

AGENDA

Ordinary meeting of the

Nelson Regional Sewerage Business Unit

**Friday 20 September 2024
Commencing at 9.30a.m.
Council Chamber
Floor 2A, Civic House
110 Trafalgar Street, Nelson**

Membership:

Chairperson

Tasman District Councillor Kit Maling

Deputy Chairperson

Nelson City Councillor Tim Skinner

Members

Tasman District Councillor Barry Dowler

Nelson City Councillor Kahu Paki Paki

Independent Member Tallat Mehmood

Iwi Representative Aneika Young

Industry Representative (non-voting) Philip Wilson

Quorum: 3

Nelson Regional Sewerage Business Unit

The Nelson Regional Sewerage Business Unit (NRSBU) ([NDOCS-1974015928-495](#)) is a joint committee of Nelson City and Tasman District Councils. Operation of the NRSBU is governed by a Board, as established by a Memorandum of Understanding (NDOCS-1974015928-495).

Areas of Responsibility:

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

Powers to Decide:

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

Powers to Recommend to Councils:

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

Quorum:

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

Procedure:

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

1. Apologies

Nil

2. Confirmation of Order of Business

3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

5. Confirmation of Minutes

5.1 2 August 2024

7 - 10

Document number M20683

Recommendation

That the Nelson Regional Sewerage Business Unit

1. *Confirms the minutes of the meeting of the Nelson Regional Sewerage Business Unit, held on 2 August 2024, as a true and correct record.*

6. Nelson Regional Sewerage Business Unit Draft Business Plan 2024/25

11 - 33

Document number R28709

Recommendation

That the Nelson Regional Sewerage Business Unit

1. *Receives the report Nelson Regional Sewerage Business Unit Draft Business Plan 2024/25 (R28709) and its Attachment; and*
2. *Approves the Nelson Regional Sewerage Business Unit Draft Business Plan 2024/25 for submission to Nelson City Council and Tasman District Council for their consideration and feedback, with delegation of all minor amendments to the Nelson Regional Sewerage Business Unit Chairperson and General Manager.*

Recommendation to Council

That the Nelson City and Tasman District Council

1. *Receives the Nelson Regional Sewerage Business Unit Draft Business Plan 2024-25 for review and provide feedback to the Nelson Regional Sewerage Business Unit, if required.*

7. Nelson Regional Sewerage Business Unit - Annual Report Summary 2023/24 34 - 81

Document number R28707

Recommendation

That the Nelson Regional Sewerage Business Unit

1. **Receives the report Nelson Regional Sewerage Business Unit - Annual Report Summary 2023/24 (R28707) and its Attachments; and**
2. **Approves the Nelson Regional Sewerage Business Unit Annual Report 2023/24 and Nelson Regional Sewerage Business Unit Financial Statements 2023/24 for presentation to Nelson City Council and Tasman District Council.**

Recommendation to Council

That the Nelson City Council and Tasman District Council

1. **Receives the Nelson Regional Sewerage Business Unit Annual Report 2023/24 and Nelson Regional Sewerage Business Unit Financial Statements 2023/24.**

8. Nelson Regional Sewerage Business Unit 2023/24 Capital and Renewal Update and Carryover 83 - 89

Document number R28708

Recommendation

That the Nelson Regional Sewerage Business Unit

1. ***Receives the report Nelson Regional Sewerage Business Unit 2023/24 Capital and Renewal Update and Carryover (R28708); and***
2. ***Approves the carryover of capital (\$2,635,731) and renewals budgets (\$782,288) from the 2023/24 financial year to the 2024/25 financial year, to ensure continuation of urgent and planned works.***

CONFIDENTIAL BUSINESS

9. Exclusion of the Public

Recommendation

That the Nelson Regional Sewerage Business Unit

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

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Nelson Regional Sewerage Business Unit Meeting - Confidential Minutes - 2 August 2024	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none">• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)• Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
2	Nelson Regional Sewerage Business Unit Solar Development Update Report	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
3	Nelson Regional Sewerage Business Unit Land Purchase	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)



Minutes of a meeting of the

Nelson Regional Sewerage Business Unit

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

Held in the Council Chamber, Floor 2A, Civic House, 110 Trafalgar Street, Nelson on Friday 2 August 2024, commencing at 9.30a.m.

