

31 July 2014



# WASTEWATER TREATMENT PLANT AND LANDFILL JOINT COMMITTEE

*A Joint Committee of the Porirua and Wellington City Councils*

***Notice is hereby given that, commencing at 1.00pm on TUESDAY 5 AUGUST 2014, a meeting of the WASTEWATER TREATMENT PLANT AND LANDFILL JOINT COMMITTEE will be held in the PORIRUA CITY COUNCIL CHAMBER, ADMINISTRATION BUILDING, HAGLEY STREET, PORIRUA CITY, to conduct the business set out as under.***

## TERMS OF REFERENCE

*To provide governance for the joint services entered into by the Porirua and Wellington City Councils through the joint venture agreements for the Wastewater Treatment Plant and the Spicer Valley Landfill and associated land.*

## MEMBERSHIP

### **Porirua City Council:**

Cr T M Sheppard (Chairperson)

Cr A M Coffey

Cr B E Kropp

### **Wellington City Council:**

Cr M Sparrow (Deputy Chairperson)

Gary Simpson  
CHIEF EXECUTIVE



## SCOPE OF ACTIVITY

*To consider and make recommendations to both Councils regarding:*

- 1. Overview, input and policy formulation in the areas of management of the Spicer Valley joint landfill operation, and the Wastewater Treatment Plant, as set out in the joint venture agreements, entered into by both Councils, including development of Trade Waste Bylaws.*
- 2. Proposals for infrastructural development relating to the joint ventures*
- 3. New initiatives relating to the joint ventures*
- 4. The land associated with the Treatment Plant and landfill that provides a buffer zone between this infrastructure and the privately owned land. This refers to the reserve land around the treatment plant and landfill including the land known as Spicer Forest and Spicer Botanical Forest.*
- 5. The budget for operation of the joint ventures for inclusion in the Councils' Annual Plans / Long Term Council Community Plans*
- 6. Receipt of the Annual Report of the joint ventures for inclusion in the Councils' Annual Reports*
- 7. Any proposed service changes*

## POWER TO ACT

*The powers of the Joint Standing Committee as described in the Deed Relating to Joint Works dated 22 December 1986 and the powers of the Joint Committee as described in the Agreement Relating to Joint Refuse Disposal Works dated 2 May 1983*

*Setting of fees and charges related to the operation of the Spicer Valley Landfill and recommending the basis for charging for trade wastes at the Wastewater Treatment Plant*

*Decisions on acceptance of wastes into the Spicer Valley Landfill and Wastewater Treatment Plant*

# ORDER OF BUSINESS

PAGE

**1. APOLOGIES**

**2. CONFLICT OF INTEREST**

*The Chairperson invites notice from members of:*

- 1. Any interests that may create a conflict with their role as an elected member relating to the agenda item(s) for the meeting; and*
- 2. Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968.*

**3. NOTIFICATION OF GENERAL BUSINESS ITEMS (STANDING ORDERS 152 AND 153)**

*Items of General Business at committee meetings should be conveyed to the Chairperson or called for by the Chairperson prior to undertaking the business on the agenda. Matters of General Business arising during the course of the debate should only be considered with the consent of the meeting.*

*Minor items not on the agenda may be discussed at a committee meeting. Where an item is not on the agenda for a meeting, that item may be discussed at that meeting if:*

- a) that item is a minor matter relating to the general business of the Council and within the terms of reference of the committee; and*
- b) the Chairperson explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; and*
- c) No resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting for further discussion.*

**4. CONFIRMATION OF MINUTES**

6

Meeting held 6 May 2014.

CHAIRPERSON'S RECOMMENDATION

*That the minutes be adopted as a true and correct record.*

## **5. ITEMS FOR DECISION**

### **5.1. SPICER STORMWATER MANAGEMENT REVIEW**

8

Report #999637 of the General Manager Asset Management and Operations dated 23 June 2014.

#### **CHAIRPERSON'S RECOMMENDATION**

*That the Wastewater Treatment Plant and Landfill Joint Committee recommend:*

- 1. That Porirua City Council agree to spend up to \$725,000+GST on landfill stormwater improvements in 2014/15 and 2015/16.*
- 2. That Wellington City Council agree that Porirua City Council spends up to \$725,000 +GST on landfill stormwater improvements in 2014/15 and 2015/16.*

## **6. GENERAL BUSINESS**

## **7. PUBLIC EXCLUDED BUSINESS**

#### **COUNCIL TO RESOLVE**

*That the public be excluded from the following parts of the proceedings of this meeting, namely:*

- a) Poly Palace – Proposed Payments for Services*
- b) Trash Palace – Proposed Oranga Relocation*

*That 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:*

<i>General subject of each matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Grounds under Section 48(1) for the passing of this resolution</i>
(a) <i>Poly Palace – Proposed Payments for Services</i>	<i>Section 7(2)(h) — Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</i>	<i>The public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.</i>
(b) <i>Trash Palace – Proposed Oranga Relocation</i>	<i>Section 7(2)(h) — Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities</i>	<i>The public conduct of the relevant part of the proceedings would be likely to result in a disclosure of information for which good reason for withholding that information would exist, under Section 7 of the Local Government Official Information and Meetings Act 1987.</i>

*This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interests protected by Section 6 or Section 7 of the Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as specified above.*

# WASTEWATER TREATMENT PLANT AND LANDFILL JOINT COMMITTEE

*Minutes of Joint Committee meeting held in the Council Chambers, Administration Building, Hagley Street, Porirua on Tuesday 6 May 2014 at 3.30pm.*

## PRESENT

*Porirua City Council:* Cr T M Sheppard (Chairperson)  
Cr A M Coffey  
Cr B E Kropp

*Wellington City Council:* Cr M Sparrow

## IN ATTENDANCE

*Porirua City Council:* Mayor N O Leggett  
*Wellington City Council:* Cr I Pannett  
Cr S Free  
Cr D Lee  
Cr N Young

## OFFICERS

*Porirua City Council:* P Bailey General Manager Asset Management and Operations  
P Keller Solid Waste Manager  
C Hopman Water and Waste Manager  
S Mika Committee Advisor

*Wellington City Council:* S Michael Manager City Networks  
A Mitchell Manager CitiOperations

1/14 PROPOSED LANDFILL FEE INCREASE FROM 1 JULY 2014

Report #975314 of the General Manager Asset Management and Operations dated 31 March 2014.

### RESOLVED (Cr Sheppard / Cr Kropp)

1. That the Wastewater Treatment Plant and Landfill Joint Committee agree:
  - (a) To increase charges at Spicer Landfill by 3% from 1 July 2014 to incentivise diversion, allow for operating cost increases and maintain parity with the other landfills in the region
  - (b) That Sewage Sludge charges be adjusted to 135% of the General Waste charge to better align with charges at other Landfills that reflect the additional costs of managing this waste.

