

Notice is given that an ordinary meeting of the Nelson Regional Sewerage Business Unit will be held on:

**Date:** Friday 9 March 2018  
**Time:** 1.00 pm  
**Meeting Room:** Ruma Marama  
**Venue:** Nelson City Council  
110 Trafalgar Street  
Nelson

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## Nelson Regional Sewerage Business Unit

### AGENDA

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#### MEMBERSHIP

<b>Chairperson</b>	Cr Kit Maling
<b>Members</b>	Cr Dean McNamara
	Cr Tim Skinner
	Cr Stuart Walker

(Quorum 2 members)

Contact Telephone: 03 543 8524  
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## **AGENDA**

**1 OPENING, WELCOME**

**2 APOLOGIES AND LEAVE OF ABSENCE**

**Recommendation**

That apologies be accepted.

**3 DECLARATIONS OF INTEREST**

**4 PUBLIC FORUM**

**5 CONFIRMATION OF MINUTES**

That the minutes of the Nelson Regional Sewerage Business Unit meeting held on Friday, 8 December 2017, be confirmed as a true and correct record of the meeting.

**6 PRESENTATIONS**

Nil

**7 REPORTS**

7.1 General Manager's Update Report ..... 5



## 7 REPORTS

### 7.1 GENERAL MANAGER'S UPDATE REPORT

Information Only - No Decision Required

**Report To:** Nelson Regional Sewerage Business Unit

**Meeting Date:** 9 March 2018

**Report Author:** Jeff Robinson, Senior Project Manager

**Report Number:** NRSBU18-03-01

<b>1 Summary</b>
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1.1 This is the three monthly General Manager's Update report.

<b>2 Draft Resolution</b>
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**That the Nelson Regional Sewerage Business Unit receives the General Manager's Update Report**

**3 Purpose of the Report**

- 3.1 This report provides the three-monthly update on NRSBU activities and an outline of what is proposed over the next few months.

**4 Health and Safety**

- 4.1 Weekly health and safety meetings (part of the toolbox meetings) are held at Bell Island and Rabbit Island and reviewed during the monthly contract meetings.
- 4.2 There have been 13 inductions and 183 visitors to the Bell Island Wastewater Treatment Plant (WWTP) over the past three months.
- 4.3 Ten near misses were reported in the last three monthly reports.
- 4.4 These issues are managed by the operations team.

**5 Topic for the quarter – Odour Management****Odour Issues at Bell Island: Best Island Residents**

- 5.1 Since the 2004 upgrade the NRSBU has received very few odour complaints relating to our Bell Island wastewater treatment plant (WWTP).
- 5.1.1 Odour complaints investigated were found to be associated with biosolids spraying at Bell Island. (This occurs every three years when biosolids are sprayed onto a NRSBU plantation).
- 5.1.2 Steps to mitigate the odours have been implemented and include analysis and assessment of weather conditions.
- 5.1.3 Forest maturity and spray nozzles are also considered when planning daily biosolid applications.
- 5.2 The perception that the Bell Island WWTP has not been causing odour issues was generally supported by the comments of residents who attended the annual residents meetings which are a condition of the consent.

**Extract from the consent (NN000541) to discharge contaminants to air at the Bell Island WWTP (consent revised in March 2008)**

9. The consent holder shall operate and maintain the Bells Island Sewage Treatment Plant in a manner that employs best practicable options to prevent or minimise the discharge of odours.
10. There shall be no discharges to air from the Bells Island Sewage Treatment Plant that, in the opinion of an Enforcement Officer employed by the Tasman District Council to carry out air quality functions, are objectionable or offensive beyond the boundary of the plant.
11. Condition 10 shall not come into effect until a date two years after the commencement of this consent.
12. The Consent Holder shall initiate meetings with residents of Best Island on a six-monthly basis for the first two years of the consent and annually thereafter.

The purpose of these meetings is to inform the residents of the actions taken to minimise odour from the plant and to provide an opportunity for comment and consultation on the Odour Management Plan and any other management issues. Whenever practicable, the consent holder shall take all reasonable measures to inform the residents of Best Island of the likelihood of an odour event prior to its occurrence. In such cases, the consent holder shall inform residents of the cause and likely duration of the event and the actions being taken to remedy or mitigate its effects.

5.2.1 The general practice followed by the NRSBU has consistently been that our designated contractor responds to all odour queries.

- Investigate the complaint without undue delay.
- Record the details of the odour events in the odour register.
- Report back to complainant.
- Escalate matters of concern to Nelson City Council operations.
- The NRSBU report to the consent authority monthly.

5.2.2 Residents attending these annual meetings have consistently reported that while they experience the odd odour from time to time, they were more than happy and satisfied with the response from the NRSBU and Bell Island operators.

5.2.3 Our team have observed:

- odour conditions around Bell Island have generally been consistent over at least the last eight years;
- there is generally some odour around the treatment plant with occasional spikes in odour resulting from operation activities and/or process failure;
- pond deterioration resulting from a specific discharge into the network from an unknown location could cause an odour;
- odours could originate from upstream process or equipment failure.

5.2.4 Part of the Assessment of Environmental Effects for our recent consent application included a review of our foul air management at Bell Island. The review reported favourably on odour management at Bell Island however, it was pointed out that management practices of the bio filters did not match the processes set out in the treatment plant odour management plans.

5.2.4.1 In response to this feedback and a report received through Nelmac from a specialist supplier of bio filter media, a project was developed by officers and the contractor to respond.

5.2.4.2 The implementation of this work was originally planned to take place in December 2017 but was deferred until the new-year due to labour constraints.

- 5.2.5 Following a spate of odour complaints in December 2017:
- 5.2.5.1 Nineteen calls relating to events on 13 different days were received from eight different households.
  - 5.2.5.2 Temporary repairs were carried out on the ATAD bio-filter starting on 27 December 2017 and completed on 29 December 2017.
  - 5.2.5.3 Site observations by contractors and the Asset Engineer were that the emergency remedial works improved the odour situation around the treatment plant to a tolerable level.
- 5.2.6 Following further complaints in early January 2018 and further follow up condition assessments it was decided to:
- 5.2.6.1 Reinstate the foul air systems (and specifically the bio-filters) to the original condition and specifications.
  - 5.2.6.2 Connect the sludge storage tank (this facility was never connected to the odour management system) to the belt thickener carbon filter odour treatment system (this facility has not been used since it was found that there is no need to thicken the primary sludge) and to connect this extraction system to the ATAD foul air system in order to improve foul air extraction. This will improve air flow and provide additional redundancy.
  - 5.2.6.3 When available consider the review by the consent authority-appointed specialist of the WWTP (including odour management) and combined with our own expertise develop a revised foul air management regime which will identify what improvements are required.
  - 5.2.6.4 Review odour control management at the inlet to ensure it is working to the desired standard.
- 5.2.7 In response to these complaints and initial investigations a meeting was held at Greenacres to provide Best Island residents the opportunity to meet with the NRSBU and contractors. **Attachment 1** is a record of the meeting and attendees.
- 5.2.7.1 The NRSBU is now working as a team with the Tasman District Council compliance officer to improve our response to odour complaints.
  - 5.2.7.2 This will include improvements to our communications strategy and, if necessary, increasing the number of meetings with the Best Island residents.

