

Notice is given that an ordinary meeting of the Nelson Regional Sewerage Business Unit will be held on:

Date: Friday 8 March 2019
Time: 1.30 pm
Meeting Room: Ruma Marama
Venue: Nelson City Council
110 Trafalgar Street, Nelson

Nelson Regional Sewerage Business Unit

AGENDA

MEMBERSHIP

Chairperson	Cr Kit Maling
Members	Cr Dean McNamara
	Cr Tim Skinner
	Cr Stuart Walker
	Mr Brendon Silcock

(Quorum 3 members)

Contact Telephone: 03 543 8524
Email: robyn.scherer@tasman.govt.nz
Website: www.tasman.govt.nz

AGENDA

1 OPENING, WELCOME

2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation

That apologies be accepted.

3 DECLARATIONS OF INTEREST

4 PUBLIC FORUM

5 CONFIRMATION OF MINUTES

That the minutes of the Nelson Regional Sewerage Business Unit meeting held on Friday, 7 December 2018, be confirmed as a true and correct record of the meeting.

6 PRESENTATIONS

Nil

7 REPORTS

7.1 Acting General Manager's Update Report..... 5

7 REPORTS

7.1 ACTING GENERAL MANAGER'S UPDATE REPORT

Decision Required

Report To:	Nelson Regional Sewerage Business Unit
Meeting Date:	8 March 2019
Report Author:	Don Clifford, Acting General Manager; Robyn Scherer, Senior Executive Assistant - Engineering
Report Number:	RNRSBU19-03-1

1 Summary

- 1.1 This is the three monthly General Manager's Update report.
- 1.2 The report notes a change to the Memorandum of Understanding regarding the appointment of committee members recently agreed by both Tasman District Council and Nelson City Council.
- 1.3 The draft Business Plan 2019/2020 will be presented for approval.

2 Draft Resolution

That the Nelson Regional Sewerage Business Unit:

1. receives the Acting General Manager's Update Report, NRSBU19-03-01; and
2. notes the changes to the Memorandum of Understanding regarding the appointment of committee members; and
3. approves the draft Nelson Regional Sewerage Business Unit Annual Plan 2019/2020.

3 Purpose of this Report

- 3.1 This report provides the three-monthly update on activity for the NRSBU.

4 Changes to the NRSBU Terms of Reference

Appointment and Remuneration of Jointly-Appointed Members to Committees

- 4.1 Tasman District Council and Nelson City Council have the power to jointly appoint independent members to joint committees such as the Nelson Regional Sewerage Business Unit (NRSBU), the Nelson Tasman Regional Landfill Business Unit (NTRLBU), and the Saxton Field Committee. However, the councils did not have a joint policy for these appointments and for the appointees' remuneration.
- 4.2 Tasman District Council recently approved its own Policy on the Appointment and Remuneration of Independent Members to Council Committees and Business Units (Full Council 9 August 2018 Report RCN18-08-07 Resolution CN18-08-10). This policy covers independent member appointments to Tasman District Council-only Committees and Business Units. It does not apply to independent members appointed jointly by Tasman District Council and Nelson City Council to joint Committees.
- 4.3 At the Tasman District Council meeting on 24 May 2018 a report was presented by the Finance Manager to Council on the remuneration of independent members appointed to Council Committees and Business Units (Report RCN18-05-12). In 1.6 of this report it was noted:
- ".. that a joint policy for the appointment and remuneration of independent members of the NTRLBU and NRSBU and other joint committees will need to be developed and agreed between Nelson City Council and Tasman District Council."*
- 4.4 At the Tasman District Council meeting on 8 November 2018 and at Nelson City Council's meeting on 15 November 2018, both councils approved the changes to the Joint Council 'Policy for the Appointment and Remuneration of Jointly-Appointed Independent Members to Committees'.
- 4.5 The changes made to this policy had a flow-on effect in that changes had to be made (and were also approved) to the Memorandum of Understanding for the Nelson Regional Sewerage Business Unit.
- 4.6 The Memorandum of Understanding noting the approved change to the appointment of members is attached (**Attachment 1**). "Track changes" and highlighting has been used to clearly demonstrate the changes.

5 Health and Safety

- 5.1 Health and safety operational matters are reviewed at monthly contract meetings.
- 5.2 No work injuries have been reported for the period 1 December 2018 to 31 January 2019.
- 5.3 The contractor has recorded an average of three near misses per month over the last three months.

