

**5.1 LEACHATE TO LANDFILL IRRIGATION BUDGET****File Number:** COU1-1400**Author:** Darren de Klerk, 3 Waters Programme Manager**Authoriser:** Monique Davidson, Chief Executive

**Attachments:**

1. C-1039 Tender Evaluation Recommendation
2. New Landfill Discharge - Resource Consent
3. HBRC Assessment of Resource Consent Application

The Council is satisfied that, pursuant to s48(1)(a)(i) of the *Local Government Act 2002*, the information to be received, discussed or considered in relation to this agenda item is:

s7(2)(b)(ii) the withholding of the information is necessary 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

s7(2)(i) the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

**PURPOSE**

The matter for consideration by the Council is to review the request for additional budget for this project to allow the project to progress, or alternatively reject the additional budget request and provide guidance on the next steps.

**RECOMMENDATION FOR CONSIDERATION**

**That having considered all matters raised in the report:**

- a) That approval is given to option one to loan fund the additional \$333,000 budget required.
- b) That the minute relating to this item be released as publicly available information following this meeting.

<b>COMPLIANCE</b>	
Significance	This matter is assessed as being of some importance
Options	<p>This report identifies and assesses the following reasonably practicable options for addressing the matter:</p> <ol style="list-style-type: none"> <li>1. Approve loan funding the additional \$333,000 budget to allow the project to be delivered.</li> <li>2. Approve the use of after-care landfill reserve to fund the additional \$333,000 to allow the project to be delivered and refund the reserve over the next 10 years.</li> <li>3. Reject the additional budget and provide further guidance on next steps</li> </ol>
Affected persons	The persons who are affected by or interested in this matter are landowners, council officers, contractors and the general public.
Recommendation	This report recommends <b>option one</b> for addressing the matter.

<b>COMPLIANCE</b>	
Long-Term Plan / Annual Plan Implications	Yes, this will have implications on annual plan 2020/21.
Significant Policy and Plan Inconsistencies	Alignment with Council's contract management and procurement policy.

## **EXECUTIVE SUMMARY**

ELT approved a procurement plan on the 07<sup>th</sup> May 2019 to take contract C-1039 to the open market. The tender was released to the market on 27<sup>th</sup> May 2019 and closed on 20<sup>th</sup> June 2019.

Council officers with our technical advisors evaluated the tender responses and identified a preferred supplier on Tues 09<sup>th</sup> July 2019.

Council received five tender responses for this contract opportunity.

A preferred supplier has been identified and this report seeks approval to re-allocate budget from other activities to allow the project to progress, and engagement of the preferred supplier via NZS3910 contract to undertake the contract works.

Through the detailed design and procurement phase, more work was completed to understand the requirements of the cell cap. This work was able to be completed for the first knowing the requirements of a new resource consent for leachate irrigation. The outcome of the work is that to meet consent conditions and for the irrigation scheme to be effective, more significant work than first thought to be able to bring this area to a point where it complies with the resource consent for irrigating onto.

The additional work required to construct and effective cell cap in line with new resource consent conditions means that an additional \$333,000 is requested to proceed with the project.

A separate tender evaluation recommendation report has been approved to award the contract to the preferred supplier subject to pre-conditions including budget availability.

## **BACKGROUND**

The existing leachate storage pond at the site is currently not operational after a rupture of the liner occurred some years ago. Leachate is currently extracted for tankering from a manhole just upstream of the old pond.

The current total operating area of Phase 2 of the landfill is 31,400 m<sup>2</sup>. The southern portion of Phase 2 has not yet been used for refuse filling. When opened, this will add an additional 4,600 m<sup>2</sup> of liner area, giving a total footprint of 36,000 m<sup>2</sup>, a 15% increase compared with the current area.

Leachate is currently tankered to the Waipukurau Wastewater Treatment Plant and CHBDC wishes to replace this means of disposal with on-site disposal via irrigation to a capped cell.

The existing leachate storage pond at the site is currently not operational after a rupture of the liner occurred some years ago. Leachate is currently extracted for tankering from a manhole adjacent to the old pond. The leachate is then being transferred by tanker to the Waipukurau WWTP, where it is introduced into the WWTP.

