

Notice of the Ordinary meeting of  
**Nelson Regional Sewerage  
Business Unit**  
**Agenda | Rārangī take**



Date:	Friday 15 November 2024
Time:	9.30a.m.
Location:	Council Chamber Floor 2A, Civic House 110 Trafalgar Street, Nelson

<b>Chairperson</b>	Tasman District Councillor Kit Maling
<b>Deputy Chairperson</b>	Nelson City Councillor Tim Skinner
<b>Members</b>	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

**Nigel Philpott**  
Chief Executive

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision. For enquiries call (03) 5460436.

## 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.

**Karakia and Mihi Timatanga**

1. Apologies
2. Confirmation of Order of Business
3. Interests
4. Public Forum
5. Confirmation of Minutes
6. Nelson Regional Sewerage Business Unit General Manager Update Report November 2024 11 - 24
7. Nelson Regional Sewerage Business Unit Memorandum Of Understanding Renewal 25 - 36
8. Nelson Regional Sewerage Business Unit Business Plan 2025/26 37 - 58
9. Exclusion of the Public 58 - 59

**Karakia Whakamutanga**

## Procedural Items

### 1. Apologies

An apology has been received from Iwi Representative A Young

### 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 20 September 2024

**1 - 11**

Document number M20757

Recommendation

**That the Nelson Regional Sewerage Business Unit**

- 1. Confirms the minutes of the meeting of the Nelson Regional Sewerage Business Unit, held on 20 September 2024, as a true and correct record.**

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**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 20 September 2024, commencing at 9.32a.m.**

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Present: Tasman District Councillor K Maling (Chairperson), Tasman District Councillor B Dowler, Nelson City Councillor T Skinner (Deputy Chairperson), Nelson City Councillor K Paki Paki, Independent Member T Mehmood, and Industry Representative (non-voting) P Wilson

In Attendance: Acting Chief Executive (A Louverdis), General Manager Regional Services (N Clarke), Senior Governance Adviser (A Andrews) and Assistant Governance Adviser (M Taylor)

Apologies : Iwi Representative A Young

**1. Apologies**

**Apologies**

Resolved RSBU/2024/017

**That the Nelson Regional Sewerage Business Unit**

- 1. Receives and accepts the apologies from Iwi Representative A Young for attendance.**

Dowler/Skinner

Carried

**2. Confirmation of Order of Business**

There was no change to the order of business.

### 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 2 August 2024

Document number M20683, agenda pages 7 - 11 refer.

Resolved RSBU/2024/018

#### **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.**

Dowler/Skinner

Carried

### 6. Nelson Regional Sewerage Business Unit Draft Business Plan 2025/26

Document number R28709, agenda pages 12 - 34 refer.

General Manager Regional Services, Nathan Clarke, Operations Manager Regional Services, Brad Nixon and Accountant, Andrew Bishop presented the report. Mr Nathan highlighted an amendment that the draft business plan is for the year 25/26 and tabled an attachment to the report that would replace page 33 in the agenda. They answered questions on budgets, operating expenditure at the end of financial year, review of payments, depreciation of assets, new capital funding, interest rates, activity three year plan, reason for the fluctuations in renewals, assets' treatment in the financial statements, Best Island irrigation and inflationary trends in the building industry.

The Acting Chief Executive noted that he had signalled to the General Manager of the need to review the user contracts, as allowed for in the contracts.

Resolved RSBU/2024/019

#### **That the Nelson Regional Sewerage Business Unit**

- 1. Receives the report Nelson Regional Sewerage Business Unit Draft Business Plan 2025/26 (R28709) and its Attachment; and**
- 2. Approves the Nelson Regional Sewerage Business Unit Draft Business Plan 2025/26 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.**

Skinner/Dowler

Carried

**Attachments**

- 1 Draft 10 Year Capital Expenditure Diagram

Recommendation to Nelson City Council and Tasman District Council  
RSBU/2024/020

**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.**

Skinner/Dowler

Carried

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

Document number R28707, agenda pages 35 - 84 refer.

General Manager Regional Services, Nathan Clarke took the report as read and highlighted the successes of the previous year, health and safety incidents and capital expenditure. He answered questions on splitting costs with reduced customers, projection of income, surplus capacity and treatment

Resolved RSBU/2024/021

**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.**

Dowler/Paki Paki

Carried

Recommendation to Nelson City Council and Tasman District Council  
RSBU/2024/022

**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**

Document number R28708, agenda pages 85 - 91 refer.

Operations Manager Regional Services, Brad Nixon took the report as read.

Resolved RSBU/2024/023

**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 renews budgets (\$782,288) from the 2023/24 financial year to the 2024/25 financial year, to ensure continuation of urgent and planned works.**

Skinner/Dowler

Carried

**9. Exclusion of the Public**

Resolved RSBU/2024/024

**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:**

Skinner/Dowler

Carried

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	<b>Nelson Regional Sewerage Business Unit Meeting - Confidential Minutes - 2 August 2024</b>	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"> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including</li> </ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			<p>commercial and industrial negotiations)</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> </ul>
2	<b>Nelson Regional Sewerage Business Unit Solar Development Update Report</b>	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	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>
3	<b>Nelson Regional Sewerage Business Unit Land Purchase</b>	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	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>

The meeting went into confidential session at 10.25a.m. and resumed in public session at 10.58a.m.

## 10. Restatements

It was resolved while the public was excluded:

- 2**      **CONFIDENTIAL: Nelson Regional Sewerage Business Unit Solar Development Update Report**
4.      *Agrees that the decision only be made publicly available following signing of the Solar Power Licence to Occupy; and*
  5.      *Agrees that this Report (R28768) and Attachment remain confidential at this time.*

- 3**      **CONFIDENTIAL: Nelson Regional Sewerage Business Unit Land Purchase**
3.      *Agrees that Report (R28724), its Attachment and the decision be made publicly available following settlement of the purchase.*

There being no further business the meeting ended at 10.59a.m.

