

Agenda for a meeting of the Waters Governance Board to be held in the Committee Rooms 1 & 2, District Office, 15 Galileo Street, Ngaruawahia on **THURSDAY, 22 OCTOBER 2020** commencing at **9.30am**.

1. **APOLOGIES AND LEAVE OF ABSENCE**
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The Register of Interests document is attached for the Board's information.
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Meeting held on Tuesday, 25 August 2020
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GJ Ion  
**CHIEF EXECUTIVE**

## TERMS OF REFERENCE AND DELEGATION

<b>Reports to:</b>	The Council
<b>Chairperson:</b>	Ms Rukumoana Schaafhausen
<b>Membership:</b>	Mr Garth Dibley Mr David Wright Mr Gavin Ion (Chief Executive) Ms Jackie Colliar (Board Intern)
<b>Meeting frequency:</b>	Monthly
<b>Quorum:</b>	A majority of members (excluding the Board Intern)

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The Waters Governance Board is a subordinate decision-making body of the Waikato District Council established under Schedule 7 of the Local Government Act 2002.

### **Purpose and Terms of Reference:**

1. To provide governance and oversight of the development and implementation of the Council contract with Watercare Services Limited ('Watercare').
  2. To ensure the activity goals are clearly established, and strategies are in place for achieving them.
  3. To establish policies for strengthening the performance of the water activity including ensuring management and the contractor are proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital.
  4. To monitor the performance of management through the Chief Executive.
  5. To ensure high standards of health & safety are maintained by management and Watercare and undertaking appropriate due diligence.
  6. To decide on whatever steps are necessary to protect the Council's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
  7. To ensure the water activity's financial statements are true and fair and otherwise conform to law.
  8. To ensure the water activity adheres to high standards of ethics and corporate behavior.
  9. To ensure the water activity has appropriate risk management/regulatory compliance policies in place.
  10. To look to improve environmental outcomes from this activity.
  11. To consider kaitiakitanga as part of decision-making.
  12. To monitor and ensure Watercare are meeting their obligations.
  13. To report to Council twice yearly on progress with Waters' Management.
  14. To provide innovation and ideas that could improve profitability, service levels or environmental outcomes.
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15. To hold Watercare to account over the delivery of the operational and capital programmes.
16. To work with Council to agree the overall funding requirements of the business.
17. To undertake any other matters considered relevant by the Board or referred to the Board by the Council.

**The Board is delegated the following powers to act:**

- Agree the form of the transactional arrangement with Watercare.
- Negotiate with Watercare and recommend to Council the final, or any amended, contract value for waters management.
- Conclude the contract (after Council approval of contract value) and terms and conditions, including any amendments, with Watercare.
- Ensure that transitional contract requirements are met by Watercare and Council.
- Hold Watercare to account for their performance at all levels.
- Monitor and oversee the performance of staff and Watercare in terms of the water activity.
- Consider and ensure improvements or innovation are implemented by Watercare or through the Chief Executive as appropriate.
- Approve changes to the operation of the contract with Watercare.
- Develop strategies to improve contractual performance or to improve business practices.
- Recommend to Council infrastructure strategy and Asset Management Plans for adoption.
- Develop an annual works programme (operating and capital) and submit to council for final approval.
- Approve alterations and transfers within the programme of capital and operational works as prepared for the Long Term Plan and Annual Plan, subject to the overall scope of the programme remaining unchanged and the programme remaining within overall budget.
- Set and ensure Watercare's adherence to health and safety requirements, and wellbeing practices.
- Set and maintain standards of ethics and corporate behavior.
- Consider development opportunities for the Waters' business.
- Define and set levels of service for Waters' management now and in the future.
- Responsible for the financial performance of the contract and operation.
- Approve and/or amend existing or new contracts relating to the delivery of three waters' services and operation unless additional funding by the Council is required or the approval or amendment is inconsistent with Council Policy.
- Recommend to Council any new or additional funding requirements over and above that contained within the Long Term Plan.
- Develop plans to improve the overall resilience of the Waters' networks and allow for growth.

- Consider the impact of growth on the Waters' infrastructure.
- Implement and monitor the risk management framework for the waters' management and activity.
- Approve the annual and half yearly financial statements for the Waters' operation and provide any relevant commentary to the Council.
- Annually review the Board composition, structure and succession and make recommendations to council on these matters.
- Ensure the Waters' business delivered by Watercare provides value for the community in terms of the four wellbeings.
- Determine the approach for resource consent applications for the Waters' business, and monitor progress of those applications on behalf of the Council.
- Review and monitor existing strategic resource consents.
- Ensure that Kaitiakitanga and environmental outcomes are key decision making considerations for the Board.
- Uphold the vision and strategy of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010.

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**Open Meeting**

<b>To</b>	Waters Governance Board
<b>From</b>	Ian Cathcart Special Infrastructure Projects Manager
<b>Date</b>	14 May 2020
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1301
<b>Report Title</b>	Register of Interests

**1. EXECUTIVE SUMMARY**

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A copy of the Register of Interests is attached for the Board's information. The register will be updated following receipt of information during the year.

**2. RECOMMENDATION**

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**THAT the report from the Special Infrastructure Projects Manager be received.**

**3. ATTACHMENTS**

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Register of Interests – Waters Governance Board

## Register of Interests – Waters Governance Board

Ruku Schaafhausen

<b>Companies and Trusts</b>	Te Waharoa Investments Ltd AgResearch Miro Hautupua Ltd Te Whakakitenga O Waikato Inc Member of Te Arataura
<b>Community organisations</b>	Equippers Trust Tindall Foundation Princes Trust New Zealand
<b>Other appointments</b>	Waikato Regional Council – Co-Governance Committee Waipa District Council – Co-Governance Committee Waikato District Council – Co-Governance Committee Hamilton City Council – Co-Governance Committee Waikato Plan Leadership Committee Chair, Freshwater Iwi Leaders Group
<b>Property within the District</b>	Nil
<b>Any other interests</b>	Nil

Garth Dibley

<b>Companies and Trusts</b>	Water New Zealand – Director
<b>Community organisations (membership)</b>	Electricity Networks Association – member E-Charge working group – MfE member
<b>Other appointments</b>	SmartCo – Chairperson
<b>Property within the District</b>	Yes - Tamahere
<b>Any other interests</b>	Nil

David Wright

<b>Companies and Trusts</b>	Director, David Wright Limited Trustee, Tervuren Trust Trustee, Solomon Islands Tourism Infrastructure Development Fund (Incorporated) Chief Executive, Red Meat Profit Partnership Chair of Waimea Water Ltd Chair, Solomon Islands Airport Corporation Limited
<b>Community organisations</b>	Chair, Tokelau Renewable Energy Steering Group Member, Audit and Risk Committee, Internet New Zealand Incorporated
<b>Other appointments</b>	Chair, Central Air Ambulance Rescue Limited Chair, Search and Rescue Services Limited
<b>Property within the District</b>	Nil
<b>Any other interests</b>	Nil

Gavin Ion

<b>Companies and Trusts</b>	Trustee and Beneficiary in a family trust
<b>Community organisations</b>	<p>Member Swimming Waikato Technical Panel</p> <p>Member Swimming New Zealand Technical Advisory Committee</p> <p>Swimming Waikato Board - Chairperson</p> <p>Member of the Waikato Regional Sports Facility Plan Steering Group</p> <p>Member of Institute of Directors</p> <p>Member of International City Managers' Association</p> <p>Member of Chartered Accountants of Australia and New Zealand</p> <p>Member of Business Leaders Health &amp; Safety Forum Steering Group</p> <p>RMA Commissioner</p> <p>Member of the Waikato Caring for Communities Committee</p>
<b>Other appointments</b>	<p>Chief Executive, Waikato District Council</p> <p>Director, Waikato Local Authority Shared Services Limited</p> <p>Chair, Audit &amp; Risk Committee (WLASS)</p>
<b>Property within the District</b>	Nil
<b>Any other interests</b>	Nil



Jackie Colliar

<b>Companies and Trusts</b>	Te Whakakitenga O Waikato Inc Member of Te Arataura
<b>Community organisations</b>	Nil
<b>Other appointments</b>	Trustee and Chair of Taniwha Marae Waipa District Council – Co-Governance Committee Waikato Regional Council – Co-Governance Committee Waikato River Authority Board Member
<b>Property within the District</b>	Nil
<b>Any other interests</b>	Employee of Hamilton City Council Project Lead for the Subregional Three Waters project on behalf of Future Proof Project Manager of the Hamilton Waikato Metro Wastewater Detailed Business Case Project

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### **Open Meeting**

<b>To</b>	Waters Governance Board
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	16 October 2020
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1301
<b>Report Title</b>	Confirmation of Minutes

### **1. EXECUTIVE SUMMARY**

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To confirm the minutes of the Waters Governance Board meeting held on Tuesday, 25 August 2020.

### **2. RECOMMENDATION**

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**THAT the minutes of the meeting of the Waters Governance Board held on Tuesday, 25 August 2020 be confirmed as a true and correct record of that meeting.**

### **3. ATTACHMENTS**

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WGB Minutes – 25 August 2020

**MINUTES** of a meeting of the Waters Governance Board Meeting of the Waikato District Council held via audio-visual conference on **TUESDAY, 25 AUGUST 2020** commencing at **9.02am**.

**Present:**

Ms R Schaafhausen (Chair) *[from 9.42am]*  
Mr D Wright  
Mr G Dibley  
Mr GJ Ion (Chief Executive, Waikato District Council)  
Ms J Colliar (Intern) *[from 9.32am]*

**Attending:**

Ms S Danks (Waikato Business Manager, Watercare)  
Mr T Paki (Senior Leadership Team - Waikato Tainui)  
Mr J Williams (Waikato River Authority)  
  
Mr I Cathcart (Special Infrastructure Projects Manager)  
Ms C Nutt (Waters Contract Relationship Manager)  
Mr C Bailey (Finance Manager)  
Ms C Pidduck (Legal Counsel)  
Mrs LM Wainwright (Committee Secretary)

**APPOINTMENT OF CHAIRPERSON**

**Resolved: (Mr Ion/Mr Dibley)**

**THAT Mr David Wright be nominated as Chairperson for the meeting.**

**CARRIED**

**WGB2008/01**

**APOLOGIES AND LEAVE OF ABSENCE**

**Resolved: (Mr Ion/Mr Dibley)**

**THAT an apology for lateness be received from Ms Schaafhausen and Ms Collier.**

**CARRIED**

**WGB2008/02**

**CONFIRMATION OF STATUS OF AGENDA ITEMS**

**Resolved: (Mr Ion/Mr Dibley)**

**THAT** the agenda for a meeting of the **Waters Governance Board Meeting** held on **Tuesday, 25 August 2020** be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 6 which shall be discussed with the public excluded;

**AND THAT** the following item be discussed at an appropriate time during the course of the meeting:

- **Item 5.2 – Te Ture Whaimana.**

**CARRIED**

**WGB2008/03**

**DISCLOSURES OF INTEREST**

Mr Wright advised the Board that his term as Chairperson for Wellington Water had ceased.

**CONFIRMATION OF MINUTES**

**Resolved: (Mr Wright/Mr Ion)**

**THAT** the minutes of a meeting of the **Waters Governance Board Meeting** held on **Thursday, 23 July 2020** be confirmed as a true and correct record of that meeting.

**CARRIED**

**WGB2008/04**

**REPORTS**Actions Register  
Agenda Item 5.1

The Special Infrastructure Projects Manager, supported by the Waters Contract Relationship Manager, noted the following matters:

- Due to staff workload, some actions had not met the August deadline. The due dates on the report would be updated before the next meeting of the Board.
- Audit Process - Contact had been made with a potential supplier. A scope of work would be completed before going out to the market. The process had been placed on hold until the Annual Report had been completed.

**Action:** The date for completion of the audit process to be moved to October 2020.

**Resolved: (Mr Ion/Mr Dibley)**

**THAT the report from the Special Infrastructure Projects Manager be received.**

**CARRIED**

**WGB2008/05**

Waters Long Term Plan Performance Targets Result  
Agenda Item 5.4

The Waters Contract Relationship Manager and Ms Danks (Waikato Business Manager, Watercare) noted the following matters:

- Real water loss calculation data is correct but the data sitting behind it could be incorrect.
- Demand Management Plan – Watercare would review and update the plan within the current financial year.

**Action:** Watercare to report back to the next Board meeting with a plan for the balance of the year.

**Resolved: (Mr Ion/Mr Wright)**

**THAT the report from the Special Infrastructure Projects Manager be received.**

**CARRIED**

**WGB2008/06**

Three Waters Performance Report – July 2020

Agenda Item 5.5

Ms Danks noted the following matters:

- The Health & Safety reporting format had been updated to mirror the report produced to the Watercare Board. There were no reported injuries for the month of July. A safety walk by Watercare’s senior management had been held in July.
- Due to operations being quiet in July, Watercare carried out training of treatment plant operators.
- Construction Works - Geotech and stabilisation work had commenced at the Te Kauwhata Wastewater Treatment Plant. Preparation of the consenting strategy for Te Kauwhata had commenced and would be presented the next Board meeting.
- The 35 year consent application for Meremere Wastewater Treatment Plant had been delayed due to lockdown of Watercare’s Auckland team. Lodgement would be made within the first week in September.
- Raglan Wastewater Treatment Plant consent project – Iwi and stakeholder consultation had been held and options would be presented to them to assist with the decision-making process. There was a need to retain harbour outfall for winter.
- Shared Services – Transition would commence 1 October 2020.
- Condition assessment and asset remediation – The first project had commenced with wastewater pump station remediation work.
- Waikato District Council and Waters Governance Board would carry out site safety inspections throughout the year.

**Action** A schedule of site visits would be prepared for the Board with the priority being abatement notice sites.

**Action:** A summary of the completed AMP to be provided to Board members.

- Confined Space Training.

**Action:** Watercare to provide information on their training programme and safety requirements on site.

- Data Cleansing – Data had been lost due to a technical failure and resulted in estimating water consumption. Water readings had not been completed during the COVID-19 lockdown period.

**Resolved: (Mr Dibley/Mr Wright)**

**THAT the report from the Special Infrastructure Projects Manager be received.**

**CARRIED**

**WGB2008/07**

Ms Collier joined the meeting at 9.32am during discussion on Item 5.5.

Ms Schaafhausen joined the meeting at 9.42am during discussion on Item 5.5 and assumed the Chair for the meeting.

Three Waters Service Delivery Reform Stimulus Programme  
Agenda Item 5.3

The Waters Contract Relationship Manager, supported by the Chief Executive and Legal Counsel, noted the following matters:

- Projects identified were funding for Futureproof Three Waters study, the detailed business cases, additional resource engineering skill cert, desludging, SCADA telemetry upgrade and renewals and extending wastewater, water reticulation renewals.
- Review of the MoU had been completed by Waikato District Council's Legal team.

**ACTION** A letter to be sent to the steering group and the Minister of Local Government on the method of engagement on the reform with iwi.

It was noted that Mr Ion would be meeting with the Department of Internal Affairs on 25 August 2020 and he would raise the issue of engagement with iwi with them.

**ACTION** Legal Counsel to report to the next Board meeting on the risks and implications of Council entering into the MoU.

**Resolved: (Mr Wright/Mr Dibley)**

**THAT** the report from the Special Infrastructure Projects Manager be received;

**AND THAT** the Waters Governance Board notes the following:

- in July 2020, the Government announced an initial funding package of \$761 million to provide a post COVID-19 stimulus to maintain and improve water networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements;
- initial funding will be made available to those councils that agree to participate in the initial stage of the reform programme, through a Memorandum of Understanding (MoU), Funding Agreement, and approved Delivery Plan;
- this initial funding will be provided in two parts: a direct allocation to individual territorial authorities, and a regional allocation. The participating individual authorities in each region will need to agree an approach to distributing the regional allocation;
- the Joint Central/Local Government Three Waters Steering Committee has recommended a preferred approach to the allocation of regional funding, being the same formula as was used to determine the direct allocations to territorial authorities;
- the MoU and Funding Agreement cannot be amended or modified by either party, and doing so would void these documents;
- participation in this initial stage is to be undertaken in good faith, but this is a non-binding approach, and the Council can opt out of the reform process at the end of the term of the agreement (as provided for on page 5 of the MoU)
- Waikato District Council has been allocated \$5.67 million of funding, which will be received as a grant as soon as practicable once the signed MoU and Funding Agreement are returned to the Department of Internal Affairs, and a Delivery Plan has been supplied and approved (as described on page 5 of the MoU); and
- the Delivery Plan must show that the funding is to be applied to operating and/or capital expenditure relating to three waters infrastructure and service delivery, and which:
  - supports economic recovery through job creation; and
  - maintains, increases, and/or accelerates investment in core water infrastructure renewal and maintenance.



**AND FURTHER THAT the Waters Governance Board:**

- approves the **MoU** (attached as **Appendix A** of the staff report) and **Funding Agreement** (attached as **Appendix B** of the staff report), and authorises the signing of both documents;
- appoints the **Chief Executive** as the primary point of communication for the purposes of the **MoU** and reform programme (as referred to on page 6 of the **MoU**); and
- delegates authority to the **Chief Executive** to:
  - a. make any decisions about the allocation of regional funding in order to secure the best arrangement possible for the **Council**; and
  - b. complete and submit the **Delivery Plan to Crown Infrastructure Partners**,
 in accordance with any direction provided by the **Board**.

**CARRIED****WGB2008/08**

Te Ture Whaimana  
Agenda Item 5.2

Tabled Item: PowerPoint Presentation

Mr Paki (Waikato Tainui) gave a presentation and discussed the following matters:

The history of the Waikato River and its people.

- Waikato River settlement.
- Vision and strategy for improving the health and wellbeing of the Waikato River.
- Co-governance of the Waikato River.
- 

Tabled Item: PowerPoint Presentation – Waikato River Authority

Mr Williams (Waikato River Authority) gave a presentation and discussed the following matters:

- The implementation of Te Ture Whaimana.
- Vision and strategy for improving the health and wellbeing of the Waikato River.
- Functions - to set the primary direction through the vision and strategy, to achieve restoration and protection of the River, and to promote an integrated and holistic approach and fund rehabilitation initiatives.

The Board thanked Mr Paki and Mr Williams for their presentations.

**Resolved: (Mr Ion/Mr Wright)**

**THAT the report from the Chief Executive be received.**

**CARRIED**

**WGB2008/09**

Mr Paki and Mr Williams left the meeting at the end of the above item.

**EXCLUSION OF THE PUBLIC**

Agenda Item 6

**Resolved: (Mr Ion/Mr Dibley)**

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 1 Confirmation of Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
Item 2.1 Actions Report		
Item 2.2 Contract Financial Report – July 2020		
Item 2.3 3 Waters Long Term Plan Schedule		
Item 2.4 Te Kauwhata Waters Association Water Supply and Operations Agreement - Update		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
I		Refer to the previous Public Excluded reason in the agenda for this meeting.
2.1		Refer to the previous Public Excluded reason in the agenda for this meeting.
2.2	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.
2.3	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.
2.4	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.

**AND THAT Ms Danks be permitted to remain at this meeting, after the public has been excluded, because of her knowledge of Watercare. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because of Watercare's role and responsibility for those matters.**

**CARRIED**

**WGB2008/10**

The meeting adjourned at 11.51am and resumed at 11.57am for the public excluded session of the meeting.

*Resolutions WGB2008/11 to WGB2008/16 are contained in the public excluded section of these minutes.*

Having resumed open meeting and there being no further business the meeting was declared closed at 1.01pm.

Minutes approved and confirmed this                          day of                          2020.

Rukumoana Schaafhausen  
**CHAIRPERSON**

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### **Open Meeting**

<b>To</b>	Waters Governance Board
<b>From</b>	Ian Cathcart Special Infrastructure Projects Manager
<b>Date</b>	15 October 2020
<b>Prepared by</b>	Lynette Wainwright Committee Secretary
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1301
<b>Report Title</b>	Actions Report

### **1. EXECUTIVE SUMMARY**

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To update the Waters Governance Board on actions arising from previous meetings.

### **2. RECOMMENDATION**

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**THAT** the report from the Special Infrastructure Projects Manager be received.

### **3. ATTACHMENTS**

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Actions Register

## Waters Governance Board - Actions Register

### OPEN MEETING

Meeting Date	Action	To Action	When	Status
20/11/19	The General Manager Service Delivery to confirm the financial reporting and audit process and report back to the Board.	I Cathcart	October 2020	Full financials have been reported to the Board and future requirements confirmed at the July meeting.  Work has commenced on brief and identification of audit partners. Update to Board due in October.  Paper prepared for October meeting.
	The Board to be provided with: <ul style="list-style-type: none"> <li>▪ The proposed Te Kauwhata water take consents strategy.</li> </ul>	Ian Cathcart/ Watercare	November 2020	Richard Bax engaged to work with TKWA and include the Mid Waikato Servicing Strategy outcomes in securing a new consent.
20/12/19	<ul style="list-style-type: none"> <li>▪ The Minister of Local Government to be invited to the next meeting of the Board. The Chief Executive to outline the urgency and the reasons for her attendance - funding to explore projects and potential changes with water entities.</li> </ul>	G Ion	December 2020	It is suggested we defer this until after the election.