- 5.4 The number of visitors per month to the treatment plant over the last three months has been 74.
- 5.5 A review of health & safety risks has been undertaken. The outcome of the review is likely to be some requests for capital funding to improve the work environment for health and safety reasons.
- 5.6 Actions underway include handrail replacements, inlet cover replacements and inlet area gas monitoring.
- 5.7 The recent death of a toddler in a wastewater pond in Gore has sparked discussion on what fencing and gates we should have at the facility. Additional fencing to fully fence access to the facility and an automated access gate at the entrance to the operational facility, are thought to be an appropriate level of prevention given the remoteness and lack of public access to Bell Island.

6 Financial Status

Finance report on trading to date

- 6.1 **Attachments 2 and 3** include two financial reports up to the end of December 2018:
 - Income Account for the period to 31 December 2018; and
 - Balance Sheet as at 31 December 2018
- 6.2 Variable income is down and attributed to lower volumes/concentrations received.
- 6.3 Management costs are up against budget due to the extra inputs and external pricing of the acting General Manager and the acting Operations Manager.
- 6.4 Maintenance costs are over budget due to numerous items at Rabbit Island, the pump stations and Bell Island.
- 6.5 Sundry costs are up significantly...which is due to the use of TDC supplied water for cleaning the inlet screens.
- 6.6 The biosolids costs are up due to the arrears payment of escalation to the contractor of \$79,198.58 (for the period July 2014 to September 2018).
- 6.7 The customer contracts provide for a wash-up of net operating costs; which will recover the shortfall in variable income and overruns in operating expenditure restoring the Net income closer to budget.

7 Contract 3458 – Operations and Maintenance

- 7.1 There have been several issues with flow meter performance within the NRSBU network during the period. The flow meter supplier was requested to visit Nelson to test the flow meters and it was found that there were issues in a number of the meters. Work is required to change the Airport outflow meter, Saxton Road outflow meter and to investigate issues with the Songer Street outflow meter. One result of these issues is the potential for inaccurate charging to our customers.

- 7.2 Pump station maintenance remains an ongoing concern due to very slow response from the pump suppliers. Critical spares lists have been prepared and these will be purchased to allow ensure we have the required spares available immediately.
- 7.3 The primary sludge concentration has been maintained in the five to seven percent (5-7%) range and no thickening has been required since 2017. The primary clarifier has been emptied, inspected, and recommissioned.
- 7.4 The activated sludge process performed satisfactorily.
- 7.5 The ATAD process complied with the consented treatment requirements.
- 7.6 The discharge effluent quality complied with discharge limits for all parameters.
- 7.7 A draft of the Pond Sludge Survey Interpretation report was received from the contractor on 22 February 2019.
- The pond sludge surveys have shown banks of sludge built-up along wavebands.
 - These banks of sludge are linked to insufficient mixing in the ponds and have the potential to generate odour under specific circumstances.
 - Persistent sludge banks are to be managed through spreading the sludge using mechanical mixers or limited desludging of deep sludge areas.
 - The sludge surveys have identified a persistent sludge build up along south eastern waveband in facultative pond F3 located closest to Best Island and it was decided to mitigate the risks associated with odour release from this sludge by dredging the area. Current advice from Tasman District Council is that this limited desludging will require a resource consent. Therefore, the desludging is delayed until consent is granted to dewater the sludge in bags placed to form the core of the proposed bund around the ATAD area.
 - The pond sludge management strategy will be reviewed once the final report is received from the contractor and reported to the next committee meeting.
- 7.8 An Argentine ant review was undertaken, which showed Argentine ants on Bell Island have been “contained”. Additional work is recommended to continue to contain the ants and to see if they can be “pushed back”.
- 7.9 Use of potable water to clean the inlet screens has been halted to assist Tasman District Council with their current water supply crisis. This adds risks (such as odour) and requires extra effort by the contractor to keep the spray nozzles and screens functioning well.

8 Odour Management

- 8.1 Several meetings have been held to identify odour risks. The risks have been assessed for priority of concern and action. The four main areas are:
- pump stations,
 - Bell Island mechanical systems,
 - Bell island ponds,
 - Rabbit Island biosolids disposal.

Work undertaken at pump stations

8.2 The contractor was instructed to:

8.2.1 renew the media in the bio filters at the Wakatu pump station and the Airport pump station; and

8.2.2 replace the media in the carbon scrubbers at Saxton Road and Beach Road pump stations; and

8.2.3 install sealed lids with carbon filters on two air valve chambers near the Songer Street pumpstation.

8.3 This work has been completed.

8.4 The contractor has also been instructed to replace the inlet filters on the AC scrubbers. This work has not been completed.