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

Resolution

## Nelson Regional Sewerage Business Unit

15 November 2024

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<b>Report Title:</b>	<b>Nelson Regional Sewerage Business Unit General Manager Update Report November 2024</b>
<b>Report Author:</b>	<b>Nathan Clarke - General Manager Regional Sewerage and Landfill</b>
<b>Report Authoriser:</b>	<b>Alec Louverdis - Deputy Chief Executive / Group Manager Infrastructure</b>
<b>Report Number:</b>	<b>R28801</b>

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### 1. Purpose of Report

- 1.1 This report is an update by the General Manager (GM) on activities undertaken to 30 September 2024 by the Nelson Regional Sewerage Business Unit (NRSBU).

### 2. Recommendation

**That the Nelson Regional Sewerage Business Unit**

- 1. Receives the report Nelson Regional Sewerage Business Unit General Manager Update Report November 2024 (R28801).**

### 3. Background

- 3.1 The Operations and Maintenance contract is running smoothly.
- 3.2 There was one biosolid pipeline failure resulting in an overflow to the environment during the period.
- 3.3 There were five odour notifications for the period, all from the rabbit island biosolids application facility.
- 3.4 Total Income to 30 September 2024 finished significantly behind budget by \$697,594 with a total Net Income below budget by \$700,959.

### 4. Health and Safety

- 4.1 Health and Safety (H&S) for the operations contract is being managed well, and no significant safety issues are currently outstanding. The H&S dashboard is now up and running and a copy is attached.

Item 6: Nelson Regional Sewerage Business Unit General Manager Update Report  
November 2024

4.2 A H&S event register is maintained, with events for this period below:

Event Type	Date	Event Details	Immediate corrective Actions	Summary Findings
Close Call (Near Miss)	24/07/2024	Operator went to site and found middle chamber was opened and lock was located on ground beside wet well.	Operator called duty operator to find out whether there was a reason for opening and then advised to close and lock. Supervisor then checked any of the Treatment Teams vehicles to see whom may have attended site, but no visibility was noted.	Prevention of this type of event occurring is dependent on the operators being vigilant with security - security cameras may also be beneficial as a future improvement
Close Call (Near Miss)	25/07/2024	Due to the flow meter being incorrect, needed to steam clean the PC line with pulling blaster. When pulling in then out the end flew onto the ground causing stones to fly everywhere including on which flew under my safety glasses getting very close to my eye.	Need to amend SOP to include wearing of full face mask with confined safety glasses to avoid any risk of debris flying around the area of towards the operator	"We need to create an SOP for the use of the line jetting, pressure wash attachment.
Injury/ Illness (Accident)	27/07/2024	I had to remove an old broken rotation switch from the newly installed milli screen 2, and I had to work behind a Crain guard and as I moved my adjustable spanner it slipped, and I cut the knuckle on my right hand	Cleaned area and applied a plaster	continue to trial glove types until you find a suitable type
Injury/ Illness (Accident)	12/08/2024	Cut finger when trying to tighten up a hose clip on the septage unit	Clean cut and apply a plaster	continue to trial gloves until a suitable type is found
Property Damage (Incident)	15/08/2024	Nth Est corner roof gutter hit and damaged by paving machine while levelling fill material before chip sealing.	Operators stopped machine and assessed damage. Operator and other workers changed their work plan to use a 1.5t excavator around the corner of the building. Supervisor discussed incident with me and his plan for fixing the damage. Contractor will take responsibility for replacing the damaged section of guttering at their cost - will use Contour Roofing who initially installed the guttering.	"Subcontractor to forward incident report
Injury/ Illness (Accident)	28/08/2024	Strain - sore wrist, forearm, shoulder from repetitive steel tying of structural steelwork	Monitor activities - pre work stretching / warm up etc. Requires physio visits.	

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Event Type	Date	Event Details	Immediate corrective Actions	Summary Findings
Close Call (Near Miss)	2/09/2024	After pigging Primary Clarifier line and washing pig out of basket, Contractor had parked behind my vehicle which was parked in the roadway, I proceeded around the front of his vehicle to speak to him and on the edge of the Pond Wave Band I slipped on some small ball bearing type stones and slipped down to the bottom of the wave band nearly falling into the pond.	"Washed wounds with sterile cleaners and placed bandage on hand.	Complete
Property Damage (Incident)	9/09/2024	Picking up the diesel tank to fill the generators as there was a major power outage. As I drove away I picked up a road cone under the trailer, so I backed up and jack knitted the trailer bending the draw bar.	Drove to the generator and unhooked the trailer and will straight the drawbar tomorrow	replacement of the trailer with one from NPD should prevent this in future as they are designed with a longer draw bar and are a wider trailer so it can be seen when reversing.
Injury/ Illness (Accident)	10/09/2024	When disconnecting the secondary clarifier suction pump line I spray of waste water hit me in the face and upper clothing	Went to the on-site eye wash and washed my face, and changed my overalls	Under Pressure to get the plant back online has caused a situation where Alan has rushed the task at hand, and he got sprayed with waste water as a result.
Injury/ Illness (Accident)	13/09/2024	carrying trench shield by hand and walking backwards tripped on a piece of wood and fell dropping the Shield on my leg causing bruising and broken skin	cleaned wound with fresh water	thank you for reporting this event
Close Call (Near Miss)	27/09/2024	Trailer came lose coming onto causeway	Re-hitched on after checking over	Discuss in tailgate, checking trailer connections

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Event Type	Date	Event Details	Immediate corrective Actions	Summary Findings
Close Call (Near Miss)	20/09/2024	Songer pump station well lid left open. Turned up to take samples and found the well unlocked and left open.	Closed and locked lid	We were not able to establish how these lids were left open, team had discussion around security and safety of sites to be ensured before leaving work areas, we are confident it was not our team that left these lids open as they had to have been opened that morning, Alan Thornborough biked past this site the previous night and all was normal.

