

0.0 Putorino Landfill Remediation Project – Budget Increase**Author: Mark Barnes, Project Director - Rail Hub****Authoriser: Peter Beggs, Chief Executive****1. Reason for Report**

- 1.1 To seek Council approval to increase the budget to complete the Remediation of the Former Landfill on Putorino Road Project.
- 1.2 To authorise the Council Chief Executive to sign Contract/s with suppliers to undertake the works within the limit authorised by Council.

2. Context

- 2.1 The Remediation of the Former Landfill on Putorino Road Project is a Council funded project to address the environmental issues relating to the historic landfill site adjacent to the Rangitikei River.
- 2.2 The project scope was to remove contaminants by screening the waste. The contaminants would then be disposed at a registered landfill site, with the screened material returned to the former Putorino Rd landfill site.
- 2.3 It should be noted that the screened material is designated as “*managed fill*” in that it still contains small scraps of plastic, rock etc. and traces of heavy metals higher than normal background levels. “*Managed fill*”, unlike “*clean fill*”, can only be disposed of by returning it to the Putorino Rd landfill site or to another registered/consented disposal site.
- 2.4 The remediation of the landfill itself was completed in April 2022, so removing the environmental risks of landfill waste being washed out into the river.
- 2.5 As reported to Council in June 2022. the project experienced cost overrun primarily due to handling of higher volumes of material than originally envisaged and higher costs associated with the disposal of material at Bonny Glen.
- 2.6 The June 2022 report to Council also advised that an estimated 1600m³ of unscreened material remains on private land (used with permission of the landowner to bulk store and screen excavated material) adjacent to the Putorino Rd site and has yet to be removed. The Contractor, Central Demolition, was instructed to halt all works pending a decision.
- 2.7 The recommended action was to screen the material (to remove contaminants) and return it to the Putorino Rd landfill site. Council Resolution 22/RDC/252 approved \$150,000 to undertake this work.
- 2.8 Subsequent to this resolution there have been two emerging issues that impact the scope of work and associated costs.

2.8.1 Firstly, the course of the Rangitikei River has changed considerably and has encroached into the remediated landfill site. (Refer to Appendix 1 which shows borehole BH2, which was installed in June 2019, is now in the river flow). Due to this erosion, screened material cannot be returned to the landfill site.

2.8.2 Secondly, the total volume of material that must now be dealt with is far greater than originally estimated. In addition to the 1600m³ of unscreened material there is an estimated 3200m³ to 5700m³ of screened “*managed fill*” to be removed from the private landowner’s site.

3. Discussion and Options Considered

- 3.1 As discussed above, the “*managed fill*”, unlike “*clean fill*”, can only be disposed of by returning it to the Putorino Rd landfill or to another registered/consented landfill site.
- 3.2 Given this there are only two options, either to dispose of the managed fill at an existing registered/consented site; or to identify another site and seek Resource Consent for the material to be disposed there.
- 3.3 Sites (private and Council owned) close to the Putorino Rd site (to minimise transport costs) were investigated. Given the volume of material, there is the risk that multiple sites would be required, each requiring Resource Consent, which would take time to secure, but also have the attendant risk that Resource Consent may not be granted.
- 3.4 The Manawatu District Council (MDC) landfill site at Ranfurly Road, Fielding has been identified as a site where the “*managed fill*” can be disposed of. No additional Resource Consent is required.
- 3.5 As previously all extracted (post screening) contaminated waste will be disposed of at Bonny Glen.
- 3.6 Following an open tender exercise Central Demolition were awarded the original Contract to remediate the Putorino Rd Landfill site.
- 3.7 Council’s 2014 Procurement Policy Rule 13 Direct Negotiation – Subsequent Work Stages Section 6 allows Council to directly negotiate with a supplier who previously won an openly advertised tender.
- 3.8 Negotiations with Central Demolition remain ongoing to finalise the Contract. However, one key component is trucking costs. To ensure best value, two Marton based trucking companies have been approached. Costs have been received from one company, with no return received from the second. Indications are that a saving in the order of \$20K can be made on transport costs, by using a local trucking company.
- 3.9 Given the imprecise volumes of material to be handled, Central Demolition have agreed for this work to be undertaken on an open book basis, this includes transport costs, such that the final contract sum will be based on the measured volume of material rather than estimate.
- 3.10 It is estimated that the work could take 4 to 6 weeks to complete, depending on the weather.
- 3.11 Council staff are pursuing a Waste Levy rebate from the Ministry for the Environment for material previously disposed at Bonny Glen. Should this be granted this will equate to an unbudgeted income of approximately \$195,000.

4. Financial Implications

- 4.1 To address the balance of screened and unscreened material located on private land adjacent to the Putorino site, the total project cost is estimated to be \$510,000, including 10% contingency. This is \$360,000 above the current approved budget of \$150,000.
- 4.2 The additional \$360,000 will come from unbudgeted Opex, which will unfavourably impact Council's year-end financial position.
- 4.3 The Contract value is to be agreed with Central Demolition but will sit within the revised project budget.