There is cause to believe the leachate is having a negative effect on the WWTPs and the treatment process. BECA have undertaken an assessment, but the information is not conclusive due to lack of data available, the records available indicate to a correlation in ammonia levels at the WWTP.

This project is historic, and correspondence tracks back almost ten years with a first concept design for leachate irrigation prepared in 2011.

The overall proposal for leachate irrigation is that leachate will be collected at the base of the landfill and pumped back for irrigation on completed landfill cap areas. Some storage will be required for times when irrigation is not possible (such as heavy rain events). Irrigation is proposed only to areas of completed landfill cap so that any soakage through the cap will pass through the placed refuse to the liner and the existing leachate system and avoid additional discharges to the environment. No discharges are proposed to natural ground off the landfill footprint.

The project has been allocated a budget in year one of the Long Term Plan (LTP). Following detailed design and eh procurement process, the budget has been identified as insufficient to undertake and complete the project.

Outlined below are the projected costs to deliver the project. Solid Waste and Project Delivery Officers have worked with the finance team and additional budget has been identified as available within the solid waste budgets but even after utilising these available funds there is still a shortfall for the project. This is highlighted in further detail in option one. The shortfall of budget still required is approx. \$333,000.

#### Forecasted project costs;

Activity	Current Budget	Project Costs
Design		\$ 58,000.00
Resource Consent		\$ 20,000.00
Construction - Pond/ Irrigation	\$ 359,519.00	\$ 355,171.00
Construction - Cap	\$ 80,000.00	\$ 292,080.00
Day works (Provisional)		\$ 13,010.00
Contingency (10%)		\$ 66,026.10
MSQA - Supervision		\$ 56,900.00
Glass Shifting		\$ 10,000.00
Land		\$ 5,000.00
<b>Total ex GST</b>	<b>\$ 439,519.00</b>	<b>\$ 876,187.10</b>

#### Additional budget requirements/ funding;

Activity	Current Budget	Project ID
Construction - Pond/ Irrigation	\$ 359,519.00	SW18LandLeach
Construction - Cap	\$ 80,000.00	SW19LandCapping
<b>Total ex GST</b>	<b>\$ 439,519.00</b>	
<b>Variation to Current Budget</b>	<b>-\$ 436,668.10</b>	
	<b>Additional Proposed Budget</b>	
Solid Waste 18/19 Rates	\$ 32,914.00	
Solid Waste Carry Forwards 17/18 Unallocated	\$ 70,897.00	
Option 1 (Loan) or Option 2 (After Care)	\$ 332,857.10	
<b>Total Additional Budget</b>	<b>\$ 436,668.10</b>	
<b>Revised Budget + Additional Budget</b>	<b>\$ 876,187.10</b>	

A resource consent has been granted by the Hawkes Bay Regional Council. The amended and updated consent will allow these works to proceed.

## DESIGN THEORY

With the opening of the southern portion of Phase 2 it could be expected that leachate quantities would increase by 15%.

However, with improved management practices on the Phase 2 fill area it could be expected that leachate generation would decrease. Therefore, for design purposes we have looked at the two years of data available, without increasing the leachate flow for the increased landfill area. (Phase 2 fill area is 4,600 m<sup>2</sup> currently contributing 100 % of rainfall to leachate. If the open area was reduced to 1,000 m<sup>2</sup> and the remaining area contributed 15% of rainfall to leachate the leachate flow would reduce by approximately 6.5 m<sup>3</sup>/d on average.

A 15 % growth of the 2016/17 average of 29 m<sup>3</sup>/d equates to 4.4 m<sup>3</sup>/d, therefore the assumption of not increasing the flow for the increase in area is conservative.)

As subsequent phases of the landfill are opened additional leachate will be generated. It is anticipated that additional cap area would be available for leachate irrigation at that time to accommodate this increase in flow.

**Irrigation** is proposed to occur on capped and grassed sections of the landfill. Initially this will be on completed Phase 1 areas.

Irrigation of leachate needs to occur in such a way that there is no surface runoff and that leachate does not enter surface water drains. Therefore, we propose that irrigation does not occur closer than 10m from any surface drain to avoid spray drift into the drains, and to minimise the potential for direct overland flow of leachate to the drain. This will also provide a buffer between the irrigated area and the drain for any possible “flushing” of the surface at the start of a heavy rainfall.