## Waters Governance Board - Actions Register

Meeting Date	Action	To Action	When	Status
	<p>Presentation to be prepared to form base for discussions with LG Minister</p> <ul style="list-style-type: none"> <li>▪ Council's arrangements with Watercare – learnings and successes to date.</li> <li>▪ Data on potential regulatory (cost) impact on the ratepayer as a consequence of the proposed water regulations.</li> <li>▪ Impact of Council assuming some responsibility for private water supplies.</li> <li>▪ Contribution towards Council/Watercare transition costs.</li> <li>▪ The Lead we are providing on co-governance for 3 waters by Council and Iwi.</li> <li>▪ Funding from central government towards the sub-regional 3 waters study.</li> </ul> <p>Affordability – rates rebates and financial hardship</p>			<p>Included as part of Council's application for Reform Economic Stimulus Funding.</p>
11/2/2019	<p>Investigation into forums held by other Councils in respect of engagement with mana whenua. Iwi and Community Partnerships Manager, Sam Toka, to present the vision to the next meeting of the Board.</p>	Sam Toka / Gavin Ion	December 2020	<p>Council have agreed in principle to form mana whenua forums. Staff need to work with Waikato-Tainui to flesh out what this looks like.</p>
23/7/2020	<p>Letter to be sent to WRC to request time for Raglan stormwater abatement notice be moved, as with other abatement notices.</p>	Ian Cathcart	August 2020	<p>Letter not yet progressed but actions underway with new stormwater engineer in the interim. Letter sent in September.</p>

## Waters Governance Board - Actions Register

Meeting Date	Action	To Action	When	Status
25/8/2020	<u>Waters Long Term Plan Performance Targets</u> Watercare to report back to the next meeting of the Board with an action plan to consider real water loss results.	Sharon Danks	January 2021	
25/8/2020	<u>Three Waters Performance Report – July 2020</u> <ul style="list-style-type: none"> <li>▪ A schedule of site visits would be prepared for the Board with the priority being abatement notice sites.</li> <li>▪ A summary of the completed AMP to be provided to Board members.</li> <li>▪ Watercare to provide information on their training programme and safety requirements on site.</li> </ul>	CN  CN SD	November 2020  February 2021  November 2020	Site visit to Te Kauwhata planned for October with others to follow
25/8/2020	<u>Three Waters Service Delivery Reform Stimulus Programme</u> <ul style="list-style-type: none"> <li>▪ A letter to be sent to the steering group and the Minister of Local Government on the method of engagement on the reform with iwi.</li> </ul>	Gavin	October 2020	Completed.



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### **Open Meeting**

<b>To</b>	Waters Governance Board
<b>From</b>	Ian Cathcart Special Infrastructure Projects Manager
<b>Date</b>	22 October 2020
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	WGB2020
<b>Report Title</b>	Consenting Strategy – Te Kauwhata Wastewater Treatment Plant Discharge Consents (Renewal)

## **I. EXECUTIVE SUMMARY**

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The Consenting Strategy attached seeks the Board’s approval to proceed to obtain the necessary consents required for Te Kauwhata wastewater treatment plant discharges at a cost of \$750,000 over a two year timeframe.

\$650,000 has been included in year one of the proposed 2021-31 Long Term Plan specifically for the discharge consent that is yet to be formally adopted. In the 2018-2028 Long Term Plan there is \$39 million for the wastewater treatment plant upgrade and rising main, there is uncertainty whether the discharge consenting cost is included in the \$39 million.

## **2. RECOMMENDATION**

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**THAT** the report from the Special Infrastructure Projects Manager be received;

**AND THAT** the Waters Governance Board approves the Te Kauwhata wastewater treatment plant discharge consenting strategy as attached to the staff report;

**AND FURTHER THAT** the Waters Governance Board approves the Te Kauwhata wastewater treatment plant discharge consenting project (“the project”) financial envelope set at \$750,000 subject to confirming such budget is available;

**AND FURTHER THAT** the Waters Governance Board recommends that Council for approve funding of the \$750,000 budget for the Te Kauwhata wastewater treatment plant discharge consenting project (if required).

### 3. ATTACHMENT

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Consenting Strategy – Te Kauwhata WWTP Discharge Consents (Renewal)



## Consenting Strategy

# Te Kauwhata WWTP Discharge Consents (Renewal)

**Date:** 5 October 2020  
**Version:** 2.0  
**Status:** Final

**Prepared by:** Stephen Howard

## Document Review & Approval:

### Consultation and Review:

I confirm that I have consulted with the various business unit personnel to develop this Business Case

Responsibility	Consultation	Title	Name
Service and Consenting	Confirms consents required		
Finance	Confirms finances are available		

### Document Endorsement:

Project Role	Approval	Signature	Date
Business Owner: Waikato Manager - Sharon Danks	Agrees that the need exists, and the high-level outcomes suit the business need		
WDC Contract Manager – Ian Cathcart	Agrees that the need exists, and the high-level outcomes suit the business need		
Watercare Head of Commercial – Carl Tucker	Confirms funding is available and project represents value for money.		
Watercare Head of Servicing & Consents – Mark Bourne	Agrees with the consenting strategy and high-level outcomes of the project.		

### Document Approval:

Project Role	Approval	Signature	Date
Waters Governance Board	Has approved the encompassed consenting strategy		

## Recommendation

It is recommended that this funding be approved and a Watercare (WSL) project team proceed to obtain the necessary consents required. This will enable infrastructure upgrades to be undertaken in a manner allowing for the Te Kauwhata Wastewater Treatment Plant (WWTP) to continue lawful operation and discharge under Waikato Regional Council's (WRC) statutory frameworks.

This document is seeking approval to:

- Continue the preparation of technical documents supporting the preferred best practical option (BPO) for treatment which is established as a Membrane Bioreactor (MBR) upgrade to the plant;
- Undertake advanced assessment of discharge options of the highly treated wastewater, with an objective of meeting cultural expectations of Hapū;
- Undertake assessment of the discharges (water, air);
- Undertake necessary consultation;
- Undertake lodgement of the BPO for treatment, and discharge;
- Obtain necessary consents.

The sponsor is seeking approval for the senior supplier to execute the total consenting project within the estimated cost of \$650,000, which has been included within the recommended WDC Long Term Plan (LTP). The project team will endeavour to lodge an amended application which works toward achieving Hapū treatment upgrade expectations by 2023. Two years would be a likely time frame for design and construction of an MBR, where a target consent lodgement date should be 2021.

The existing 20-year discharge consent expires in 2028. At the time of issue, Waikato District Council (WDC) signed a consent agreement with interested parties, which has formed part of consent requirements. These parties were Waikato Tainui, Ngaa Muka Development Trust, Auckland-Waikato Fish and Game, the Department of Conservation and Waikato Regional Council River and the Catchment Services Group, where consent conditions committed to ceasing the discharge to Lake Waikare in as short a timeframe as possible, but no later than 2023. This agreement was the crux of obtaining affected party approval for the earlier application, where the consent condition deadline does will not be feasible with the existing treatment.

It is therefore appropriate to apply for discharge consent in 2021. Any ability to obtain consent within this timeframe should at least allow for plant construction to be progressed, which should provide greater comfort to WRC, interested parties and Hapū. The BPO delivery is estimated to be \$39.1M which is comprised of both a Housing Infrastructure Funding (HIF) loan component equalling \$21.2M (2018), and a non HIF component making up the balance (i.e. \$17.9M).

Any change from this approval will be outlined in a necessary project change request to the board.

# 1 Confirmation of Business Requirements

## 1.1 Need to be addressed

Project needs are to:

- secure the discharge consents for the Te Kauwhata WWTP to provide for longer term compliant environmental performance and provide for predicted residential growth for the township (i.e. consistent with the 'Waikato 2070' growth predictions, while;
- ensuring that Watercare on behalf of Waikato District Council (WDC), can continue to provide safe and efficient wastewater treatment and disposal that complies with the WRC statutory framework.

## 1.2 Te Kauwhata WWTP Discharges to Air & Water

### Town and WWTP Description

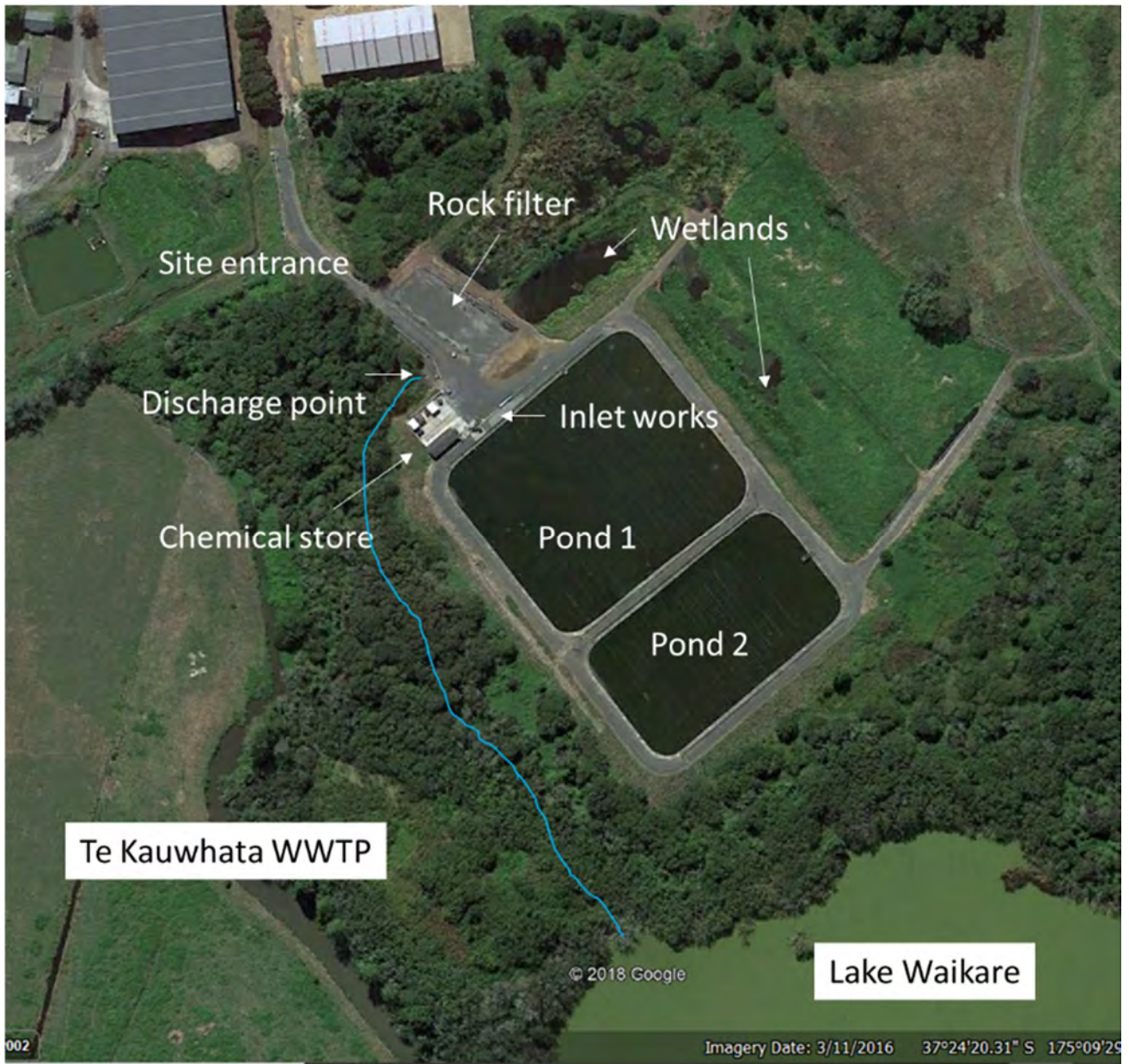
Te Kauwhata is a small town situated within the Waikato District with a population of approximately 1,300. Te Kauwhata's proximity to both Auckland and Hamilton is expected to result in significant population growth, which is signalled within the 'Waikato 2070' Council growth strategy.

Significant subdivision development is already in construction or planning stages (Lakeside Developments creating 1,600 new households). This development was enabled by Private Plan Change 20 (made operative in June 2018).

The Te Kauwhata wastewater scheme collects and treats wastewater from Te Kauwhata, Rangiriri and the Springhill Correction Facility which has a prison population of 1500. The original WWTP was upgraded in 2006 from basic oxidation ponds to an enhanced aerated pond system using the 'Aquamats'. This technology encompasses submerged mats which provides surface area for the growth of microorganisms to treat the wastewater. Treated wastewater then flows through planted wetlands and a rock filter in a continuous manner to Lake Waikare outlet, via a small tributary that runs adjacent to the site. Coagulant is dosed near the end of the first pond to reduce phosphorus.

Lake Waikare, which is a vital part of the flood control scheme for the Waikato River and is at the head of the Whangamarino wetland, which is a wetland of international importance.

Lake Waikere is significantly important to Iwi also, where Hapū have long-standing kaitiakitanga responsibilities for the mauri of the lake. The lake is very shallow and is hyper-eutrophic, in poor health, where vegetation and wildlife has been reduced over the last decades (since the lake level was lowered in the 1960s as part of the lower Waikato flood control defences). The lake is heavily impacted by farm runoff.



*Image 1:* Existing Te Kauwhata WWTP layout

### 1.3 WWTP Upgrade Enablement Processes

#### Housing Infrastructure Fund and the Mid Waikato Servicing Strategy Process

In October 2018, WDC received approval for \$37 million from the \$1 billion HIF loan governed by the Ministry of Business, Innovation & Employment (MBIE). WDC prepared a 'Detailed Business Case' (DBC) for accessing the loan from the HIF for upgrading both water and wastewater infrastructure within the town.

Approximately \$24M was earmarked for wastewater projects. WDC's HIF bid was focused on supporting proposed growth in Te Kauwhata within the Lakeside Development, where the bid also sought to bring forward the construction of 1,190 houses in the Te Kauwhata Structure Plan (made operative in 2012). Wastewater infrastructure proposed in the successful HIF application included:

- The construction of an onsite membrane bioreactor (MBR) wastewater treatment plant (WWTP) in Te Kauwhata discharging via;
- a 5.3km rising main to the Waikato River, subject to iwi and community engagement and agreement, and;
- Obtaining appropriate resource consents.

As part of the DBC, multiple concept designs and cost estimates were developed for other options for the wastewater infrastructure. This included a combined MBR WWTP for Te Kauwhata and Huntly at land available adjacent to the existing Huntly WWTP. As part of approval and ongoing discussion between Council and MBIE, ability for a variation to the infrastructure solutions was established.

To ground truth prior HIF investigations undertaken to ensure best practice in asset planning, Watercare Waikato prepared a draft 'Mid Waikato Servicing Strategy' in mid-2020 (MWSS).

The preparation of this document required greater investigation of optimum servicing in the area, incorporating newer proposed growth areas introduced since HIF investigations were undertaken.

In summary, the MWSS and the HIF application identified the identical wastewater solution for the area. This is a centralised WWTP at Huntly treating wastewater from Huntly and Ohinewai, and a standalone WWTP for Te Kauwhata.

#### **1.4 Current Performance and Solution Seeking**

Following the Aquamat upgrade, the treated wastewater discharged from Te Kauwhata WWTP consistently met all resource consent conditions between the instalment date, and 2015. Since 2015, the plant has experienced re-occurring non-compliances with the existing resource consent conditions. Non-compliances exceeding the effluent Total Kjeldahl Nitrogen (TKN) and Total Nitrogen (TN) concentrations. Because of plant performance over multiple years, a formal warning was received by WDC from Regional Council 6 March 2020. WDC was issued with an earlier formal warning and an abatement notice for the previous year's performance in the audit for the 2017-2018 compliance period.

WDC and Watercare Services Limited (WSL) shall ensure that WRC are informed throughout resolution work now underway, where such work shall address issues of non-compliance, plant performance and non-compliant wastewater being discharged into Lake Waikare.

#### **1.5 Proposed consenting approach, and applicable river legislation**

A consent for the maximum duration possible is to be sought. The greater the consent length provides the advantage of flexibility in long-term planning of wastewater infrastructure within the growth corridor between Hamilton and Auckland. The MBR option will provide greater consistency with the Vision and Strategy (V&S) for the Waikato River (River Acts) during this time, where it is recognised that 'betterment' of the river is a statutory requirement under both River legislation and the objectives and policies of PC1 of the Waikato Regional Plan.

#### **1.6 Consultation with key partners**

It has been assumed within the Mid Waikato Servicing Strategy that advanced treatment technologies such as an MBR will be required to meet increasingly strict discharge consent requirements. Consultation with mana whenua, the local community and other stakeholders has started, and will advance further as part of application preparation. Engagement themes have been that:

- the upgrade represents the most advanced system available, with a very high degree of environmental treatment occurring;
- with the locality, past studies have established that soils couldn't support year-round land-based irrigation in a manner that is feasible.

In principle support from WRC for the MBR upgrade has been during abatement resolution discussions. The reason for this is that the technology is considered as best practice throughout the Waikato region. An acceptable discharge solution will be core engagement work, where a co-designed outcome will be needed. Project costs will encompass necessary engagements to investigate any short-listed discharge options aside from a point source river discharge. Such options could include a stream recharge allowing discharge to a waterbody. Any such option would require ecological, enhancement and engineering studies. An engagement strategy will be prepared to co-ordinate required actions.

#### **1.7 Project Considerations Key Milestones**

By phase, the project may follow the optimistic programme shown in the table below. If commitment remains to an MBR solution, it may be appropriate to prepare a Memorandum of Understanding



between WDC, KSH and Hapū to allow necessary MBR design and construction activities underway now (i.e. to resolve abatement issues).

This may mean the MBR treatment is operating before lodgement of the application. There is likely to be extensive engagement needed to determine a discharge scenario that meets project objectives, which should include meeting community and Hapū aspirations. Steps 5 and 6 maybe drawn out significantly, for an undefinable length of time.

Steps	Key milestones	Date
1	Project Consenting Strategy approved (this approval)	Oct 2020
	Project Team	
2	Lead Technical Specialist Engagement	March 2021
3	Specialist Brief	May 2021
4	Specialist approval complete	May 2021
5	BPO complete	Aug 2021
6	AEE Report-Final	Aug 2021
	Lodgement of Consents	Oct 2021
7	Public notification complete	Feb 2022
8	S92 process	June 2022
9	Council Hearing	Oct 2022
	Consent decision	Nov 2022

Table 3: A confident 'best case scenario' consenting timeframe.

The table below highlights project roles and responsibilities.

Key Area	Services Providers
Project Management and Engagement	Watercare under the WDC/WSL signed contract and amendments
Statutory Planning	To be procured. This engagement shall provide specialist project management, engineering & technical advice, alongside expert planning advice.
Environmental Studies	To be procured or secured by direct appointment if appropriate. With any water discharge option, outlet hydrodynamic modelling and Quantitative Microbial Risk Assessment investigations of the discharge will be needed. Ecological studies (discharge and river catchment betterment) will be needed, alongside air quality testing.
Legal	To be determined. Engagement will occur through the WDC legal department.

Table 4: A broad description of project team members

### 1.8 High Level Outcomes

The high-level outcomes are:

- Determine the long-term upgrade path and allow optimal augmentation of the wastewater treatment plant.
- Secure new consents to replace expiring consents.
- Secure new consents as required.

## 2 Recommended Solution

This section defines what the project needs to deliver.

### 2.1 Scope

The scope of the project includes:

- Planning assessments
- Internal staff time for application preparation
- External Consultants time for application preparation
- Environmental studies to support applications (upper estimate)
- Technical assessment documents to support applications
- Consultative processes
- Legal advice (led by WDC)
- Waikato Regional Council fees relating to the consenting process

The scope of the project excludes:

- Physical works
- Annual consent monitoring fees
- Mitigation costs
- Preparation of construction consent applications
- Appeals to Environment Court

### 2.2 Project Deliverables/Outputs

Item	Duration	\$
• Resource Consent-Te Kauwhata WWTP Discharge to Air and Water	Longest term achievable	750,000

### 2.3 Assumptions

The following is a list of the key assumptions which have been linked to the successful completion of this project:

- Clarification that any effects on the environment are less than minor or that the applicant will not degrade but rather enhance the receiving environment, for any discharges.
- The community and mana whenua are engaged for consultation and hence support the applications.
- If submissions are received in opposition of an application, Watercare and WDC will try to address these before a hearing.

### 2.4 Assets to be Written Off

There are no assets to be written off.

## 2.2 Costs to Execute the Project

The project cost is estimated within the table below. The estimate is based on a comparison of costs that past consenting applications has incurred, in principle support for MBR treatment obtained and factors in complexity. A capital expenditure estimate of \$440,000 up to lodgement and an additional \$260,000 through a Council hearing. The level of uncertainty is 8%, capping the project envelope at \$750,000 for future costs.

Item/Activity	Total (\$M)
Project management	0.05
Legal	0.09
Planning	0.10
Engineering/Technical	0.15
Environment Studies	0.17
Stakeholder Engagement	0.03
Waikato Regional Council Consent Fee	0.10
<b>TOTAL CAPITAL COST</b>	0.69
Uncertainty	0.06
<b>TOTAL CAPITAL ENVELOPE</b>	0.75

Status of existing allocated, utilised and required funding for application preparation is:

Funding allocated	TOTAL FUNDING (\$M)
LTP (1WW 10453) WWTP Consent Renewal	0.75
WWTP Upgrade (HIF)	21.5
Non-HIF requirement	17.6
Upgrade spend (treatment/discharge)	<b><u>39.1</u></b>

### Risks/Issues

The following overarching risks to the project achieving this objective through the programme have been identified, along with proposed mitigation. The following may impact the project:

- Insufficient information available / non-completion or poor standard of technical and environmental studies
- Unforeseen delay in field investigations and completion of reports to support the application – which may jeopardise meeting lodgement deadlines
- Insufficient community consultation leading to submissions from the public and mana whenua groups opposing the applications, which could then require a lengthy hearing.