5. Conclusion

- 5.1 The volume of material to be removed from the Putorino Rd site is far greater than originally considered in the June 2022 report to Council.
- 5.2 Due to the course of the Rangitikei River changing and eroding the remediated landfill site, screened material cannot realistically be returned to this location, as first anticipated.
- 5.3 Screened material known as "managed fill" must be disposed of at a registered/consented site. Manawatu District Council landfill at Ranfurly Road has been identified as being suitable.
- 5.4 Extracted contaminated waste must be disposed of at Bonny Glen.
- 5.5 The \$150,000 budget approved under Council Resolution 22/RDC/252 is insufficient to complete the works.
- 5.6 Total project costs are estimated to be \$510,000, including 10% contingency, which is \$360,000 above the approved budget.
- 5.7 Following an open book approach with Central Demolition will enable best value to be achieved for Council. This includes using Marton based trucking companies where this is at a demonstrable lower cost (estimated saving of \$20K).

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Attachments:

1. **Appendix 1- Location of Borehole BH2 June 2019 and December 2022**

Recommendation 1

That the report 'Putorino Landfill Remediation Project – Budget Increase' be received.

Recommendation 2

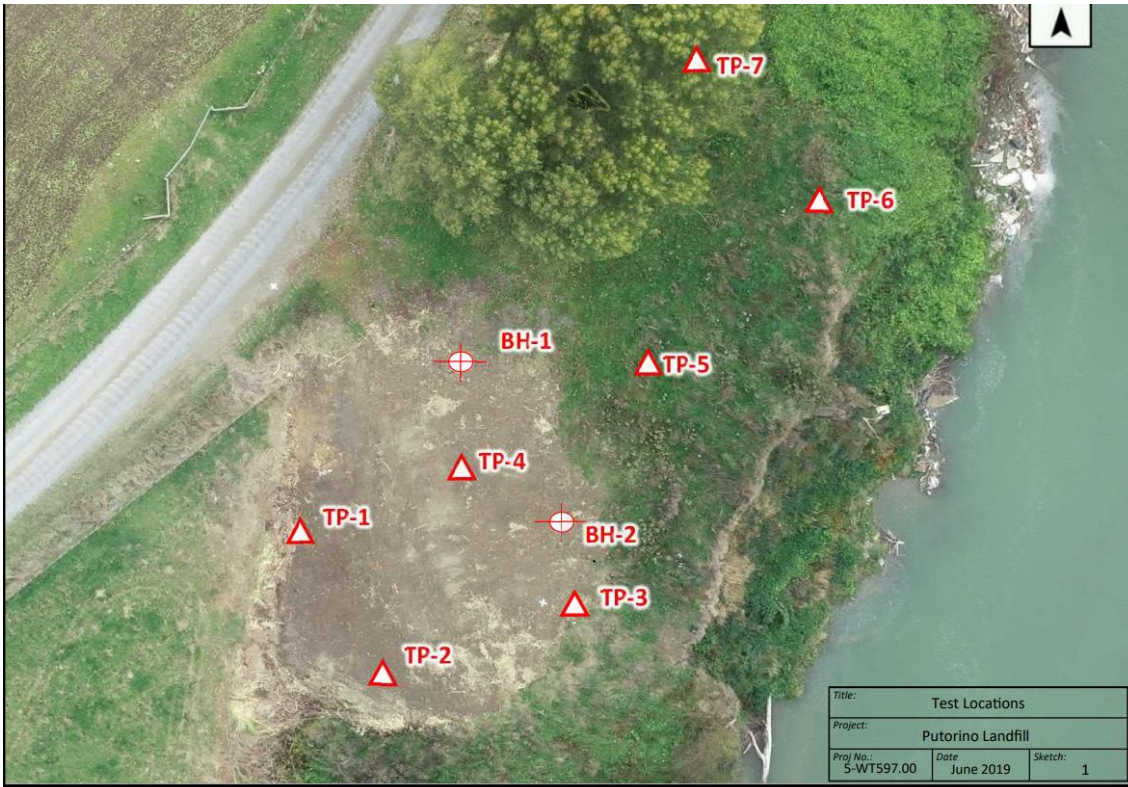
That Council approves the increase in the approved budget from \$150,000 to \$510,000, including 10% contingency. Also that Council notes that this remains an estimated figure and that it is intended to run an open book project in order to contain project costs.

Recommendation 3

That Council notes staff are working with the Ministry for the Environment to obtain a Waste Levy refund for materials previously disposed at Bonny Glen. This could create an unbudgeted income of \$195,000 this Financial Year.

Appendix 1 – Location of Borehole BH2 June 2019 and December 2022

June 2019



December 2022