2. **Note: a 3% increase would increase the General Waste charge to \$129.00/tonne. The adjusted Sewage Sludge charge would be \$174.20/tonne (both including GST).**

**CARRIED**

2/14 WASTEWATER TREATMENT PLANT AND SPICER LANDFILL CONTRIBUTION REPORT – DRAFT ANNUAL PLAN 2014/15

Report #981835 of the General Manager Asset Management and Operations dated 28 April 2014.

**RESOLVED (Cr Sheppard / Cr Sparrow)**

**That the Wastewater Treatment Plant and Landfill Joint Committee note the contribution report for JV1 Wastewater Treatment Plant and JV2 Landfill Management.**

**CARRIED**

GENERAL BUSINESS

SHARED SERVICES JOINT WORKSHOP

3/14 It was requested that a Joint Workshop be held to explore Shared Services Delivery of Solid Waste for Wellington City Council and Porirua City Council. As a background to this discussion the previous papers to the JV Committee on joint delivery will be circulated prior to the workshop.

The meeting closed at 4.35pm.

Approved and adopted as a true and correct record:

.....  
**CHAIRPERSON**

.....  
**DATE**



## **SPICER STORMWATER MANAGEMENT REVIEW**

### **PURPOSE**

This report seeks approval for capital expenditure to improve the Spicer Landfill stormwater system in order to reduce the risk of consent non-compliance and to better meet the Greater Wellington Regional Council's increased expectations to minimise the discharge of silt into streams and the Porirua Harbour.

### **SIGNIFICANCE OF DECISION**

The matters considered in this report do not trigger the Council's Significance Policy.

### **RECOMMENDATIONS**

That the Wastewater Treatment Plant and Landfill Joint Committee recommend:

1. That Porirua City Council agree to spend up to \$725,000+GST on landfill stormwater improvements in 2014/15 and 2015/16.
2. That Wellington City Council agree that Porirua City Council spends up to \$725,000 +GST on landfill stormwater improvements in 2014/15 and 2015/16.

Report prepared by:

Peter Keller  
**SOLID WASTE MANAGER**

Approved for submission by:

Peter Bailey  
**GENERAL MANAGER ASSET MANAGEMENT AND OPERATIONS**

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## 1 CONTRIBUTION TO COUNCIL'S STRATEGIES

### Relationship to Council's Strategic Priorities

A City of Villages	A Healthy Harbour	A Growing City	A Great City Experience
	✓	✓	✓

1.1 This review contributes to both Porirua City Council's (PCC) and Wellington City Council's (WCC) strategic focus as noted in their Long Term Plans:

- To ensure Spicer Landfill is managed in a sustainable way that allows for the safe disposal of residual waste, while encouraging waste reduction to provide a great city experience, and supporting a healthy and protected harbour<sup>1</sup>.
- A safe and reliable stormwater network minimises the impacts – such as erosion – of stormwater on the environment<sup>2</sup>.

1.2 This review contributes to implementing the Porirua Harbour and Catchment Strategy and Action Plan priority of “Infrastructure improvement and innovative or ‘best practice’ approaches – stormwater, sewerage, landfill and roads”.

## 2 ASSOCIATED PORTFOLIOS

### Relationship to Council's Portfolios of Responsibility

Sport, Leisure and Recreation	Community and Social Development	Infrastructure and Environment	Economy and Arts	Planning and Regulatory	Finance and Audit
✓		✓		✓	✓

### Relationship to Project Portfolios

Emergency Management	Sister Cities	Village Planning	Harbour	City Centre	Community Empowerment
✓			✓		

## 3 BACKGROUND

- 3.1 The Spicer Landfill stormwater management system has a series of open channels and piped drains. These collect stormwater from the surrounding hillsides and the areas within the Landfill that are not actively used for waste disposal. The drains carry the water to a settling pond where sediment settles out before the water flows into the Mitchell Stream, eventually discharging to the Porirua Stream and then into the harbour.
- 3.2 Water contaminated by refuse is separately collected by the leachate system and is then piped to the Porirua Wastewater Treatment Plant for treatment.
- 3.3 Two abatement notices have been issued by the Greater Wellington Regional Council (GWRC) to Porirua City Council (PCC).

<sup>1</sup> Refer page 134, 2012-2022 Porirua City LTP

<sup>2</sup> Refer page 54, section 2.5 Wellington City LTP

- 3.4 The first abatement notice was issued in March 2011 as a result of an extreme 1 in 100 year weather event. A severe storm resulted in silty water from the stormwater pond being discharged into the Mitchell Stream. This caused the stream to be visually discoloured which was a breach of the Landfill's resource consent.
- 3.5 The second abatement notice, issued in July 2012, was precautionary in nature and issued by the GWRC to prohibit discharges of contaminants. PCC challenged this notice, and following negotiation and an inspection of the site's stormwater management systems, GWRC has withdrawn it. Nevertheless the abatement notice was an indication of the concern that GWRC had regarding stormwater management at the Landfill.
- 3.6 PCC has identified stormwater and the landfill as areas that can contribute to achieving the Porirua Harbour and Catchment Strategy and Action Plan priority of "Infrastructure improvement and innovative or 'best practice' approaches – stormwater, sewerage, landfill and roads".

## **4 DISCUSSION AND OPTIONS CONSIDERED**

### **Issues and Risks**

- 4.1 Some of the stormwater pipework is too small to adequately convey reasonable design storm flows, potentially resulting in less controlled overland flows with risk of soil erosion.
- 4.2 The existing stormwater treatment pond is too small to adequately treat the flows of silt laden water that could run off the landfill catchment. This has been noted by GWRC, which has also noted that the consent requires that the design, construction and operation of the stormwater system is required to be to its satisfaction.
- 4.3 A pond designed to current GWRC guidelines could be six times as large as the existing pond. Unfortunately, there is insufficient space on site to install a large enough pond, and even if this was practical, there is some doubt that settlement alone would provide an adequate level of treatment due to the very fine nature of some of the silt which makes it difficult to settle.
- 4.4 PCC's approach to stormwater management is aimed at preventing stormwater picking up silt at source rather than relying on treatment prior to discharge to the stream.
- 4.5 Adequate silt management relies on the landfill operator being constantly on the lookout for possible sources of silt, and containing these before a stormwater event, for example by applying mulch to exposed clay surfaces, keeping litter out of drains and carefully maintaining dirt roads.
- 4.6 This reliance on the operator implementing effective preventive measures at all times leaves the Joint Venture in a position of risk with regard to confidently managing stormwater within the constraints of the resource consent.
- 4.7 In addition, GWRC has increased its expectations for the level of silt control, and has supported this with increased compliance monitoring. Failure to meet these expectations will be met with the issue of further abatement notices.