Work undertaken at Bell Island

- Replace inlet biofilter media
- Check inlet biofilter fan performance
- Seal the inlet structure
- Get access to standby generator for inlet over summer holiday period
- Seal the holes in the ATAD roofs
- Set up temporary suction from sludge tank to AC filter
- Replace AC filter carbon media
- Purchase standby fan for ATAD biofilter
- Purchase standby generator for ATAD biofilter fan
- Top up ATAD biofilter media
- Continue independent review of odour issues
- Preparation of preliminary design of new ATAD odour manifolds and standby biofilter fan.

8.5 The work has mostly been completed with a significant reduction in the release of unwanted odour.

8.6 A meeting was held with the contractor's pond management team to discuss preparations for the summer season and a detailed review of operations was maintained over the holiday period.

8.7 Work undertaken at the Rabbit Island biosolids disposal system includes:

- A proposal is being developed with the biosolids contractor to set-up a second system to make it simpler and faster to respond to changes in wind direction. The contractor has been instructed to plan disposal with the daily wind forecast in mind.
- Some of the additional machinery required to allow two operating sites at one time has been ordered
- Changed spray operations to coincide with favourable wind directions

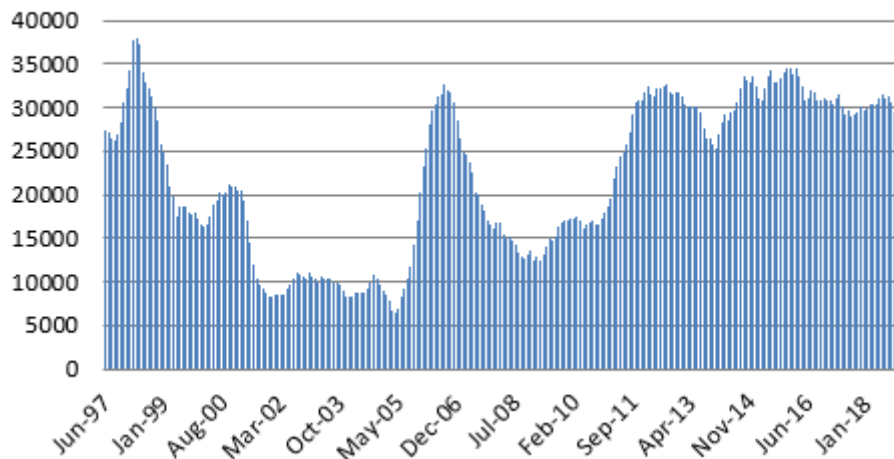
- Trial using larger nozzles – currently unsuccessful due to less “throw” of the irrigator.
- Preparation for trial of “mulcher” to allow increased number of accessible rows within the forest, and which would allow increased nozzle size (and therefore less volatilisation of odour).
- Odour monitoring at Rabbit Island by the independent contractor has been initiated.

8.8 Now that Bell Island odours have been significantly reduced, it has been identified that the Rabbit Island biosolids disposal system is causing odour. Additional work has commenced to contain odours from the biosolids storage facility, in addition to the measures being considered for the irrigation system.

9 Biosolids Operations

9.1 The rolling average of biosolids sprayed is 30,140m³ per year.

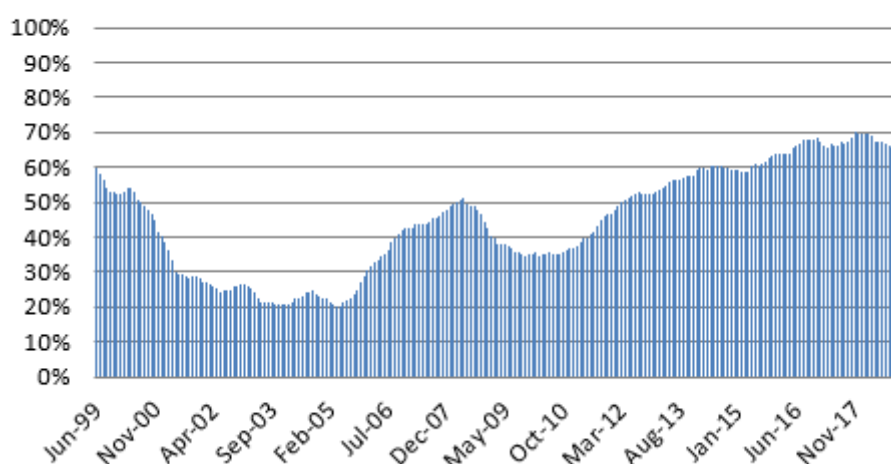
Annual rolling volume sprayed



9.2 The following graph shows the use of nitrogen capacity of Rabbit Island pine plantations and demonstrates that the NRSBU buffer has increased from 30% to 35% since the last report.

