



EXTRAORDINARY MEETING OF COUNCIL

Open Minutes

Meeting Date: Thursday 30 April 2020

Time: 1.00pm – 2.32pm

Venue Zoom livestreamed via Facebook

Present Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor

In Attendance Acting Chief Executive, Director Corporate Services, Director Community Services, Director Infrastructure Services, Director City Services, Director City Strategy, Manager Communications and Marketing, Manager People and Capability, Chief Financial Officer, Manager Community Strategies, Manager Regulatory Solutions, Libraries Manager

Administration Governance Team

Apologies

Council resolution Councillor Price / Boag
That the apology from Councillor Wright be accepted.

Carried

Conflicts of interest

Nil

Public Forum

Nil

Announcements by the Mayor

The mayor noted the recent shift into Alert Level 3 and the Welcome to L3. Interesting to note the increased traffic with the shift.

The recent celebration of ANZAC day was acknowledged as the mayor reflected on the special show of patriotism with families participating in celebrations in a variety of safe and creative ways under lockdown.

Announcements by the management

Rapid Response Fund – Natasha [insert appendices x 2]

The Manager Community Strategies advised that unallocated grants funding for the 2019/20 year will be redirected to support community groups that have incurred unusual costs through their involvement in the COVID-19 welfare response. More information can be seen at [Appendix One](#).

Regulatory Update

The Manager Regulatory Solutions provided an update on work that has taken place in the regulatory space during Alert Level 4 and to support the transition of businesses and the community into Alert Level 3. The team have worked proactively and in an enabling manner to ensure business can operate safely and lawfully.

Community Recovery

The Libraries Manager provided an update on work underway to facilitate and celebrate opportunities to support local businesses and to ensure recovery of our community includes participation and connection.

AGENDA ITEMS

1. ANNUAL PLAN PROPOSED RATE INCREASE OPTIONS

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| <i>Type of Report:</i> | Operational |
| <i>Legal Reference:</i> | Local Government Act 2002 |
| <i>Document ID:</i> | 920951 |
| <i>Reporting Officer/s & Unit:</i> | Adele Henderson, Director Corporate Services |

1.1 Purpose of Report

The purpose of this report is to provide Council with details of the financial impacts of Covid19 on the 20/21 budget, provide Council with planning assumptions to guide budgeting for 20/21, and present a shortlist of options to fund the operating deficit. The report also seeks Council approval for the proposed rates increase and to prepare the 2020/21 draft Annual Plan and consultation document on the basis of the decisions made at this meeting.

At the Meeting

The Director Corporate Services spoke to the report, noting that at the start of the Annual Plan process no one could anticipate having to prepare a second Plan in the same year. Today's discussion will provide guidance to officer's for the finalisation of the consultation document.

It is proposed that Council draw on over \$6M of reserves to help smooth the impact on the upcoming year, and in order to help keep the rates increase both prudent and cognisant of the impacts across both Council and the community. The proposed rates rise is 4.8%. The increase does not include contributions towards capital expenditure on large projects such as the aquarium or aquatic centre. The intention is to be as fair as possible while ensuring Council is able to maintain a balanced budget as required by legislation, and continue working in the community.

In response to questions from Councillors it was clarified that:

- Council has a number of revenue streams outside of rates which have supported Napier's financial position, such as fees and charges for activities, investment portfolio, development contributions and the land development at Parklands. Some income has been affected through the COVID-19 response.
 - \$2.06 is per rate payer unit (or per average ratepayer as it spans residential and commercial)
 - \$3.7M of savings were identified during a review of activities including tourism and other areas; the savings do come from right across Council and are not expected to unduly impact levels of service in a negative way.
 - Napier and Hawke's Bay is predominantly a domestic tourism market, which should help with recovery. Expecting re-build in our tourism market around September/ October 2020.
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Standing order 21.6 was suspended to allow all councillors to debate the recommendations prior to a vote.

Cr Mawson left the meeting briefly at 1.48pm

Thanks were extended to officers for the significant amount of work required to identify the savings and to achieve what is felt to be a balanced approach to the rates increase, and for their compassion and flexibility in working through this process and keeping the community at the centre of every conversation.

The community were encouraged to continue to support Napier and spend locally.

**Council
resolution**

Mayor Wise / Councillor Taylor

That Council:

- a. Receive the information and note the analysis of options; assumptions; and the risks as outlined in this report.
- b. Note that Covid19 has had a material impact on households and businesses and Council has developed a range of actions to support those facing hardship in the community, and the Recovery Project will continue to develop how it might respond. A separate report has been prepared for Council on Council on Rates and Rental Relief.
- c. Note that a number of briefing sessions/workshops have been held with elected members and seek Councillor input and direction setting in relation to preparing the final material required for the revised Annual Plan and consultation document for the community.
- d. Note the revised timeline that was provided to Council on 23 April, will see the adoption of the Annual Plan later than the statutory deadline due to the additional changes required for the revised plan and impact on the timeline for consulting and hearings. The revised adoption date is currently set for 27 August.
- e. Note that Covid19 has had a material impact on Council's budget for the current year (2019/20), and is likely to put Council into a net operating rates deficit when the final position is known in August (currently estimated at \$3m).
- f. Agree that the 2020/21 Annual Plan and consultation document be prepared for consideration by the Council, based on Option C, which recommends
 - i. A 4.80% average rates,
 - ii. Funding of a planned operating gap of \$6.74 million to be allocated from Council reserves, (\$4 million from the Parking Reserve, and \$2.74 million from the Suburban and Urban Growth Fund.). Council will consult on the use of these funds as part of the Annual Plan 20/21
 - iii. Note that under section 80 of the Local Government Act 2002 Council could consider internal borrowing for any rates or debtors relief applications received prior to community consultation and adoption of the 20/21 Annual Plan. If community consultation confirms that it is appropriate to use the