<b>6 Resource Consents</b>
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### **Consent to Discharge Overflows of Untreated Sewage**

- 6.1 The resource consent application was heard by Independent Commissioners, Dr Shane Kelly, Mr Reginald Profitt and Dr Brent Cowie (Chair) in December 2017 and the Commissioners issued their decision on 16 February 2018.
- 6.1.1 A copy of the decision has been circulated to committee members and is posted on the NRSBU website.
  - 6.1.2 The term of the consent is 20 years.
  - 6.1.3 Project cost to the end of January 2018 is \$316,950.



**Bell Island WWTP Discharge Consent Renewal**

- 6.2 The discharge consents for the Bell Island Wastewater Treatment Plant expired on 7 February 2018 and continue to be operative until the current application is processed.
- 6.2.1 The application was publicly notified on Saturday 17 February 2018.
- 6.2.2 Project cost to date is \$315,479.20 and the current project estimate is \$571,000 and includes a 20% contingency.
- 6.2.3 All reports are available on the NRSBU website - [www.nrsbu.govt.nz](http://www.nrsbu.govt.nz)
- 6.2.4 Following the relatively large number of odour complaints received from Best Island residents during December 2017 and January 2018 one can expect that the management of odours at Bell Island will come under particular focus during the consent application hearing.
- 6.2.5 The consent authority will appoint experts to review our application including the foul air management practices.
- 6.2.6 It is considered prudent to wait for the outcome of these reviews and the extent of the foul air management practices review before the NRSBU considers the need to commission an expert odour specialist to assist in reviewing the current odour management systems as was discussed at the Best Island meeting.
- 6.2.7 There is a significant contingency amount budgeted for improvements that might be required to achieve consent requirements plus our own initiated improvements.

<b>7 Bell Island Irrigation and Lease of Land for Farming Purposes</b>
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- 7.1 The lease agreement with Raine Farms expires on 30 June 2018. The report considered by the joint committee in 2013 recommended:
- “THAT the right of renewal be offered to the licensee at the market value as assessed by the registered valuer;*
- AND THAT on acceptance of the offer to extend the term of the agreement to a further 5 year period that the agreement be amended by an exchange of letters;*
- AND THAT the licensee be informed that his rights pursuant to this agreement will absolutely cease on 30 June 2018.”*
- 7.2 There continues to be uncertainty about what upgrades, if any, will be required following the renewal of the discharge consent application.
- 7.3 The NRSBU long term strategy has indicated that increasing pond storage capacity will allow the NRSBU to attend to a number of issues that need attention (emergency storage, improved treated wastewater quality, decrease in volume discharged due to increased evaporation, decrease in load discharged to the inlet etc).
- 7.4 Additional storage capacity will infringe on the land available for farming.
- 7.5 Eliminating the activity of allowing cattle to graze the land on Bell Island will help the NRSBU to achieve two of the objectives identified in the Waimea Inlet Action Plan.
- 7.5.1 Decrease the load discharged.
- 7.5.2 Not allow cattle to graze in areas that could impact on the estuary margins.

- 7.6 The income associated with leasing the land (\$16,000 per annum) is moderate.
- 7.7 It is also considered that the land can be better utilised to decrease loads discharged from Bell Island to the Waimea Inlet if crops that take up more nutrients can be targeted for cultivation.
- 7.8 We propose that a decision be made after a discussion with the Committee at today's meeting.

## **8 Argentine Ants**

- 8.1 Nelmac was tasked to implement a programme to manage/control these ants at Bell Island.
- 8.1.1 It is well acknowledged that the eradication of these ants is a challenge and the primary objective of the exercise is to prevent the ants from spreading onto the shell bank north of Bell Island.
- 8.1.2 Initial baiting was followed up late last year with a survey and targeted baiting.
- 8.1.3 The targeted baiting indicated that there was some success but constraints such as overgrowth of gorse and other plants in the target area have complicated the initiative.
- 8.1.4 Biosecurity staff believe that the most recent storm surges experienced at Bell Island will create improved conditions for future follow up work in this respect.
- 8.1.5 The Tasman District Council biosecurity team have initiated a project to do a follow up evaluation of the success of the plan. This work will feed into a revision of the NRSBU strategy.
- 8.1.6 It was always envisioned that this project would require a longer term investment by the NRSBU to manage the problem.

## **9 Operations Report**

- 9.1 During the storm surge event on 1 February 2018 the pump station at Beach Road (Richmond) was flooded.
- 9.2 The salt water contact with switch gear at the pump station resulted in the failure of the pump station and caused an overflow which contributed to the closing of beaches to bathing.
- 9.2.1 The pump station was flooded to a level approximately 400mm above the floor level.
- 9.2.2 During the storm surge event in November 2017 water came up to the level of the floor. Up to that date this was the highest level of estuary water observed since the construction of the pump station in 1983.
- 9.2.3 It became apparent that the pump station would not be available for duty following the event and Nelmac proceeded to modify it so that an emergency diesel pump could be installed to bypass the pump station while the electrical and control equipment were dried out and the systems assessed before recommissioning the pump station.
- 9.2.4 The bypass system was commissioned six hours after the flooding event.
- 9.2.5 Reactive maintenance allowed the pump station to be reintroduced and work at limited capacity two days after the event.

- 9.2.6 A materials damages claim was registered with the NRSBU insurers. (A \$10,000 excess applies to this claim – the condition assessment is continuing and the final cost of repairs is likely to exceed \$50,000)
- 9.2.7 The pump station is now fully operational but it is likely that further electrical components will need to be replaced.
- 9.2.8 The investigation into the event is continuing and plans are being developed to prevent similar events in future on initially a short term basis with a longer term fix added to our list of projects.
- 9.3 MetOcean was instructed to use the hydrodynamic model developed to inform the discharge consents to simulate the effects on the receiving environment for this event as it relates to public health (cost \$12,000).
- 9.3.1 This information will be considered during the review of public health response to overflow events. This scenario was not considered during the modelling work carried out for the aberrational discharge consent.
- 9.3.2 The modelling will assist in determining the duration of after-event monitoring and provide an improved platform to base decisions on.
- 9.3.3 Once the information has been considered it can be incorporated into the Nelson City Council/NRSBU spill procedure and be used by the Ministry of Health, Environmental Inspection Services and Nelson City Council infrastructure representatives when managing and responding to NRSBU wastewater over flow events.
- 9.4 The NRSBU is currently investigating whether there will be value in simulating the wave propagation that resulted from the dynamic contact of water in the storm drain running parallel to Beach Road during the storm surge event.
- 9.4.1 This will provide information that will be useful in planning what mitigation measures will best protect the pump station and other infrastructure in this area. The MetOcean hydrodynamic model is not suitable for this type of modelling.
- 9.4.2 This matter needs to be managed in coordination with Tasman District Council.
- 9.4.3 However, work is underway to change the electrical and control configuration at this pump station so that it would always be above a flooding event of the nature experienced during the 1 February 2018 event. (This is considered a very rare event. must be noted that two nearly similar events occurred within the space of less than three months therefore the moon, stars and very unusual meteorological conditions must all align to see this event recur)
- 9.4.4 No other NRSBU infrastructure was affected by the storm surge event. Access to the Nelson Airport pump station was limited due to access road inundation. All assets on Bell Island other than the ATAD installation were at least 2m above the peak storm surge level.