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**Open Meeting**

<b>To</b>	Waters Governance Board
<b>From</b>	Ian Cathcart Special infrastructure Projects Manager
<b>Date</b>	22 October 2020
<b>Prepared by</b>	Carole Nutt Waters Contract Relationship Manager
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	WGB2020
<b>Report Title</b>	Three Waters Performance Reports for August and September 2020

## **1. EXECUTIVE SUMMARY**

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A copy of the Three Waters Performance Reports for August and September 2020 are attached for the Board's information.

## **2. RECOMMENDATION**

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**THAT the report from the Special Infrastructure Projects Manager be received.**

## **3. ATTACHMENTS**

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- Waikato District Council Three Waters Monthly Performance Report – August
- Waikato District Council Three Waters Monthly Performance Report – September

# WAIKATO DC

# THREE WATERS

# MONTHLY

# PERFORMANCE REPORT

## AUGUST 2020

Sharon Danks  
WDC Business Manager  
Watercare Waikato  
August 2020



Te Kauwhata WWTP rock filter refurbishment



# 1. Health & Safety

## HIGHLIGHTS AND LOWLIGHTS

### 1. Health, Safety & Wellness

- There was 1 Lost Time Injury (LTI), and 1 Restricted Duties Injury (RDI) involving Watercare employees in August.
- There were 0 recordable injuries involving contractors in August.
- The 11-month average Lost Time Injury Frequency Rate (LTIFR) for employees is 3.88 per million hours, under our target of  $\leq 5$ .
- The 11-month average Total Recordable Injury Frequency Rate (TRIFR) for employees is 7.77 per million hours, under our target of  $\leq 20$ .
- 18 mechanical or electrical safety hazards were identified and resolved during recent asset condition assessment project.
- A team meeting was held with the reticulation serviceman and the treatment plant operators following the 2 hand injuries refocussing the team on health and safety. This included the completion of the take 5 booklet prior to tasks and the use of SOP's.
- A programme has commenced on updating all SOP's used by the serviceman to a more user-friendly format and the production of SOP folders for each vehicle.
- A site visit will be arranged in September for the reticulation serviceman team leaders to visit MSN in Penrose . During this visit the focus will be HS&W and this will provide an opportunity to discuss and observe Safe Operating Procedures and ways of working used by the MSN team undertaking similar tasks

Note: Once the contract has been running for more than 12 months, a rolling 12month average for LTI will be presented in a graphical form. WSL does not have access to WDC health and safety statistics prior to the contract period. Absolute LTIFR and TRFIR graphs are included in Appendix 1 of this report

## 1. HEALTH, SAFETY & WELLNESS UPDATE

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare Restricted Duties Injury Operations - Service Delivery Meremere 07/08/20	No	Replacing a damaged manhole lid on the sewer network in Meremere village. Lid was dropped and hit serviceman's finger damaging the nail bed.	Communication between staff whilst doing work like this is crucial.	<ul style="list-style-type: none"> <li>• Spoken with staff about communication during working.</li> <li>• Provision of heavy-duty gloves for tasks like this to provide protection.</li> </ul>

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare Lost Time Injury Operations - Service Delivery Ngaruawahia 26/08/20	No	Serviceman was fitting pipes when the wrench slipped, causing the fitting to fall and hitting the serviceman's bracing hand, damaging the thumb – hairline fracture. Resulted in 1.5 days off work.	Care needs to be taken whilst tightening fittings. Ensure tools are in a good condition before use.	<ul style="list-style-type: none"> <li>Checked tools for wear and purchased new socket set.</li> <li>As with the above, provision of heavy-duty gloves.</li> </ul>

#### AUDITS, MANAGEMENT REVIEWS, INSPECTIONS, SAFETY OBSERVATIONS

- The next 6 monthly review of the HSW Management System is scheduled for mid-September.
- An all sites condition assessment of mechanical, control and electrical was completed in February.
- O Safety walks and observations was conducted by senior management in July.

## 2. Key Performance Indicators

KPI – Description	Result August	Target 2019/2020
<b>Water</b>		
The extent to which Council's drinking water supply complies with Part 4 of the drinking water standards (bacteria compliance criteria). (Number of zones that comply, maximum 18)	18	18
The extent to which Council's drinking water supply complies with Part 5 of the drinking water standards (bacteria compliance criteria). (Number of zones that comply, maximum 18)	15	15
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Attendance for urgent call-outs: from the time that	35	40 mins



Council receives notification to the time that service personnel reach the site.		
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	104	120 minutes
Where Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site.	1	≤ 3 days
Where Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	1	<3days
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the networked reticulation system): - Drinking water clarity - Drinking water taste - Drinking water odour - Drinking water pressure or flow - Continuity of supply - The local authority's response to any of these issues	2.24	22/1000
<b>Wastewater</b>		
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system. - Non-sensitive receiving environments	0.32	≤ 2/1000
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system. - Sensitive receiving environments	0.00	≤ 2/1000

Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured: - Attendance time: from the time that Council receives notification to the time that service personnel reach the site.	36	≤ 1 hour (45 mins)
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system in <b>Raglan</b> , the following median response times measured: - Attendance time: from the time that Council receives notification to the time that service personnel reach the site.	67	≤ 1 hour
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured: - Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	141	≤ 4 hours
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the sewage system): - Sewage odour - Sewage system faults - Sewage system blockages - Council's response to issues with its sewage system	1.19	≤ 10/1000
<b>Health and Safety</b>		
Safety: Lost time injury frequency rate (LTIFR) per million hours worked	3.88	≤ 5
Safety: Total recordable injury frequency rate (TRIFR) per million hours worked	7.77	≤ 20
Safety: 100% of Notifiable (or serious non-notifiable) Events reported to WDC within 2 hours of occurrence	No events	100%
Safety: 100% of Notifiable Event reports supplied to WDC within 21 business days	No events	100%
Safety – percentage of complaints resolved within 10 working days	100%	95%

Safety- Health and safety Audit programme and action plan completed (6 monthly and then annually)	1	1
Safety - All site emergency plans to be drilled 6 monthly as per drill schedule	20% (WSL have restarted drills after they were paused during Covid 19 – will have all plants tested within 6 months)	>100%
Safety - Monthly Health and safety meeting held with all workers	Meetings now individual team based and conducted using WhatsApp	>90%
Safety-Critical risk audit to be conducted by HSW BP Bi-monthly	1	1
Safety -Actions required to be closed within 1 month	100%	>90%

Note: Information regarding abatement notices for periods prior to the WSL contract commencing on the 1<sup>st</sup> October 2019 is contained in Section 3.11

## 3. Operational Update

### 3.1 Treatment

#### General

There were several callouts to site during August. All were of minor nature.

Operator refresher training has commenced. 4 Operators have completed “Approved Chemical Handler” training in August. 3 Operators to complete this training in September.

Training of all Operators will continue along with additional training for “Workplace First Aid” and “Confined Space and Gas Monitoring” during September and October.

One staff member to complete “Fork Hoist training in October.

#### General Workflow

General workflow has again been disrupted by a Level 3 Covid 19 lock down in Auckland. This resulted in 3 Auckland staff working from home in Auckland in compliance with border restrictions. Waikato based operations staff were able to continue working in the field under caution. Staff rotation of focus plants continued as planned.

Other issues include:

- Meremere WWTP oxidation replacement cage aerator is being built up by the supplier and will be installed in mid -September. The pond is remaining in good condition with good stock of algae.
- The Meremere WWTP pond discharge bypass valve actuator failed from apparent lightning strike to the electronics. The valve and its actuator are of uncommon brand resulting in both the valve and its actuator being upgraded to a more readily available make and model. As this valve will be replaced with the MBR process upgrade the make and model selected will be able to be reused if required at another WDC plant.
- Meremere WWTP ground works and geo tech investigations have commenced in preparation for the MBR project works.
- Huntly WTP Filter #5 remains out of service. New underdrain pipework of a higher standard has been installed. The new concrete floor will be installed in the first week of September. This will require 3 weeks of curing before the new sand media can be installed. Return to service planned for the end of October.
- Ngaruawahia WTP #1 Clarifier has been drained cleaned and returned to service.
- Raglan WTP UV system UVT sensor has failed. This has been replaced with the verification unit whilst a new replacement is being sourced.
- Te Kauwhata WWTP final effluent rock filter media is in very poor condition. This has been removed and replaced with new rock media.
- The access to the Te Kauwhata WWTP site works that were impacting the access road have been completed. Minor works and fencing yet to be finished. The next phase of development contract work relating to the upgrade of Rimu Road is due to commence mid -September.
- Te Kauwhata WWTP aeration requires further improvements. Pricing of replacement lines is being processed.
- Sludge level surveys have been completed at Huntly, Ngaruawahia, Te Kauwhata and Raglan WWTP ponds. Reports to be processed and a de-sludging program being developed.

## 3.2 Networks

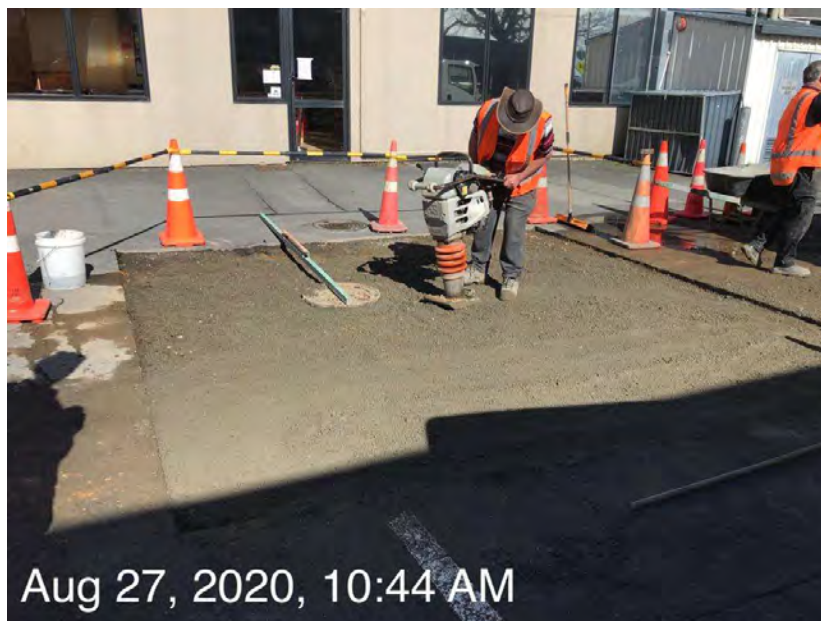
- Subsidence of a portion of road located at Martin St, Ngaruawahia was discovered on 25/08/20. A tomo had formed near a 600mm SW line and a 150mm AC WW line. To mitigate risk to drivers and pedestrians a large steel roading plate was placed over the area of concern by the Waikato District Alliance. Streamline Environmental were contacted and carried out a CCTV survey of both pipes to determine if the subsidence was as a result of failure of either of these lines. On completion of the inspection, the SW line was shown to be displaced at the point it joined the manhole. The following day (26/08) the sewer team carried out a confined space entry of the manhole to determine the exact extent of the displacement and discovered that the manhole had no solid base or haunching, thus causing slumping and subsequent displacement and erosion. Allen's United have been scheduled to carry out a manhole rebuild (as well as replacement of approximately 20m of

the AC sewer line) for 14 September and the project is estimated to take 3 days to complete.



*Images showing the tomo formed and collapsed roadway.*

- An area of subsidence in the carpark at Huntly KFC on Great South Road was brought to the attention of the WDC Projects team by the property manager for site. This was passed on to the WSL Operations team to investigate and remedy. CCTV footage showed damage to the 300mm Concrete SW line, the bottom had deteriorated to such an extent that underlying soil was visible, causing the soil to scour. Ngaruawahia Drainage in conjunction with the WSL Reticulation team carried out a repair of the SW line and raised the manhole to the correct height, completing remedial works 27/08. Unfortunately, due to rainfall, the hot-mix was unable to be laid, so this has been rescheduled for the first week of September.



*Reinstatement works being done after completion of remedial works.*

- Watercare completed the relaying of a sewer line at 14a Kowhai Pl, Te Kauwhata on 28/08. A neighbouring property to 14a Kowhai had carried out earthworks and disconnected a sewer line running through both properties. A legal issue developed between the neighbouring properties parties and at the request of WDC, WSL were tasked with resolving the sewer issue. A temporary sewer chamber was installed at 14a Kowhai Pl whilst contractors were arranged to conduct a drill shot and subsequent laying of a new line which fed to an adjacent main. The works were completed in 2 days and proper operation of the sewer from the dwelling at 14a Kowhai has now been restored.
- The sewer pump station located at Hartis Ave, Huntly has been identified as being in need of substantial renewal works. The existing pumps are past their recommended operational life, resulting in a station that is inefficient and unable to adequately cope during high flow events. The Jacob's condition assessment report identified Hartis Ave PS as being a high priority for renewal works. Three other pump stations (Hopuhopu Reserve PS, Stirling Pl PS and Rosser St PS) were also identified in the same report as requiring urgent renewal works (although the works at these is significantly less substantial) and have therefore been rolled into one contract to expedite all works. A business case for this project has been approved and works by contractor Don Fuller Pump and Crane Services will commence in September.

### 3.3 Planning and Project Delivery

#### Key tasks completed include:

- Te Kauwhata WTP 4.5 MLD upgrade – Beca working on design of upgrade, ROI for physical works being prepared.
- Meremere WWTP proposed MBR – Contract awarded to Apex, they have commenced design phase.
- Mid Waikato water supply and wastewater Servicing Strategy is completed. Has been presented to WGB, Sleepyhead Developers and Future Proof. Iwi consultation and input is to be arranged. A meeting onsite with Iwi, Bird and Game and TK Water association was held.
- Te Kauwhata water supply reservoir design near complete. ROI for physical works being prepared
- Te Kauwhata WWTP – Beca outline MBR plant design underway, Geotech design underway with Tonkin & Taylor.
- Scoping of renewal works is complete and will progress to tendering – ROI for physical works should be issued this month; this will be 2 years of renewal expenditure as we were unable to deliver projects last year.
- Draft of Three Waters AMP has been submitted to WDC and presented to WGB. Further workshops with WDC are planned in September.

There are several work packages for the Watercare Professional Engineering services panel in the process of either being put out for Consultant pricing or awaiting approval by Watercare.

These include:

- Ngaruawahia WW Pump Stations and Rising main upgrade concept – package has been prepared and submission sought from GHD.

- SW modelling is being undertaken to assist in sizing of proposed SW culvert in Travers Road Te Kauwhata
- Huntly Water Supply Zone Management Plan has been awarded

Development / Growth related matters being worked on include:

- Synlait Dairy Factory Pokeno – rising main and fibre optic connection between Market St wastewater pump Station – issues damage to existing rising main, SCADA control, DA and future flows, Pukekohe WWTP capacity issues, Trade Waste and Development agreements. Synlait have committed to repairing damaged rising main this month. Watercare have assisted WDC in the development of a Development Agreement; input on this continued during the month.
- Met Kildaire Developments to discuss development in Taupiri and WW servicing.
- Ohinewai Land Ltd met with Watercare to go over MWSS
- Met Northgate Developers (Horotiu) in regard to the POAL Pump Station.
- Met developer's consultant re WS and WW servicing of Buckland Rd area in Tuakau

#### Project Delivery

- Meremere MBR installation – Design build contract awarded to Apex limited. Design is nearing completion and the contractor is expected to mobilise to site in October
- Renewals Package – Tender phase
- Whangamarino WTP 4.5MLD upgrade – Tender phase
- Te Kauwhata Reservoir – Tender phase
- Ngaruawahia WTP backwash upgrade – Detailed Design phase
- Ngaruawahia UV installation – Installation to commence December 2020
- Te Kauwhata WWTP Rock filter replace – Awarded to Fulton Hogan – Construction completed.
- Te Kauwhata WWTP upgrade – concept design and detailed geotechnical investigation underway
- Hartis, Hopuhopu, Stirling and Rosser WWPS upgrade (Asset remediation) – Construction to commence in October (works awarded to PES LTD)
- Newell Road Booster PS upgrade (Asset Remediation) – Construction to commence in October (works awarded to PES LTD)
- Network NCU Scada project – Detailed design phase. Site audits and reverse engineering of RTU's software and production of Level 1 FD's underway by Neo and McKay's.

## 3.4 Abatement Notice Resolution

### Meremere WWTP

WRC Abatement notices require Total Suspended Solids (TSS) exceedance and Discharges outside permitted discharge periods to be addressed. Inflow and Infiltration reduction programme is underway and has already seen a reduction of discharges out of permitted periods this winter.

The contract for installation of the MBR has been awarded and the contractor has commenced on a 3-month design and procurement process. The plant is expected to be operational by July 2021.

The preparation of the Long Term 35-year consent for this site is progressing well and is on track for submission to WRC in the week of the 14<sup>th</sup> of September.

### **Te Kauwhata WWTP**

WRC abatement notice on this plant requires Total Kjeldahl Nitrogen (TKN), Total Nitrogen (TN), Total Phosphorus (TP) loads and E.coli exceedances to be addressed. There is also a requirement to develop short term capacity for increase in loads from residential development from Lakeside and Te Kauwhata structure plan areas prior to the HIF funded new WWTP. Numerous interim activities have been undertaken to try and address the non-compliances on a short-term basis. These include:

- Major maintenance of the aqua discs and air lines
- Compressor maintenance
- Rock filter replacement

The mid Waikato Strategy has been completed and a preferred solution identified for Water and Wastewater. Consultation will be undertaken with stakeholders in July in parallel with design solutions for the upgraded plant progressing on the site. It is expected the MBR plant will be operational by December 2022.

A geotechnical and concept design brief was awarded in July 2020 and it is expected this work will inform the required pre-load and the consenting process.

A consenting strategy is being prepared and it is anticipated a new discharge consent application will be submitted to WRC in late 2022.

### **Raglan stormwater**

The Raglan stormwater Discharge Consent has an Abatement Notice for 2018/2019 compliance period requiring various items including the Stormwater Operations Management Plan and sampling programmes to be reviewed and updated. There is also a requirement to restart the Raglan Stormwater Community Liaison Group.

Watercare has completed a detailed review of the outstanding on-compliant consent conditions. Following this review the following actions have been undertaken:

- A meeting has been held with the WRC to confirm WSL's approach for resolving the non-compliances
- Key stakeholder in Raglan have been contacted with view to resuming the Liaison Group in August
- The sampling programme has been reviewed and changes made for the proposed sampling regime for 2020/2021
- A consultant has been engaged to update the District Wide Stormwater Operations Management Plan

A letter has been drafted to WRC to accompany the Annual Compliance report explaining the pathway to address the non-compliances.



### 3.5 Shared Services

Planning is continuing for the transition of laboratory and trade waste services to WSL internal providers is progressing well. Watercare has completed an operational plan for the services post 1 October.

### 3.6 Compliance

- All compliance reports for August were submitted to Waikato Regional Council and Waikato Regional Public Health Service on time.
- Chemical exceedance (Bromate) was noted at the Te Akau WTP. Have taken appropriate actions and notified DWA of the event.
- Stormwater and Wastewater Annual reports are due to be submitted to the Waikato Regional Council by 30 September 2020.

### 3.7 Customer

- The customer team continues as business as usual and a focus on the year ahead and data cleansing began cleaning up historical data
  - Pipe size and BFP differences aligned
  - Identifying missing water meters in urban areas.
- The customer team is continuing to work with Council Contact Centre with updates and communications. Workshop with Council Customer team to be confirmed

### 3.8 Condition Assessment / Asset Remediation

#### Condition Assessment

The condition assessment field work has been completed and the final report has been received

The asset data collected in the condition assessment programme will be used as the basis of an interim management system. Maintenance planning will be initially focussed on Water Treatment plants. This will allow Watercare to demonstrate compliance with the Drinking Water Standards.

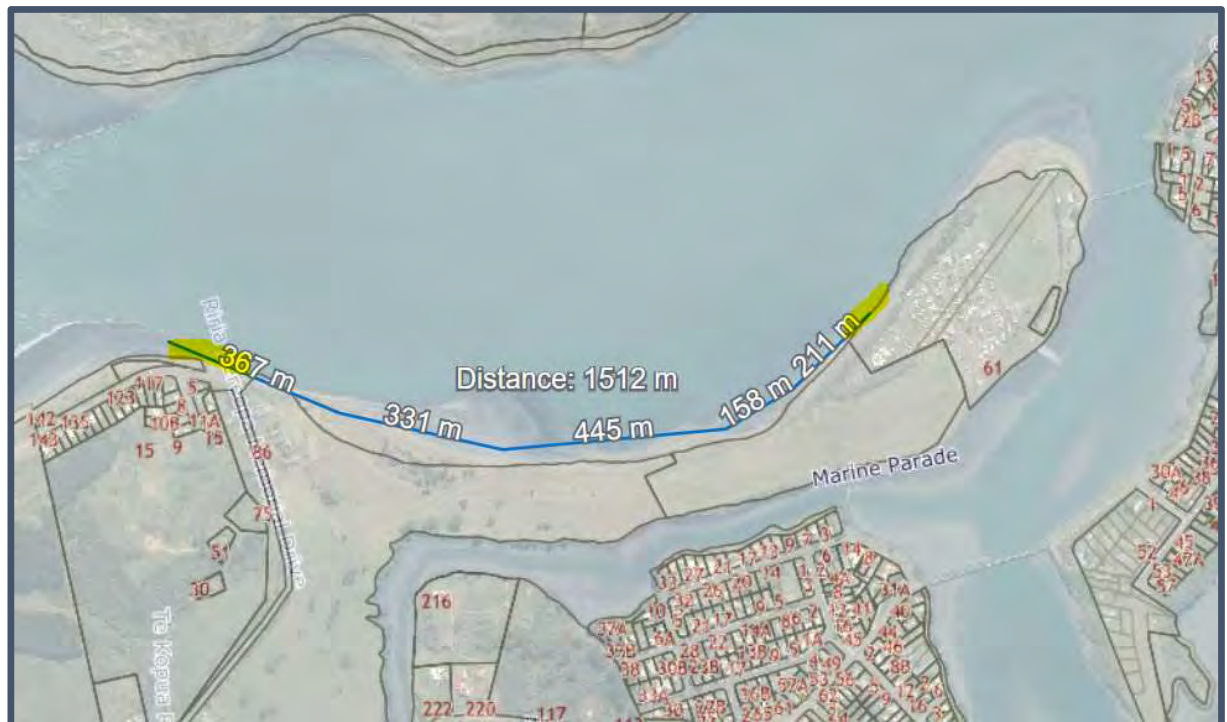
Work is progressing on replacing obsolete compliance instrumentation at Water Treatment Plants as a priority and replacing pump sets and VSDs at several network pump stations.

