



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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SUSTAINABLE NAPIER COMMITTEE

Open Agenda

Meeting Date: Thursday 10 February 2022

Time: 9.00am

Venue: Via Zoom (Audiovisual Link)

Livestreamed via Council's Facebook site

Committee Members Councillor Price (In the Chair), Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Simpson, Tapine, Taylor and Wright

Officers Responsible Director Infrastructure Services, Director City Strategy

Administration Governance Team

Next Sustainable Napier Committee Meeting
Thursday 24 March 2022

ORDER OF BUSINESS

Karakia

Apologies

Nil

Conflicts of interest

Public forum

Juliet Greig - Latham Street Pedestrian Crossing Island Petition

Announcements by the Mayor

Announcements by the Chairperson including notification of minor matters not on the agenda

Note: re minor matters only - refer LGOIMA s46A(7A) and Standing Orders s9.13

A meeting may discuss an item that is not on the agenda only if it is a minor matter relating to the general business of the meeting and the Chairperson explains at the beginning of the public part of the meeting that the item will be discussed. However, the meeting may not make a resolution, decision or recommendation about the item, except to refer it to a subsequent meeting for further discussion.

Announcements by the management

Confirmation of minutes

That the Minutes of the Sustainable Napier Committee meeting held on Thursday, 11 November 2021 be taken as a true and accurate record of the meeting.77

Agenda items

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Minor matters not on the agenda – discussion (if any)

Public excluded756

AGENDA ITEMS

1. PETITION - PEDESTRIAN CROSSING ISLAND, LATHAM STREET

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	1418278
Reporting Officer/s & Unit:	Sahar Pour, Transportation Engineer

1.1 Purpose of Report

The purpose of this report is to inform the Council in regard to a petition received on 13 December 2021 from Juliet Greig on behalf of residents concerned about road safety in Latham Street. The petition (Doc ID 1426565) will be tabled at the meeting.

The Petitioners' Prayer reads as follows:

"We, the residents below, support the proposal for Napier City Council to install a pedestrian crossing island on Latham Street, Napier South to help children and families cross the road on the way to and from Nelson Park School (Petition organised by Juliet Greig, Napier South, December 2021)."

There are 52 signatories to the Petition.

Officer's Recommendation

The Sustainable Napier Committee:

- Receive the report titled "Petition for a Pedestrian Crossing Island, Latham Street, Napier South".
- Receive the tabled petition (Doc Id 1426565) of 52 signatories from residents.
- Support in principle the petition which seeks additional traffic calming and pedestrian crossing subject to detailed investigation including consultation
- Instruct Officers to communicate findings and outcomes to the Lead Petitioner and Ward Councillors.

1.2 Background Summary

Latham Street physical and traffic characteristics.

Latham Street from Wellesley Road to George's Drive (SH51), with 750m length and 13.4m width, is a residential Arterial Road. The primary function of this road is to deliver traffic from collector roads to highways and between urban centres at the highest level of

service possible. Arterial roads provide the most important movement of people and goods function and require the highest degree of movement function protection.

The footpath along the street has high pedestrian use due to Nelson Park and McLean Park in addition to the residential use through and within the area. There are some commercial and healthcare facilities on the street which give the street a mixed-use functionality.

Accident History

There have been six reported crashes on Latham Street in the vicinity of Morris Street, with four of those associated with turning movements at the intersection. One crash involved a loss of control where a driver was not attentive and collided with a fence. One crash involved alcohol and an inattentive driver who hit another vehicle. No reported crashes involved pedestrians or cyclists

Improvement Proposals

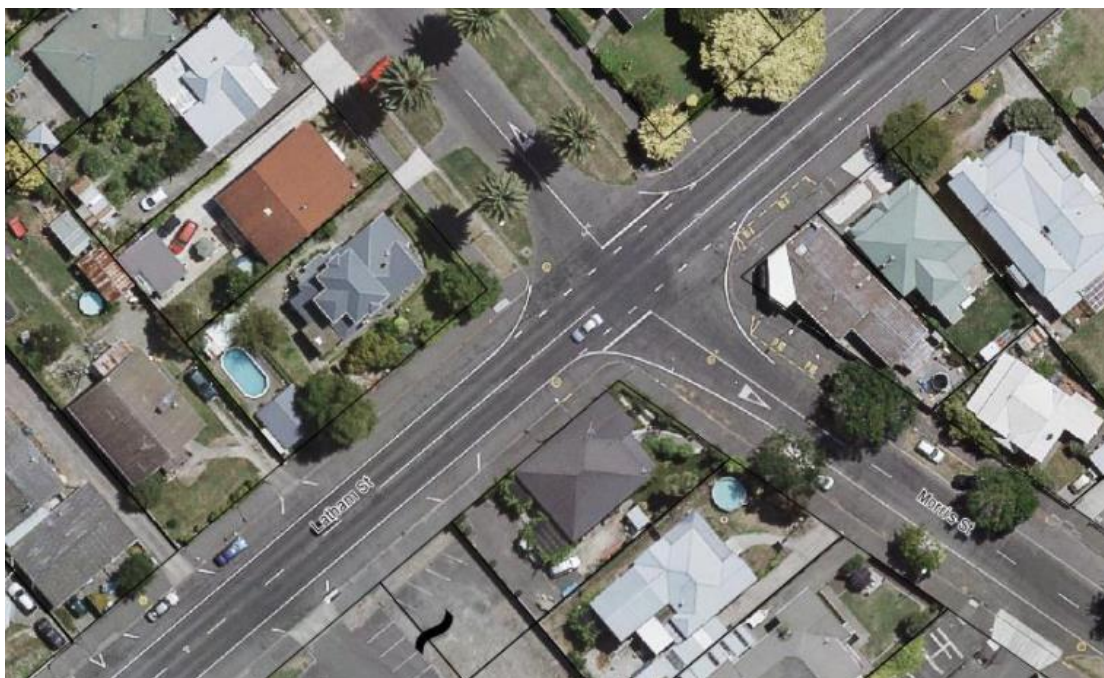
A request to install a median island on Latham Street to assist children crossing on the way to school was made in 2013. This was not supported by officers at the time due to the lack of any crashes involving pedestrians and cyclists and the impact on roadside parking.

A walking and cycling project has been identified and included in the 30-year LTP but this is not currently in the 2021-31 Long Term Plan. This project is to provide separated cycling facilities with dedicated locations for crossing improvements.

1.3 Issues

While the footpath is high in pedestrian use and the area is multi-functional and heavily residential, the closest pedestrian crossing facility available to Nelson Park is near the Latham Street/George's Drive (SH51) roundabout approximately 500m distance from Morris Street.

Lack of safe crossing facilities for vulnerable road users (including students) to walk/cycle concerns raises a need to implement the most efficient safety measures.



Aerial image of the Latham Street/Morris Street intersection.

The main issue for developing pedestrian crossing facilities is disruptions for heavy vehicles trying to access McLean Park. Further, there are a number of private driveways with access to Latham Street that may be impacted or their use may compromise the safety of any crossing facility. The location and form of any new crossing facilities needs in-depth analysis to prevent serious issues or accidents, as any change in the road may have unintended knock-on effects.

1.4 Significance and Engagement

The petition and any related intervention does not meet the criteria of Council's Significance and Engagement Policy.

Engagement would be undertaken with immediately adjacent landowners by sharing information and seeking feedback and input in the decision-making process. The effect on the parking lots and McLean Park's function or driveway access to residential properties, this will be assessed and engagement undertaken accordingly.

1.5 Implications

Financial

The cost of the interventions cannot be confirmed until investigations and design is completed but they are likely to be in the order of \$15K - \$30K. Once those are complete, any proposal will be prioritised against other projects in the confirmed and draft work programmes and programmed accordingly.

It is anticipated that likely interventions will be minor in nature which could be accommodated within the existing walking and cycling capital budgets in the 2021/22 financial year. The current year's budget is not fully allocated, given that several programmed projects were funded through Government's "Shovel Ready" programme. Implementation of a small scale project should not impact on committed projects.

Should a higher cost intervention be required then this would be programmed to fit in accordance within the Annual Plan requirements and is likely to be in the 2022/23 or subsequent financial years.

Social & Policy

Enabling children to walk/cycle/scoot aligns with Draft Transportation Strategy. Reduces congestion during peak times.

"Safety Around Schools" is one of the Road Safety factors of NCC's Draft Transportation Strategy, and it explains that a full journey from school to home must be safe and enjoyable. Students and parents alike should have good quality walking, cycling and driving options. Children and young adults are amongst the most vulnerable of all road users, as they have less experience or awareness of road dangers, may have a higher tendency to jaywalk and are highly perceptible to copy the crossing behaviour of their peers.

Risk

Any intervention would be designed to minimise risk, especially to most vulnerable road users.

1.6 Options

The options available to Council are as follows:

- A. Do nothing.
- B. Undertake further investigation into the provision of a crossing facility.

1.7 Development of Preferred Option

Option B, to investigate the provision of a safe crossing facility is the preferred option.

Option A does not address the issues highlighted by the petitioners being the difficulties encountered in crossing the road safely.

Installation of a formal pedestrian crossing will not be investigated as it would not be warranted due to variations in pedestrian numbers using the facility resulting in long periods of time where the crossing would not be used. This can lead to the crossing being less safe for users. The site does not meet NZTA's minimum requirements for formal pedestrian crossings. Zebra crossings should not normally be sited close to junctions as driver's attention is focused on the junction.

Initial analysis suggests that a central island would remove a significant number of roadside car parks and may be problematic for vehicles turning at the intersection and entering and exiting McLean Park.

Narrowing the road crossing width by installing islands or kerb build outs in the parking lane is the alternative which has a more localised impact on the road.

Both of the above options will be investigated in more detail and an assessment made of the relative benefits and costs.

Any intervention will be accompanied by improved road markings and signage to alert drivers of expected pedestrian movements.

1.8 Attachments

Nil

2. LEASE OF RESERVE - OMNI GYMNASTIC CENTRE INCORPORATED

<i>Type of Report:</i>	Contractual
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	1424320
<i>Reporting Officer/s & Unit:</i>	Bryan Faulknor, Manager Property

2.1 Purpose of Report

To obtain Council approval to enter into a new ground lease with Omni Gymnastic Centre Incorporated at Onekawa Park for 15 years with one right of renewal. The proposed lease includes an additional area to accommodate a proposed extension to the existing facility.

Officer's Recommendation

The Sustainable Napier Committee:

- a. Resolve to grant a ground lease, pursuant to Section 54 of the Reserves Act 1977, to the Omni Gymnastic Centre Incorporated for land at Onekawa Park accommodating the existing facility plus including provision for a proposed extension.
- b. Resolve that the term of the lease be for 15 years with one right of renewal.
- c. Note that in granting the lease Council is merely acting in its capacity as a lessor and as owner of the land. Any such approval shall not imply the consent of Council as a regulatory authority and thus the proposed building extension is subject to the Centre obtaining all required regulatory consents.

2.2 Background Summary

At its meeting held 28 October 2021, Council resolved in principle to grant a ground lease subject to the matter being publically notified and required that after that process the matter be brought back to Council for final approval.

The proposed lease was publically notified as per the requirements of Section 54 of the Reserves Act. No objections or submissions were received. It is therefore in order for Council to now consider final approval.

The Omni Gymnastic Centre Incorporated is an incumbent lessee and user of Onekawa Park, Flanders Avenue, Onekawa. The Centre has since 2005 been a responsible lessee of the land on which it has constructed its gymnasium.

The land at Onekawa Park is a recreation reserve vested in Council pursuant to the Reserves Act 1977.

The Centre is proposing to extend the existing facility by 18m to the west.

The Centre's previous ground lease has expired and it is important to enter into a new lease and at the same time incorporate the additional area to accommodate the proposed extension to the existing facility.

It is important that the Centre has updated legal tenure including the area for the proposed extension. This is one of the first steps in the project and is essential to obtain Resource Consent and to secure funding.

Council's standard procedure is to grant ground leases to community organisations for a period of 15 years with one fifteen year right of renewal. It is recommended that this model be adopted for the Omni Gymnastic Centre Incorporated lease.

Council has delegated authority from the Minister of Conservation to approve the proposed lease pursuant to Section 54 of the Reserves Act 1977.

The proposed lease area is shown in **Attachment 1**, and is bordered in orange on that aerial plan.

The operation of a gymnasium on the Recreation Reserve is permitted under the Reserves Act.

2.3 Issues

The Centre is proposing to extend the existing facility by 18m to the west using the same materials and architectural design. This will allow for an extension of the space used by gymnasts, and will also make allowance for 3 additional toilets, a larger foyer, office and staff room and an extension of the mezzanine viewing area for parents.

Creating the new facility would allow gymnasts to train their vaults with a full-length run up, as well as give the ability to host senior level competitions. It would also allow space to hold junior competitions in one venue.

The new facility would provide for better scheduling of programmes and expansion of the programmes offered e.g. rhythmic gymnastics and tumbling classes.

The centre has surveyed coaches, parents and senior gymnasts to discuss their requirements of the proposed gym.

The proposal has the support of Sport Hawke's Bay and Gymnastics New Zealand.

Information provided by the Centre in support of the proposed extension is attached as **Attachment 2**.

Concept plans have been drawn by LHT Design and landscaping plans by The Green Room. These are attached as **Attachments 3 and 4**.

2.4 Significance and Engagement

The proposed lease has been publically notified pursuant to Section 54 of the Reserves Act, no objections or submissions were received.

Further engagement may be required by the Resource Consent process.

2.5 Implications

Financial

The Incorporated Society will own and fund the proposed extension.

The centre will be charged ground rent in line with Council's current practice with regards Community Groups occupying Council Reserve land. It is however proposed to not charge the Centre rent for the area of the proposed extension until it has been constructed and in use.

Social & Policy

Council support of Sport contributes to community well-being and recognises the social good that arises from having our community active in local sports clubs and organisations.

Risk

The proposed extension is subject to obtaining all appropriate regulatory consents and successful fundraising. However if the project does not go ahead for some reason then a future lease variation could be made to amend the areas.

2.6 Options

The options available to Council are as follows:

- a. To approve the granting of a ground lease for both the current site and provision for the proposed extension.
- b. To approve a ground lease for the current site only.
- c. To decline to approve the granting of any lease.

2.7 Development of Preferred Option

The preferred option is option a.

It is important that the Centre has updated legal tenure including the area for the proposed extension.

This is essential to be able to apply for a Resource Consent for the extension, and to be able to secure funding.

The proposed lease, including the area for the extension, is supported by Council's Team Leader Parks, Reserves and Sportsgrounds.

2.8 Attachments

- 1 Omni Gymnastic Centre - Proposed Lease Area (Doc Id 1426562) [↓](#)
- 2 Information in support of proposed extension (Doc Id 1426560) [↓](#)
- 3 Extension Concept Plans (Doc Id 1426561) [↓](#)
- 4 Landscape design - Omni Gym (Doc Id 1429386).pdf [↓](#)



Scale: 1:486
Original Sheet Size A4
Print Date: 14/09/2021

Omni Gymnastic Centre Incorporated Proposed Lease Area

Digital map data sourced from Land Information New Zealand. CROWN COPYRIGHT RESERVED. The information displayed in the GIS has been taken from Napier City Council's databases and maps. It is made available in good faith but its accuracy or completeness is not guaranteed. If the information is relied on in support of a resource consent it should be verified independently.



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SECTION 1

NAME OF THE ORGANISATION:		OMNI GYMNASTIC CENTRE		
PROJECT NAME:		OMNI Building Extension		
PROJECT GROUP MEMBERS:				
	OMNI Extension Sub-Committee	Bob Sheldrake	Email	antigonesheldrake@hotmail.com
		Taryn Bickers	Email	taryn.bickers@gmail.com
		Jason Ranston	Email	ranston@hotmail.com
		Michelle Chandra	Email	michelle.m.chandra@gmail.com
		Sonia Manistry	Email	sonia@apatugroup.com
		Janet Liesebach	Email	Janet_liesebach@gmz.de
	Sport Hawke's Bay	Tina Haslett	Email	tinah@sporthb.net.nz
	OMNI Centre Manager	Adrian McMillian	Email	centremanager@omnigymnastics.co.

SECTION 2**1. CURRENT FACILITY:**

Our current facility is on Flanders Ave. A lease was granted by the Napier City Council and the building was completed in 2005. The building is a purpose-built gymnasium and is 36 x 24 metres in size. The building is maintained by OMNI gymnastics centre.

SECTION 3**1. PROJECT SUMMARY:**

The proposed project involves the extension of the existing facility by 18m to the west. It is our intention that there will be an installation of steel beams on the outside of the building to enable a safe run up for the proposed vaulting space. We have provided concept architectural and landscaping plans. Extending out to the west would mean the removal of a row of trees, that aren't doing very well. We believe our proposed plan would enhance the current view for the neighbours.

2. WHY ARE YOU UNDERTAKING THIS PROJECT?

To provide more space around gymnasts and coaches to enable safer coaching and training.
We also wish to bring the gym up to competition standard for all gymnasts (e.g., provision for a proper length vault run up).
We wish to have more gymnastics equipment for the gymnasts (e.g., more beams, more floor space).

3. IMPACT

We are currently unable to hold senior level competitions without advising that our vault is too short. The limited access to beams is also an issue for training.

4. PRE-WORK

We have surveyed coaches, parents and senior gymnasts to discuss their requirements of the proposed gym. We have spoken with the Mayor, Deputy Mayor, council staff and neighbours to outline our intention.
We have consulted with and have the support of Sport Hawke's Bay and Gymnastics New Zealand.
Concept plans have been drawn by LHT Design and landscaping plans by the Green Room.
Soil testing of the proposed site has also been undertaken by Tonkin and Taylor. To date we have not received the results of this testing.

5. CAPACITY AND UTILISATION

The current facility is used by schools, pre-schools, kindergartens during the school day and recreation and competitive gymnasts after school and on weekends.

In term 2 the gym ran at 98% capacity.

In term 3 we were unable to take any more school bookings as we already had commitments to 9 schools and 8 different childcare centres.

SECTION 4

1. BUILDING EXPANSION PROPOSAL

Our proposal is to widen the current building by 18 metres using the same materials and architectural design. This will allow for an extension of the space used by the gymnasts, but also a make allowances for 3 additional toilets, a larger foyer, office and staff room and an extension of the mezzanine viewing area for parents.

2. CONSIDERATIONS

The club is aware the visual appeal of the building from the Flanders Avenue aspect may need softening and discussions are in place with club members for design ideas as to how the exterior of the building might celebrate gymnastics and link to any history of the local area/park. The project team intends to incorporate this as part of the project.

If possible, the club wishes to achieve an attractive interface between the formal interior spaces and the informal exterior spaces around the building. We intend to keep consulting with relevant organisations as to how to achieve this

3. MEETING NEEDS

Creating the new facility would allow OMNI gymnasts to train their vaults with a full length run up, as well as give us the ability to host senior level competitions. It would also allow space to hold junior competitions in one venue. Currently the Hawkes Bay Poverty Bay Junior competition is held at OMNI and Hastings Gymnastics, with the boys in one venue and the girls in the other.

The new facility would provide for better scheduling of programmes and expansion of the programmes we offer in the future. For example, we no longer have rhythmic gymnastics classes and there has been some demand for tumbling classes, both of which require a good amount of space around the gymnasts to execute safely.

4. NATIONAL AND REGIONAL STRATEGIC ALIGNMENT

The Hawke's Bay Regional Facilities Plan 2015 is a foundation document that all Territorial Authorities with the region use as a guide for decision-making about the sport facilities network. The plan identifies Gymsports as a priority where facilities are insufficient to meet delivery. In the 5-year period to 2015 it records there had been a 24% increase in affiliated members, and the facility provision at that point was insufficient for future Gymsports use. Six years later this is truly the case.

Gymsports NZ National Facilities strategy 2017 identifies that Hawke's Bay requires two functional sub-regional hub facilities, one in Napier and one in Hastings, and the retention of a viable network of community facilities to support delivery. It supports the optimisation of OMNI gymnastics as an existing sub-regional hub.

5. COMMUNITY CONNECTION

We are consulting with Sport Hawke's Bay on ideas for connecting with other activities that may like to use the exterior of the building.

We connect to the community via the large number of gymnasts and families that come through our facility, as you will see in this document by the large number of programmes we offer. A new initiative in 2019 was the introduction of birthday party bookings which are available to anyone in the community.

As our gymnasts perform better, we hope we can celebrate their achievements with locals who live around the facility.

SECTION 5

1. PROJECT FUNDING

We have established a building committee and are considering sponsorship opportunities, funding, bank loans etc. However, cannot proceed with this until we have confirmation of the lease of the land and resource consent.

SECTION 6

1. CLUB MEMBERSHIP:

We currently have 647 recreational gymnasts and 84 competitive gymnasts who come from Napier and the surrounding areas. We have 29 coaches who vary in their hours of work.