4.8 Proposed actions to mitigate this risk are described below.

### **Options**

4.9 Continuing with the status quo may result in occasional breaches of the resource consent, and is likely to result in further abatement notices from GWRC.

4.10 As noted above, increasing the pond size to GWRC guidelines is not a practical option.

4.11 It is possible to reduce the flow to the pond by diverting clean stormwater directly to the stream. This would effectively increase the capacity of the existing pond.

4.12 The work required to divert stormwater from the pond would also be the opportunity to increase the size of some of the pipework that is currently too small.

4.13 The treatment of stormwater entering the existing pond using chemicals or a wetland is also possible. However, this is likely to be more expensive than diversion<sup>3</sup>, and does not address the problem of inadequate pipe sizing.

### **Proposal**

4.14 The proposal is to separate clean stormwater, flowing from the eastern and western sides of the Landfill, and discharge this directly to the Mitchell Stream via upgraded pipework.

4.15 Water from the western side of the Landfill would discharge to the stream adjacent to the existing stormwater pond. Stormwater from the eastern side would be conveyed under Broken Hill Road by Trash Palace and then along a swale adjacent to the road to discharge to the stream in the botanical park close to the Landfill bottom gate. Stormwater collected from the Landfill road currently discharges at the same place.

4.16 Water that may contain silt from the central part of the Landfill will be directed to the stormwater pond for treatment.

4.17 Preventing silt becoming entrained in stormwater at source will still be the primary means of control. However, in the event of a large storm or insufficient operator preparedness, the pond will have a greater ability to cope with silty flows through the separation of clean stormwater described above.

4.18 This proposal does not prevent the installation of additional treatment at a later date should that become necessary.

### **Costs**

4.19 Budget capital cost estimates have been prepared by the Council's consultants, Tonkin and Taylor Ltd. The estimated capital cost is between \$623,000 and \$725,000+GST. This includes engineering fees and some allowance for contingencies.

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<sup>3</sup> A very rough cost estimate for the operation alone of a chemical dosing system is \$200k to \$700k per year. The capital cost of a wetland is likely to be of the same order as the current proposal, but will be much more expensive to maintain.

## **Programme**

4.20 Design, consenting and tendering will take place following the Councils approval to proceed. Some construction may be possible over the 2014/15 dry weather period, but the work is likely to finish in 2015/16.

## **Residual Risks**

4.21 There remain some risks, namely:

- The work must be carried out in dry weather. This construction window is normally from September to April. Unseasonable wet weather, or a delay in starting work, may mean having to shut down the project in autumn and restarting the following year. This would increase costs.
- It is difficult to quantify the future inflationary pressure on construction costs due to the Christchurch rebuild and the government's road building programme, but it is likely to exceed the rate of domestic inflation.
- The proposed upgrade will significantly reduce the risk of consent non-compliance, but cannot ensure compliance at all times. Additional treatment (at significant additional capital and operating cost) could be added at a later date should that become necessary.

## **5 OPERATIONAL IMPLICATIONS**

5.1 Work must be carried out in dry weather.

5.2 The construction of an improved stormwater system is not expected to significantly disrupt Landfill operations.

5.3 There will be no change to Landfill operating costs as a result of this work, unless an additional treatment step is required at a later date.

5.4 An improved stormwater system will significantly reduce, but not eliminate, the risk of a breach in the Landfill resource consent.

## **6 FINANCIAL IMPLICATIONS**

6.1 There is no budget allocated for this work in the Long Term Plan 2012-22.

6.2 At the time of preparation of the 2013/14 Annual Plan, the likely need for this work was identified but an accurate cost estimate was not yet available. A budget of \$385,000 for capital work was allocated in that Annual Plan.

6.3 A preliminary design has been prepared and a budget cost estimate made. The capital cost, inclusive of fees and some allowance for contingencies is expected to be in the range of \$623,000 to \$725,000+GST.

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- 6.4 A carryover from 2013/14 to 2014/15 of \$301,500 and a budget for 2014/15 of \$423,444 has been included in the 2014/15 Annual Plan, giving a total budget of 724,944+GST.
- 6.5 The work could be split into two portions, and the cost spread over two years, but this would increase total costs.
- 6.6 The work would be funded from Landfill income and will not require rate funding.

## **7 STATUTORY REQUIREMENTS**

- 7.1 There are no significant legal implications associated with this decision.
- 7.2 A minor resource consent will be obtained from GWRC for physical work in the Mitchell Stream. In addition, an Outline Plan change will be submitted to PCC as the works will take place within the existing designation.
- 7.3 This review is aligned with Council's policies as described in its Harbour Strategy, Solid Waste Management Plan, Spicer Landfill Asset Management Plan, Revenue and Financing Policy and the Policy on Setting Fees and Charges.

## **8 CONSULTATION**

- 8.1 GWRC has been actively involved in the development of the concept for the upgrade and has provided its approval in principle in July 2014.
- 8.2 The need for this upgrade project was identified within the draft 2013/14 Annual Plan.
- 8.3 This report has been reviewed by officers of Wellington City Council.

## **9 CONCLUSION**

- 9.1 The Porirua Harbour and Catchment Strategy and Action Plan has a priority of “Infrastructure improvement and innovative or ‘best practice’ approaches – stormwater, sewerage, landfill and roads”.
- 9.2 The Spicer Landfill stormwater system collects stormwater from the surrounding hillsides and the areas within the Landfill that are not used for waste disposal. A pond settles out sediment before the water overflows into the Mitchell Stream, eventually discharging to the harbour. Water contaminated by refuse is separately collected and is then piped to the Porirua Wastewater Treatment Plant for treatment.

### **Status/Risks**

- 9.3 Some of the Landfill stormwater pipework is too small, potentially resulting in less controlled overland flows with risk of erosion.
- 9.4 The existing stormwater treatment pond is too small to adequately treat the flows of water that could run off the Landfill catchment. GWRC has noted that the stormwater pond is undersized based on its current design guidelines and wishes to have this addressed.

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- 9.5 Two abatement notices have been received from GWRC, one in 2011 and one in 2012, for actual or potential silt discharges.
- 9.6 GWRC has increased its expectations for the level of silt control, and has supported this with increased compliance monitoring. Failure to meet GWRC's expectations will be met with the issue of further abatement notices.
- 9.7 This report proposes a solution to reducing the risk of non-compliance and GWRC regulatory action.

