

Councillor Questions and Answers

Pūroro Waihanga | Infrastructure Committee meeting of 23 June 2021

The following questions were received from Councillors regarding items on the agenda of the Pūroro Waihanga | Infrastructure Committee meeting of 23 June 2021.

Item 2.1 Te Ngākau General Update

1. What procurement lessons has the Council learned from the initial refusal to consider VD for central library?

The Council did not refuse to consider viscous dampers. This is a technical engineering matter rather than a procurement matter. Viscous dampers were considered as part of the review of engineering options for the Central Library. The view of the independent expert engineering panel at that time (and as conveyed by them at the Council briefing) was that viscous dampers would not provide the levels of resilience required by Council compared to a base isolated scheme.

A local engineering firm is advocating for an alternative structural scheme using viscous dampers which they assert would provide a similar level of resilience to a base isolation scheme at significantly lower costs and in a shorter time frame. They state this innovative approach would be delivered by using their specific design and intellectual property.

This view differs from the view of the panel of engineering experts who initially reviewed the options for structural solution but given the firm's stated potential for significant savings it is prudent to either confirm or rule out its viability. We have now structured the process to provide the firm with an opportunity to demonstrate whether their scheme can deliver the stated benefits. This includes an independent peer review process to assess their scheme.

2. Is the work on the agreed base isolation solution progressing quickly enough for relevant contracts to be signed on 1 July which was the basis of doing the consultation last year and is the previously agreed timeframe?

While we work through the viscous damper (VD) design option we are continuing the procurement processes to secure the design teams including a structural engineer. The new VD option has complicated the process to secure the structural engineer for the project, however we are working on two pathways. One pathway assumes a new VD scheme would not deliver the stated benefits. The second pathway allows for the appointment of structural engineer to be re-considered should the VD scheme be proven to be viable and deliver similar levels of resilience as base isolation at a significantly lower cost. In both cases, we are continuing to work towards the agreed timeframes, noting that there is a significant amount of work required to complete this project.

Item 2.2 Sludge Minimisation

1. (WWL) What discussions have been had with Wellington airport re purchasing land for the proposed new plant?

Wellington Water Limited (WWL) has engaged with Wellington International Airport Limited (WIAL) and is currently developing a Property Acquisition Strategy.

2. (WCC) What models are being considered for governance and has this work begun?

We are working on a commercial framework with Crown-owned company Crown Infrastructure Partners (CIP). We intend to brief the Finance and Performance Committee on progress on Thursday 16 September. While details are to be worked through, and assuming the Infrastructure Funding and Financing Act 2020 (IFF) option proceeds, the governance arrangements are likely to change over time, as we move from the setup phase, into the construction phase and the 'live' phase. The key issue with governance is likely to be the establishment and management of the special purpose vehicle (SPV), and we are not yet firm on how this will land, but we are working on it.

3. (WCC) What information do we have about how Crown Infrastructure Partners are likely to approach their relationship with the owners of Wellington Water?

As answered in Question 3, we are still in detailed discussion with CIP around the commercial framework, with input from WWL. We are aware that we will need clear lines of accountability and escalation pathways, and we are looking at this in detail.

4. (WWL) What are the risks to obtaining more electricity generation in the options in the geographical vicinity of the proposed new plant at Moa Point? Who has advised on this? How confident are we with the advice?

High level calculations were undertaken during the concept design stage to identify the potential for excess heat and electricity generation from the proposed new plant. Priority will be placed on generating heat to sustainably operate the sludge treatment process so that it is less reliant on fossil fuels for this purpose. The ability to, or degree to which we can generate electricity on site, will be highly dependent on the final configuration design. Initial discussions have been held with Wellington Electricity who have indicated that there may be capacity within the existing network in the vicinity of Moa Point, however this will need to be confirmed with their Network Asset Team once the electrical demand for the new facility is known.

5. (from WWL) What lessons have been learned from the Omāroro cost increases and how are these being applied here?

Several lessons have been learned and are being applied here:

- a. Reminder that early estimates are for the purpose of comparing this option with the other options on the table. Therefore, the estimate in front of you is an indication of cost only.

- b. The first good estimate will come when we complete scoping the project over the next 6 months, at that stage we should know the full extent of the work (example is whether the decommissioning of the landfill equipment is in scope), any resource consent requirements, cost of the land acquisition – and many other variables. At that stage, we will develop a level 3 estimate
- c. The third stage is the engagement with the suppliers, and that will give us the best indication of what the market will price
- d. Council should also be very aware of the high construction inflation costs in the New Zealand market. We have had indications of 10-20% uplift since October. Other sectors are reporting as much as 30%

- 6. (from WWL) What potential exists in this project social procurement including favouring New Zealand contractors and the living wage?

This technology is only available from overseas, and we want the best project suppliers, so we are likely to use a mix of international experts in the technology, with our local panel contractors for pipework and earthworks. While this is yet to be confirmed, it will likely be a requirement of the contract that the living wage is paid to all workers and subcontractors, as well as other social requirements such as training and diversity.