parking and urban/suburban growth funds to fund the operating gap of \$6.74m the internal loan would be repaid from these reserves.

- iv. Note Council officers have identified operational savings of \$3.7 million in the development of the revised Covid19 Annual Plan 20/21

Carried

2. RATES AND DEBTORS RELIEF PACKAGES

Type of Report: Operational

Legal Reference: Local Government Act 2002

Document ID: 921092

Reporting Officer/s & Unit: Adele Henderson, Director Corporate Services

2.1 Purpose of Report

To outline financial relief options for Council to consider in response to financial stress in the community caused by the Covid-19 pandemic.

At the Meeting

The Director Corporate Services spoke to the report noting that the impacts on the community from COVID-19 have been central to the considerations of Council as the Annual Plan revision process has been undertaken so far.

Central government are offering their own recovery options and the community are encouraged to look at the COVID-19 website. Council's website also has information available on recovery support options.

A number of relief options are proposed including a reduction in the penalty rate for late payments for the first six months of next year. Rates postponement options will also be available; residents wishing to utilise this option should contact Council to arrange a payment plan. Where hardship is being experienced by residential or commercial ratepayers a one-off reduction to rates may be available – applications for hardship considerations should be made to Council. Sport and community groups will also have support available to them.

Council resolution Councillor Price / Dep. Mayor Brosnan

That Council:

- a. Note that a separate paper be bought back to Council with proposed changes to the Rates Postponement Policy for consideration and community consultation alongside the Annual Plan 20/21.
 - b. Note that Rates Postponement for 20/21 be considered under "Special Circumstances" in the existing policy until such time the revised Rates Postponement Policy is adopted by Council.
 - c. Approve funding of up to \$525k to be funded from Reserves to support Rates Postponement Policy requirements for 2020/21 (being up to 50% of rates being deferred up to 6 months).
 - d. Note delegation to the Director Corporate Services, Chief Financial Officer, and Investment and Funding Manager to approve Rates postponement in relation to the Covid19 event for 2019/20 and 2020/21 is set out in the Rates Postponement Policy.
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- e. Note that a public excluded paper will be bought to Council every 6 weeks documenting the approved delegated requests for rates postponement under “Special Circumstances” or “Extraordinary or Emergency Event”.
 - f. Note that any request for rates postponement for properties with a capital value greater than \$1.5m are to be considered by Council on a case by case basis in a public excluded agenda.
 - g. Note the recommendation to reduce rates penalty for the first 6 months of 2020/21 (to December 2020) from 10% to 3.5% and will be adopted formally when the rates are set for 20/21.
 - h. Reduce the Annual Plan 20/21 budget by \$88k for rates penalty to reflect the reduction in anticipated penalty fees for 2020/21.
 - i. Approve rental relief up to \$193k for those demonstrating hardship (across both 2019/20 and 2020/21), for leases, rents, licences to occupy, non-profit organisations.
 - j. Provide delegation to the Director Corporate Services, Chief Financial Officer and Manager Property to approve rental relief in relation to the Covid19 event for 2019/20 and 2020/21.
 - k. Note that a public excluded paper will be bought to Council every 6 weeks documenting the approved delegated requests for rental relief.
 - l. Approve in principle the formation of the Napier City Rates Relief Fund for one year only (20/21) up to \$350k to be funded from Council Reserves
 - \$100k – commercial ratepayers
 - \$250k – residential ratepayersIf approved, direct Council Officers to prepare a formal Napier City Council Rates Relief Policy 20/21 for adoption by Council to be effective 1 July 2020.
 - m. Approve in principle the use of reserves be utilised for the purposes of the Rates Postponement, Rates Rebate and the net operating shortfall for the Annual Plan 2020/21. Reserve funding has been identified in the Parking Fund (\$5m) and the Suburban and Urban Growth (\$2.6m) Fund. This change in purpose from the original proposed use as identified in the Long Term Plan will be considered by the community as part of the Annual Plan consultation 2020/21. There will be approximately \$5m balance in each of the two reserves after the proposed allocation from the reserve for future projects. The use of the funds, and the residual balance of the fund is considered prudent to offset hardship faced by the community during this time.
 - n. Approve the ‘Community Information – Rates and Rental Relief’ document for distribution for residents and businesses in relation to rates, and rental support for the community.
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- o. Recommend a summary of the above support by Council be communicated on Facebook, Council website, and other websites in the region supporting recovery and businesses.

