

**Audit, Finance & Risk Committee**  
**6 June 2019**

**Report for Agenda Item | Rīpoata mot e Rāraki take 5**

**Department: Property & Infrastructure**

**Title | Taitara Civic Building Diesel Leak – Gorge Road Queenstown**

**PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

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- 1 The purpose of this report is to consider the Civic Building office heating system leak and subsequent office closure.

**RECOMMENDATION | NGĀ TŪTOHUNGA**

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- 2 That the Audit, Finance & Risk Committee:
  1. **Note** the contents of this report.

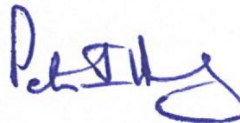
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27/05/2019

Reviewed and Authorised by:



Peter Hansby  
General Manager Property &  
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27/05/2019

## CONTEXT | HORPOAKI

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- 3 Council staff are currently housed within 3 leased and 2 owned properties in the Queenstown CBD. An additional 3 office locations are currently utilised in the Wanaka, however these are due to be rationalised into 1 office location on Council property in June.
- 4 The Civic Building at 10 Gorge Road houses approximately 50 staff, including a public library and is used for the majority of Civic meetings convened by the Council. The building is split over 3 floors, and was constructed originally in 1976 with major renovations taking place in 1995 for the then owner the Wakatipu Club. The Council later purchased the site and renovated the building in 1998, reconfiguring the building mostly into the current format that it is today.
- 5 The building is heated by traditional air-conditioning plant on the first and second floor, with some coverage of the ground floor as well. The ground floor library area however is heated by an in-floor diesel heated water system, with the main heating unit being situated on the 3rd floor roof in a specially designed plant room which we understand was constructed in either the 1995 or 1998 renovations.
- 6 At 8am on Monday the 5th November 2018 a diesel leak in the 1st floor office area was reported by staff entering the building who were commencing their working week.

## ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

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- 7 This report is primarily to consider the cause, affect, costs and lessons learnt from the diesel leak in November 2018.
- 8 The diesel leak occurred because the burner unit on the roof leaked and the unit was not isolated and shielded with a protective barrier from entering the building through the roof space. Noting that this unit was likely to have been originally installed in 1995-1998 during the earlier major renovations to the building. From a visual point of view it was not obvious that a leak from the unit would cascade into the building, but its clear that the unit would not be installed in this way under current best practice.
- 9 The heating unit itself had been on a quarterly servicing contact with HVAC specialists, but the contractor had changed recently due to the original company no longer servicing the Queenstown area.
- 10 We have been advised by the servicing agent that the failure which caused the diesel leak was primarily due to a faulty hi-level probe on the diesel header fuel tank which was mounted in the burner room enclosure on the roof, and meant that the tank kept filling despite being full.
- 11 The fuel is pumped from the main fuel tank at ground level to a small header tank on the roof. This is then used by the diesel boiler as its direct feed. The header tank had a small reserve catchment (spill) tray beneath it with a drain line back to the main fuel tank, but the fuel pump from the main ground floor tank was able to pump more fuel than the reserve catchment tray could drain, and the fuel therefore overflowed the catchment tray into the ceiling space below and then into the office area.

- 12 The leak was reported at approximately 8am on Monday as staff arrived at the Council office to commence their working week. Property Managers were onsite within a few minutes of being called, and immediately secured the property and directed staff out of the building and shut power down to the building as a precautionary measure in case there was a risk of inadvertently starting a fire. The fire service was also called to provide expert advice on the risk of fire within the building and a special noxious gases reader was made available to test the air in the building.
- 13 With the office closed the Council then notified all staff affected by the closure to work from home or to relocate to other offices within the CBD where possible. All public enquiries were directed to the Council office at 74 Shotover Street.
- 14 Council's insurance company was notified of the issue, who advised immediately that all practical measures to make safe and reinstate the building could occur and be directed by the Council and its contractors.
- 15 With the building closed, a clean-up of the diesel spill was initiated with specialist H&S advisors engaged to ensure that the risk to the clean-up crew was mitigated. The diesel and diesel-soaked carpet and other equipment was removed from the building and disposed of by late on Monday the 5th with the immediate risk to building and occupants resolved.
- 16 After precautionary checks of the electrical systems and other elements, the library was then able to be reopened to the public on Wednesday the 7th November.
- 17 With the closure in place, the Council decided to investigate with building works a potential critical structural weakness identified in the building which related to a large double storey limestone fireplace. The fire place was a central feature in the building and had been identified for further consideration in a recent structural engineering report commissioned by the Council.
- 18 It was confirmed that the structure was indeed a risk to occupants in the building, as it had insufficient securing to its inner framing structure and could topple or break up in a significant earthquake. The Council therefore decided to undertake further works to the building whilst closed to remove this hazard before reopening the main reception and office area on the 1st floor of the building.
- 19 Of the costs incurred from the shutdown, \$35,500 was directly attributed to the diesel leak response, and of that amount the insurers pay-out to Council was \$17,600.
- 20 In hindsight the diesel heater unit could have been considered an inherently risky feature of the building, however it had not had any real servicing or operational issues since being installed in the 1990's. A servicing contract was in place for the unit, but this is unlikely to catch a flaw in the system without a separate review of all aspects of the equipment.
- 21 A review of all Council offices has confirmed that there are no other heating systems in operation that may cause a similar issue. The Civic building library heating is being reconfigured to run off heat pumps going forward.

22 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:

23 Advice

24 Going forward the Council and its contractors intend to take a more proactive approach to reviewing system suitability and reviewing and considering replacement of heating and other building equipment where it is likely to improve service delivery and ongoing operational expenditure.

### CONSULTATION PROCESS | HĀTEPE MATAPAKI:

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#### > SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

25 This matter is of [medium] significance, as determined by reference to the Council's Significance and Engagement Policy because it relates to service delivery and operations.

26 The persons who are affected by or interested in this matter are residents and visitors to the district, that may be affected by Council service delivery and operations.

#### > MĀORI CONSULTATION | IWI RŪNANGA

27 The Council does not intend to consult on this matter as no recommendation or approval is required.

### RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

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28 This matter relates to the Business Continuity risk category. It is associated with SR6B within the [QLDC Risk Register](#). This risk has been assessed as having a Choose an item. inherent risk rating.

29 The approval of the recommended option will support the Council by allowing us to avoid the risk. This shall be achieved by undertaking further proactive approaches to review system and operational suitability in regards to its property.

### FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

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30 There are no financial implications noted as a result of this paper.

### COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

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31 The following Council policies, strategies and bylaws were considered:

- Reference alignment with and consideration of the principles of the Vision Beyond 2050: <https://www.qldc.govt.nz/vision-beyond-2050/>

32 The recommended option is consistent with the principles set out in the named policy/policies.

33 This matter is not included in the Ten Year Plan/Annual Plan

- But does not impact upon it.

#### LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

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34 The recommended option:

- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

#### ATTACHMENTS | NGĀ TĀPIRIHANGA

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A	Photos of building and leak response
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