

THE WEST COAST REGIONAL COUNCIL

MINUTES OF A SPECIAL MEETING OF THE WEST COAST REGIONAL COUNCIL HELD ON 24 APRIL 2019, AT THE OFFICES OF THE WEST COAST REGIONAL COUNCIL, 388 MAIN SOUTH ROAD, GREYMOUTH, COMMENCING AT 10.30 A.M.

PRESENT:

A. Robb (Chairman), T. Archer, A. Birchfield, P. Ewen, S. Challenger, P. McDonnell

IN ATTENDANCE:

M. Meehan (Chief Executive Officer), R. Beal (Operations Director), R. Mallinson (Corporate Services Manager), N. Costley (Strategy & Communications Manager, arrived 10.38), T. Jellyman (Minutes Clerk)

1. APOLOGIES:

Moved (Clementson / Archer) *That the apology from Cr Clementson be received.*

Carried

Members of the Lower Waiho Rating District and the Franz Josef community were present. The Chairman stated that there has been no request for a presentation but he put to Councillors if they were prepared to hear from the group as they wish to ask questions of Council. It was agreed that the group would be heard.

Moved (Archer / Ewen)

That Standing Orders are suspended to allow members of the Lower Waiho Rating District and the Franz Josef community to be heard.

Carried

2. LOWER WAIHO RATING DISTRICT – RECONSTRUCTON OF MILTON & OTHERS STOPBANK

M. Meehan spoke to this report and advised that following on from the 9 April Council meeting, this paper was prepared to formalise the actions Council agreed to do, which was to rebuild the Lower Waiho Rating District (LWRD) asset – the Milton & Others Stopbank. M. Meehan advised that this report outlines the procurement of the rebuild and how the rebuild will be financed. M. Meehan advised that due to the urgency of this work quotes were sought from contractors available, he offered to pass on the prices from contractors who were unsuccessful. M. Meehan advised that Arnold Contractors Ltd have been engaged as lead contractors with G. Condon as a sub-contractor. He advised work that is currently underway, and a separate tender is being considered for the cartage of rock from the Whataroa quarry. M. Meehan stated that Council staff are optimistic that as much rock as possible can be recovered from the river as this will make the job a lot cheaper.

M. Meehan explained the financial side of the works to the meeting and advised that insurance secured by Council last year will fund 40% of costs as per the MCDEM rules. He stated that meetings have been held with Council's insurer and MCDEM staff to start working through the insurance claim. M. Meehan advised that the insurance assessors have also been on site. He advised that he is unsure of how long it will take to process the claim and there is also uncertainty around the amount that can be claimed from Aon and the MCDEM. M. Meehan advised that there is approximately \$1M in the catastrophe fund with \$250,000 of this being recommended to pay for insurance excess. He stated that the current balance in the Lower Waiho rating district account is just under \$100,000.

M. Meehan advised that competitive prices have been sought for the rebuild following Council's decision last week to go ahead with the rebuild. He stated that there are still some unknowns particularly in relation to the insurance claim and MCDEM. Discussion took place on the timeframe for the payout with R. Mallinson advising that it is likely this will take several weeks to work through and it is likely that the final outcome will not be known before the job is finished. M. Meehan advised that damage sustained to the Franz Josef stopbank is also being claimed for. M. Meehan advised that this claim will not be as complicated as the 2010 insurance claim.

M. Meehan explained the recommendations to the meeting and answered questions from Councillors. Cr Birchfield tabled costs from Blakely Contractors Ltd which contains pricing for the use of the D11 bulldozer. Cr Birchfield stated that he would like to hear from Peter Dennehy who is representing the LWRD. Cr Archer asked Cr Birchfield for his take on the use of the D11. Cr Birchfield advised that the D11 was the machine which went down the river and diverted the main flow of the Waiho River away from the south side. He stated that the D11 is still in the area and is available for use and could be used to push the bank back up again. Cr Birchfield stated that the quickest way to reinstate the bank is to use the D11 as the bank has been washed away for almost a month now. Cr Archer asked if the use of the D11 will have any impact on the hourly rate price currently in front of Council. Cr Birchfield stated that the D11 is a more suitable machine and is bigger machine than what is currently being used.

The Chairman stated that Council has a procurement policy in place and staff have asked contractors to put in their prices, which they have done, and now there is a list of prices which was not included in the procurement process. The Chairman asked R. Beal to explain the procurement process to the meeting. R. Beal advised that the availability clause in Council's Procurement Policy was used as the message Council received was that the work was to be started immediately. Council's engineer then got quotes from Arnold Contracting Ltd and others including the Blakely Construction Ltd's machine who were all put forward.

M. Meehan advised that the contract was awarded to Arnold Contracting Ltd (ACL) as the lead contractor and Graham Condon as a subcontractor. He explained that there is the ability for ACL to pull in other machinery including the D11 as necessary.

