

Minutes

Board meeting	Public session
Date	12 June 2024
Venue	Watercare House, Level 3 Boardrooms, 73 Remuera Rd, Remuera and via Microsoft Teams
Time	9:15am

Attendance		
Board of Directors	Watercare staff	Guests
Julian Smith Frances Valintine Graham Darlow Frederik Cornu Andrew Clark Via Microsoft Teams Margaret Devlin Nicola Crauford	Dave Chambers (CE) Mark Bourne (Chief Operations Officer) Priyan Perera (Chief Strategy and Planning Officer) Jamie Sinclair (Chief Corporate Services Officer) Brent Evans (Acting Chief Customer Officer) Richie Waiwai (Tumuaki Rautaki ā-lwi me ngā Hononga) Sarah Phillips (Chief People Officer) Shayne Cunis (Chief Programme Delivery Officer) Suzanne Lucas (General Manager Asset Upgrades & Renewals) (from the beginning until the end of item 7) Andrew Mercer (Head of Health, Safety and Wellbeing) Emma McBride (Head of Legal and Governance) Pinaz Pithadia (Legal and Governance Advisor)	Councillor Ken Turner (Watercare's Lead Councillor) (from item 6) Trudi Fava (CCO Programme Lead) Via Microsoft Teams Councillor Shane Henderson (Chair, CCO Oversight and Direction Committee) Lina Jeng, Student from the Equal Justice Project (from item 6)

1.	<p>Opening karakia</p> <p>The Chair welcomed Frederik Cornu and Andrew Clark to their first Watercare Board meeting and noted that a formal mihi whakatau took place earlier that morning to welcome Frederik and Andrew.</p> <p>Emma McBride noted that two students from the Equal Justice Project may join the meeting later today to observe.</p>
2.	<p>Apologies</p> <p>There were no apologies.</p>
3.	<p>Quorum</p> <p>All directors were present at the meeting, so a quorum was established.</p>
4.	<p>Declaration of any conflicts of interest</p> <p>No conflicts of interest were noted.</p>
5.	<p>Minutes of the previous meeting of 7 May 2024 Board meeting</p> <p><i>The Board resolved that the minutes of the public session of the Board meeting held on 7 May 2024 be confirmed as true and correct, subject to a minor correction in the numberings.</i></p>
6.	<p>Public deputations</p> <p>There were no public deputations.</p>
6.1 (new item)	<p>Update on the Level 3 Incident at Pump Station 25 (Miranda Street, Avondale)</p> <p>Mark Bourne provided the Board with a presentation (Attachment 1) and made the following key points:</p> <ul style="list-style-type: none"> • The pump station was designed in the early 1960s and takes wastewater from west Auckland and pumps it to the Māngere wastewater treatment plant. It is the third largest in Auckland, with four pumps. The station is three stories high, with two below ground, where the wet and dry wells are located, and one story above ground, where electrical equipment is housed. The station is due to be decommissioned later this year when the first stage of the Central Interceptor is commissioned. • Of the four pumps, one pump is required for normal daytime flows, two for evening flows, and three for wet weather flows. The fourth pump is a back-up so that the other pumps can be routinely maintained. However, one of our pumps was out of service for routine maintenance.