### **Proposal**

- 9.8 A reduction of silt loads to the Porirua Harbour is aligned to the Council's Harbour Strategy.
- 9.9 Increasing the treatment pond size is not a practical option; however it is possible to effectively increase its capacity by diverting clean stormwater directly to the stream.
- 9.10 Clean stormwater, mainly from the eastern and western sides of the Landfill, would be discharged direct to the Mitchell Stream via upgraded pipework.
- 9.11 Water that may contain silt from the central part of the Landfill will continue to be directed to the stormwater pond.
- 9.12 GWRC has been actively consulted with about this proposal, in particular with respect to gaining an approval from them in principle for the concept, and any requirements they may have regarding resource consents. An approval in principle was gained in July 2014.
- 9.13 The treatment of the stormwater just prior to the pond using chemicals or a wetland is also possible, but is likely to be more expensive than diversion. Treatment also does not address the problem of inadequate pipe sizing.

### **Costs**

- 9.14 The estimated capital cost is between \$623,000 and \$725,000+GST. This includes engineering fees and an allowance for contingencies.

### **Program**

- 9.15 Design, consenting and tendering would proceed in the second half of 2014. Some construction may be possible during the dry weather period of 2014/15, however the work is likely to finish in 2016.

### **Residual Risks**

- 9.16 There remain some project risks, including delays due to poor weather and cost escalations caused by factors outside of Council's control.
- 9.17 The proposed upgrade will significantly reduce the risk of consent non-compliance, but cannot ensure compliance at all times. Additional treatment (at significant additional capital and operating cost) could be added at a later date should that become necessary.

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# PUBLIC EXCLUDED AGENDA

## ORDER OF BUSINESS

- |   | <b>PAGE</b> |
|---|-------------|
| <b>1. APOLOGIES</b>   |             |
| <b>2. POLY PALACE PROPOSED PAYMENTS FOR SERVICES</b>  | 16          |
| Report #1003073 of the General Manager Asset Management and Operations dated 2 July 2014.   |             |
| <u>CHAIRPERSON'S RECOMMENDATION</u>   |             |
| <i>That the Wastewater Treatment Plant &amp; Landfill Joint Committee recommend:</i>  |             |
| 1. <i>That Council delegate to the Chief Executive of Porirua City Council the power to amend contract #1454 for the operation of Poly Palace to permit the proposed payments for polystyrene recycling services and for supervision of the public bulk recycling yard.</i>                                     |             |
| <b>3. TRASH PALACE – PROPOSED ORANGA RELOCATION</b>   | 25          |
| Report #999396 of the General Manager Asset Management and Operations dated 16 July 2014.   |             |
| <u>CHAIRPERSON'S RECOMMENDATION</u>   |             |
| <i>That the Wastewater Treatment Plant and Landfill Joint Committee recommend:</i>  |             |
| 1. <i>That the Council <b>agree</b> in principle to the proposal for Mana Recovery to construct a new Oranga building adjacent to Trash Palace, and to extend the contract for an additional 5 years.</i>   |             |
| 2. <i>That the Council <b>delegate</b> to the Chief Executive of Porirua City Council the power to negotiate and amend contract #1520 for the operation of Trash Palace to permit the construction of a new Oranga building adjacent to Trash Palace, and to extend the contract for an additional 5 years.</i> |             |



## **POLY PALACE - PROPOSED PAYMENTS FOR SERVICES**

### **PURPOSE**

This report seeks approval for payments to Poly Palace for consumer based polystyrene recycling services and for supervision of the public bulk recycling yard.

### **SIGNIFICANCE OF DECISION**

The matters considered in this report do not trigger the Council's Significance Policy.

### **RECOMMENDATIONS**

That the Wastewater Treatment Plant & Landfill Joint Committee recommend:

That Council **delegate** to the Chief Executive of Porirua City Council the power to amend contract #1454 for the operation of Poly Palace to permit the proposed payments for polystyrene recycling services and for supervision of the public bulk recycling yard.

Report prepared by:

Wendy Barry  
**ZERO WASTE COORDINATOR**

Approved for submission by:

Peter Bailey  
**GENERAL MANAGER ASSET MANAGEMENT AND OPERATIONS**

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## 1 CONTRIBUTION TO COUNCIL'S STRATEGIES

### Relationship to Council's Strategic Priorities

A City of Villages	A Healthy Harbour	A Growing City	A Great City Experience
	✓	✓	✓

1.1 Poly Palace contributes to both Porirua City Councils' (PCC) and Wellington City Councils' (WCC) strategic focus areas in their Long Term Plans by promoting sustainability through the reduction of waste:

- To help create clean and safe villages, protect the harbour and catchments, and lengthen the life of the landfill by providing quality services that promote sustainability through reducing consumption and reusing, recycling and recovering materials that would otherwise go to landfill<sup>1</sup>.
- To ensure Spicer Landfill is managed in a sustainable way that allows for the safe disposal of residual waste, while encouraging waste reduction to provide a great city experience, and supporting a healthy and protected harbour<sup>1</sup>.
- A sustainable city uses resources efficiently, re-uses or recycles them, and only commits them to landfills as a last resort<sup>2</sup>.

## 2 ASSOCIATED PORTFOLIOS

### Relationship to Council's Portfolios of Responsibility

Sport, Leisure and Recreation	Community and Social Development	Infrastructure and Environment	Economy and Arts	Planning and Regulatory	Finance and Audit
✓	✓	✓	✓	✓	✓

### Relationship to Project Portfolios

Emergency Management	Sister Cities	Village Planning	Harbour	City Centre	Community Empowerment
✓			✓	✓	✓

## 3 BACKGROUND

3.1 Poly Palace is an Expanded Polystyrene (EPS) recycling centre based at Spicer Landfill since 2005. It is a private operation wholly owned by Mega Vision Limited. Poly Palace is positioned to capture used EPS before it reaches landfill, and to recycle that EPS for other beneficial uses including under-floor insulation, drainage boards and concrete pods.

3.2 Currently Poly Palace is not financially sustainable and is operating at a loss. This report outlines the reasons why Poly Palace is beneficial to PCC and the Landfill, and the potential costs if the operation ceased.

<sup>1</sup> Refer pages 131 and 134, 2012-2022 Porirua City LTP

<sup>2</sup> Refer page 44, section 2.2 Wellington City Council LTP

- 3.3 This report also proposes amendments to the existing contract #1454 between PCC and Poly Palace that help address the current financial situation, and describes the financial benefit to the Landfill gained by the presence and operation of Poly Palace.

## **4 DISCUSSION AND OPTIONS CONSIDERED**

### **Justification for Expanded Polystyrene diversion**

- 4.1 Expanded polystyrene (EPS) is a problem waste stream for landfills because it is bulky, light, and can take decades to break down. While commercial landfill charges are set to reflect these characteristics (\$2,541 including GST per tonne), a significant amount of EPS enters the landfill through domestic waste services (wheelie bins, rubbish bags, car boots) paying the General Waste rate, and consequently is under-charged.
- 4.2 Diverting EPS for recycling into new products is in the interests of Wellington region landfill owners because it:
- meets goals of the Wellington Region Waste Management and Minimisation Plan (WMMP) by achieving waste minimisation through recycling, and providing economic benefit by using resources more efficiently;
  - aligns with the principles of the WMMP by providing effective and efficient waste minimisation services to residents, improving the efficiency of resources, promoting innovation, and encouraging private sector capability;
  - meets the recycling objectives of the WMMP by procuring services that encourage recycling of materials that without intervention would otherwise be destined for the landfill, optimising the value of material through recycling before it reaches the waste stream, and promoting business initiatives with the purpose of increasing recycling of materials.

