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## **Minutes of a meeting of the Nelson Regional Sewerage Business Unit**

**Held in the Council Chamber, Civic House, Trafalgar Street, Nelson**

**On Friday 15 March 2013, commencing at 1.09pm**

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Present: D Hiser (Chairperson), Councillor G Glover (Tasman District Council), and M Higgins (Tasman District Council), Industry Customers' Representative (P Wilson), and Iwi Representatives (K Stafford and M Hippolite)

In Attendance: Nelson City Council Engineering Adviser (J Thiar), Nelson City Council Management Accountant (A Bishop), and Nelson City Council Administration Adviser (E-J Ryan)

Apologies: Councillors D Shaw and P Matheson (Nelson City Council)

Ms Hiser explained that Mr Hippolite would be taking over from Ms Stafford as iwi representative. Ms Hiser welcomed Mr Hippolite to the Joint Committee, and thanked Ms Stafford for her contributions to the Committee.

### **1. Apologies**

Resolved

***THAT the apologies from Councillors Matheson and Shaw be accepted.***

Hiser/Higgins

### **2. Interests**

Mr Wilson declared a conflict of interest with any discussions regarding the Trade Waste Agreement.

Mr Hippolite noted that he was the Tiakina Te Taiao Limited representative on the Compliance and Monitoring Group, which monitored the accidental discharge of untreated wastewater from the Council wastewater reticulation system to land, freshwater and the coastal marine area (Resource Consents RM105388 and 105388A).

### 3. Confirmation of Minutes

14 December 2012

Document number 1434989, agenda pages 7-16 refer.

Resolved

***THAT the minutes of a meeting of the Nelson Regional Sewerage Business Unit, held on 14 December 2012, be confirmed as a true and correct record.***

Glover/Higgins

Carried

### 4. Status Report – 15 March 2013

Document number 950967 v18, agenda pages 17-19 refer.

With regards to item 9, Mr Thiart explained that, with the agreement of Tasman District Council engineering staff, Nelson City Council would take up the additional capacity of 35 litres/second.

Resolved

***THAT the Status report (950967 v18) be received.***

Hiser/Higgins

Carried

### 5. Checklist (Board Work Plan)

#### 5.1 Annual Report

Ms Hiser explained that the Annual Report 2011/2012 and the Business Plan 2013/2014 would be presented to the Nelson City Council Tasman District Council Joint Shareholders Committee on 5 April 2013.

#### 5.2 Review of Board Performance

Ms Hiser said that the activity "Review Board Performance" was scheduled for this meeting. However, she suggested that there was value in workshopping a review of the board performance, with a report then being presented to the next Joint Committee meeting instead.

There was a brief discussion regarding the Joint Committee workshop, and it was agreed that this should be held in May, in order that the new contractor could make a presentation to the Joint Committee. It was agreed that the workshop should take place on Friday 31 May, at 2.00pm, with dinner to follow.

### 5.3 Contingency Plan Review

Mr Thiart confirmed that the contingency plan was currently with customers for review, and that a report would come to the next Joint Committee meeting.

## 6. Chairperson's Verbal Report

Ms Hiser explained that she had had regular meetings with the Chief Executive of Nelson City Council; the Mayor and Chief Executive of Tasman District Council; and the Engineering Adviser.

## 7. Staff Report – 15 March 2013

Document number 1409653, agenda pages 20-43 refer.

Mr Thiart presented the staff report.

### 7.1 Draft Bell Island Environmental Development Plan

Mr Thiart explained that the draft Bell Island Environmental Development Plan provided a benchmark against which any future development at Bell Island should be considered.

Joint Committee members discussed the draft Environmental Plan. There was general agreement that it was a useful document, and Committee Members were pleased that it acknowledged the industrial purpose of Bell Island, as well as the value of grazing and forestry to the Business Unit, while taking into account the cultural impact of the activities on the Island.