## **10 Contract 3458 – Operations and Maintenance**

- 10.1 The response to odour issues at Bell Island during the reporting period and the response to the storm surge event on 1 February 2018 have impacted on normal work programmes.

- 10.1.1 One of the facultative ponds, F1, was upset when the pond was overloaded as a result of high inflows into the plant following heavy rain in January 2018 during a period when the primary clarifier was off line for reactive maintenance. Quick response by the operators allowed the pond to recover quickly and it was back on line within a couple of days.
- 10.1.2 Some odour developed around this pond. There is uncertainty whether this odour caused any issues for Best Island residents but could well have contributed.
- 10.2 The effluent discharge continues to meet consent conditions and sludge produced at the treatment plant continues to comply with Class A biosolid quality.
- 10.3 The primary sludge continues to settle well and there has been no need to run the gravity belt thickener. This diverts the use of chemicals and generates power supply cost savings.
- 10.4 The activated sludge process was only used for a short period in order to mitigate the effects of the over-loading of ponds and this translates into power supply savings. It is likely that the activated sludge process under normal circumstances will only be brought back on line for full production in April 2018.
- 10.5 The pond conditions are variable but they are performing well.
- 10.6 The installation of the curtains in M5 has been delayed and with the primary focus at Bell Island presently aimed at completing the work to get the foul air extraction and treatment systems back to the required standard, it is expected that the curtains will be installed during March or April 2018.
- 10.7 A solar powered ultrasonic unit was installed at a cost of just under \$10,000 in pond M5 to control algae during the last week of December 2017.
- 10.7.1 No definitive observations have been made to date.
- 10.7.2 The performance of the system will be monitored by comparing algae counts in the three compartments that will be formed through the installation of the curtains in M5 with algae counts in M1 and the discharge channel.
- 10.8 The dredging trial in M5 was delayed due to the odour issues experienced during December 2017 and January 2018. This trial, which forms part of the development of a strategy to desludge the ponds, will now be reprogrammed so that it can be integrated with the installation of the curtains in the pond.
- 10.9 The construction of a second sludge storage tank will also be delayed. A condition assessment carried out on the existing sludge storage tank has indicated that the tank is generally in a good condition and that this work can be deferred to a later date. However, work is being carried out to replace the roof and connect the tank to the odour control system as part of the NRSBU response to the odour issues discussed earlier in this report.

## **11 Contract 3619 – Biosolids Operation**

- 11.1 The 12-month rolling average volume of biosolids sprayed has decreased to 28,890m<sup>3</sup> following increases in annual biosolid volumes to well above 32,000m<sup>3</sup> per annum since the 2010 treatment plant upgrade status update.

## Nitrogen Capacity used in 3 year cycle

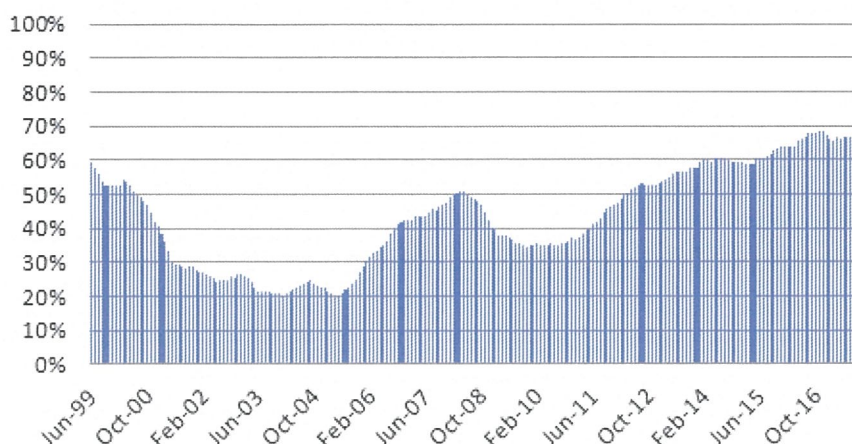


Figure: Nitrogen capacity used

- 11.2 The graph above demonstrates that the NRSBU retains a buffer of around 30% for growth. This appears to be a significant allowance for future growth but requires sound management to ensure that there is always land available to spray the biosolids.
- 11.3 The biosolid contractor has initiated discussions around trialling an alternative biosolids application process through which biosolids will be “injected” into the soil to either replace or compliment the current spray irrigations system.
- 11.4 Work on the renewal of the bio-solids application consent for Rabbit Island will be initiated within the next few months.
- 11.5 The NRSBU has been working with SCION to develop a strategy.
- 11.6 Based on the capacity of the existing pine plantations at Bell Island and Rabbit Island it was decided not to apply for the renewal of consents for the application of bio-solids at the Baltune forest.

## 12 Accel-o-Fac Evaluation of Performance

- 12.1 Wind generated mixers were installed in one of the facultative ponds at Bell Island to trial the effectiveness of these mixers to replace the existing mixers used at Bell Island but primarily to improve pond conditions through which the hydraulic capacity of the ponds can be improved and to improve sludge digestion in the ponds. If improved sludge digestion can be demonstrated this could provide significant savings to the NRSBU in deferring the project to remove sludge from the ponds.
- 12.2 The improvements observed in the ponds provide the opportunity to extend the period over which the effectiveness of the new mixers can be evaluated without the risk of process failure due to a decrease in hydraulic capacity in the ponds to treat effluent.
- 12.3 It is therefore advisable to review the performance of the ponds again in June 2018 before final decisions are made regarding replacing the mechanical mixers in the other two facultative ponds.

- 12.4 The review carried out last year and reported to the NRSBU Committee in December 2017 showed that of the parameters which monitored the measurement of the changes to the sludge blanket in the facultative ponds provided the most significant information regarding the performance of the mixers. Other parameters monitored demonstrated that the quality of discharge from the pond equipped with these mixers are at least equivalent to the other two ponds equipped with electrical mixers.
- 12.5 The sludge survey on the facultative ponds will be repeated (estimated cost \$12,000) in June 2018 to provide further information on the performance of the mixers in order to provide guidance on the renewal and upgrade of the electrical mixers.