The resource consent for the landfill requires that:

“The landfill shall be permanently capped by a layer of compacted site materials at least 900 mm thick and having a permeability in the range of  $1 \times 10^{-7}$  to  $1 \times 10^{-9}$  m/s and a topsoil layer of 100 mm minimum thickness, or to an equivalent standard.”

The upper flat area of Phase 1 will need to be filled uniformly to approximately the highest level of fill already placed in this area (approximately RL212 m) The surface should be finished at a slope not flatter than approximately 1V:10H, graded to the site stormwater collection system. Filling to the required level would be achieved by the operator placing incoming waste. In intermediate cap of 600 mm thickness should be compacted in place above the waste and covered with topsoil to allow establishment of grass.

For leachate irrigation to a **landfill cap** we have adopted an irrigation rate of 3 mm/d. This is based generally on the rates used for on-site disposal of wastewater (AS/NZS 1547), practice adopted for similar schemes elsewhere in NZ and particularly experience at Omarunui Landfill in neighbouring Hastings District.

To irrigate all of the 10,635 m<sup>3</sup> of leachate generated in 2016/17 at 3 mm/d would require a minimum area of 0.95 ha, which is slightly bigger than the sloping face of Phase 1. However, it will not be possible to irrigate on every day of the year and typically irrigation will need to stop during and after heavy rainfall, and during high wind conditions, to avoid runoff and excessive spray drift. Experience at Omarunui Landfill has shown that as little as 40% of the maximum irrigation potential is achievable during some of the wetter winter months. Leachate must be stored during periods when irrigation is not possible and a catch-up period is required to irrigate stored leachate. Therefore, an irrigation area much greater than the minimum 0.95 ha is required. The maximum area currently available is 1.2 ha and we consider that all of this area needs to be used – and more when it is available.

Leachate has a high salt content and high colour. The irrigated area is likely to be stained a brown colour and continuous or excessive irrigation in one area will kill the grass. Typically, leachate would be applied at a high rate over a small area on any one day, and the area rested. For example, irrigation may occur at 21 mm/d over one seventh of the area and the area rested for the next 6 days while the leachate is applied to other areas of the site before returning. The actual operating regime would need to be determined on a site specific basis to suit the drainage characteristics of the site and to suit particular staffing arrangements for moving the irrigation area.

We have undertaken analyses of monthly leachate generation vs irrigation potential to determine the volume of storage required for the operation of the system. The calculations are based on an irrigation area of 1.2 ha. We have reduced the irrigation potential during wetter months.

For 2016/17 leachate flows and the most conservative leachate irrigation potential, the required storage volume to discharge all of the leachate is 2,100 m<sup>3</sup>. This is reduced to 1,900 m<sup>3</sup> for the less conservative leachate irrigation potential and to 1,800 m<sup>3</sup> for 2017/18 flows and the most conservative leachate irrigation potential. If a smaller volume of storage was provided the system may function adequately during dry years but there would be surplus leachate during average and wet years.

For example, if 1,000 m<sup>3</sup> of storage was provided, there would have been in the order of 1,900 m<sup>3</sup> of leachate during 2016/17 that would have needed to be disposed of by alternative means.

Because the system is highly weather dependent it will be necessary to have contingency measures in place for when the storage pond/tank is full and leachate irrigation is not possible.

## **BUDGET and ADDITIONAL COSTS**

Budget was originally set at \$183,600 to complete the leachate pond and irrigation component of this project. The budget was increased to \$439,000 in FY17/18, including \$80,000 for the work required to improve the cap to be irrigated on.

Following an options assessment where officers reviewed the critical storage options, officers refined the storage to a leachate pond onsite rather than a storage reservoir or tank on site.

The size of the storage pond was factored to allow that the system may function adequately during dry years but there would be surplus leachate during average and wet years.

Following this piece of work, the investigation and design turned to reviewing the cap on which the leachate would be irrigated onto, as outlined in the design theory this was the largely unknown factor, and therefore uncertainty to what extent cap has been placed on the existing Phase 1 slope.

Investigation work was required across the Phase 1 area to determine the thickness and quality of the existing capping layers. Importantly, this work was able to be completed in line with the now-known resource consent conditions. The outcome of the work is that to meet consent conditions and for the irrigation scheme to be effective, more significant work than first thought to be able to bring this area to a point where it complies with the resource consent for irrigating onto. In addition, the use of local slip material is not easy to access, and works are required to test the quality of the fill and form access roads to access the material.