### **Contract agreement with Poly Palace**

- 4.3 The current contractual agreement between Mega Vision and PCC allows tenure of the site and buildings for \$1.00 per annum and is reviewed every five years. The current contract was signed 4 November 2010.
- 4.4 Conditions of the contract relevant to this paper are that Poly Palace: will accept domestic loads of EPS (less than one 240 litre wheelie bin); may set charges to receive commercial loads (or those greater than one 240 litre wheelie bin); and must be open during weekday business hours and Saturdays for public drop off and enquiries.

### **Brief history of Poly Palace**

- 4.5 Poly Palace was established in 2004 and began operating at Spicer Landfill in 2005. At that time, income came from two main sources:
- Payments to receive commercial loads of high quality EPS, mostly from the Wellington film industry.

- Sales and installation of recycled under-floor insulation.
- 4.6 The success of this operation meant that Poly Palace was able to receive domestic loads with no charge to the public, without detriment to the business.
- 4.7 In 2009, policy changes to the EECA Warm Up New Zealand scheme meant Poly Palace under-floor insulation no longer qualified for subsidies. Poly Palace became less desirable to customers who sought installers that operated under the scheme, and as such demand drastically decreased.
- 4.8 This coincided with reduced inflow of commercial EPS from the film industry, which overall, resulted in significant a drop in income for the business.
- 4.9 In response to this, new products were developed that used softer, consumer based EPS: Palace Pods for use in concrete slab construction, and Palace Porous drainage boards.
- 4.10 Sales of the new products were not sufficient to cover business operation costs, so in 2012 Poly Palace was given permission to request donations from the public taking their EPS to Poly Palace for recycling. Given that domestic loads of EPS were now the main inflow for the operation, it was expected that donations should generate sufficient income.

### **Current situation**

- 4.11 After 18 months operating under this new model, Poly Palace is still not operating as a financially sustainable business. There is a significant risk that Poly Palace will cease operation in the near future, leaving no options for recycling domestic EPS in the region.
- 4.12 A key area for concern is the minimal income generated from receiving EPS at the public drop-off. These issues are:
- Poly Palace only has a small number of commercial clients who pay for the recycling service at a level consistent with landfill fees for disposing EPS. Most commercial loads are taken away again when drivers are asked for payment.
  - The majority of inflow is domestic loads of consumer based EPS packaging (less than one 240 litre wheelie bin). The public is requested to leave a donation for this recycling service.
  - Public perception is that EPS recycling services are free, as with other free recycling services provided at the site (PCC pays Trans Pacific Industries to collect these waste streams).
  - An estimated 50% of people (both commercial and domestic) make a donation when requested. When the drop off site is not manned, compliance levels drop to an estimated 10%.
  - Typically if people refuse to make a payment or donation and leave with their EPS, they do not then travel up to the landfill. It is not known where or how they dispose of their EPS, it can be assumed however that it ends up in one of the other landfills in the region or in the domestic waste stream (rubbish bags, wheelie bins).

- There have been numerous complaints to PCC from the public about the forceful manner in which the owner, Richard Moore, has requested the donation. A number of complainants have said that they will no longer use the service as a result but will dispose of their EPS in their domestic waste.
- A significant amount of his time is spent explaining the need for donations and negotiating fees.
- Time spent explaining the need for donations and negotiating amounts is time taken away from the business operation, creates dissatisfaction amongst the public, and fails to generate sufficient income.

#### **Value to the Joint Venture of diverting domestic EPS from the Landfill**

- 4.13 Domestic EPS is difficult to separate from general domestic waste because it generally enters the landfill in rubbish bags, car boots and wheelie bins. This results in the landfill space it occupies being sold for only \$129 per tonne (the General Waste rate) instead of the commercial EPS rate of \$2,541 per tonne (both including GST). According to Poly Palace, approximately 7.5 cubic metres of domestic based EPS is diverted from the landfill every week through its recycling operation. In terms of landfill space this is the equivalent of 6.25 tonnes of general waste. The cost to dispose of this would be \$806 including GST. Charged at the General Waste rate, 7.5 cubic metres of EPS earns only \$14 including GST. This represents a loss of potential revenue from undercharging for landfill air space of \$792 per week, or \$41,208 including GST per year.
- 4.14 If there was no EPS being diverted by Poly Palace, then there would be, on average, 390 cubic metres of landfill airspace being sold for \$41,208 (including GST) less than its true value.

#### **Value to the Joint Venture of having a presence at the bulk recycling site**

- 4.15 Trans Pacific Industries (TPI) reports average contamination levels in the bulk recycling at about 6%. Compared to other centres in the region this is low, and is reflected accordingly in the contract fee with TPI. If the contamination rate was to increase, then so would the contract fee. Therefore, it is ideal to maintain the current contamination rate or reduce it further.
- 4.16 The main point of difference between the Spicer bulk recycling site and others in the region is the presence of a business on the same site. Other sites in the region are not staffed and experience contamination rates significantly higher than Spicer (12% and rising as reported by Hutt City Council). As such, their contractor fees need to cover the costs to take the non-recyclable waste to landfill.
- 4.17 It can be assumed therefore that if there is a chance that people can be observed by someone other than another member of the public whilst using the bulk recycling centre, they are less likely to misuse it. By simply being on-site, there is a benefit to PCC for which Poly Palace is currently not rewarded. Further, if Poly Palace was to cease operation, contamination rates in the bulk recycling would increase, together with the contract fee.

4.18 The following calculations illustrate the relationship between increasing contamination rates increase and landfill costs that would need to be recovered by the contractor:

- 6% contamination with waste = \$7,610 + GST per annum in landfill fees
- 12% contamination with waste = \$15,220 + GST per annum in landfill fees
- 18% contamination with waste = \$22,800 + GST per annum in landfill fees

4.19 Additional costs for managing contamination would be added to these figures for contractor staff administration and management.

4.20 An absence of a presence at the bulk recycling centre will also increase costs to the Landfill for the removal of dumped material and keeping the area clean. Illegal dumping and litter have historically been significant issues with bulk recycling centres in Porirua, and were one of the reasons for closing all but one at Spicer.

