



# ORDINARY MEETING OF COUNCIL

## Open Agenda

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Meeting Date: Thursday 31 March 2022

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Time: 9.00am (Annual Plan Consultation Doc)

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Venue: Via Zoom Audio Visual Link

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*Livestreamed via Council's Facebook site*

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Council Members **Chair:** Mayor Wise

**Members:** Deputy Mayor Brosnan, Councillors Boag, Browne, Chrystal, Crown, Mawson, McGrath, Price, Simpson, Tapine, Taylor and Wright

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Officer Responsible Chief Executive

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Administrator Governance Team

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**Next Council Meeting**  
**Thursday 21 April 2022**

# ORDER OF BUSINESS

## Karakia

## Apologies

Nil

## Conflicts of interest

## Public forum

**Chief Executive Officer, Jock Mackintosh - Mitre 10 Park**

## Announcements by the Mayor 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

## Agenda items

- 1 Annual Plan 2022/23: Adoption of consultation document and supporting documents .....3
- 2 Hawkes Bay Medical Research Foundation Appointee .....10

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

# AGENDA ITEMS

## 1. ANNUAL PLAN 2022/23: ADOPTION OF CONSULTATION DOCUMENT AND SUPPORTING DOCUMENTS

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	1436269
<i>Reporting Officer/s &amp; Unit:</i>	Adele Henderson, Director Corporate Services

### 1.1. Purpose of Report

This report recommends that Council adopt the consultation document for Napier City Council's Annual Plan 2022/23, along with certain supporting documents required to be adopted by the Local Government Act 2002.

#### Officer's Recommendation

That Council:

- a. **Note** that the development of the Annual Plan 2022/23 has been the subject of several Council workshops over the course of 2021/22, and that a previous Council report on 10 March 2022 established the basis on which the Annual Plan consultation document was developed.
- b. **Confirm** the intention to allocate \$4M loans funded capital budget to maintenance and renewals for the Napier Aquatic Centre in **2022/23**, with any further budget required for 2023/24 and out-years to be confirmed through the 2023/24 annual planning process.
- c. **Note** that the draft budgets for the Annual Plan 2022/23 do not comply with section 100(1) of the Local Government Act 2002 (the 'balanced budget benchmark'). The projected operating revenues for 2022/23 do not cover the year's projected operating expenses.
- d. **Note** that the proposed capital plan for 2022/23 represents an ambitious work programme in a challenging Covid-19 climate.
- e. **Adopt** the following documents as supporting documents for the Annual Plan 2022/23 consultation document:
  - i. Draft Annual Plan financial statements 2022/23
  - ii. Funding Impact Statement (Rates) for 2022/23
  - iii. Proposed significant initiatives for 2022/23
  - iv. Capital programme changes for 2022/23
  - v. Remaining capital programme projection for the Long Term Plan 2021-31
  - vi. Long Term Plan 2021-31: consultation items update
  - vii. Schedule of Fees and Charges for 2022/23
  - viii. Morrison Low Report (December 2021): 'Napier City Council: Construction Sector Constraints'

- ix. Coastal Hazards Memorandum of Transition between Hastings District Council, Napier City Council and Hawke's Bay Regional Council (previously endorsed by Council on 9 December 2021 with minor changes)
  - x. Review and Recommendation for the Clifton to Tangoio Coastal Hazards Strategy Joint Committee (April 2021) authored by Raynor Asher QC
  - xi. A video 'walkthrough' of the Napier Aquatic Centre by Dean and Quane Limited: condition assessment of the wall linings and roof of the Napier Aquatic Centre
  - xii. Preliminary review findings: capital investment in the Napier Aquatic Centre (slide pack from October 2021)
  - xiii. Report titled "Napier Aquatic Centre Capital Review Programme" considered by the Sustainable Napier Committee on 17 February 2022
  - xiv. Report titled "Aquatic Redevelopment: Options for consultation" considered by the Sustainable Napier Committee on 17 February 2022
  - xv. Minutes from the Sustainable Napier Committee meeting of 17 February 2022, as they relate to the two reports regarding the Napier Aquatic Centre
  - xvi. Report titled "Aquatic Facilities" considered by Council on 10 March 2022.
  - xvii. Minutes from the Council meeting of 10 March 2022, as they relate to the report titled "Aquatic Facilities".
- f. **Note** that separate consultation is currently underway on Council's provision of affordable housing, and that consultation is planned on the proposed redevelopment of the Napier Aquatic Centre. These consultations have been cross-referenced in the Annual Plan consultation document to mitigate confusion.
  - g. **Adopt** the attached consultation document to form the basis of Council's consultation with the community on the Annual Plan 2022/23.
  - h. **Delegate** responsibility to the Chief Executive to approve any final edits required to the consultation document, financial information and supporting information to correct any minor errors and finalise the documents for publication.
  - i. **Note** that feedback given through the Annual Plan consultation process will be brought back to Council at a hearing scheduled to begin 30 May 2022.