The additional work required to construct an effective cell cap in line with new resource consent conditions means that an additional \$333,000 is requested to proceed with the project.

## **PROJECT JUSTIFICATIONS**

Work has been completed externally by BECA to understand the affect the leachate currently has on the wastewater treatment ponds, an excerpt from a report published by BECA on the effect of leachate on the wastewater ponds

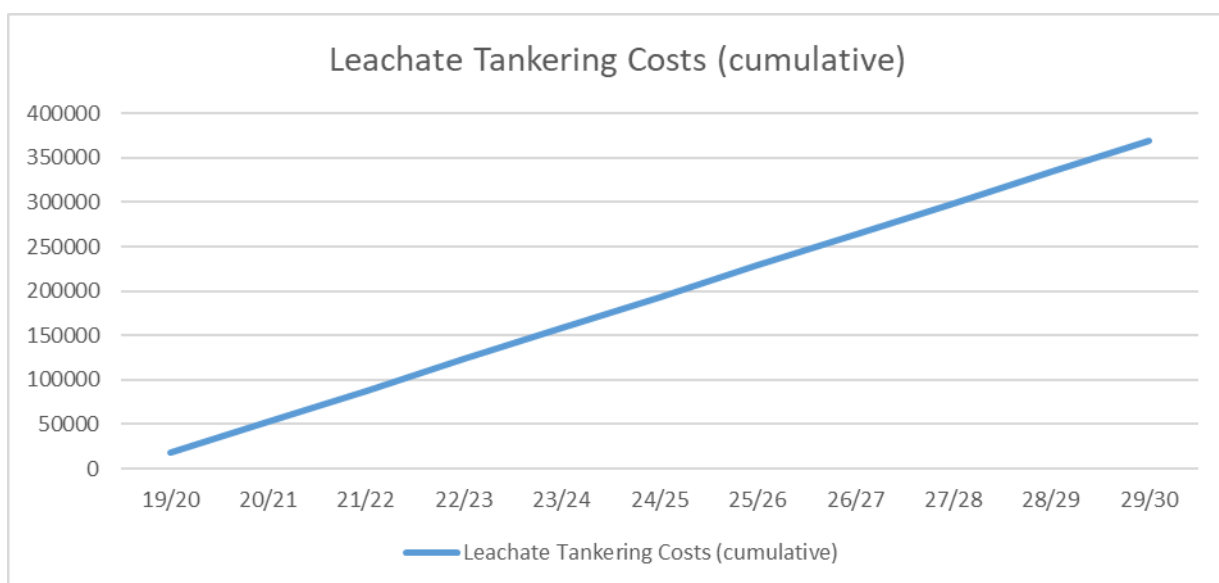
*“While the average Ammoniacal nitrogen loads remain elevated until August 2018, there is a significant peak over the period leachate was being discharged. This is particularly notable as the peak is over the summer months when warmer temperatures generally mean ponds have more capacity for nitrification.”*

*“Before November 2016, ammoniacal nitrogen concentrations in the discharge (Figure 5-3) varied between 40 and 60 g/m<sup>3</sup>. From December 2016 onwards, approximately four months after leachate disposal began, ammoniacal nitrogen levels rose and fluctuated between 50 and 120 kg/d. The pause in leachate discharge at Waipukurau between May 2017 and April 2018 aligns with a drop in ammoniacal nitrogen load between July 2017 and January 2018.”*

These two statements give cause to believe the leachate discharge to the landfill is having an increased impact on ammoniacal nitrogen levels.

Furthermore, following council request, the landfill contractor Higgins, have provided council with an estimated cost for the management of the leachate via tankering and disposing to the wastewater treatment ponds, the annual cost of undertaking this is in the vicinity of \$35,000.00.

The landfill currently has a resource consent through to 31 May 2030, based on the information above, if the leachate continued to be transported and disposed of at the wastewater ponds, the costs would be expected to be approx. \$370-385,000 over the next 11 years.



This doesn't take into account, the additional (but difficult to quantify) expenditure required at the wastewater ponds to manage the ammonia levels.

Additionally, there is an element of risk that the proposed new treatment plants may not cater well for leachate influent, and the removal of leachate be required as part of the progress of the wastewater plant upgrades.