### 3.9 Strategic Resource Consents

#### Raglan WWTP resource consent application

A September community e-meeting was held. This enabled an overview to be offered on investigations underway that will inform the selection of the best practical treatment and discharge option. Key notes were:

- Geophysical testing is now underway, where Scantec have undertaken testing of multiple sites within the harbour mouth including the existing location and a further eastern location (highlighted below). Testing is both '1D' using vibrations and '2D' using seismic reflections. As highlighted in earlier monthly reporting, and best practical option requiring a point source discharge will need an anchoring rock bed to be feasible.

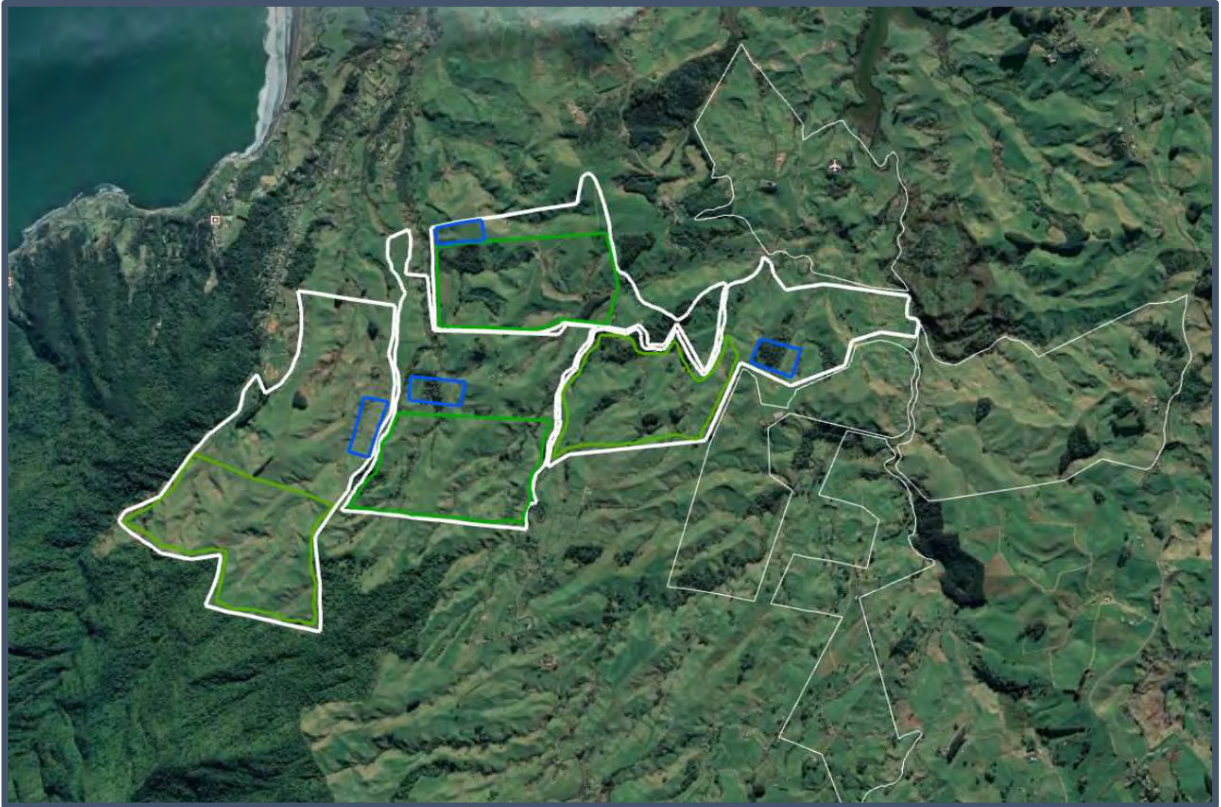


- The MBR work-stream has advanced with preliminary discussion in respect to accompanying 'whenua contact' design to accompany discharge. Engagement with a technical consultancy is planned to consider 'vetiver' potential (i.e. sterile plant species shown in the image below). This methodology may provide greater cultural acceptance and offer discharge advantages. The root structure provides an earth-blanket that could be compatible with the granular orthic soils (non-draining high clay) near the plant.



- As highlighted in last month's reporting, the best free draining soil is found nearer the base of Mount Karioi (allophanic soils), where any future 'in-principle' purchase or lease discussion with property owners should occur in this locality. The project team has prepared a 'heat map' that demonstrates desirable properties for this discharge option. Parameters for assessment include drainage, slope, distance, land owner, size, extent of usable land, existing land use. Additional images illustrate theoretical needs for such a solution (i.e. >70ha usable land and 150,000m<sup>3</sup> of winter storage by gully damming), where such images will be useful for further land owner engagement to be undertaken through September.





**Meremere WWTP Resource consent**

The Meremere WWTP MBR upgrade, design and build contract begun last month. Site investigation work has now commenced, and the process design is near completion. The discharge consent application will be lodged in the week starting the 14 of September 2020.

**Mid Waikato Strategy**

It was hoped that hapū sessions could be undertaken during August (by e-meeting or workshops) in order to complete cultural scoring. This did not occur, where a revised timeline to cater for the four servicing areas (Meremere, Te Kauwhata, Huntly and Ngaruawahia) is the end of the year.

### **3.11 Summary of Abatement Notices for Compliance Periods prior to October 2019**

#### **Wastewater Treatment**

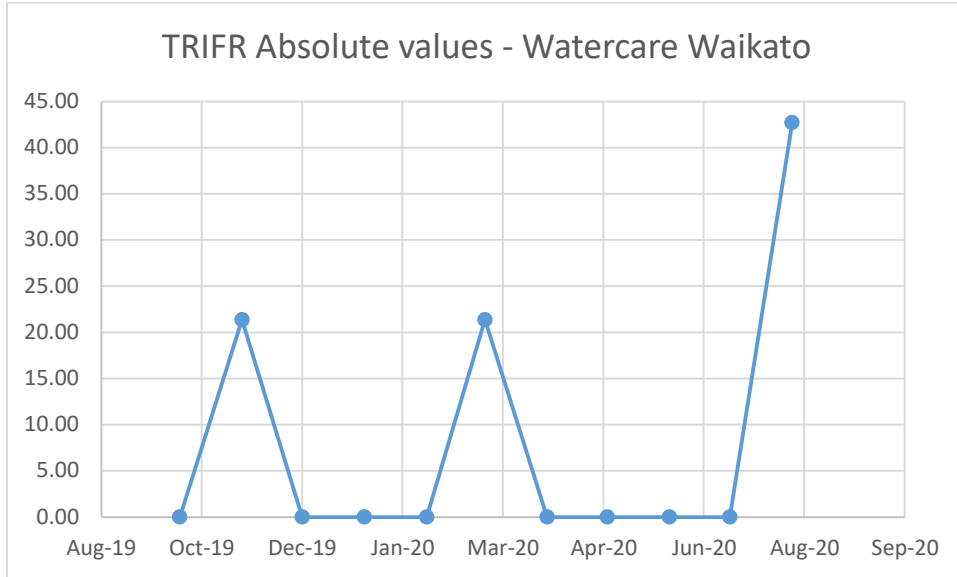
- Te Kauwhata WWTP Discharge Consent – Abatement Notice for 2018-19 compliance period the abatement notice requires Total Kjeldahl Nitrogen (TKN), Total Nitrogen (TN), Total Phosphorus (TP) loads and E.coli exceedances to be resolved
- Meremere WWTP Discharge Consent – Abatement notice for 2018/2019 compliance period requires Total Suspended Solids (TSS) exceedance and Discharges outside permitted discharge periods to be addressed

#### **Stormwater**

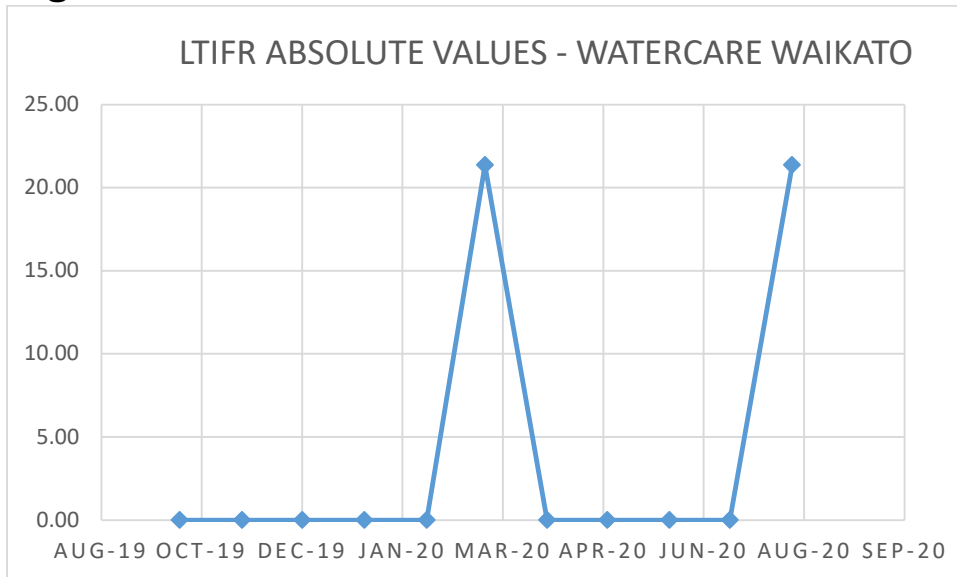
- Raglan stormwater Discharge Consent – Abatement Notice for 2018/2019 compliance period requires various items including the Stormwater Operations Management Plan and sampling programmes to be reviewed and updated. There is also a requirement to restart the Raglan Stormwater Community Liaison Group.

## Appendix 1 – Health and Safety Statistical Reporting

**Figure 1: LTIFR Values**



**Figure 2: TRIFR Values**



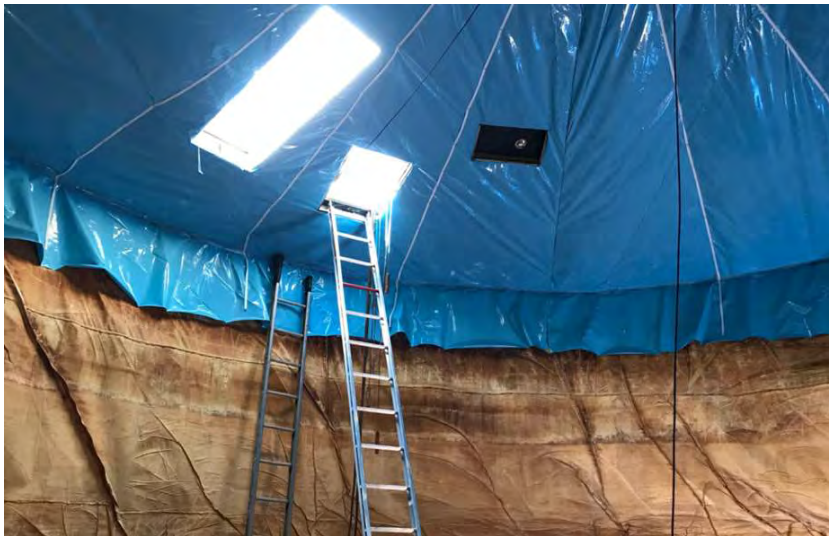
# WAIKATO DC

# THREE WATERS

# MONTHLY

# PERFORMANCE REPORT

## SEPTEMBER 2020



Sharon Danks  
WDC Business Manager  
Watercare Waikato  
September 2020



# 1. Health & Safety

## HIGHLIGHTS AND LOWLIGHTS

### 1. Health, Safety & Wellness

- There was 0 Lost Time Injury (LTI), and 1 Restricted Duties Injury (RDI) involving Watercare employees in September.
- There were 0 recordable injuries involving contractors in September.
- The 11-month average Lost Time Injury Frequency Rate (LTIFR) for employees is 3.6 per million hours, under our target of  $\leq 5$ .
- The 11-month average Total Recordable Injury Frequency Rate (TRIFR) for employees is 8.9 per million hours, under our target of  $\leq 20$ .
- 18 mechanical or electrical safety hazards were identified and resolved during recent asset condition assessment project.
- A team meeting was held with the reticulation serviceman and the treatment plant operators following the 2 hand injuries refocussing the team on health and safety. This included the completion of the take 5 booklet prior to tasks and the use of SOP's. From September a Hazard has been assigned to each month for field teams to investigate .
- A programme has commenced on updating all SOP's used by the serviceman to a more user-friendly format and the production of SOP folders for each vehicle.

Note: Once the contract has been running for more than 12 months, a rolling 12month average for LTI will be presented in a graphical form. WSL does not have access to WDC health and safety statistics prior to the contract period. Absolute LTIFR and TRFIR graphs are included in Appendix 1 of this report

## 1. HEALTH, SAFETY & WELLNESS UPDATE

Worker, type of incident and location	Critical Risk (Yes/No) and Severity	Description of injury/incident	Our learnings	The actions we have taken
Watercare Restricted Duties Injury Treatment Te Akau	No	Operator strained back while lifting a 20kg container of Hypochlorite	Correct lifting techniques not utilised.	<ul style="list-style-type: none"> <li>• Lifting training refresher to be provided.</li> </ul>

## AUDITS, MANAGEMENT REVIEWS, INSPECTIONS, SAFETY OBSERVATIONS

- The 6-monthly review of the HSW Management System was completed in September.
- An all sites condition assessment of mechanical, control and electrical was completed in February.
- O Safety walks and observations was conducted by senior management in September.

## 2. Key Performance Indicators

KPI – Description	Result August	Target 2019/2020
<b>Water</b>		
The extent to which Council’s drinking water supply complies with Part 4 of the drinking water standards (bacteria compliance criteria). (Number of zones that comply, maximum 18)	18	18
The extent to which Council’s drinking water supply complies with Part 5 of the drinking water standards (bacteria compliance criteria). (Number of zones that comply, maximum 18)	15	15
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site.	50 Oct 2019-Oct 2020 total 42	40 mins
Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	111 Oct 2019-Oct 2020 total 107	120 mins

Where Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site.	1  Oct 2019-Oct 2020 total  1	≤ 3 days
Where Council attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: - Resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	1  Oct 2019-Oct 2020 total  1	<3days
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the networked reticulation system): - Drinking water clarity - Drinking water taste - Drinking water odour - Drinking water pressure or flow - Continuity of supply - The local authority's response to any of these issues	1.12  Oct 2019-Oct 2020 total  19.33	22/1000
<b>Wastewater</b>		
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system. - Non-sensitive receiving environments	0.00  Oct 2019-Oct 2020 total  1.98	≤ 2/1000
The number of dry weather sewage overflows from Council's system expressed per 1000 sewage connections to that sewage system. - Sensitive receiving environments	0.00  Oct 2019-Oct 2020 total  0.23	≤ 2/1000

Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured: - Attendance time: from the time that Council receives notification to the time that service personnel reach the site.	33  Oct 2019-Oct 2020 total  36	≤ 1 hour (45 mins)
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system in <b>Raglan</b> , the following median response times measured: - Attendance time: from the time that Council receives notification to the time that service personnel reach the site.	23	≤ 1 hour (60 mins)
Where Council attends to sewage overflows resulting from a blockage or other fault in its sewage system, the following median response times measured: - Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	143  Oct 2019-Oct 2020 total  135	≤ 4 hours (240 mins)
The total number of complaints received by Council about any of the following (expressed per 1000 connections to the sewage system): - Sewage odour - Sewage system faults - Sewage system blockages - Council's response to issues with its sewage system	0.40  Oct 2019-Oct 2020 total  9.51	≤ 10/1000
<b>Health and Safety</b>		
Safety: Lost time injury frequency rate (LTIFR) per million hours worked	3.56	≤ 5
Safety: Total recordable injury frequency rate (TRIFR) per million hours worked	8.90	≤ 20

Safety: 100% of Notifiable (or serious non-notifiable) Events reported to WDC within 2 hours of occurrence	No events	100%
Safety: 100% of Notifiable Event reports supplied to WDC within 21 business days	No events	100%
Safety – percentage of complaints resolved within 10 working days	100%	95%
Safety- Health and safety Audit programme and action plan completed (6 monthly and then annually)	1	1
Safety - All site emergency plans to be drilled 6 monthly as per drill schedule	60% (WSL have restarted drills after they were paused during Covid 19 – will have all plants tested within 6 months)	>100%
Safety - Monthly Health and safety meeting held with all workers	Meetings now individual team based and conducted using WhatsApp	>90%
Safety-Critical risk audit to be conducted by HSW BP Bi-monthly	1	1
Safety -Actions required to be closed within 1 month	100%	>90%

Note: Information regarding abatement notices for periods prior to the WSL contract commencing on the 1<sup>st</sup> October 2019 is contained in Section 3.11

## 3. Operational Update

### 3.1 Treatment

#### General

Completion of one year of Operation and Maintenance of the Waikato District Council water and wastewater treatment facilities.

There were several callouts to site during September. All were of minor nature.

Operator refresher training has commenced. 3 Operators have completed Knowledge of Handling Hazardous Substances training in September.

Training of all Operators will continue along with additional training for Workplace First Aid and Confined Space and Gas Monitoring.

One staff member to complete “Fork Hoist” training in October.

#### General Workflow

General workflow has again been disrupted by a Level 2.5 Covid 19 lock down in Auckland. This resulted in 3 Auckland staff working from home in Auckland in compliance with border restrictions. Waikato based operations staff were able to continue working in the field under caution. Staff rotation of focus plants continued as planned.

Other issues include:

- Meremere WWTP oxidation replacement cage aerator has been built and is awaiting delivery. The aerator will be connected in its new location for the new plant configuration. The pond is remaining in good condition with good stock of algae.
- Meremere WWTP ground works and geo tech investigations have commenced in preparation for the MBR project works.
- Huntly WTP Filter #5 remains out of service. The replacement of underdrain pipework and floor has been completed. The new concrete floor has been poured and has cured for more than 21 days. The new media material can be installed early October. Planned return to service for filter is at the end of October.
- The access to the Te Kauwhata WWTP site works that were impacting the access road have been completed. Minor works, new security gate and fencing is yet to be finished. The construction of Rimu Road is underway. There will be some ongoing external access issues during this phase of construction.
- Design work has commenced for the installation of UV reactor modules for the Ngaruawahia WTP.
- Huntly WTP sludge lagoon pump chamber has had approximately 1.5m depth of sand (6 years of accumulation) removed by vacuum truck.
- Fire drill desktop exercise for Raglan WTP has been completed. Fire and emergency response drills for other sites to follow.

## 3.2 Networks

- Allen's United Earthworks and Drainage completed the remedial works on the tomo formed by the degraded SW manhole at Martin St, Ngaruawahia. A new manhole was installed, the aged AC WW line running parallel to the SW manhole was replaced (to ensure compaction did not damage the sewer) and reinstatement was completed within 3 days.



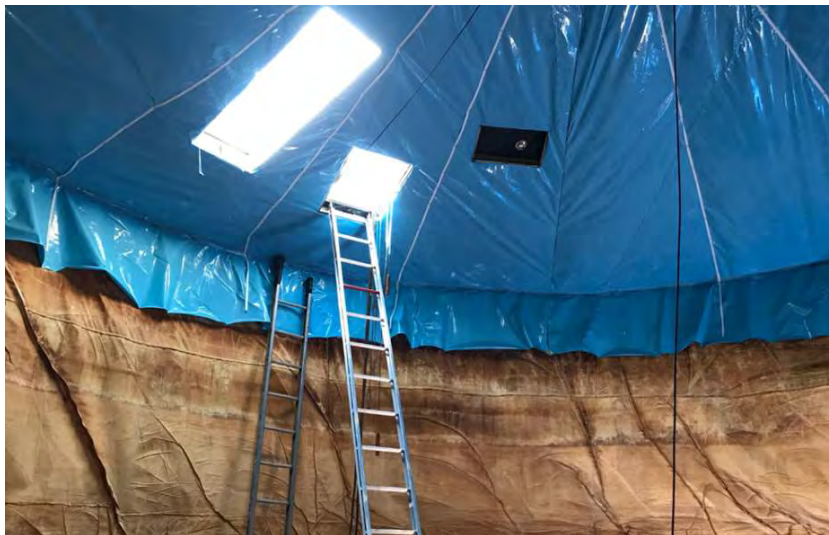
*Images showing the various stages of the manhole repair at Martin St, Ngaruawahia.*

- The subsidence area located in the Huntly KFC carpark was completed in the first week of September. All that remained to complete remedial works was a hot mix seal over the area, as this had been delayed by inclement weather. With the top seal now completed, the issue here has been fully rectified.