- Present: Tasman District Councillor K Maling (Chairperson), Nelson City Councillor T Skinner (Deputy Chairperson), Tasman District Councillor B Dowler, Independent Member T Mehmood and Industry Representative (non-voting) P Wilson
- In Attendance: Nelson City Council Deputy Chief Executive/Group Manager Infrastructure (A Louverdis), General Manager Regional Services (N Clarke), Governance Adviser (A Bryce) and Assistant Governance Adviser (M Taylor)
- Apologies: Nelson City Councillor K Paki Paki and Iwi Representative A Young

1. Apologies

Resolved RSBU/2024/009

That the Nelson Regional Sewerage Business Unit

- 1. Receives and accepts an apology from Nelson City Councillor K Paki Paki and Iwi Representative A Young.***

Dowler/Skinner

Carried

2. Confirmation of Order of Business

The Chairperson advised that Item 1 in confidential session, Nelson Regional Sewerage Business Unit Land Purchase (R28557), had been withdrawn from the agenda by the Chief Executive.

It was noted the Chairperson would also provide a verbal update from a recent meeting in the confidential session

3. Interests

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

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 3 May 2024

Document number M20549, agenda pages 6 - 9 refer.

Resolved RSBU/2024/010

That the Nelson Regional Sewerage Business Unit

1. ***Confirms the minutes of the meeting of the Nelson Regional Sewerage Business Unit, held on 3 May 2024, as a true and correct record.***

Skinner/Maling

Carried

6. NRSBU General Manager Update Report August 2024

Document number R28627, agenda pages 10 - 130 refer.

General Manager Regional Services, Nathan Clarke took the report as read and answered questions on risks reporting, business cases and mitigation and operational resilience of staff.

Attendance: Philip Wilson joined the meeting at 9.36a.m.

Accountant, Andrew Bishop, answered questions on drought recovery impact on finances, wash-up reporting, interest rates and financial risk factors.

Resolved RSBU/2024/011

That the Nelson Regional Sewerage Business Unit

1. ***Receives the report NRSBU General Manager Update Report August 2024 (R28627) and its attachment (1080325921-753); and***
2. ***Approves the final Nelson Regional Sewerage Business Unit 2024 – 2034 Activity Management Plan (1080325921-753).***

Skinner/Dowler

Carried

Recommendation to Nelson City Council and Tasman District Council
RSBU/2024/012

That the Nelson City Council and Tasman District Council

1. ***Adopts the final Nelson Regional Sewerage Business Unit 2024 – 2034 Activity Management Plan (1080325921-753).***

Skinner/DowlerCarried**7. Exclusion of the Public**

Resolved RSBU/2024/013

That the Nelson Regional Sewerage Business Unit

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

Dowler/SkinnerCarried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
2	Chairperson's Update	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities
3	Nelson Regional Sewerage Business Unit Solar Development Update Report (Agenda item 2)	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> • Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			commercial position of the person who supplied or who is the subject of the information
4	Nelson Regional Sewerage Business Unit - Best Island Beneficial Reuse Facility Update (Agenda item 3)	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities

The meeting went into confidential session at 9.58a.m. and resumed in public session at 10.49a.m.

8. Restatements

It was resolved while the public was excluded:

3 CONFIDENTIAL: Nelson Regional Sewerage Business Unit Solar Development Update Report (Agenda item 2)

1. Leaves the item Nelson Regional Sewerage Business Unit Solar Development Update Report (R28317) and its Attachments (1080325921-312, 1080325921-888 and 1080325921-889) to lie on the table and not be further discussed at this meeting.

4 CONFIDENTIAL: Nelson Regional Sewerage Business Unit - Best Island Beneficial Reuse Facility Update (Agenda item 3)

3. Agrees that Report (R28666) and the decision remain confidential at this time.

There being no further business the meeting ended at 10.49a.m.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved

Nelson Regional Sewerage Business Unit

20 September 2024

Report Title:	Nelson Regional Sewerage Business Unit Draft Business Plan 2024/25
Report Author:	Nathan Clarke - General Manager Regional Sewerage and Landfill
Report Authoriser:	Alec Louverdis - Deputy Chief Executive / Group Manager Infrastructure
Report Number:	R28709

1. Purpose of Report

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|-----|---|
| 1.1 | To provide the Nelson Regional Sewerage Business Unit (NRSBU) draft Business Plan 2025/26 to the Committee and to seek approval for circulation to Nelson City Council (NCC) and Tasman District Council (TDC) for review and feedback. |
|-----|---|

2. Summary

- | | |
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| 2.1 | The draft Business Plan (BP) is attached for approval to be presented to the two Council's for feedback. The draft BP has been developed based on year 2 of the NRSBU Activity Management Plan (AMP) 2024-343. |
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3. Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Receives the report Nelson Regional Sewerage Business Unit Draft Business Plan 2024/25 (R28709) and its Attachment; and***
- 2. Approves the Nelson Regional Sewerage Business Unit Draft Business Plan 2024/25 for submission to Nelson City Council and Tasman District Council for their consideration and feedback, with delegation of all minor amendments to the Nelson Regional Sewerage Business Unit Chairperson and General Manager.***