## 1.2. Background Summary

Council has a statutory obligation to prepare and adopt an Annual Plan by 30 June 2022, per section 95 of the Local Government Act 2002. If the proposed Annual Plan contains significant and material differences from the relevant year of Council's Long Term Plan (in this case, year two), Council is expected to consult with the community. This provides a basis for effective public participation when deciding Council's immediate work programme for the year ahead.

Council received a report on 10 March 2022 about the issues and considerations which have formed the 'building blocks' of this year's Annual Plan, and directed Officers to prepare a consultation document which:

- Proposes an average rates increase of 9.8% per property;

- Seeks community feedback on the proposal to transfer coastal hazards assets to the Hawke's Bay Regional Council, stemming from a 2021 report authored by Raynor Asher QC; and
- Updates the community about a range of initiatives Council is proposing for the year ahead, including an injection of capital funding to address issues at the Napier Aquatic Centre and funding for a new Regional Economic Development entity.

This report presents the consultation document for adoption, ahead of the consultation period set down for 7 April – 13 May 2022.

The consultation document relies on direction Council has given previously, along with technical and financial information that underpin proposals in the plan. To ensure the community can be fully informed when commenting on the plan, Council must also adopt 'supporting information', and make it available online alongside the consultation document. The supporting documents for this year's consultation document are attached for your consideration and adoption.

### 1.3. Napier Aquatic Centre

#### *Capital investment*

At the meeting of 10 March 2022, Council resolved to, among other things:

*“Endorse an additional \$4M total of capital funding (loan funded) be included in the Annual Plan 2022/23 for the 2022/23 and 2023/24 years as needed to keep Onekawa open and operating to the best of its ability for the next 3-4 years”*

There is some ambiguity in the wording as to the phasing of the proposed capital investment.

Officers understood the intention of this resolution to be that Council proposed \$4M loans-funded capital budget be allocated to maintenance and renewals for the Napier Aquatic Centre in 2022/23, and any further budget required for 2023/24 and out years to be confirmed through next year's annual planning process. The consultation document has been prepared based on this understanding, **and Officers have included a new resolution in this report to clarify that position.**

#### *Consultation on options for redevelopment*

Since the preparation of the last report concerning Annual Plan development, Council have resolved to consult with the community on a new aquatic facility in two stages, whereby the first stage will be focused on the location of the redevelopment, and the second on the final design, timing and funding.

While the decision to consult does not have any direct impact on this year's Annual Plan, Officers have taken care in the consultation document to delineate the decision to boost capital funding for the **existing facility** in 2022, and decisions relating to options for **future redevelopment**.

A project of this scale cannot proceed without being incorporated into Council's Long Term Plan. Officers have noted Council's preference that provision for a redevelopment be made through a Long Term Plan amendment to be adopted mid-2023.

### 1.4. Schedule of Fees and Charges

During the meeting of 10 March 2022, Council directed for additional changes to the Schedule of Fees and Charges for the 2022/23 year. These changes, detailed in the

following table, have been incorporated into the version of the Schedule attached to this report for adoption. Amended fees and charges will take effect from 1 July 2022.

Schedule of Fees and Charges	Amendment
Municipal Theatre	The fees and charges for the Municipal Theatre were incorrectly pointing to the fees and charges for the Napier War Memorial Centre. This has been corrected in the version attached.
Napier War Memorial Centre – wedding room hire charge	The charges for room hire for weddings have been re-configured. The afternoon and evening charges have been combined into one charge from 12.30pm – midnight.
Napier War Memorial Centre	The naming convention for the Napier War Memorial Centre has been corrected in the version attached.
Soundshell hire charges	The fees for profit making organisations and family events have been corrected (were previously displayed as 'no charge').

### 1.5. Significance and Engagement

Council is proposing a limited number of variances from what was forecast in the Long Term Plan 2021-31 (LTP), and in the spirit of the consultation obligations set out in the Local Government Act 2002 (LGA), wishes to socialise and test some of these proposals with the community before making final decisions.

Consultation on an Annual Plan does not have to use the special consultative procedure as set out in the LGA, but officers are nonetheless recommending a consultation period of at least a month to plenty of time to participate. The consultation and submission period for the Annual Plan is planned for from Thursday 7 April 2022 to 5:00pm on Friday 13 May 2022.