It is not our intention to increase our membership numbers with this expansion, as to do so would only incur the same issues we are currently having with space and equipment availability.

2. PROGRAMMES:

We currently offer schools programmes both at OMNI and in a mobile capacity. We have preschool classes, parent and child classes, holiday programmes, adult classes, recreation trampoline classes and parkour classes. We offer artistic gymnastic classes, both recreation and competitive, for both girls and boys. We also hold educational coaching programmes.

SECTION 7

2. GOVERNANCE

We have a club president, a secretary and a finance manager, and 7 committee members. They meet every 6 weeks and hold an AGM once a year.

3. MANAGEMENT & OPERATIONS

We have a full-time centre manager, Adrian McMillian, and 28 part time positions.

4. DOCUMENTATION

Does your organisation have a Constitution?

Yes

5. FINANCIAL INFORMATION

OMNI is a not-for-profit organisation that manages to meet all its financial requirements and has done so since it was formed 39 years ago. OMNI gymnastics centre is the sole owner of the current building which was valued for insurance purposes in August 2019 at \$1330000. While this may not be current market value, we can safely assume the building is worth in excess of \$1000000. There is a small mortgage of \$85000, and it is the only lien on the building.

Thank you for taking the time to read this information.

Yours Sincerely

The members of the OMNI extension sub-committee.

Omni Gymnasium

Extensions to Existing Gym

Flanders Avenue, Napier

RESOURCE CONSENT 30/03/21

LHTDesign Project - 13489		
Sheet #	Sheet Name	Rev
000	Cover Sheet	A
100	Site & Locality Plan	A
105	New Floor Plan	A
110	Section A	A
120	Elevation A B C	A

A	Resource Consent Issue	30/03/21
Rev	Amendment	Date





New Gymnasium Extension - Site & Locality Plan
1 : 500

Scale: 1:1 0m 10 20 30 40 50

A Resource Consent Issue

309321

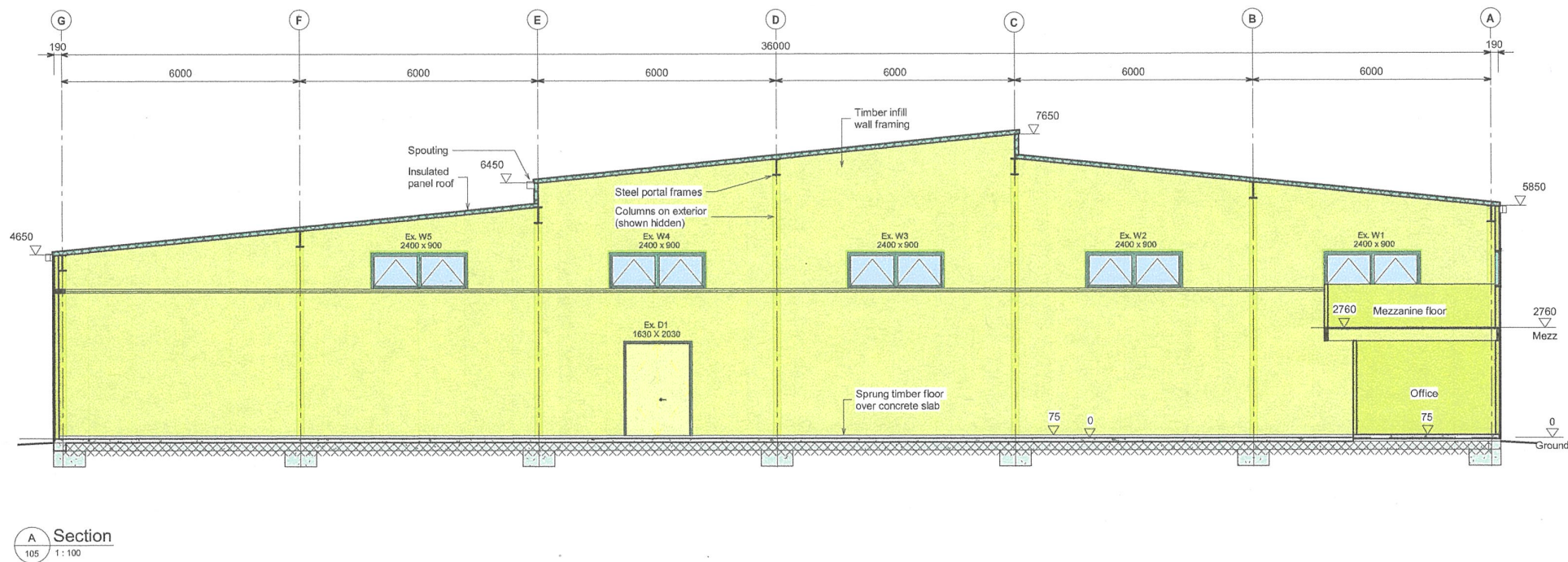


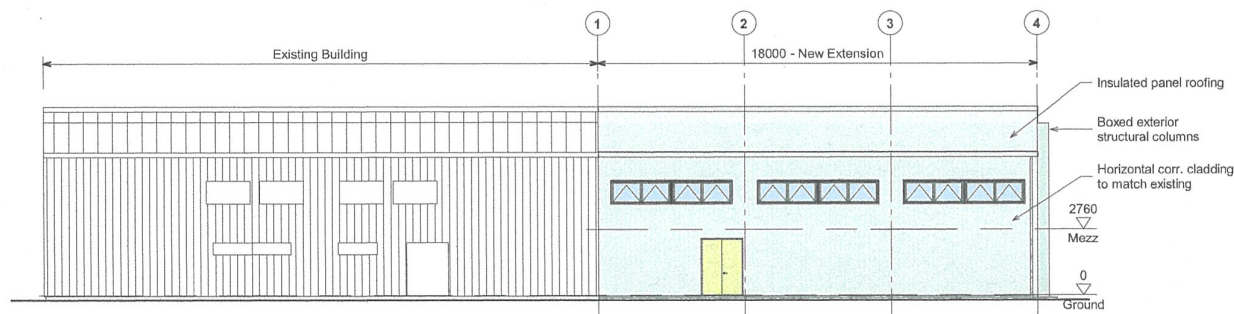
Omni Gymnasium
Extensions to Existing Gym
Flanders Avenue, Napier

Site & Locality Plan
RESOURCE CONSENT
Drawn: MD Date: 03/30/21
Rev: A

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100
13489

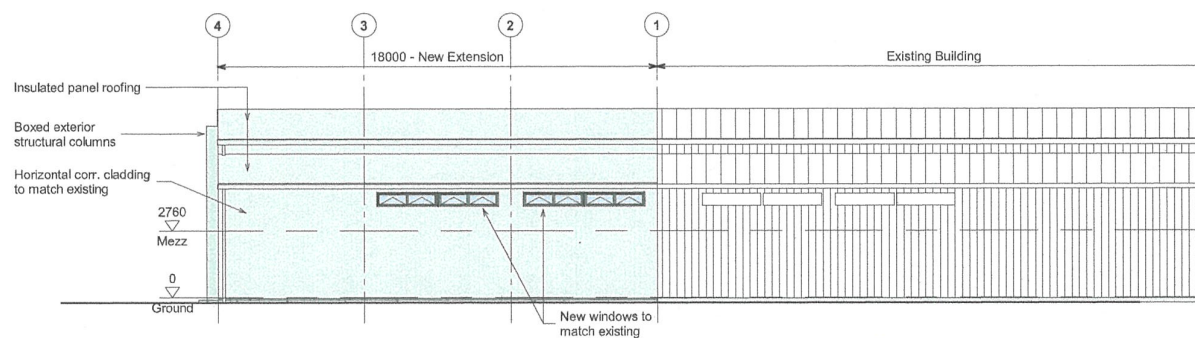






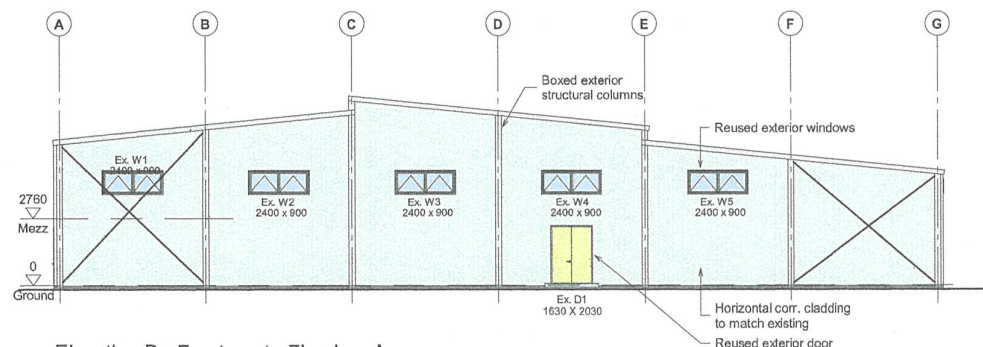
Elevation A - View from Entry Access Road
1 : 200

(North)




Elevation C
1 : 200

(South)



Elevation B - Frontage to Flanders Avenue
1 : 200

(West)

	Omni Gymnasium Extensions to Existing Gym Flanders Avenue, Napier	Elevation A B C		Sheet
		RESOURCE CONSENT		120
Drawn	MD	Date	03/30/21	Rev
1:10	1:10	1:10	1:10	A

yo designs

the green room

Landscaping Concept **Omni Gymnastic Centre Proposed Extension**

Aim: To provide a landscaping concept for the proposed extension that:

1. Allows the building to sit comfortably and attractively within a 'park-like' setting.
2. Defines and enhances the entrance to the gymnasium.
3. Uses site appropriate plants that are hardy and easy to maintain while giving seasonal colour and interest.

Plan:

The landscaping concept is simple and easy to implement. The emphasis is on the entrance to the complex with a wider curving path splitting from the existing path. It leads to a generous terrace in front of the new entrance doors complete with seating. The mis-match of surfacing is blended by extending the existing exposed aggregate to form a welcoming semi-circle in front of the new doors. The new path also winds in a smaller width along the side of the building between a grouping of matching small trees...Lagerstroemia 'Kimono'. The existing Eucalyptus along the neighbouring road frame the new extension from afar while complementary Lagerstroemia give a layered softening. Grids of the mounding shrub Raphiolepis 'Oriental Pearl' underplant the small trees and replace the existing shrubs against the front of the original building.

The existing trees and shrubs have not done well on the proposed extension side of the building. Any new gardens need to be well prepared before planting.

Plants

Lagerstroemia 'Kimono'

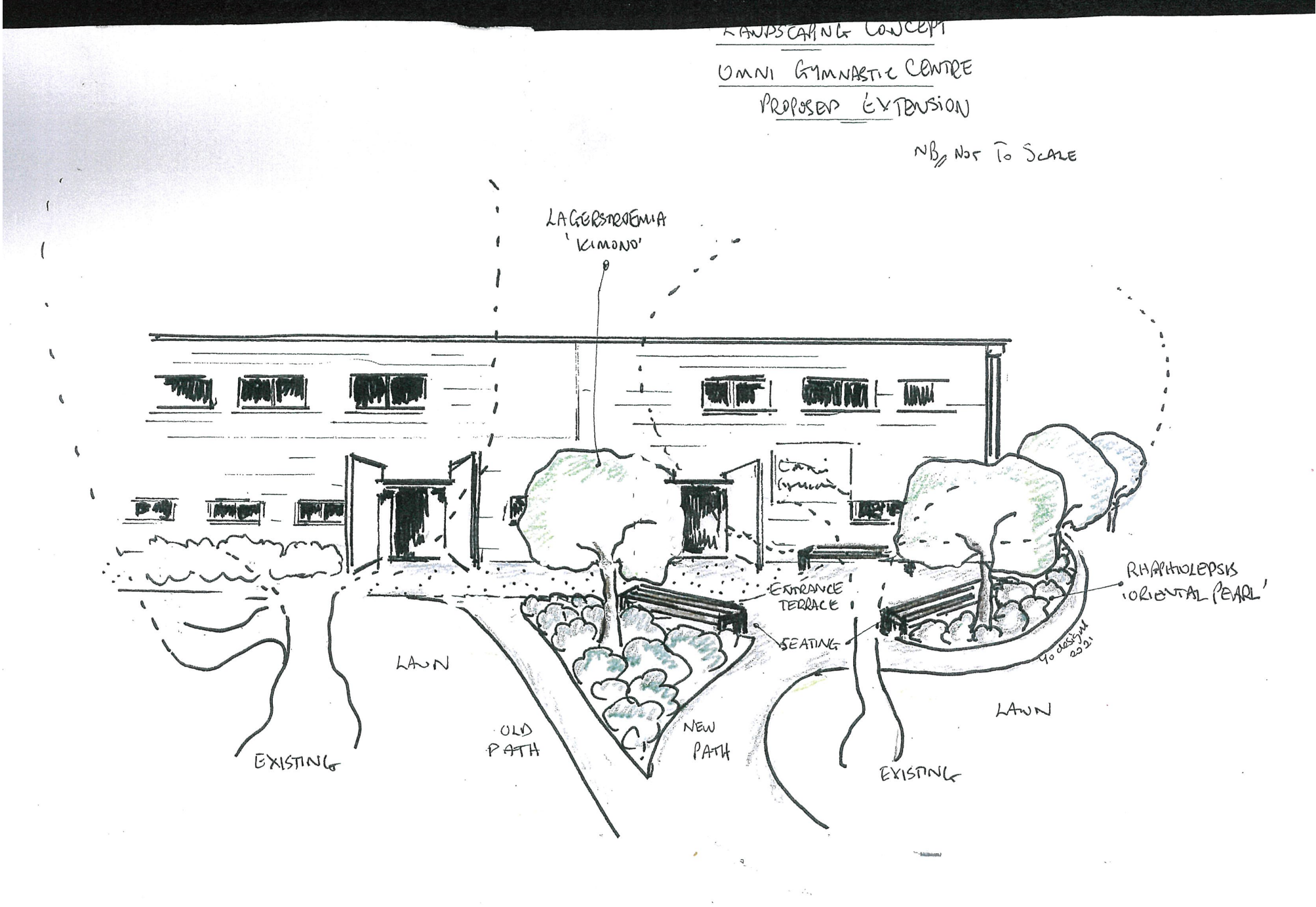
Upright, vase shaped tree. Deciduous. Frilly white flowers in summer. Red, orange and yellow leaves in autumn. Hardy. 4m high x 3m wide.



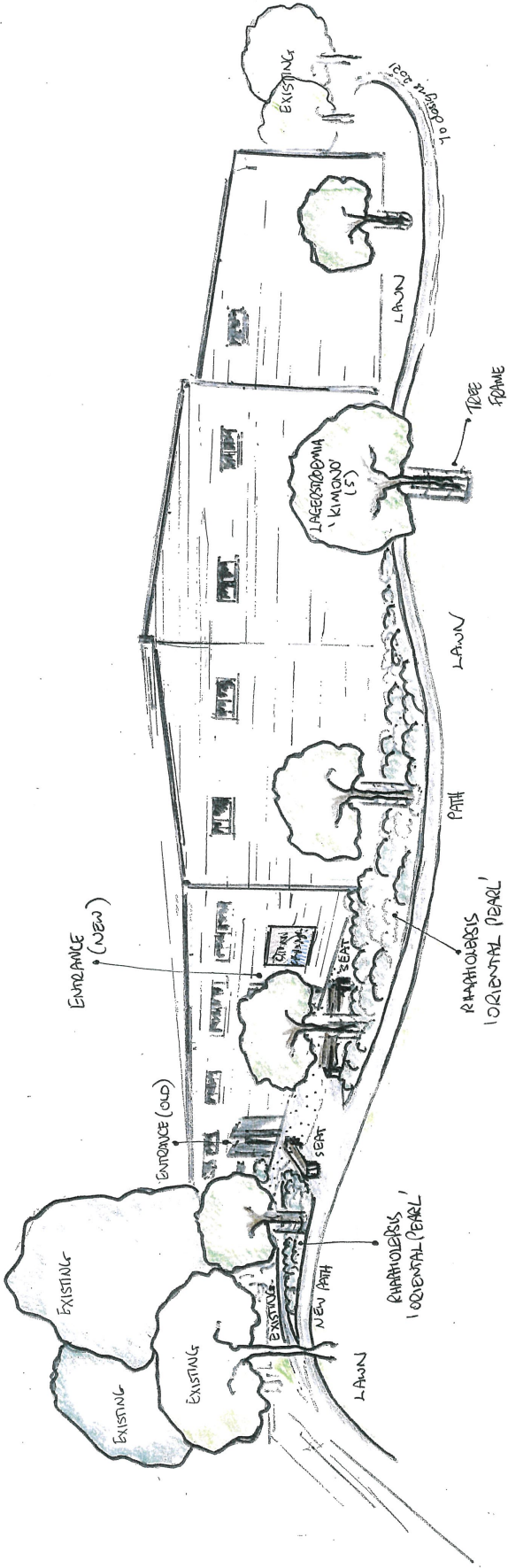
Raphiolepis 'Oriental Pearl'

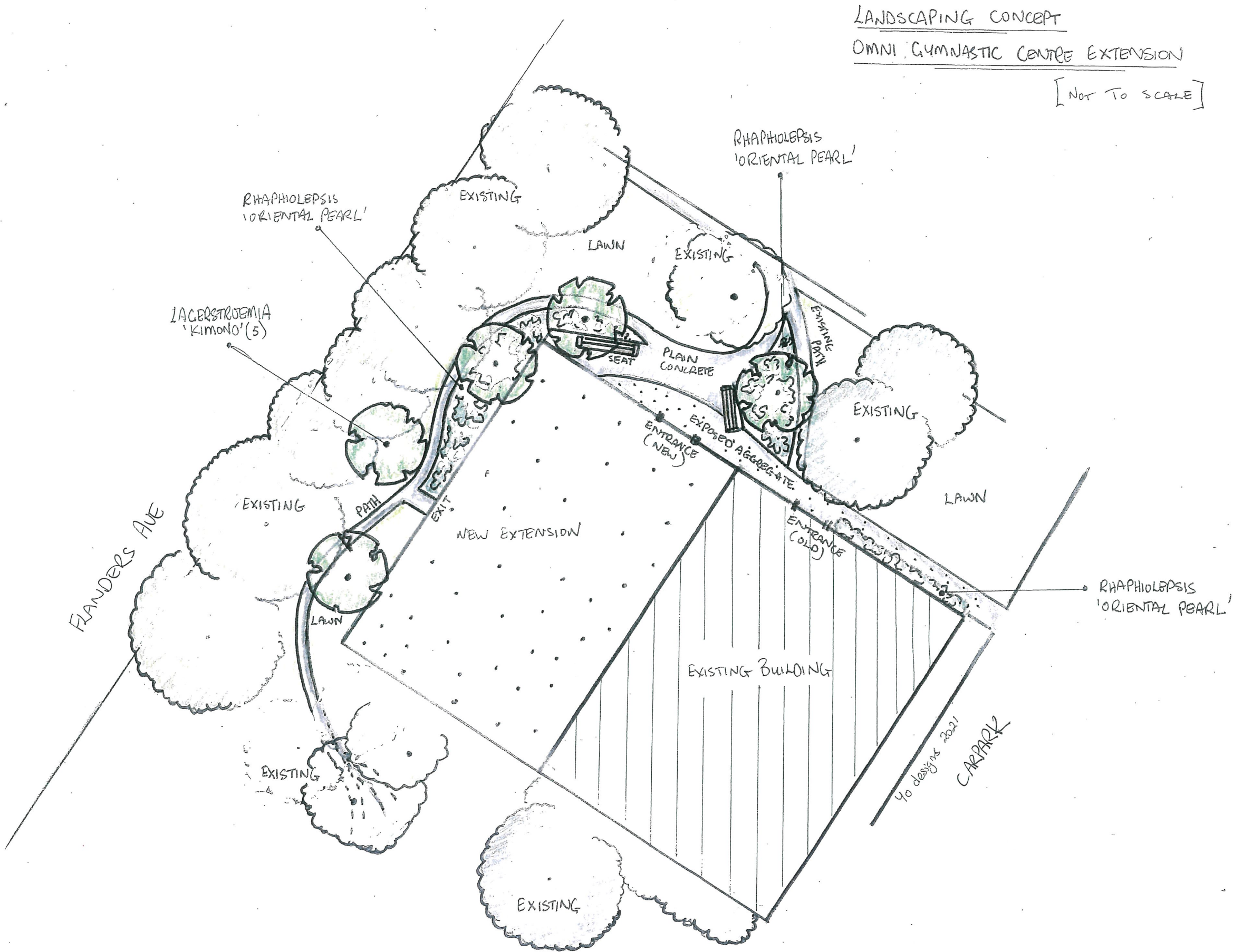
Compact low growing evergreen shrub. Hardy. Dark glossy green leaves, masses of white flowers for most of the year.