9.3 One of the biggest risks for the NRSBU is associated with the right to use Rabbit Island for the application of biosolids. The biosolids spraying permit expires on 16 October 2020 and the resource consent in November 2020.

Nitrogen Capacity used in 3 year cycle



- 9.4 Additional precautions to reduce fire risk have been implemented including an additional water tanker, increased cooling periods for machinery and additional fire controls on all machines.
- 9.5 As discussed above, recent odour monitoring at Bell Island has shown that most of the odours reported recently by Best Island residents are associated with biosolids applications. Staff and contractors are currently reviewing the management of odour at the Rabbit Island biosolids storage facility as well as the odour released at the biosolids spray application workforce.

10 Regional Pipeline

- 10.1 A formal request has been received from Tasman District Council regarding the existing pipe system at Headingly Lane, Richmond. The Council would like to work with NRSBU to identify whether they can use excess capacity in the Nelson Pine Industries pipeline to manage increasing flows until NRSBU get stage 2 of the rising main strategy implemented.
- 10.2 Technical considerations of the request are in progress by an external consultant.
- 10.3 Part of the response to the request will depend upon the intended timing of the NRSBU to install any new pipeline.
- 10.4 To comply with some of the conditions of the aberrational discharge consent, a concept design report for pump station overflow screening has been completed. Further work for detailed design is now to be commissioned.

11 Trade Waste Agreements

- 11.1 There is currently no signed Trade Waste agreement with Turners & Growers who took over the ENZA site.
- 11.2 Turners & Growers issued a signed agreement that was lacking in some key details. A complexity is that Turners & Growers has sold off part of the facility.

- 11.3 The existing agreements are somewhat out-of-date; therefore a legal review may be appropriate (to make them more current).

12 Bell Island Resource Consent Application

- 12.1 Pre-hearing meetings have been held with submitters. Feedback from those meetings is being considered.
- 12.2 The feedback may lead to suggested amendments and/or additions to the proposed conditions of consent.

13 Treated Wastewater Re-use Trial

- 13.1 There is no progress to report on the preparations for this trial.

14 Asset Management Plan

- 14.1 At the 22 June 2018 meeting the NRSBU Committee approved the draft Asset Management Plan being issued to both councils for approval.
- 14.2 We are awaiting a formal response from both councils.

15 Key Performance Indicators

- 15.1 The outcomes of key performance indicators for the last three months to 31 January 2019 are shown in the following table.

Environmental: Treatment and Disposal			
RMA consent - wastewater Discharge to Coastal Marine Area	RMA Consent - Discharge of Contaminants to Air (Odour complaints)	RMA Consent - Discharge of Contaminants to Land	Equipment Failure of critical components within treatment and disposal system
		Note 1	
Environmental: Pump Stations			
Odour complaints from pump stations	Pump station wet weather overflows	Pump station overflows resulting from power failure	Pump station overflows resulting from mechanical failure
Environmental: Pipeline			
Reticulation breaks	Air valve malfunction		
Capacity: Overloading system capacity			
Treatment & Disposal	Pump Stations		
Reliability: Equipment failure of critical components			
Treatment & Disposal	Pump Stations	Pipelines	
Responsiveness: Speed of response for emergency and urgent maintenance works			
Treatment & Disposal	Pump Stations	Pipelines	
Responsiveness: Speed of response for routine and programmable maintenance works			
Treatment & Disposal	Pump Stations	Pipelines	
Key customer relationships: Overall satisfaction			
Treatment & Disposal	Pump Stations	Pipelines	

Note: The lessee sprayed treated waste outside the designated area and has also cleared areas that could have resulted in damage to archaeological sites located along the northern shoreline of Bell Island. The spraying incident resulted from the failure of the irrigation control unit. The irrigator is owned and operated by the lessee. Remedial steps have been implemented and discussions were held with the lessee and his representatives to prevent a repeat of the transgression.

16 Compliance Outcome

16.1 The compliance outcomes for the 12 months to 31 January 2019 are summarised in the following table:

i)	Resource Consent Compliance (rolling 12-month record)	
	Discharge to Estuary	Achieved.
	(Consent for Aberrational Discharges within Nelson City Council area)	No overflows during the past 12 months.