4.3 Nelmac have inducted 74 new/renewed personnel to NRSBU sites during the period to the end of September 2024.

4.4 The following training was completed during the report period:

Month	Training Type/details	No of Staff
Jul 24	Microscope analysis training program at Cawthron, learning algal analysis techniques	2
Jul 24	CCNZ Mental Health requirements training evening	1
Aug 24	RAMM asset management workshop	4
Sep 24	Permit issuer	5
Sep 24	Day skipper	1
Sep 24	Wheels, tracks and rollers	1
Sep 24	Confined space	1

Table 1: NRSS Operations and Maintenance Contract Training Completed

4.5 The following audit/interaction activities were completed during the report period:

Month	Audits	Prestarts	Tailgates
Jul 24	0	14	1
Aug 24	1	14	1
Sep 24	0	14	0

Table 2: NRSS Operations and Maintenance Contract H&S Interactions Completed

## 5. Risk

5.1 NRSBU manages risks to ensure the performance of the Nelson Regional Sewerage Scheme (NRSS). The following section discusses three significant risks that NRSBU is managing.

5.2 The wastewater conveyancing system:

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- 5.2.1 The regional rising main is being duplicated and upgraded to improve maintainability and to increase capacity from the Richmond catchment. This upgrade will increase the flow rate from Richmond which in turn result in additional flows entering the Bell Island Wastewater Treatment Plant (BIWWTP).
  - 5.2.2 In addition to the additional flows expected from the Richmond catchment as a result of the rising main upgrade, NRSBU has requested information regarding flow projections from NCC and TDC for the next 20 years. This correspondence is requested annually and recently meetings between NCC and NRSBU has suggested that the flows being received by NRSBU during rainfall events is higher than the capacity contracted to Nelson City Council.
  - 5.2.3 The consequence of these issues is a risk that the capacity of the Bell Island facility and the rising main system will need to be increased. The largest constraint faced by the Bell Island treatment plant is the discharge consent capacity and there is a risk that NRSBU will exceed the discharge capacity more frequently in future as a result of the rising main upgrade.
- 5.3 Odour issues associated with biosolids disposal:
- 5.3.1 The NRSBU has implemented a number of odour control changes at the BI WWTP and at the Moturoa/Rabbit Island Biosolids facility. These changes have reduced odour issues associated with the BIWWTP, but odour issues are still being experienced from the biosolids application system.
  - 5.3.2 Elimination of the odour from biosolids application in its current form is difficult to achieve. The effects are mitigated through weather forecasting and dual application zones.
  - 5.3.3 One of the significant contributors to the biosolids odour is the treatment process used (ATADs). The NRSBU Activity Management Plan (AMP) includes funding to move to anaerobic digestion (AD). AD produces biosolids that are not only less odorous, but also easier to dewater.
  - 5.3.4 The ability to dewater biosolids will allow for significant reduction in volumes, which means that alternate transportation options can be efficiently used to enable other disposal locations.
  - 5.3.5 Trial investigations into drying options are also planned, however no significant funding is currently allocated which would allow full scale production of biosolids for alternate uses (eg compost).
- 5.4 Sea Level Rise – Bell Island
- 5.4.1 One of the risks NRSBU faces with its operations, and its future requirements is sea level rise.
  - 5.4.2 NRSBU have assessed sea level rise risks based on data provided by the Ministry for the Environment. This data has been included in Maps by NCC and TDC covering their territories.



- 5.4.3 NRSBU have used the TDC model as a tool to project when NRSBU would be unlikely to be able to use Bell Island as a treatment facility due solely to Sea level rise issues. Using the TDC sea level rise assessment model and compared to NCC model this suggests that the Bell Island facility will be high enough to allow ongoing use until potentially as far as 2100.



Figure 1: Bell Island with 1 m Sea level rise and 1% storm surge using TDC coastal hazard map viewer

- 5.4.4 It can be seen that most of the Bell Island treatment facility is above the storm surge level even at 1 metre of SLR and the 1% Storm surge level. Access to Bell Island will be significantly more difficult as most of the roads leading to the site will be inundated, and some additional pumping would be required internally in the treatment plant as there would be insufficient hydrostatic head to allow water to flow through the outfall for discharge.
- 5.4.5 Bell Island is protected from significant erosion by Rabbit Island. Should the eastern end of Rabbit Island be affected by erosion then it is likely that Bell Island will have increased erosion, particularly to the eastern side.

## 6. Operations & Maintenance

- 6.1 Operational performance of the NRSS continued at a high level.
- 6.2 Overall, the treatment plant is running and performing well.
- 6.3 The Bell Island Wastewater Treatment Plant (BIWWTP) consent compliance report for 2023/24 demonstrated ongoing compliance with consent requirements.

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6.4 Between July to September costs incurred under the maintenance contract were higher than forecast by \$62k. This is primarily due to the biosolids line failure and subsequent blockage, and the response required to this event.