*Reinstatement works completed with hot mix seal.*

- The liner repair works at the Meremere reservoir were fully completed in early September with the addition of a roof liner. As discussed previously, the internal wall liner was in good condition and had been re-fixed to the timber frame to prevent leakage, and with the addition of the roofing liner, the reservoir is now fully sealed, ensuring a continued, stable supply of quality drinking water to Meremere Village.



*Image showing installation of new roof liner*

- SCADA trends for the Western B reservoir indicated a significantly heightened consumption rate from approximately 14<sup>th</sup> Sept. This spike in consumption was very abnormal and indicated a leak after the reservoir. Several servicemen were sent to site to shut off certain valves to narrow down the area of the potential leak, although this portion of the network is rural and therefore locating the leak proved challenging. The leak was located at Hampton Downs Loop Road, and isolated to prevent further water loss. Fortunately, this portion of the network is easily isolated and did not restrict flow to any customers feeding off this area. The next day, repair works were carried out and the cause of the leak was identified as an improperly installed connection. Over the years, hydraulic action had eaten away at the fitting causing failure. On completion of the work, demand returned to normal levels.





*Image showing the hydraulically eroded fitting resulting in the large leak at Hampton Downs*

- Renewal works for the four sewer pump stations (Hartis Ave, Hopuhopu Reserve, Stirling PL and Rosser St) requiring urgent works as identified in the Jacobs condition assessment has commenced. Stirling Place PS works have been completed and works on the other sites are underway as well.



*Images showing before and after renewal works at Stirling PI PS*

- A portion of the stormwater network in Raglan at 3 Cross St experienced frequent blockages from fallen vegetation and debris. WSL had cleared the SW drain on multiple occasions but found the flow was soon restricted again. The current operational state of the drain was deemed inappropriate and a scruffy dome and rip-rap solution was devised by staff. Ngaruawahia Drainage were contracted to carry out the work and lay the course rock to allow the drain to function correctly. The blockages have become a non-issue as a result of the upgrade works.



*Image of the completed scruffy dome work at 3 Cross St, Raglan*

### 3.3 Planning and Project Delivery

#### Key tasks completed include:

#### Planning

- Mid Waikato water supply and wastewater Servicing Strategy is completed. Has been presented to the WGB, Sleepyhead Developers and Future Proof. Iwi consultation and input is still to be arranged
- Scoping of renewal works is complete and will progress to tendering – ROI for physical works should be issued this month; this will be 2 years of renewal expenditure as we were unable to deliver projects last year.
- Draft of Three Waters AMP has been submitted to WDC and presented to WGB. Further workshops have occurred with WDC are planned in September.
- Site visits have been conducted at Rotoiti WWTP and Tirau WWTP, both sites were operating MBR type plants.

There are several work packages for the Watercare Professional Engineering services panel in the process of either being put out for consultant pricing or awaiting approval by Watercare. These include:

- Ngaruawahia WW Pump Stations and Rising main upgrade concept – package has been awarded to GHD.
- SW modelling is being undertaken to assist in sizing of proposed SW culvert in Travers Road Te Kauwhata.
- Huntly and Ngaruawahia WS modelling recalibration, system performance and options assessment commenced.
- Raglan WS model updates and Master Plan commenced

Development / Growth related matters being worked on include:

- Synlait Dairy Factory Pokeno – rising main and fibre optic connection between Market St wastewater pump Station – issues damage to existing rising main, SCADA control, future flows, Pukekohe WWTP capacity issues and Trade Waste and Development agreements(DA). Synlait have committed to repairing damaged rising main this month. Watercare have assisted WDC in the development of a Development Agreement; input on this continued during the month.
- Ongoing liaison with WDC and Ultimate Development relating to DA for River Road North Development
- Met Northgate Developers (Horotiu) and WDC, this relates to ongoing DA issues and site for POAL Pump Station.
- Met developer’s consultant re WS and WW servicing of Buckland Rd area in Tuakau
- Meeting with WDC about potential Matangi development.
- Met with Development consultants(BBO) to be briefed on Hopuhopu Development proposals.

#### **Project Delivery**

- Meremere MBR installation – Design build contract awarded to Apex limited. Design is nearing completion and the contractor is expected to mobilise to site in October
- Renewals Package – Tender phase
- Whangamarino WTP 4.5MLD upgrade – Tender phase
- Te Kauwhata Reservoir – Tender phase
- Ngaruawahia WTP backwash upgrade – Detailed Design phase
- Ngaruawahia UV installation – Installation to commence December 2020
- Te Kauwhata WWTP upgrade – concept design and detailed geotechnical investigation underway
- Hartis, Hopuhopu, Stirling and Rosser WWPS upgrade (Asset remediation) – Construction to commence in October (works awarded to Fullers pump and Crane LTD)
- Newell Road Booster PS upgrade (Asset Remediation) – Construction to commence in October (works awarded to PES LTD)
- Network NCU Scada project – Detailed design phase. Site audits and reverse engineering of RTU’s software and production of Level 1 FD’s underway by Neo and McKay’s.

### **3.4 Stormwater Update**

- Raglan Community Stormwater Liaison Group has been re-established with additional members from DOC. First meeting to present and discuss the annual stormwater report is scheduled for October.
- WSL have identified a number of non-compliant water quality results requiring further investigations (Huntly – faecal coliforms).
- WSL have provided a Preference Guide for stormwater assets to WDC’s Land Development Engineers (LDE). This is aimed to outline operational preferences so that new developments provide WSL with the ability to maintain assets efficiently and effectively.
- WSL have attended a pre-application meeting and provided 3 design reviews for the LDEs in the last month.

- WSL presented the Pokeno CMP to the LDE team this month to outline its use and catchment issues.
- WSL met with WRC to discuss the annual report and the proposed re-formatting.

## 3.5 Abatement Notice Resolution

### Meremere WWTP

WRC Abatement notices require Total Suspended Solids (TSS) exceedance and discharges outside permitted discharge periods to be addressed. Inflow and Infiltration reduction programme is underway and has already seen a reduction of discharges out of permitted periods this winter.

The contract for installation of the MBR has been awarded and the contractor has commenced on a 3-month design and procurement process. The plant is expected to be operational by July 2021.

The application for the Long Term 35-year consent was submitted to WRC in the week of the 14<sup>th</sup> of September.

### Te Kauwhata WWTP

WRC abatement notice on this plant requires Total Kjeldahl Nitrogen (TKN), Total Nitrogen (TN), Total Phosphorus (TP) loads and E.coli exceedances to be addressed. There is also a requirement to develop short term capacity for increase in loads from residential development from Lakeside and Te Kauwhata structure plan areas prior to the HIF funded new WWTP. Numerous interim activities have been undertaken to try and address the non-compliances on a short-term basis. These include:

- Major maintenance of the aqua discs and air lines
- Compressor maintenance
- Rock filter replacement

The mid Waikato Strategy has been completed and a preferred solution identified for Water and Wastewater. Consultation will be undertaken with stakeholders in July 2020 in parallel with design solutions for the upgraded plant progressing on the site. It is expected the MBR plant will be operational by December 2022.

A geotechnical and concept design brief was awarded in July 2020 and it is expected this work will inform the required pre-load and the consenting process.

A consenting strategy is being prepared and it is anticipated a new discharge consent application will be submitted to WRC in late 2021.

### Raglan stormwater

The Raglan stormwater Discharge Consent has an Abatement Notice for 2018/2019 compliance period highlighting non-compliances. The main issues are:

- Flooding at Cambrae Road
- Water Quality results and mitigation (hydrocarbons and heavy metals)
- High risk site identification and education
- Reporting (changes to SW network)

- Review of the Stormwater Management Plan
- Review and update of the monitoring program

Watercare has completed a detailed review of the outstanding non-compliant consent conditions. Following this review the following actions have been undertaken:

- Flood mitigation: Multiple options have been discussed with the property owners at Cambrae Road and a piped solution is nearing pre-approval. Once confirmed WSL will move to detailed design followed by consenting and construction.
- A meeting has been held with the WRC to confirm WSL's approach for resolving the non-compliances as well as a letter requesting a revision to two of the abatement notice items and an extension for some of the longer term solutions.
- The sampling programme has been reviewed and changes made for the proposed sampling regime for 2020/2021
- A consultant has been engaged to update the District Wide Stormwater Operations Management Plan
- The annual report will provide close out of the reporting issues that is currently being drafted.
- High risk sites have been identified and discussions with land owners/managers have been undertaken. There are 2 sites requiring further follow up (2020/2021).

### 3.6 Shared Services

The transition to Watercare Laboratory Services and to WSL managing the Trade Waste within Waikato District is complete.

### 3.7 Compliance

- All compliance reports for September were submitted to Waikato Regional Council and Waikato Regional Public Health Service on time.
- Chemical exceedance (Bromate) was noted at the Te Akau WTP. The supplier of Hypochlorite has been changed and the issue is resolved.
- Stormwater and Wastewater Annual reports were submitted to the Waikato Regional Council by 30 September 2020.
- The Drinking Water Assessor (DWA) role will be managed by a consultant (Wai Comply) on behalf of the DHB until 1 July 2021.

### 3.8 Customer

- The customer team continues as business as usual and a focus on the year ahead and data cleansing began cleaning up historical data
  - Identifying missing water meters in urban areas.
- The customer team is continuing to work with Council Contact Centre with updates and communications. Workshop with Council Customer team to be confirmed

### 3.9 Condition Assessment / Asset Remediation

#### Asset Remediation

The asset remediation programme has commenced on site with Hartis, Hopuhopu, Stirling and Rosser WWPS in the networks and instrumentation replace. A business case for the asset remediation programme at the treatment plants and WWPS's were submitted to the Water Governance Board for approval in October.

## 3.10 Strategic Resource Consents

### Raglan WWTP resource consent application

- Key observations from the prior months Scantec testing that support the marine outfall work stream are:
  - The sand depth to bedrock is approximately 10m at the existing location, and 12m further up the mouth of the harbour at the second testing site (camping ground)
- This information allows realistic costing for any enhanced outfall option, where preliminary construction advice would be that direction drilling would be needed with steel supports anchored to bedrock at the optimum diffuser location
- The MBR work-stream has advanced with the WDC consenting webpage now updated with two reports. These are 'MBR Stream Recharge Ecological and Water Quality Impact Assessment' and 'MBR Stream Recharge Concept'. Reports recommended that further investigations are undertaken to determine the magnitude of ecological and public health effects prior to confirming the site as the potential discharge location for treated wastewater.
- Such investigations include:
  - Fish surveys at the discharge location and various points between the discharge site and the harbour;
  - Assessment of potential inanga spawning habitat at the Raglan WWTP;
  - Stream flow assessment to enable determination of potential contaminant dilution;
  - Further water quality monitoring to enable assessment of baseline conditions, including seasonal variability;
  - Hydrodynamic modelling to understand potential dilution and effects of total nitrogen in the harbour;
  - Quantitative Microbial Risk Assessment (QMRA) to assess risk with respect to contact recreation and shellfish gathering at selected sites within the Wainui Inlet arm of the Whāingaroa Harbour.

Necessary consultant engagements are under preparation now to enable these necessary environmental assessments.

- In respect to the irrigation (to land) workstream highlighted in last month's reporting, >70ha usable land and 150,000m<sup>3</sup> of winter storage by gully damming would be required for a full irrigation 'to land' discharge option. Further land owner engagement was indicated to be needed. Refined reporting has now been received from the engaged environmental engineers (PDP) where:
  - Advice is that a minimum land area would be 90ha of usable land, where the range of requirement could be 90ha-190ha.
- Such areas would require several adjoining parties, where the 'Top 20' preferred sites are shown as coloured properties within the following image. Adjoining properties that still offer usable land are indicated in grey (i.e. Top 20-40 sites). Work continues in contacting landowners to understand interest in sale or long-term lease (i.e. should irrigation be selected as the best practical discharge option).

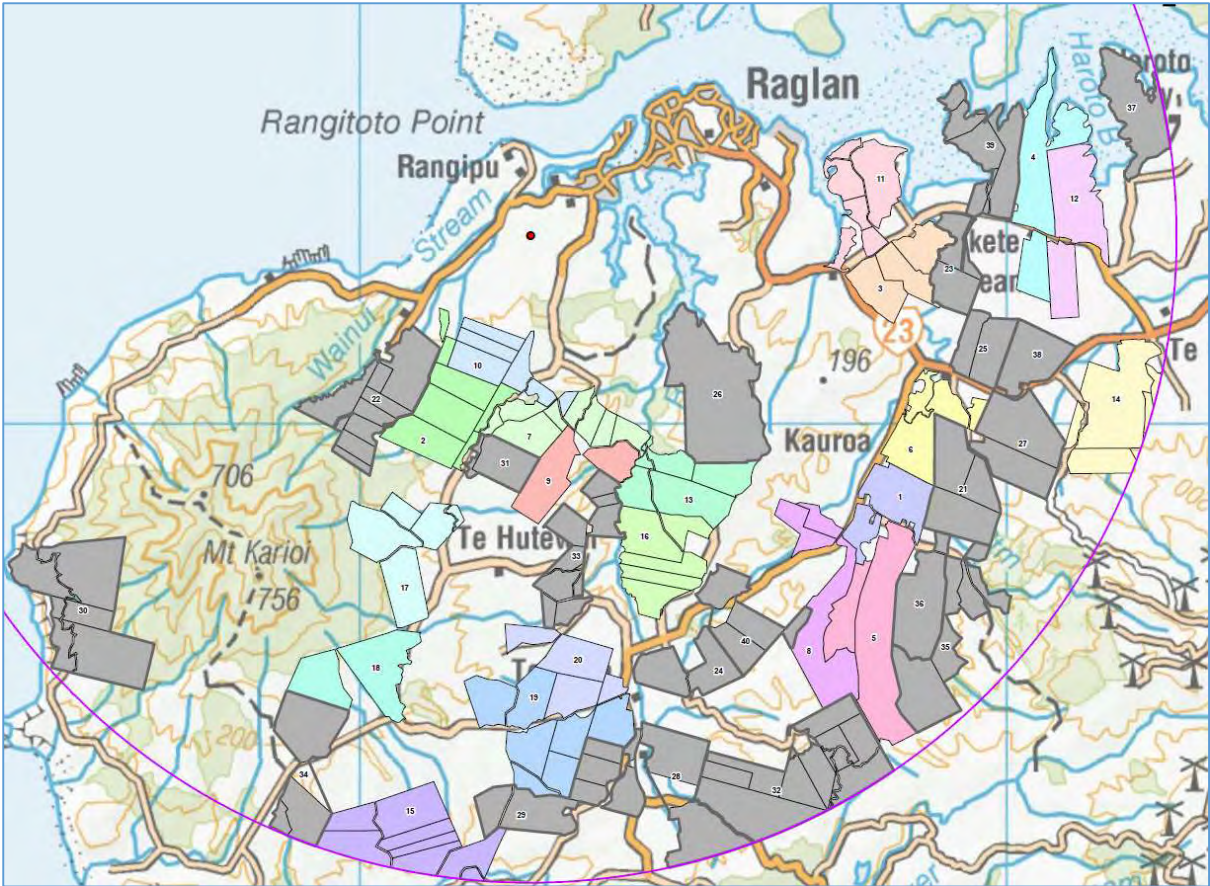


Image showing coloured properties as most suited for irrigation (Top 20)



**Meremere WWTP Resource consent**

The 35 year discharge consent application has been lodged, where the project team is working with the Waikato Regional Council now to ensure acceptance of the application under the RMA. A decision is expected by December 2020 if the WRC accepts the application on a non-notified basis as requested.

**Te Kauwhata WWTP**

A reconsenting strategy has been submitted to the Water Governance Board in October 2020 for approval.

**Mid Waikato Strategy**

Earlier reporting highlighted that a revised timeline to cater for cultural scoring engagement for the three servicing areas (Meremere, Te Kauwhata, Huntly) is by the end of the year. Such work is still to be initiated.

### **3.11 Summary of Abatement Notices for Compliance Periods prior to October 2019**

#### **Wastewater Treatment**

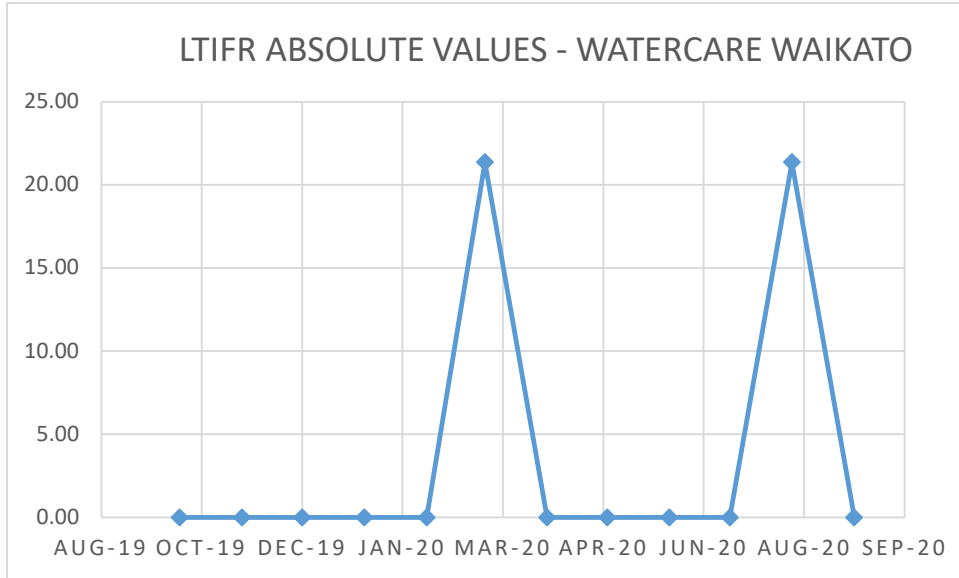
- The Te Kauwhata WWTP Discharge Consent – Abatement Notice for 2018-19 compliance period the abatement notice requires Total Kjeldahl Nitrogen (TKN), Total Nitrogen (TN), Total Phosphorus (TP) loads and E.coli exceedances to be resolved
- Meremere WWTP Discharge Consent – Abatement notice for 2018/2019 compliance period requires Total Suspended Solids (TSS) exceedance and discharges outside permitted discharge periods to be addressed

#### **Stormwater**

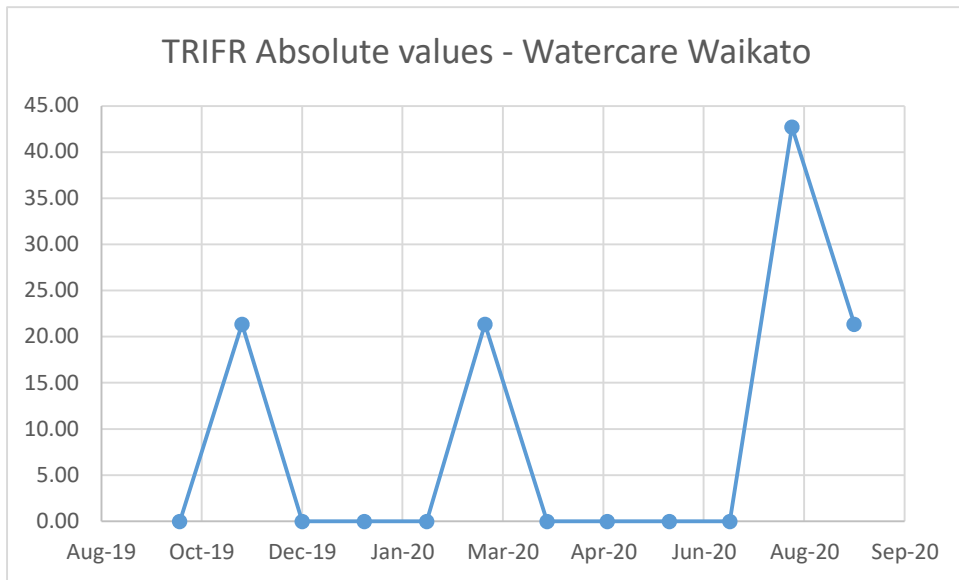
- Raglan Stormwater Discharge Consent – Abatement Notice for 2018/2019 compliance period requires various items including the Stormwater Operations Management Plan and sampling programmes to be reviewed and updated. There is also a requirement to restart the Raglan Stormwater Community Liaison Group.

## Appendix 1 – Health and Safety Statistical Reporting

**Figure 1: LTIFR Values**



**Figure 2: TRIFR Values**



### **Open Agenda**

<b>To</b>	Waters Governance Board
<b>From</b>	Gavin Ion Chief Executive Waikato District Council
<b>Date</b>	1 October 2020
<b>Prepared by</b>	Vishal Ramduny Strategic Projects Manager
<b>Chief Executive Approved</b>	Y
<b>DWS Document Set #</b>	GOV1318 / 2770553
<b>Report Title</b>	Hamilton-Waikato Metropolitan Area Wastewater Project Update

## **I. EXECUTIVE SUMMARY**

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The purpose of this report is to update the Waters Governance Board (WGB) on progress with the Hamilton-Waikato metropolitan area wastewater detailed business case (DBC) project.

The Project is being delivered through partnership with Waikato District Council, Waipa District Council, Waikato-Tainui and Mana Whenua. Hamilton City Council along with Waipa District Council has committed to co-funding the southern metropolitan DBC. The project is seeking to confirm the preferred southern metropolitan wastewater servicing solutions by December 2020 and to deliver the full DBC by May 2021.

The project is well underway with considerable progress made to date, including:

- Clear direction on appropriate growth assumptions and approaches to be used.
- Confirmation of treatment performance standards and approaches.
- Draft Investment objectives and key performance indicators for the project.
- Development of a long list of wastewater servicing and discharge options.
- Draft multi-criteria analysis (MCA) to evaluate and short-list the wastewater servicing options.
- Development of commercial, funding and financial long-lists and MCA criteria.