The Chair explained that the draft Environmental Plan requested the Joint Committee to consider whether or not to actively encourage more native birdlife on the island by providing nesting boxes around ponds, and whether to provide a corridor for native species to move from the West to the East shore of the island. In this regard, the Chair noted that the proposed corridor appeared to cross over land ear-marked for future pond use.

The Joint Committee discussed these issues. There was general agreement that vermin and predator control should be continued.

It was noted that increased birdlife may pose safety issues for aircraft approaching the airport, and that increased levels of bird faeces could increase the pollution levels of discharge.

There was general support for the concept of a corridor for native species to travel between the West and East shores of the Island. However, some Committee members expressed concern that the Plan appeared to identify a potential corridor through land ear-marked for future pond development. It was suggested that it may be possible to establish a corridor in an alternate location, or that the green-belt around the ponds could achieve a sufficient corridor.

Mr Hippolite asked for his view to be recorded, that the draft Environmental Plan should be adopted in its entirety without caveat, and that it was premature to make decisions on the aspects identified in the Plan for consideration.

Resolved

***THAT the draft Bell Island Environmental Plan be adopted by the Joint Committee as a guiding document;***

***AND THAT the Joint Committee notes that it intends to protect the current native bird population through predator control as recommended in the draft Bell Island Environmental Plan, but that it does not wish to take measures to encourage any increase in native bird population;***

***AND THAT the Joint Committee notes that it does not wish to establish a wildlife corridor through areas ear-marked for future pond development.***

Hiser/Glover

Carried

## 7.2 Operation and Maintenance Contract - Tender

Mr Thiart noted that the Operations and Maintenance Contract tender would be closing on 21 March 2013.

The Joint Committee discussed the process by which the successful tenderer would be awarded the contract, and it was emphasised that the process should be as robust as possible. It was agreed that the Engineering Adviser would be authorised to instruct a wastewater specialist to be available to advise the tender evaluation committee of technical aspects of the request for tender.

Resolved

***THAT the Engineering Adviser be delegated the ability to consider engaging a wastewater specialist to assist with evaluating tenders for the Operations and Maintenance Contract.***

Hiser/Higgins

Carried

## 7.3 Sludge Survey

Mr Thiart explained that the most recent sludge survey had indicated that de-sludging may not be required for 5-7 years or more. He added that a further survey of the facultative ponds would be carried out in November 2013, and it was likely that staggered de-sludging could be planned to take place over several years.

#### 7.4 Electricity Supply Improvements

In response to a question, Mr Thiart clarified the location of the additional electricity line onto the Island, and noted that a three year contract around electricity prices was in place.

#### 7.5 Audit 30 June 2012 Management Report

Mr Thiart noted that a clear audit management report had been received, but that it had identified some issues that needed addressing, including updating the Memorandum of Understanding between the two Councils.

#### 7.6 Governance Charter

Mr Thiart said that the Governance Charter had been assessed following the recent amendments to the Local Government Act 2002, but that no significant changes were required.

The Chair suggested that the Conflicts of Interest policy be amended at page 8 to say "This register will be updated annually and potential conflicts relating to agenda items will be identified and recorded at the beginning of each meeting", and this was agreed to.

In response to a question, the Chair clarified that the Iwi Representative and Customer Representative were non-voting members of the Joint Committee.

Resolved

***THAT the Governance Charter (1465779), as amended, be adopted.***

Hiser/Glover

Carried

#### 7.7 Health and Safety

Mr Thiart explained that there had been one health and safety incident as a result of work being undertaken on uneven ground. He said that staff had identified and inspected similar areas around the Plant in order to make any changes as necessary.

#### 7.8 Operations and Maintenance Contract

Mr Thiart said that the primary clarifier and aeration basin had been emptied for maintenance purposes, and both were found to be in good condition. He said the secondary clarifier would be cleaned shortly.