LANDSCAPING CONCEPT
OMNI GYMNASIUM CENTRE
NB, NOT TO SCALE





3. REPORT ON NAPIER WATER SUPPLY STATUS END OF Q2 2021-2022

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	1420222
Reporting Officer/s & Unit:	Anze Lencek, Water Quality Lead

3.1 Purpose of Report

To inform the Council on:

- the status of Napier Water Supply (NAP001) at the end of the second quarter (Q2) of 2021-2022 compliance year

Officer's Recommendation

The Sustainable Napier Committee:

- a. Endorse the:
 - i. Report on Napier Water Supply Status end of Q2 2021-2022

3.2 Background Summary

Information presented in this Report is NCC 3 Waters Team's best understanding and interpretation of Drinking-water Standards for New Zealand 2008 (revised 2018) (DWSNZ) and Health Act requirements and our adherence to those requirements – the regulator body (Taumata Arowai) might have a different view when undertaking an annual compliance assessment at the end of the compliance year.

Previously Officers reported quarterly to the Drinking Water Assessor as the regulator via the District Health Board on water supply. Taumata Arowai are now the regulator and it is Officers understanding that reporting to Taumata Arowai is only required annually and by exception. Officers will continue to report to Council quarterly and this report will form part of the annual report to Taumata Arowai along with all other testing results.

3.3 Issues

The following points highlight the main issues and events relating to the supply that occurred in Q2.

A) Summary of any significant events that have occurred and changes to any of the supply elements, WSP and regulatory framework

- **Dechlorinated Water Stations.** Since putting both stations back into service on 9 September 2021, only two taps (out of four) at each station are in operation to ensure social distancing (Covid-19 measures).
- **A1 bore.** Due to increased demand A1 bore has been reintroduced to supply on 10 November 2021. This has since resulted in increased number of discoloured water complaints in areas that are fed by this bore such as Napier South, CBD, Marewa, Te Awa, Hospital and Bluff Hill where this has not previously happened to this extent.

- **Water Safety Plan (WSP).** Consultants Tonkin & Taylor are due to produce a draft WSP early 2022.
- **Mains cleaning.** This year's 9-week annual mains cleaning programme (aka pigging) started on 10 August and was completed 21 October 2021. Onekawa, Marewa, Pirimai and Bay View have been pigged as scheduled, however Tamatea and Parklands were dropped from schedule due to Covid-19 lockdown in August and September and works will be carried out in 2022.
- **Taumata Arowai.** Latest draft versions of DWSNZ and Compliance Operational Rules have been released on 26 October 2021 and will undergo public consultation early 2022 (no timeframes set yet). NCC set up a corporate Hinekōrako account with Taumata Arowai in December 2021, which is a website based self-service portal for drinking-water suppliers, and completed registrations for both Napier's supplies (Napier and Meeanee Hall & Sports Centre).

B) Summary of progress against the WSP Improvement Plan

Improvement Plan is currently being reviewed and updated within WSP review process and the progress against the Plan will be reported once again when the new WSP is finalised and published.

NCC has however completed and commissioned a dedicated Water Take Site at Thames Street in December 2021. The transition period for all contractors to start using this site ends end of February 2022 - after this date any previously permitted water takes through fire hydrants will cease and those permits revoked.

C) Summary of significant reactive maintenance and major operations events

Q1:

- Nil.

Q2:

- **Otatara Reservoir hatch alarm incident.** An open hatch alarm was received 8:05 pm on 22 November 2021. Due to inconclusive evidence on what triggered the alarm, operators preventatively isolated the reservoir 8:30pm and secured uninterrupted provision of the supply area fed by the reservoir by forcing-on the Otatara booster. Extensive sampling including microbial, chemical and physical tests revealed no signs of contamination of the water inside the isolated reservoir. The reservoir was drained, cleaned, superchlorinated and retested before put back to service on 27 November 2021 at 2pm. Assessments into alarm systems and security of all reservoirs have already been included in the current WSP review process and the potential deficiencies will be addressed and appropriate corrective actions outlined in WSP's Improvement Plan.

D) DWSNZ Treatment Plant / Bores Compliance overview

To date, **no** transgressions have been recorded at Treatment plants / Bores in 2021/2022 compliance year. Compliance per category per quarter and Overall Compliance is presented in the table over.

Bore / Plant name	Bacterial Compliance				Protozoa Compliance				Chemical Compliance				Radiological Compliance				Overall Compliance
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020-2021
A1 Bore	✓	✓			✓	✓			✓	✓			✓	✓			pending
C1 Bore	✓	✓			✓	✓			✓	✓			✓	✓			pending
T2 Bore	✓	✓			✓	✓			✓	✓			✓	✓			pending
T3 Bore	✓	✓			✓	✓			✓	✓			✓	✓			pending
T5 Bore	✓	✓			✓	✓			✓	✓			✓	✓			pending
T6 Bore	✓	✓			✓	✓			✓	✓			✓	✓			pending
T7 Bore	✓	✓			✓	✓			✓	✓			✓	✓			pending

E) DWSNZ Distribution Zone Compliance overview

To date, **no** transgressions have been recorded within Distribution Zone in the 2021/2022 compliance year. Compliance per category per quarter and Overall Compliance is presented in the table below.

Distribution zone name	Bacterial Compliance				Chemical Compliance				Overall Compliance
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2021-2022
Napier NAP001NA	✓	✓			✓	✓			pending

F) Health Act 69ZE – ‘Duty to investigate complaints’ summary figures

Customers’ Service Requests (SR) are captured in MagiQ software. From a water quality and risks perspective, the main focus is given to clarity, odour, taste and pressure/flow issues. Numbers of SRs received for each of these categories are presented in the table below.


Service Request category	Q1			Q2			Q3			Q4		
	Jul21	Aug21	Sep21	Oct21	Nov21	Dec21	Jan22	Feb22	Mar22	Apr22	May22	Jun22
Q – Clarity	4	7	9	58	29	66						
Q – Odour	0	1	1	2	0	0						
Q – Taste	0	0	1	0	2	0						
Q – Pressure / Flow	1	0	1	0	4	2						

G) Production summary figures and water take Resource consent compliance

Summary of the drinking-water production (abstraction):

Water Production – All Bores	Q1			Q2			Q3			Q4		
	Jul21	Aug21	Sep21	Oct21	Nov21	Dec21	Jan22	Feb22	Mar22	Apr22	May22	Jun22
Production [m3 x1000]	649	667	677	753	809	860						

Summary on the current Resource Consent compliance and conditions:

- To date NCC has been fully compliant with Resource Consent conditions for 2021/2022. 

3.4 Significance and Engagement

N/A

3.5 Implications**Financial**

N/A

Social & Policy

N/A

Risk

No risks have been identified.

3.6 Options

The options available to Council are as follows:

- The purpose of this report is to present information to Council. Options have not been presented.

3.7 Development of Preferred Option

N/A

3.8 Attachments

Nil

4. CAPITAL PROGRAMME DELIVERY

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1425264
<i>Reporting Officer/s & Unit:</i>	Jon Kingsford, Director Programme Delivery

1.1 Purpose of Report

To provide Council with information on the 2021 Long Term Plan Capital Programme and initiatives underway to improve Capital Programme Delivery.

Officer's Recommendation

The Sustainable Napier Committee:

- a. Receive the report titled "Capital Programme Delivery".

1.2 Background Summary

2022 State of Play

The Omicron variant of COVID-19 presents a clear risk to the delivery of Napier's capital programme. This is due to predictions of further supply chain disruptions and workforce absenteeism due to illness.

Additionally, consumer prices rose at the fastest pace since 1990, with inflation hitting 5.9% at the end of 2021. Although many of the pressures for higher prices are coming from offshore, Thursday's figures also show New Zealand's economy is now generating significant domestic inflation. Non-tradeable inflation (domestic inflation) hit 5.3 per cent in 2021, Statistics New Zealand said, driven by construction, rental and rates.

ANZ, New Zealand's largest bank, has warned the December quarter may not be the peak, and further increases are possible in 2022. Likewise, Westpac said New Zealand faced a "potent cocktail of supply chain pressures and firm domestic demand" which had raised the core measures of inflation to elevated levels, meaning cost increases could persist for at least a year.

Global supply chain issues are creating a difficult trading environment for many sectors and firms, as global consumer demand remains high and rising air freight prices divert cargo to sea, exceeding available shipping and port capacity. New Zealand also faces a challenge in maintaining air connectivity and freight capacity as the rest of the world reopens, with predictions suggesting that carriers may concentrate their reduced resources on lower risk, more profitable routes.

Challenges associated with construction sector constraints are further discussed in an Independent Report prepared by Morrison Low and appended to this report as Attachment B.

Council Officers are working to make improvements to our systems and capacity to adapt to this environment. To improve Council's capacity to progress capital projects,

recruitment for in-house project managers continues. To augment capacity in the short to medium term, the Programme Delivery team has completed the procurement process to form a panel of Project Management Service Providers. The team are now in the process of allocating projects to each party in the panel.

The 3 Waters team have also completed the process to form a panel of technical service providers. This panel will be utilised by the 3 Waters team to assist them with the development of project scopes. The Programme Delivery team will also utilise the panel to undertake detailed design and construction support tasks for 3 waters related projects.

Several activities have recruited Programme Managers or Project Leads, whose task it is to develop scopes for projects associated with their activity.

Capital Programme Summary

Currently the Design and Projects team have 54 projects in progress to the value of \$20.5 million, with the balance of projects being managed within each activity to which they relate. These projects may have carry over funding associated with their delivery in the 2021/22 financial year.

With carry overs now finalised, the value of the 2021/22 capital programme sits at \$81 million.

Projects Going to Tender

The following notable projects are progressing through the tender in this reporting period:

- Kennedy Road Cycleway – Georges Drive to Wellesley Road
- Onslow Steps replacement
- Hyderabad Road Sewer Renewal
- Taradale Library Air Conditioning Upgrade

Projects nearing/at completion

The following notable projects are nearing completion of the construction phase in this reporting period:

- Centennial Hall floor replacement
- Wastewater Treatment Plant Security Upgrade
- Aquarium Cafe Kitchen Extraction
- York/Auckland Intersection Improvements
- HBRU Game field lighting
- FW2 Fire flows network upgrades
- Dedicated Hydrant Water Take – Thames Street
- Roberts Terrace Playground

Project Commencing Physical Works

The following notable projects have commenced the construction phase in the previous reporting period:

- Swan Memorial Lamp Repair
- Airport Wastewater Pumpstation Renewal
- Ellison / Chambers Pedestrian and Cyclist Safety

The attached report (**Appendix 1**) further demonstrates progress of—notable projects currently underway.

Procurement Initiatives Currently Underway

The Infrastructure Directorate has concluded the procurement process to form a panel of consultants for the provision of Three Waters Technical Design and Support Services.

The Programme Delivery Directorate has concluded the process to form a Panel of Providers of Project Management Services. Allocation of projects to this panel has commenced.

Both Panels will enable both the Infrastructure Directorate and Programme Delivery Directorate to seek support to complete project work.

Processes Undergoing Review

In order to assist with increasing programme delivery performance, a number of processes are under review. The objective of these reviews is to ensure processes are fit for purpose and as efficient as possible with respect to the time to complete them.

Council have developed a Project Management Framework (PMF) within the Enterprise Software package called Sytle to ensure that projects are delivered in a consistent manner and project risks are appropriately managed. The PMF is based on industry best practice as documented by the Project Management Institute and their Project Management Body of Knowledge (PMBOK). THE PMF has been actively used by the Infrastructure Services Team, Programme Delivery team and IT Services.

A review of the PMF will commence this month with the objective of ensuring it is sufficiently agile enough for the variety of projects that Council deliver, and it not unnecessarily process driven and/or cumbersome.

Following this review Project Management Documentation (e.g. PM Manual) will be updated and training material developed to ensure that existing and new staff members have sufficient guidance of the PMF and its implementation.

As part of this package of work, project financial tracking requirements will also be reviewed, particularly with regard to the suitability of Council's existing tools to support these reporting requirements.

1.3 Issues

Industry Capacity

The construction industry, including professional service providers and contractors; is currently stretched beyond capacity. This is impacting on the Hawkes Bay and Napier City Council's programme delivery. The arrival of the Omicron variant of COVID-19 is likely to add additional pressures on workforce availability and supply chains.

1.4 Significance and Engagement

This report is for information purposes only.

1.5 Implications

Financial

The financial performance of individual projects does not form part of this report.

Social & Policy

There are no social and/or policy implications associated with this report.

Risk

Significant project risks are reported to Council separately via the Audit and Risk Committee.

1.6 Options

This report is for information purposes only.

1.7 Development of Preferred Option

This report is for information purposes only.

4.8 Attachments

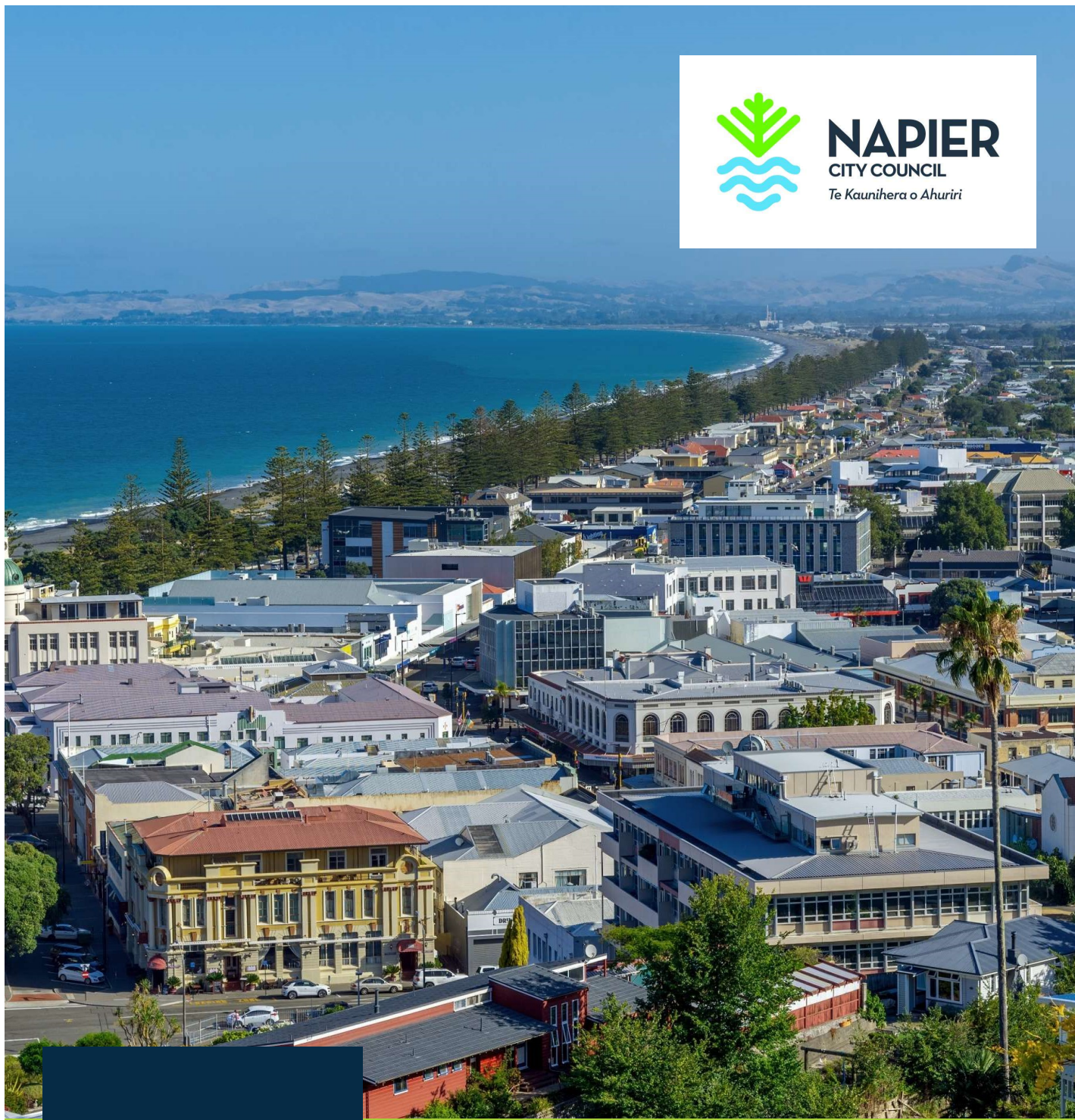
- 1 Capital Delivery Report.pdf [↓](#)
- 2 Report on Construction Sector Constraints [↓](#)

PROJECT NAME	PROJECT PHASE	% OF PROJECT	FINANCIALS	SCHEDULE	REASON FOR RED OR AMBER STATUS
WWTP Outfall Repair	PLAN & EXEC	72%			All physical works completed
Municipal Theatre BMS Replacement	PLAN & EXEC	71%			All physical works completed
McLean Park Digital Screen	PLAN & EXEC				
Centennial Hall (RGCEC Floor and Lighting Replacement)	Initiate	59%			
Marine Parade War Memorial	Initiate	55%			Further funding of additional \$500k is now available for the project. The costs for the plaque work, restoration, names reviews and IT input are still to be worked out.
Napier Aquatic Centre Expansion	Initiate				Investigation and options assessment underway. Outcome to inform future schedule and budgets.
WWTP Security Upgrade	Define	93%			
Swan Memorial Lamp Repair	PLAN & EXEC	82%			
Aquarium Reef Tank Diver Access Investigation	PLAN & EXEC	57%			
Essex Street Reserve Playground Renewal	Initiate	65%			
Puketitiri Road Safety Improvements	Initiate	5%			
Dolbel to Otatara (Maggie's Way)	initiate	5%			

PROJECT NAME	PROJECT PHASE	% OF PROJECT	FINANCIALS	SCHEDULE	REASON FOR RED OR AMBER STATUS
York Ave/Auckland Rd Intersection	PLAN & EXEC	65%			
Thames/Pandora Roundabout Improvements	PLAN & EXEC	67%			
Marewa Shops Improvements	PLAN & EXEC	55%			Project to be re-scoped. New budget.
HBRU Game Field	PLAN & EXEC	69%			
Parklands Area 3 Stage 11	Initiate	13%			
Parklands Area 4	Initiate	16%			
Munroe Street WWPS	Execute	59%			Project budget to be confirmed.
Parklands Area 3 Stages 8, 9, 10	PLAN & EXEC	88%			
Douglas McLean Avenue new footpath	PLAN & EXEC	56%			Budget yet to be confirmed.
Whakarire Ave Coastal	PLAN & EXEC	63%			Current budget needs to be increased; the only tender submission \$1.3M over Eng Est
Latham Street Rising Main Valve Renewal	PLAN & EXEC	53%			Materials Pricing yet to be finalised. Depot to provide timeframes for works completion

PROJECT NAME	PROJECT PHASE	% OF PROJECT	FINANCIALS	SCHEDULE	REASON FOR RED OR AMBER STATUS
Ellison St to Marine Parade Walking & Cycling Improvements	PLAN & EXEC	61%			
Eriksen / Kenny Rd Intersection Upgrade	PLAN & EXEC	63%			Large variations approved for EOT delays, methodology changes, scope changes to allow for 3rd party developments, extra Temporary Traffic Management.
FW2 Fire Flow Network Upgrades	PLAN & EXEC	68%			
Ocean Spa Upgrades (Sauna and Steam Room)	PLAN & EXEC	67%			
Kennedy Road Cycleway - Georges Dr to Wellesley Rd	PROGRAMME	61%			Delays due to design challenges in a complex underground environment
Westshore to Ahuriri Walking & Cycling Connectivity	PLAN & EXEC	60%			Delays in finalising design
Ocean Spa - Changing Rooms Renewal	Initiate	25%			
Westshore Reserve & Playground Pathway (Shovel Ready Project)	PLAN & EXEC	62%			
Steps and Ramps 2020/21 (Onslow Steps)	INITIATE	65%			
Wellesley Road Sewer Renewal	PLAN & EXEC	65%			
Hyderabad Roundabout Sewer & Water	PLAN & EXEC	58%			Delays in design and procurement
Dedicated Hydrant Water Take - Thames Street	PLAN & EXEC	66%			
Roberts Terrace Playground Renewals	PLAN & EXEC	70%			

PROJECT NAME	PROJECT PHASE	% OF PROJECT	FINANCIALS	SCHEDULE	REASON FOR RED OR AMBER STATUS
Cameron Tce Stormwater Improvements	PLAN & EXEC	83%			
Airport Sewer Pump Station Renewal	PLAN & EXEC	87%			
Reservoir Inlets and Outlets Improvements	INITIATE	56%			Scope changes impacting on schedule and budget.
Taradale Library Air Conditioning Upgrade	PLAN & EXEC	78%			Additional budget required to ensure the project goes ahead.
Aquarium Sea Water Supply Pump	Initiate	78%			Pending final design and estimate from Depot.