This information provides officers with sound reasoning to progress the business case for the project to irrigate leachate back onto the landfill.

## **SIGNIFICANCE AND ENGAGEMENT**

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of some importance. This decision will support Central Hawkes Bay District Council in meeting its Long Term Plan objectives and delivering on a key project within the landfill and within the Solid Waste Activity.

## **OPTIONS**

**Option 1 Approve loan funding the additional \$333,000 budget to allow the project to be delivered.**

**a) Financial and Resourcing Implications**

### Resourcing Implications

The project will be technically supervised externally, due to the technical nature of the project and the lack of engineering resource within council. The contract administration and project managed internally by council's programme manager.

Resourcing of a contractor has been identified through the procurement process, and the contractor has provided a programme to deliver the project by December 2019.

### Financial Implications

Progressing the project as per option one will require sourcing additional budget to the value of \$436,387.00 to complete the project to the scope and design outlined within the tender document, designs and responses from suppliers.

Following review of budgets available and discussion with the CHBDC finance team, council officers propose to re-allocate budget from the following activities to this project to allow the project to be delivered to scope and specifications.

	Additional Budget
Loan Funding	\$ 332,857.10
Solid Waste Carry Forwards 18/19	\$ 32,914.00
Solid Waste Carry Forwards 17/18	\$ 70,897.00
<b>Total Additional Budget</b>	<b>\$ 436,668.10</b>
<b>Revised Budget + Additional Budget</b>	<b>\$ 876,187.10</b>

Officers provide commentary below on the effect on each of these activities when re-allocating budgets to this project.

#### Loan Funding

Loan Funding the \$333,000 will result in an increase in rates through next year's annual plan.

This increase is against the general rate and has been calculated as follows;

Activity	Amount	Repayment Term	Interest and Principal
General Rate	\$333,000	20 years	\$25,588 per year

#### Landfill External Sales

Officers have identified within the solid waste balance sheet external sales derived from landfill activity of approx. \$144,000. Utilising this funding to offset the leachate project budget increase was carefully considered. It was decided instead to utilise the additional landfill income to offset increases in operational costs of the solid waste activity that will be presented to Council and the Finance and Planning Committee in August. Officers considered it most appropriate to utilise the available additional income to offset direct operational costs as Council leads into a full Section 17(a) review of the solid waste activity later in 2019. This review will focus in part on a discussion about the future income streams available to Council from the landfill.

#### Solid Waste Carry Forwards (17/18 and prior)

Council currently has carry forwards of \$70,897 available and unallocated to any specific works that is available to be re-allocated to this project.

The solid waste manager has confirmed that no projects are earmarked to be completed with these funds.

**Solid Waste Rates (18/19)**

Council expects to have rates of \$32,914.00 available to be re-allocated to the project from other Minor Renewals money not spent in 2018-19.

The Solid Waste Manager has confirmed that these figures are true and accurate and are not allocated to other works.

**b) Risk Analysis**

A thorough risk analysis has been undertaken during the design phase, council staff will upon approval of the budget and procurement steps, shift to preparing a risk register for the construction of this project.

In accordance with council’s risk framework – the project escalates as a risk in accordance with the Asset and Project Management section.

Below is a risk assessment undertaken to highlight the level of reporting and approval for the decision making required.

The risk assessment has determined that the project as it stands currently with the budget available has a consequence of MAJOR, due to the ‘cost being significantly outside of project budget allocation by greater than \$100,000’ as per the risk management framework.

The likelihood of this occurring has been deemed as 5 – ALMOST CERTAIN, due to the costs returned from the contract market confirming the costs being in excess of the original project budget.

Below the risk has been transferred to the table that provides a guideline to the response required.

The table below provides a guideline to the responses that should be made within each band of residual risk scores.

Risk	Actions
Low	Examine where un-needed action can be reduced, Advisory to Line Manager
Moderate	Managed by routine procedures, Advisory to Line Manager
Low	Managed by routine procedures, Advisory to Line Manager
Moderate	Managed by Group Manager and Advisory to Leadership Team
Significant	Managed by Group Manger and Advisory to Chief Executive
Significant	Managed by Group Manager and Immediate Advisory to Chief Executive & Leadership Team for review and action
High	Chief Executive & Leadership Team attention to review and manage risk and to report to next Risk & Audit Committee
Extreme	Chief Executive immediate action required to reduce risk Immediate Advisory to and consultation with Chair & Deputy Chair of Risk & Audit Committee with subsequent reporting to the Committee

Significant to Extreme levels of Residual Risk will require management actions or solutions that should be programmed into Annual Business Plans to ensure the level of risk is reduced where deemed appropriate.