6.5 Graph of progress against TOC:

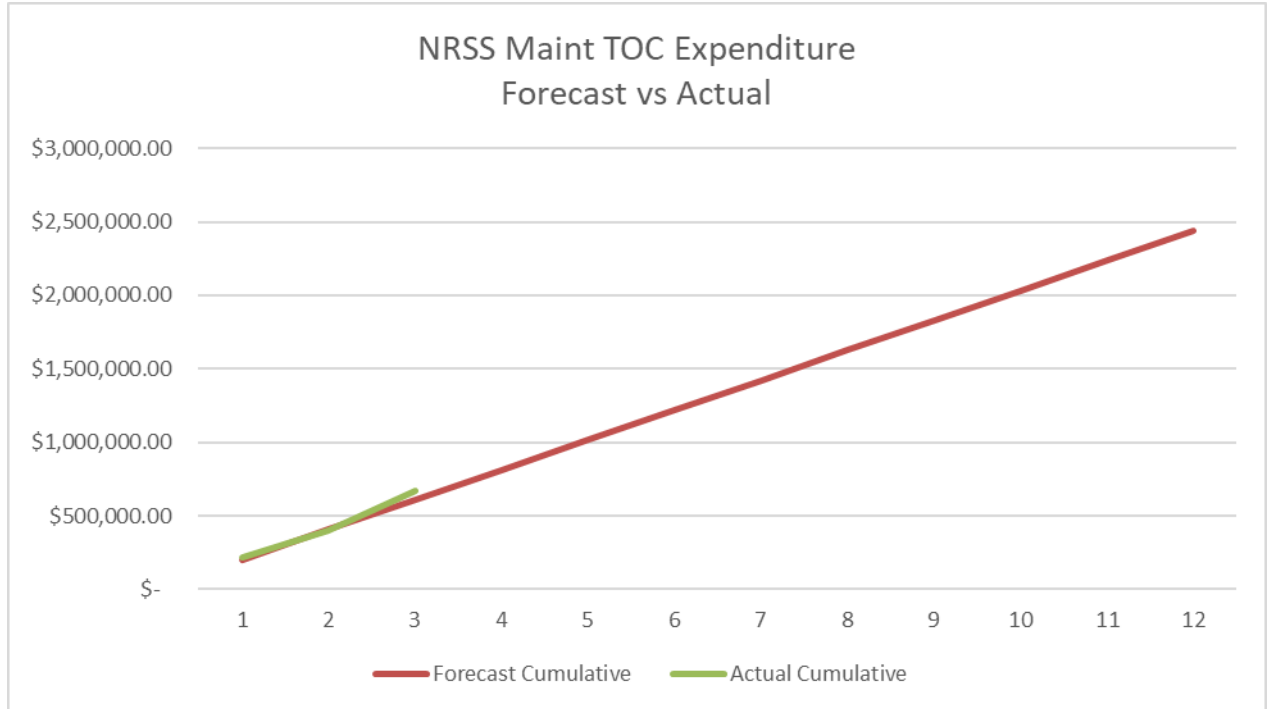


Figure 2: Expenditure against forecast - NRSS O&M Contract

6.6 Issues experienced on the inlet milliscreen drums late last year have not recurred, a new screen has been received, however the screening size is smaller than specification and the screen company are replacing the fine screening elements with the correct size.

6.7 During early September the pipeline which conveys biosolids from Bell Island to the biosolids facility on Moturoa/Rabbit Island failed. Whilst quickly identified and the pipeline shut down biosolids were discharged to the environment. The spill was contained as far as possible, and monitoring of the estuary was completed which indicated no significant effects of the spill.



*Figure 3: Biosolids pipeline failure site*

- 6.8 Following on from the pipeline failure the biosolids line blocked and required several consecutive days of work to clear. This was not as a direct result of the pipeline failure, with evidence of long term build up in the pipeline. An additional access point has been installed to facilitate easier future pipeline cleaning.

## **7. Projects**

- 7.1 Work continues on the rising main duplication project with the contract for the final stage, connection to Richmond and Saxton pumpstations, awarded and due to commence in November.
- 7.2 Section 1-4 works (Beach Rd to Saxton Creek) are well progressed, with installation of the non-structural liner from Beach Rd due for completion in late October. This is

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the last major component of these works. This phase of construction encountered several unforeseen obstacles which challenge the contract budget and programme.

7.3 Works recently completed:

7.3.1 Covering of sea defence/sludge disposal bund with soil.



*Figure 4: Covered sludge bund*

- 7.3.2 Workshop/facilities upgrade
- 7.3.3 Pump riser replacement at Songer pumpstation.
- 7.3.4 Wakatu pumpstation overflow discharge pipework installation.
- 7.3.5 Best to Bell Island causeway and culvert repairs.

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7.4 Works in progress

7.4.1 Sludge tank installation



*Figure 5: New Bell Island sludge storage tank*

- 7.4.2 Storm pump, valving and pipework renewal at Airport pumpstation.
- 7.4.3 Bell Island chamber cover renewals.
- 7.4.4 Bell Island biosolids storage tank renewal.
- 7.4.5 Wakatu pump station upgrade and overflow screen installation design.
- 7.4.6 Bell Island inlet works isolation valve installation.
- 7.4.7 Monaco to Bell Island concrete rising main condition assessment and fittings renewal.
- 7.4.8 Bell Island concrete gravity pipe renewal investigations.
- 7.4.9 Moturoa/Rabbit Island biosolids storage tank level sensors and valve actuation installation.
- 7.4.10 Asset information upgrade.

<b>8. Finance</b>
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8.1 The finance summary to 30 September is shown below.