Online submissions will be encouraged through the Say It Napier website, however forms for hard-copy submissions will be available at Council's Customer Service Centre and the Napier and Taradale Libraries. A summary postcard will be sent to all households outlining the consultation matters and how feedback can be provided.

Council will host a live chat session where the public can ask questions and before making a submission to the Annual Plan. The session will be hosted on Council's Facebook page at 7:00pm on Tuesday 12 April 2022.

Covid-19 restrictions permitting, Council will also host two community hui to give anybody interested the opportunity to discuss the proposals set out in the consultation document:

- 10:30am-11:30am: Monday 11 April (Taradale Town Hall)
- 5:30pm-6:30pm: Wednesday 13 April (Napier War Memorial)

## 1.6. Implications

### Financial

#### *Rates increases*

As part of the LTP Council approved a quantified limit on rates of 10.4% (6.5%, plus 3.6% Local Government Cost Index (inflation adjustment), plus 0.3% factored in for growth). The proposed Annual Plan rates increase is below this level at an average of 9.8% per property.

Page 11 of the attached consultation document shows examples of average rates rises for the year according to various categories of property (based on land use).

Note that some of the categories, such as 'Ex-Rural Residential (City Fringe)' and 'Bay View Average Commercial' are set to experience a rates increase higher than 9.8%. Napier's rating system was significantly changed at the start of the 2021/22 year as part of Council's review of its Revenue & Financing Policy review. In addition to new property differentials being introduced, it was agreed that the change to General Rates would be phased in over three years. This phasing has resulted in a higher than average rates increase for several categories of property.

#### *'Balanced Budget' Benchmark*

The reduction in revenue from the tourism activities due to Covid-19 and changes in timing for the sale of Parklands sections means that Council is proposing to set an unbalanced budget for the 2022/23 year. Projected operating revenues for 2022/23 will not cover the year's projected operating expenses. The LTP forecast that Council would not meet its balanced budget benchmark until year 10 of the plan.

### Social & Policy

The proposals contained in the Annual Plan consultation document have been assessed as compliant with relevant Council policies.

Officers are exploring whether changes to the Chief Executive's delegations would be appropriate, with the objectives of enabling the management of escalating costs of delivering an ambitious capital programme. A report to this effect is due to be considered by the Audit and Risk Committee on 25 March 2022.

### Risk

The risks flagged in the 10 March 2022 report titled 'Annual Plan 2022/23 Development: Supporting information and consultation approach' are still relevant to the recommendations in this report. In summary:

- Council is proposing an ambitious \$89.9M capital programme for the year, which may not be delivered in full, given Covid-19 and challenges with global supply chains. This risks carry-forwards in capital budget which would need to be managed through the 2023/24 annual planning process. However flexibility is also required in the current operating environment and the capital programme allows for options in project management if required.
- Inflation is continuing to rise, which may put strain on budgets when time comes to tender for large capital works
- Some work on the horizon is not provided for in current budgets, such as the cost of the Three Waters transition, and a potential Long Term Plan amendment regarding the Napier Aquatic Centre and/or the social housing portfolio.

## 1.7. Options

The options available to Council are as follows:

- a. Approve the Annual Plan 2022/23 consultation document and supporting documents for consultation.
- b. Do not approve the Annual Plan 2022/23 consultation document and supporting documents for consultation.
- c. Approve the Annual Plan 2022/23 consultation document and supporting documents for consultation, and delegate to the Chief Executive the ability to action discrete changes to the documents before consultation is due to begin (7 April 2022).

## 1.8. Development of Preferred Option

Option C - Approve the Annual Plan 2022/23 consultation document and supporting documents for consultation, and delegate to the Chief Executive the ability to action discrete changes to the documents before consultation is due to begin (7 April 2022).

## 1.9. Next steps

The consultation period will run from 7 April to 13 May 2022 (5pm).

Once all submissions have been analysed, a report will be prepared for the hearings set down to begin 30 May 2022. This report will summarise the feedback received, which has covered a broad range of topics in previous years. Submitters will have the opportunity to present their feedback in person during 10 minute slots across hearing days. At the conclusion of oral submissions, officers will seek Council's final decisions around proposals to enable preparation of the final Annual Plan.

An Annual Plan does not need to be independently audited (unlike a Long Term Plan), and will be presented to you at a meeting on 30 June for final adoption. This allows Council to strike rates for the first quarter of the 2022/23 financial year.