### **Alternative Providers**

4.21 There are indications from TransPacific Industries that an EPS recycling service might be reinstated in the near future based at the Seaview Recycle and Transfer Station. The EPS will be chipped and blocked for transportation to an offshore buyer.

4.22 If this service does become available, and Poly Palace ceased to operate, PCC may choose to continue to collect EPS at the bulk recycling site at Spicer Landfill, and transport waste EPS to Seaview. Initial estimates however, show that this option would have a similar cost to the recommended options put forward in this paper. Costs would include transportation of EPS to Seaview, staff costs for 7 day week supervision and sorting of the public drop-off, and increased administration demand on Council staff to manage the operation. Further, this option does not factor the environmental costs of shipping EPS offshore and the loss of a valuable commodity to the local economy.

### **Other Considerations**

4.23 Poly Palace is a unique recycling service regionally and nationally. While some other regions offer an EPS recycling service for residents, that product is compacted and sent to waste management companies to sell offshore. Poly Palace is unique in that it takes a locally generated, problematic waste product and transforms it into long-lasting, sustainable building products that are sold back into the local economy.

4.24 Recycling service charges are standard income streams for recycling businesses. Recycling companies charge clients to collect and remove waste, regardless of how much profit they stand to make from on-selling or recycling that waste. Councils already pay private companies to take plastic, cans, paper, organics, and glass which they then on-sell and/or process into new products to sell. Paying Poly Palace for recycling services brings that particular operation in line with other waste based businesses also contracted by PCC.

4.25 Poly Palace is a public facing operation and as such, the owner is often asked questions by the public about the bulk recycling service, is asked to talk to school groups visiting Trash Palace, and notices when people are using the service inappropriately. Currently, there is no financial reward to the owner for this service.

## **OPTIONS CONSIDERED**

### **Status Quo**

- 4.26 With no action, there is a real risk that Poly Palace will cease to exist, as it is currently financially unsustainable. Aside from removing the only polystyrene recycling service based in the region, there will be a net financial impact on the Joint Venture estimated to be in excess of \$48,800 per year<sup>3</sup>.

### **Payment to Poly Palace for domestic EPS recycling services**

- 4.27 It is recommended that the JV committee approve payments to Poly Palace to receive domestic loads of EPS for recycling.
- 4.28 Payment amounts should be consistent with financial savings to the landfill gained from diverting EPS through Poly Palace, and based on a per tonne rate.
- 4.29 Given current diversion rates of 7.5 cubic metres per week, the average annual payment would be approximately \$41,208 including GST.

### **Payment to Poly Palace for services to supervise the public bulk recycling site**

- 4.30 It is recommended that the JV Committee approve payments to Poly Palace for supervision services of the public bulk recycling and EPS collection site. Payment amounts should be consistent with the financial savings to the Landfill gained from the Poly Palace presence on site, and for general yard supervision duties, including reporting infringements, responding to public enquiries, and delivering talks to school groups and educational tours.
- 4.31 The recommended payment is between \$7,610 and \$22,800 including GST. This range reflects the expected increase in disposal costs, management fees, and site maintenance.

### **Recommended Conditions**

- 4.32 It is recommended that if the two new payments are approved, the Contract agreement with Poly Palace be amended to include the following new conditions:
- Performance standards for the supervision duties at the bulk recycling site.
  - Accurate fortnightly reporting to PCC that includes
    - Domestic EPS received by Poly Palace, including type and volume.
    - Amount of EPS taken to landfill by Poly Palace, including type, volume and destination.
  - Improvements to the public signage.
  - Improved maintenance and cleanliness of the exterior of the building and the EPS collection area.

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<sup>3</sup> 41,208 plus 7,610 = \$48,818 including GST. Refer 4.14 and 4.18  
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- 4.33 It is recommended that if the two new payments are approved, the term is initially restricted to one year and reviewed at the end of that term. Council's officers will report back to the JV committee after 9 months with a recommendation as to the way forward.
- 4.34 It is recommended that the sum of the two payments for the first year of the amended contract be capped at \$48,818 including GST.

## **5 OPERATIONAL IMPLICATIONS**

- 5.1 Payment to Poly Palace would come from the landfill operational surplus, and is not expected to have a significant effect on either operations or the Landfill's ability to fund capital works.
- 5.2 There may be a cost in terms of officer's time for increased management of the Poly Palace contract.

## **6 FINANCIAL IMPLICATIONS**

- 6.1 The proposed payments to Poly Palace are not explicitly budgeted for in the 2014/15 Annual Plan, and in the short term will result in a decrease in the landfill surplus.
- 6.2 In the long term, the payments are expected to be approximately cost neutral as they will be offset by increased revenue from the sale of landfill airspace, and reduced clean up and maintenance costs for the bulk recycling area.

## **7 STATUTORY REQUIREMENTS**

- 7.1 There are no significant legal implications associated with this decision.

## **8 CONSULTATION**

- 8.1 Poly Palace's neighbours, namely the landfill operator, the operator of the bulk recycling area and Trash Palace, will be consulted as part of the contract renegotiations.
- 8.2 The owners of Poly Palace have been consulted in the preparation of this proposal.

## **9 CONCLUSION**

- 9.1 Based at Spicer Landfill, Poly Palace is a unique operation that provides a recycling service for domestic and commercial waste EPS. Recycling waste EPS is a strategic priority for PCC because it meets the goals of the Wellington Regional Waste Management and Minimisation Plan.
- 9.2 Due to market changes that affected income from recycling services for the film industry and installation services of under floor insulation, Poly Palace is under financial pressure. It is likely to cease operation unless there are some changes to the business model.
- 9.3 There is value to the Joint Venture for Poly Palace to remain operating at Spicer Landfill because it:

- Reduces the amount of EPS entering the landfill at an under-charged rate; and

- Is a presence that helps minimise contamination of the public bulk recycling.

9.4 Amendments to the Contract between Poly Palace and Council are recommended to introduce two new payments to Poly Palace that reflect the value of its EPS recycling service to the Joint Venture.

9.4.1 Payment for domestic EPS recycling services of approximately \$41,208 per year

9.4.2 Payment for services to supervise the public bulk recycling site of between \$7,610 and \$22,800 per year.

9.4.3 The sum of these payments to be capped at \$48,818 including GST for the first year.

9.5 No action will likely lead to the closure of Poly Palace. The financial impact to the Joint Venture is estimated to be in excess of \$48,000 per year.

9.6 The proposed payments to Poly Palace are not budgeted for in the 2014/15 Annual Plan, however in the long term they are expected to be cost neutral as they off-set likely increased costs from increased revenue from sale of landfill airspace and maintenance and waste disposal costs from the bulk recycling area.

