
Minutes of a meeting of the Nelson Regional Sewerage Business Unit

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

On Friday 31 January 2014, commencing at 1.05pm

Present: D Hiser (Independent), Mr D Shaw (Nelson City Council),
Councillors B Dowler and M Higgins (Tasman District Council)

In Attendance: M Hippolite (Iwi Representative), P Wilson (Industry Customers' Representative, Group Manager Infrastructure (A Louverdis), Senior Asset Engineer – Solid Waste (J Thiant), Management Accountant (A Bishop), and Administration Adviser (L Canton)

Apology: Councillor R Copeland

1. Interests

Matt Hippolite declared an interest, noting that he was a member of the Waimea Water Augmentation Committee.

Michael Higgins declared an interest, noting that he was a Rough Island Equestrian Park board member.

There were no conflicts declared with items on the agenda.

2. Election of Chairperson

The Administration Adviser called for nominations for the role of Chairperson of the Nelson Regional Sewerage Business Unit (NRSBU). Michael Higgins nominated Donna Hiser.

Resolved

THAT Donna Hiser be elected Chairperson of the Nelson Regional Sewerage Business Unit for the 2013-2016 triennium.

Higgins/Hippolite

Carried

Attendance: Philip Wilson joined the meeting at 1.10pm.

3. Status Report

Document number A452094, agenda page 5 refer.

In response to a question, Mr Thiart advised that the deferment referred to in item three (Bell Island Energy Audit) was to allow the joint committee to decide how it wanted to use the building.

Resolved

THAT the Status Report (A452094) be received.

Hiser/Shaw

Carried

4. Staff Report – 31 January 2014

Document number A681693, agenda pages 6-43 refer.

Mr Thiart presented the report.

In response to a question about the term of the biosolids spraying contract to be procured, Mr Thiart advised that it was likely to be awarded on the basis of 3+2+2 years. He explained that the two additional 2-year periods were at NRSBUs discretion, and the Resource Consent for the activity matched the initial term of 3 years.

In response to a question whether the phenomena that affect the BOD testing in the discharge sampling could not be found in the contributor sampling, Mr Thiart responded that the phenomena is linked to the extended aeration in the activated sludge area at Bell Island following the commissioning of the primary clarifier.

In response to a question about the upcoming changes to the accounting standards for public benefit entities, Management Accountant, Andrew Bishop confirmed that this would be managed by the two Councils as owners.

It was noted in regard to the peer review of the valuation that all the indexes used over time for valuations must be tracked with care.

In response to a question about the incident involving the mis-programming of the tide levels, Mr Thiart advised that this was still being investigated and he would ensure a process would be established to mitigate against such occurrence in the future.

Resolved

THAT the Staff Report – 31 January 2014 (A681693) be received.

Dowler/Higgins

Carried

Attendance: Alec Louverdis joined the meeting.

4.1 Operations and Maintenance Contract

Mr Thiart tabled a document outlining a schedule of contract deliverables for the Operation and Maintenance Contract of the Nelson Regional Sewerage System comparing original dates for some deliverables and the extended times which had been negotiated.(A1139980).

Mr Thiart explained that there had been some issues during the transition to the new operations and maintenance contractor, but that Nelson City Council officers and the contractor had worked together to agree extended delivery timeframes that would be realistic and achievable.

Mr Louverdis added that he was comfortable that the difficulties experienced during the handover were offset by the strong relationships between all parties and he was confident the contractor would meet the newly agreed deliverables schedule.

It was confirmed that there would be no financial losses to the NRSBU as a result of these initial issues.

Resolved

THAT Nelmac be invited to report on progress at the next Board meeting.

Shaw/Hiser

Carried

4.2 Benchmarking

Resolved

THAT a further, more comprehensive benchmark report be submitted to the Board in December 2014.

Shaw/Hiser

Carried

4.3 Bell Island Restoration Group

It was agreed that Donna Hiser and Matt Hippolite would visit the Bell Island Restoration Group on site to view the group's progress to date and to offer their thanks for the group's efforts.

Resolved

THAT the Nelson Regional Sewerage Business Unit note that the Restoration Group has achieved the goals set for the first three years;

AND THAT the budget of \$6,270 be approved for the continued maintenance of the restoration area for the 2014/15 financial year;

AND THAT the Nelson Regional Sewerage Business Unit thank the Bell Island Restoration Group for the continued work in restoring the area.

Shaw/Dowler

Carried

4.4 Audit Management Report

Resolved

THAT the report be received;

THAT a report on the implications of the changes to the accounting standards for public benefit entities be prepared for the consideration of the Board.

Hiser/Higgins

Carried

4.5 Valuation

Resolved

THAT the Nelson Regional Sewerage Business Unit note that the peer review of the valuation for the period ending 30 June 2013 concluded that the valuation complies with the required standards.