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<b>Nelson Regional Sewerage Business Unit</b>								
<b>Financial Report</b>								
<b>Income Account for the period to 30th September 2024</b>								
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>%</b>	<b>%</b>	<b>2024/25 Budget</b>		
	<b>Month</b>	<b>Month</b>	<b>YTD</b>	<b>YTD</b>	<b>Year</b>	<b>YTD</b>	<b>Annual</b>	<b>YTD Variation</b>
<b>Income</b>								
Contributions Fixed	715,926	812,333	2,147,777	88	22	2,437,000	9,748,000	(289,223)
Contributions Variable	421,528	513,959	1,142,174	74	19	1,541,878	6,167,511	(399,704)
Other Recoveries	36,102	44,583	125,011	93	23	133,750	535,000	(8,739)
Interest	73	-	73			-	-	73
Forestry Income	-	-	-			-	-	0
<b>Total Income</b>	<b>1,173,628</b>	<b>1,370,875</b>	<b>3,415,034</b>	<b>83</b>	<b>21</b>	<b>4,112,628</b>	<b>16,450,511</b>	<b>(697,594)</b>
<b>Less Expenses</b>								
Management	44,156	57,917	150,258	86	22	173,750	695,000	23,492
Electricity	55,422	95,083	256,160	90	22	285,253	1,141,011	29,093
Contract Maintenance	119,442	117,952	411,270	116	29	353,853	1,415,412	(57,417)
Reactive and Proactive Maintenance	171,519	72,590	276,093	127	32	217,772	871,088	(58,321)
Monitoring	35,459	23,958	76,623	107	27	71,875	287,500	(4,748)
Consultancy	34,728	19,583	70,143	119	30	58,750	235,000	(11,393)
Insurance	25,460	34,167	76,379	75	19	102,500	410,000	26,121
Sundry	8,288	21,042	24,684	39	10	63,125	252,500	38,441
Biosolids Disposal	99,988	97,500	299,414	102	26	292,500	1,170,000	(6,914)
<b>Operating &amp; Maintenance Expenses</b>	<b>594,462</b>	<b>539,792</b>	<b>1,641,024</b>	<b>101</b>	<b>25</b>	<b>1,619,378</b>	<b>6,477,511</b>	<b>(21,646)</b>
Financial	208,758	210,750	627,263	99	25	632,250	2,529,000	4,987
Depreciation	284,245	288,677	852,735	98	25	866,030	3,464,121	13,295
<b>Total Expenses</b>	<b>1,087,465</b>	<b>1,039,219</b>	<b>3,121,023</b>	<b>100</b>	<b>25</b>	<b>3,117,658</b>	<b>12,470,632</b>	<b>(3,365)</b>
<b>Net Income</b>	<b>86,163</b>	<b>331,656</b>	<b>294,011</b>	<b>30</b>	<b>7</b>	<b>994,970</b>	<b>3,979,879</b>	<b>(700,959)</b>

8.2 The finance summary shows that income was below budget for both fixed revenue and for variable revenue for the period.

8.2.1 Fixed revenue is down as the network value is lower than budgeted due to completion timing of some capital works, primarily the rising main duplication. As a result, the capital recovery incorporated in the fixed charges is reduced.

8.2.2 The variable revenue is also below budget. NRSBU officers have investigated the contributing factors. The investigation results for the year to date is shown in the following graph:

Item 6: Nelson Regional Sewerage Business Unit General Manager Update Report  
November 2024

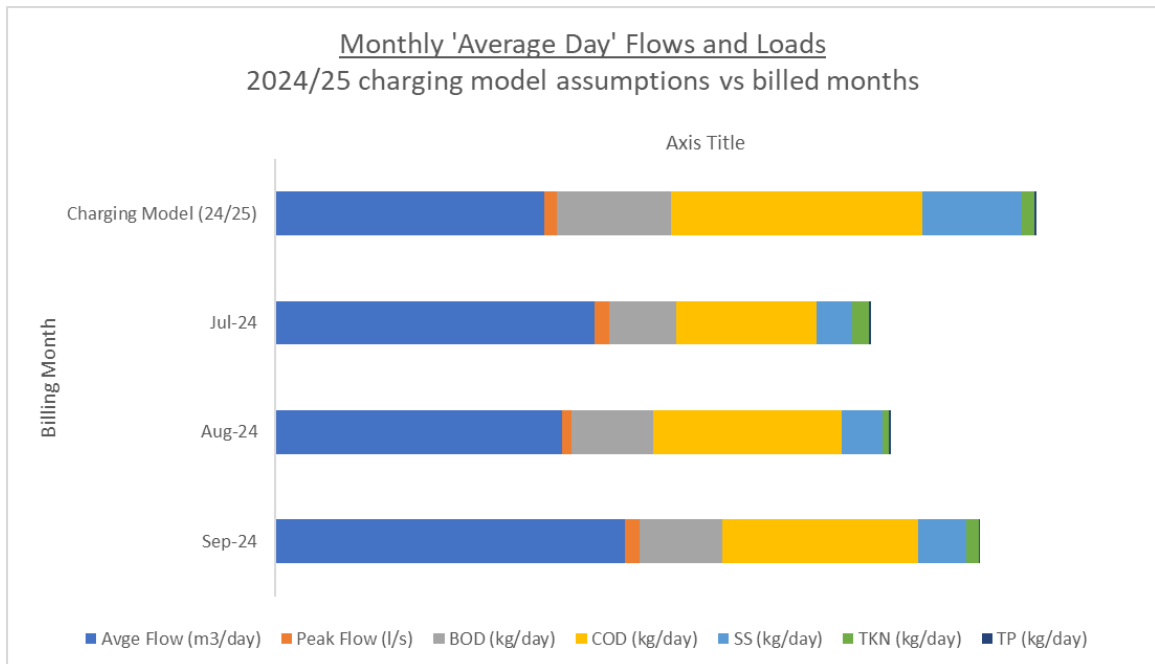


Figure 6: Budget average flow and load (from the charging model), compared to actual flow and load for July, Aug and Sept 2024

8.2.3 Graph 1 shows that the lower variable revenue results principally from lower loadings being received to the treatment plant than were budgeted (which uses 2023/2024 average data).