This is the residual risk at 20 - Extreme, below is the proposed controls to be introduced to mitigate the risk to an acceptable inherent level.

As outlined with the attached risk register, following the re-allocation of budgets the

Risk No	Risk Description	Objectives	Causes	Consequences	Risk Owner	Initial (Inherent) Risk Assessment			Controls	Effectiveness of Controls	Revised (Current) Risk Assessment			Risk Assessment
						Consequence	Likelihood	Inherent Risk			Consequence	Likelihood	Current Risk	
1	Item 5.1 <u>Leachate to Land</u> Cost overruns of project budget for Leachate to Landfill Irrigation Project	A prosperous district Environmentally responsible Smart growth	Contract market Under investment in landfill Environmental implications from leachate into WWTP Poor project management/ decision making	Continued discharge of leachate to WWTP Redundant asset at landfill in ruptured pond Waste of budget spent to date to design and take project to market Prosecution of Council and of council staff. Continued under investment and deferral of projects	3 Waters Programme Manager	Major	Nmost Certain	Extreme	Re-allocate budget from other solid waste and wastewater activities Regular financial monitoring and reporting throughout project Relationship with suppliers Financial transparency with suppliers Smart design and project management	The controls in place are considered appropriate and in line with national norms. Council however acknowledge a need to continually improve, this is highlighted through prompt decision making, and scoping of projects.	Major	Unlikely	Moderate amber	Treat



risk is reduced to an 8 – Moderately Amber.

Treatment following the controls is proposed to report regularly, and implement tight financial controls on the project.

Below in the financial implication section, the proposed additional budget is outlined, an additional justification is inserted to provide explanation on the effect of re-allocating budget from these activities, and the effect this may have on those budgets.

Notably the effect on each individual ratepayer is minimal due to the loan being calculated against the general rate.

**c) Statutory Responsibilities**

Resource consent amendments are underway and align with the statutory responsibilities under the Resource Management Act.

**d) Consistency with Policies and Plans**

This approach complies with our risk framework, and procurement and contract management policy.

**e) Participation by Māori**

Not applicable

**f) Community Views and Preferences**

The project aligns with Project Thrive, and was signalled within the 2018-28 LTP as a project to be delivered under the solid waste activity.

The communication will predominantly be focussed with the landowners of the landfill and the adjacent property, collaboration will be required with the current landfill contract – Higgins.

No major community views, but general communication will be key on this project.

**g) Advantages and Disadvantages**

There are a number of key **advantages** to delivering this project, outlined below;

- Not delaying the project any longer
- Removal of leachate from wastewater ponds – to improve WWTP performance
- Reduction in OPEX costs resulting in tankering
- Improving the Cap on phase 1
- Ability to meet the new resource consent conditions

The additional budget requiring an increase of rates at annual plan 2020/21 is a **disadvantage** of progressing this project.

**Option 2 Approve the use of after-care landfill reserves to fund the additional \$333,000 to allow the project to be delivered and refund the reserves over the following 10 years from rates**

**a) Financial and Resourcing Implications**

**Resourcing Implications**

The project will be technically supervised externally, due to the technical nature of the project and the lack of engineering resource within council. The contract administration and project managed internally by council's programme manager.

Resourcing of a contractor has been identified through the procurement process, and the contractor has provided a programme to deliver the project by December 2019.

**Financial Implications**

Progressing the project as per option one will require sourcing additional budget to the value of \$436,387.00 to complete the project to the scope and design outlined within the tender document, designs and responses from suppliers.

Following review of budgets available and discussion with the CHBDC finance team, council officers propose to re-allocate budget from the following activities to this project to allow the project to be delivered to scope and specifications.