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri



Napier City Council

Construction sector constraints

December 2021

**Document status**

Job #	Version	Approving Director	Date
2675	1.1	Dan Bonifant	21 December 21

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Executive Summary

In June, Napier City Council (NCC) adopted its 2021 Long Term Plan, which included an increased capital programme with over half associated with three waters services and a significant proportion of the remaining on transport and building and structure related renewals. Council noted that the volume of demand for physical works within its boundaries is risky in a constrained industry with lots of competition. Council modelling and delivery of capital plans over the last four years suggests that these combined pressures outstrip NCC's immediate capability to respond. With the long-running impact of COVID-19, three waters reform, climate change and natural hazards, legislation change and other pressures on funding and capability, these pressures are only intensifying.

To mitigate the economic impacts to New Zealand of the Covid 19 outbreak, after April 2020, Crown Infrastructure Partners facilitated the development of a national programme of infrastructure works. This was over and above the normal investment cycle and was funded directly from the Crown. Currently, there is a total of \$2.43B funding towards a total of \$4.03B Covid stimulus projects funded across 225 projects. An underlying factor in accepting projects for this funding was that they had to be "shovel ready" as the objective as to accelerate programmes of work to stimulate the economy and get people back to, or into, work.

The NZ Upgrade Programme was announced in January 2020 and comprised a \$12B programme of infrastructure works. While this predated Covid, it was also intended to boost the economy, with \$6.8B alone allocated to transport.

Both programmes created a significant, surplus demand on finite resources (and indeed created overseas interest due to the scale) and delivery of the programme was already generating difficulties prior to Covid. Although there are very low unemployment figures now in New Zealand, there is no sign that any of the work in these programmes will now be deferred.

NCC's ability to deliver infrastructure projects and programmes is subject to forces acting on the construction sector that have a range of origins:

- Locally
- Nationally
- Globally

This occurs at a time of unprecedented infrastructure investment by NCC. Council is also facing real constraints in terms of:

- Labour market (construction and professional services)
- Materials; and
- The capacity of the construction sector to scale up and meet the demand.

These pressures are also impacting prices for services, materials and labour, which will put further pressure on Council's ability to address its needs in a timely and cost-effective manner. This paper outlines the unprecedented scale of the planned investment at various levels (including at NCC level) and, while it compares well nationally, given that NCC has delivered 57% of its planned capital works over the past four years, strongly suggests that delivering a larger programme in competition with the rest of New Zealand and also Australia, is potentially unlikely.

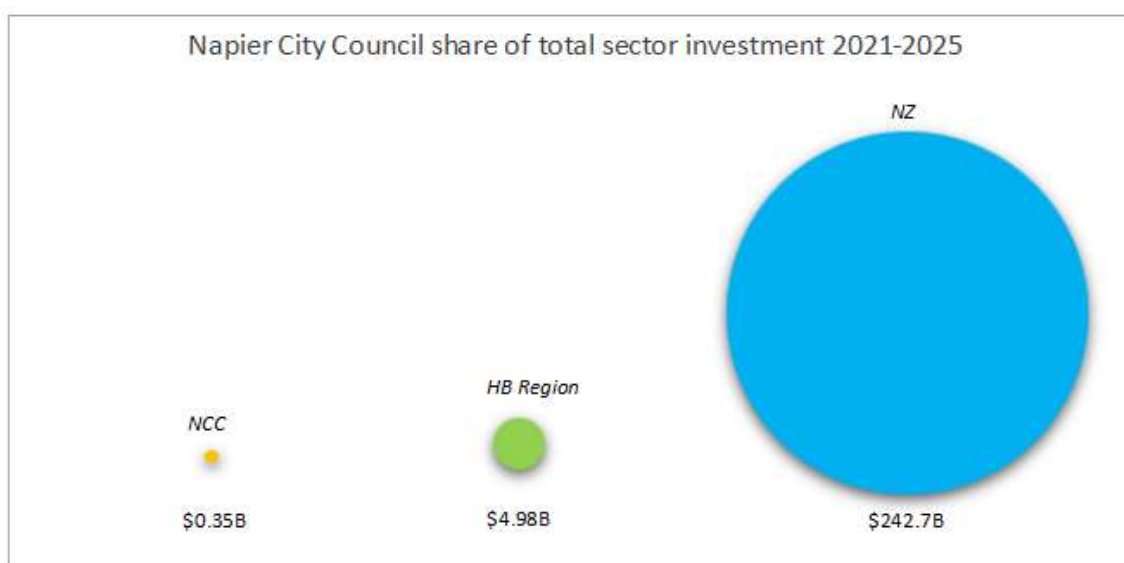


While some may be short term and caused or exacerbated by COVID-19 (e.g. NZ's closed borders or disrupted supply chains, skilled visa shortage), others are deeper and longer term.

The issue for Napier, and the issue for NCC is that the same factors – a constrained construction sector and a significantly increased infrastructure investment programme are occurring across New Zealand. Napier City is required to compete with the rest of NZ for finite resources.

Napier City is a small player in the overall New Zealand infrastructure story, and its share of the infrastructure pipeline across New Zealand is relatively static, and potentially in decline as other regions (for example Tauranga and other higher growth urban areas) are pressing ahead with ambitious infrastructure plans.

Figure 1 NCC capital works programme share of total sector investment across 2021 - 2025



This report highlights some of the practices and processes observed around New Zealand to deal with the constraints also identified in the report.



Introduction and Background

Background

It is recognised globally that there are significant constraints and barriers to trade and supply of materials. This is prevalent in global building and construction markets. The current infrastructure development environment in New Zealand is similarly affected.

The New Zealand Government has an ambitious approach to infrastructure development (housing, roading, three waters, etc). Under normal circumstances this would create pressure on the industry's capacity and risk the construction sector overheating, leading to price escalation and the risk of delays.

Due to international conditions, and governments around the world engaged in quantitative easing, the cost of debt is at almost unprecedented low levels, which has stimulated the construction sector, and encouraged public and private sector investors to bring projects forward.

Thirdly, the Government's response to the Covid pandemic has removed our ability to bring in skilled people and organisations; and building materials and equipment. This has exacerbated the challenges all infrastructure projects face.

This report provides an objective and evidence-led assessment of external factors which are likely to impact the delivery of infrastructure project programmes, and in particular, those of NCC. The report will examine the context at:

- Global
- Australasian
- National; and
- Local (i.e. Hawke's Bay region) scales.

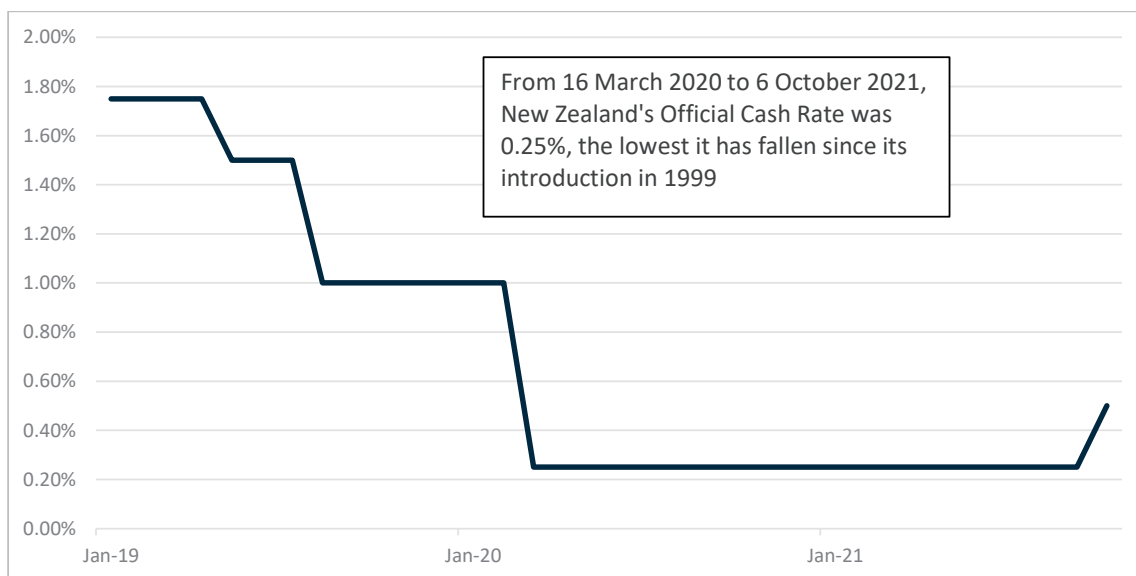
This report will demonstrate the cascade effect that issues at each of the above scales and ultimately presents to the delivery of the infrastructure works programme detailed in the NCC 2021 Long Term Plan (LTP). The constraints that they cause are affecting delivery of existing work in New Zealand and making it more challenging to plan timing and cost of upcoming works.

Money has never been so cheap...

New Zealand's official cash rate, which is effectively the wholesale borrowing rate in New Zealand, was recently as low as 0.24% - the lowest it has been since its introduction in 1999.



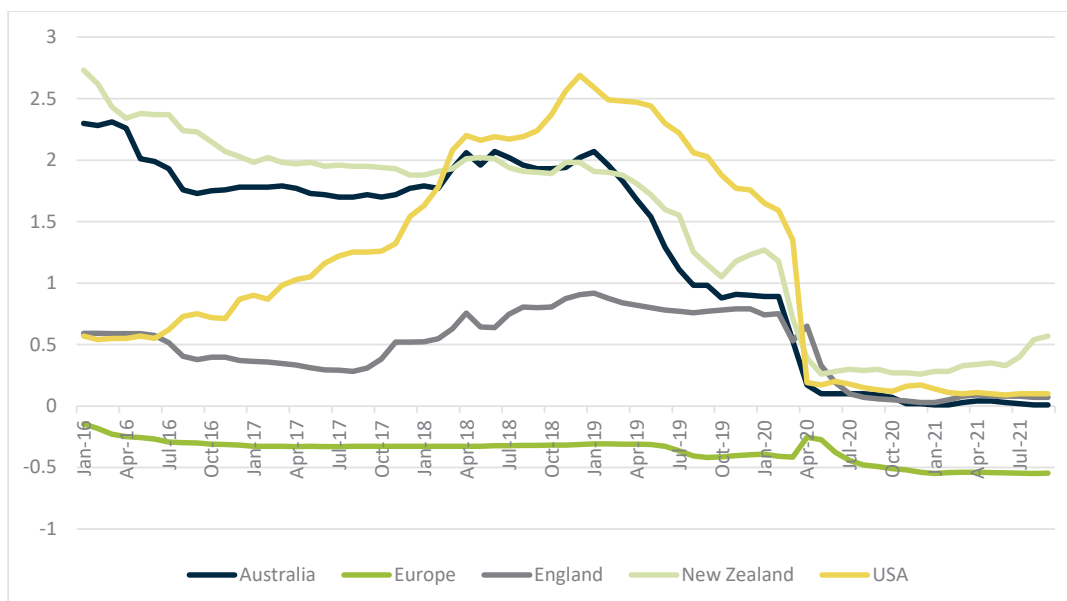
Figure 2 New Zealand official cash rate



When the official cash rate is low, banks pay less interest on savings, and charge less interest on borrowings. This encourages spending and investment.

This is a global phenomenon. All countries have experienced quantitative easing, and this has accelerated as most of the countries we compare ourselves against have borrowed to fund COVID mitigation measures. New Zealand is not alone in setting low interest rates. The Bank of England's base rate is currently as low as 0.1% (the lowest it has been since records begin in 1694).

Figure 3 Global short term interest rates





Nor has it been so abundant...

Central banks across the world are typically tasked with controlling inflation within a pre-defined band (typically around 2 – 3% per annum). When economic activity reduces, so too does inflation.

While traditionally, the main tool for banks to control inflation has been the official cash rate or base lending rate, more recently central banks have also used quantitative easing to control inflation. This tool is particularly likely to be used when lending rates are already at, or approaching, zero.

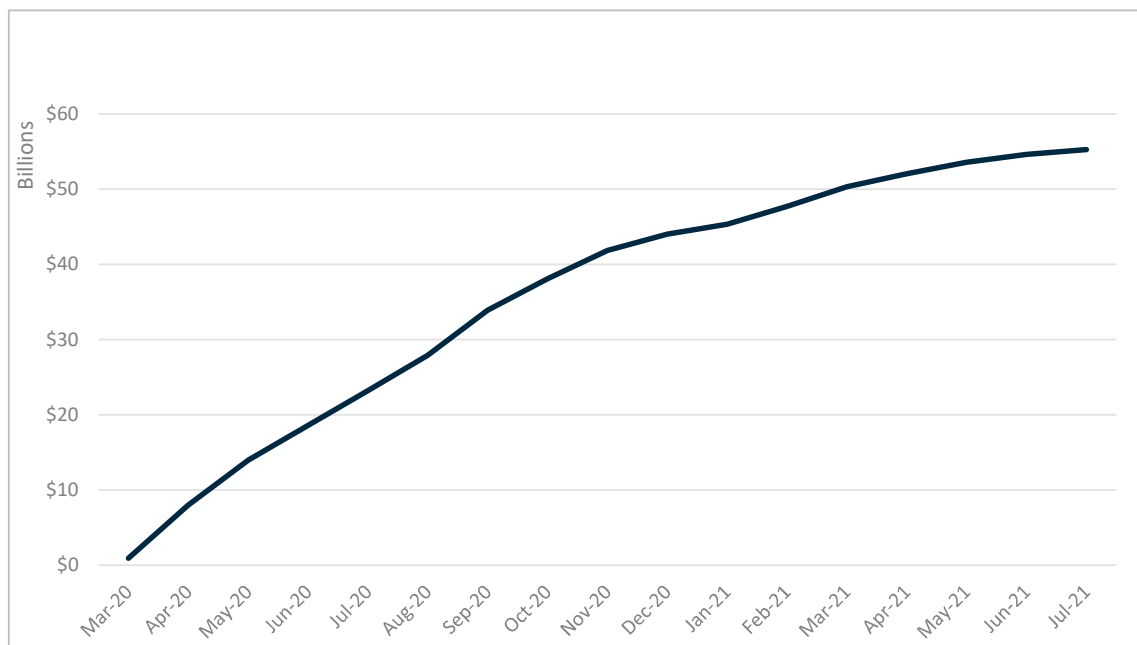
In short, quantitative easing involves central banks buying back government bonds, and sometimes private bonds, from the market. This increases the balance sheets of the central banks. It also:

- Reduces the effective interest rate on government bonds because it drives up price.
- Frees up money from lenders, who now have cash to invest in shares or other securities which offer a higher potential yield.
- Overall increases the supply of money available for spending and investment.

In March 2020, in response to the COVID-19 pandemic, the Reserve Bank embarked on a large-scale asset purchase programme, whereby it bought back a total of \$55 billion of central government and local government bonds.

In addition to quantitative easing, governments around the world have sought to borrow to fund COVID relief programmes. New Zealand has provisioned approximately \$95 billion for this purpose. The impact of available cash, and historically low interest rates has led to price inflation in key asset classes (in particular property) and a consumption boom.

Figure 4 Cumulative large scale asset purchases by RBNZ since March 2020



Taken together, these steps have created the appearance of GDP growth (spending borrowed money on



goods and services will show up as positive spending when GDP is calculated, as it is a mechanism that sums economic activity in a market). The challenge for governments is how to withdraw from this cycle of quantitative easing without triggering adverse shocks to the economy.

The RBNZ has started to signal a slow move to increase the Official Cash Rate to start to return the economy to a more normal footing.

Similarly, the Bank of England increased its total quantitative easing from £445 billion to £895 billion since March 2020 – effectively injecting £450bn into the global investment market.¹

In the New Zealand context, this therefore means that the Government has been able to borrow significant amounts of cheap money to inject funding into large public infrastructure programmes. It also fuels competition in the market by making it easier and more attractive for private developers to borrow money. The increased demand is within the context of resource and delivery constraints and competition also discussed further in this document.

¹ <https://www.bankofengland.co.uk/monetary-policy/quantitative-easing>



Unprecedented infrastructure investment

Australia

In order to understand the landscape in New Zealand, it is important to understand the trans-Tasman implications. Australia is also facing the same issues as New Zealand which means that there will be significant influence and competition (for all forms of resource) from across the Tasman. This also validates the perception that the issues facing New Zealand are real and enduring.

An October 2021 report by Infrastructure Australia² shows that investment and constraints at scale are also prevalent in Australia.

- Known annual investment will peak at \$52 billion in 2023.
- Demand for labour, plant and materials expected to be two-thirds higher than compared to the previous five years.
- Demand peak for skills is 48% higher than supply (noting that part of this supply often comes from New Zealand).
- 34 of 50 public infrastructure occupations are potentially in shortage.
- Growth in demand for materials, plant and equipment is expected to range between 120 and 140% over the next three years.
- Covid-related border closures have compounded these challenges.

New Zealand

This section sets out the current landscape in New Zealand with respect to infrastructure delivery. It is not exhaustive but seeks to demonstrate the scale of works currently programmed across New Zealand. This is important to understand as it points to the level of resource (human and materials) that will be required to deliver them.

The level of infrastructure investment is significant and in part is funded by Government stimulus programmes and the availability of cheap borrowing.

National Infrastructure Programme

New Zealand has sought to understand national infrastructure needs, and the scale of the pipeline of projects. This led to the creation of the National Infrastructure Unit under the previous government. That led to the first robust national stocktakes of infrastructure, and more recently to the Creation of The Infrastructure Commission, Te Waihangā. The latest Te Waihangā quarterly report³ notes the total pipeline currently comprises 2588 projects across 159 organisations and is valued at \$64 billion.

² Infrastructure Australia – Infrastructure Market Capacity, dated October 2021

³ <https://www.tewaihangā.govt.nz/assets/Quarterly-Reports/210102-INFR-Te-Waihangā-2nd-Quarterly.pdf>



This includes:

- Energy: \$3.4 billion
- Housing: \$5.6 billion
- Water: \$10.4 billion
- Community facilities: \$4.3 billion

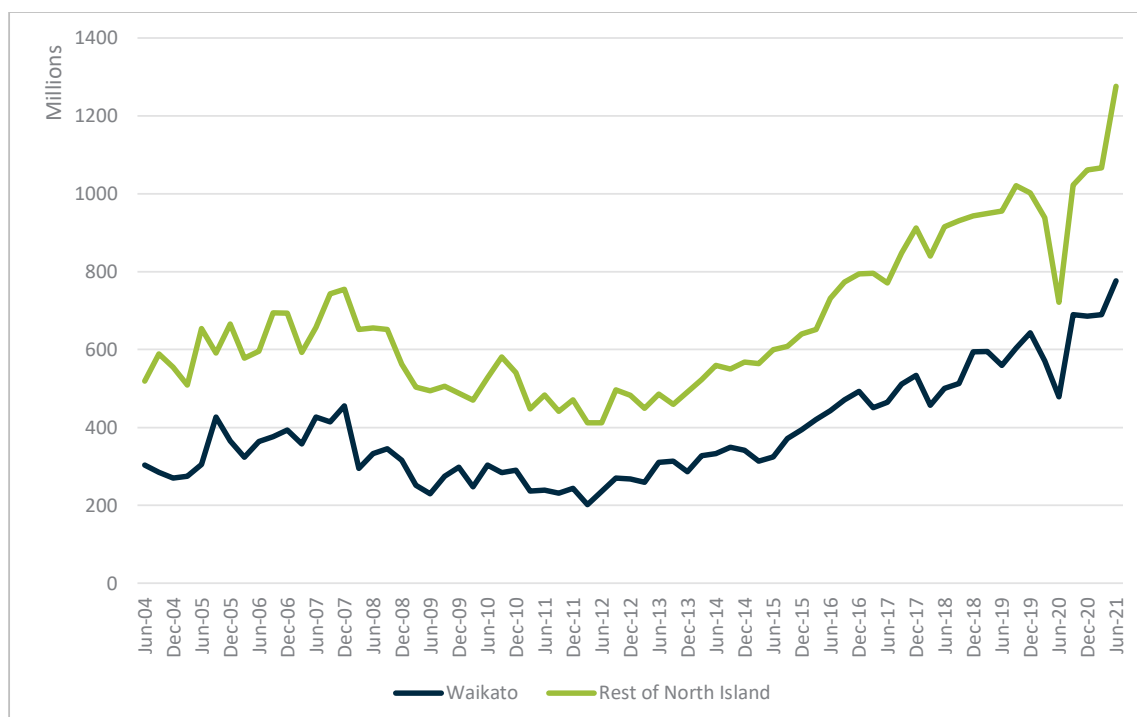
Together with the above, there are \$24 billion of projects under construction and \$29 billion of projects in planning stage. Transport and water comprise the bulk of the projects, as they do for the spend in the NCC LTP.