**13 Key Performance Indicators**

13.1 The outcomes of key performance indicators for the three month period to 31 January 2018.

**Note that the compliance diagram below includes events that occurred in February 2018. For compliance this is in fact outside the scope of the reporting period.**

**Green:** Achieved      **Red:** Not achieved

Environmental: Treatment and Disposal			
RMA consent - wastewater Discharge to Coastal Marine Area	RMA Consent - Discharge of Contaminants to Air (Odour complaints)	RMA Consent - Discharge of Contaminants to Land	Equipment Failure of critical components within treatment and disposal system
	Note 1		Note 2
Environmental: Pump Stations			
Odour complaints from pump stations	Pump station wet weather overflows	Pump station overflows resulting from power failure	Pump station overflows resulting from mechanical failure
		Note 3	Note 4
Environmental: Pipeline			
Reticulation breaks	Air valve malfunction		
Capacity: Overloading system capacity			
Treatment & Disposal	Pump Stations		
Reliability: Equipment failure of critical components			
Treatment & Disposal	Pump Stations	Pipelines	
Responsiveness: Speed of response for emergency and urgent maintenance works			
Treatment & Disposal	Pump Stations	Pipelines	
Responsiveness: Speed of response for routine and programmable maintenance works			
Treatment & Disposal	Pump Stations	Pipelines	
Key customer relationships: Overall satisfaction			
Treatment & Disposal	Pump Stations	Pipelines	

**Note 1:** The NRSBU received 19 odour complaints on 13 days during the period 4 December 2017 to 31 January 2018 from Best Island residents. The NRSBU investigation into these complaints has confirmed that odours were generated at Bell Island during this period and that the most likely source of the odours was the waste sludge treatment area. The investigation showed that the foul air treatment system failed, there were leaks in the foul air extraction system and that the sludge storage tank in this area was not connected to the foul air system. Remedial measures implemented by the NRSBU have mitigated the situation to some extent but further remedial work is continuing. The system is currently operating at around 80% efficiency and should be fully reinstated before the end of April 2018.

**Note 2:** The ATAD Biofilter failed and caused odour issues that carried beyond the boundary of Bell Island.

**Note 3:** The power supply to the pump system at the Beach Road pump station in Richmond was disrupted when the pump station was flooded during the storm surge event on 1 February 2018.

**Note 4:** A small overflow occurred at the Songer Street pump station during a heavy rain event on 1 February 2018 when both storm pumps partially blocked.

## 14 Compliance Outcome

14.1 The compliance outcome for the 12 months to 31 January 2018 are outlined in the following table:

<b>i)</b>	<b>Resource Consent Compliance (rolling 12 month record)</b>	
	➤ Discharge to Estuary Permit	Achieved.
	➤ Aberrational discharges	N/A. Consent issued in February 2018.
	➤ Discharge to Air Permit	Not achieved
	➤ Biosolids Disposal	100% Compliance
	➤ Discharge treated waste water to land	100% Compliance
<b>ii)</b>	<b>Odour Complaints</b>	
	➤ Past three months	19 odour complaints were received during the period 4 December 2017 to 31 January 2018.
	➤ Last 12 months	19 odour complaints were received.
<b>iii)</b>	<b>Overflows</b>	
	➤ Past three months	Nil.
	➤ Last 12 months	Nil.
<b>iv)</b>	<b>Speed of response for maintenance works</b>	
	In past three months:	
	➤ Multiple call outs were reported during the last three months.	
	<ul style="list-style-type: none"> <li>• Three call outs were associated with the inlet screens.</li> <li>• Three call outs were associated with the primary clarifier sludge transfer system.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Two call outs were associated with aeration basin mixers. These mixers are now being serviced and will be ready for operation once the aeration basin is brought back on line.</li> <li>• Following an investigation by a call out triggered on B-train it was decided to bring forward pro-active maintenance work programmed for this tank.</li> <li>• Multiple odour complaints were received and investigated.</li> <li>• One call out was associated with the secondary clarifier.</li> </ul>
	➤ Response within 30 minutes. Achieved.

**Note:** Events that occurred during February 2018 are not included in this report.

### 15 Review of Action Plan Implementation – 2017 AMP and 2017/2018 Business Plan

15.1 The following table indicates the draft timelines for the individual action items:

IP	Business Plan Action	Target Date	Completion Date	Comments
1/17	Consolidate all natural disaster information and review 3 yearly.	June 2019		
	Treated Waste Water Re-use project	April 2018		Opus has been requested to provide a proposal to complete a limited viability study on this matter for the NRSBU.
	Review regional pipeline upgrade strategy	June 2018		Fluent Solutions will conduct a workshop during the first week in April 2018 to initiate the regional pipeline upgrade.
2/17	Renewal of effluent discharge permits.	February 2018		Consent publicly notified on 17 February 2018.
3/17	Develop sludge removal programme.	June 2018		On track for report in June 2018.
4/17	Review long term plan	December 2019		
5/17	Review AMP	August 2020		
6/17	Investigate use of gravity belt thickener for use to thicken secondary sludge.	June 2020		



<b>IP</b>	<b>Business Plan Action</b>	<b>Target Date</b>	<b>Completion Date</b>	<b>Comments</b>
BP2	Review secondary sludge separation.	June 2018		On track for report in June 2018.
BP10	Construction second sludge storage tank.	June 2018		Work on this likely to be delayed do to focus on odour issues at Bell Island.
BP11	Develop sludge removal programme.	August 2018		Subject to review of the performance of the improvement of mixing in F2.
BP13	Renewal of effluent discharge permit	August 2018		On schedule.
<b>AP</b>	<b>AMP Action</b>	<b>Target Date</b>	<b>Completion Date</b>	<b>Comments</b>
1	Annual customer survey.	June 2018		
2	Business Continuity Plan review.	March 2018		
3	Consider benefits of succession planning and how it might be implemented once governance issues (Tasman District Council and Nelson City Council) have been resolved.	March 2018		
4	A programme of regular pipe inspections of (high) risk areas to be developed.	September 2018		
5	Monitor sludge levels in ponds and ascertain long term removal and disposal requirements.	June 2018		Covered in this report. Target sludge survey for facultative ponds for June 2018.
6	The existing maintenance schedules and procedures, quality/procedure, decision making process, contingency and operation and maintenance manuals are to be formalised, updated where required.	September 2018		
7	Consolidate all known natural disaster events information	December 2018		

IP	Business Plan Action	Target Date	Completion Date	Comments
	for consideration by the Committee (Lifelines).			
8	All condition and performance data shown in INFOR	January 2019		
9	Review of security required at all facilities.	December 2018		
10	Biosolids application permits renewal.	June 2020		

## 16 Financial Status

- 16.1 Operational expenditure is tracking to budget.
- 16.2 The financial report up to the end of January 2018 is attached. (**Attachment 2**).
- 16.3 Electricity costs are running well below budget due to limited use of the activated sludge process during the summer period when ponds are more heavily loaded to utilise the summer capacity of the ponds.
- 16.4 Electricity costs for pump stations are tracking higher than budget due to increases in the use of storm pumps following periods of wet weather experienced during the first part of the financial year.
- 16.5 The cost of biosolids spraying are tracking ahead of budget and this budget is projected to be exceeded.
- 16.6 The contract disbursements for the operation and maintenance contract is projected to stay within budget.
- 16.7 Reactive maintenance and proactive maintenance costs are trending above budget. The additional costs associated with dealing with the odour issues will probably result in us exceeding the budgets for reactive and proactive maintenance.
- 16.8 This may result in deferring some discretionary proactive maintenance work until later in the year.

### Capital and Renewal Work

- 16.9 Pond improvements through installation of curtains were deferred from 2016/17 to 2017/18. The improvements in M5 is expected to be completed within budget by May 2018. Work on the improvements for M1 will be delayed until the effectiveness of the improvements in M5 has been confirmed.
- 16.10 The work to develop the strategy for de-sludging the ponds is expected to be completed before the end of June 2018.
- 16.11 Work on the project to install emergency power at the inlet will be initiated following the decision regarding development of volunteer consent conditions for the Bell Island discharge.