## **10 PUBLIC EXCLUDED**

10.1 This report is placed on the public excluded agenda for the following reasons under Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987:

- Section 7(2)(h) - Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities



## **TRASH PALACE - PROPOSED ORANGA RELOCATION**

### **PURPOSE**

This report seeks approval in principle to Mana Recovery's proposal to relocate their Oranga operation from the Kenepuru Community Hospital area to the Trash Palace site, and a delegation for the Chief Executive of Porirua City Council to negotiate and amend Trash Palace contract #1520 to facilitate this.

### **SIGNIFICANCE OF DECISION**

The matters considered in this report do not trigger the Council's Policy on Significance.

### **RECOMMENDATIONS**

That the Wastewater Treatment Plant and Landfill Joint Committee recommend:

1. That the Council **agree** in principle to the proposal for Mana Recovery to construct a new Oranga building adjacent to Trash Palace, and to extend the contract for an additional 5 years.
2. That the Council **delegate** to the Chief Executive of Porirua City Council the power to negotiate and amend contract #1520 for the operation of Trash Palace to permit the construction of a new Oranga building adjacent to Trash Palace, and to extend the contract for an additional 5 years.

Report prepared by:

Peter Keller  
**SOLID WASTE MANAGER**

Stuart Parkinson  
**MANAGER STRATEGIC AND  
COMMUNITY POLICY**

Approved for submission by:

Peter Bailey  
**GENERAL MANAGER ASSET MANAGEMENT AND OPERATIONS**

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## 1 CONTRIBUTION TO COUNCIL'S STRATEGIES

### Relationship to Council's Strategic Priorities

A City of Villages	A Healthy Harbour	A Growing City	A Great City Experience
	✓	✓	✓

1.1 Trash Palace contributes to the Porirua City Council's (PCC) and the Wellington City Council's (WCC) strategic priorities in their respective Long Term Plans by promoting sustainability through the reduction of waste:

- To help create clean and safe villages, protect the harbour and catchments, and lengthen the life of the landfill by providing quality services that promote sustainability through reducing consumption and reusing, recycling and recovering materials that would otherwise go to landfill.
- To ensure Spicer Landfill is managed in a sustainable way that allows for the safe disposal of residual waste, while encouraging waste reduction to provide a great city experience, and supporting a healthy and protected harbour<sup>1</sup>.
- A sustainable city uses resources efficiently, re-uses or recycles them, and only commits them to landfills as a last resort<sup>2</sup>.

## 2 ASSOCIATED PORTFOLIOS

### Relationship to Council's Portfolios of Responsibility

Sport, Leisure and Recreation	Community and Social Development	Infrastructure and Environment	Economy and Arts	Planning and Regulatory	Finance and Audit
✓	✓	✓	✓	✓	✓

### Relationship to Project Portfolios

Emergency Management	Sister Cities	Village Planning	Harbour	City Centre	Community Empowerment
✓			✓	✓	✓

## 3 BACKGROUND

- 3.1 Spicer Landfill is a joint venture (JV), jointly owned by PCC (78.5%) and WCC (21.5%). The landfill is managed by officers of PCC on behalf of the Joint Venture.
- 3.2 Trash Palace, together with Poly Palace and the adjacent bulk recycling facility, provide a recycling and resource recovery centre on JV land. The operation of Trash Palace is managed by the Mana Recovery Trust (Mana Recovery) on behalf of the JV. This operation, as well as PCC's inorganic collection service, and some minor berm maintenance at the landfill, is managed through Contract #1520 between PCC and Mana Recovery.

<sup>1</sup> Refer pages 131 and 134, 2012-2022 Porirua City LTP

<sup>2</sup> Refer page 44, section 2.2 Wellington City Council LTP

## **Mana Recovery**

- 3.3 Mana Recovery is a non-profit organisation based in Porirua. It was established in 1996 as Mana Community Enterprises after the closure of the long-stay wards at Porirua Psychiatric Hospital, to provide rehabilitation and vocational training services for people with mental health needs, with a sustainability focus. The training programme focuses on resource recovery, recycling and sustainable living. It offers services that assist trainees to develop socially, gain employment skills and work ethics, build confidence and the opportunity to participate in the community<sup>3</sup>.
- 3.4 At various times Mana Recovery has had 70-150 people participating in a variety of training programmes and employed more than 25 people with mental health needs. Existing operations include running and managing Trash Palace and providing PCC's Inorganic Collection service to ratepayers. Mana Recovery has also developed a range of sustainability initiatives in partnership with the PCC and local businesses including recycling services for the Warehouse chain and Masterpet.

## **Oranga**

- 3.5 In addition to Trash Palace, Mana Recovery operates two other businesses from sites adjacent to Kenepuru Community Hospital. One of these is Oranga, a business recycling facility providing training and skill development for people with mental health disabilities. Oranga employs 10 staff and has 70 trainees with high dependency mental health needs. Up to 50 trainees are on site at any one time.
- 3.6 The Oranga building is leased from the Office of Treaty Settlements (OTS), but is in poor condition and not suitable for long term occupancy. Mana Recovery has been negotiating a 10 year lease with the Capital & Coast District Health Board (DHB) on a nearby site with the intention of constructing a new building there at an estimated cost of \$400,000. The DHB has recently offered that lease. Mana Recovery has also been considering a site adjacent to Trash Palace. Mana Recovery set aside \$50,000 of its own funds, has obtained funding from the government's Waste Levy fund (\$150,000), and is seeking other funding, including a recent approach to PCC.

## **Funding approach to Porirua City Council for new Oranga facility**

- 3.7 Mana Recovery approached PCC earlier this year, seeking a loan of \$200,000 for 5 years to build a purpose-built facility on land on the Kenepuru Community Hospital campus. On 26 March 2014, PCC adopted the following recommendation of Te Komiti from the public excluded meeting of 27 February 2014:

*53/14 MANA RECOVERY*

*Report #960254 of the General Manager Corporate Services dated 03 February 2014.*

*RECOMMENDED (Cr Sheppard / Cr Baker)*

*1 Council declines to provide a \$200,000 loan to the trust.*

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<sup>3</sup> This has been assisted with training for literacy and numeracy, arts and crafts, cooking, budgeting, CV writing and job preparation.

2 Council agrees to act as guarantor to the Trust for the sum of \$200,000 for the term of five years subject to:

- a) the Trust securing operational funding from the DHB or similar source
- b) Council agreeing that guaranteeing the loan is consistent with the purpose of Local Government.

3.8 This resolution notes that provision of the guarantee would be subject to Mana Recovery obtaining operational funding from the DHB “or a similar source”. As noted below, the DHB will stop direct funding of Mana Recovery from December 2014. PCC’s finance team are preparing a paper to update Council on the status of the alternative sources of funding.

