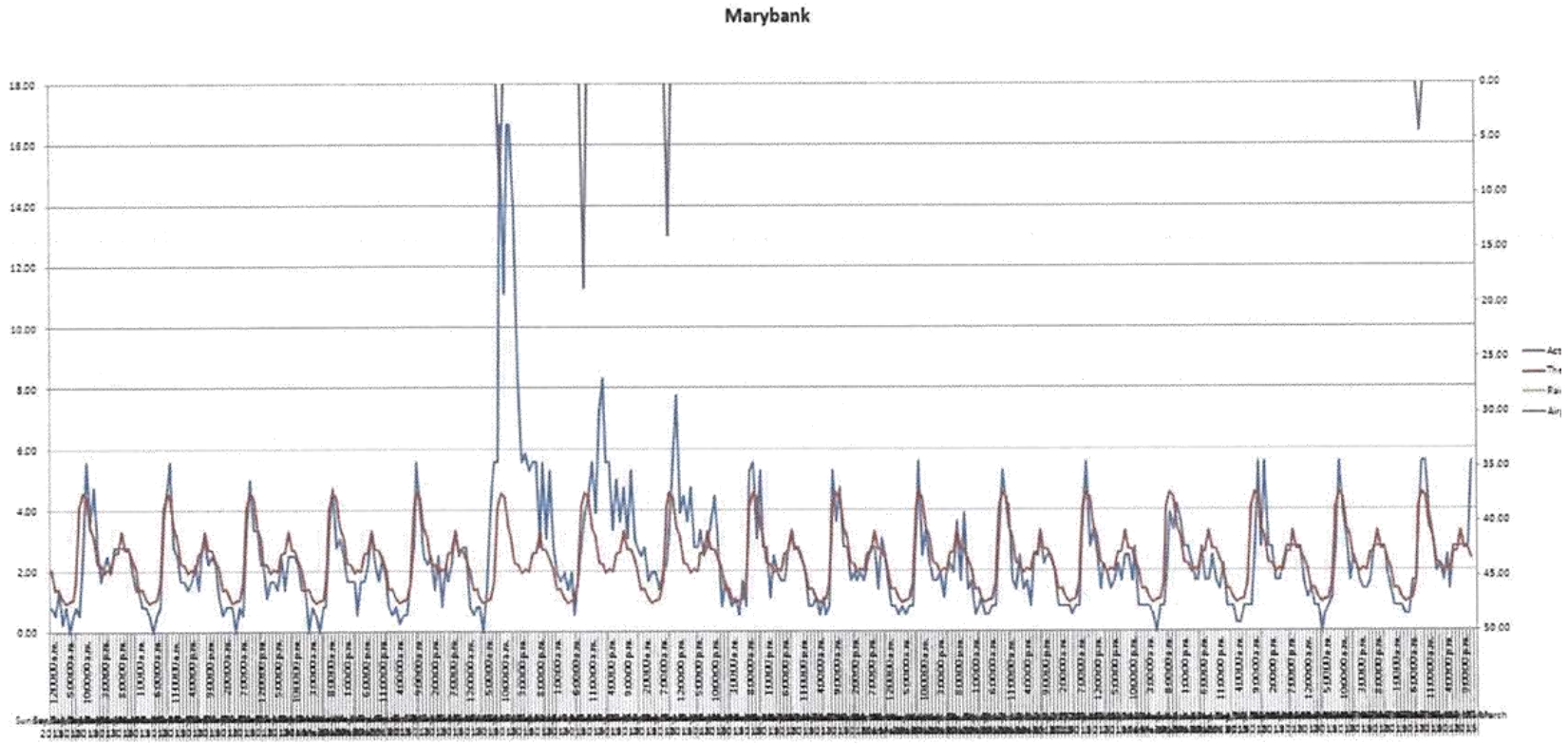
1. Regular raw sewage discharges to the Haven and Waimea Estuary occur due to pumping stations being overwhelmed. There exists a long identified issue with inflow and infiltration.

2. 50% of Nelson's sewers are in "poor" or "very poor" condition.

3. The infiltration/inflow problem is systemic through Nelson, even in places where there shouldn't be any problem eg Marybank.

4. Nelson sewers experience wet weather flows of up to 10 times average flows or more compared to a typical design parameter of around 4.

The spike in flows is dramatic



This pattern is repeated at all pump stations

1. There has been, and continues to be, large investment by NCC in increasing pump station capacity by adding pumps and increasing detention storage.

2. This is akin to someone, having found that their roof is leaking, going and buying a bucket, then buying a bigger bucket as the leak gets worse.

3. Short term "band aid" approach instead of addressing the real issues.

Conclusion

1. Underground assets owned by Council are valued at $700 million.

2. It is incumbent on Councillors to satisfy themselves that these assets are being looked after.

3. The indicators in this presentation show there is cause for concern about the state of the infrastructure and the burden being placed on future generations.

4. There is also cause for concern about how realistic AMPs are and Council's ability to execute projects.

5. An independent review, with the reviewer reporting directly to the W&I committee (not through officials) would provide independent assurance and would be in keeping with "best practice".