- 16.12 The construction of the second sludge storage tank has been deferred in order to ensure that the work required to ensure that the odour extraction and treatment systems are brought back to specification.
- 16.13 That the General Manager be mandated to re-allocate capital budgets approved on the Business Plan to allow for the completion of work required to bring the odour management systems at Bell Island up to the required standard.
- 16.14 **Attachment 3** is a copy of the audit report of the NRSBU for the year ended 30 June 2017.

**17 Draft Business Plan 2018/2019**

- 17.1 We are yet to receive feedback from both councils regarding our draft Business Plan. We propose to have this as an item for finalisation in our June 2018 agenda.

**18 NRSBU Customer Group**

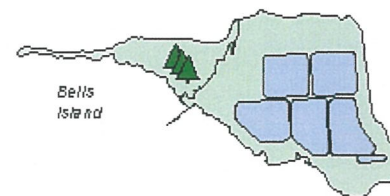
- 18.1 The quarterly meeting with the Customer Group will be held on Wednesday 7 March 2018 and a verbal report on that meeting will be presented by Philip Wilson and Jeff Robinson at the NRSBU committee meeting.

**19 Attachments**

- |    |   |    |
|----|---|----|
| 1. | Best Island Residents Meeting - Meeting Notes | 21 |
| 2. | Financial Report                              | 25 |
| 3. | NRSBU Audit New Zealand Letter                | 27 |



## Nelson Regional Sewerage Business Unit



### Meeting Notes

NRSBU – meeting with Best Island Residents

15 February 2018 5.30 to 7.30 pm

Attendance register appended

Twenty in attendance, apology from Cr Tim Skinner and Contractor Malcolm Furness (bio-solids spraying)

#### Meeting opening and welcome (NRSBU Chairman Cr. Kit Maling)

Everyone was welcomed with introductions of the NRSBU team and confirmed that this meeting was in response to odour complaints received over the December 17, January 18 months. Cr Maling said that we had dropped the ball and the Board apologised for this and the focus was on getting the plant operating as needed to manage the odours.

Health & Safety exit plan stated.

#### NRSBU GM (Jeff Robinson)

- Explained that the NRSBU is responsible for:
  - Receiving untreated sewage from Wakefield, Brightwater, Richmond, Mapua and about half of Nelson City plus 3 major industries (NPI, ENZA and Alliance)
  - Owens 5 main pump stations plus the reticulation to the Bell Island WWTP (Wastewater Treatment Plant)
  - Own the land and treatment plant on Bell Island plus we operate bio-solids spraying at Rabbit Island onto Council controlled forestry
- Nelmac have the contract to operate and maintain the Bell Island WWTP
- Nelson Marlborough Waste have the contract to spray the bio-solids
- NCC provide asset management and contractual operations services to the Board

Jeff confirmed the Board is responsible for all of the operations required collectively and we expect our contractors to have the same view when approached by the public.

- Resource consents:
  - Currently hold three resource consents to operate the Bell Island WWTP namely:
    - Discharge to water (Waimea inlet)
    - Discharge to land (irrigation on Bell Island)

Discharge to air (odour related)

We have lodged an application seeking a renewal of the above consents plus two others (these two to tidy up consents that were deemed to be included in the current three consents).

The Tasman district Council regulatory team will notify the application on Saturday 17 February 2018 and the Best Island residents will be informed of the notification. A hand out was left on the table providing a one page summary of the process. Also – the Tasman District Council consenting team have offered to provide copies of the application on either CDs or memory sticks (because of the size of the documents).

In response to a question Jeff confirmed that the NRSBU also holds a consent for the bio-solids spraying which expires in 2021.

#### **Nelmac Contractor (Alan Jones)**

Alan explained that initial odour complaints in December were tracked down to the bio-solids spraying operation. The NMW Contractor (Malcolm Furness who was unable to attend tonight) responded by moving the spraying area and earlier spraying in the morning.

The hot and dry weather over late December / early January did not help with plant and pond management.

Alan shared that a number of problems arose at Bells Island and how we dealt with them. A key part of odour management is the bio filters. These were scheduled for a major over hall before the Xmas break but the start was delayed and eventually it was too close to Xmas and the repairs/renewal commenced in January. There are two bio filters and only one can be out of commission at any one time. It is anticipated to have the first bio filter refurbished and operating by March 2018 however, these filters do require a start-up period. The second filter will be refurbished when the first is functional – so we are talking April / May before both are functioning. In most circumstances one bio filter is sufficient to manage the odour that it captures.

We also found that a number of key unit 'seals' needed re-sealing.

A review of the various odour management methods and plant will be carried out – who and when to be decided.

#### **Resident's questions**

- **Question** - Is it true that an independent review is underway with respect to the resource consent renewal and will the residents have access to such a review?

**Answer** – who and how the TDC regulatory team choose to assist them with their assessment of our application is up to them. They will contact the Best Island residents.

- **Question** - We should stop spraying the bio-solids at Rabbit Island when the conditions are not right.

**Answer** – the plant produces bio-solids daily and there is a limit to how much we can store. The consent conditions are clear when spraying is / or is not allowed. The contractor works in with PF Olsen (who manage the TDC forestry) and they plan where and when the spraying is likely to take place. The bio-solids spraying is a very pro-active way of helping us deal with solids /sludge.

- **Question** – have we considered injecting the bio-solids into the soil rather than spraying?

**Answer** – the question is noted and will be discussed as an option ( not covered by our current consent)

- **Statements**

- we go out fishing and when we pass the treatment plant we pick up very strong (objectionable) odours
- wind direction makes a big difference
- we would like to see an independent audit of odours (say weekly) all around the plant
- ever since the ATAD's were installed there have been odour issues

- **Shawn Waters – Tasman District Council Compliance officer** – noted that he has only been involved since December 2017. Shawn logs the complaints and is working on a system of tracking wind direction at the time of the complaint and how best to respond to the complaints. His view is that it is important that complaints or questions around odour are formally logged so we have a history when assessing the future consent conditions. Shawn said that until the NRSBU had completed the current odour related repairs he would note and log the complaints but would not respond to each one for the next while – (just too much effort required during this period). His view is that all odour complaints (from Best Island) must be directed to Tasman District Council.

- **Communications**

- A good discussion followed on what has worked well in the past – as in direct contact with Nelmac – frustrations with 'Call Care' type phone calls when you are speaking to someone who does not know where Best Island is etc.
- It was agreed that an action from this meeting was for the NRSBU to work with the key players to review the informal and formal practices of how the residents should communicate an odour concern and then bring this back to the residents.

Note – experience has taught us that timing of communicating an odour concern is key because the wind direction and other parameters can then be correctly logged to help confirm the likely source of the odour. In general odour will come from:

The Bell Island WWTP  
Rabbit Island

A separate (non NRSBU) source – current examples are standing water or dying plants from either sea water or storm water along the estuary and coast lines.

The formal meeting was closed and informal discussion continued over some light drinks and snacks.