	<ul style="list-style-type: none"> • On the morning of 3 June 2024, one of the three working pumps failed. This caused an opening to form between the wet and dry wells, causing the dry well to fill with the wastewater. The pump station was able to continue operating while the damaged pump was isolated and repaired. There was no external impact and therefore there were no overflows. • Over the course of the week, we worked on the pump station and by the evening of Friday, 7 June 2024, a blanking plate had been installed to ensure the flows from the wet well did not flow into the dry well. The pump station was left with two pumps operating, and in a safe state. • However, that evening, we discovered that Pump 3 had catastrophically failed with a leak on the delivery side, and wastewater entered the dry well. It had started to leak directly into the dry well, damaging the electrical equipment that runs the pumps. No alarms were activated. To reduce the risk of further damage, the pump station was manually switched off by staff on Friday evening. This was a very big call by the staff member, but the right decision to make in this situation. • Consequently, an overflow into the environment started around midnight from Manhole 25. On Saturday morning, overflows were also occurring further upstream into Henderson Creek. • Staff worked through the night to drain the pump station and repair the electrical equipment to try and get the pumps working again. By lunchtime Saturday, the electrical teams had got one pump working again with a rented drive unit. • A level 3 incident was stood up at midday on Saturday and the team was working to get the pump station into a stable condition. • All major overflows ceased around midday on Saturday. • With staff rostered on 24/7, as at today, we now have two pump stations working, we are rebuilding the damaged cranes, and all alarms will be reactivated by COB. The pump station is also undergoing a deep clean to make it hygienic again. We are also airfreighting a part for the third pump (which is under routine maintenance), so we should be back up to three pumps in a few weeks time. • In response to a query from Councillor Turner, Mark noted that vibration analysis is a part of the monitoring programme. Unfortunately, this equipment did not identify the imminence of the pump's failure. • In response to another query, Mark noted that the pump station did not fail during the Auckland Anniversary floods. • There was debate around whether the asset was "sweated" too much, but Mark explained that he had never seen a pump fail in this manner before. • Watercare has around 90 pump stations and this was one of the largest transmission pump stations. The condition assessment programme for these assets is ongoing to identify the level of investment required. • In response to a query from the Chair, Mark noted that an increase in maintenance spend for critical assets has been proposed in the FY25 budget. However, this pump station is due to be decommissioned once the CI goes live and therefore, the cost of recovery will be opex. • The Board thanked everyone in Watercare for their efforts on the management and recovery of this incident. • The CE explained that whilst the incident was currently a Level 3, it was expected to drop to a Level 1 incident later that week as the pump station was now stable and all overflows had ceased.
7.	<p>Chief Executive's report</p> <p>The CE and Executive team introduced the report, which was taken as read. The following key points were made.</p>

April 2024

- An alternative to the previously proposed price pathways for water has been confirmed and included in the approved Long-Term Plan. The water and wastewater prices will rise by 7.2% on 1 July 2024. Infrastructure growth charges will rise by 14.4%.
- The Central Interceptor team has completed the construction of the link sewers.
- Kevin Little, Jay Matagi Lopa and Luke Terangi-Dong from our maintenance network team saved a Mt Roskill resident's life with their first-aid skills. The team carried out CPR until emergency services arrived to take over.
- The Board congratulated Management for their partnership with Fletcher Living, who has integrated water efficiency, water recycling and reuse into the design of their new low-carbon home. Energy and water use will be tracked for three years.

Key performance measures

- In relation to the Average Consumption of Drinking Water per day (graph 6a on page 15), the amount is rising fairly steadily. The team is checking this calculation to ensure we are dividing it by the correct number of Auckland residents. The Board also asked Management to consider changing the name of the graph so it aligns with the measure repeated on page 17; and to also provide a predicted trend line, showing water supply and demand for next year.
- The controllable cost is the Statement of Intent (SOI) target and therefore, it is reported against the LTP budget rather than the P&L. Once the FY25 budget is approved, we will consider aligning the controllable cost with the LTP budget and FY25 budget. The Board asked the team to address this matter in the current draft SOI and the Board asked to see the controllable cost target over the next three years. This will be included in the final SOI.
- The Board was pleased to see the projected increase in the target for procurement from Māori owned businesses. We are building on our existing procurement programme, which actively seeks to maximise opportunities for Māori businesses to participate in the procurement process, so we can meet our target to source 5% from Māori owned businesses by FY25. Suzanne Lucas noted that via Asset Upgrades and Renewals (AUR) programme and the flood recovery working group project, we have set up a panel with Māori owned businesses. One of the KPIs of the panel is 5% spend on Māori owned businesses. The KPIs form a basis of how much of the work they will be getting going forward. Richie Waiwai noted that he receives positive feedback from Māori businesses who agree that the opportunities for them have increased.
- The CE noted that the overall target for Māori procurement is 5% next financial year, and it will be a struggle to meet this target, given our mega-projects such as Central Interceptor. Given this, we may need to increase our commentary and ensure that spend goes up, year on year, but at the same time, ensuring we are buying the right services, at the right price.