Recommendation to Nelson City Council and Tasman District Council

That the Nelson City and Tasman District Council

1. *Receives the Nelson Regional Sewerage Business Unit Draft Business Plan 2024-25 for review and provide feedback to the Nelson Regional Sewerage Business Unit, if required.*

4. Background and Discussion

- 4.1 The NRSBU Memorandum of Understanding (MOU) outlines several activities required by the NRSBU along with specified timing for these activities.
- 4.2 The MOU requires that the NRSBU prepare a draft Business Plan and that this be presented to the councils by 31 December each year.
- 4.3 A draft BP has been prepared to reflect the activities proposed in the second year of the draft NRSBU Activity Management Plan 2024 – 2034 (AMP).

5. Operational Costs

- 5.1 The costs to run the NRSBU during 2025/26 increase compared to 2024/25 reflecting inflationary cost increases incurred since the 2024/25 budget was set, along with some internal telemetry charges not previously identified and included in budgets.
- 5.2 The draft BP is based on assumptions and data associated with costs incurred during the 2023/24 financial year and projected costs for the 2024/25 financial year.
- 5.3 The operational costs for 2025/26 also include additional costs associated with longer cycle consent requirements, including monitoring and technology review reports along with discharge consent benthic surveys.

6. Capital Works Programme

- 6.1 The Business Plan outlines the expected expenditure over the 2025/26 financial period based on the second year of the NRSBU AMP.
- 6.2 Capital expenditure included in the BP matches values incorporated in the AMP, but escalated to reflect inflationary cost increases since the AMP was generated.
- 6.3 The exception to this is the allowance for improvements to the biosolids application on Moturoa/Rabbit Island, which incorporates an additional \$350k to allow to meet consent requirements for stormwater management. At present officers suggest this is incorporated as additional capital expenditure, however this could be offset by deferring other works (such as expansion of irrigation on Bell Island)
- 6.4 Key aspects of this draft BP include:
 - 6.4.1 Investment in additional secondary treatment capacity to increase peak flow treatment ability and to allow treatment of additional volume for reuse.
 - 6.4.2 Expansion of land disposal capacity on Bell Island

Item 6: Nelson Regional Sewerage Business Unit Draft Business Plan 2024/25

- 6.4.3 Continuation of desludging of ponds at the WWTP to meet consent requirements.
- 6.4.4 Commencement of duplication of the discharge pump and upgrades to the discharge metering system.
- 6.4.5 Consenting works for Best Island irrigation
- 6.4.6 Consent required upgrades to the biosolids application facility of Moturoa/Rabbit Island

7. Options for NRSBU draft Business Plan

- 7.1 The following table outlines three options for the NRSBU draft Business Plan 2025/26. Officers support option 3.

Option 1: Do not adopt the draft Business Plan	
Advantages	<ul style="list-style-type: none"> There are no advantages.
Disadvantages	<ul style="list-style-type: none"> NRSBU will not be meeting the requirements of the Terms of Reference adopted by Nelson City and Tasman District councils. NRSBU will not have approval to continue its works programme. NRSBU will not meet its legal requirements, capital works programme, health and safety obligations or performance targets. System improvements to meet consent requirements and levels of service would not be carried out – this could result in consent condition breaches and subsequent infringements.
Option 2: Request amendments to the draft Business Plan prior to submission to NCC and TDC for feedback.	
Advantages	<ul style="list-style-type: none"> Allows the NRSBU board to consider and modify the scope of proposed capital works or the timing of the proposed capital works.
Risks and Disadvantages	<ul style="list-style-type: none"> If significant changes are made, the revised Business Plan will not be available in time to meet the 31 October due date required by both Councils in the NRSBU Terms of Reference. May require rework of the plan and approval of the revised plan if significant changes are made to the scope or timing of the capital works. Regional services staff capacity will be exceeded.

Option 3: Adopt the draft Business Plan and submit to NCC and TDC for feedback – recommended option.	
Advantages	<ul style="list-style-type: none"> • Allows continuation of existing capital programmes. • Allows ongoing renewal and upgrade of the scheme. • Allows NCC and TDC to include this in their consultation process. • Allows NCC and TDC to provide feedback in a timely manner for NRSBU consideration.
Risks and Disadvantages	<ul style="list-style-type: none"> • Requires additional capital expenditure.
Option 4: Defer expenditure on Bell Island irrigation expansion in 2025/26 and submit an amended draft Business Plan to NCC and TDC for feedback.	
Advantages	<ul style="list-style-type: none"> • Adjusts capital expenditure profile to match AMP.
Risks and Disadvantages	<ul style="list-style-type: none"> • Delays commencement of Bell Island irrigation expansion. • May cause NRSBU to not meet its strategic goals. • May be seen negatively by iwi.