	Additional Budget
Solid Waste Carry Forwards 18/19	\$ 32,914.00
Solid Waste Carry Forwards 17/18	\$ 70,897.00
After Care Funds	\$ 332,857.10
<b>Total Additional Budget</b>	<b>\$ 436,668.10</b>
<b>Revised Budget + Additional Budget</b>	<b>\$ 876,187.10</b>

Officers provide commentary below on the effect on each of these activities when re-allocating budgets to this project.

**After Care Funds**

Withdrawing \$333,000 from the Landfill After care funds will result in a reduction of the funds from \$487,863 at the end of FY 18/19 to \$154,863.

The landfill currently has a resource consent to 2030\*, and the aftercare provisions, are accrued to provide for the management of the landfill for 30 years post closure.

The expected costs of managing the closed landfill is \$2.8m.

Council will need to accrue the remaining \$2.2-\$2.5m over the next 10 years, at a rate of approx. \$220,000 per year to meet the required \$2.8m amount required to manage the closed landfill.

If this can be substantiated it does lessen the amount required to be accrued over the immediate 10 years.

To refund the reserve an increase in the general rate and has been calculated as follows;

Activity	Amount	Repayment Term	Interest and Principal
General Rate	\$333,000	10 years	\$33,300 per year

\* Council is investigating the expected life of the landfill, and does believe the landfill does have a lifespan longer than the current 2030 date.

**Landfill External Sales**

Officers have identified within the solid waste balance sheet external sales derived from landfill activity of approx. \$144,000. Utilising this funding to offset the leachate project budget increase was carefully considered. It was decided instead to utilise the additional landfill income to offset increases in operational costs of the solid waste activity that will be presented to Council and the Finance and Planning Committee in August. Officers considered it most appropriate to utilise the available additional income to offset direct operational costs as Council leads into a full Section 17(a) review of the solid waste activity later in 2019. This review will focus in part on a discussion about the future income streams available to Council from the landfill.

**Solid Waste Carry Forwards (17/18 and prior)**

Council currently has carry forwards of \$70,897 available and unallocated to any specific works that is available to be re-allocated to this project.

The solid waste manager has confirmed that no projects are earmarked to be completed with these funds.

**Solid Waste Rates (18/19)**

Council expects to have rates of \$32,914.00 available to be re-allocated to the project from other Minor Renewals money not spent in 2018-19.

The Solid Waste Manager has confirmed that these figures are true and accurate and are not allocated to other works.

**b) Risk Analysis**

A thorough risk analysis has been undertaken during the design phase, council staff will upon approval of the budget and procurement steps, shift to preparing a risk register for the construction of this project.

In accordance with council's risk framework – the project escalates as a risk in accordance with the Asset and Project Management section.

Above in the financial implication section, the proposed additional budget is outlined, an additional justification is inserted to provide explanation on the effect of re-allocating budget from these activities, and the effect this may have on those budgets.

The use of after care funds does present a risk in the ability to call on after care funds after 2030 as required, currently council is behind its expected accrual to prepare for the management of a closed landfill in 2030.

Officers consider that while the risk is real, it can be managed and will be thoroughly incorporated into the planned Section 17(a) review of the activity. The review will allow Council to re-plan for the whole of life costs of the landfill.

**c) Promotion or Achievement of Community Outcomes**

The project aligns with Project Thrive, and was signalled within the 2018-28 LTP as a project to be delivered under the solid waste activity.

The communication will predominantly be focussed with the landowners of the landfill and the adjacent property, collaboration will be required with the current landfill contract – Higgins.

No major community views, but general communication will be key on this project.

**d) Statutory Responsibilities**

Resource consent amendments are underway and align with the statutory responsibilities under the Resource Management Act.

**e) Consistency with Policies and Plans**

This approach complies with our risk framework, and procurement and contract management policy.

**f) Participation by Māori**

Not applicable

**g) Community Views and Preferences**

There may be negative community views, if deemed to be using future after-care funds to pay for a capital asset now, and future rate-payers need to pay a greater amount due to the need to accrue a greater amount for management of when the landfill closes. These potential negative may be offset by acceptance and support for avoiding a rates increase to repay loans.

**h) Advantages and Disadvantages**

There are a number of key **advantages** to delivering this project, outlined below;

- Not delaying the project any longer
- Removal of leachate from wastewater ponds – to improve WWTP performance
- Reduction in OPEX costs resulting in tankering
- Improving the Cap on phase 1

The additional budget is a **disadvantage** of progressing this project, and furthermore the need to use after care provisions to pay for this additional work.