Our people

Sarah Phillips provided the update.

- We have been announced as a finalist for inclusive workplace award by Diversity Works New Zealand. The award winners will be announced in August 2024.
- The people dashboards for the month have been updated with more insights.
 - Metrics show turnover continued to stay stable.
 - Leave liability and long service leave liability have increased. Long service leave is a "use it or lose it" leave.
 - Māori representation has risen.
- Regarding annual leave liability for Operations team, Mark Bourne noted that the graph on page 31 covers leave available for this year as well as any carry overs. Due to Auckland Anniversary Floods and the challenges during the year, some staff have not been able to take leave. The wellbeing of our people is

important as well as the liability. To meet the intended baseline, HR business partners are working with the Operations team to manage leave and have leave plans in place. The Board were concerned about the leave liability balance and asked Management to review leave liability, line-by-line in early FY25.

- The Board observed that with the current cost-of-living crisis, more people are not taking holidays, as they cannot afford to go away, so they just keep working. This is a Wellness issue that the company needs to be cognisant of.

Our customers

Brent Evans provided the update.

- From 1 July 2024, we will be charging a flat fee of \$85 to lawyers for change of ownership services (up from \$30). This aligns more closely with fees charged by other councils around the country and allows us to recover the true cost of providing this service.
- We are also in the process of upgrading our website and self-service portal, which is due to launch on 23 June 2024. The new look and feel of the website will offer a much better user experience.

Our operations

Mark Bourne provided the update.

- In relation to the Ōrākei Main Sewer (OMS), once we receive an analysis of the CCTV and laser profiling survey, the remaining outstanding items from the recommendations will be completed. Stage 1 of the rehabilitation project is progressing well. We are also surveying the other interceptors.
- Out of 40 distribution zones, two zones did not achieve residual disinfection compliance. However, residual chlorine was detected in all samples from these zones. A proactive network flushing programme is in place as a short-term improvement programme.
- The leak management programme is progressing well. In relation to a question from Councillor Turner, Mark noted that we have reviewed the way we are triaging leaks, such that smaller leaks will not be repaired if the cost of doing the repair will end up costing us more money and time. We need to balance the value of the water loss with the cost to repair the leak. All leaks, no matter their size, will be logged in our system.
- Beachlands Wastewater Treatment Plant (WWTP), Kingseat WWTP and Mangatangi Dam had non-compliances during April 2024. The Mangatangi dam issue has been resolved. The non-compliances in the WWTPs are more challenging. Beachlands WWTP has high inflows and limited buffering capacity. The new consent is due in late 2025 and the upgrades will be included in the Asset Management Plan (AMP).

Southwest wastewater scheme – update

Priyan Perera provided the update.

- In April 2023, Watercare purchased 372 Glenbrook Beach Road ('the site') for wastewater treatment purposes.
- Since then, Management has been working through the designation process. Watercare submitted the Notice of Requirement (NoR) to Auckland Council on 1 September 2023 and the NoR hearing took place in February 2024.
- In May the Commissioners issued their recommendation that Watercare withdraw the NoR.
- Watercare has until 5 July 2024 to advise Auckland Council of our decision in respect of the recommendation.
- Priyan explained that the NoR process is different from a resource consent process. Here, Watercare is the decision maker and as a "requiring authority", Watercare can determine whether to accept the recommendation or not.

- Management is reviewing the recommendation and obtaining legal advice to decide on next steps.
- The Board reminded Management to consider the consequences of accepting or rejecting the recommendation as well as Auckland Council's position on the recommendation. Priyan noted that Management will submit a report to the 25 June 2024 Board meeting, setting out Management's recommendation, together with a communication and consultation plan.

Warkworth wastewater upgrades

Priyan Perera provided the update.

- The alignment of the southern section of the North-West Growth Servicing Pipeline continues to generate a lot of interest in the Warkworth community. We are further investigating the pipeline's route along Queen St and Elizabeth St, through the main centre, connecting the new Lucy Moore Pump Station. While this route is not yet confirmed, we are keeping the local community informed. Management attended a community meeting on last Friday with local Ministers and councillors to proactively engage with the community. Given the impacts on local communities, oyster farmers, developers and businesses along the proposed route throughout the works, the Board suggested Management to have a detailed communication plan in place, once a final decision on the pipeline route is confirmed.