8. Conclusion and Next Steps

- 8.1 The draft NRSBU Business Plan sets out the goals and expenditure for the business unit for 2025/26.
- 8.2 Following adoption of the draft Business Plan it will be presented to Nelson City Council and Tasman District Council for feedback.

Important considerations for decision making	
9.1 Fit with Purpose of Local Government	The NRSBU is a joint committee constituted pursuant to the provisions of Schedule 7 to the Local Government Act 2002 and contributes to the four Local Government well-beings of social, economic, environmental, and cultural.
9.2 Consistency with Community Outcomes and Council Policy	The NRSBU Business Plan feeds into the NCC and TDC Annual Plans and the Business Plan has been prepared based on the NRSBU 2024 -2034 Activity Management Plan.
9.3 Risk	

	<p>This report includes allowance or mitigation of environmental and business continuity risks. The business plan will be submitted to TDC and NCC for feedback, this feedback will be considered by the Board. The risk of not approving the business plan is that this could delay the NRSBU implementing the works outlined and could result in significant adverse effect environmentally, financially and to the sustainability of wastewater in the Nelson Tasman Region.</p>
<p>9.4 Financial impact</p>	<p>The NRSBU draft Business Plan 2025/26 incorporates the capital and operational costs set out in the NRSBU Activity Management Plan 2024-34, with some minor amendments due to inflation.</p>
<p>9.5 Degree of significance and level of engagement</p>	<p>The NRSBU is a Joint Committee of the two Councils and its activities are included in the Long-term Plans and Annual Plans of each Council. Consultation is undertaken by both Councils in the preparation and adoption of these plans.</p>
<p>9.6 Climate Impact</p>	<p>A key feature of the capital programme is the ability to implement systems to reduce greenhouse gas emissions and environmental and cultural issues. Furthermore, the impacts of climate change are considered significantly in the NRSBU AMP, upon which this Business Plan is based.</p>
<p>9.7 Inclusion of Māori in the decision making process</p>	<p>No engagement with Māori has been undertaken in preparing this report but iwi have representation on the Board.</p>
<p>9.8 Delegations</p>	<p><i>The Councils are agreed that the responsibility for all management and administrative matters associated with the NRSBU operation shall be with the Board, and in particular the Board shall without the need to seek any further authority from the Councils:</i></p> <p><i>Enter into all contracts necessary for the operations and management of the Business Unit in accordance with approved Budgets and the intent of the Business Plan.</i></p> <p><i>Authorise all payments necessary for the operations and management of the business unit within the approve budgets and the intent of the Business Plan</i></p> <p><i>Do all other things, other than those things explicitly prohibited by this MOU or relevant statutes, that are necessary to achieve the objectives as stated in the strategic Plan, Asset Management Plan or Business Plan approved by the councils.</i></p>

Powers to Recommend to Councils:

Any other matters under the areas of responsibility of the Business Unit and detailed in the Memorandum of Understanding

All recommendations to Council will be subject to adoption of an equivalent resolution by the other Council, unless it is a matter specific to one Council only

Attachments

Attachment 1: NRSBU Draft Business Plan 2025-26

Nelson Regional Sewerage Business Unit

20 September 2024

Report Title:	Nelson Regional Sewerage Business Unit - Annual Report Summary 2023/24
Report Author:	Nathan Clarke - General Manager Regional Sewerage and Landfill
Report Authoriser:	Alec Louverdis - Deputy Chief Executive / Group Manager Infrastructure
Report Number:	R28707

1. Purpose of Report

- 1.1 To present the Nelson Regional Sewerage Business Unit (NRSBU) Annual Report for the 2023/24 financial year.

2. Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Receives the report Nelson Regional Sewerage Business Unit - Annual Report Summary 2023/24 (R28707) and its Attachments; and**
- 2. Approves the Nelson Regional Sewerage Business Unit Annual Report 2023/24 and Nelson Regional Sewerage Business Unit Financial Statements 2023/24 for presentation to Nelson City Council and Tasman District Council.**

Recommendation to the Nelson City Council and Tasman District Council

That the Nelson City Council and Tasman District Council

- 1. Receives the Nelson Regional Sewerage Business Unit Annual Report 2023/24 and Nelson Regional Sewerage Business Unit Financial Statements 2023/24.**

3. Background

- 3.1 The annual report outlines what has been achieved by the NRSBU in the 2023/24 financial year and its level of performance against Key Performance Indicators.
- 3.2 The full annual report is attached to this summary report. A brief discussion is included in this report for information.

4. Discussion

- 4.1 The NRSBU had a successful year, with treatment quality from the treatment plant meeting all required quality standards.