8.2.4 Officers also reviewed the variable fee calculations in the charging model, to ensure the basis for these is correct. The outcome is shown in the following graph:

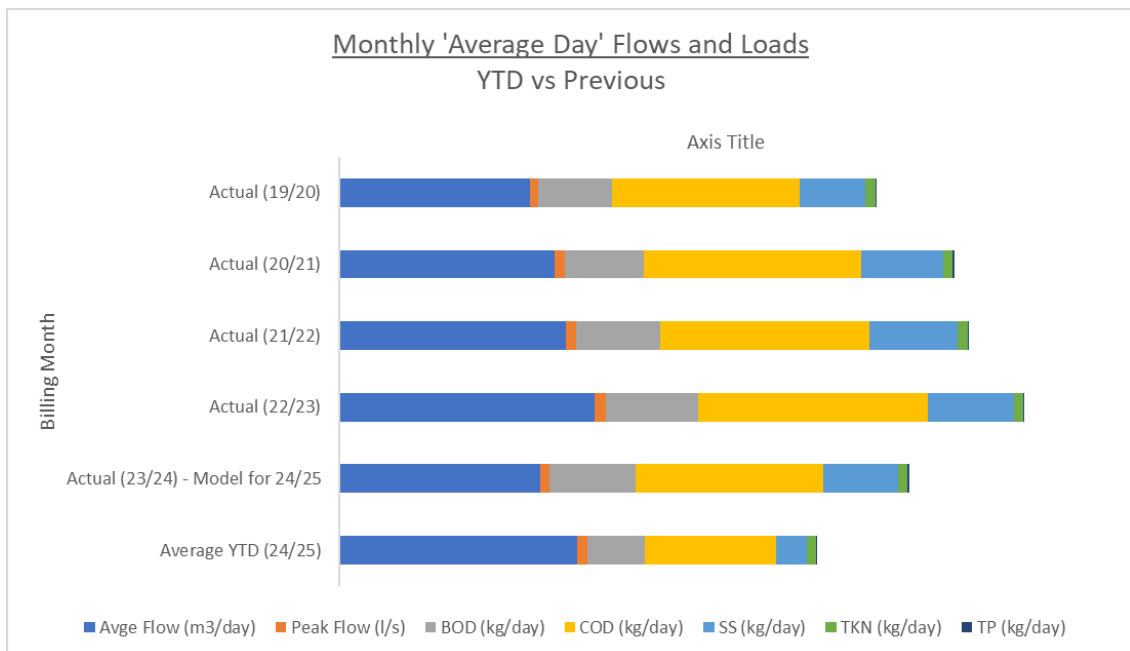


Figure 7: Current vs previous 'Average Day' flows and loads used in the charging models.

8.2.5 Figure 6 shows that the model used to determine the quantum of flows and loads forming the variable charges for 2024/25 is similar to previous years.

Item 6: Nelson Regional Sewerage Business Unit General Manager Update Report  
November 2024

- 8.2.6 Figure 7 also shows the low quantum of flows and loads received on average so far in 2024/25.
- 8.3 The total income for the period ending 30 September 2024 is \$698,000 behind budget.
- 8.4 Income
  - 8.4.1 Preliminary fixed recoveries year to date under budget by \$298,000
  - 8.4.2 The variable income year to date is under budget by \$400,000.
- 8.5 Expenditure
  - 8.5.1 Operating and Maintenance expenses excluding interest and depreciation are under budget by \$22K. When the interest and depreciation are included, expenses are over budget by \$3K.
- 8.6 The under recovery in fixed contributions results primarily from a difference between the assumed completion timeframe of projects when setting the Business Plan, and the actual completion. This has resulted in the chargeable network value being less than assumed and resulting in a lower fixed charge to contributors.

<b>9. Conclusion</b>
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- 9.1 Business unit operation has been good from an environmental perspective with high levels of compliance, no wastewater overflows and delivery on a large number of capital projects. There have been 5 Odour notifications only one of which has been able to be confirmed.
- 9.2 The exception to the good performance is the fixed and variable incomes being significantly lower than budgeted. This is leading to a shortfall in revenue.
- 9.3 The fixed income trend will continue for the entire period, and on the current basis it is projected that the fixed income will be under budget by around \$1.2 million at the end of the financial year.
- 9.4 The variable income is also lower than budget due to lower than expected loadings in the incoming wastewater. Unlike the fixed income this is expected to improve. It is not possible at this time to forecast the end of year result for the variable income.

## **Attachments**

Nil



## Nelson Regional Sewerage Business Unit

15 November 2024

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<b>Report Title:</b>	<b>Nelson Regional Sewerage Business Unit Memorandum Of Understanding Renewal</b>
<b>Report Author:</b>	<b>Nathan Clarke - General Manager Regional Sewerage and Landfill</b>
<b>Report Authoriser:</b>	<b>Alec Louverdis - Deputy Chief Executive / Group Manager Infrastructure</b>
<b>Report Number:</b>	<b>R28800</b>

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### 1. Purpose of Report

- 1.1 To receive the Nelson Regional Sewerage Business Unit (NRSBU) Memorandum of Understanding Renewal report, and to recommend approval of this report to the Councils.

### 2. Summary

- 2.1 The NRSBU Memorandum of Understanding (MOU) term ends on 30 June 2025, and either needs to be renewed or changed.
- 2.2 Both the Nelson City and Tasman District Councils are developing Water Services Delivery Plans as required by the Local Government (Water Services Preliminary Arrangements) Act 2024. However, at this time insufficient work has been undertaken to provide an understanding of whether any changes are required to the management of the jointly owned regional wastewater assets.
- 2.3 It is therefore proposed that the Councils renew the current MOU for a sufficiently long period that will allow for the Local Government (Water Services Preliminary Arrangements) Act 2024 to work through.

