

Councillor Questions and Answers

Pūroro Waihanga | Infrastructure Committee meeting of 11 November 2021

The following questions were received from Councillors regarding items on the agenda of the Pūroro Waihanga | Infrastructure Committee meeting of 11 November 2021.

Item 2.2 Mayoral Taskforce Three Waters: Progress Report

Rec 2 – What are the key pipe renewals planned in the next three years? What happens if VHCA assessments identify a need for immediate renewal?

Wellington Water has developed a three-year investment profile to give effect to the renewals budgets adopted in the Council's Long-Term Plan. Each year an Annual Work Programme is agreed to ensure the investment profile is targeting the renewals that are needed most. Over the first three years of the Long-Term Plan the renewals planned are approximately:

- Drinking Water \$31M
- Storm Water \$12M
- Waste Water \$46M

The renewals programme is agile and augmented with 'ready to go' projects that can be advanced or deferred to accommodate the potential for assets under assessment in the Very High Critical Asset (VHCA) assessment programme to be included when the results indicate that it is prudent to renew prior to potential failure.

The scheduling of renewals resulting from the VHCA assessments considers factors such as relative risk (i.e. compared to other renewals already on the programme) and the further investigatory and preparatory work that is required before it can be progressed.

Rec 3 – What work is planned to improve asset management plans prior to the next LTP?

Asset management plans prepared for consideration of the 2021 Long-Term Plan deliberations were in 'draft' while improvements to the asset management system were being embedded. Post adoption of the 2021 Long-Term Plan the draft asset management plans were substantially strengthened and peer reviewed to ensure that they represented the appropriate line of sight between the renewals planning advice and the recommended investment profile for Council's consideration.

The completed asset management plans are now embedded and will underpin the investment advice for the next Long-Term Plan and the intervening Annual Plan advice. Wellington Water continues to evolve and develop its asset management system and processes and is working towards ISO55000 certification.

Rec 6, 7, 8 & 17 – Can we please have more detail on how these recommendations have been implemented in the draft District Plan? Are there any parts of these recommendations that have not been included in the draft District Plan?

The draft District Plan includes a minimum permeability standard of 30 per cent that must be achieved for residential development of 1 or 2 dwellings in the General Residential Zone. There is also a new Three Waters chapter which includes a requirement for all multi-unit developments, comprehensive developments, retirement villages, and non-residential buildings to achieve hydraulic

neutrality. This is a rule in the plan itself. This is supported by design guidance which goes slightly further, for example in the Residential Design Guide:

G.16 New development should improve the quality and reduce the quantity of stormwater runoff. This could be through:

- *Minimising the area of impervious surfaces*
- *Providing filtration and attenuation around car parks and other large impervious surfaces.*
- *Providing roof gardens and vegetation on surfaces which would typically be covered by cladding or external building materials.*
- *Capturing roof runoff in stormwater detention tanks for management.*
- *Soakage/ground water recharge.*

G.17 Water conservation should be incorporated into both landscape and building design. This could be through:

- *Reducing demand on mains by recycling captured stormwater as greywater.*
- *Utilising plant and tree species that do not require regular irrigation.*

G18. Consider grey water reuse and circular water systems for washing and cleaning purposes.

The Design Guides have statutory weight and so form part of the resource consent process. The key challenge will be balancing these requirements with the need to enable housing development as per the NPS-Urban Development.

Rec 19 & 20 – How is WWL planning to use the intelligence gathered from the Owhiro Catchment pilot programme to inform advice to WCC at the next LTP on the most efficient and effective way to begin to address the new regulatory requirements of the NPS-FM?

The Owhiro Catchment programme has only focussed on the human health elements of the NPS-FM, i.e. the impact of untreated wastewater reaching freshwater. The NPS-FM also includes a number of requirements associated with other freshwater contaminants (sediment, heavy metals, etc.) and the natural function of waterways that are not part of the work being undertaken in Owhiro Bay.

The information being collected on the extent and nature of defects in private wastewater system through the 'Know your pipes' inspection programme will help us to understand the significance of this problem and the role and effectiveness of these inspections (including the follow-up actions to encourage defects to be addressed) in improving water quality outcomes.

The information that will be collected from the planned inspection of the public wastewater network in the area (scheduled for completion within this financial year) will help us understand the impact that any issues with the public network may be having on water quality outcomes. The information will be used to inform further investment in investigations, maintenance and renewals of the public wastewater network.

Rec 23 – How is the work progressing with LGFA to provide a funding mechanism to support landowners to make repairs to private laterals?

The barriers to repairing private wastewater laterals is more prevalent when repairs or renewals involve working on the road. The road corridor (carriage-way, footpaths, road reserves) all add complexity and cost for traffic management, safety and significant reinstatements. The challenge of working under the road on private laterals is amplified when risks associated with other co-located utilities are taken into consideration.

Wellington City Council consulted in the 2021 Long-Term Plan on taking ownership of the portion of wastewater laterals that rests in the road to the public main. This will remove the barriers and allow for renewal of wastewater laterals with public mains, securing efficiencies during construction.

The approach to taking ownership of wastewater laterals in the road was supported through the LTP consultation feedback and Councillors adopted the new 2021 Wastewater Laterals Policy to bring into effect the 2021 LTP decision. Funding for both operating and renewals budgets associated with the 2021 Wastewater Laterals Policy have been added to the baseline funding provided to Wellington Water to provide for successful policy implementation.

Rec 25 – Would residential water meters provide better quality data that would help us to understand the effects of seismic activity on buried water infrastructure? If yes, will these benefits be included in the wider business case being prepared (see rec 15)?

One of the expected benefits of the data that can be collected from residential water meters is information to support better operational and investment decision-making. The data would tell us where leaks are occurring, together with information about operating conditions (pressures, temperature, etc.). This data can then be analysed together with other network and operating data to identify the parameters that might be contributing to the leaks, such as pipe age and material, soil conditions, etc. A further analytical step could then consider how seismic activity is impacting on asset condition and performance.

The full range of operational and investment benefits are being considered in the development of the business case.

Item 2.3 Project Jasmine – Sewage Sludge Minimisation

Will government departments, Parliament, the hospital and embassies also be charged the levy? (Asking as I understand they don't pay rates but I might have that wrong).

The proposed levy calculation model seeks to mirror the benefit allocation outcomes of the Council rates model as closely as possible. The rates model is a highly complex cost allocation model which includes properties that are non-rateable, like Parliament, hospitals and Embassies. If this proposed levy calculation model were to be used then non rateable properties would not pay a levy.

I am confused as to how it can be four times more expensive if we weren't to use the CIP. Wouldn't we debt finance it at the current interest rates?

Paragraph 49 indicates that "rates would need to be 3-4 times higher than the IFF levy if Council wanted to retain the same headroom and service the additional debt"

This comment is intended to illustrate the benefit of using IFF compared to the scenario of direct council funding where Council also wanted to maintain the same amount of debt headroom post funding the facility. The only way to achieve such an outcome would be to charge ratepayers an amount equivalent to 3-4 times the annual cost of the levy.

Could we project finance this ourselves using an SPV? Would this take it off the balance sheet?

The Infrastructure Funding and Financing Act (IFFA) is specifically designed to navigate the challenges of achieving balance sheet separation, which in practise is a hard thing to do. The Council could not simply stand up a Special Purpose Vehicle to fund and build the facility and achieve the same outcome as doing so using the IFFA.

If the CIP falls over what are our options to continue the project?

The primary option is to look to directly fund the project from Council debt capacity. This will require an LTP amendment which will likely necessitate a recalibration of the Councils capital investment plans.