- 4.2 The net income was below budget for the year.
- 4.3 There was 1 overflow and 2 leaks from the conveyance system during the year. The leaks related to corroded fittings, and the overflow was a combination of high inflow and reduced pump capacity.
- 4.4 The regional rising main duplication project progress included the completion of 6 new sections of rising main (sections 5-7 from Saxton Creek to Saxton Rd, sections 2 and 3 on the Whakatu foreshore and under SH6 and the Martins Point connection) and tendering the final pump station connections at Beach Rd and Saxton pump stations. In addition, section 4 between SH6 and Saxton Creek began construction.
- 4.5 Health and Safety
- 4.5.1 The operation and maintenance contractor maintained a high level of health and safety vigilance.
- 4.5.2 A number of safety system improvements occurred during the year following hazard identification notifications and near miss incidents.
- 4.5.3 There were no lost time or medical treatment injuries during the year.
- 4.6 Capital Projects
- 4.6.1 Capital expenditure for the year totalled \$11,406,353 and included:
- Completion ATAD odour system upgrade including ammonia scrubber and second biofilter.
 - Construction of the new workshop/facilities building.
 - Storage tank covers at the Biosolids Application Facility.
 - Pond de-sludging for Pond F1.
 - Recycled water export tanks, storage and pipeline to Greenacres.
 - Services crossing in the estuary adjacent to the Best to Bell Islands Causeway.
 - The completion of 6 additional sections of the regional rising main upgrade.
- 4.6.2 Inflation has been high over the last two years, and this has affected the budgets for projects spread over more than one year.
- 4.7 Environmental Performance
- 4.7.1 The effluent discharge quality has met the consent conditions for the year.
- 4.7.2 The sludge treated at Bell Island consistently met the requirements for A Grade biosolids, and a consent renewal for the Rabbit Island Biosolids Application facility was granted, and NRSBU appealed some conditions of the new consent. The appeal was resolved, however minor corrections to consent conditions are still outstanding.
- 4.7.3 Odour generation from the WWTP has generally been less than minor, with no notifications received that were deemed to exceed consent parameters. Feedback from Best Island residents confirmed significant improvements in odour.
- 4.7.4 Odour patrols carried out by an independent contractor have demonstrated that the residual odours at the treatment plant have been significantly reduced, with remaining occasional odours generally as a result of pond health, rather than other processes.

- 4.7.5 There were several odour reports received relating to biosolids application. An independent odour auditor was engaged to verify some of these reports. As a result of three confirmed odour reports biosolids application was relocated to mitigate odour generation.

5. Performance Measured Against Business Objectives and Performance Measures

- 5.1 The annual report includes a review of performance against the objectives described in the NRSBU Business Plan 2023/24.
- 5.2 Performance measure targets and dates are set annually in the Business Plan, along with performance measures for projects identified in the Activity Management Plan.
- 5.3 Performance is reported to the Joint Committee and to the shareholding councils annually.

6. Key Successes

- 6.1 The regional rising main construction continues to be proceeding well, but inflation is now affecting the overall project budgets, with additional funding included in the 2024/25 budget. The duplicate rising main is anticipated to be online in early 2025.
- 6.2 Provision of ultra filtered treated wastewater to Greenacres Golf Course came online late in the irrigation season. This currently allows for 250m³ per day of recycled water to be utilised in irrigation of the golf course.
- 6.3 The supply pipeline to Greenacres was installed in a service trench, utilising a 'pipes in pipes' system to ensure conveyance. The services trench includes provision for future developments – such as industrial re-use in Richmond, treated effluent application on Best Island, and conveyance of power/communications and potable water between the islands.

7. Financial Performance

- 7.1 The NRSBU achieved a surplus of \$2,286,109 compared to a budget surplus of \$3,361,000.
- 7.2 The principal driver for the variation was the decrease in income to \$13,779,227 (budget \$14,032,000) and the increases in costs to \$11,493,118 (budget \$10,671,000).
- 7.3 Total revenue was \$252,773 under budget principally due to lower fixed revenue from the major customers resulting from lower interest rate used in the recovery model and higher than budgeted operational costs. In addition, there was increased income from septage operators, lease rentals and other recoveries.
- 7.4 The load capacity surrendered when ENZA left the scheme was not acquired by any customers during the year.
- 7.5 Total Expenses were \$822,118 over budget with interest being \$307,687 over budget due to higher interest rates paid. In addition, the following items were over budget: operations and maintenance costs (\$288,000); biosolid disposal (\$139,000); management (\$229,000); monitoring (\$69,000); and Sundry (\$50,000). These costs were partially offset by lower than budgeted costs for: depreciation (-\$166,000); consultancy (-\$242,000); and electricity (-\$118,000).