It has not been possible to produce a direct comparison to previous years at the time of preparing this report as the pipeline and data collated by Te Waihangā has not been produced previously (and indeed is part of the reason for the creation of Te Waihangā).

These are numbers from government departments and government agencies and it should be noted they will be augmented by private activity. On top of commercial infrastructure investment (businesses, commercial buildings, rest homes, airports etc), the biggest source of infrastructure activity is private housing.

Figure 5 below shows the drop due to the initial Covid lockdown and the rate of the subsequent increase (graph extends to June 2021) and also shows the difference in scale to the current pipeline. This graph illustrates the likely trends for Hawke's Bay (for which there is no data) comparing instead the Waikato with the rest of the North Island.

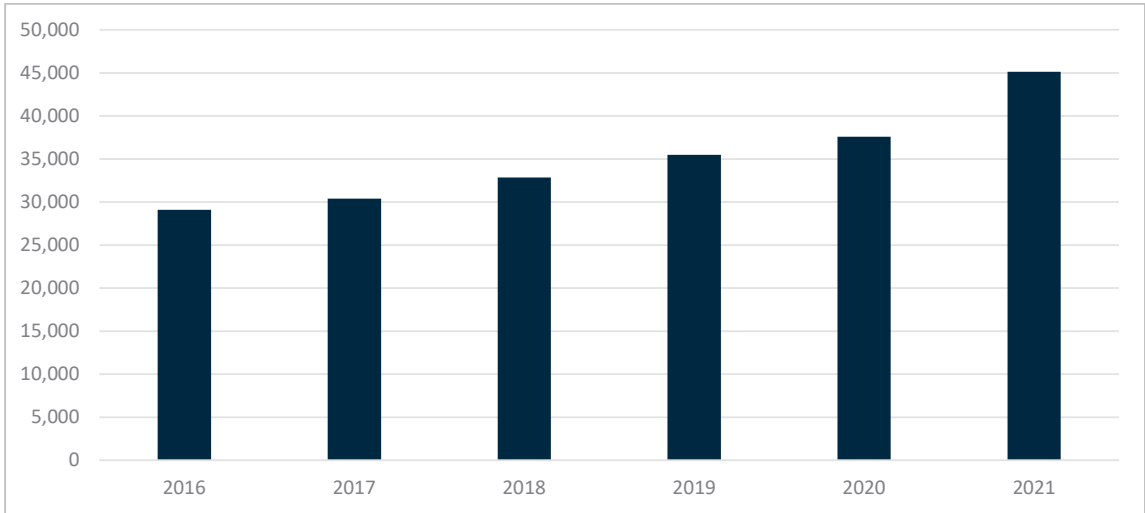
Figure 5 Stats NZ graph of building work to June 2021





The following chart from Stats NZ shows that there has been a 20% increase in building consents issued over the last year. While consents issued is not a direct proxy for houses constructed, and some of these dwellings will be government developments, overall, the increase in private housing activity taken together is sufficiently material to impact on the supply of skills and materials across the infrastructure sector.

Figure 6 New buildings consents in New Zealand



source: Stats NZ



Looking at what this means for Napier and Hawke's Bay

Covid stimulus programme

The June update⁴ from the Industry Reference Group stated a total of \$2.49 billion government funding towards a total of \$4.18 billion Covid stimulus "shovel ready" projects funded across 230 projects.

756 FTE were projected for regional projects but as at September 2021, only about 246 are currently working on the projects. There is a significant shortfall to deliver the 11 funded projects in the Hawke's Bay region. Of these nine have commenced and two have been completed, so there is a high latent demand for resources.

NZ Upgrade (Transport)

The NZ Upgrade programme being delivered by Waka Kotahi comprises around \$14.2 million of \$300 million regional budgeted funding in the Hawke's Bay region, across two projects. This work is being done in competition with other packages nationally. Significantly, the Auckland package is valued at \$4.3 billion and Wellington package at \$1.87 billion so intra-regional competition for resources in the North Island alone will be fierce. The projects delivered as the Hawke's Bay package are:

- College Road to Silverstream Station (SH2)
- Tahaenui Bridge (SH2)

The bridge project has been completed and the 1.7km of SH2 upgrade is nearing completion. This may free up some resources in the area.

Waka Kotahi NLTP

The overall value of work in the 2021 - 24 NLTP for New Zealand is \$24.3 billion. Of this, \$376 million has been allocated to the Hawke's Bay region, broken down as follows:

- Maintenance and operations: \$214 million
- Public transport investment: \$17 million
- Walking and cycling: \$18 million
- Provincial Growth Fund: \$33 million
- Road to Zero: \$53 million

The above includes contributions to a reliable and resilient road and rail connections particularly to the Napier Port (the largest in the North Island) and to the neighbouring region of Palmerston North. Also improving road safety in urban areas and high-risk rural roads.

⁴ <https://www.crowninfrastructure.govt.nz/wp-content/uploads/CIP-IRG-Quarterly-Sep-2021-FINAL.pdf>



These will be delivered by a mix of Waka Kotahi, NCC and other city council projects.

Other scoping work is currently being undertaken on possible realignment of the Waikara Gorge and avenues to support tourism with possible improvements to SH38 through to Lake Waikaremoana.

Napier Infrastructure Programme

The LTP identifies that Council is intending to spend \$827 million in capex over the next 10 years. This comprises \$111.5 million for transport and \$404.5 million on three waters assets with major projects included below

- Water supply \$133.8M, including
 - the replacement of Enfield Reservoir
 - installation of two new borefields
- Wastewater \$154.8M including
 - replacing the and upgrading the Awatoto marine outfall
- Stormwater \$115.9M
- Transportation \$111.4M
- Civic Precinct building development \$54M
- Napier Library rebuild \$26.39M
- Regional Park development \$12.49M
- Te Pihinga community facility \$11.5M
- Inner Harbour Iron Pot Upgrade \$6.02M
- Additional CBD parking \$4.53M
- Cemetery land purchase \$3.59M
- Faraday Centre building development \$2.3M

In addition, NCC is loan funding the \$1.8 million deficit in the housing portfolio for the 2021/22 financial year until a strategic review can be completed of this provision of affordable housing.

Non- Council infrastructure projects

NCC is only one of the players in the regional market. Other large investors are likely to include:

- Commercial building owners and developers - earthquake prone buildings upgrades and new builds and fit-outs.
- Residential developers and property owners. While not many of the individual developers are large, collectively they represent significant activity.

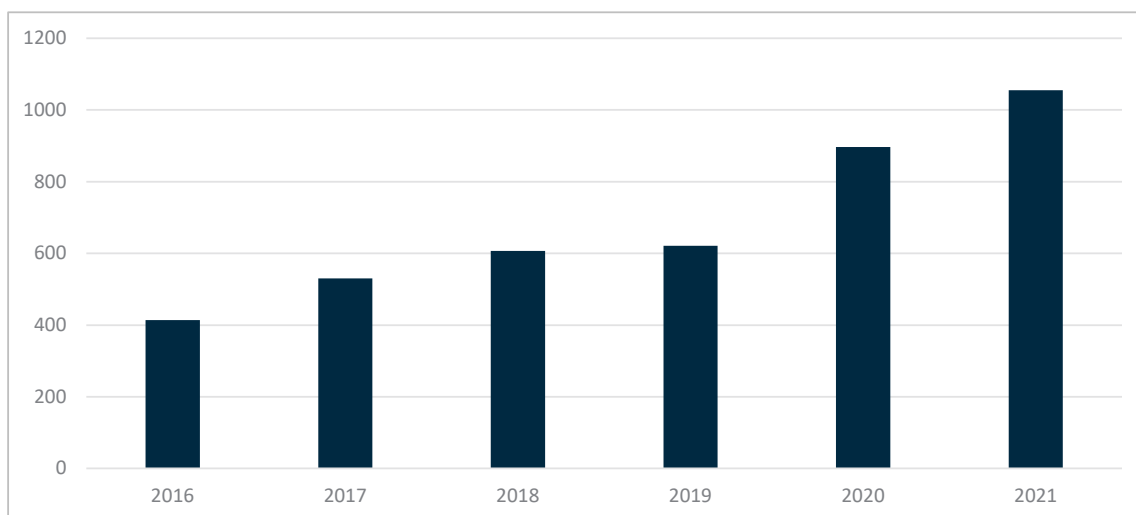


Napier is a medium growth city with a requirement to enable and provide affordable development under a National Policy Statement – Urban Development and NCC is looking at how to encourage intensification through the District Plan Review. Napier needs 3,500 new homes in the next ten years.

Hastings District Council is in a similar situation where the increased population has outpaced supply of homes. A design guide for housing was recently released to address the medium intensification strategy. By 2045, 60% intensification is projected.

Figure 7 shows that new dwelling consents are on the rise. The number granted in 2021 representing a 154% increase from 2016. While Hawke's Bay region's consents for new dwellings may be small compared to other parts of the country, as illustrated in Figure 8, the impact for Hawke's Bay is significant when put in context (Figure 9) and this will put pressure on the already stretched local industry to deliver the demand. Hawke's Bay tops the chart in Figure 10 for the region with the greatest number of dwellings consented across New Zealand in 2021.

Figure 7 Hawke's Bay region new dwellings consented



source: Stats NZ



Figure 8 New dwellings consented by region

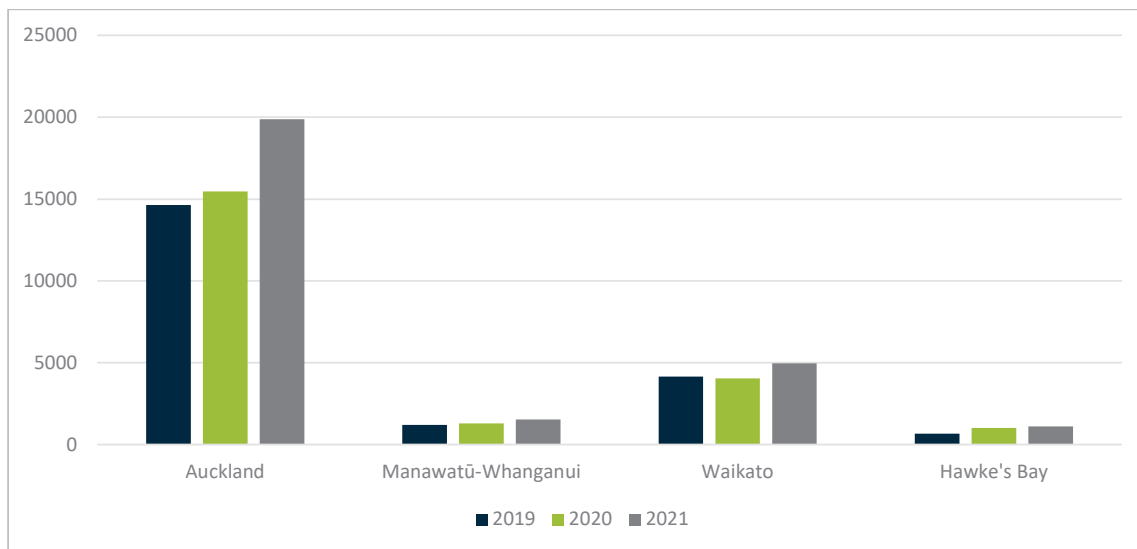


Figure 9 New dwellings consented per 1,000 residents by region

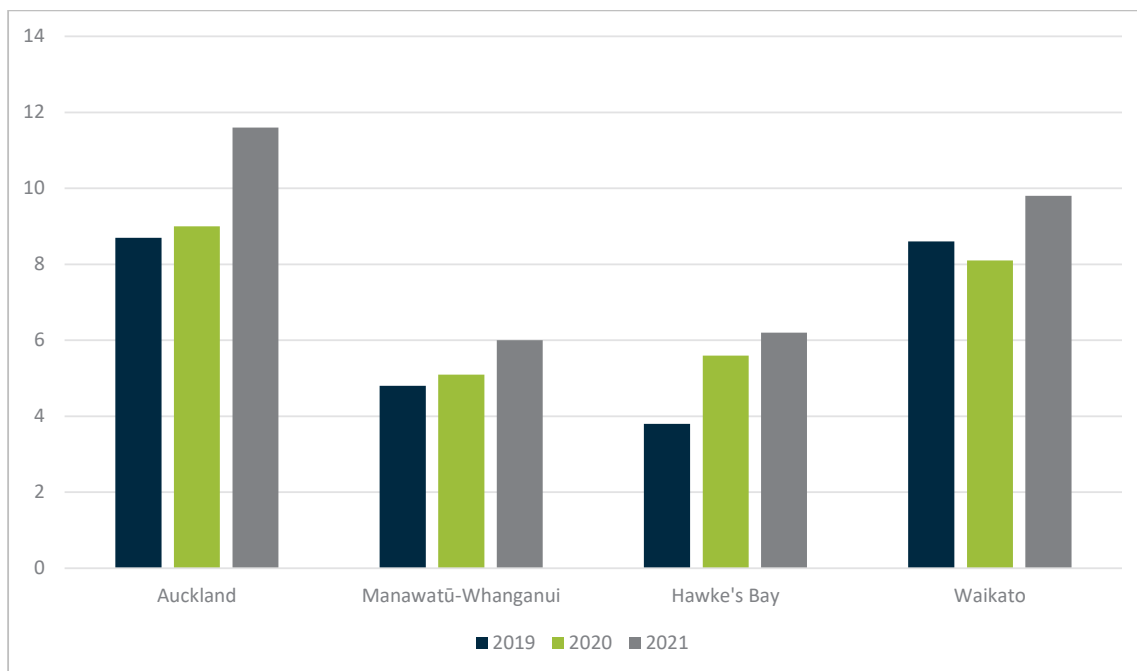
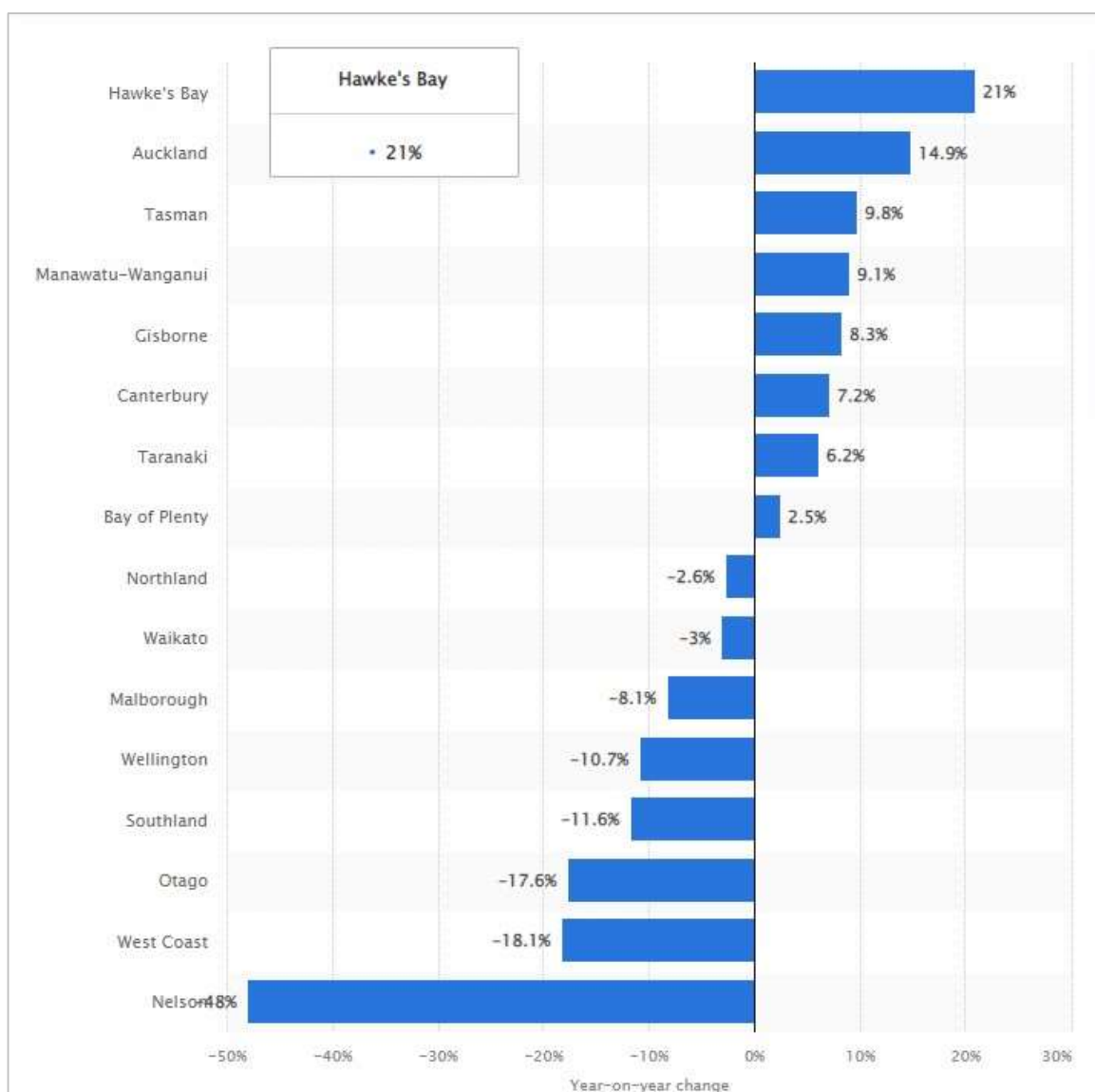




Figure 8 New Zealand year-on-year change in the number of dwellings consented in New Zealand in 2021, by region



Source: Statista



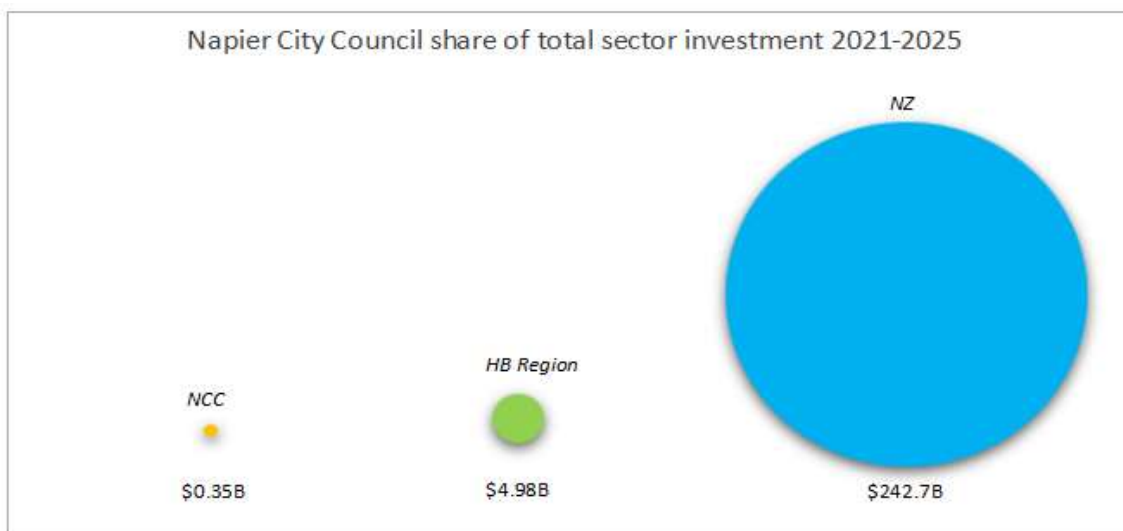
Construction Activity Competition Context

Excerpts from NCC LTP have been presented in more detail already in this document but what is important in the context of that programme, is competition for resources. Napier is facing significant and growing competition from the rest of the country for skills and all forms of resources. For example, a brief comparison with Tauranga shows:

- Tauranga has itself committed to a \$6.4billion capital programme, allocated to a very similar format of projects to those in NCC's LTP.
- Te Waihangā also reports⁵ that there is up to \$1.25billion of major projects also in the pipeline for the wider Bay of Plenty (either ongoing or planned).

NCC's share of total investment is relatively small.⁶ Between 2021 and 2025 NCC plans to invest \$353 million, compared to \$4.958 billion across all sectors in the region, and \$242.7.3 billion across all sectors in New Zealand.⁷ In a competitive market, suppliers can pick and choose and if the majority of the projects are outside the Hawke's Bay region, then Napier and NCC face significant challenges.

Figure 9 NCC share of total sector investment



Hawke's Bay Regional Skills Leadership Group reported that the region will be unable to deliver the \$2.7B of known work of the next three years, let alone work that it is yet to be announced.⁸ Current demand could not be met due to:

- Demand far exceeding the current rate of supply of skilled/semi-skilled labour.