	Discharge to Air Permit	100% Compliance except Odour
	Biosolids Disposal	100% Compliance
	Discharge treated waste water to land	Not achieved. The lessee sprayed outside the designated area.
ii)	Odour Notifications	
	Past three months	Nil.
	Last 12 months	19 odour complaints were received. 18 of the odour complaints were associated with issues around the ATAD systems and ATAD bio-filter. The other complaint was related to the ponds and was reported to be mildly odorous.
iii)	Overflows	
	Past three months	Nil.
	Last 12 months	Nil.
iv)	Speed of response for maintenance works	
	Not achieved. Service requests and work actions are generally not reported within the timeline required under the contract. The operations manager is liaising with Nelmac to improve this.	
v)	After hours call outs	
	3.2 for the contract period	
	4.9 per month for last 12 months to December	
	4 per month for last 3 months (to Dec 2018).	
	No call out info available for the last three months.	

17 NRSBU Business Plan

- 17.1 The Memorandum of Understanding (MoU) requires a draft Business Plan for 2019/2020 to have been issued to both councils by 31 December 2018.
- 17.2 The MoU further requires that after the councils have had an opportunity to discuss and comment on the draft Business Plan the NRSBU shall finalise the Business Plan, incorporating any changes agreed between the councils and the Board and present the final Business Plan to the councils by 20 March 2019 (for inclusion in each council's draft Annual Plan).
- 17.3 Drafting of the Business Plan was delayed until proposed resource consent conditions were adopted by the Committee and until the consequential costs could be estimated. Unfortunately, the planned committee discussion about these matters was cancelled due to the Pigeon Valley fire event. The draft Business Plan 2019/2020 therefore is based upon staff judgement. At the time of writing this report, we still had some financial information to include in the plan. A copy of the plan will be available to the committee at the close of business on Monday 4 March 2019.
- 17.4 There are some potential system improvements that would affect the budgets.

- 17.5 Following formal audit of the finances there may also be some budgetary changes required.
- 17.6 There are several consulting and physical works items to be undertaken to comply with the aberrational discharge consent conditions that will impact budgets.

18 Attachments

- | | | |
|----|-------------------------------------|----|
| 1. | Revised Memorandum of Understanding | 17 |
| 2. | Income Account | 25 |
| 3. | Balance Sheet | 27 |

Nelson Regional Sewerage Business Unit

Memorandum of Understanding

1. Parties

The Tasman District Council and the Nelson City Council (the councils).

2. Term

- 2.1. This memorandum of understanding shall commence on 1 July 2015 and shall terminate on 30 June 2025 unless terminated earlier by resolution of both councils.

3. Preamble

- 3.1. The Nelson Regional Sewerage Business Unit (NRSBU) was established in July 2000, to replace the former Nelson Regional Sewerage Authority established in the 1970s.
- 3.2. This Memorandum of Understanding replaces the Memorandum of Understanding which established the NRSBU on 1 July 2000 and the subsequent amendment established 9 March 2010.
- 3.3. This Memorandum of Understanding shall constitute the 'terms of reference' as required under Section 30A (2) (c) of the Local Government Act 2002.
- 3.4. The purpose of the NRSBU is to manage and operate the wastewater treatment facilities at Bells Island and the associated reticulation network efficiently and in accordance with resource consent conditions to meet the needs of its customers. The NRSBU shall plan for the future needs of the community in a cost efficient and environmentally sustainable manner rather than entirely focusing making a financial return. The NRSBU has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZIFRS).
- 3.5. The Bells Island treatment plant and associated reticulation network, and any additions or improvements to these assets are owned in equal parts by the councils and are strategic assets of the councils.
- 3.6. The NRSBU is intended to be a self-funding body which provides a service to its customers, which include the councils, under a contractual relationship independent of its ownership.

4. Structure of NRSBU

4.1 Joint Committee of the Nelson City Council and the Tasman District Council pursuant to the provisions of the 7th Schedule to the Local Government Act 2002.