Flood response recovery

Suzanne Lucas provided the update.

- Some programmes of works were delayed due to funding however, they are now back on track from this month.
- Relationship with Aon has been improving. Management and Auckland Council now attend weekly governance meetings with Aon which has proved to be helpful in further progressing the first claim. The first claim will be submitted via Auckland Council by the end of next week. The complexity of the policy is also one of the factors in the delay. The Board's expectation is that rapid progress on claim payment is now made, given it has been more than a year since this event.
- The Board suggested given the heavy rain forecast in this week, the website should be updated to include communications regarding weather warnings.

Our infrastructure

Shayne Cunis provided the update.

- In the future, the CE's report will include updates on Asset, Upgrade and Renewals programme and major projects.
- Huia 1 and Nihotupu 1 watermain renewals works at Donovan Street have been challenging due to traffic. We have therefore delayed the work start time to 9am which allows two lanes of traffic to operate during the morning rush.

Shareholder comments on Watercare's draft SOI 2024-2027

Emma McBride noted that the draft SOI 2024-2027 is being updated in response to Auckland Council's feedback. An updated version of the draft SOI will be presented to the Board for approval at the 25 June 2024 Board meeting, which is a statutory Public Board meeting.

*The Board **noted** the report.*

8.	<p>Health, safety and wellbeing update</p> <p>Andrew Mercer introduced the report and noted the following key points:</p> <ul style="list-style-type: none"> • Considerable efforts are ongoing to improve performance against the HSW metrics. • In April 2024, an incident occurred at the Ngaruawahia wastewater pipe upgrade project, Waikato District Council contract, where an excavator struck overhead HV lines during maintenance. Thankfully, nobody was injured during the incident and the lead contractor undertook a full investigation with the subcontractor. However, the consequences of the incident could have been severe. Management confirmed that actions had been taken in respect of the contractor. • In response to a request from a Board member, Andrew confirmed he is developing health, safety and wellbeing metrics (Priority 2 from the HSE Global's recommendation) in July 2024 rather than August 2024. <p><i>The Board noted the report.</i></p>
9.	<p>Review of the Corporate Governance Charter</p> <p>Emma McBride noted that the Charter underwent a thorough review in 2022 and therefore, no further changes to the Charter is required, apart from updating the dates. Management also noted the Board's recommendation to change the frequency of the review from annual to bi-annual.</p> <p><i>The Board approved the revisions made to the Charter subject to including the new name of the Independent Māori Statutory Board in the Charter.</i></p>
10.	<p>Audit and Risk Committee meeting update</p> <p>The Board did not discuss Audit and Risk Committee update.</p>
11.	<p>Board planner</p> <p><i>The Board noted the Board planner.</i></p>
12.	<p>Directors' appointment terms, committee memberships and meeting attendances</p> <p>The Chair noted the following:</p> <ul style="list-style-type: none"> • Julian Smith and Andrew Clark are Audit and Risk Committee (ARC) members, effective from 7 June 2024. • Graham Darlow has resigned from the ARC from 1 June 2024. • Frederik Cornu is a member of Asset Management Committee, effective from 7 June 2024. • Committee membership will be reviewed again once the new Chair has been appointed. <p><i>The Board noted the report.</i></p>

13.	<p>Disclosure of Directors' and Executives' interests</p> <p>The Chair noted that from 1 June 2024, she has retired from the following boards and positions:</p> <ul style="list-style-type: none"> • Director, Waimea Water Limited • Director, IT Partners Group • Chair, Advisory Board Women in Infrastructure Network • Chair, Hospice Waikato • Chartered Fellow, Institute of Directors • Member, Institute of Directors, Waikato Branch Committee • Director, Dairy NZ Limited <p><i>The Board noted the report.</i></p>
14.	<p>General business</p> <p>There was no general business.</p> <p>The public session closed at 10:56am.</p>