2.7 B
Work unable to be delivered in Hawke's Bay over next 3 years

⁵ <https://www.tewaihanga.govt.nz/projects/pipeline/>

⁶ <https://wip.org.nz/project-pipeline>

⁷ <https://wip.org.nz/project-pipeline>

⁸ <https://www.mbie.govt.nz/dmsdocument/13946-local-insights-report-hawkes-bay-interim-rslg-march-2021>



- Twice the number of qualified Licensed Building Practitioners needed to cope with current demand. However, the demand for projects in the Hawke's Bay is up for the next three years compared to the previous three. 271% for civil, 466% commercial and 158% for residential.

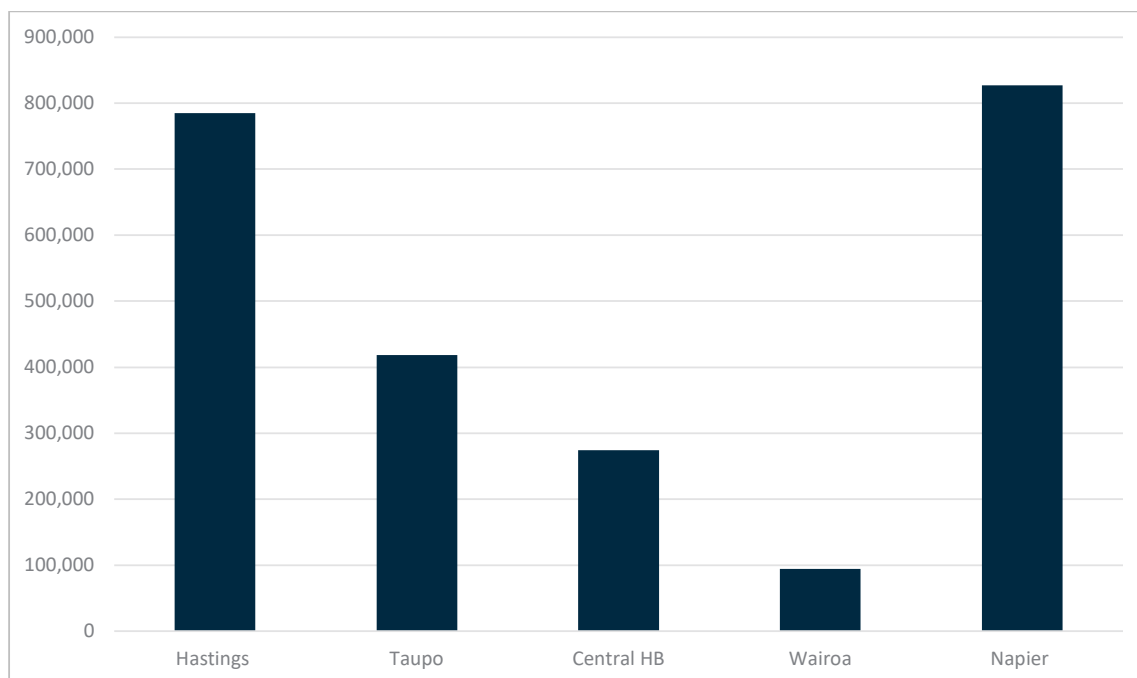
NCC has increased its capital investment in its 2021 LTP and NCC's share of regional investment is increasing.

Project demand has increased significantly

While total investment through the LTPs of the six territorial authorities in the region has risen from \$1.77 to \$2.62B, Napier City Council's share of that investment is projected to increase from 26.3% to 31.2%. This is important as the investment made by NCC is the market seen by suppliers.

Opportunities exist to work today with other councils in the region to bundle work together to increase market share, however this will not solve the limited supply of labour identified above.

Figure 10 Comparison from neighbouring councils 10-year capex investments (\$'000)





Indicators of activity

Some indicators of construction activity are presented in the following graphs. As shown in Figure 11 below, Ready Mix concrete production in Napier has not dropped as low as Auckland and the rest of New Zealand. Demand is still high and growing. This is likely to be unsustainable in the long term.

Figure 11 Ready mix concrete volumes, quarterly growth (seasonally adjusted)

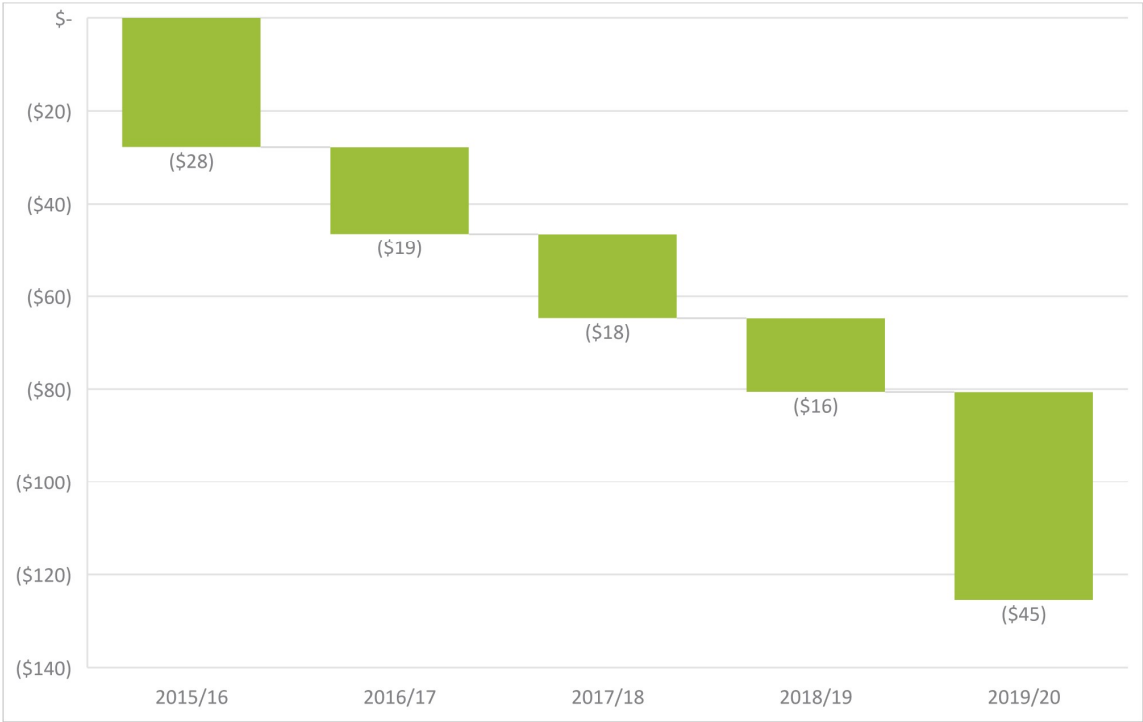




Delivery

Over the last four years, NCC delivered an average of 57%⁹ of the planned capital works from its Long Term Plan. Within the local government sector, this is below average. Therefore, the cumulative effect is significant – almost \$125.5 million of undelivered capital works. As noted in the LTP consultation document, NCC has been able to deliver between \$20 - \$50 million worth of capital project annually despite planning to deliver almost double that. Partly due to the under-delivery of capital works, the current programme includes a 50% increase compared to the last ten year plan. The risk of falling short on delivery has been identified as possible but NCC believes this can be mitigated through staffing and contractors supplementing resources, and an inhouse civil works capability. Given the increase in spend in this LTP together with the constraints covered later in this report, this indicates a high level of risk of non-delivery which requires proactive mitigation and planning.

Figure 12 Annual and cumulative NCC capital works under-delivery



The reasons for under-delivery are outside the scope of this report. However, all works programmes have risks and the combination of level of previous success, significant increases in planned investment in this LTP and the various and enduring constraints discussed below, indicates that there is a high degree of risk of under-delivery.

⁹ Based on annual reporting



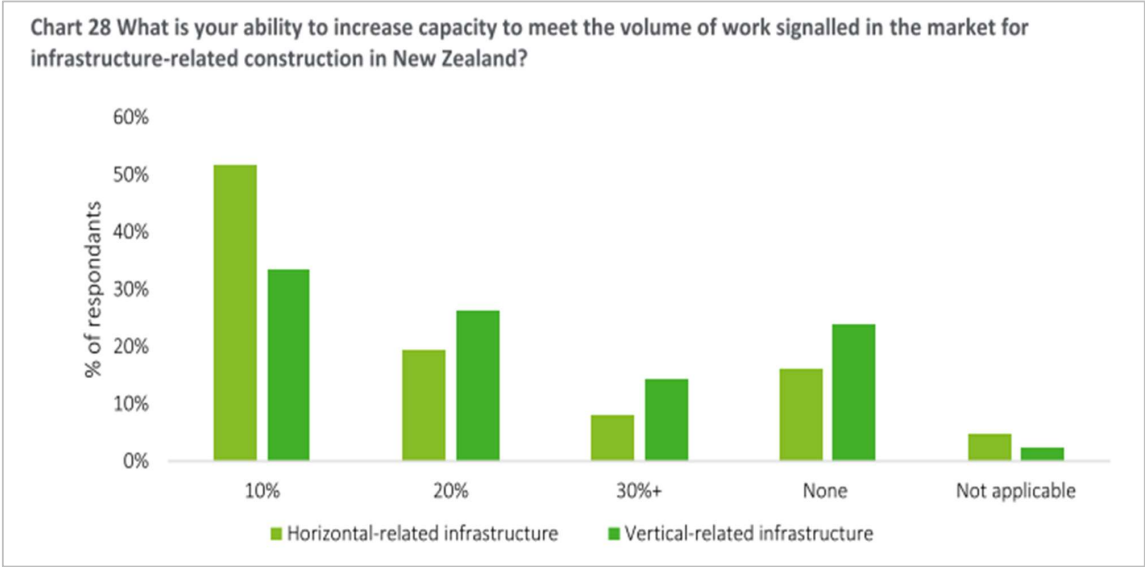
Constraints

The entire infrastructure industry in New Zealand is under pressure resulting from forward works programmes, maintenance backlogs and external constraints. The external constraints are examined below.

Construction capacity

A survey of construction companies¹⁰ in New Zealand for Te Waihanga (The infrastructure Commission) showed that 70% of current suppliers in the horizontal infrastructure market are only able to increase their capacity to deliver by less than 20%. The proportion is even less in the vertical infrastructure market. This points to significant constraints in the market’s ability to deliver. Meeting demand will require dedicated and careful pipeline management to enable the sector to sustainably grow and scale operations to ensure delivery.

Figure 13 Ability to increase capacity



Resource Constraints

There has been significant growth in the number of filled jobs within the construction sector in New Zealand, with a 21% increase in filled jobs during the year ended 30 June 2021.

¹⁰ Source: Deloitte: “A better way forward. Building the road to recovery together: Construction sector COVID-19 recovery study” January 2021.

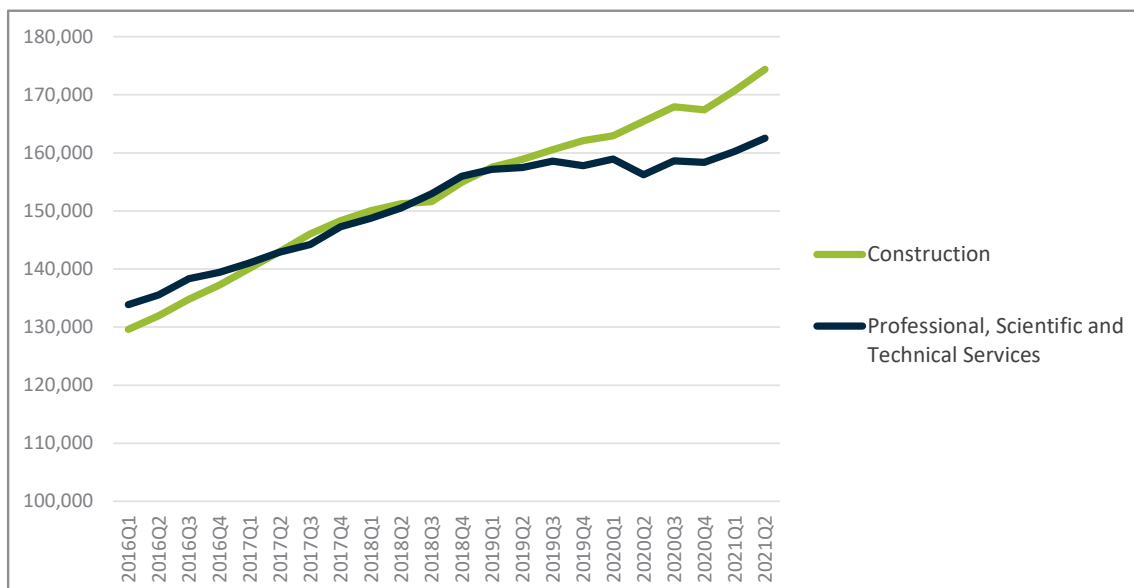


However, while traditionally growth in the number of filled jobs in the “Professional, Scientific, and Technical Services” category has kept pace with those in the construction industry, this has not been the case in the last 24 months.

Labour has never been harder to find. Construction labour shortages are at their highest since 1975 (as reported by NZIER, QSBO)¹¹ and Te Waihangā reports in their Infrastructure Strategy that the share of construction firms reporting labour shortages is now at its highest ever level which is exacerbated by the competition for talent in other countries (especially Australia where wages are significantly higher than New Zealand). Forecasts are referenced that show New Zealand will have a 118,500 shortfall of construction workers by 2024.

Shortage of 118,500
construction
workers by 2024

Figure 14 Total filled jobs in construction sector, seasonally adjusted



This also has an impact on labour costs. Salaries in the professional services sector continue to rise. The median base engineering salary rose from \$90,700 p.a. in 2019 to \$100,000 in 2020. This trend is likely to continue due to the labour shortage which will in turn cause rates to rise annually. However, the current lack of availability of international travel is showing signs of improving in 2022 and Australia will return to being an attractive work option for many New Zealanders in both trades and professions, particularly given their borders have commenced opening which opens a path for overseas workers, particularly from New Zealand.

Median base
engineering salaries
increased by \$10k
p.a. from 2019 to
2020

¹¹ <https://wip.org.nz/supply-and-demand/>



A further consequence of this is the ongoing disparity of salaries between local government and other sectors. Given the reduced numbers of candidates in the market, NCC may continue to struggle to fill roles and risk internal delivery capability if prospective employees are more attractive to consultancies, or even central government.

LTP staff recruitment has been highlighted as an area of concern. Resources are stretched and external assistance will be needed for example in the areas of technical expertise or project management assistance. This is a significant hurdle to jump through to ensure the Council can deliver the planned capital programme.

Figure 15 Mean quarterly earnings in construction and professional services sectors



While growth in the construction workforce has been sustained, and constant, this is unlikely to be able to continue within the current environment. Unemployment in New Zealand is now lower than 3.4% (to quarter ended 30 September 2021). This means New Zealand is nearing “full employment” and further reductions in unemployment rates may give rise to further labour cost inflation^{12,13}

¹² Per RBNZ the natural rate of unemployment in New Zealand is between 4 and 5.5%. Reserve Bank of New Zealand Analytical Notes: Estimating the NAIRI and the Natural Rate of Unemployment for New Zealand, March 2018 (<https://www.rbnz.govt.nz/-/media/reservebank/files/publications/analytical%20notes/2018/an2018-04.pdf>)

¹³ The EPMU suggests that unemployment below 4% is not ideal for employers and is likely to lead to labour cost increases. <https://www.newsroom.co.nz/too-many-people-have-jobs-say-employers>



Figure 16 Unemployment in New Zealand



Impact of Covid-19 Border Restrictions

An ACE NZ Report¹⁴ as at August 2021 (including Civil Contractors NZ, NZ Institute of Architects, Registered Master Builders Association) found there were 3229 total advertised vacancies currently in New Zealand. These vacancies are across all types of skilled resource, from engineers, architects, planners, project managers, site managers, plant operators, tradespeople – essentially across the whole project lifecycle. Note these were vacancies current at the time, not a forecast of resource required.

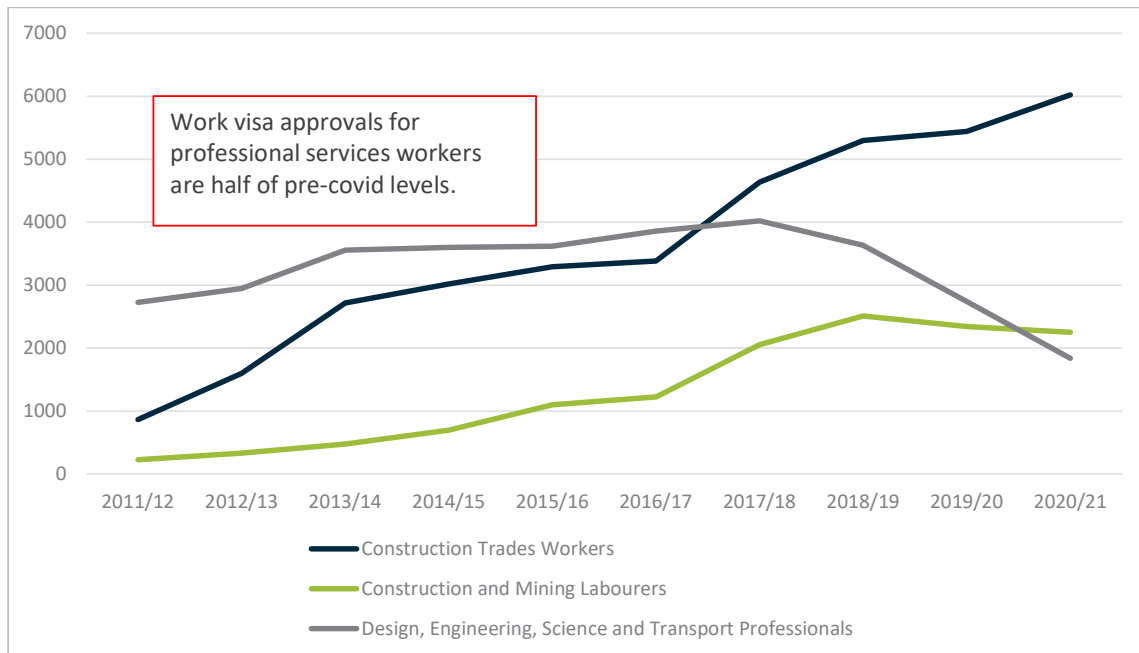
The report also found that 90% of firms were having difficulty recruiting in New Zealand with 66% also getting no domestic applicants. 28% were attempting to recruit from overseas where this figure would normally be 81%. A majority of the firms trying to recruit from overseas found the process too complex and those not trying stated that they weren't because the process was too hard.

While construction trade workers are still seeing an increase in approved work visas, there has been a reduction in approved work visas for "Design, Engineering, Science, and Transport Professionals" since 2017/18.

¹⁴ 2021_4_August_Industry_Partners_MIQ_survey_Report_V6_FINAL.pdf

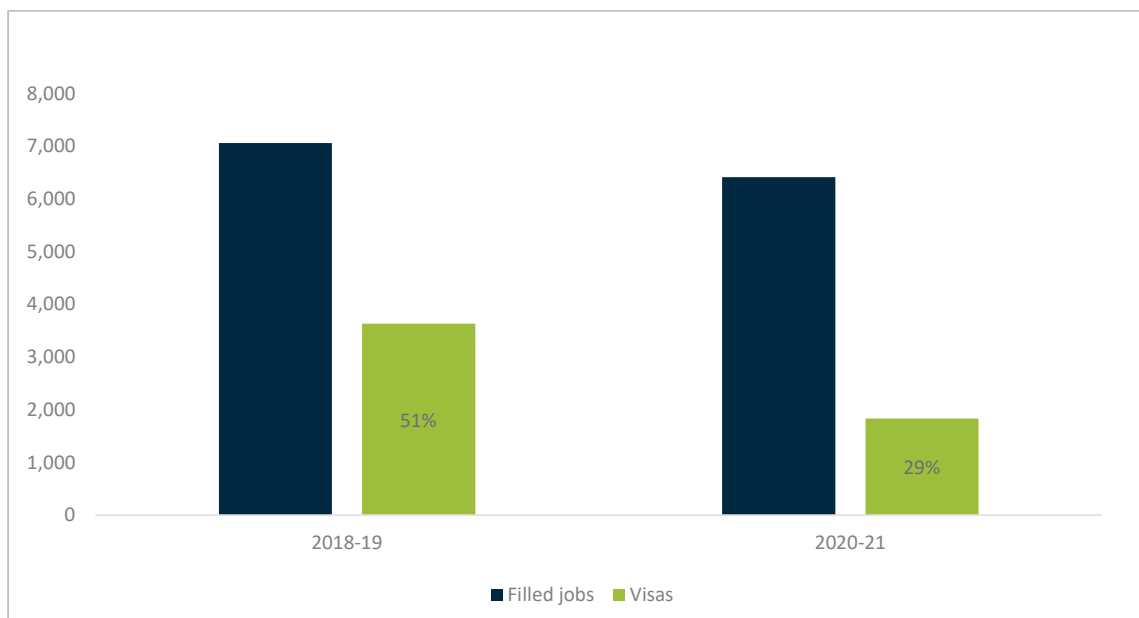


Figure 17 Approved work visas by occupation subgroup



In 2018/19 approved work visas in this category equated to 51% of filled jobs in the “Professional, Scientific, and Technical Services” category. In 2020/21 approved work visas only equalled 29% of filled jobs in the same category.