8. Conclusion

- 8.1 The NRSBU has had a successful year with a number of successful outcomes.

Important considerations for decision making	
9.1	Fit with Purpose of Local Government
	The NRSBU is a joint committee constituted pursuant to the provisions of Schedule 7 to the Local Government Act 2002 and contributes to the four Local Government well-beings of social, economic, environmental, and cultural.
9.2	Consistency with Community Outcomes and Council Policy
	Our infrastructure is efficient, cost effective and meets current and future needs.
9.3	Risk
	The risk of not approving the annual plan is that the Councils will have no annual report from the NRSBU actions for the 2023/24 financial year.
9.4	Financial impact
	This report has covers funding approved by the Councils and comments on costs as outlined in the annual business plan and long-term plans.
9.5	Degree of significance and level of engagement
	The NRSBU is a Joint Committee of the two Councils and its activities are included in the Long-term Plans and Annual Plans of each Council. Consultation is undertaken by both Councils in the preparation and adoption of these plans.
9.6	Climate Impact
	A key feature of the capital programme is the ability to implement systems to reduce greenhouse gas emissions and environmental and cultural issues. The annual report outlines the achievement of these actions.
9.7	Inclusion of Māori in the decision making process
	No engagement with Māori has been undertaken in preparing this report but iwi have representation on the Board.
9.8	Delegations
	<p><i>The Councils are agreed that the responsibility for all management and administrative matters associated with the NRSBU operation shall be with the Board, and in particular the Board shall without the need to seek any further authority from the Councils:</i></p> <p><i>Enter into all contracts necessary for the operations and management of the Business Unit in accordance with approved Budgets and the intent of the Business Plan.</i></p> <p><i>Authorise all payments necessary for the operations and management of the business unit within the approve budgets and the intent of the Business Plan</i></p>

Do all other things, other than those things explicitly prohibited by this MOU or relevant statutes, that are necessary to achieve the objectives as stated in the strategic Plan, Asset Management Plan or Business Plan approved by the councils.

Powers to Recommend to Councils:

Any other matters under the areas of responsibility of the Business Unit and detailed in the Memorandum of Understanding

All recommendations to Council will be subject to adoption of an equivalent resolution by the other Council, unless it is a matter specific to one Council only.

Attachments

Attachment 1: NRSBU Annual Report 2023/24

Attachment 2: NRSBU Annual Financial Statements 2023/24

Nelson Regional Sewerage Business Unit

20 September 2024

Report Title:	Nelson Regional Sewerage Business Unit 2023/24 Capital and Renewal Update and Carryover
Report Author:	Brad Nixon - Operations Manager Regional Services
Report Authoriser:	Alec Louverdis - Deputy Chief Executive / Group Manager Infrastructure
Report Number:	R28708

1. Purpose of Report

- 1.1 To consider and approve the 2023/24 capital carryover requirements to 2024/25.

2. Summary

- 2.1 A significant amount of renewal and capital upgrading work has commenced but has not been completed during the 2023/24 financial year. This work is necessary, and it is therefore important to carry over unspent capital from 2023/24 to 2024/25 to allow this work to be undertaken.

3. Recommendation

That the Nelson Regional Sewerage Business Unit

- 1. Receives the report Nelson Regional Sewerage Business Unit 2023/24 Capital and Renewal Update and Carryover (R28708); and***
- 2. Approves the carryover of capital (\$2,635,731) and renewals budgets (\$782,288) from the 2023/24 financial year to the 2024/25 financial year, to ensure continuation of urgent and planned works.***

4. Background and Discussion

- 4.1 NRSBU has continued a challenging renewals and capital programme during the 2023/24 financial year. Good progress has been made on key capital projects, and capital delivery has improved compared to the 2022/23 financial year.
- 4.2 Business unit resource levels are lower than needed to meet the workloads and assistance has been provided by consultants, however delivery timeframes continue to

be challenged. At the very end of the 2022/23 financial year the business unit engaged the services of a small project management firm to assist with project scoping and initiation.

- 4.3 Ongoing inflationary pressures continue to put pressure on budgets however the easing construction market has improved contractor availability and is anticipated to improve project value as firms become more competitive to secure work.

- 4.4 The following table details overall renewals and capital expenditure to the end of June 2024, along with the proposed carryover.

	Full Budget 2023/24	Total Spend 2023/24	Carryover
<u>Renewals</u>			
Total Renewals	\$ 4,655,988	\$ 2,375,116	\$ 2,635,731
<u>Capital</u>			
Regional Pipeline	\$ 9,286,231	\$ 7,462,496	\$ 1,823,735
Other	\$ 2,120,122	\$ 3,176,392	-\$ 1,041,447
Total Capital	\$ 11,406,353	\$ 10,638,888	\$ 782,288

- 4.5 Additional funding streams for consent required capital projects (including ATAD odour upgrade, pond desludging and Rabbit Island consent works) is included in the 2024/25 Business Plan. Work continued on these projects in 2023/24 utilising available funds from the rising main duplication project. These funding streams total \$1.02M.
- 4.6 The table below details renewals and capital works with carryover values above \$50,000.