#### **Mana Recovery no longer funded to provide community mental health services**

3.9 Until recently, approximately 20% (~\$430,000) of Mana Recovery’s revenue (~\$2,000,000) has been from the DHB. Over the last two years, the DHB has been implementing a new strategy for managing and purchasing services related to mental health<sup>4</sup>. This has meant that the DHB no longer funds day programmes such as that provided by Mana Recovery. The funding for Mana Recovery from the DHB ends in December 2014.

3.10 While the DHB will not fund Mana Recovery for the provision of programmes, it is possible it will receive referrals from other services funded by the DHB. The Chief Executive of Mana Recovery advises that it is increasing its business recycling contracts to replace lost DHB income and to open new jobs for trainees.

#### **Proposed new Oranga site opposite Trash Palace**

3.11 Mana Recovery requests that the JV Committee consider the alternative of building the new Oranga facility on the old Novagas site adjacent to Trash Palace, once vacated by Novagas. This land is currently within the boundaries of the area covered by contract #1520, but is partly occupied by a Novagas facility, which Novagas are intending to remove. Once the facility is removed and the site cleaned up, it would be available to Trash Palace to use as a storage area. An aerial photo of the site is included in the attachments.

3.12 Details of the proposed Oranga venture include the building of a warehouse style unit with some offices but will also be used for training and running the recycling business. The expected cost of the facility is \$400,000.

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<sup>4</sup> *Te Ara Pai, Stepping Stones to Wellness Model for People who have High and/or Complex Mental Health Needs* a three stage service change to improve the journey of those with high and complex low prevalence mental health conditions across the region. Over three years, CCDHB has planned and implemented a shift away from prolonged use of residential supported accommodation and community support work, to promoting resilience, supporting people to increase their independence and become more connected to their community. The change is consistent with directions for service development from the Ministry of Health and Mental Health Commission (source: DHB).

## 4 DISCUSSION AND OPTIONS CONSIDERED

- 4.1 Mana Recovery notes that it has a very good working partnership with PCC, and works collaboratively towards zero waste. The income from Mana Recovery's work is used to provide employment and training to enable people with mental health challenges to participate in the community.
- 4.2 Mana Recovery notes that consolidating both Trash Palace and Oranga on one site would provide greater efficiency and cost saving to Mana Recovery. For example:
- Staff could be utilised across both sites to cover busy periods e.g. Trash Palace peak time is December- February;
  - Connecting services to the building would be at a lower cost at the Novagas site; and
  - Only one site for security monitoring which would reduce costs.
- 4.3 Mana Recovery proposes investigating building the new Oranga on JV land adjacent to the existing Trash Palace site. To facilitate this, it requests that the current Trash Palace contract, which expires in January 2017, be extended for a further 5 years to January 2022, with a possible right of renewal after this time. Note that the lease sought from the DHB was for a similar time frame of 10 years, and this extension would provide Mana Recovery with some security of tenure.
- 4.4 The conditions of the contract would remain largely as they currently are, with some modifications required because Mana Recovery wishes to retain ownership of the Oranga building at the end of the contract. A mechanism would be required for the JV to either buy the building, or require it to be removed and the site reinstated.
- 4.5 There is also the possibility of reducing risk to PCC as guarantor of the loan by linking the loan in some way to the new building, which would be on JV rather than DHB land. This paper requests that the JV committee delegate the authority to negotiate, amend and extend the contract to the Chief Executive of PCC.
- 4.6 Some broad benefits and costs in terms of the present and future aspects for the community include:

**Employment/Training:** Oranga and Mana Recovery more broadly, provides a social benefit in relation to employment and training opportunities for people with mental health needs in the Porirua community.

**City Image and Profile:** Another social benefit for Porirua is the positive reflection that Mana Recovery's work has on Porirua City. For example Mana Recovery has won a number of regional awards for its work in partnership with Porirua, and it is a model currently being considered for the resource recovery programme for the Auckland Council.

**Waste Minimisation and Environment:** Mana Recovery contributes to Council's waste minimisation goals by diverting approximately 1,200 tonnes of recyclable waste from landfill per year. They have secured new contracts which are likely to result in an increased diversion for 2014.

## **5 OPERATIONAL IMPLICATIONS**

- 5.1 Construction, operation, maintenance and (potentially) demolition costs for the Oranga facility would rest with Mana Recovery.
- 5.2 There would be a cost in terms of officer's time to review Mana Recovery's proposals.

## **6 FINANCIAL IMPLICATIONS**

- 6.1 A clean-up of the proposed Oranga site, once Novagas have vacated it, is currently planned within existing budgets. Once cleaned up, the current intention is for the site to be available for the use of Trash Palace for storage. There are no plans to use it for other purposes, or lease it to another party.

## **7 STATUTORY REQUIREMENTS**

- 7.1 There are no significant legal implications associated with this decision.

## **8 CONSULTATION**

- 8.1 There are no significant consultation requirements for the issues raised in this paper. Trash Palace's neighbours, namely the landfill operator, the operator of the bulk recycling area and Poly Palace, will be consulted once more details of the proposal are available.

## **9 CONCLUSION**

- 9.1 Mana Recovery provides rehabilitation and vocational training services for people with mental health needs, with a sustainability focus. In addition to Trash Palace, it operates Oranga, a business recycling facility, currently located near Kenepuru Community Hospital. The Oranga building, leased from the Office of Treaty Settlements, is in poor condition. Mana Recovery has investigated two options: redevelop a nearby site on DHB land including construction of a new building (the DHB has recently offered a new 10 year lease); or relocate elsewhere.
- 9.2 Mana Recovery requests that the JV Committee consider the alternative of building the new Oranga business recycling facility on the old Novagas site adjacent to Trash Palace. This land is currently within the boundaries of the area covered by contract #1520. Consolidating both Trash Palace and Oranga, the business recycling centre, on one site will provide greater efficiency and cost saving to Mana Recovery, potentially enhancing its ability to efficiently provide environmental and social benefits through its recycling operations. Mana Recovery requests that the current Trash Palace contract, which expires in January 2017, be extended for a further 5 years to January 2022. This paper requests that the JV committee delegate the authority to negotiate, amend and renew the contract to the Chief Executive of PCC.

## **10 ATTACHMENTS**

- Attachment 1: Plan of the Trash Palace Site
- Attachment 2: Plan of the Landfill (Trash Palace is circled in red)

## **11 PUBLIC EXCLUDED**

11.1 This report is placed on the public excluded agenda for the following reasons under Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987:

- Section 7(2)(h) - Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities

PUBLIC EXCLUDED

## ATTACHMENT 1: PLAN OF THE TRASH PALACE SITE

This is taken from the current contract #1520. The aerial photo was taken before the installation of the canopies. The boundary of the area that Mana Recovery is responsible under the contract is shown in red. The proposed Oranga site is circled in blue.





## ATTACHMENT 2: PLAN OF LANDFILL

Trash Palace is circled in red