Figure 18 Professional services filled jobs versus approved work visas





Work visa approvals are indicative of the demand for immigrants in New Zealand. However, Covid restrictions mean that only a small percentage of those that have been granted a work visa have actually entered the country. That is despite a significant decrease in the number of visas being approved.

Figure 19 Percentage of work visas versus approved

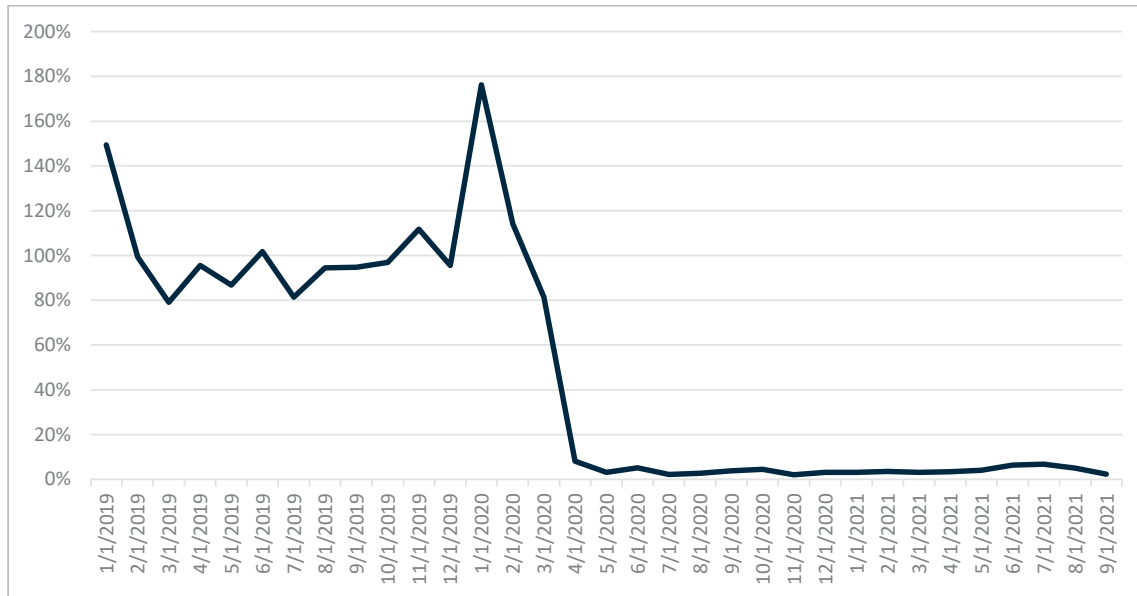
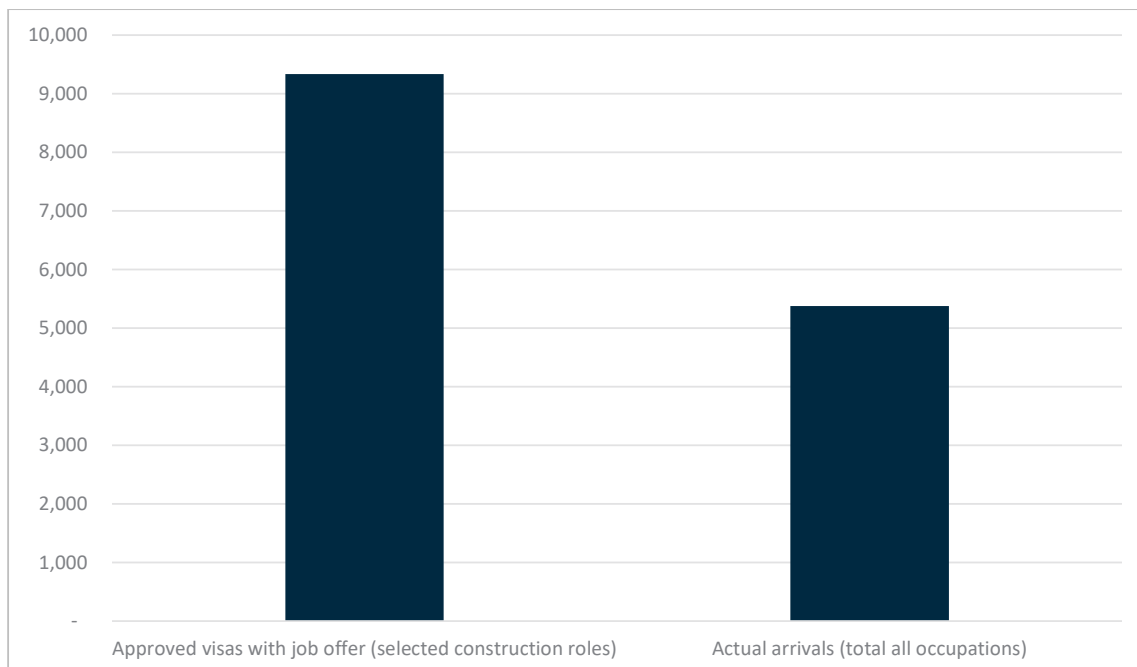


Figure 20 Visa applicants in selected construction roles versus actual arrivals 2020/21





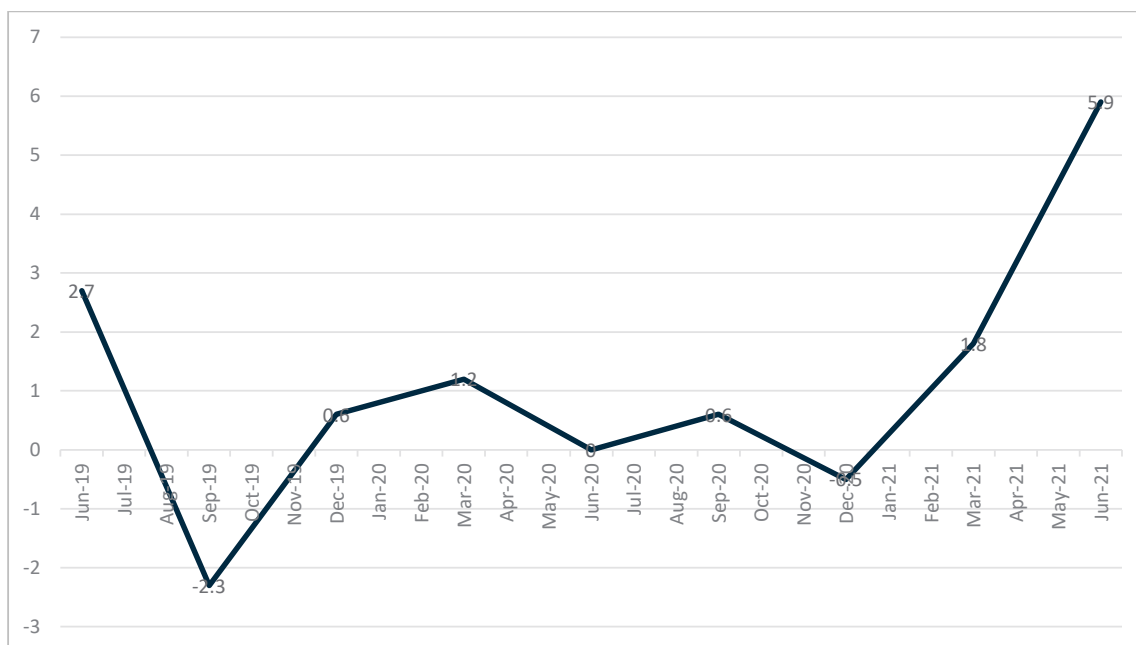
Inflation and the cost of materials

We are hearing that New Zealand is currently facing constraints in the supply of building materials, dressed timber, concrete, fastenings, Gibraltar board, electrical equipment and other materials. Part of this supply squeeze is due to the lockdown of Auckland, and hopefully may alleviate during 2022, but other factors reflect the global slow-down in supply chains, with the cost of shipping a container having increased by up to 400% in some places.

The other consequence of fiscal stimulus as noted above, is that the Consumer Price Index is running at 4.9% for the year to September 2021. This is unheard of in recent times.

The Producer Price Index is perhaps more material to the construction sector and the following chart shows percentage changes in the PPI year on year:

Figure 21 Percentage change in PPI on previous year



source: Stats NZ

A significant portion of the current increase is due to energy price changes, but these will directly affect the construction sector in prices for asphalt, and transport fuels.

Cost increases impacting the construction sector are discussed in more detail below.



Supply Chain

Materials

Raw resource extraction and processing has been hit globally by resource and logistic issues brought about by Covid-19.

There is a global shortage of semi-conductors, which is affecting the vehicle construction sector, leading to increased waitlists for new trucks.

“China is still focussing on a Covid-19 elimination strategy so will shut ports down as soon as any covid appears which then has a knock-on effect to the world.”

Fighting over timber – the shortages hitting construction, RNZ The Detail

All this has a direct impact on new homes particularly because of the materials needed but also on most vertical infrastructure projects.

Materials

60% of house builds in Auckland were hit by material or equipment availability problems as of Dec 2020

Logistics

Shipping

Cost of a 40' shipping container from Asia has increased from \$750 to \$4,000

Transport problems and blockages / shortages are a global issue.

Border restrictions have slowed imports, which are lower than expected levels since early 2020. This has equated to a 1.6 month trade backlog (i.e. it would take 1.6 months of normal volumes to recover).

Some global shipping companies are no longer serving New Zealand ports. The impact of all of this on imports can be seen in Figure 22¹⁵ below.

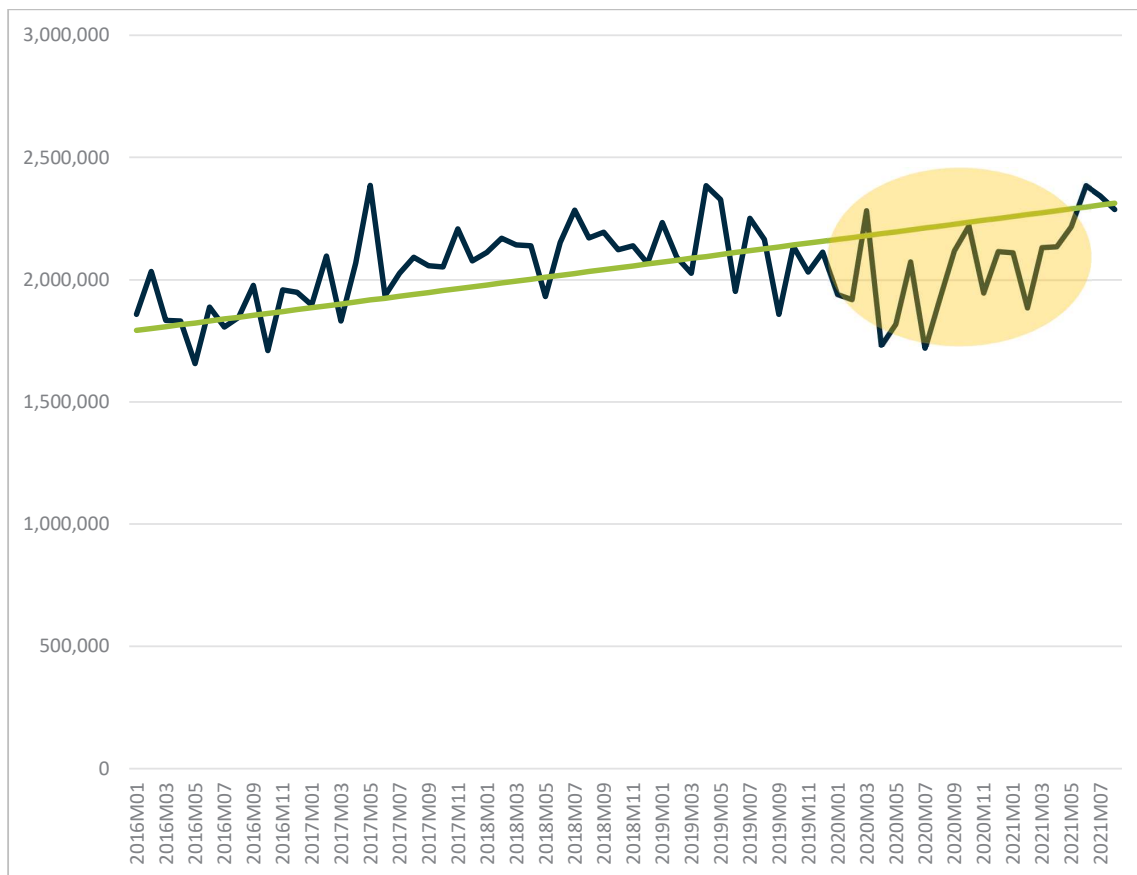
Supply chain issues

- Ordering of 50 trucks with delivery date now not until July 2023
- Materials for a weighbridge not available until Feb 22

¹⁵ www.buildmagazine.org.nz/assets/PDF/Build-184-68-Feature-Supply-Chain-In-Short-Supply.pdf



Figure 22 Total import volumes, seasonally adjusted





Feeling the impacts of the constraints

General

Concerns about the impact of these constraints is not new. They have been present in the market for some time and Council has been aware of the potential impacts and been taking steps to address them. It was specifically referenced in the audit of the LTP.

Uncertainty over the delivery of the capital programme

Volume 1 page 4 and Volume 2 page 42 outline that the Council is proposing to spend \$811 million on capital projects over the next 10 years. Although the Council is taking steps to deliver its capital programme, there is uncertainty over the delivery of the programme due to a number of factors, including the significant constraints in the construction market. If the Council is unable to deliver on a planned project, it could impact on levels of service.

The impact of these factors is forecast to be cost increases and higher inflation. These are seen in the projections of NZIER in both the capital goods and non-residential building indices, as well as the increase in general inflation and reserve bank rates.

Cost escalation issues

- Weigh Right Programme for Waka Kotahi had construction estimated at \$49.6M in 2017 for 12 sites. By 2020 prices were coming back from contractors at around \$11M per site. Business Case had to be re-evaluated.
- In late September Placemakers wrote to suppliers outlining price increases across a range of materials in October, November and December and highlighting quotes for materials only being held for 7 days due to ongoing increases

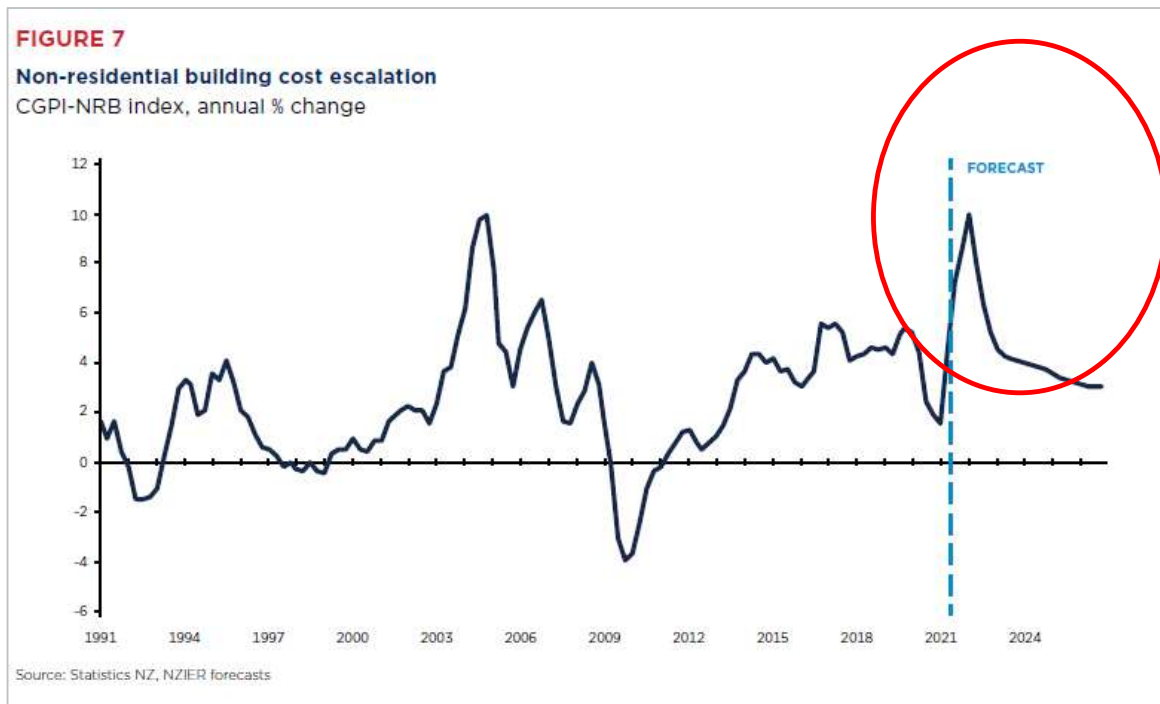
It is also impacting:

- Valuation of existing assets, driving up depreciation and costs of renewal programmes (particularly in three waters).
- Individual projects and contracts.

NZIER expect non-residential construction cost inflation to be strong over the coming year, reflecting the perfect storm of strong demand and acute supply constraints.



Figure 23 RLB Forecast report 99 (Third Quarter 21), Pg. 17





What can be done?

Our work with public sector clients means we have observed and have been involved in many different approaches to responding to these challenges. Some of these ‘real-world’ examples are highlighted in the boxes in this section.

Figure 24 Typical responses from public sector



Risk

Risk sharing is becoming a feature of contracts. The more traditional approach of passing risk to contractor is no longer the standard. Suppliers are limiting their risk and passing this back to the principle. This may be because:

- Better understanding of what risks are, where risk lies and as a result, the allocation of that is evolving.
- Suppliers have been ‘caught out’ on existing contracts, so more careful on future ones.
- Volume of work allows for this.

One example of assessing risk and allocating it is one council that has decided to take on the constructions works insurance



Some characteristics of good responses

- Realistic timeframes for procurement and delivery which allow project commencement and phasing to be accurate.
- Early contractor involvement.
- Alliancing, partnering, or risk sharing contracts where scale and complexity is appropriate.
- Major projects on individual contracts but bundle /segments others into.
- Sensible packages or panels that provide certainty to contractors and consultants allowing them to resource up and invest.
- Analysis of the specific local market constraints and mechanisms to address those.
- Staggering procurement opportunities to maintain a pipeline of 'shovel ready work' so that lead times on projects are minimised.
- Developing detailed forward works programmes that are shared with the market.
- Separating out the base or standard projects from the 'specials'.
- Evaluate the models to be used:
 - Traditional approach
 - ECI
 - Design/build
 - Cost re-imbursement (modify traditional though)
 - Alliances
- Recognising that building internal capability to plan, procure and project manage is as critical to delivery as the market capacity.
- Clients that take a medium to long term view of relationships (e.g. understand the challenges of contractors/consultants and mobilising workforces).

There are examples where suppliers are requiring advanced payment for materials on construction contracts, and 'free issue' contracts where the client is responsible for providing the materials

Some examples of practices to avoid

- Traditional procurement approaches that require a lot of time to tender and respond.
- Complicated special conditions of contract.
- Panel agreements that then require full tender processes for each package or project.
- Complicated approaches to cost fluctuations.

Traditional process of pricing design work is becoming problematic – either difficulties in getting projects priced, or the price becomes set but then changes by time of construction



Case Study - Ministry of Education

Ministry of Education – innovative, multi-year partnering contracts

MoE's \$160M national programme to upgrade the learning environments in small or remote schools across the country has taken a completely different approach to their usual manner of delivery. MoE changed from their traditional school by school delivery method where, once a project is agreed, funding is supplied to the school and the school engages individual Project Managers to procure and deliver the works with the burden of time, effort and risk lying with individual schools.

Instead, in this coordinated programme MoE undertook early contractor involvement to design and procure multi-year, linked national & regional contracts that bring together freight & logistics, product supply, project management & installation services into a nationally consistent & coordinated partnership style of delivery. Now underway, this change has allowed MoE to:

- leverage the skills and capability of industry
- provide a multi-year pipeline of work to the contractors
- maintain quality of works & minimise disruption to the schools
- allocate risk between all parties
- provide confidence in the cost of delivery to MoE; and
- incentivise its partners to invest in their businesses and to deliver ahead of schedule.
- avoid a focus on lowest price in the procurement phase and use value narrative which balanced methodology, quality, risk allocation and price.

A key mechanism that reaffirms the collaborative nature of the programme is a monthly Programme Control Group meeting that involves all 8 parties involved in delivery. This occurs after the individual project control group meetings. Using the insights from each party's progress, issues and innovations, the meetings focus almost exclusively on what can be done to speed up the roll out or deliver further benefits.