4.2 The NRSBU Board (the Board) shall comprise either six or seven members appointed as follows:

- (i) Two members appointed by the Tasman District Council (at least one***

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of whom will be an elected member of the Tasman District Council);

- (ii) Two members appointed by the Nelson City Council (at least one of whom will be an elected member of the Nelson City Council);
- (iii) May include one member independent of either Council and not involved in any business related to the NRSBU activities. This member is discretionary and would only be appointed if mutually agreed to by both the councils and in accordance with the 'Policy for the appointment and remuneration of jointly-appointed independent members of committees', Procedure for Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations' (2015 version, or its replacement). This member shall be appointed for a period of three years, and in such a way as to provide continuity through the triennial election period. The member shall be remunerated in accordance with the Policy for the appointment and remuneration of jointly-appointed independent members of committees', joint-policy for the remuneration of independent persons to joint committees and business units.;
- (iv) One non-voting member representing, and appointed by, the NRSBU Major Industrial Customers.
- (v) One member representing and nominated by local iwi and confirmed by both councils. This iwi advisor shall be appointed for a period of three years, and in such a way as to provide continuity through the triennial election period. The member shall be remunerated in accordance with the councils' joint-policy for the remuneration of independent persons to joint committees and business units Policy for the appointment and remuneration of

30 September 2018

jointly-appointed independent members of committees:

- 4.1. In appointing members to the Board, the councils will consult with the Board on the skills and experience required so that an appropriate mix of skills is maintained.
- 4.2. The Board will elect a chair from its voting members at its first meeting of the triennium.

5. Meetings

- 5.1. For the avoidance of doubt the Board shall comply with the provisions of the Local Government Official Information and Meetings Act 1987 and the standing orders of the administering Council in respect of its meetings.
- 5.2. The Quorum for a meeting of the Board shall be half of the members if the number of members (including vacancies) is an even number, or a majority if the number of members (including vacancies) is an uneven number. There shall also be at least one member from each council represented in the quorum.
- 5.3. The Board shall meet at least 3 times per year (currently 4 times) at intervals decided by the Board in order to meet its obligations under this Memorandum of Understanding.

6. Management and Support Services

Management and support services are provided as follows,

- i) The administering Council shall be the Nelson City Council.
- ii) The General Manager is appointed by the councils and employed or contracted by the administering Council and may or may not be on the recommendation of the Board. The councils may choose to appoint an independent General Manager instead of appointing an independent member (as outlined in 4.2 (iii)).
- iii) The administering Council shall provide the following services as appropriate to enable the Board to fulfil its obligations under this Memorandum of Understanding;
 - Engineering services;
 - Accounting and Administration Services;
 - Treasury Services.

7. Powers and Responsibilities Delegated to the NRSBU

- 7.1. The councils are agreed that the responsibility for all management and administrative matters associated with the NRSBU operation shall be with the Board, and in particular the Board shall without the need to seek any further authority from the councils:
 - i) Operate a bank account for the Business Unit.
 - ii) Comply with the Procurement Policy of the administering Council.
 - iii) Enter into all contracts necessary for the operation and management of the Business Unit in accordance with the approved budgets and intent of the Business Plan.

NRSBU Memorandum of Understanding

- iv) Authorise all payments necessary for the operation and management of the Business Unit within the approved budgets and intent of the Business Plan.
- v) Do all other things, other than those things explicitly prohibited by this Memorandum of Understanding or relevant statutes, that are necessary to achieve the objectives as stated in the Strategic Plan, Asset Management Plan or Business Plan approved by the councils.
- vi) Comply with the Health and Safety Policy and requirements of the administering Council.

7.2. Contribute to the sanitary services assessment process of the councils.

7.3. Contribute to and comply with the waste management plans of the councils.

7.4. Contribute to the development of the councils' Development and Financial Contribution policies.

7.5. Contribute to the councils' Regional Policy Statement and Regional Plan Reviews.

7.6. Develop and keep under review an appropriate contract for the delivery of waste collection and disposal services with each of its customers.

7.7. Follow generally accepted accounting practices.

7.8. Follow good employment practices.

8. Limitations

The NRSBU may not borrow money or purchase or dispose of significant assets other than with the approval of the councils.

9. Operational Funding

9.1. The Board shall budget to repay loans for new capital expenditure over 30 years from Net Surplus Income. Any Net Surplus Income before extraordinary items over budget shall be returned to the councils on an equal share basis.

9.2. It is agreed that where any contribution is required to be made by the councils to the ongoing operational costs of the NRSBU, apart from the charges the councils agree to pay as customers of the scheme, each Council shall pay an equal share of any contribution required.

10. Capital expenditure.

10.1. The NRSBU shall ensure that all capital assets are appropriately depreciated to enable a fund to be established for the replacement of such assets.

10.2. The NRSBU shall have the sole authority to determine what expenditure is made from the depreciation fund so accumulated.

10.3. Any capital expenditure that is required which exceeds the amount held in any depreciation fund or account and is in the way of expansion or major upgrade shall require approval of the councils.