	Full Budget 2023/24	Total Spend 2023/24	Carryover
<u>Renewals</u>			
Renewals: Buildings	\$527,542	\$492,619	\$34,923
Renewal: Sludge Storage	\$573,924	\$314,282	\$259,642
Renewal: Pump Stations & Rising Mains	\$1,357,399	\$477,623	\$879,776
Carryover - Aerators	\$1,781,338	\$104,529	\$1,676,809
<u>Capital</u>			
Regional Pipeline Duplication	\$9,286,231	\$7,462,496	\$1,823,735
ATAD Odour Upgrade	-\$171,206	\$455,733	-\$626,939
Sludge Management in Ponds at Bell	\$156,784	\$178,014	-\$21,230
Sludge Storage Tanks	\$740,744	\$231,523	\$509,221
Rabbit Island Tank Covers/Odour	\$473,944	\$425,071	\$48,873
Biosolids Application Consent	-\$126,025	\$7,491	-\$133,515
Recycled Water Supply (Export)	\$200,000	\$647,971	-\$447,971

- 4.7 Specifics of proposed renewal carryovers are as follows:

- 4.7.1 Buildings: Work on the operator facility/workshop building was substantially completed during 2023/24. Minor works are required to complete the building in 2024/25.

4.7.2 Sludge Storage: Following reduction in the scope of works for the sludge tank replacement (dual tank to single tank system) contractors were engaged and site works commenced during 2023/24. The new sludge tank is expected to be operational early in the second quarter of 2025.

4.7.3 Pump Stations and Rising Mains:

- Work has commenced on parts of the pump station and rising main renewal programme, with a major control system and infrastructure upgrade substantially completed.
- The Airport pump station storm pump has been ordered, and detailed design for replacement works are well progressed. The non-return valves onsite will also be replaced.
- Discharge pipework upgrades at Wakatu pump station have been deferred slightly to allow works to incorporate replacement of the existing control shed, upgrade of the control board, and replacement of pumps. Concept design has been completed and detailed design is underway.
- The Beach Rd storm pump replacement has been delayed as conflicting information on existing components was identified during as-built drawing reviews. Investigations are programmed to confirm this and allow procurement of a replacement pump.
- The works to replace the pump pedestal and pump riser pipes in Songer pump station commenced in 2023/24 with detailed design and pricing completed. Replacement works now include reconstructing pump plinths and will be completed in the 2024 calendar year.

4.7.4 Aerators: There is a significant renewals project for the aeration basin with options review work commencing during 2021/22. Funding was held back again this year to allow staff to assess the suitability of Membrane Aerated Biofilm Reactors (MABR) or Membrane BioReactors (MBR) for integration into the system. One of the key NRSBU requirements for inclusion of MABR or MBR is the production of suitable quality effluent for re-use, however MABR and MBR processes do not provide sufficient pathogen removal without additional processes and as such were deemed to be un-economical for inclusion within the aeration basin renewal. With funding for a major secondary treatment upgrade available from 2024/25 officers are now considering a holistic approach to the secondary system, including possible alteration of the aeration basin function as part of this review.

4.8 Specifics of proposed capital carryovers are as follows:

4.8.1 Regional pipeline duplication: Work is ongoing to the pipeline duplication project.

- Construction of Sections 5-7 (Saxton Creek to Saxton Rd), 2 & 3 (Whakatu foreshore and under SH6) and the Martins Point connection were completed during 23/24.
- Works in Section 4 (SH6 to Saxton Creek) were substantially completed during 2023/24, with Section 1 (Whakatu foreshore to Beach Rd) to be completed during spring 2024.

- The Beach Rd and Saxton pumpstation connection works went to market late in the 2023/24 financial year, with works anticipated to be completed early in 2025.

4.8.2 Sludge Management:

- Pond desludging has been completed in ponds F1 and F2. The sludge bags in the bund are now full.
- A significant volume of spoil was generated during the August 2022 flood event. As an alternative to landfilling NRSBU accepted this spoil for use covering the sludge bund. To provide the bottom layer of bags with lateral support the bottom half of the bund earth fill has been installed. The remaining material to cover the bund is stockpiled on Best Island awaiting placement in spring 2024.
- Due to increased sludge volumes, along with higher than expected sludge density the sludge bags in the bund reached capacity earlier than expected, with targeted desludging of F3 yet to be completed. Additional funding in included in the NRSBU Activity Management Plan to proceed with this work, which is required under the consent for Bell Island. Officers are working to identify options for sludge disposal.