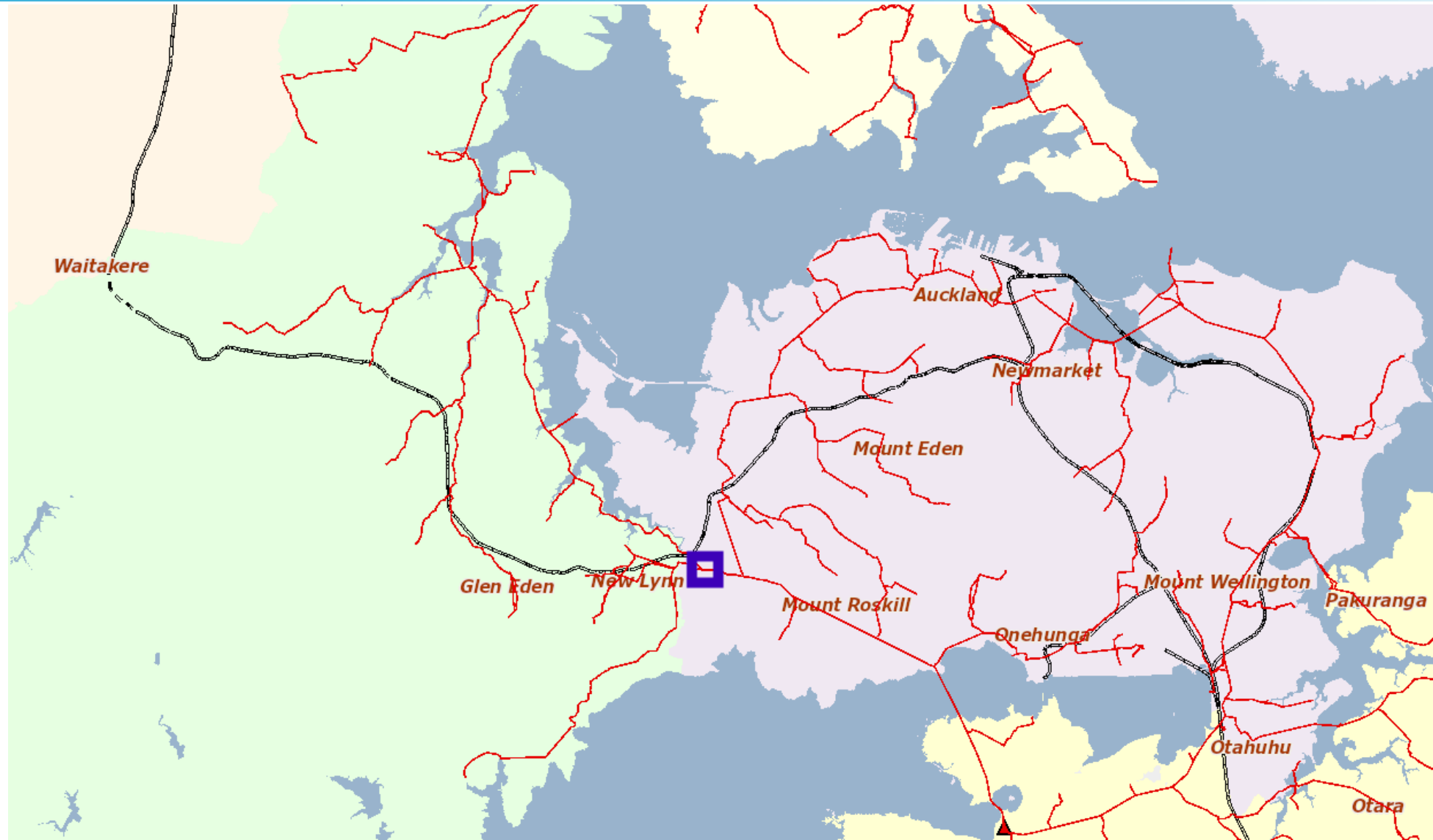
CERTIFIED AS A TRUE AND CORRECT RECORD

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Margaret Devlin, Chair