Carried

3. FEES AND CHARGES FOR 2020/21

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| <i>Type of Report:</i> | Legal |
| <i>Legal Reference:</i> | Local Government Act 2002 |
| <i>Document ID:</i> | 922805 |
| <i>Reporting Officer/s & Unit:</i> | Caroline Thomson, Chief Financial Officer |

3.1 Purpose of Report

To consider the fees and charges for the year commencing 1 July 2020.

At the Meeting

The Chief Financial Officer spoke to the report noting that all fees and charges have been reviewed for the year as required.

In response to questions from the Councillors it was clarified that:

- These fees and charges are being set today but do form part of the underlying documents to the Annual Plan and are therefore consulted on.
- Some fees and charges in the tourism areas will not be increased for the upcoming year as it is believed they remain appropriate for the moment.
- Underlying principles do need to be followed when setting fees and charges as per Council's Revenue and Financing Policy. For each activity the funding split between rates and fees/ charges is set and the activity must comply with this.

ACTION: A report on Bayskate fees and charges has been requested previously and was reiterated as important to inform the LTP process.

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| Council resolution | <u>Councillors Taylor / Chrystal</u> |
| | That Council: |
| | a. Adopt the schedule of fees and charges for 2020/21 effective 1 July 2020, as specified in the document titled Schedule of Fees and Charges 2020/21. |
| | <hr/> Carried |

PUBLIC EXCLUDED ITEMS

Council resolution

Councillors Simpson / Boag

That the public and all staff except the Manager People and Capability, and Team Leader Governance, be excluded from the following parts of the proceedings of this meeting.

Carried

Agenda Items

- Interim Chief Executive

The general subject of each matter to be considered while the public was excluded, the reasons for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution were as follows:

| General subject of each matter to be considered. | Reason for passing this resolution in relation to each matter. | Ground(s) under section 48(1) to the passing of this resolution. |
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| | That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information where the withholding of the information is necessary to: | 48(1)(a) That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: |

Agenda Items

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|----------------------------|---|--|
| 1. Interim Chief Executive | 7(2)(a) Protect the privacy of natural persons, including that of a deceased person | 48(1)A That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist: (i) Where the local authority is named or specified in Schedule 1 of this Act, under Section 6 or 7 (except 7(2)(f)(i)) of the Local Government Official |
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| | | Information and Meetings Act 1987. |
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The meeting moved into committee at 2.32pm

Approved and adopted as a true and accurate record of the meeting.

Chairperson

Date of approval

Appendix One

Rapid Response Fund INFORMATION 2020

Purpose

A one-off allocation of \$50,000 is available to non profit social services and community organisations actively working on the ground supporting the response to the Covid-19 pandemic in Napier.

Funding Priority

The fund focuses on supporting community organisations that support members of the community with particular vulnerability around Covid-19. Groups with higher vulnerability include:

- those over 70 years old
- people who are homeless or become homeless
- those with high health needs
- people with a low income and/or living in vulnerable neighbourhoods, and / or
- young people

What can be funded

The fund will support additional costs for providing their services or to provide new services to meet the basic needs of the community including:

- Additional operating costs
- Materials (e.g. Personal Protective Equipment, packaging)
- Volunteer expenses (e.g. petrol vouchers)
- ICT equipment

Retrospective funding

Applications for costs already incurred from the beginning of the Level 4 Lockdown¹ or are currently being incurred, are eligible.

Eligibility

Services or initiatives must be targeted to Napier residents.

What Will Not Be Funded

- Building maintenance
- Deposit, loan or debt repayments
- Bank or lawyers fees
- Fundraising
- Salaries/wages that have already been funded or where a wage subsidy has been provided by central government

Make A Proposal

An application form is available from the Community Services team csggrants@napier.govt.nz or on www.napier.govt.nz. Applications will be accepted until 31 May 2020 or until the fund is fully allocated, whichever is earlier.

Decisions

¹ Level 4 Lockdown began at 11:59pm on 25 March 2020

All eligible applications are assessed and forwarded to the Rapid Response Fund Panel for decision as they are submitted.

Further Information

Our team are happy to answer any questions you may have and can assist with your application. Please contact us on 834 4114 or email us at csgrants@napier.govt.nz

Appendix Two

Tabled - Item 1 discussion

AVERAGE RATE COMPARISON

| Council | Average rates per residential property |
|------------------|--|
| Tauranga | \$ 2,756 |
| Whanganui | \$ 2,645 |
| Palmerston North | \$ 2,541 |
| Hastings | \$ 2,413 |
| Hamilton | \$ 2,396 |
| Whangarei | \$ 2,371 |
| Napier (19/20) | \$ 2,239 |
| Timaru | \$ 2,203 |
| Invercargill | \$ 2,173 |

Napier's average rates are comparatively lower than most NZ Council of a similar size.

The average rate for a residential property in Napier is \$2,239 for 19/20 (\$2,118 in 18/19).

An average rates increase of 4.8% would equate to an increase of approximately \$107 per year or \$2.06 per week for a residential property.