4.8.3 Sludge Storage Tanks: See 0.

4.8.4 Rabbit Island Tank Covers and Odour: The tank covers are now substantially completed, with only minor works to access hatches and washdown facilities remaining.

4.8.5 Biosolids Application Consent: The application for a new resource consent to continue application of biosolids to Moturoa/Rabbit Island went to a hearing. A number of the conditions required minor amendments, and one condition added by the commissioners required NRSBU to lodge an appeal to the Environment Court. The appeal was resolved, and conditions issued. Minor corrections to two conditions are still required, and this is currently sitting with Tasman District Council to resolve.

4.8.6 Aberrational Discharge Consent: NRSBU is still required to obtain a Cultural Health Indexing (CHI) report as part of this consent, however this is not time bound as the provision of this is outside of NRSBUs control. CHI providers have been engaged to complete this work via Te Tau Ihu iwi, however this is yet to commence.

5. Options

- 5.1 Two options have been considered for the carryover – Approving the carryover and not approving the carryover. These are outlined in the table below.
- 5.2 Officers support Option 2 – approving the carryover.

Option 1: Do not approve the carryover

Advantages	<ul style="list-style-type: none"> • Less money will be spent, resulting in lower financing costs to contributors. • Reduced workload for Regional Service staff due to fewer capital and renewal projects.
Risks and Disadvantages	<ul style="list-style-type: none"> • The capital upgrade works will not be undertaken resulting in environmental and performance issues. • Non-compliance with resource consent conditions. • Increased workload for Regional Service staff because of increased maintenance requirements, along with managing environmental and performance issues.
Option 2: Approve the carryover	
Advantages	<ul style="list-style-type: none"> • The capital projects will be able to continue. • Upgrades will be possible to reduce environmental and performance issues. • Compliance with resource consents.
Risks and Disadvantages	<ul style="list-style-type: none"> • Regional services staff will be subjected to higher workload delivering the capital projects (although this is mitigated somewhat now the Regional Services structure is fully staffed, and through support from consultants where needed). • More capital money will be spent, which will increase the financing costs to contributors.

6. Conclusion and Next Steps

- 6.1 It is recommended that \$2,635,731 of renewal and \$782,288 of capital funds be carried forward into 2024/25. Of these figures \$1.3M has already been committed either via standalone projects or the operations and maintenance contract.

Important considerations for decision making	
7.1	Fit with Purpose of Local Government
	The NRSBU is a joint committee constituted pursuant to the provisions of Schedule 7 to the Local Government Act 2002 and contributes to the four Local Government well-beings of social, economic, environmental, and cultural.
7.2	Consistency with Community Outcomes and Council Policy
	Our infrastructure is efficient, cost effective and meets current and future needs.
7.3	Risk

	<p>The risk of not approving the carry-overs is that contracts awarded, and equipment ordered will not be able to be completed, and that urgent and planned works will not be able to be undertaken.</p>
7.4	<p>Financial impact</p> <p>This report has considered funding approved by the Councils and transfers capital funding to allow the delivery of the required capital upgrades as outlined in the annual and long term plans.</p>
7.5	<p>Degree of significance and level of engagement</p> <p>The NRSBU is a Joint Committee of the two Councils and its activities are included in the Long-term Plans and Annual Plans of each Council. Consultation is undertaken by both Councils in the preparation and adoption of these plans</p>
7.6	<p>Climate Impact</p> <p>A key feature of the capital programme is the ability to implement systems to reduce greenhouse gas emissions and environmental and cultural issues. Carryover of funds allows these programmes to continue.</p>
7.7	<p>Inclusion of Māori in the decision making process</p> <p>No engagement with Māori has been undertaken in preparing this report but iwi have representation on the Board.</p>
7.8	<p>Delegations</p> <p><i>The Councils are agreed that the responsibility for all management and administrative matters associated with the NRSBU operation shall be with the Board, and in particular the Board shall without the need to seek any further authority from the Councils:</i></p> <p><i>Enter into all contracts necessary for the operations and management of the Business Unit in accordance with approved Budgets and the intent of the Business Plan.</i></p> <p><i>Authorise all payments necessary for the operations and management of the business unit within the approve budgets and the intent of the Business Plan</i></p> <p><i>Do all other things, other than those things explicitly prohibited by this MOU or relevant statutes, that are necessary to achieve the objectives as stated in the strategic Plan, Asset Management Plan or Business Plan approved by the councils.</i></p> <p><i>Powers to Recommend to Councils:</i></p>

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Nil