#### 7.9 Level of Service

Mr Thiart noted that BOD levels continued to be elevated, but explained that it was likely that nitrification was occurring during the sampling process, thereby leading to elevated readings. He said that CBOD readings had the potential to provide a more reliable method of

measuring the discharge of effluent to receiving environments, and that consideration should be given to switching to this method of testing.

There was a brief discussion around the wet-weather overflow that occurred in January 2013. It was noted that, as the new pipeline was being retested, only one pipeline was available at the time, and the pump stations could not manage the amount of stormwater infiltrating the system. He said that the Business Unit had paid an infringement notice issued in relation to the overflow of the Saxton Road pump station.

Mr Thiart also briefly mentioned odour complaints received following spraying at Bell Island. He said that residents had been understanding on receiving an explanation for the odour, and that no further spraying would take place for approximately three years.

#### 7.10 Performance

Mr Thiart explained that there was less friction in using the bigger pipeline, and that less energy was required to transport water, but that power usage had increased as a result of processing greater volumes of sludge through the ATADs. In response to a question, Mr Thiart said he would re-analyse the loads shown in Figure 8.

#### 7.11 Financial

Mr Thiart explained that a surplus had been achieved on the pipeline project, and that the amounts reserved for the launder covers and centrifuge would be removed from budgets.

Resolved

***THAT the Staff Report – 15 March 2013  
(1409653) be received.***

Hiser/Higgins

Carried

### **8. Major Projects Report**

Document number 682846 v29, agenda pages 44-49 refer.

Mr Thiart explained that on 21 January 2013 the Joint Committee members had been asked by email to decide whether to remove funding for the launder covers and centrifuge, and to continue with the upgrade of the ATADs. He said that all of the Joint Committee members had been in agreement with this course of action, and that the recommendation in the report was to formally ratify this decision.

8.1 Treatment Plant Upgrade Progress Report

Resolved

**THAT the recommendations contained within the memo of 21 January 2013 (1448241) previously circulated to Joint Committee be confirmed;**

**THAT the sum of \$788,000 previously budgeted for the installation of launder covers and centrifuge, and unused to date, be released and excluded from the 2013/14 budget;**

**AND THAT it is noted that, for the reasons identified in the staff report, the requirement to follow the Nelson City Council procurement policy was suspended for the procurement of work to remediate the A-Train ATADs;**

**AND THAT the review of the management processes at the plant be deferred until the new Operations and Management contract has been in place for sufficient time for the new contractor to become thoroughly familiar with the plant;**

**AND THAT it is noted that a variation to the value of \$724,000 (inclusive of a \$24,000 contingency) for the remediation of the A-Train ATADs and associated changes to the walkway was made to the existing Operation and Maintenance Contract (2791).**

Higgins/Glover

Carried

8.2 Pipeline Strategy Project Progress Report

Mr Thiart explained the background that had led to the pipeline being re-tested. He said that a UK Guidance Note had been applied to the re-test, and the result was that both the original test and the re-test were acceptable and the pipeline was considered to be secure.

Mr Thiart added that testing had revealed an internal pressure leak within the pipe, but not an external leak to the environment. He said that the internal pressure leak would make re-testing the pipeline difficult, and that he was researching different methods for re-testing the pipe, such as running a dye through the pipe or physically patrolling the pipeline.

Resolved

**THAT the Pipeline Strategy Project Progress report (682846 v29) be received.**

Higgins/Hiser

Carried

Attendance: The meeting adjourned for afternoon tea from 3.01pm to 3.24pm.

## 9. Licence to Occupy: Grazing of Bell Island

Document number 1453957, agenda pages 50-81 refer.

Mr Thiart explained that the licence agreement required the Joint Committee to consider a five-year extension of the licence following a re-valuation.

The Joint Committee discussed the proposal to extend the licence for a further five years. There was general agreement that the licensee had invested heavily in an irrigation system on Bell Island, and that any costs by the Joint Committee had already been recovered. Rather than an absolute five year term, the Joint Committee indicated a preference to extending the licence for five years, and evaluating approximately two years prior to the end of the licence whether cattle grazing provided the best use of the land. In this regard, it was noted that the draft Environmental Plan also identified the production of hay and silage as potential uses of land.