### 3. Recommendation

**That the Nelson Regional Sewerage Business Unit**

- 1. Receives the report Nelson Regional Sewerage Business Unit Memorandum Of Understanding Renewal (R28800) and its attachment/s; and**
- 2. Recommends renewal of the Nelson Regional Sewerage Business Unit Memorandum of Understanding for five years to the Nelson City and Tasman District Councils**

Recommendation to Nelson City Council and Tasman District Council

**That the Councils**

**1. Approve the Nelson Regional Sewerage Business Unit Memorandum of Understanding renewal for five years**

**4. Background and Discussion**

- 4.1 Nelson Regional Sewerage Authority changed to become the NRSBU has been operating since on 1 July 2000.
- 4.2 The current NRSBU MoU was approved in May 2019 and has an expiry date of 30 June 2025.
- 4.3 In order to ensure ongoing effective operation of the regional wastewater subsystem it is necessary to either renew or implement alternative arrangements for the governance of the jointly owned regional wastewater assets.
- 4.4 Information provided in the information document published by the Department of Internal Affairs (DIA) titled - Overview of water services delivery models – illustrative examples, August 2024 suggests that the NRSBU Joint Committee model may not be an acceptable model under the Local Government (Water Services Preliminary Arrangements) Act 2024.
- 4.5 Both the Nelson City and Tasman District Councils are developing Water Services Delivery Plans as required by the Local Government (Water Services Preliminary Arrangements) Act 2024. However, at this time insufficient work has been undertaken to provide an understanding of whether any changes are required to the management of the jointly owned regional wastewater assets.
- 4.6 Without a clear alternative to the NRSBU model, it is necessary to renew the MOU and to consider how long it should be renewed for.

**5. Duration of the Renewal**

- 5.1 Officers considered two options for the renewal period.
- 5.2 A two year renewal period was considered given the Local Waters Done well (LWDW) programme, however concerns were held that this period may be insufficient for the LWDW programme to be agreed and implemented.
- 5.3 A five year period was also considered, and this was thought to give sufficient time for the LWDW programme to be implemented.
- 5.4 A five year period was also not considered too long due to the MOU containing a clause allowing the Councils to terminate the agreement by mutual agreement. This means that if the LWDW programme is completed earlier, or changes to the NRSBU governance arrangements are required earlier, then the NRSBU MOU can be terminated to allow the changes to be implemented.

**Option 1: Renew the MOU for 2 Years**

Item 7: Nelson Regional Sewerage Business Unit Memorandum Of Understanding Renewal

Advantages	<ul style="list-style-type: none"> <li>• This gives certainty that the NRSBU will continue to operate efficiently for the 2 next years.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• May not allow sufficient time for the LWDW programme to reach an appropriate conclusion. Therefore, additional extensions to the MOU may be required.</li> <li>• Risk that changes resulting from LWDW will make any further renewal of MOU difficult and timeframes for NRSBU integration into any alternative LWDW model may become urgent.</li> </ul>
<b>Option 2: Renew the MOU for 5 Years (recommended)</b>	
Advantages	<ul style="list-style-type: none"> <li>• This gives Councils certainty that the NRSBU will continue to operate for up to 5 years.</li> <li>• Allows sufficient time for the councils LWDW programmes to reach appropriate conclusions so that any changes necessary to NRSBU can be undertaken only once.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• No disadvantages.</li> </ul>
<b>Option 3: Do not renew the MOU</b>	
Advantages	<ul style="list-style-type: none"> <li>• No advantages.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• NRSBU may cease to have a mandate to operate resulting in difficulty providing an effective or efficient wastewater treatment and disposal service.</li> <li>• Would result in significant uncertainty to NRSBU contractors, NRSBU Officers, and the Councils.</li> </ul>

**6. Conclusion and Next Steps**

- 6.1 The NRSBU recommends the renewal of the MOU for a five year period.
- 6.2 Should changes to the NRSBU be required as a result of the Water Services Delivery plans developed under the Local Government (Water Services Preliminary Arrangements) Act 2024, the MOU can be terminated early by mutual agreement.

**Important considerations for decision making**

**7.1 Fit with Purpose of Local Government**

<p>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.</p>
<p><b>7.2 Consistency with Community Outcomes and Council Policy</b></p> <p>The NRSBU MOU is the governing document that covers the agreement between the councils on how to manage the regional wastewater system. This Governance document sets out how the wastewater services will be managed on behalf of NCC and TDC and how the NRSBU will operate to achieve community outcomes.</p>
<p><b>7.3 Risk</b></p> <p>This report allows the NRSBU board to consider and implement actions to ensure effective and low risk management of the Regional Wastewater System and consider changes to the system in relation to the Local Government (Water Services Preliminary Arrangements) Act 2024.</p>
<p><b>7.4 Financial impact</b></p> <p>There are no changes to the Activity Management Plan and Business Plan financial projections resulting from the renewal of the MOU. It therefore has no financial impact.</p>
<p><b>7.5 Degree of significance and level of engagement</b></p> <p>This matter is of low significance as there are no financial impacts, and the Councils Long Term Plans have anticipated the ongoing operation of the NRSBU to provide effective wastewater service delivery.</p>
<p><b>7.6 Climate Impact</b></p> <p>The NRSBU has included significant consideration of climate change in its Activity management Plan, and the renewal of the MOU would allow the ongoing implementation of the work programme outlined in the AMP.</p>
<p><b>7.7 Inclusion of Māori in the decision making process</b></p> <p>No engagement with Māori has been undertaken in preparing this report but iwi have representation on the Joint Committee.</p>
<p><b>7.8 Delegations</b></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>

*Enter into all contract necessary for the operations and management of the Business Unit in accordance with approved Budgets and the intent of the Business Plan.*

*Authorise all payments necessary for the operations and management of the business unit within the approve budgets and the intent of the Business Plan.*

*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 Memorandum Of Understanding

















## Nelson Regional Sewerage Business Unit

15 November 2024

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Report Title:	Nelson Regional Sewerage Business Unit Business Plan 2025/26
Report Author:	Nathan Clarke - General Manager Regional Sewerage and Landfill
Report Authoriser:	Alec Louverdis - Deputy Chief Executive / Group Manager Infrastructure
Report Number:	R28863

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### 1. Purpose of Report

- 1.1 To consider the feedback on the draft Nelson Regional Sewerage Business Unit (NRSBU) Business Plan 2024-25 and adopt the final NRSBU Business Plan.