Key decision points in the project include:

- 28th October 2020 - Confirmation of short-lists (wastewater servicing, commercial, funding and financing)
- 16th December 2020 – Confirmation of preferred solutions (wastewater servicing, commercial).
- March 2021 – Confirmation of preferred funding and financial option
- May 2020 – Governance Group endorsement of final DBC
- June 2020 – Partner organisation consideration and approval of DBC

Implementing the DBC recommendations is likely to have significant financial implications for the 2021 – 2031 long term plan if adopted by the partner Councils.

Staff from Hamilton City Council, Waikato District Council and Waipa District Council will be working closely to align LTP funding requests necessary to implement the recommendations of the DBCs. Staff consider the matters in this report has a low significance and that the recommendations comply with the Council's legal requirements.

## **2. RECOMMENDATION**

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**THAT the report from the Chief Executive be received;**

**AND THAT the Board approves the growth assumptions and wastewater performance standards proposed for the long list option assessment as detailed on page 5 and page 7 of the staff report.**

**AND FURTHER THAT the Board notes:**

- a. the long-list wastewater servicing options detailed in the Economic Case of the staff report.**
- b. the long-lists commercial, funding and financing options as detailed in Attachments 2 and 3 of the staff report.**

### 3. BACKGROUND AND UPDATE

This project builds on the Waikato Sub-Regional Three Waters Strategic Case (2019), Waipa District Council – Cambridge Wastewater Indicative Business Case (2019) and the High-Level Waikato Metropolitan Wastewater Assessment (2020). The High-Level Waikato Metropolitan Wastewater assessment considered a long list of wastewater servicing options, and identified a preferred concept involving three municipal wastewater treatment facilities: Pukete WWTP, a new facility south of Hamilton, and Te Awamutu/Kihikihi WWTP (Refer to diagram in Attachment I).

The project vision is:

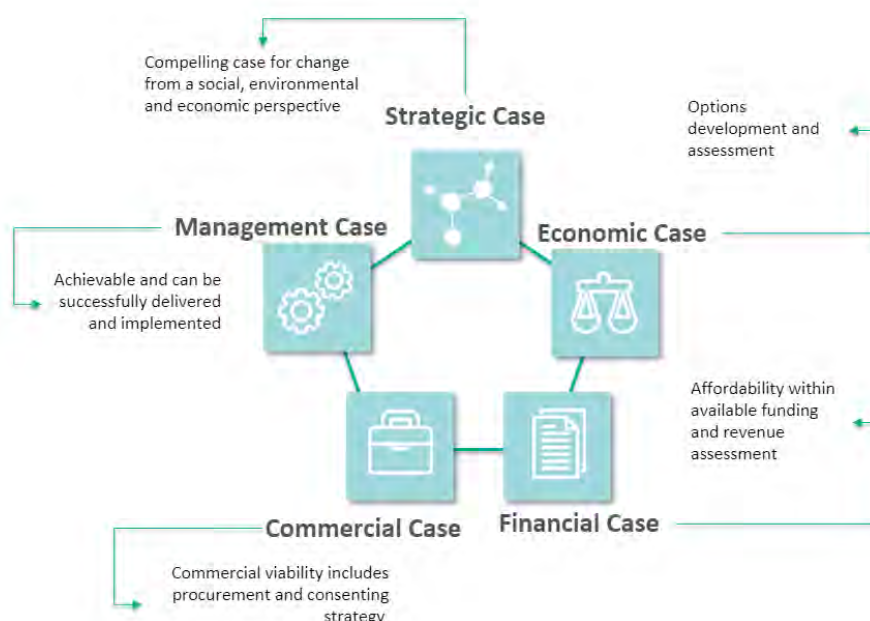
*Tooku awa koiora me oona pikonga he kura tangihia o te maataamuri  
The river of life, each curve more beautiful than the last*

*Our vision is for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come”*

The overarching project objective is to deliver DBC(s) for the preferred wastewater servicing solutions for the northern and southern Hamilton-Waikato metropolitan area (“Metropolitan area”) that:

- delivers “best for river” outcomes,
- meets the requirements of the New Zealand Treasury Better Business Case Model,
- are supported by the Project Governance Group,
- are delivered on time for project partners and key stakeholders, and
- can be implemented.

The Better Business Case Model adopted for this project involves five cases as outlined below:

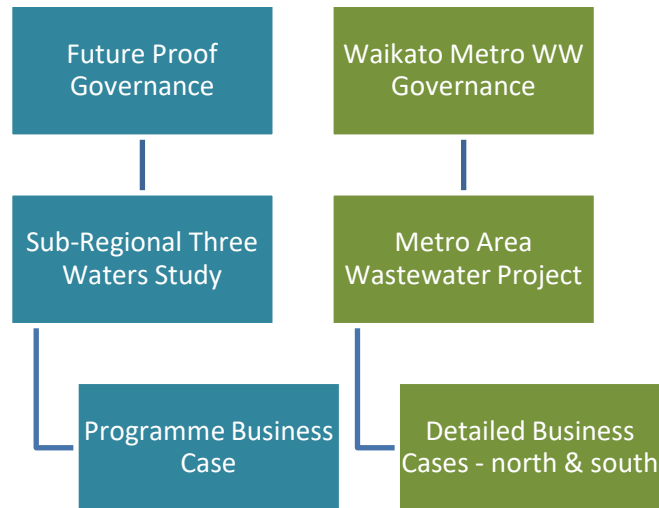


- **Strategic Case:** sets out the compelling case for change by identifying current problems, the benefits of addressing the problems and the overarching objectives that are being sought.
- **Economic case:** sets out the preferred wastewater servicing solution including the long-list to preferred option assessments and concept details for the preferred option. The MCA used to assess the wastewater servicing options will consider a range of factors including benefits, cost effectiveness, cultural, environmental, and social factors.
- **Commercial case:** sets out the delivery structure and plans for the procurement arrangements needed to implement the preferred wastewater treatment solution. This includes procurement strategy and plan, risk sharing, payment mechanisms and contracting considerations.
- **Financial case:** sets out the preferred funding model and financing strategy. This includes affordability considerations.
- **Management case:** details the arrangements needed to both ensure successful delivery of the preferred solutions and to manage project risks, while maintaining a focus on delivery of benefits.

The southern metropolitan wastewater DBC has commenced using funding from Waipa District Council and Hamilton City Council and noting Waikato District Council's agreement to contribute. All three councils have now agreed to fund these contributions through the local government reform shovel ready stimulus funding. Approval of this funding is expected by the end of October. Funding from this source was requested for both this detailed business case and the northern metropolitan wastewater DBC.

Indicative timing to complete the southern metropolitan wastewater DBC is May 2021 with the northern metropolitan wastewater DBC being completed later in 2021 (subject to confirmation of the stimulus funding). A preferred wastewater servicing option for the southern metropolitan area is expected by December 2020. The final DBC will be recommended to the partner organisations for approval in around June 2021.

As outlined in the terms of reference for the project, the project is being delivered in parallel and separate to the Future Proof structure overseeing the Waikato Sub-Regional Three Waters Study (see diagram below). While the projects are separate, they are intimately linked. To ensure alignment, cohesion and strong linkages to Future Proof, regular update reports will be provided to the FPIC, however decision-making is via the project specific structure and ultimately with the partner organisations.



Waikato District Council's representatives on the Project Governance Board are: Garth Dibley (Water Governance Board Member) and Cr Aksel Bech (Deputy Mayor).

### Project Update

A number of key milestones have been achieved to initiate the project, including:

- Governance and Control groups have been established, with representatives from Hamilton City Council, Waikato District Council, Waipa District Council, Waikato Regional Council, Waikato-Tainui and mana whenua.
- An independent Project Director has been appointed (Peter Winder).
- A Project Manager has been appointed (Jackie Colliar, Hamilton City Council).
- Terms of Reference for the project has been approved by the Governance group.
- A Project Management Plan, including project programme and milestones, has been approved by the Control Group.
- A communications approach and approvals framework has been approved and will form the basis for preparing a Communications and Engagement Plan.
- A specialist team of consultants, led by Price Waterhouse Coopers with technical support from GHD and BECA, has been engaged to deliver the Southern Metro WW DBC.
- Fonterra Hautapu will be considered as a separate parallel workstream, funded by Fonterra.
- Growth assumptions have been considered by the Control Group and are currently being finalised (see below).
- Treatment performance standards have been approved by the Control Group (see below).
- The draft strategic case has been developed.
- Long lists of wastewater servicing, commercial and funding and financing options have been developed along with the criteria proposed to evaluate and short-list the options (see below). The long lists were presented to the Project Governance Group for feedback on 17 September 2020.



## Growth assumptions

Growth assumptions have been developed using relevant information sources, growth projection and capacity information provided by the partner councils and Waikato-Tainui. The assumptions were considered by the Control Group, who approved the overall intent of the assumptions, directed some amendments, and requested that further work be undertaken with respect to adequate provision for wet industrial activity.

### Key residential growth assumptions include:

- a) Waipa and Waikato district residential growth projections are based on the mid-point NIDEA projections while Hamilton City growth projections are based on the low projection.
- b) Projections are consistent with those being used to inform master plans and Activity Management Plans feeding into the 2021-2031 Long Term Plans.
- c) An 'ultimate' growth capacity scenario has been identified which reflects the largest household projection for an area based on known development areas and expected density and is generally indicative of a 60-100-year growth period.
- d) The residential projections collated for this project focus on the "connected" population to be serviced by wastewater infrastructure.
- e) Maximum growth capacity is informed by zones in District Plans and additional areas indicated in growth strategies, private plan changes and submissions to Proposed District Plans as of August 2020.
- f) Servicing the following communities is proposed to be included in the project:
  - Taupiri
  - Hopuhopu
  - Ngaruawahia
  - Horotiu
  - Te Kowhai
  - Hamilton (including Strategic Development Areas HTI, R2 and WA). Note that R2 and HTI will be assumed to commence development from 2040.
  - Matangi (village and business hub only – no growth)
  - Tauwhare Pa (existing –with provision for additional 50 dwelling papakainga). Existing household for Tauwhare will be added.
  - Tamahere village hub and school
  - Ohaupo
  - Airport (existing with potential to connect Rukuhia in future)
  - Cambridge including Hautapu and Karapiro
  - Te Awamutu and Kihikihi
  - Additional infill development for the 30 year and 100-year outlook from the Metro Spatial Plan
- g) Servicing the following communities is proposed to be excluded:
  - Pirongia
  - Whatawhata
  - Gordonton
  - Tamahere (Country Living Zone)
  - Matangi (Country Living Zone)

Key non-residential assumptions include:

- a) Servicing of the:
    - Existing and known future trade waste discharges to the municipal system in Cambridge and Hamilton.
    - Hamilton Airport and surrounding industrial area.
    - Hopuhopu Innovation hub (as per Waikato Tainui development plans).
    - All zoned non-residential areas.
  
  - b) Servicing of the following will be excluded:
    - Large industrial facilities not connected to the existing public system with private wastewater treatment systems and discharge consents (i.e. Fonterra Te Rapa and Te Awamutu Plants and Affco Horotiu).
  
  - c) Servicing Fonterra Hautapu will be considered as a separate parallel workstream. Fonterra are funding the parallel workstreams needed to consider the Hautapu plant.
  
  - d) Specific allowances for wet industrial activity will be included. The assumed locations for new wet industry are Te Rapa North/Horotiu; Ruakura; Airport; Matos Segedin Industrial Area, Cambridge. The flow and load allowance for the assumed future wet industrial activity is to be confirmed. The proposed approach is to estimate flows and loads using reasonable design assumptions and a proportion of the total zoned land area in the specified areas.
2. Sensitivity analysis will be completed to consider infrastructure investment and timing impacts of growth occurring faster the projections suggest and of smaller or greater provisions for wet industry activity than provided for in the assumptions.
  3. More detailed information prepared to support the recommendations to the Control Group is available if requested.

### **Treatment performance standards**

Restoring the health and well-being of the Waikato River and delivering “best for river” outcomes is central to this project.

Appropriate treatment performance assumptions (liquid, solid, atmospheric discharge/emissions) are needed to develop the long list and short list of wastewater servicing options and to identify a preferred solution. The following approach and treatment performance standards were approved by the Control Group (19 August 2020). More detailed information prepared to support the recommendations to the Control Group is available if requested.

For the liquid stream:

- i. A consistent standard of treated wastewater quality will be assumed for all wastewater treatment plant discharges to water.
- ii. The assumed level of includes a high level of nutrient removal <4mg/L TN and <1.0mg/L TP (as annual means) and a very high pathogen removal (E.coli <14 cfu/100ml as a 95th percentile).
- iii. The treated wastewater quality standard adopted for this long-list to preferred option selection stage is very high and based on current best practice and delivering “best of river” outcomes.
- iv. The treated wastewater quality standards are assumed to be introduced by 2031 or when the existing resource consent for the discharge expires.
- v. The treated wastewater quality initially adopted for the preferred southern area solution will be confirmed at a later stage of the DBC based on the nutrient loading assessment and scale of facilities initially included as part of the preferred solution.

For solids stream:

- i. A graduated scale of solids management will be assumed with complexity and extent of solids destruction and energy potential realisation increasing in steps with population equivalent served.

Atmospheric emissions:

- i. Proposed provisions for atmospheric emissions are reasonably general but all would require best practice to be implemented.
- ii. In all process plant development, life cycle emissions will be given due consideration and it is anticipated that the councils will adopt the zero carbon bill aspirations and optimization of life cycle emissions generally. And that these will be drivers for initiatives, particularly in the larger plants, for processes that drive the plants towards energy neutrality and emissions minimisation.

General:

- i. The treatment plants will be configured such that the limit of capability is not fixed at the initial target performance but can be upgraded by augmentation of processes at appropriate times in the future.
- ii. The treatment standards will be reviewed for the preferred southern option once further information is available on effects, staging and cost.

These standards are generally consistent with those in operation at Watercare’s Pukekohe wastewater treatment plant.

## Strategic case

At a high level, the strategic case will investigate the broader wastewater treatment ‘problems’ within the Hamilton-Waikato metro area. As part of this case, a capacity assessment will be undertaken for the existing plants and mapped against potential future growth scenarios, along with consideration given to the overall project objectives and key performance indicators (KPIs). This work will build on the Waikato Three Waters Strategic case (which was completed at part of phase one of the Sub-Regional Three Waters project) and includes ‘best for river’ objectives.

## Economic case – Wastewater Servicing Options Long-List

### Options Assessment Process

A staged approach to identifying and assessing the wastewater servicing options for the metropolitan area is being adopted for the southern metropolitan wastewater DBC. The first stage involves developing a long list of options for the entire Hamilton-Waikato metropolitan area (north and south).

The long list of options (including discharge routes) will be evaluated using a multi-criteria assessment (MCA) and will be eventually reduced to a shortlist.

The shortlist of solutions will include components for both the northern and southern metro areas. The second stage (based on the current funding available) will focus on the southern area only. Further investigation and development of the shortlisted southern area solutions will help identify a preferred solution for the southern metropolitan area.

### Wastewater Servicing Options Long List

The long list of options identified for the full metropolitan area build off of the High-Level Metro Wastewater Assessment (2020) and are listed below:

- Option 1a & b- Retain and upgrade existing 7 treatment plants. Construct two new plants at Ohaupo & Airport locations. Total of 9 municipal treatment systems.
- Option 2a & b - Northern and southern (new site) sub-regional plants + Te Awamutu. Total of 3 municipal treatment systems.
- Option 3a & b - Northern and southern (Cambridge) sub-regional plants + Te Awamutu. Total of 3 municipal treatment systems.
- Option 4a & b - Retain and upgrade Ngaruawahia, Pukete, Cambridge, Te Awamutu. Construct new plant south of Hamilton. Total of 6 municipal treatment systems.

The Option ‘a’ variations noted above assume that Fonterra Hautapu continues to be serviced via stand-alone private system. OPTION ‘b’ variations noted above include servicing Fonterra Hautapu at the nearest municipal facility.

### Discharge Options Approach

Several different discharge options will be considered for each of the options. The long-list assessment will assume a discharge option based on the volume of flows predicted at each plant. The process of developing the discharge options involves:

- a) Calculating discharge flows for each wastewater treatment plan for the 2031-2061 period
  - One discharge option will be assumed for each longlist option based on flows and the potential for land discharge.
  - For example, if there is enough land disposal area, appropriate terrain within the general vicinity of the plant, land discharges for some flows will be possible. However, for treatment plants located in highly built up areas, land discharge becomes less feasible.
- b) The longlist options will consider the potential for reuse based on the location of the plant compared with potential wet industry locations.
- c) Once the general location is identified for each wastewater treatment plan, discharge options are reviewed to see what options could be feasible at each site. This will likely happen at a shortlist stage and will consider:
  - Land disposal area required (including buffer area) calculated
  - Terrain and available ground condition information reviewed
  - Potential for reuse identified
- d) Further investigation will occur during the preferred option stage

### Discharge Options Long list

Discharge options currently include the following:

- a) Land discharges:
  - Slow rate irrigation
  - Rapid Infiltration Beds
- b) Direct to Water discharges
  - Direct pipe to river
  - Diffuser to river
- c) Indirect to water discharges
  - Discharge to wetlands
  - Discharge to artificial rock passage
- d) Reuse:
  - Indirect reuse (for industrial purposes)
  - Direct reuse (for potable purposes)
- e) Combinations of the options 1 – 4 above

4. The Project Governance Group will be asked to approve the short list of servicing options for the full metro area (at a meeting in the week commencing 26th October) and the preferred option (at a meeting in the week commencing 14 December). The concept design details will then be developed for the preferred WW servicing option from January to March 2021.

## **Commercial and financial case development**

### Overview

The financial, commercial and management case workstreams have commenced. Ordinarily, this work would have started following confirmation of the preferred option. However, the work has started early due to project timeline constraints.

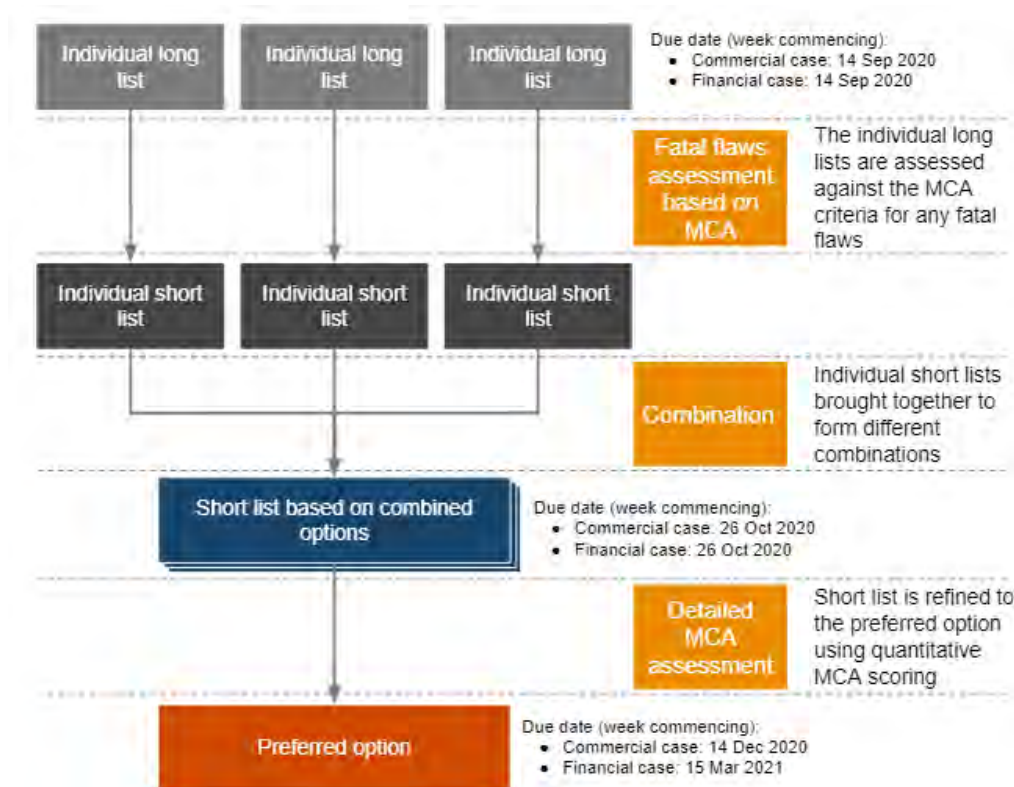
Consistent with the better business case framework, a structured approach to options development is proposed. There are three separate long lists for the commercial case which will be combined at the shortlist stage and two separate long lists for the financial case.

The long lists will be objectively filtered to a preferred option using MCA criteria (on a fatal flaws basis at the long list stage and on a quantitative basis at the short list stage).

The MCA and long lists have been formulated with engagement from council officials, third parties, mana whenua and review by the Control Group. An overview of the long-lists and MCA is included as Attachment 2 and Attachment 3 respectively. More detailed information prepared to support the recommendations to the Governance Group is available if requested.

The Governance Group will have further opportunities to influence the commercial and financial options development at the short list stage (formally consulted at meeting in w/c 26th October) and at the preferred option stage (approval role at a meeting in the week commencing 14 December for the commercial case at a meeting in the week commencing 15 March for the financial case).

An overview of the process being followed for the commercial and financial case option selection and corresponding timing is provided below:



### Commercial and Financial Case MCA Criteria

The draft list of criteria has been developed based on: (i) wider project objectives and criteria (including a focus on “Best for River” outcomes) (ii) stakeholder input (iii) precedent transactions and (iv) applicability to the options being considered. The criteria categories are outlined below. More detailed description of MCA criteria are included in Attachment 3.