P. Dennehy addressed the meeting. He asked how long is this process going to take as yesterday he watched a digger trying to lift a rock out of the river and the digger was too small. P. Dennehy expressed concern with the prospect of the LWRD ending up with a large loan, he stated there is still no rock on the bank and there is nobody drilling in the Whataroa quarry at the moment. P. Dennehy stated that the LWRD is also concerned about where rock is likely to come from. Discussion took place on the possibility of a buy out for the south side but M. Meehan advised that there are too many unknowns with this. He stated that the focus is on reinstating the stopbank. P. Dennehy stated that all present today are here for the Franz Josef community as the south side effects the town. The Chairman advised that the main concerns are the proposed expenditure for the reinstatement of the stopbank and the prospect of a large loan for the LWRD. M. Meehan stated that the costs for the reinstatement of the stopbank is worst case scenario. The Chairman advised that Council has to go through a proper procurement process and this will be followed. Cr Archer asked P. Dennehy for his opinion on the supplementary paper containing prices for the D11 and what he thought about this. P. Dennehy responded that the other machinery will do the job but he is concerned about how much longer this would take, and the risk of the river flooding again in the meantime. P. Dennehy stated that it is important that timelines are in place for this reason. Cr Archer expressed concern regarding the paper tabled with costings to the meeting as it had no input from Council management. Cr Birchfield stated that it was his idea to put the additional paper to the meeting. It was agreed that one of the major issues is the demand for rock as well as the design and methodology for the work. M. Meehan advised that the recommendation talks about making Jimmy Arnold the lead contractor. M. Meehan advised that council staff can work with J. Arnold with regard to the use of bigger gear and the availability of this. M. Meehan stated that this could be discussed on Monday at a meeting in Franz Josef, timeframes would also be discussed at this meeting. M. Meehan advised that J. Arnold has the flexibility to bring in a sub-contractor for the D11. M. Meehan stated that he and R. Beal will be attending a meeting in Franz Josef on Monday to discuss these matters. M. Meehan advised that Council's preference is to have a lead contractor, and to hold weekly meetings to keep the project on track. Discussion took place on like for like and the implications of insurance. M. Meehan stated that Council's goal is to recover as much as possible from insurance and MCDEM. He stated that like for like is different now compared to what was done previously as the Rata Knoll section could be stage two, if

finances allow. M. Meehan spoke of the uncertainty with insurance and the MCDEM claim. Cr Ewen wondered if the \$100,000 in the rating district account could be used for the D11 work but he is unsure if this would compromise the current contract. R. Beal advised that Council's Engineer also has a price for the use of a 50 tonne digger and he is working with J. Arnold on this. R. Beal stated that the main problem with using the D11 is that there is not enough rock to use yet, as there is no point in pushing up a bank until it can be lined. Cr Birchfield expressed concern with progress to date. It was agreed that advice must be taken from Council's Engineer as this is the only way the project can be run. Extensive discussion took place with questions asked about insurance, rock requirements, and how the new wall compares to the old wall. M. Meehan advised that the bank was instated 37 years ago and there have been a lot of changes in methodology since then. P. Dennehy stated that rock is not being recovered quick enough. He spoke of ways to that the D11 could be used, and the amount of large rock that is in the middle of the river, as well as rock on the hook groyne. R. Beal stated that it was acknowledged yesterday that the excavator being used is not big enough but this has been addressed today.

Cr Archer suggested a change to recommendation two for procurement of larger machinery if required. M. Meehan asked the meeting how they would like to deal with the level of uncertainty around the financial situation especially the prospect of the LWRD needing a loan. Cr McDonnell suggested that the LWRD is given some indication of how much they could be up for with regard to a loan. It was agreed that this information would be provided to the LWRD at Monday's meeting with the impact of various scenarios included. Cr Archer stated it is important that the job is done as quickly as possible and for the best possible price. The Chairman stated that once the insurance and MCDEM funds come through, whatever the shortfall is will become a loan to the rating district. M. Meehan advised that during the contract for the Hokitika Seawall, milestones and triggers were in place and it is proposed that these will be put in place for this project. Discussion took place, M. Meehan advised that \$3.791M is not required right now but a smaller amount could be approved now with monthly updates provided to Council meetings and weekly updates provided to LWRD. He stated that the project will change during stages as the project develops. Cr Ewen stated that he would be happy with \$1M approved now as there is money coming from the insurers and MCDEM. R. Mallinson advised that Council will be working hard with the insurers to get the best possible outcomes for the community. R. Mallinson stated that he will be modelling the impact of various levels of borrowing per \$100,000 of capital value later today. He stated that Council is able to borrow at a very cheap rate of less than 3%. It was agreed that recommendation three would be changed to \$1M.

Moved (Archer /Birchfield)

1. *That Council receives the report.*
2. *That Council approves the rates listed below for the Milton and Others stopbank reinstatement, recognising that the project may require the use of heavier machinery, and that Council authorises the procurement of this machinery at the best price:*

<i>Contractor</i>	<i>Plant</i>	<i>Rate \$/hour</i>	<i>Establishment</i>
<i>Arnold Contracting</i>	<i>26T Dump Truck</i>	<i>\$175</i>	<i>\$0</i>
<i>Arnold Contracting</i>	<i>20T Excavator</i>	<i>\$170</i>	<i>\$0</i>
<i>Arnold Contracting</i>	<i>30T Excavator</i>	<i>\$180</i>	<i>\$2,000</i>
<i>Arnold Contracting</i>	<i>12T Roller</i>	<i>\$110</i>	<i>\$2,000</i>
<i>Graham Condon</i>	<i>D375 Dozer</i>	<i>\$575</i>	<i>\$0</i>

3. *That Council approve expenditure up to \$1M for the initial reinstatement of Milton and Others stopbank.*
4. *That Council attempt to recover the full amount for the reinstatement cost through insurance and government contributions.*

5. *That should there be a shortfall arising from recovery of finances between insurance and government contributions, that the shortfall is funded through a loan secured on behalf of the Lower Waiho Rating District.*
6. *That Council authorise the use of \$250,000 from the catastrophe fund to fund the excess cost of the insurance claim.*

Carried

The Chairman thanked P. Dennehy and members of the LWRD for their attendance.

The meeting closed at 11.28 a.m.

.....
Chairman

.....
Date