5. AQUATIC REDEVELOPMENT: OPTIONS FOR CONSULTATION

Late report, to be provided under separate cover.

PUBLIC EXCLUDED ITEMS

That the public be excluded from the following parts of the proceedings of this meeting, namely:

AGENDA ITEMS

1. Whakarire Revetment Project Update

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.
1. Whakarire Revetment Project Update	7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	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 Information and Meetings Act 1987.

SUSTAINABLE NAPIER COMMITTEE

Open Minutes

Meeting Date: Thursday 11 November 2021

Time: 10.00am – 3.13pm

Venue Large Exhibition Hall
Napier War Memorial Centre
Marine Parade, Napier

Livestreamed via Council's Facebook site

Present Councillor Price (In the Chair), Mayor Wise, Deputy Mayor Brosnan, Councillors Boag, Chrystal, Crown, Mawson, McGrath, Simpson, Tapine, Taylor and Wright

In Attendance Chief Executive (Steph Rotarangi)
Director City Services (Lance Titter)
Director City Strategy (Richard Munneke)
Director Community Services (Antoinette Campbell)
Director Corporate Services (Adele Henderson) *via zoom link*
Director Programme Delivery (Jon Kingsford)
Acting Director Infrastructure Services (Debra Stewart)
Acting Manager Communications and Marketing (Julia Atkinson)
Chief Financial Officer (Caroline Thomson)
Manager Environmental Solutions (Cameron Burton)
Manager Sport and Recreation (Glenn Lucas)
Manager Water Strategy (Russell Bond)
Manager Regulatory Solutions (Rachael Horton)
Team Leader Parks Reserves and Sportsgrounds (Jason Tickner)
Water Quality Lead (Anze Lencek)
Strategic Planning Lead (Fleur Lincoln)
Urban Design Lead (Georgina King)
Regional Programme Director (Toni Goodlass)
Manager Property (Bryan Faulknor)
Senior Advisor Policy (Matt Adamson)
Tyler Strauber (Becca Consultants)

Administration Governance Advisors (Anna Eady and Carolyn Hunt)

Karakia

The Committee opened the meeting with a karakia.

Apologies

Councillors Brosnan / Tapine

That the apology from Councillor Browne be accepted.

Carried

Conflicts of interest

Nil

Announcements by the Mayor

The Mayor noted last week's positive Covid-19 wastewater result. Further testing has occurred and there was a negative result yesterday. Due to the heavy rainfall in the last week another sample is being tested to make sure yesterday's result was not due to dilution of the wastewater by rain water mixed in with it. The Mayor encouraged residents to continue to get tested if they have any of the identified symptoms, and to follow the government guidelines to keep themselves safe.

The Mayor also acknowledged it is one year this week since the 2020 flooding in Napier and noted that Council has released the Napier Flood Report. The report looks at how the stormwater system worked during the flood event, what impacted the ability of the system to respond effectively, the response and recovery of the flood, and the work programme now in place as a result of the event. Residents can view this report on the Napier City Council website.

The Mayor recognised all those who worked through the flood event to help those in need, including Council staff, many of whom worked outside their normal roles. The Mayor also acknowledged those who were directly impacted by the event.

Today is Armistice day. It is the 103 year anniversary of the signing of the armistice agreement, ending World War I. Although the Mayor and Councillors cannot attend the Returned Services Association service today due to being in Committee meetings, the meeting will observe a minute of silence at 11am to recognise those who served in the conflict, and those who lost their lives.

Announcements by the Chairperson

Nil

Announcements by the management

The Environmental Solutions Team are updating the Solid Waste Bylaw, and will do this in conjunction with Hastings District Council. They are seeking extra resource for this. The update will address the matters being raised through the Waste Reforms.

Confirmation of minutes

Councillors Mawson / Boag

That the Minutes of the meeting held on 30 September 2021 were taken as a true and accurate record of the meeting.

Carried

AGENDA ITEMS

1. BLEDISLOE PARK - HAWKE'S BAY INDOOR BOWLS

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	1357922
<i>Reporting Officer/s & Unit:</i>	Jason Tickner, Team Leader Parks Reserves and Sportsgrounds

1.1 Purpose of Report

To seek approval in principle for the Hawke's Bay Indoor Bowls Association to locate at Bledisloe Park subject to detailed feasibility including consideration of colocation with other similar recreational activities.

At the Meeting

The Officer took the report as read. The report is a follow up from the Hawke's Bay Indoor Bowls Public Forum presentation at the last Committee meeting.

In response to questions from the Committee it was clarified:

- The parking available in this area is already under heavy use, however the usual hours of operation for the Association would be outside of school hours. The Association is looking at having 40 additional carparks as part of their complex. A conversation could be had with the Association about the ability of other groups to use these carparks when the Association are not using them.
- Consultation must be undertaken with affected parties as Bledisloe Park is a Council reserve. This will include Bledisloe Primary School, bordering childcare facilities, as well as the Taradale Business Association.
- Council has previously installed extra footpath in this area to provide a safe pathway for school children around the parking area. As part of a resource consent application Council will ensure this area is safe for all users.
- There is not currently an engagement timeline as that is subject to the outcome of this Committee meeting, and then the engagement team's current work programme.
- If the Association decided to apply for an onsite liquor licence they would have to go through the usual application process for a Club Licence. This process would look closely at the impact this may have on the surrounding community.
- The Reserves Management Plan is due to be updated. The current Reserve Management Plan does not reference this reserve for the sale of alcohol, but that does not mean it is prohibited at the location. This could be looked at as part of the detailed design conversation with the Association.

Committee's recommendation

Councillors Simpson / Taylor

The Sustainable Napier Committee:

- a) Approve in principle that Hawke's Bay Indoor Bowls to locate at Bledisloe Park. This approval is given subject to the Hawke's Bay Indoor Bowls in conjunction with Council Officers working through stakeholder engagement, detailed design, and confirming the club has sufficient funds to meet the full cost of the development.
- b) That the final proposal be reported back to Council for approval prior to any Resource Management Act 1991 and Reserves Act 1977 processes being progressed.

Carried

2. NAPIER ENVIRONMENTAL ENHANCEMENT FUND PROPOSAL

Type of Report: Operational

Legal Reference: N/A

Document ID: 1391716

Reporting Officer/s & Unit: Cameron Burton, Manager Environmental Solutions

2.1 Purpose of Report

This report provides information on a proposed Environmental Enhancement Fund to receive and redistribute money from:

- Reparations from enforcement action under the Stormwater, Trade Waste and Wastewater and Solid Waste Bylaws;
- Money applied for from the Ministry for the Environment (MfE), and;
- Bequests or the like.

It is proposed the money would be used to provide a fund for research, remediation, planting, and biodiversity enhancement, or for use by community groups to increase connectivity and identity to Napier's environment.

At the Meeting

The Council Officer spoke to the report and in response to questions from the Committee it was clarified:

- This fund's focus is to enhance the biodiversity of Napier city. The outcomes of the Waste Management and Minimisation Plan (WMMP) come under a different fund.
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- This fund would be ring fenced, report on, and kept for the purposes for which it was set aside.
 - Fines that come to Council through prosecutions are handled differently as the mechanisms for them are slightly different. Where there is a discharge without conviction, and the reparation is for the purpose of environmental enhancement, this fund is where the money would go. Often reparation payments have conditions imposed on their use by the Court.
 - In relation to contestable applications, the operational procedures around that are yet to be established. This paper was to see if the Committee approved in principle of the fund being established.
 - Allocating money to projects from this fund would need to be managed to make sure the best outcomes were achieved, based on the funds available at the time.
 - Significant capital funding is already allocated to environmental projects, particularly to the quality of stormwater. This fund would be for reparation payments to go to particular areas which may not already have a capital project assigned, although this would not prevent the money from being used for a capital project if appropriate.
 - The Community may also be able to have input into what the money is used for through this process.
 - Whether Council promotes what the fund is used for will have to be decided as money is received.
 - Council will look to have a conversation with the Hawke's Bay Foundation about money that comes from bequests, as they are very active in that space.

Committee's recommendation

Councillors Brosnan / Chrystal

The Sustainable Napier Committee:

- a. Approve
 - i. The creation of a Napier Environmental Enhancement Fund to receive money awarded to NCC as the result of reparation, applications to Government bodies or bequests or the like, which will be reviewed and reported on annually.
 - ii. The use of the money in the Napier Environmental Enhancement Fund for research, remediation, planting, and biodiversity enhancement, or for use by community groups to increase connectivity and identity to Napier's environment.

Carried

3. REPORT ON NAPIER WATER SUPPLY STATUS END OF Q1 2021-2022

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1392321
<i>Reporting Officer/s & Unit:</i>	Anze Lencek, Water Quality Lead

3.1 Purpose of Report

To inform the Council on:

- the status of Napier Water Supply (NAP001) at the end of first quarter (Q1) of 2021-2022 compliance year
- the Annual Compliance Napier Drinking-water Supply report by Drinking Water Assessor, for the 2020/2021 compliance year

At the Meeting

The Officer took the report as read, noting Council have been fully compliant this year:

- The number of discolouration complaints received by Customer Services has dropped substantially compared to recent years, which is encouraging.
- There was a spike in complaints on the 23rd of October 2021 after ad hoc maintenance on a big water valve.
- Council had consulted on installing up to four dechlorination stations and from this have settled on installing two.
- Taumata Arowai will be taking over as the regulatory body from Monday 15 November 2021. Going forward, the current drinking water standards are going to stay in place until 30 June 2022, and on 1 July 2022 new standards will come in to force. The new standards still have to go through a consultation process, so there may be changes made. Council would be noncompliant with the draft new standards if they were to go live today, but are working to have additional bores on line in time which will be compliant.
- The conditions to for a city to have chlorine-free water come under the Health Act 1956, and are administered by the Ministry of Health, so there will be no change to these.

Committee's recommendation

Councillors Simpson / Mawson

The Sustainable Napier Committee:

- a. Recommend Council endorse the:
 - i. Report on Napier Water Supply Status end of Q1 2021-2022.
 - ii. Annual Compliance Napier Drinking-water Supply report for the 2020/2021 compliance year.

Carried

4. PETTIGREW GREEN ARENA DEVELOPMENT: RECLASSIFICATION OF RESERVE

<i>Type of Report:</i>	Operational and Procedural
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	1392538
<i>Reporting Officer/s & Unit:</i>	Glenn Lucas, Manager Sport & Recreation

4.1 Purpose of Report

For Council to resolve to initiate the Reserves Act process to reclassify part of Riverside Park in Taradale. This is to enable the Regional Sports and Events Centre (RISEC) Trust to expand the Pettigrew Green Arena (PGA) onto this area of the park.

Deputy Chairperson Simpson left the meeting at 10.38am and returned to the meeting at 10:41am.

At the Meeting

The Council Officer spoke to the report, noting the next stage in this project is public consultation. There were no questions from the Committee.

Committee's recommendation

Councillors Mawson / McGrath

The Sustainable Napier Committee:

- a. Resolve to approve in principle to reclassify, in accordance with Section 24 of the Reserves Act 1977, approximately 8052m² of Riverside Park, being Part Lot 1 DP 6891 and Part Lot 2 DP 6891 and held in CTs Y3/393, 198/4 and V2/616, from Recreation Reserve to Local Purpose (Community Buildings) Reserve to accommodate the extension of the Pettigrew Green Arena.
- b. Note that the proposal to reclassify is required to be publically notified and that after the notification period the matter will be brought back to Council for final consideration

Carried

5. PETTIGREW GREEN ARENA EXTENSION: AGREEMENTS FOR COUNCIL APPROVAL

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	1397968
<i>Reporting Officer/s & Unit:</i>	Glenn Lucas, Manager Sport & Recreation

5.1 Purpose of Report

The purpose of this report is to seek Council approval for the Chief Executive to sign three separate agreements on behalf of Napier City Council around land ownership and usage for the Pettigrew Green Arena site.

At the Meeting

The Council Officer spoke to this report, noting it outlines the agreements required to provide the legal parameters for this project.

ACTION: Distribute an image of the current site with the proposed changes overlaid on top.

Committee's recommendation

Councillors Taylor / Mawson

The Sustainable Napier Committee:

- a. Approve the acquisition of a parcel of land by way of transfer from the Eastern Institute of Technology at no further consideration of compensation. This land is part of the land contained in records of title HBW 4/632 and HBW 4/631 and shown shaded in red in the scheme plan attached to the Agreement to Acquire Land.
- b. Pursuant to Section 48 of the Reserves Act 1977, to approve the granting to the Eastern Institute of Technology and Her Majesty the Queen a right of way easement over that part of the Council Land coloured (blue and red) on the Plan ("Easement Area B") and a parking easement over that part of the Council Land coloured beige on the Plan ("Easement Area C") attached to the Agreement to Grant Easement. The subject land is part of the land contained in record of Title 554016 and Record of Title HBY3/393.
- c. Acknowledge that in granting the above easement Council is exercising its delegated authority from the Minister of Conservation.
- d. Note that the granting of the above easement is conditional on the Eastern Institute of Technology granting a parking easement over that part of its land shaded orange in the plan attached to the Agreement to Grant Easement.
- e. Approve the granting of a Temporary Carpark Licence by the Eastern Institute of Technology to the Regional Indoor Sports and Events Centre Trust for the purposes of constructing and using a carpark on the Institute land.
- f. Note that the approvals above are conditional on the execution of all agreements.

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- g. Delegate authority to the Chief Executive to sign the agreements on behalf of Napier City Council.
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Carried

6. CAPITAL PROGRAMME DELIVERY

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1394417
<i>Reporting Officer/s & Unit:</i>	Jon Kingsford, Director Programme Delivery

1.1 Purpose of Report

To provide Council with information on the 2021 Long Term Plan Capital Programme and initiatives underway to improve Capital Programme Delivery.

Councillor Mawson left the meeting at 10:52am and returned at 10.54am.

At the Meeting

The Council Officer took the report as read, giving some updates on projects since the meeting's agenda was published.

- The Manganese Free Water – Treatment Plant Contract, was awarded by the Hearings Committee (For the Consideration of Tenders) this week.
 - The Centennial Hall floor demolition/re-flooring project is underway beginning with the demolition. There are some challenges with the specialist flooring contractor who are in lockdown in Auckland. Council is seeking an exemption from The Ministry of Business, Innovation and Enterprise for them to be allowed to travel to Napier to commence the re-flooring work.
 - The Marewa shops Improvement project design has come back well over budget. The Transport team are looking at how to scale back costs, while still meeting the safety requirements. Depending on the extend of changes made, the new design will likely go back to the retailers for consultation.
 - The project management consultant company working on the Maraenui Splash Pad has had staffing changes and this may have impacted on timelines. The project has recently received engineer's approval, planting and speed humps have been installed, and it is now at the point of finalising the design and having a contractor commit to a build timeframe.
 - For the big screen installation at McLean Park, the contract has been awarded and the screen is en route to New Zealand, but Council does not have an installation date as yet.
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- The target for the new manganese free bores to be online is the end of March 2022, but it a tight timeframe so they may not be online until April. This work is part of the water reform programme of works.

ACTION: The Team Leader Parks Reserves and Sportsgrounds (Jason Tickner) will provide the timeline for the Maraenui Splash Pad build via Email to the Committee.

Committee's recommendation

Councillors Crown / Simpson

The Sustainable Napier Committee:

- Receive the Capital Programme Delivery report.

Carried

7. EASEMENT OVER A RESERVE - TARADALE PARK

<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	1380210
<i>Reporting Officer/s & Unit:</i>	Bryan Faulknor, Manager Property Jenny Martin, Property and Facilities Officer

7.1 Purpose of Report

To seek Council's consent, pursuant to Section 48(1) of the Reserves Act 1977 and acting under delegated authority from the Minister of Conservation, for an easement (right to drain sewerage) over Taradale Park for the properties at 13 and 13A Church Road, Taradale.

At the Meeting

The Council Officer spoke to this report and it was noted although there may be temporary inconvenience to users it will only be on the fringes of the park.

Committee's recommendation

Councillors Mawson / Taylor

The Sustainable Napier Committee:

- Recommend that Council consent, pursuant to Section 48(1) of the Reserves Act 1977 and acting under delegated authority from the Minister of Conservation, to an

easement (right to drain sewerage) over Taradale Park for the properties at 13 and 13A Church Road, Taradale. The legal description of the Reserve Land is Lot 1 DP 25696, Record of Title HB V4/1026. The legal description of the benefitted land is Lot 1 DP 562507, Record of Title 927770 and Lot 2 DP 562507 Record of Title 917771.

Carried

8. LEASE OF RESERVE - COFFEE CARAVAN (SILVER BULLET)

<i>Type of Report:</i>	Operational
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	1383144
<i>Reporting Officer/s & Unit:</i>	Bryan Faulknor, Manager Property Jenny Martin, Property and Facilities Officer

8.1 Purpose of Report

To obtain approval to grant the Coffee Caravan (Silver Bullet) a lease by the Junior Bike Track in the mid to southern end of the Marine Parade Foreshore Reserve for a 3-year term plus a right of renewal of 2-years.

At the Meeting

The Council Officer spoke to the report. It was noted by the Chair that when the redevelopment of the Marine Parade was carried out the placement of the bullet was part of the project design.

Committee's recommendation

Councillors Taylor / Simpson

The Sustainable Napier Committee:

- a. Recommend that Council agree to grant a new lease, under Section 54(1)(d) of the Reserves Act 1977, for the Coffee Caravan (Silver Bullet) to continue to occupy the mid to southern end of the Marine Parade Foreshore Reserve for a 3-year term plus a right of renewal of 2-years.
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Carried

9. LEASE OF RESERVE - TARADALE BRIDGE CLUB

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Reserves Act 1977
<i>Document ID:</i>	1393967
<i>Reporting Officer/s & Unit:</i>	Bryan Faulknor, Manager Property

9.1 Purpose of Report

To seek Council's approval to grant a ground lease pursuant to Section 54 of the Reserves Act 1977 to the Taradale Bridge Club, for land at Park Island on which to construct their new Clubrooms.

At the Meeting

The Council Officer spoke to the report and noted that if the Committee approves the recommendation it will need to be publically notified. If there are public submissions they will come back to Council to consider.

Committee's recommendation

Councillors Taylor / Chrystal

The Sustainable Napier Committee:

- a. Resolve to approve the granting of a ground lease, pursuant to Section 54 of the Reserves Act 1977, to the Taradale Bridge Club (Incorporated) for land at Park Island Reserve on which to construct clubrooms.
- b. Note that pursuant to Section 54 of the Reserves Act, the proposed lease is required to be publically notified and should any objections or submissions be received then the matter will be required to be brought back to Council. Should no submissions or objections be received then the above resolution approving the lease stands.
- c. Resolve that the term of the proposed lease be for 15-years plus one right of renewal of 15-years.
- d. Note that in granting any lease Council is merely acting in its capacity as a lessor and as owner of the land. Any such approval shall not imply the consent of Council as a regulatory authority and thus the proposed building is subject to the club obtaining all required regulatory consents.
- e. That a **DECISION OF COUNCIL** is required urgently. The matter has already been approved in principle by Council and a Decision of Council will allow the public notification process to proceed and assist with the club obtaining their timelines with regards construction. This will require the resolution to be passed before the decision of Council is taken.

Carried

**Council
Resolution**

Councillors McGrath / Crown

- a. Resolve to approve the granting of a ground lease , pursuant to Section 54 of the Reserves Act 1977, to the Taradale Bridge Club (Incorporated) for land at Park Island Reserve on which to construct clubrooms.
- b. Note that pursuant to Section 54 of the Reserves Act, the proposed lease is required to be publically notified and should any objections or submissions be received then the matter will be required to be brought back to Council. Should no submissions or objections be received then the above resolution approving the lease stands.
- c. Resolve that the term of the proposed lease be for 15-years plus one right of renewal of 15-years.
- d. Note that in granting any lease Council is merely acting in its capacity as a lessor and as owner of the land. Any such approval shall not imply the consent of Council as a regulatory authority and thus the proposed building is subject to the club obtaining all required regulatory consents.

Carried

The meeting adjourned at 11.01am and reconvened at 2.54pm.

PUBLIC EXCLUDED ITEMS

Councillors Mawson / Taylor

That the public be excluded from the following parts of the proceedings of this meeting, namely:

1. Land Sale
2. Lease Restructuring
3. Wastewater Treatment Plant Additional Storage

Carried

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.
1. Land Sale	7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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 Information and Meetings Act 1987.
2. Lease Restructuring	7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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 Information and Meetings Act 1987.
3. Wastewater Treatment Plant Additional Storage	<p>7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities</p> <p>7(2)(i) Enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>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:</p> <p>(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 Information and Meetings Act 1987.</p>

The meeting closed with a karakia at 3.13pm

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

Chairperson

Date of approval