## ATTACHMENTS

### Vol 1 of 2

- 1 Draft Annual Plan financial statements 2022/23 (Doc Id 1445695) *(Under Separate Cover)* [⇒](#)
- 2 Funding Impact Statement (Rates) (Doc Id 1445696) *(Under Separate Cover)* [⇒](#)
- 3 Proposed significant initiatives for 2022/23 (Doc Id 1446074) *(Under Separate Cover)* [⇒](#)
- 4 Capital programme changes for 2022/23 (Doc Id 1438850) *(Under Separate Cover)* [⇒](#)
- 5 Remaining capital programme projections for the LTP 2021-31 (Doc Id 1445694) *(Under Separate Cover)* [⇒](#)
- 6 Long Term Plan 2021-31: consultation items update (Doc Id 1446207) *(Under Separate Cover)* [⇒](#)
- 7 Schedule of Fees and Charges for 2022/23 (Doc Id 1444852) *(Under Separate Cover)* [⇒](#)
- 8 Morrison Low Report (December 2021): 'Napier City Council: Construction Sector Constraints' (Doc Id 1446084) *(Under Separate Cover)* [⇒](#)
- 9 Coastal Hazards Memorandum of Transition (Doc Id 1445700) *(Under Separate Cover)* [⇒](#)
- 10 Review and recommendation for the Clifton to Tangoio Coastal Hazards Strategy Joint Committee (Raynor Asher QC) (Doc Id 1445701) *(Under Separate Cover)* [⇒](#)

- 11 Preliminary review findings: capital investment in the Napier Aquatic Centre (October 2021) (Doc Id 1446098) *(Under Separate Cover)* [⇒](#)

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- 12 Report titled 'Napier Aquatic Centre Capital Review Programme', considered by the Sustainable Napier Committee on 17 February 2022 (Doc Id 1446008) *(Under Separate Cover)* [⇒](#)
- 13 Report titled 'Aquatic Redevelopment: Options for Consultation' considered by the Sustainable Napier Committee on 17 February 2022 (Doc Id 1446009) *(Under Separate Cover)* [⇒](#)
- 14 Minutes for the Sustainable Napier Committee meeting of 17 February regarding two papers on the Napier Aquatic Centre (Doc Id 1446006) *(Under Separate Cover)* [⇒](#)
- 15 Report titled 'Aquatic Facilities' considered by Council on 10 March 2022 (Doc Id 1446007) *(Under Separate Cover)* [⇒](#)
- 16 Minutes of the Council meeting held 10 March 2022 (Doc Id 1447272) *(Under Separate Cover)* [⇒](#)
- 17 Annual Plan 2022/23 consultation document (Doc Id 1446306) *(Under Separate Cover)* [⇒](#)

## 2. HAWKES BAY MEDICAL RESEARCH FOUNDATION APPOINTEE

<i>Type of Report:</i>	Procedural
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	1445274
<i>Reporting Officer/s &amp; Unit:</i>	Helen Barbier, Team Leader Governance

### 2.1 Purpose of Report

This report is to confirm the appointment of Councillor Ronda Chrystal as the mayoral representative on the Hawkes Bay Medical Research Foundation.

#### Officer's Recommendation

That Council:

- a. Approve Councillor Ronda Chrystal as the mayoral representative on the council of the Hawkes Bay Medical Research Foundation.
- b. Instruct Officers to inform the Hawkes Bay Medical Research Foundation of the change in representation and to amend the appointments register in the Local Governance Statement.

### 2.2 Background Summary

The Hawkes Bay Medical Research Foundation was established in 1961 with the aim of promoting, initiating and supporting research in all medical and health-related fields.

The Foundation is governed by a council whose membership includes the Mayor of Napier City. In accordance with the rules of the council, the Mayor may choose to nominate a representative in her place.

### 2.3 Issues

Ms Helen Francis was nominated as the Napier City Council representative in 2019, she has now announced that she will be standing down.

A new representative is therefore required to fill the role until the end of the triennium in October this year and the Mayor intends to appoint Councillor Ronda Chrystal as the new representative.

Following the confirmation of this appointment by Council, Governance will amend the appointments register in the Local Governance Statement and inform the Hawkes Bay Medical Research Foundation of the change in representation.

### 2.4 Significance and Engagement

This report does not trigger the Significance and Engagement Policy or any other consultation requirements.

### 2.5 Implications

#### Financial

There are no financial impacts to this decision.

### **Social & Policy**

There are no social or policy implications stemming from the decision in this report.

### **Risk**

There are no risks associated with the decision in this report.

### **2.6 Options**

The options available to Council are as follows:

- a. Approve Councillor Ronda Chrystal as the mayoral representative on the council of the Hawkes Bay Medical Research Foundation.
- b. Nominate an alternative representative to the council of the Hawkes Bay Medical Research Foundation

### **2.7 Development of Preferred Option**

As the Foundation rules allow the Mayor to nominate a representative, it is recommended that the initial option be approved.

### **2.8 Attachments**

Nil