NRSBU – meeting with Best Island Residents 15<sup>th</sup> February 2018

Held at the Greenacres Golf Club

Attendance register

NAME	CONTACT DETAILS
JEFF ROBINSON	027 450 8483
K.I. Malin	021 544 058
Don Menamata	027 5384 386
Don Rankin	544 1056
POB GRIFFITHS	03-5410921
John Syme	0274 520 160
Neville - TIDEWATER	03-544 1514
Anna-Marie Jones	021 043 9148
Mark Quinn	0274 469 326
Tasme Seccary	05-5440360 0213813129, de
Danna Robertson	0276 023 886
Irida Strickland	021 811 386
Justin Irvine	0272083289
Carol Syme	021331504
Phillip Wilson	021 99 8832 NPI
Lindsay Bell	0274 476 764 Nelmac
Allan Jones	021845810 Nelmac
Shawn Waters	027 246 1008 TDC
Eddie Pawick	NCC 027 471 8337
TRISTRAM LARKIN	NCC 022 013 2598
ARON BARRETT	037574-8789
Stuart Walker	NRC Remiller 0274-432-528
* Jocelyn Winters	027 676 6107, jocelynre@mail@xtra.co.nz

\* Jocelyn's email.

Attachment 1

APOLGUY - TIM SKINNER NOT UNWELL.



**Nelson Regional Sewerage Business Unit  
Financial Report**

**Income Account for the period to 31st January 2018**

	Actual Month	Budget Month	Actual YTD	% YTD	% Year	2017/18 Budget YTD	2017/18 Budget Annual	YTD Variation
<b>Income</b>								
Contributions Fixed	367,155	344,167	2,570,084	107	62	2,409,200	4,130,000	160,884
Contributions Variable	264,693	258,750	2,075,739	115	67	1,811,300	3,105,000	264,439
Other Recoveries	14,595	12,000	103,788	124	72	84,000	144,000	19,788
Interest	5	-	22			-	-	22
Forestry Income	-	-	-			-	-	0
<b>Total Income</b>	<b>646,449</b>	<b>614,917</b>	<b>4,749,633</b>	<b>110</b>	<b>64</b>	<b>4,304,500</b>	<b>7,379,000</b>	<b>445,133</b>
<b>Less Expenses</b>								
Management	17,077	19,175	115,842	86	50	134,200	230,104	18,358
Electricity	55,464	61,543	406,998	94	55	430,800	738,500	23,802
Contract Maintenance	53,498	64,776	384,355	85	49	453,400	777,321	89,045
Reactive and Proactive Maintenance	79,465	40,294	444,670	158	92	282,000	483,500	(162,670)
Monitoring	5,935	15,631	78,656	72	42	109,400	187,560	30,744
Consultancy	842	6,250	22,784	52	30	43,800	75,000	21,016
Insurance	2,084	5,000	24,377	70	41	35,000	60,000	10,623
Sundry	11,355	5,564	57,499	148	86	38,900	66,770	(18,589)
Biosolids Disposal	46,390	52,514	373,797	102	59	367,600	630,168	(6,197)
<b>Operating &amp; Maintenance Expenses</b>	<b>267,941</b>	<b>270,747</b>	<b>1,908,977</b>	<b>101</b>	<b>59</b>	<b>1,895,100</b>	<b>3,248,923</b>	<b>(13,877)</b>
Financial	45,319	48,063	319,830	95	55	336,600	577,000	16,770
Depreciation	159,630	149,583	1,109,708	106	62	1,047,100	1,795,000	(62,608)
<b>Total Expenses</b>	<b>471,790</b>	<b>468,413</b>	<b>3,338,515</b>	<b>102</b>	<b>59</b>	<b>3,278,800</b>	<b>5,620,923</b>	<b>59,715</b>
<b>Net Income before Rebate</b>	<b>174,658</b>	<b>146,504</b>	<b>1,411,119</b>	<b>138</b>	<b>80</b>	<b>1,025,700</b>	<b>1,758,077</b>	<b>385,419</b>
Owners rebate	0	-	0			-	-	0
<b>Net Income after rebate</b>	<b>174,658</b>	<b>146,504</b>	<b>1,411,119</b>			<b>1,025,700</b>	<b>1,758,077</b>	<b>385,419</b>
<b>Capital Expenditure</b>								
Renewals	45,757	93,900	491,952			657,430	1,127,000	
New Capital Expenditure	16,202	102,900	352,388			720,420	1,235,000	
<b>Total Capital Expenditure</b>	<b>61,959</b>	<b>196,800</b>	<b>844,341</b>			<b>1,377,840</b>	<b>2,362,000</b>	

NRSBU Ledger and Financials Report 2017/18 (A1825926)\_15c28-02-2018

Nelson Regional Sewerage Business Unit			
Balance Sheet as at 31st January 2018			
	Current	Last Month	June 2017
<b>Equity</b>			
Opening Equity (July)	46,966,781	46,966,781	39,695,993
Plus Net Income YTD	1,411,119	1,236,460	(25,627)
Plus Revaluation	0	0	7,306,415
<b>Closing Equity</b>	<b>48,377,899</b>	<b>48,203,241</b>	<b>46,966,781</b>
Contingency Reserve	100,000	100,000	100,000
	<b>48,477,899</b>	<b>48,303,241</b>	<b>47,066,781</b>
<b>Which was Invested as follows -</b>			
<b>Current Assets</b>			
Bank	57,304	57,299	21,345
Debtors	62,101	42,078	354,795
NCC Current account	357,468	59,815	0
<b>Total Current Assets</b>	<b>476,873</b>	<b>159,191</b>	<b>376,139</b>
<b>Fixed Assets</b>	<b>62,711,989</b>	<b>62,808,560</b>	<b>62,977,357</b>
<b>Current Liabilities</b>			
Creditors	(67,842)	(21,380)	(16,700)
NCC Loan	(700,000)	(700,000)	(450,000)
TDC Current Account	56,879	56,879	(490,010)
NCC Current account	0	0	(1,330,005)
<b>Total Current Liabilities</b>	<b>(710,963)</b>	<b>(664,511)</b>	<b>(2,286,715)</b>
<b>Term Liabilities</b>	<b>(14,000,000)</b>	<b>(14,000,000)</b>	<b>(14,000,000)</b>
Derivative Financial Instruments	0	0	0
	<b>48,477,899</b>	<b>48,303,241</b>	<b>47,066,781</b>

NRSBU Ledger and Financial Report 2017 18 (A1825926).xls

11 December 2017

Kit Maling  
Chairperson  
Nelson Regional Sewerage Business Unit  
C/- Nelson City Council  
PO Box 645  
Nelson 7040

Dear Kit

**Report to the board on the annual audit of Nelson Regional Sewerage Business Unit for the year ended 30 June 2017**

We have completed the audit of the Nelson Regional Sewerage Business Unit (the Business Unit) for the year ended 30 June 2017. This report sets out our findings from the audit.

**1 Our audit opinion**

**1.1 We issued an unmodified audit opinion**

We issued an unmodified audit opinion on 8 December 2017.

This means that we were satisfied that the financial statements comply with generally accepted accounting practice and present fairly, in all material respects, the Business Unit's activity for the year and its financial position at the end of the year.

The financial statements are free from material misstatements, including omissions.