**Option 3 Reject the additional budget, provide further guidance on next steps**

This option proposes to abandon this procurement opportunity, and advise all tenderers that due to fiscal constraints, Council has decided to not progress with this project at this time. Officers will be requesting guidance from the Council on the next steps if this option was to be approved.

**a) Financial and Resourcing Implications**

Minimal resourcing implications if this option is approved, resource will need to be re-introduced if the project was to progress in the future.

Additional costs related to re-tendering and wasted cost in the current process.

It is unlikely another procurement approach could achieve the promotion or achievement of community outcomes to the same extent as the recommended option.

It is believed that delaying the project may mean a higher cost returned from the market in future years.

Council officers have discussed a reduced design scope with the designers, but following robust discussion the only deviation from our current scope is as outlined within Option two above, and this a short term measure only.

**b) Risk Analysis**

As outlined by the options above, the continued disposal of leachate to the landfill comes at an ongoing operational cost of approx. \$36,000 per annum, and ongoing detrimental effect to the wastewater pond in Waipukurau.

Cost has been incurred to date in the design and procurement, and council risks losing the value identified in these activities if the procurement and project is abandoned.

Some risk lies in the resource consent; Council has received an amended landfill resource consent to allow the leachate to be irrigated onto the landfill rather than disposed into the WWTP.

Not actioning the project could have adverse effects on this process, and cost or reputational risk may be incurred by council to correct and comply with the resource consent.

**c) Promotion or Achievement of Community Outcomes**

The lack of progress on this project, may be perceived to be misaligned with the intention of the LTP and this project within the solid waste activity.

Further risk lies in delaying this project again, giving its stop start nature over the last decade.

Progressing the project will be seen as contributing to the performance and improvements of the WWTP in Waipukurau, not progressing the project may be seen as lack of action in particular by Regional Council who are currently processing a resource consent amendment to allow this project to progress.

The planners report referred to as the s42 report attached makes reference to the positive influence of removing the leachate from the wastewater system.

**d) Statutory Responsibilities**

Some risk here due to the new resource consent received from the Hawke's Bay Regional Council to irrigate leachate to the landfill.

**e) Consistency with Policies and Plans**

This option is not consistent with the procurement plan adopted by ELT, and will involve council officers advising all tenderers the procurement is not progressing due to budget.

**f) Participation by Māori**

Not applicable

**g) Advantages and Disadvantages**

Many **disadvantages** on this option,

If the project were to be undertaken in the future council will be required to completely 'restart' the procurement process requiring existing resource to be re-allocated to a new procurement. Unless the procurement approach is significantly modified, the same outcome would likely result.

The project has been in motion for approx. 10 years, and this delay will further impact the project delivery.

Operational costs related to leachate tankering will continue to be incurred.

Not complying with the resource consent very recently issued.

Expenditure to date on the design, resource consent and material analysis would be redundant.

No budget expenditure at this moment is a short term **advantage** of this option.

## RECOMMENDATION

Following the financial implications outlined within the proposed budget reallocation, the justification to deliver the project, and the advantages and disadvantages, officers are confident that **Option One** is the best course of action for the future of this project and is progress towards improving the compliance of the Waipukurau Wastewater ponds and the long term future of the landfill.

This option does have an effect on the rate payer in Annual Plan 2020/21, but is perceived as a better option to that of utilising the after care funds which council is required to accrue for management of the landfill once closed, and the use of this fund will mean that council will need to increase the provisions assigned in future years.

### Recommended Option

This report recommends **Option One - Approve loan funding the additional \$333,000 budget to allow the project to be delivered** for addressing the matter.

## NEXT STEPS

- Successful supplier advised, progress negotiation towards contract award, and construction commencing.
- Letters sent to the unsuccessful parties as outlined within the evaluation reports, debriefs undertaken after contract award to successful party.
- Budget arranged to be re-allocated from relevant activities with the finance team.
- Public advised via media release after contract signed and awarded of project commencement.

## RECOMMENDATION FOR CONSIDERATION

That having considered all matters raised in the report:

- a) That approval is given to option one to loan fund the additional \$333,000 budget required.
- b) That the minute relating to this item be released as publicly available information following this meeting.