Shaw/Dowler

Carried

5. Chairperson's Report

The Chairperson tabled a letter she had written to the Chief Executives of Nelson City and Tasman District Council regarding issues related to the proposed review of the governance structure of the Nelson Regional Business Unit and the need to update the Memorandum of Understanding (A1127019). She noted that it was important for the Board to have these issues resolved and anticipated that there would be further discussions.

6. Nelson Regional Sewerage Business Unit Treasury Policy 2014

Document number A1131509, agenda pages 69-76 refer.

Tasman District Council Corporate Treasury Manager, Mike Drummond, joined the meeting and explained the draft NRSBU Treasury Policy.

He said that the policy allowed a more efficient management of the treasury function between the two Councils, and provided an 'arms length' loan facility for the NRSBU that would enable it to access the same terms offered to the Councils.

Mr Bishop advised that the facility would always have three years to run, and both Councils would need to provide three years' notice if they wished to halt the facility.

Resolved

THAT the report Nelson Regional Sewerage Business Unit Treasury Policy (A1131509) and its attachment (A1131501) be received;

AND THAT the NRSBU note that there is expected to be no material change to the charges as a result of the Treasury Policy;

AND THAT the Draft Nelson Regional Sewerage Business Unit Treasury Policy 2014 be approved for submission to the Nelson City Council and Tasman District Council for approval;

AND THAT the NRSBU approves the transfer of the responsibility for the Treasury function from Tasman District Council to Nelson City Council.

Dowler/Shaw

Carried

Recommendation to Nelson City and Tasman District Councils

THAT the Draft Nelson Regional Sewerage Business Unit Treasury Policy 2014 be approved.

Higgins/Shaw

Carried

7. Nelson Regional Sewerage Business Unit Business Plan 2014/15

Document number A1103900, agenda pages 44-64 refer.

7.1 Section 2. Background

It was noted that the structure diagram must be updated once the Councils have approved the treasury policy to show Nelson City Council as having the Treasury function.

7.2 Section 5. Business Objectives

The meeting discussed the timing for the development of a demand management policy. It was agreed that the date for the demand management policy and the load management policies should be moved to the end of July 2015.

It was noted that there appeared to be a disconnect between the items shown in the 2013/14 and 2014/15 Business Improvement Plans. It was confirmed that Mr Thiart would prepare a schedule to show the 2013/14 and 2014/15 Business Improvement Plan items and circulate this to Board members following the meeting.

7.3 Section 7. Financial Plan

The joint committee discussed the return on investment for the NRSBU and the need to ensure charges represented fair value to contributors and to ratepayers.

In response to a question, Mr Bishop advised that the \$7.6m income was derived approximately 40% from Nelson City Council, 30% from Tasman District Council and 30% from the three non-Council industry contributors.

It was agreed that any proposal to change charging levels would be best considered by the two Councils and recorded in an updated Memorandum of Understanding, as it was a political rather than a management decision. It was also noted that this would provide guidance for the review of the Trade Waste Agreement.

In response to a further question, Mr Bishop said that the figures for year one were inflation adjusted, but those for years 2 and 3 were not.

Resolved

THAT the Nelson Regional Sewerage Business Unit Business Plan 2014/15 be adopted, subject to approval by Nelson City and Tasman District Councils and subject to minor editorial changes.

Higgins/Shaw

Carried

Attendance: The meeting adjourned for afternoon tea from 3.35pm to 3.42pm.

Recommendation to Nelson City and Tasman District Councils

THAT the Nelson Regional Sewerage Business Unit Business Plan 2014/15 be approved.

Shaw/Higgins

Carried

8. Financial Report

Document number A1111020, agenda pages 65-66 refer.

Mr Bishop presented the report, noting that net income was slightly above budget due to a timing difference. He said that the end of year figures would result in a payment to customers.

It was noted that 'Management' was \$42,000 over budget due to additional work on the renewal of the operations and maintenance contract, and a change in the two Councils' overhead allocation model. Mr Bishop said he would ensure that this had been allowed for in the 2014/15 budget.

Resolved

THAT the Nelson Regional Sewerage Business Unit Financial Statement for the Period Ended 31 December 2013 (A1111020) be received.

Dowler/Shaw

Carried

9. Approval of Interest Rate Swaps

Document number A1129294, agenda pages 67-68 refer.

Resolved

THAT the report Approval of Interest Rate Swaps A1129294 be received;

AND THAT the sixteen million dollars interest rate swaps entered into on 16th May 2012 by Nelson City Council and Tasman District Council on behalf of the Nelson Regional Sewerage Business unit is approved.

Higgins/Shaw

Carried

10. Schedule of Meetings

The following schedule of meetings was agreed:

14 March at 8.30am (moved from 1.00pm)

20 June at 1.00pm

29 August at 1.00pm

28 November at 1.00pm (moved from 5 December)

There being no further business the meeting ended at 4.02pm.

Confirmed as a correct record of proceedings:

Chairperson

Date