**1.2 Uncorrected misstatements**

The financial statements are free from material misstatements, including omissions. All significant misstatements identified during the audit that have been corrected.

**2 Audit findings**

**2.1 Borrowing arrangements and documentation**

The Business Unit has entered into loans with Nelson City Council and Tasman District Council. Previously we reported that there was no formal

loan documentation for these loans. Instead, the loans were made in accordance with the Council's Treasury Policies. Additionally, the Business Unit borrowed a further \$450,000 from Nelson City Council during the year without formal documentation.

A Treasury Policy does not have the attributes of a loan agreement as it lacks a number of standard terms and conditions of an arm's length loan agreement.

Furthermore the core funding facility exist with Tasman District Council and Nelson City Council with a constant maturity of no less than five years. As at 30 June 2017 the total non-current borrowings were \$14 million without any payments being made.

#### **Recommendation**

We continue to recommend that formal loan documentation is put in place between the Business Unit and the respective councils.

#### **Management comment**

The NRSBU is not a separate legal entity but a Joint Committee of the two Councils. The Treasury policy is the agreement that formalises the loan arrangement. In addition the Business plan sets out the proposed use of the facility over the next three years.

## **2.2 Financial position and viability**

During the audit we considered the financial viability of the Business Unit and whether there were any impairment of the loans discussed in section 2.1 above. We identified that there is a memorandum of agreement in place between Nelson City Council, Tasman District Council and NRSBU providing support until 2025.

We also noted that the current negative working capital reflected at 30 June 2017 is a result of high profit distribution payments to both Nelson City Council and Tasman District Council.

Based on the work performed and the cash distributions made, we consider the Business Unit to be financially sound and the valuation of the loans remains appropriate.

#### **Recommendation**

We recommend that the Board consider reducing the owner's distributions and prioritise the repayment of the loans to the Councils to strengthen the financial position of the Business unit.

#### **Management comment**

Once again the NRSBU is not a separate legal entity but a Joint Committee of the two Councils and operates as part of the Waste Water activities of the two Councils. As such its financial position is secure and doesn't need strengthening. Given the strong cash flow of the Business Unit and the working capital funding in place there is no need to retain cash in the Business Unit account and repaying debt as well as funding depreciation would be a breach of inter-generational equity principals.

Our projections show sufficient loan repayments over the next eleven years to cover all capital expenditure during that time.

## **2.3 Financial statements preparation process**

### **Findings**

The processes for preparing the financial statements and availability of adequate supporting documentation have been put in place by management.

A first draft of the financial statements was available on the first day of the audit, however there were numerous errors and non-compliance matters in terms of disclosure requirements as required for a Tier 2 entity identified by audit. This resulted in a significant amount of additional time by audit to resolve, much later during the audit process.

### **Recommendation**

Management put quality control processes in place to ensure accurate and complete financial statements are submitted to the auditors.

### **Management comment**

Noted.

## **3 Update on matters raised in the Audit Arrangements Letter**

### **3.1 Property, plant and equipment valuation**

Accounting standard, PBE IPSAS 17 Property, Plant and Equipment, requires that valuations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

As at 30 June 2017, the Business Unit performed a revaluation on all its asset classes. The revaluation resulted in a gain of \$7.4 million, of which \$6.9 million was attributable to its infrastructure assets and the remaining to land. The key reason for the movement is an increase in construction costs in the

region of approximately 13%. The increase in land valuation was attributable to a steady price growth in the Nelson market.

Our review of the valuation focussed on the methodology, key assumptions, and source data reliability. Overall, we concluded that the valuations were prepared in accordance with the relevant accounting and valuation standards, and revaluation movements were correctly recorded in the financial statements. However, we do note the revaluation gain was in excess of 10% of the total value of the business unit's fixed assets. This is a potential indicator that there was a likelihood of the fair value of the assets exceeding the carrying value during the non-revaluation years. We **recommend** the Business Unit carry out valuations with sufficient regularity to ensure the carrying amount does not materially differ from fair value.

#### **Management comment**

Noted. However we note that the Infrastructural assets form the bulk of the Business Unit's assets.

### **3.2 Management override**

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Professional auditing standards require us to consider the risk of material fraud in all audits we perform due to the unpredictable way in which such override could occur. In particular journal entries are regarded as a high area subject to risk.

We did not place any reliance on the system of internal control within the journal entry process due to the limited levels of segregation within the financing component within the Trust.

We inspected journals recorded and obtained comfort that the journals were valid and supported by sufficient supporting documentation to enable us to make this judgement.

### **4 Control environment**

We performed a high-level review of the control environment. We considered the overall attitude, awareness, and actions of the Board and management in establishing and maintaining effective management procedures and internal controls. Our assessment of these areas was based on discussions with key

members of senior management and our accumulated knowledge of the Business Unit's business.

In performing this assessment we consider both the "design effectiveness"<sup>1</sup> and "operational effectiveness"<sup>2</sup> of internal control. However, it is not the purpose of our assessment to provide you with assurance on internal control in its own right. As such we provide no assurance that our assessment will necessarily identify and detect all matters in relation to internal control.

As in prior years, we found the Business Unit's internal controls are suitably designed for the size and scope of its operations. The Business Unit continues to use the systems and processes of Nelson City Council. We gained assurance over the operational effectiveness of these systems through our separate audit of Nelson City Council.

**Thank you**

We thank the Joint Committee and in particular Andrew Bishop for the assistance in this year's audit.

Yours sincerely

Jacques Coetzee  
Associate Director

<sup>1</sup> Control is effective to either prevent or detect a material error in the financial statements. The control is "fit for purpose".  
<sup>2</sup> Control has operated effectively throughout the period tested.

## Appendix 1: Mandatory disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Board of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Board.</p>
Auditing standards	<p>We carry out our audit in accordance with generally accepted audit standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The Board and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We confirm that, for the audit of the Business Unit's financial statements for the year ended 30 June 2017, we have maintained our independence in accordance with the requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.</p> <p>Other than the audit, we have not provided any engagements for the Business Unit during the year ended 30 June 2017. In addition, we have no relationships with, or interests in, the Business Unit.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the Business Unit that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the Business Unit during or since the end of the financial year.</p>
Unresolved disagreements	<p>We have no unresolved disagreements with management about matters that individually or in aggregate could be significant to the financial statements. Management has not sought to influence our views on matters relevant to our audit opinion.</p>



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**MINUTES**  
of the  
**NELSON REGIONAL SEWERAGE BUSINESS UNIT MEETING**  
held  
**1.00 pm, Friday, 8 December 2017**  
at  
**Tasman Council Chamber, 189 Queen Street, Richmond**

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**Present:** Councillors C M Maling and D E McNamara (Tasman District Council)  
Councillors T Skinner and S Walker (Nelson City Council)  
P Wilson (Industry Customer's Representative)

**In Attendance:** NRSBU General Manager (J Robinson), Engineering Services Manager (R Kirby) Executive Assistant (R L Scherer), Tasman District Council  
  
Group Manager, Corporate Services (N Harrison) and Senior Asset Engineer (J Thiant), Nelson City Council

**1 OPENING, WELCOME**

Deputy Chair Cr Kit Maling welcomed everyone to the meeting and especially Cr Dean McNamara who was recently appointed as the second Tasman District Council representative for this committee.