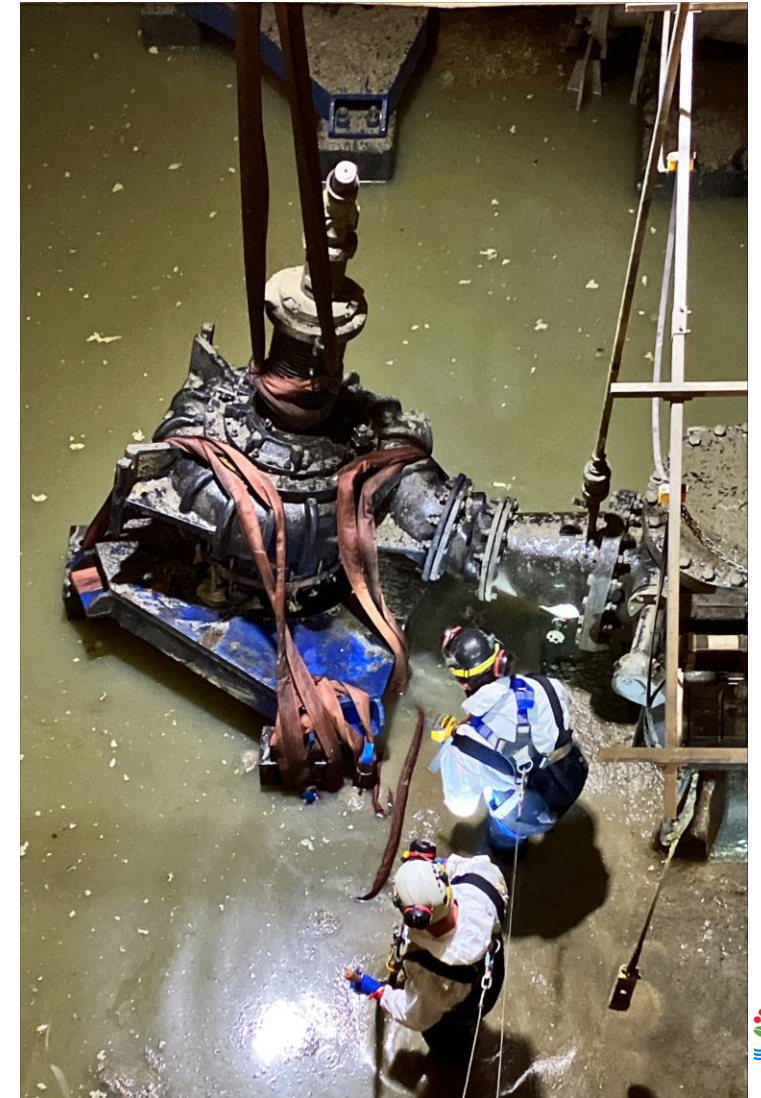
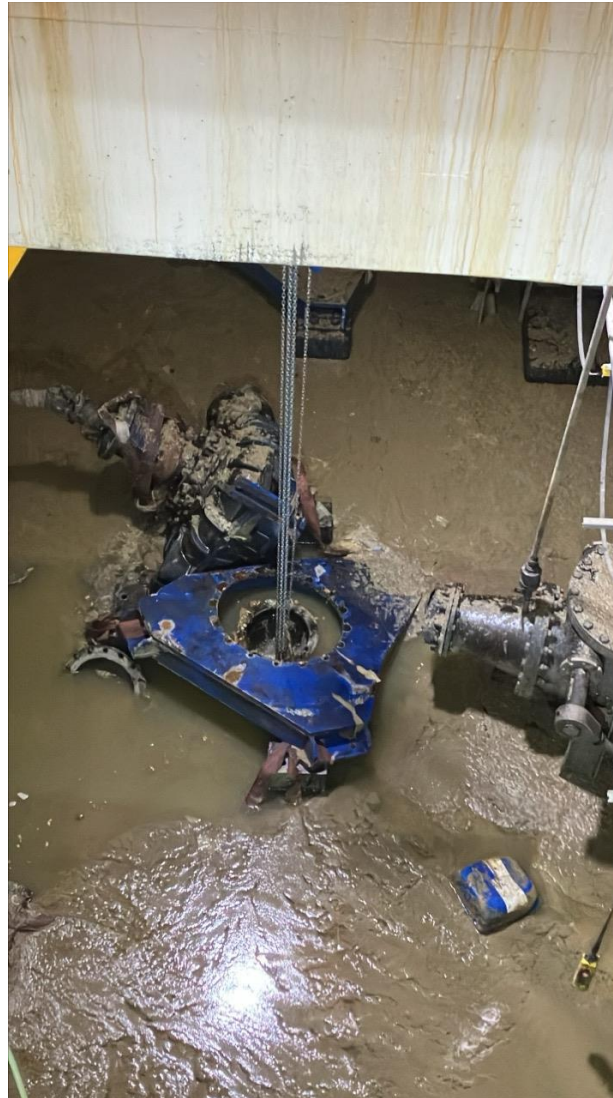
Update on the Level 3 Incident at Pump Station (Miranda Street, Avondale)