<b>Customer / Social Outcomes</b> Option considers the wider impacts on stakeholders and environment	<b>Timing and Budget Confidence</b> Option delivers a high degree of confidence in project timing and budget
<b>Deliverability</b> Option does not have significant barriers to implementation	<b>Risk Allocation and Management</b> Option allocates risks appropriately to the parties best able to manage them
<b>Market Interest and Capability</b> Option facilitates private sector interest and delivers a high level of competition	<b>Flexibility</b> Option is flexible to changes in scope of works and sector structural changes

### Commercial Options Long List

Key considerations in developing the long list include:

- The non-routine nature of a sub-regional facility means a bespoke delivery structure will be required if that option is selected as the preferred option. Developing the right governance, funding and ownership roles and relationships between councils will be crucial.
- The involvement of third parties and possible ownership interests, noting the current restrictions on divestment of water services (LGA 2002).

The commercial option long lists are summarised below:

<b>Delivery Structure Options</b>	<b>Contracting Model Options</b>	<b>Packaging Options</b>
<ol style="list-style-type: none"> <li>1. Traditional council delivery</li> <li>2. Joint procurement</li> <li>3. Partnership - with principal council or principal CCO</li> <li>4. New entity - fully council owned</li> <li>5. Existing shared services organisation</li> <li>6. New regional water entity</li> <li>7. New entity - joint council and third-party ownership</li> </ol>	<ol style="list-style-type: none"> <li>1. Construction only</li> <li>2. Design and build</li> <li>3. Managing contractor</li> <li>4. Alliance model</li> <li>5. Design, build, operate and maintain</li> <li>6. Design, build, finance, operate and maintain</li> <li>7. Private provision</li> </ol>	<ol style="list-style-type: none"> <li>1. Single package</li> <li>2. Individual packages</li> <li>3. A combination of individual packages               <ol style="list-style-type: none"> <li>i. Combination 1</li> <li>ii. Combination 2</li> <li>iii. Combination 3</li> <li>iv. Combination 4</li> </ol> </li> </ol>

### Funding and Financing Long List

Key considerations in developing the funding and financing long list include:

- The ability of funding tools to adequately target beneficiaries of the water services, now and in the future.
- Councils' limited headroom to debt limits and consideration of off-balance sheet solutions.
- Rate payer affordability and the ability to share the funding burden with other parties.



The funding and financial options long lists are summarised below:

<b>Funding Options</b>	<b>Financing Options</b>
<ol style="list-style-type: none"> <li>1. Council funding:               <ol style="list-style-type: none"> <li>a. General rates</li> <li>b. Targeted rates</li> <li>c. Development contributions</li> </ol> </li> <li>2. Crown funding:               <ol style="list-style-type: none"> <li>a. Specific Crown fund</li> <li>b. Crown operational subsidy / assistance</li> </ol> </li> <li>3. Direct Funding:               <ol style="list-style-type: none"> <li>a. User pays</li> <li>b. Long term commercial arrangements</li> </ol> </li> <li>4. Value capture:               <ol style="list-style-type: none"> <li>a. IFF Levy</li> <li>b. Negotiated contribution</li> <li>c. Private sector partnering</li> <li>d. Public sector partnering</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Debt:               <ol style="list-style-type: none"> <li>a. LGFA</li> <li>b. Bank Debt</li> <li>c. Bespoke Crown loan</li> <li>d. Crown DMO lending</li> <li>e. Bonds / private placements</li> <li>f. Subordinated / convertible instruments</li> </ol> </li> <li>2. Equity:               <ol style="list-style-type: none"> <li>a. Council equity</li> <li>b. Iwi equity</li> <li>c. Private equity</li> </ol> </li> </ol>

#### **4. CONSIDERATIONS**

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##### **4.1. Financial Considerations**

The southern metropolitan wastewater DBC has commenced using funding from Waipa District Council and Hamilton City Council and noting Waikato District Council's agreement to contribute. All three councils have now agreed to fund these contributions through the local government reform shovel ready stimulus funding. Approval of this funding is expected by the end of October. Funding from this source was requested for both this detailed business case and the northern metropolitan wastewater DBC.

Delivering the northern metropolitan wastewater DBC requires a funding plan and programme to be developed between Hamilton City Council, Waipa and Waikato district councils.

Waikato District Council's cost share contribution for the sub-regional three waters study (phase 2) and for the northern and southern Hamilton metropolitan area DBCs are shown in the table below. This is based on a 50%/30%/20% split between Hamilton City Council, Waikato District Council and Waipa District Council respectively for the sub-regional study and 50%/25%/25% for the metropolitan DBCs.

	<b>SUB-REGIONAL 3 WATERS STUDY(PHASE 2)</b>	<b>SOUTHERN &amp; NORTHERN METRO DBCs</b>
Waikato DC Share %	30%	25%
Waikato DC Share \$	\$450,000	\$725,000
TOTAL Project Cost	\$1,500,000	\$2,900,000

#### **4.2. Legal and Policy Considerations**

The recommendations comply with the Council's legal and policy requirements.

#### **4.3. Strategy and Policy Considerations**

The purpose of local government includes promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 well-beings').

The Hamilton metropolitan area wastewater detailed business case(s) will adopt the Treasury Better Business Case Programme Business Case model. The 4 wellbeing's will be core considerations in delivering the business case in addition to Te Ture Whaimana o te Awa Waikato – The Vision and Strategy for the Waikato River and relevant Iwi Management Plans.

### **5. SIGNIFICANCE & ENGAGEMENT**

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Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a low level of significance. Given the low level of significance determined, the engagement level is low. No engagement is required for the recommendations being considered.

### **6. ATTACHMENTS**

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1. Metropolitan Area Wastewater Summary Preferred Concept
2. Commercial Financial Long List and MCA
3. Commercial Financial MCA

# WAIKATO METRO WASTEWATER



## Metro Wastewater Detailed Business Case

### Project Governance Group - Initiation Meeting

3 July 2020

# BACKGROUND

## CONTEXT

- Current compliance challenges
- Growth
- Te Ture Whaimana & other regs
- Infrastructure deficit

## RECENT INVESTIGATIONS

- Sub-Regional 3 Waters Project
- Cambridge WW IBC
- High Level Metro WW Feasibility Assessment

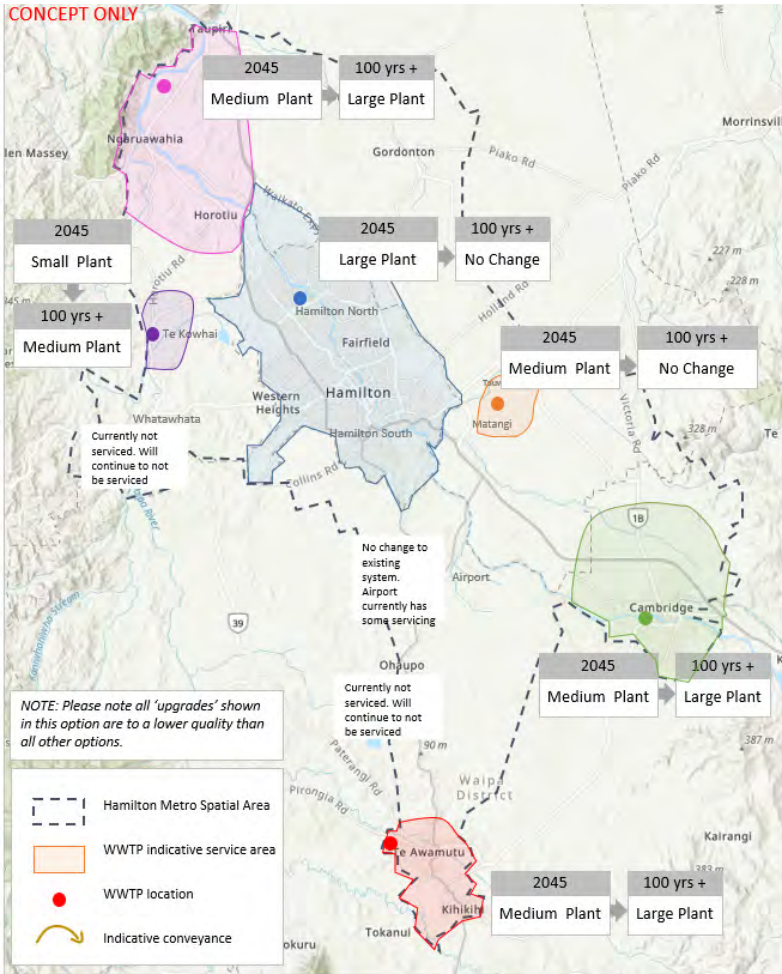


**WAIKATO METRO WASTEWATER**

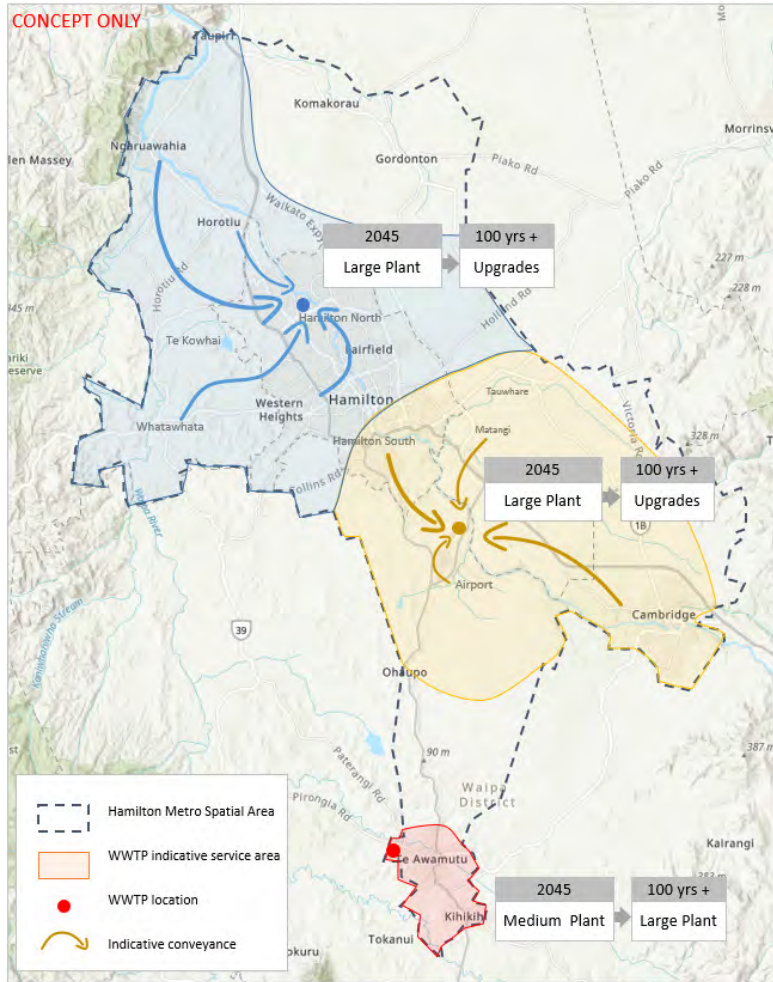


# Metro Area Wastewater Assessment Summary

## BAU



## Preferred Concept



## Notes

### Three key steps:

1. Option and Criteria Development
  2. Technical Inputs
  3. Options Assessment
- Steps 1 & 3 done collaboratively

### MCA categories:

- Natural Environment Improvement
- Capability; Public Health Protection; Cultural Impact/Benefit; Flexibility, Scalability and Risk; Whole of life costs; Sustainability

### Key Assumptions:

- Growth Scenarios (2045 & 2120+)
- Standardized Treatment performance based on plant size
- Conveyancing requirements
- Estimates using cost curves

**AGREED NEXT STEPS:**  
**INITIATE DETAILED BUSINESS CASE PROJECT FOR METRO AREA**

# THE OPPORTUNITY

## Tooku Awa Koiora – The River of Life

- Delivering “Best for River” outcomes – catchment view, transcending localism
- Cross jurisdiction strategic infrastructure planning and investment
- Supporting and unlocking residential, commercial and industrial growth opportunity
- Delivering the greatest value for money through efficient and future proofed waters systems
- Maximising resource recovery and re-use as part of full water cycle considerations
- Integrated approaches to water, energy and carbon management
- Alternative funding and financing options
- Partnership & Investment Opportunities

**WAIKATO METRO WASTEWATER**



# KEY PROJECT OBJECTIVES

- Detailed Business Case for Strategic Wastewater Treatment Facilities for Metro Area that:
  - Uses Treasury Better Business Case Model
  - Is delivered in time to inform critical investment decisions (e.g. Cambridge)
  - Is deliverable and supported by all partners
  - Maximizes opportunities to transform 3-waters infrastructure
  - Delivers solutions that achieve “Best for River” Outcomes

*Tooku awa koiora me oona pikonga he kura tangihia o te maataamuri  
The river of life, each curve more beautiful than the last*

*Our vision is for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.*

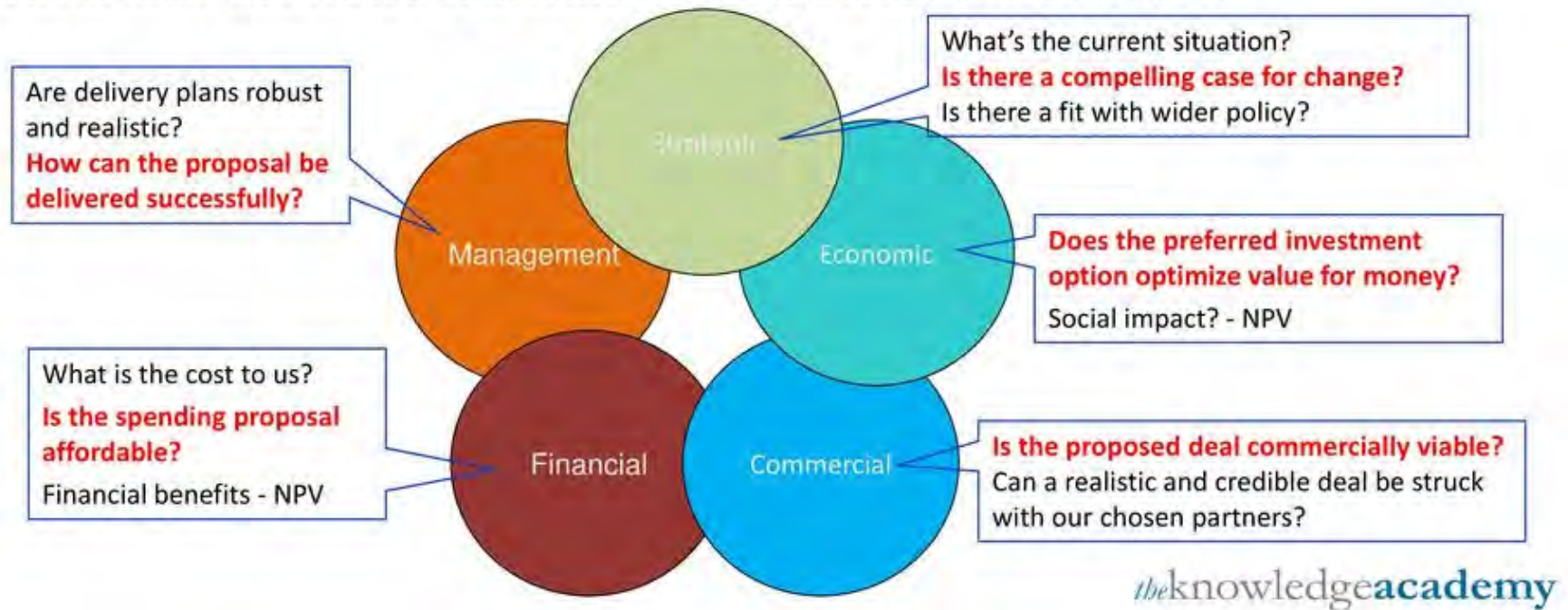
**WAIKATO METRO WASTEWATER**



## The 5 case model

“There are only ever five questions that any governing body or decision maker is going to want the answer to if they are going to invest in a programme”.

Rodney Barber, The Treasury’s lead of the programme for New Zealand and a member of the Standards Board based in the UK





# PROJECT SCOPE

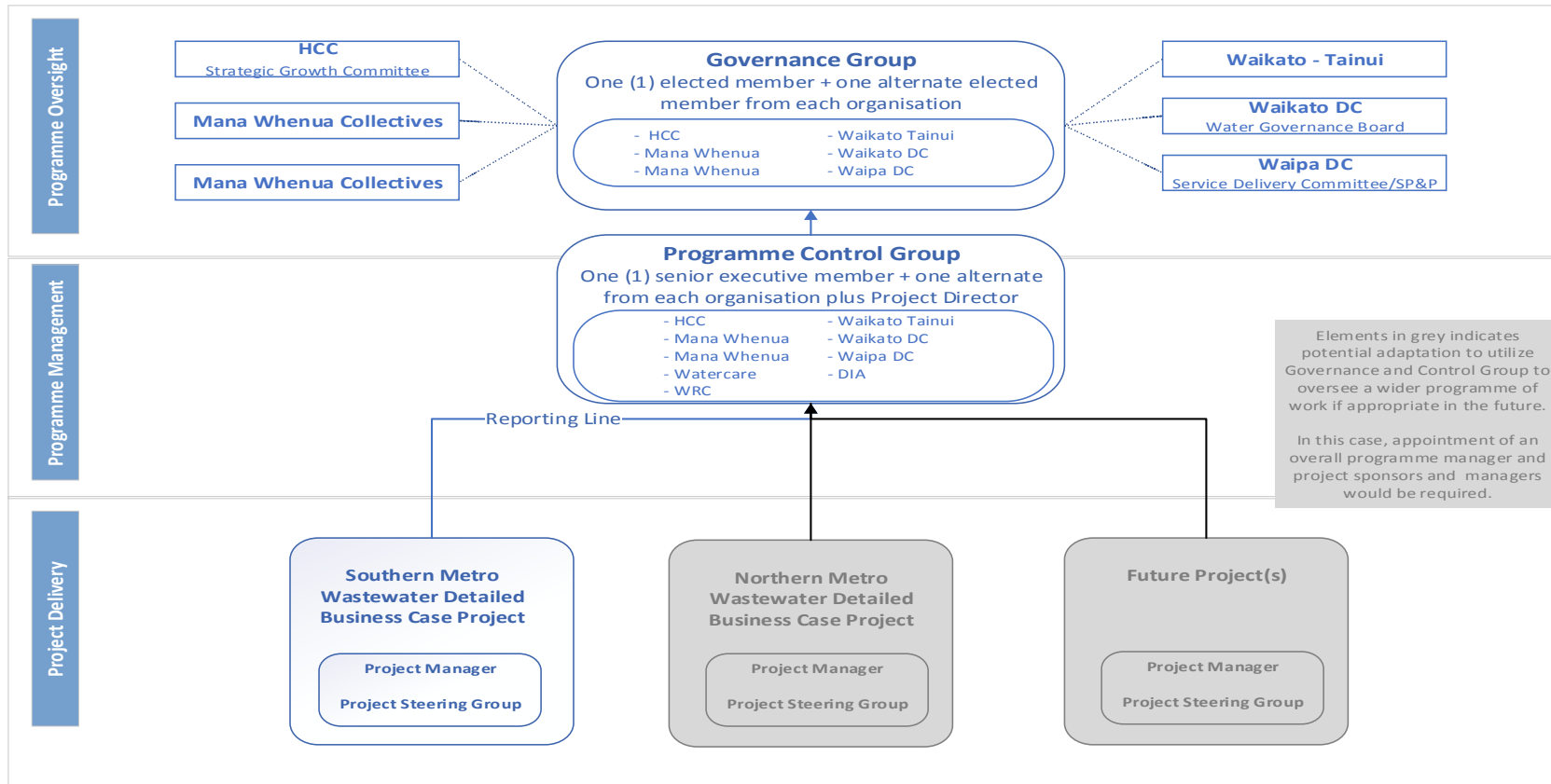
## BASE SCOPE

- Funding secured for Southern Metro DBC only
  - Short-list of options for full metro
  - Preferred solution for Southern Metro area identified
- Funding and programme for Northern Metro DBC to be confirmed
- Base scope is for municipal wastewater servicing only
  - Includes generic consideration of industrial and commercial waste streams
  - Includes generic consideration of 3<sup>rd</sup> party financing and funding options
- Provide a clear path forward to resolve Cambridge WW servicing challenges by Dec 2020
- Commercial, financial and management models critical to implementing centralized solutions.
  - These cases will be developed in parallel with strategy and economic cases