The members also discussed the vacancy for an iwi representative on this committee.

**2 APOLOGIES AND LEAVE OF ABSENCE**

**Moved Cr Walker/Cr McNamara**  
**NRSBU17-12-1**

**That apologies for lateness from Cr T Skinner be accepted.**  
**CARRIED**

Cr Skinner arrived at 1.08 pm

**3 APPOINTMENT OF INDEPENDENT MEMBER TO THE NELSON REGIONAL SEWERAGE BUSINESS UNIT COMMITTEE**

The members discussed the appointment of an independent member to the committee. Philip Wilson noted that an independent member provides the opportunity to have another opinion on

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any issues that may arise between the two councils and the direction of the NRSBU. Mr Wilson believes an independent person is of value to both councils.

Cr Walker supported Mr Wilson's comments and suggested that an independent member would be beneficial and that this person could potentially chair the committee.

Jeff Robinson advised the members that his understanding was that the appointment of an independent member is a separate item from who will chair the NRSBU. He suggested that the NRSBU committee should recommend the appointment of an independent member to both councils in the first instance. The NRSBU committee can then determine ongoing chairmanship after the independent member has been appointed. He noted that an independent member does have voting rights.

Mr Kirby recommended that the two councils go through an expressions of "interest" process to find an independent member.

**Moved Cr Walker/Cr Skinner  
NRSBU17-12-2**

**That the Nelson Regional Sewerage Business Unit recommends to Nelson City Council and Tasman District Council that they appoint an independent member to the Nelson Regional Sewerage Business Unit Committee. This role would be remunerated in accordance with the Joint Council Policy for the Appointment of Directors.**

**CARRIED**

Mr Robinson confirmed that he will write to the two councils asking them to consider the recommendation.

**4 PUBLIC FORUM**  
Nil

**5 DECLARATIONS OF INTEREST**  
Nil

**6 CONFIRMATION OF MINUTES**

**Moved Cr Maling/Cr Skinner  
NRSBU17-12-3**

**That the minutes of the Nelson Regional Sewerage Business Unit meeting held on Friday, 15 September 2017, be confirmed as a true and correct record of the meeting.**

**CARRIED**

**5 APPOINTMENT OF CHAIRPERSON**

Cr Maling vacated the chair and Mr Robinson presided over the meeting while the Committee discussed the need to appoint a new Chairperson.

**Moved Cr Walker/Cr Skinner**

## **NRSBU17-12-4**

**That Councillor Kit Maling is appointed as Chairperson of the Nelson Regional Sewerage Business Unit Committee.**

**CARRIED**

Cr Maling assumed the Chair.

## **6 PRESENTATIONS**

Nil

## **7 REPORTS**

### **7.1 Nelson Regional Sewerage Business Unit General Manager's Report**

Mr Robinson spoke to the report contained in the agenda which was taken as read.

He noted that there had been three health and safety incidents reported during this period.

#### **Aberrational Discharge Consent**

Mr Robinson used a diagram on the whiteboard to explain the aberrational discharge consent issues and noted that the Nelson City Council officer's report recommended a consent for only five years. The NRSBU has a legal and technical/science team to present evidence at the commissioner hearing on 12 December 2017 and to push the case for a 20-year consent.

Mr Robinson reported that 39 submissions had been received and a number of people have indicated that they wish to speak at the hearing.

In response to a request from Councillor Walker, Mr Robinson confirmed that he will ask the planning staff to forward information on the submissions to the committee members.

#### **Bell Island Discharge Consent Renewal**

Mr Robinson thanked Mr Thiart for his work on preparing the resource consent documentation.

In response to a question, Mr Kirby confirmed that iwi had been consulted with on the draft resource consent application and they had provided a cultural impact assessment which was very helpful in preparing the consent application.

Mr Robinson spoke about recent discussions with Greenacres Golf Club and the option of the NRSBU supplying treated water for watering their golf course. Greenacres Board representatives were advised that they would be responsible for any resource consent or further water treatment if this option did go ahead.

Cr Walker spoke about the Modellers Pond at Tahunanui and the option that treated water from the NRSBU could be used to provide water to that amenity as well as an option to supply treated water to the Nelson Golf Club.

#### **Operations and Maintenance**

In response to a question, Mr Thiart explained the difference in volumes of sludge between the

three ponds. He also noted that the mixers are coming to the end of their life and these will need to be reviewed by the Committee when it meets to discuss the asset management plan in March 2018.

Mr Wilson noted that the mixers have definitely worked well in all types of conditions and are providing real benefits.

### **Business Plan**

Mr Robinson used the whiteboard to explain the details around the regional pipeline upgrades scheduled for 2019/2020 and 2020/2021. He noted that Tasman District Council is also doing some work on pipeline upgrades to meet population growth in the same area as the NRSBU is planning. There is an opportunity for the NRSBU to work with Tasman in maximising opportunities for both parties. Staff will be discussing these options with Nelson Pine Industries and also iwi in terms of locating the pipeline.

This proposal will be converted into a project brief so that staff can be prepared for the resource consent application. It was also noted that early engagement with iwi is crucial for this project.

Cr Walker suggested that in light of the discussions today, the Committee should consider iwi representation on the NRSBU Committee with some urgency. It was agreed that the General Manager should have informal discussions with the two Chief Executives to progress the option of iwi representation on the NRSBU as soon as possible.

Cr Skinner noted his support for these discussions so that we can gain iwi representation as soon as possible.

### **Financial Plan**

Ms Harrison noted that interest rates had increased and this was reflected in the future capital works programme. She also noted there is an audit view that desludging should be treated as part of operational expenditure rather than capital expenditure as noted in the financial plan.

Mr Wilson noted his initial concern that this would result in an increase in the operations budget.

The committee members discussed the SCION biosolids trial site study and the benefits to Tasman District Council who use the biosolids to be sprayed on their forestry blocks. It was felt that Tasman District Council should contribute to the SCION trial as their asset directly benefits from this spraying. Mr Robinson noted that this issue will be discussed with the new Property Services Manager at Tasman District Council.

### **User Group**

Mr Robinson confirmed that a User Group meeting was held on 6 December 2017. Representatives from Tasman District Council, Nelson Pine Industries and Turners and Growers were present.

Peter Entwistle from Turners and Growers confirmed:

- Offers to purchase the business (in Nelson and Hastings) closed on 15 November 2017 and they are assessing the tenders;

- It is business as usual except that they will not operate the juice plant this season.

It was agreed that the Board will wait for an opportunity to talk to a new owner.

**Moved Walker/Cr Skinner**

**NRSBU17-12-5**

**That the Nelson Regional Sewerage Business Unit**

1. receives the Nelson Regional Sewerage Business Unit General Manager's Report;  
and
2. approves the final payment for the mixers as per the original agreement entered into with Gurney Environmental; and
3. approves the Draft Business Plan 2018/2019 to be forwarded to each Council.

**CARRIED**

**8 CONFIDENTIAL SESSION**

Nil

The meeting concluded at 2.33 pm.

Date Confirmed:

Chair:

