



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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EXTRAORDINARY MEETING OF COUNCIL

Open Agenda

Meeting Date: Friday 16 March 2018

Time: 8.30am

Venue: Council Chamber
Hawke's Bay Regional Council
159 Dalton Street
Napier

Council Members Mayor Dalton (In the Chair), Councillors Boag, Brosnan, Hague, Jeffery, McGrath, Price, Tapine, Taylor, White, Wise and Wright

Officer Responsible Chief Executive

Administrator Governance Team

**Next Council Meeting
Tuesday 3 April 2018**

ORDER OF BUSINESS

Apologies

Councillor Dallimore

Conflicts of interest

Public forum

Ken Crispin – Secretary, Citizen’s Environmental Advocacy Centre

Announcements by the Mayor

Announcements by the management

Agenda items

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AGENDA ITEMS

1. DIRECTION FOR THE PREPARATION OF THE LONG TERM PLAN 2018-2028

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	455832
<i>Reporting Officer/s & Unit:</i>	Adele Henderson, Director Corporate Services

1.1 Purpose of Report

Council has been providing direction for the Long Term Plan 2018-28 through a series of workshops during late 2017 and early 2018. This paper contains the recommendations and are being presented in a formal manner to Council for approval and adoption.

Officer's Recommendation

That Council

- a. Receive the report and confirm it as being a record for setting direction for the development of the Long Term Plan 2018-28.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

1.2 Background Summary

The Mayor and Council are required to prepare a Long Term Plan under Section 93 of the Local Government Act 2002. To enable the preparation of the plan, the Mayor facilitated workshops with Councillors on setting the direction after considering pre-engagement feedback so that a Long Term Plan can be completed for Consultation.

1.3 Issues

Changes in regulations and standards including earthquake strengthening, water, stormwater discharge, asbestos and health and safety are having an impact on costs associated with Council activities. These costs while attempted to be contained within existing budgets will have a rating impact if existing levels of service are to be maintained.

1.4 Significance and Consultation

The development of a Māori Engagement Framework will provide a foundation for developing and enhancing engagement with Māori.

Direction setting principles and guidelines provided by Councillors through the workshops included:

New Council Outcomes:

- A vibrant, innovative city for everyone
- Excellence in infrastructure and public services for now and in the future

- A sustainable city
- Council works with and for the community
- A safe and healthy city that supports community well being

Projects that Council would like to focus consultation on:

- Water Supply – noted as being of high public interest
- Leasehold land
- Napier Aquatic Centre Development
- National Aquarium Expansion
- Ahuriri Masterplan

Other projects that Council wishes to note in consultation

- Civic building upgrade (still waiting on options before this can be confirmed)
- Water supply improvements
- Inner Harbour renewals and improvements
- Park Island Masterplan
- Community Housing
- Destination Playground – extension
- Library Strategy – to come back to Council and consultation later in the year
- Coastal Hazard Strategy
- Waste Management and Minimisation Plan

Further consultation with the public may occur subsequent to the adoption of the Long Term Plan on the following:

- Library Building for Civic use – further information is being sought on the best option for locating staff to ensure that the most cost effective and efficient solution is sought.
- Library location – once library strategy is complete, then options regarding the future location of the library can be consulted on (which may be a return to old location, or new location depending on recommendation from review).
- Aquarium – once the detailed business case is developed, further consultation may occur.
- Future provision of Community Housing.

Financial Strategy Direction setting

- Council is in a very strong financial position, and is able to take on debt for projects including the development of the Aquatic centre.
- That the “net rate funded debt per capita” limit be removed from its benchmarks as this is not a comparable metric with other councils in NZ.
- That a new “debt to total revenue” metric be introduced in place of the per capita metric above and that the limit be set to < 100%.
- That the interest to revenue debt be < 10%.
- That all debt limits now relate to external debt consistent with other Councils.
- That Council remove its per capita debt as a performance metric.
- That the budget recognises 170 additional Parklands sections being created as a result of changes to the District Plan, and that assumption on average section sales is increased to \$280k for budget purposes. Parklands sections are anticipated to be fully sold by year 9 of the plan, and Council will start to consider further income

generating opportunities for the future. It will maintain \$30m for this purpose, and is a prudent measure to offset rates increases where appropriate.

- That to achieve the growth and project requirements for the Long Term Plan that a council set a target rates increase no more than LGCI + 5%.
- During the first 4 years of the Plan there will be significant work required to be undertaken on the Inner Harbour and due to the size of the programme, that these funds be approved to come from the Council reserves (Parklands). A masterplan will be developed for the Inner harbour redevelopment and options examined for external funding.
- A contribution of \$5m from Council reserves (Parklands) to be provided for the Aquatic Centre expansion.
- A contribution of \$7.5m from Council reserves (Parklands) to be provided for a potential new Library building (subject to consultation).
- Financial and Development contribution policy to be consulted on separately to the Long Term Plan with an update to growth projects only. Council recognises that there is a pending change in legislation in Financial contributions in 2022 and will consider impacts when it consults on the policy after its next review.
- That funding for 50% of the cost is provided for the development of the National Aquarium of NZ expansion full business case.
- That Community Housing should be ring-fenced, so that it can move to being a self sustaining activity going forward.
- That council removes income from tenancy as a result of the move from the Civic and Library building
- That council provides for wage minimum increases.
- That council provide an increased level of funding to support the move to “the cloud” for IT services.
- That a shift in ratepayer funded costs associated with Marine Parade be made to allow funding in reserve to grow to accommodate large future inner harbour costs.
- That funding for the MTG storage not be included in the Long Term Plan noting that the current facility is adequate and a cost effective option. Future options will be reviewed when funding is available and it is more cost effective for other sites.
- That funding for the capital project for the upgrade of the Civic administration (old Library) building not be included at this time, and allow an operating cost equivalent only (rating impact).
- Acknowledge that the surplus Ahuriri Bowling club land will be sold by tender and funding used for community projects
- Council will consider an accommodation levy in future to manage future tourism infrastructure investment.

Infrastructure Strategy Direction setting

- That the health and wellbeing of our community is of highest importance, and therefore projects relating to water, stormwater and wastewater are prioritised.
- The water supply focus should be on a safe drinking water programme, water source capacity and security.
- The wastewater focus should be on treatment and disposal, infiltration and inflow and meeting the demands of growth.
- The stormwater focus should be on flood protection, and improvements of discharge quality to the Estuary and ocean.
- Acknowledge that there are environmental sustainability issues facing all Councils at this time.

- Acknowledge that consideration needs to be given to infrastructure resilience and to consider liquefaction, ground level changes and lateral spread issues for many parts of Napier.
- Acknowledge that Council have knowledge gaps in asset condition and performance related data that we are seeking to address in the short term.
- That there should be further investigations and mitigations where we have single points of failure eg:
 - Wastewater treatment plant
 - Enfield Reservoir
 - Water reservoirs and supply bores
- Seismic related strengthening of the “old” Library building should be reviewed for cost efficiency and effectiveness (Civic building to be demolished when appropriate as already consulted on).
- That council receive the pre consultation feedback on the Aquatic options and consult fully as part of the Long Term Plan, recognising that costs were higher than anticipated on a more detailed review of the 50m pool option. A further review of site options to be explored as part of this exercise.
- That there is an increase in the pre-engagement costs relating to the Aquarium expansion to recognise that construction costs are moving faster than inflation, and had a 13% increase in build costs from the prior year when the indicative business case was originally developed.
- That consultation on the future of waste management is undertaken jointly between Napier and Hastings
- That there are immediate issues with the Inner Harbour that need to be addressed based on a detailed engineering report, and that where possible any repairs/improvements should be undertaken with consideration to the Ahuriri Masterplan.
- There will need to be upgrades and improvements to the Telemetry and control systems for the 3 waters.
- Acknowledge that Council’s buildings have a degree of deferred maintenance that will need to be progressively addressed.
- Council will continue to investigate and manage risks associated with Asbestos management in Council’s buildings.
- With the above being considered, in the short term (1-6 years) that immediate risks are addressed and project and asset management frameworks are being developed to meet changes in standards, industry acceptable good practise and legislative requirements. In addition, Council will consider options for future provision of retirement and community housing in 2018 to inform future public consultation.
- With the above being considered, in the medium term (6-18 years) that infrastructure performance issues and condition related matters are addressed, and projects required to improve infrastructure resilience are identified and programmed for implementation.
- McLean Park will be assessed for future development opportunities to maintain standards and enable to compete nationally for events.
- That further detail be provided on future playground projects through the development of Parks and Reserves Strategy and Reserve Management Plans.
- Investigate options for the future of the Allen Berry Reserve in relation to the adjoining Department of Education land.
- Council recognise that while the Coastal Erosion Strategy identifies pathways for the management of impacts of sea level rise on the cities coastal margin, additional investment is required to provide redress to the significant issue of historical coastal erosion at Westshore.

- Council have included funding of \$11.5mill in this LTP to investigate and implement options to address both the onshore and off shore impacts of long term historical erosion.
- In the Long Term, Council recognises that this is a Coastal city and that it is subject to natural hazards
 - Sea level rise through climate change
 - Potential for groundwater rise
 - Flooding
 - Earthquake/Tsunami risk (including lateral spread and liquefaction)
- Sustainability is of importance and will be factored into all projects

External Funding

There are a number of projects to be consulted on as part of the Long Term Plan that are subject to external funding. These are as follows:

Aquatic expansion - \$2m sale of existing Council asset (not yet on market)

Library rebuild - \$5m anticipated from Provincial Growth Fund

National Aquarium of New Zealand expansion - \$20-\$25m from Provincial Growth Fund and \$21m from sponsors/grants

General direction

- Based on affordability of 5% of income, all areas of Napier had capacity for higher rates.
- MTG – continue with free entry, acknowledging the reduction in costs as a result of co-location with the library.
- That council continue with the level of event funding.
- That the Mayor and Councillors approve the direction and format of the Consultation document for the Long Term plan.

1.5 Attachments

Nil

2. REPORT ON THE LONG TERM PLAN PRE-ENGAGEMENT FEEDBACK 2018-2028

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	455842
<i>Reporting Officer/s & Unit:</i>	Natasha Carswell, Manager Community Strategies

2.1 Purpose of Report

The purpose of this report is to present to Council the outcome of the 2018-28 Long Term Plan (LTP) pre-engagement process which was undertaken between June 2017 and August 2017. The Long Term Plan pre-engagement report is attached.

Officer's Recommendation

That Council

- a. Receive the Long Term Plan pre-engagement process report.
- b. Note that the content of the Long Term Plan pre-engagement process report has been considered in the development of the 2018-28 Long Term Plan Consultation document to be adopted by Council 10th April 2018.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

2.2 Background Summary

The key objectives of the pre-consultation engagement was to ensure there were opportunities for the Napier community to contribute to the development of the Long Term Plan 2018-28 (the LTP), particularly so Council could consider what is important to a range of people in Napier.

In order to initiate feedback from a range of people, a new engagement brand (Say it Napier!) and tools were developed.

2.3 Issues

After reviewing the comments and ideas, the following key themes have emerged from the community:

- More places to go, and things to do
- Look after our locals
- Keep our city safe
- A new pool
- Take care of our environment

These issues have been considered in the development of the Long Term Plan.

2.4 Significance and Consultation

The pre-consultation engagement for the LTP significant interest from the community with over 1000 ideas or feedback comments provided via a number of methods. This is ten times the number of comments received in 2015. Engagement was targeted to elicit ideas and feedback from a range of residents. The most successful engagement was at events and pop-ups where people already were. Using technology, including the videos, social media and the website proved to be a successful method of engagement also. The Say it Napier! branding ensured high visibility and continues to be used for all engagement activity in Council. This pre-consultation engagement approach received positive feedback from the community and other councils.

It should be noted that the pre-engagement process and subsequent report does not represent formal consultation and therefore has not status other than being available to inform thinking. Whilst useful to garner ideas, it should not be considered a comprehensive stocktake of community views for decision purposes. For that reason there is no officer attached to the comments contained in the pre-engagement report. Rather, these comments will be forwarded to the appropriate Council department, and the contributors will be contacted and reminded of the formal engagement process starting next month, so they can take the opportunity to make a formal submission if they wish to do so.

2.5 Implications

Financial

All new levels of service and new projects will have an impact on rates. The Long Term Plan balances the needs of the community against affordability.

2.6 Attachments

A Long Term Plan Pre-Engagement Report (*Under Separate Cover*) [⇒](#)

3. REVIEW OF FEES AND CHARGES 2018/19

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	455854
<i>Reporting Officer/s & Unit:</i>	Wayne Jack, Chief Executive

3.1 Purpose of Report

To consider the Fees and Charges for the year commencing 1 July 2018.

Officer's Recommendation

That Council

- a. Adopt the Schedule of Fees and Charges for 2018/19.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

3.2 Background Summary

Each year Council are required to review its fees and charges each year and to formally approve any changes. The Schedule of Fees and Charges for 2018/19 attached are to take effect 1 July 2018.

3.3 Issues

Generally fees and charges have been increased by the Consumer Price Index (CPI) September 2017 of 1.7% and the Subdivision and Urban growth fees and charges by producer Price Index (PPI) December 2017 of 1.56%. Charges were also reviewed to reflect actual cost movement. In these cases there are variances, both increases and decreases from CPI and PPI adjustments applied.

The significant variances and the reasons for these are stated below:

Animal Control – increase above CPI

The licensed dog owner fees have moved 7% (\$90 to \$96) as a result of increased operating costs for the activity. All funds received for the service are on a cost recovery only and are held within the activity.

Parking Charges – moved for consistency

A review of parking charges has resulted in one charge for off-street areas for leased and metered parks. All funds received for the service are on a cost recovery only and are held within the activity.

Tourism Facilities – increase to reflect current costs

Costs associated with the various tourism facilities have been adjusted to reflect the cost of operating the facilities.

Bay Skate – move to hourly rates

Venue charges have been replaced with hourly rates to reflect demand

3.4 Significance and Consultation

Feedback on Fees and Charges can be considered as part of the Long Term Plan consultation.

3.5 Attachments

A Fees and Charges 2018/19 (*Under Separate Cover*) [⇒](#)

4. ADOPTION OF 2018-2028 LONG TERM PLAN SUPPORTING DOCUMENTS

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	455833
<i>Reporting Officer/s & Unit:</i>	Wayne Jack, Chief Executive

4.1 Purpose of Report

The purpose of this report is to bring all of this information together to demonstrate compliance with section 93 of Local Government Act 2002 (LGA) and for Council to confirm the policies and strategies that have already been adopted and adopt the remaining documents that will be available to the public during consultation.

Section 93G of the LGA states that before adopting a consultation document, the local authority must prepare and adopt the information that:

- a. is relied on by the content of the consultation document
- b. is necessary to enable the Auditor-General appointed auditor Audit New Zealand to give its opinion on the Consultation Document; and
- c. provides the basis for the preparation of the long-term plan.

This report also seeks Council approval of the draft Consultation Document for audit review purposes. Following feedback from our auditors, Audit NZ, the Consultation Document will be brought back to Council for adoption at the Council meeting on 10 April 2018.

Officer's Recommendation

That Council

- a. Confirm the following information (previously adopted by Council) as supporting information for the Consultation Document for the Napier City Council 2018/19 to 2027/28 Long Term Plan:
 - Community Outcomes and Council Activities
 - Significance and Engagement Policy
- b. Approve the following documents as supporting information for the Consultation Document for the Napier City Council 2018/19 to 2027/28 Long Term Plan:
 - Groups of Activities Statements
 - Council Controlled Organisation (CCO) Statements
 - Statement on the development of Māori capacity to contribute to decision making
 - Capital Plan 2018-2028
 - Statement of Reserve Funds – *to be tabled*
 - Significant Planning Assumptions
 - Long Term Plan disclosure statement on financial prudence benchmarks including statement concerning balanced budget – *to be tabled*
 - Asset Management Plans for Water, Wastewater, Stormwater, Roading Asset Management Plans – *to be tabled*
 - Funding Impact Draft and Statement of Accounting Policies
 - Council Funding Policies
 - Investment Policy

- Liability Management Policy
 - Revenue and Financing Policy
 - Rates Remission Policy
 - Rates Postponement Policy
 - Policy on Remission and Postponement of Rates on Māori Freehold Land
- c. Provide delegation to the Chief Executive to amend the supporting information documents and the Consultation Document as required to reflect necessary changes from the audit and ongoing review/refinement checks, noting that the final Consultation Document is subject to Council approval on 10 April 2018.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

4.2 Background Summary

The Local Government Act requires Councils to prepare a Long Term Plan. The information presented in these documents is either based on decisions already made by Council during the LTP development process or policies and strategies separately adopted by Council.

The purpose of this report is to bring all of this information together to demonstrate compliance with section 93 of the Local Government Act 2002 (LGA), which states that before adopting a consultation document, the Local Authority must prepare and adopt the information that:

- is relied on by the content of the consultation document,
- is necessary to enable the Auditor-General appointed auditor Audit New Zealand to give its opinion on the Consultation Document, and
- provides the basis for the preparation of the Long Term Plan.

To comply with section 93G Council must

- confirm the policies and strategies that have already been adopted for inclusion with the public consultation documents, and
- adopt the remaining documents that will be available to the public during consultation.

These documents will be made available to the public (online and on request) at the same time as the Long Term Plan Consultation Document that is to be distributed to every household in Napier.

4.3 Issues

N/A

4.4 Significance and Consultation

Napier City Council have developed a comprehensive consultation plan for the community regarding the Long Term Plan 2018-28.

The final Consultation Document will be presented to Council at the Extraordinary Council meeting scheduled for 10 April 2018.

The Financial and Developments Contributions Policy is being finalised and the draft policy will be also be presented to Council on 10 April 2018.

The following documents will also be referenced in the Consultation Document with links to the documents online but do not require Council resolution/adoption:

- Aquatics Strategy
- Ahuriri Masterplan
- HPUDs
- Matariki REDS
- National Aquarium of New Zealand Indicative Business Cass
- Leasehold land information (CBRE, Boffa Miskell Strategic Asset report)

Documents to be confirmed as supporting information for the 2018/19 to 2027/28 Long Term Plan Consultation Document:

- i. *Community Outcomes and Council Activities* for the Long Term Plan prepared in accordance with Clause 1 of Schedule 10 of the LGA. Adopted by Council 2 August 2017.
- ii. *Significance and Engagement Policy* prepared in accordance with section 76AA of the LGA. Adopted by Council on 2 August 2017.

Documents to be approved by Council as supporting information for the 2018/19 to 2027/28 Long Term Plan Consultation Document

- i. *Groups of Activities Statements*, including capital expenditure, levels of service and performance measures and funding impact statements in relation to each group of activities prepared in accordance with Clauses 2, 3, 4 and 5 of Schedule 10 of the LGA.
- ii. *Council Controlled Organisation (CCO) Statements* prepared in accordance with Clause 7 of Schedule 10 of the LGA.
- iii. *Statement on the development of Māori capacity to contribute to decision making* prepared in accordance with Clause 8 of Schedule 10 of the LGA.
- iv. *Capital Plan*

The Ten Year Capital Plan has been prepared in accordance with Council direction from the LTP process. As part of this process, Council received feedback from Asset Managers regarding the condition of Council wide assets, with some issues being noted for early resolution in the Inner Harbour. Council indicated their strong desire to ensure that assets were being well maintained, with a focus on water and funded at appropriate levels. As part of the finalization of the draft Consultation Plan and the supporting Financial Prudence Benchmarks, additional capacity has been identified and has now been allocated to this purpose.

- v. *Statement of Reserve Funds* prepared in accordance with Clause 16 of Schedule 10 of the LGA. [to be tabled at meeting]
- vi. *Significant Forecasting Assumptions* prepared in accordance with Clause 17 of Schedule 10 of the LGA.
- vii. Long Term Plan disclosure statement on financial prudence benchmarks prepared in accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 including the Statement concerning balancing of budget prepared in accordance with Clause 14 of Schedule 10 of the LGA.

- viii. *Asset Management Plans Water, Wastewater, Stormwater, Roading and Solid Waste Asset Management Plans. [to be tabled at meeting]*
- ix. *Funding Impact Draft and Statement of Accounting Policies*
- x. *Council Funding Policies*

Investment Policy

Liability Management Policy

Revenue and Financing Policy prepared in accordance with section 103 of the LGA. The Revenue and Financing Policy (excluding the rating policy) was included in this agenda and the Rating Policy differentials included in this policy were adopted on 6 December 2017. The Revenue and Financing Policy is subject to a review of the Funding Source splits and any amendments (minor in nature) will be included prior to being made available to the public.

Rates Remission Policy prepared in accordance with section 109 and 110 of the LGA.

Rates Postponement Policy prepared in accordance with section 109 and 110 of the LGA.

Policy on remission and postponement of rates on Maori freehold land prepared in accordance with Section 108 of the LGA.

4.5 Attachments

- A Community Outcomes and Council Activities (*Under Separate Cover*) ⇨
- B Significance and Engagement Policy (*Under Separate Cover*) ⇨
- C Groups of Activity Statements (*Under Separate Cover*) ⇨
- D Council Controlled Organisation (CCO) Statements (*Under Separate Cover*) ⇨
- E Statement on the development of Maori capacity to contribute to decision making (*Under Separate Cover*) ⇨
- F Capital Plan 2018-28 (*Under Separate Cover*) ⇨
- G Significant Planning Assumptions (*Under Separate Cover*) ⇨
- H Funding Impact Draft and Statement of Accounting Policies (*Under Separate Cover*) ⇨
- I Council Funding Policies (*Under Separate Cover*) ⇨