In response to a question, Mr Thiart confirmed that the fences were generally in a good state of repair, although he noted that cattle had breached the fences from time to time. He also undertook to confirm that the wahi tapu sites were excluded from the licence area and were protected by fencing.

Resolved

***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 Board reconsiders the most appropriate land use in 2016, two years prior to the lease end.***

Higgins/Glover

Carried

## 10. Valuation Process

Document number 1466027, agenda pages 82-98 refer.

Mr Thiart presented the report. He explained that the next valuation would be conducted internally, with a local valuer reviewing the valuation and providing the valuation certificate. There was a discussion around the importance of consistency of format in valuations, so that the valuations could be compared from year to year.

In response to a question, Mr Thiart explained that the current valuation had been through a robust process and had been thoroughly reviewed. He added that it would be possible to import this valuation into the same format as previous ones, to allow comparisons to be drawn across the years.

There was a brief discussion regarding the recommendations in the audit management report, and it was agreed that an item should be added to the annual Board Check list for the March meeting to consider progress in attending to matters identified in the audit management report.

Resolved

***THAT NRSBU staff carry out annual revaluations through adjusting the asset valuation register for any asset movement, changes in remaining life, redundancy and applying the NRSBU Construction Index;***

***AND THAT the NRSBU Joint Committee considers and approves the NRSBU Construction Index annually;***

***AND THAT the NRSBU Construction Index be based on Statistic New Zealand indexes for the period April to March;***

***AND THAT the services of a local registered valuer be retained to review the valuation and issue a valuation certificate for the valuation carried out by NRSBU staff.***

Hiser/Higgins

Carried

## **11. Finance Report for the Period Ending 31 January 2013**

Document number 1419497 v7, agenda pages 99-100 refer.

Nelson City Council Management Accountant, Mr Bishop, presented the report. He explained that the year to date costs were inflated, mainly as a result of increased management time with regards to the issues around valuation and the weighted average cost of capital, but that these costs should self-correct by the end of the financial year.

Attendance: Mr Wilson departed the meeting at 3.54pm.

Resolved

***THAT the Finance Report for the Period Ending 31 January 2013 (1419497 v7) be received.***

Glover/Higgins

Carried

Attendance: Mr Hippolite and Ms Stafford departed the meeting at 4.00pm.

## 12. Exclusion of the Public

Resolved

***THAT the public be excluded from the following parts of the proceedings of this meeting.***

***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	<p><b>Nelson Regional Sewerage Business Unit – Public Excluded Minutes – 14 December 2012</b></p> <p>These minutes confirmed the public excluded minutes of the Nelson Regional Sewerage Business Unit meeting of 5 October 2012, and otherwise contain information regarding:</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.</p>	<p>The withholding of the information is necessary:</p>
	<p>Review of Customer Charging, including an independent professional adviser’s opinion as to whether the capital charge is currently being calculated in accordance with the</p>		<ul style="list-style-type: none"> <li>Section 7(2)(i) To carry out negotiations</li> </ul>

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	Disposal of Trade Waste Agreement.		
<b>2</b>	<p><b>Regional Pipeline Upgrade Liquidated Damages and Pipeline Testing</b></p> <p>This report contains information regarding re-testing of the regional pipeline and consideration of liquidated damages.</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>• Section 7(2)(b) To protect information that may disclose a trade secret or the commercial position of a person</li> </ul>

Hiser/Glover

Carried

The meeting went into public excluded session at 4.00pm and resumed in public session at 4.22pm.

**13. Re-admittance of the Public**

Resolved

***THAT the public be re-admitted to the meeting.***

Glover/Higgins

Carried

There being no further business the meeting ended at 4.23pm.

Confirmed as a correct record of proceedings:

\_\_\_\_\_ Chairperson \_\_\_\_\_ Date