*NRSBU Memorandum of Understanding***11. Planning and reporting**

The NRSBU shall produce the following plans in respect of its operations.

11.1. Strategic Plan

The Strategic Plan shall describe the long term objectives of the Board in relation to its operations. This will include consideration of new technologies, environmental sustainability, climate change, changes in legislation/policy and any other issues which the NRSBU might face in providing services for its customers.

The Board shall prepare its Strategic Plan prior to the drafting of the Asset Management Plan.

The Board shall review its Strategic Plan on an annual basis.

11.2. Asset Management Plan

The Asset Management Plan shall provide an analysis of the assets controlled by the NRSBU in relation to the current levels of service required by the customers and their likely future demands. It will also provide a financial analysis of the NRSBU operations and indicate how the assets should be managed to ensure the most cost effective and efficient service. It will also outline the manner in which the NRSBU will provide for appropriate risk management.

The Asset Management Plan shall be reviewed annually and revised at least every three years at which time it will be submitted to the councils for approval.

11.3. Business Plan

The business plan should state the activities and intentions of the Business Unit. It should outline how those activities relate to the objectives of the Business Unit as documented in the current strategic plan, the financial forecasts for the following three years, the performance targets for the coming year and any variations to charges proposed for that financial year.

A draft of the business plan for the coming year shall be presented to the councils annually by 31 December.

After the councils have had an opportunity to discuss and comment on the draft Plan the Board shall finalise the business plan, incorporating any changes agreed between the councils and the Board and present the final business plan to the councils by 20 March.

11.4. Annual Report and Audited Accounts

The Board shall prepare an Annual Report at the end of each financial year which shall include reporting against the performance targets and financial forecasts in the approved Business Plan.

The annual accounts and financial statements, included in the Annual Report, shall be in a manner and form approved by the Business Unit's auditor, fairly showing the operating and financial position of the NRSBU for the financial year, including a statement of financial performance, a statement of financial position, a statement of cash flows, and all information necessary to enable an informed assessment of the operation of the Business Unit. The audited

NRSBU Memorandum of Understanding

financial statements must be prepared in accordance with generally accepted accounting practice.

The Annual Report and Audited Accounts will be presented to councils by 30 September in each year.

11.5. Agendas for all meetings of the Board will be forwarded to the Chief Executive of the administering Council, and/or such staff as they might nominate to represent the owners of the scheme, at the same time as they are forwarded to Board Members.

11.6. Minutes of all meetings of the Board will be forwarded to the Chief Executives of the councils and to all Board members as draft minutes once they have been reviewed for accuracy by the General Manager and/or the Chairperson.

12. Customer Group

12.1. A Customer Group shall be maintained to provide a forum for consultation and liaison with major users of the scheme. The Board shall determine who shall be members of the group.

12.2. The Customer Group shall be chaired by the General Manager of the NRSBU.

13. Termination

13.1. Subject to clause 13.2, the members of the Board appointed under clause 4.2(i) and 4.2(ii) will be discharged on the coming into office of the members of the councils elected at the triennial local body elections. The new Board members appointed under clause 4.2(i) and 4.2(ii) shall be appointed by resolution of the councils at the earliest opportunity post the said election.

13.2. Prior to the election, the NRSBU may recommend to the councils that they approve a transitional arrangement through the triennial election process for representation on the NRSBU. For clarity, this provision only applies where both councils have approved a transitional arrangement.

13.3. The councils may at any time replace their appointed members or by mutual agreement remove/replace the independent member of the Board. No action to replace any member will be taken without the councils first consulting with the Board except where the replacement is part of a triennial election process referred to in clause 13.1.

13.4. Iwi may nominate at any time a replacement for the appointed iwi advisor. The replacement iwi advisor shall be confirmed by both councils.

14. Variations and Disputes

14.1. Notwithstanding the above, this Memorandum of Understanding may be amended pursuant to a resolution adopted by the councils at any time during its term.

14.2. In the event of any dispute arising between the parties to this Memorandum of Understanding the parties shall, without prejudice to any other right, immediately explore in good faith whether the dispute can be resolved by agreement between them using informal dispute

NRSBU Memorandum of Understanding

resolution techniques such as negotiation, mediation, independent expert appraisal, or any other alternative dispute resolution technique.