### 2. Summary

- 2.1 The NRSBU Business Plan outlines the work programme for 2025-26 and reflects the second year of the 2024-2034 Activity Management Plan (AMP).
- 2.2 The Business Plan was presented to Nelson City Council (NCC) and Tasman District Council (TDC) for feedback.
- 2.3 No feedback was received from either Council, however feedback has been received from Officers from both NCC and TDC – this is attached.

### 3. Recommendation

**That the Nelson Regional Sewerage Business Unit**

- 1. Receives the report Nelson Regional Sewerage Business Unit Business Plan 2025/26 (R28863) and its attachment/s; and**
- 2. Adopts the Nelson Regional Sewerage Business Unit Business Plan 2025-26.**

Recommendation to Nelson City Council and Tasman District Council

**That the Councils**

- 1. Receives the Nelson Regional Sewerage Business Unit Business Plan 2025-26.**

**4. Background and Discussion**

- 4.1 The draft Business Plan 2025-26 was approved by the NRSBU Joint Committee for provision to NCC and TDC on 20 September 2024.
- 4.2 It allowed for increased operational and capital costs associated with inflation, which have been refined in the final Business Plan 2025-26 based on updated inflation indices.
- 4.3 It also included additional funding (\$350k) in 2025-26 which was not incorporated in the NRSBU Activity Management Plan 2024-34 (AMP), to meet the stormwater management requirements of the Moturoa/Rabbit Island biosolids application consent, noting that the consent was not finalised at the time of the AMP preparation.
- 4.4 No feedback was received from either NCC or TDC when the draft Business Plan 2025-26 was presented.
- 4.5 Feedback from NCC and TDC Officers was received, which set out the expectation that the NRSBU Business Plan 2025-26 work programme should be the same as year 2 of the AMP, and if a need existed to change the activity expenditure to meet this should be accommodated within the AMP budgets as a first step.
- 4.6 Since the preparation of the draft Business Plan 2025-26 NRSBU Officers have received additional advice regarding the stormwater management requirements of the consent, and whilst the expenditure is likely still required it is understood this is able to be deferred.
- 4.7 As such the additional funding (\$350k) has been removed from the programme of works, and the Business Plan 2025-26 expenditure now matches year two of the AMP (allowing for inflation).

**5. Options**

- 5.1 The following table outlines three options for the NRSBU Business Plan 2025-26. Officers support option 1:

<b>Option 1: Adopt the amended Business Plan 2025-26</b>	
Advantages	<ul style="list-style-type: none"> <li>• Allows continuation of existing capital programmes.</li> <li>• Allows ongoing renewal and upgrade of the scheme.</li> <li>• No change to capital works programme.</li> <li>• Accounts for cost increases due to inflation.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• Stormwater management activities on Moturoa/Rabbit Island are deferred.</li> </ul>
<b>Option 2:</b>	
Advantages	<ul style="list-style-type: none"> <li>• Allows continuation of existing capital programmes.</li> <li>• Allows ongoing renewal and upgrade of the scheme.</li> </ul>

Item 8: Nelson Regional Sewerage Business Unit Business Plan 2025/26

	<ul style="list-style-type: none"> <li>• Stormwater management activities on Moturoa/Rabbit Island are not deferred.</li> <li>• Accounts for cost increases due to inflation.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• May required NCC and TDC to consult on Annual Plans due to material changes to expenditure.</li> <li>• Increase to capital works programme.</li> </ul>
<b>Option 3:</b>	
Advantages	<ul style="list-style-type: none"> <li>• There are no advantages.</li> </ul>
Risks and Disadvantages	<ul style="list-style-type: none"> <li>• NRSBU will not be meeting the requirements of the Terms of Reference adopted by Nelson City and Tasman District councils.</li> <li>• NRSBU will not have approval to continue its works programme.</li> <li>• NRSBU will not meet its legal requirements, capital works programme, health and safety obligations or performance targets.</li> <li>• 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.</li> </ul>

**6. Conclusion and Next Steps**

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

**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**

<p>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.</p>
<p><b>7.3 Risk</b></p> <p>This report includes allowance or mitigation of environmental and business continuity risks. 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><b>7.4 Financial impact</b></p> <p>The NRSBU 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><b>7.5 Degree of significance and level of engagement</b></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><b>7.6 Climate Impact</b></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><b>7.7 Inclusion of Māori in the decision making process</b></p> <p>No engagement with Māori has been undertaken in preparing this report but iwi have representation on the Board.</p>
<p><b>7.8 Delegations</b></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>



Item 8: Nelson Regional Sewerage Business Unit Business Plan 2025/26

*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 Business Plan 2025-26 Final

Attachment 2: NRSBU Draft Business Plan 2025-26 Feedback - NCC







































**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:**

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Nelson Regional Sewerage Business Unit Meeting - Confidential Minutes - 20 September 2024</b>	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"> <li>• 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</li> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>
<b>2</b>	<b>Nelson Regional Sewerage Business Unit Wastewater Reuse Opportunity</b>	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(b)(ii) To protect information where the making available of the information would be</li> </ul>

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
		for which good reason exists under section 7	likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information