**WAIKATO METRO WASTEWATER**



# PROJECT GOVERNANCE STRUCTURE



**WAIKATO METRO WASTEWATER**



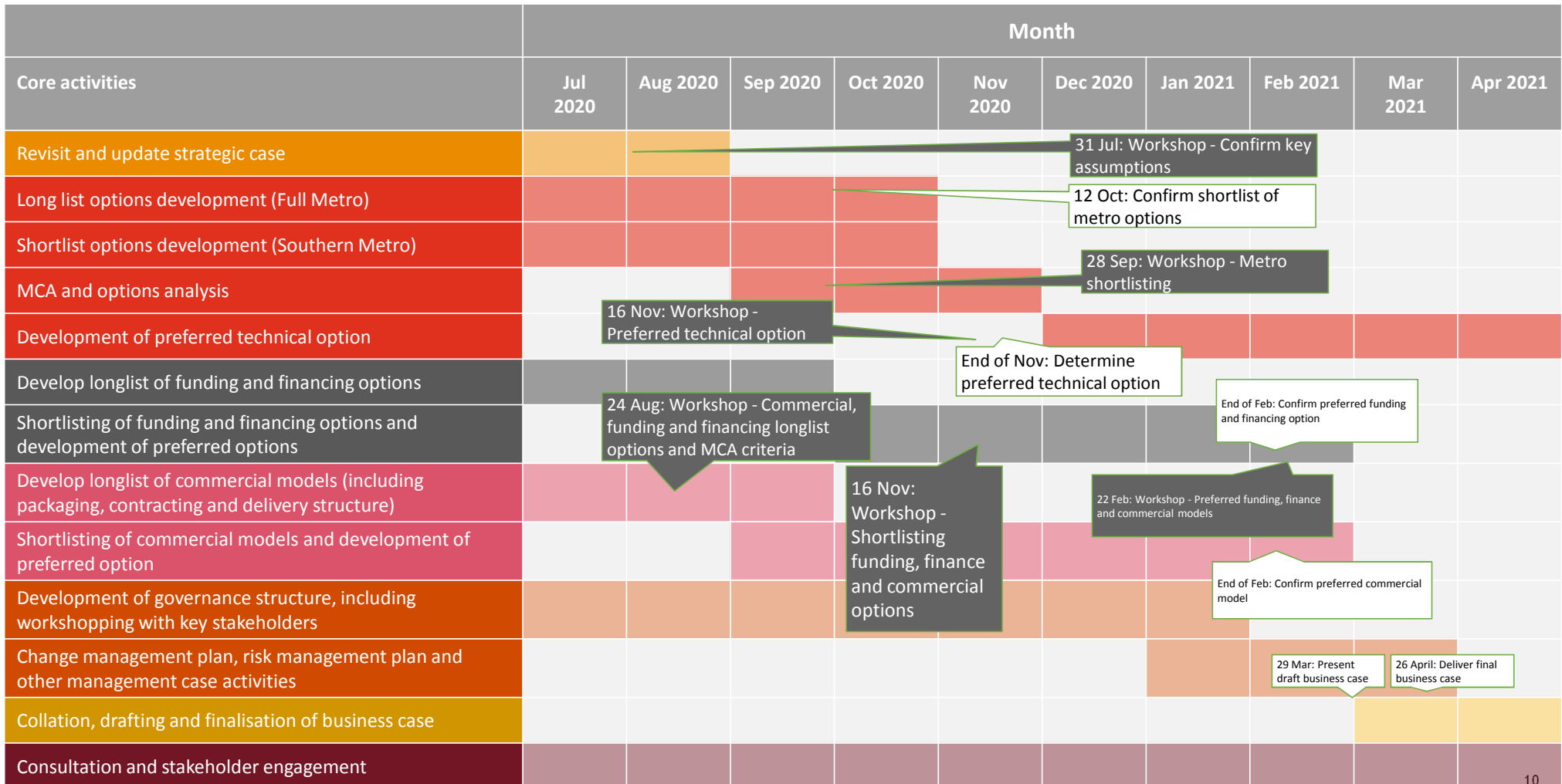
# PROJECT TEAM

- Project Director: Peter Winder
- Project Manager (Client Side): Jackie Colliar
  
- Consultants:
  - GHD/BECA: Engineering & Planning Advice
  - PWC: Overall DBC delivery & Lead Commercial, Financial and Management Cases
  - Maximize Consulting: Stakeholder facilitation

**WAIKATO METRO WASTEWATER**



# SUMMARY TIMELINE



# KEY INPUT/DECISION POINTS

## DETAILED BUSINESS CASE

Date	Tentative Agenda Items
Early June	Initiation meeting (this meeting)
Late July/ Early August	<ul style="list-style-type: none"> <li>• Confirm key assumptions (e.g. Population &amp; Growth; Treatment Standards)</li> <li>• Confirm approvals framework</li> </ul>
Week of 24 <sup>th</sup> August 2020	Funding, financing, commercial model long listing & MCA workshop
Week of 28 <sup>th</sup> September 2020	Confirm short-list of metro options, confirm southern metro options
Week of 16 <sup>th</sup> November 2020	Preferred southern metro engineering solution, including assessment of rating impacts. Short list funding, financing and commercial options workshop
Week of 25 <sup>th</sup> January 2021	Backup Meeting if needed
Week of 22 <sup>nd</sup> February 2021	Confirm preferred funding, financing and commercial model
Week of 29 <sup>th</sup> March 2021	Presentation of draft detailed business case
Week of 26 <sup>th</sup> April 2021	Final detailed business case and implementation planning

GO – NO/GO  
DECISION  
POINT

**WAIKATO METRO WASTEWATER**



# NEXT STEPS

- Confirm funding and programme for Northern Metro DBC
- Evaluate options to deliver parallel workstreams that consider industrial flows (i.e. Fonterra Hautapu Site)
- Finalise consultant engagements
- Confirm meeting & workshop dates
- Meet with Control Group & identify key staff to engage with to deliver DBC
- Project documentation – plan, programme, risk register, communications & engagement plan
- Late July/ Early August Workshop

**WAIKATO METRO WASTEWATER**



# Waikato Metro Wastewater

Commercial and Financial Case MCA and Long Lists

DRAFT FOR DISCUSSION

September 2020



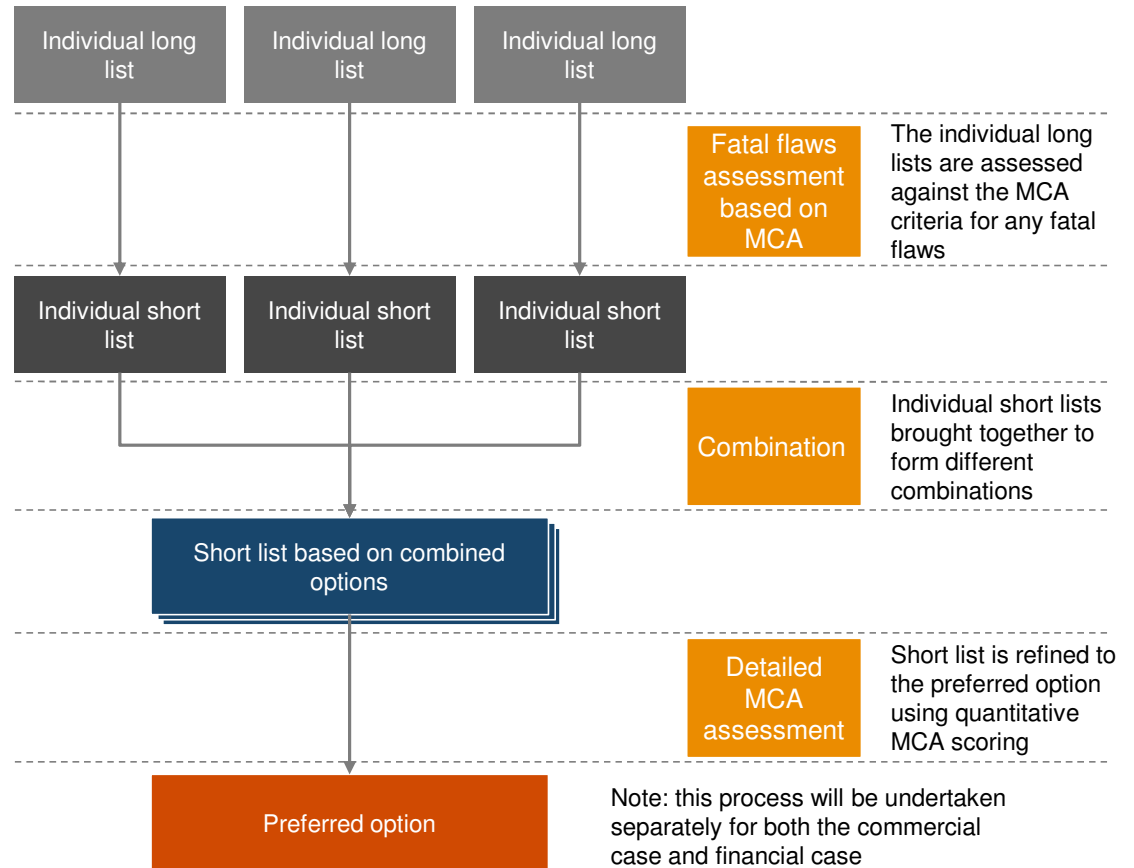
# Preferred Option Selection Process

## Application of multi-criteria analysis

Consistent with the better business case framework, a structured approach to options development is proposed. The long lists will be objectively filtered to a preferred option using MCA criteria.

The MCA and long lists have been formulated with engagement from council officials, third parties, mana whenua and review by the Control Group.

1. The first stage will be to use the MCA to refine the long list to a short list based on a 'fatal flaws' approach for each criteria
2. Options from the individual short lists will be combined to create a short list of appropriate combinations to be agreed with project partners
3. Combinations will be assessed using quantitative MCA scoring to arrive at a preferred option for both the commercial and financial cases





# Multi-criteria analysis: Overview

## Multi-criteria analysis

In order to refine the long lists to preferred options a multi criteria analysis is proposed. A draft list of criteria to refine the options has been developed based on:

- **Wider objectives and criteria:** Where relevant the criteria give consideration to, or reflect the investment objectives and business case MCA that focus on “Best for River” outcomes
- **Precedent transactions:** Criteria have been developed with consideration given to learnings from other comparable transactions
- **Stakeholder input:** Workshopping to ensure that all interests are appropriately considered in the development of the preferred option
- **Applicability:** To ensure that the criteria effectively evaluate and are applicable to the proposed long list options

The draft criteria proposed to be used to assess the commercial case and financial case options are outlined below. The overarching criteria will be the same for both cases but how they are applied to each case will differ to some extent (see appendix 1 (page 9) for more detail.



### Customer / Social Outcomes

Option considers the wider impacts on stakeholders and environment



### Timing and Budget Confidence

Option delivers a high degree of confidence in project timing and budget



### Deliverability

Option does not have significant barriers to implementation



### Risk Allocation and Management

Option allocates risks appropriately to the parties best able to manage them



### Market Interest and Capability

Option facilitates private sector interest and delivers a high level of competition



### Flexibility

Option is flexible to changes in scope of works and sector structural changes

The criteria presented above will be further developed as each case is further progressed, ensuring that preferred option identified is best for project

# Commercial options long list overview

## Commercial option selection process

- A bespoke delivery structure is required due to the non-routine nature of a sub regional facility where a traditional ownership and delivery structure may not be appropriate
- Contracting model and packaging options will be considered to determine which method will best balance the control of project cost and risk against achieving project objectives and outcomes to ultimately deliver best VfM
- On this basis we have broken down the commercial options into three categories of commercial options

## Categories of commercial options



### Delivery structure options

The delivery structure refers to the ownership, governance and management framework for the Waikato Metro Wastewater project (the Project or WWTP). Noting that the ownership mix will impact the structures available.



### Contracting model options

The contracting model refers to the contracting method used to deliver the capital works and operations. The selected model impacts the roles, responsibilities and risk allocation of the different parties involved.



### Packaging options

The packaging approach refers to the level of disaggregation of contracts used to deliver the works and operate the Project.


## Our approach

Only council orientated delivery structure options have been considered, no fully Crown or fully private sector options were included in the long list. The LGA 2002 restricts divestment of water assets to private parties, however we have included one option that combines council and third party ownership for the purposes of discussion.



Contracting options have been developed based on NZ procurement guidelines and previous comparable transactions. The LGA 2002 prevents full outsourcing to the private sector however we have included a private provision option for the purposes of discussion.

The packaging options include the full spectrum of disaggregation that might be achievable, a number of options have been included that bundle together the individual packages.

# Commercial long list categories and challenges


 **Delivery structure options**

**Key considerations**  
A traditional council delivery model may not be appropriate for the Project given:

-  Multiple councils would be involved under a sub regional model
-  The structure might need to cater for the involvement of private parties

**Long List**

1) Traditional council delivery
2) Joint procurement
3) Partnership - with principal council or principal CCO
4) New entity - fully council owned
5) Existing shared services organisation
6) New regional water entity
7) New entity - joint council and third party ownership

 **See appendix 2 (page 12)**

 **Contracting model options**

**Key considerations**  
Achieving optimal balance of risk allocation, control, innovation, whole-of-life costs and VfM:

-  Efficient allocation of risks to parties that are best placed to manage them
-  Maintaining council control and flexibility
-  Maintaining a competitive tendering process




**Long List**

1) Construction only
2) Design and build
3) Managing contractor
4) Alliance model
5) Design, build, operate and maintain
6) Design, build, finance, operate and maintain
7) Private provision

 **See appendix 3 (page 21)**


 **Packaging options**

**Key considerations**  
Managing the benefits and drawbacks of unbundling the works to achieve a suitable level of disaggregation:

-  Managing resource constraints in contracting market to maintain a competitive tender process
-  Schedule benefits from unbundling of works
-  Increased interface risk from disaggregation

**Long List**

1) Single package
2) Individual packages
3) A combination of individual packages: <ul style="list-style-type: none"> <li>• Combination 1</li> <li>• Combination 2</li> <li>• Combination 3</li> <li>• Combination 4</li> </ul>

 **See appendix 4 (page 30)**





# Funding and Financing considerations

## \$ Funding Options

The funding options relate to who ultimately pays for the construction and operation of the asset, and how this funding is collected. The delivery entity will ultimately recover the funding from various stakeholders, primarily the direct beneficiaries of the new wastewater facility. The preferred option is likely to include a mix of funding tools.

### Key considerations

There can be difficulty in aligning the funding sources utilised to the ultimate beneficiaries given:




-  Availability of funding tools to target beneficiaries equitably
-  Long-term nature of the benefit provided from the new facility
-  Wide range of beneficiary types e.g. residents, developers, industrial users, and locations e.g. multiple territorial authorities if a sub-regional solution
-  Ability and willingness of beneficiaries to pay including concerns around the affordability to ratepayers

## 🏛️ Financing Options

The financing options relate to how the delivery entity will match the timing difference between when expenditure is incurred to when the corresponding revenue is received. For the wastewater treatment plant this relates to the difference between when capital costs are incurred and when funding is received.

### Key considerations

A number of financing options are available to the project and there may be a need to look beyond traditional council models and financing structures, given:

-  Some councils face challenges around their debt limits so may need to consider off balance sheet solutions
-  Other financing options may fit better with the preferred commercial structure and result in improved value for money and risk allocation
-  Multiple parties are involved in the project and may have different requirements for control and ownership

# Funding and Financing long list overview

## Long list identification

In order to address the previous challenges a long list of options has been developed for consideration. The process to select these options is outlined below:

### → Funding

Four categories of funding sources are considered, ranging from traditional council sources to more bespoke value capture opportunities. Where appropriate, 'beneficiary pays' approaches have been included to target the matching of funding to beneficiaries and minimise the funding burden on general ratepayers.

### → Financing

A number of financing instruments are considered with finance costs directly related to the level of risk associated with the capital being raised. Debt raised by councils, directly or using LGFA, will generally be cheaper than debt raised by a project SPV. Noting that this will depend on entity structure and agreements in place.

Presented below is the long list of options identified to meet the funding and financing requirements of the project. It is likely that the final funding package for the project will include more than one of the funding options set out below and may include different forms of finance.

### Funding options

Council funding	General rates
	Targeted rates
	Development contributions
Crown funding	Specific Crown fund
	Crown operational subsidy / assistance
Direct funding	User pays
	Long-term commercial arrangements
Value capture	IFF levy
	Negotiated contribution
	Private sector partnering
	Public sector partnering



See appendix 5 (page 34)

### Financing options

Debt	LGFA
	Bank debt
	Bespoke Crown loan
	Crown DMO lending
	Bonds/private placements
Equity	Subordinated/convertible instruments
	Council equity
	Iwi equity
	Private equity



See appendices 6 and 7 (page 42)

# Thank you

## Important Information

This document has been prepared for and only for Hamilton City Council in accordance with the terms of our Letter of Engagement dated 16 July 2020 and for no other purpose.

The purpose of this document is to provide background information to facilitate a workshop. Our work is not complete and the comments in this draft paper are therefore subject to amendment or withdrawal. Our definitive findings and conclusions will be provided to you in due course.

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# 1







## Multi Criteria Analysis

# Multi-criteria analysis: Commercial Case

Criteria	Description and application to commercial case options
 <b>Customer / Social Outcomes</b>	The extent to which the commercial options provide optimised operational outcomes, promoting whole-of-life considerations including where possible Waikato river quality and improved use and recovery of resources. Does the delivery structure provide scope for the involvement of parties that will encourage customer / social outcomes and does the contracting model promote innovation in design and construction approaches.
 <b>Timing and Budget Confidence</b>	The extent to which the commercial options provide confidence for project timing and budget. Assessment of the degree of fixed price and date certainty in the contracting model as well as the overall delivery timeframes based on procurement strategy and packaging. Consideration of the degree of confidence that the commercial model provides for contractors to undertake the works within the agreed budget.
 <b>Deliverability</b>	The extent to which the commercial options will be implementable. Are there significant barriers to progressing with the option, ie is there significant consultation required, a significant administrative process / burden or significant community or political opposition to a particular delivery model or structure. Contracting models that sit outside of current legislation are likely to be considered as fatally flawed.
 <b>Risk Allocation and Management</b>	The extent to which the commercial option appropriately allocates risk. Making sure that risks are allocated to the party best capable of managing them and that the risk transfer is real and not just perceived. Where risk is transferred to contractors or other parties under a commercial delivery structure or contracting model they have to be capable of managing the risk and face the financial implications of not doing so.
 <b>Market Interest &amp; Capability</b>	The extent to which the commercial options will optimise market interest in the project, improving competition and contestability and therefore driving value for money. Facilitating the involvement of potential project partners with appropriate skill and capacity by optimising the size and scale of packages, complexity of the options and attracting the necessary market expertise.
 <b>Flexibility</b>	The extent to which the commercial options can accommodate unexpected changes to scope and/or specification of the treatment plant during delivery, as well as wider structural and regulatory changes within the sector. This includes changes that could arise from the Government's three waters reform programme. The extent to which the commercial options accommodate the use of a broad range of funding and financing options.



# Multi-criteria analysis: Financial Case

Criteria	Description and application to financial case options
 <b>Customer / Social Outcomes</b>	The extent to which the funding and financing options enhance the social objectives of the project, prioritising ratepayer affordability and promoting intergenerational equity. The funding and financing options should accommodate investment from stakeholders who prioritise the long term health of Waikato's rivers and the sustainability of the project.
 <b>Timing and Budget Certainty</b>	The extent to which the funding options provide certainty and predictability to stakeholders on the level and timing of contributions. How predictable are the rating implications of the funding options. The extent to which financing options are able to meet changes in the project budget to deliver the project. Are councils able to reliably forecast the timing and quantum of their capital contributions. Do the funding and financing options create additional risk to project timeframes.
 <b>Deliverability</b>	The extent to which the funding and financing options can be easily implemented. Can the funding or financing options be achieved within the timelines of the project, and are the financial case options likely to place significant administrative burden on the project. Are the funding or financing options likely to incur public opposition, require public consultation or a lengthy design and implementation processes.
 <b>Risk Allocation and Management</b>	The extent to which the funding and financing options appropriately allocate risk away from ratepayers, promoting equity between ratepayers and other stakeholders and ensuring that specific risks are borne by the party best placed to manage that risk. Where external capital providers are included in the project they should bear some exposure to the operating performance of the entity.
 <b>Market Interest &amp; Capability</b>	The extent to which the funding and financing options will maximise interest in the project, improving competition, pricing and cost outcomes and ultimately delivering value for money. Financing options should generate sufficient interest to achieve competitive pricing and/or bring capability that is beneficial to the delivery of the project.
 <b>Flexibility</b>	The extent to which the funding and financing options are able to adapt to changes in economic regulation and sector reform throughout the delivery life of the project. Are the funding and financing options able to be adjusted during the operations of the project to maintain equity of cost sharing across ratepayers and other stakeholders.

### Open Meeting

<b>To</b>	Waters Governance Board
<b>From</b>	Gavin Ion Chief Executive
<b>Date</b>	16 October 2020
<b>Prepared by</b>	Lynette Wainwright Committee
<b>Chief Executive Approved</b>	Y
<b>Reference #</b>	GOV1318
<b>Report Title</b>	Exclusion of the Public

## I. RECOMMENDATION

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
PEX Item 1 Confirmation of Minutes	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
PEX Item 2 Actions		
PEX Item 3.1 Waters Financial Results to 30 September 2020		

PEX Item 3.2 Proposal to Vary Agreement for Operation and Maintenance of Water, Wastewater and Stormwater Services – Contract 19/012		
PEX Item 3.3 Audit of Three Waters Agreement		
PEX Item 3.4 District Wide Wastewater Pump Station Remediation		
PEX Item 3.5 District Wide Water & Wastewater Treatment Plant Remediation		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
PEX Item 1 Confirmation of Minutes		Refer to the previous Public Excluded reason in the agenda for this meeting.
PEX Item 2 Actions Register		Refer to the previous Public Excluded reason in the agenda for this meeting.
PEX Item 3.1 Waters Financial Results to 30 September 2020	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.

PEX Item 3.2 Proposal to Vary Agreement for Operation and Maintenance of Water, Wastewater and Stormwater Services – Contract 19/012	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.
PEX Item 3.3 Audit of Three Waters Agreement	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.
PEX Item 3.4 District Wide Wastewater Pump Station Remediation	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.
PEX Item 3.5 District Wide Water & Wastewater Treatment Plant Remediation	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.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.

**AND THAT Ms Danks be permitted to remain at this meeting, after the public has been excluded, because of her knowledge of Watercare. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because of Watercare’s role and responsibility for those matters.**