- 14.3. In the event the dispute is not resolved by such agreement within 21 days of written notice by one party to the other of the dispute (or such further period agreed in writing between the parties) either party may refer the dispute to arbitration by a single arbitrator pursuant to the Arbitration Act 1996.
- 14.4. The arbitrator shall be agreed between the parties within 10 days of written notice of the referral by the referring party to the other, or failing agreement appointed by the President of the Nelson District Law Society.
- 14.5. In either case the arbitrator shall not be a person who has participated in an informal dispute resolution procedure in respect of the dispute.
- 14.6. The arbitrator so appointed shall be obliged to proceed with maximum expedition to deliver a decision within two months of the appointment.

The parties agree to co-operate fully in every respect with the arbitration and further agree that any decision made by the arbitrator shall be final and binding and hereby waive any right to appeal again the decision or seek judicial review of it in any court.

 Mayor
 Nelson City Council

 Mayor
 Tasman District Council

 Chief Executive
 Nelson City Council

 Chief Executive
 Tasman District Council

Date: ____/____/____

Date: ____/____/____

Approved by TDC on 8 November 2018 and by NCC on 15 November 2018

**Nelson Regional Sewerage Business Unit
Financial Report**

Income Account for the period to 31st December 2018

	Actual Month	Budget Month	Actual YTD	% YTD	% Year	2017/18 Budget		YTD Variation
						YTD	Annual	
Income								
Contributions Fixed	367,155	372,000	2,202,929	99	49	2,232,000	4,464,000	(29,071)
Contributions Variable	175,561	261,478	1,470,707	94	47	1,568,866	3,137,732	(98,159)
Other Recoveries	9,274	13,189	80,369	102	51	79,134	158,268	1,235
Interest	1	-	1,810	-	-	-	-	1,810
Forestry Income	-	-	-	-	-	-	-	0
Total Income	551,990	646,667	3,755,815	97	48	3,880,000	7,760,000	(124,185)
Less Expenses								
Management	47,900	16,738	375,048	373	187	100,432	200,864	(274,616)
Electricity	65,428	68,363	401,337	98	49	410,175	820,350	8,838
Contract Maintenance	56,074	54,665	356,161	109	54	327,997	655,993	(28,164)
Reactive and Proactive Maintenance	62,527	42,377	441,546	174	87	254,250	508,500	(187,296)
Monitoring	8,054	17,149	61,378	60	30	102,888	205,775	41,510
Consultancy	-	6,250	21,940	59	29	37,500	75,000	15,560
Insurance	5,987	5,000	30,849	103	51	30,000	60,000	(849)
Sundry	40	12,231	85,111	116	58	73,385	146,770	(11,726)
Biosolids Disposal	47,763	51,900	387,345	124	62	311,402	622,804	(75,943)
Operating & Maintenance Expenses	293,773	274,673	2,160,715	131	66	1,648,029	3,296,056	(512,686)
Financial	41,554	51,583	247,516	80	40	309,500	619,000	61,984
Depreciation	159,681	155,833	958,085	102	51	935,000	1,870,000	(23,085)
Total Expenses	495,008	482,089	3,366,316	116	58	2,892,529	5,785,056	(473,787)
Net Income	56,983	164,578	389,499	39	20	987,471	1,974,944	(597,972)

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Nelson Regional Sewerage Business Unit

Balance Sheet as at 31st December 2018

	Current	Last Month	June 2018
Equity			
Opening Equity (July)	48,867,719	48,867,719	46,966,781
Plus Net Income YTD	389,499	332,517	0
Plus Revaluation	0	0	1,900,939
Closing Equity	<u>49,257,219</u>	<u>49,200,236</u>	<u>48,867,719</u>
Contingency Reserve	100,000	100,000	100,000
	<u>49,357,219</u>	<u>49,300,236</u>	<u>48,967,719</u>
Which was Invested as follows -			
Current Assets			
Bank	19,987	10,878	621,557
Debtors	60,050	26,621	114,287
NCC Current account	81,222	239,152	0
Total Current Assets	<u>161,258</u>	<u>276,651</u>	<u>735,844</u>
Fixed Assets	63,800,312	63,858,036	64,247,645
Current Liabilities			
Creditors	(344,352)	(344,451)	(140,998)
NCC Loan	(260,000)	(490,000)	0
TDC Current Account	0	0	(731,820)
NCC Current account	0	0	(1,142,952)
Total Current Liabilities	<u>(604,352)</u>	<u>(834,451)</u>	<u>(2,015,769)</u>
Term Liabilities	(14,000,000)	(14,000,000)	(14,000,000)
Derivative Financial Instruments	0	0	0
	<u>49,357,219</u>	<u>49,300,236</u>	<u>48,967,719</u>

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