12 June 2024 Board meeting

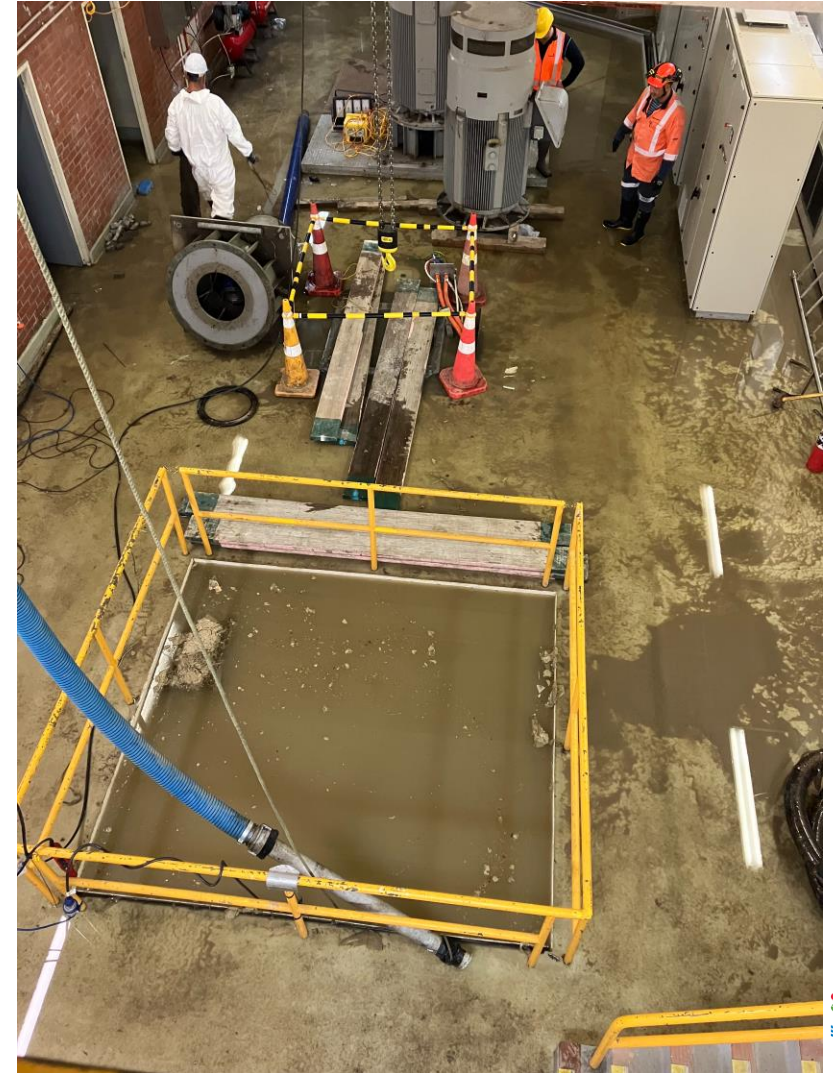
Pump Station 25



Four pumps on lower level of dry well



Electrical and control equipment on mid level of dry well



Temporary repairs



Pump Station replaced by CI tunnel project



Thank you