



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

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AUDIT AND RISK COMMITTEE

Open Minutes

Meeting Date: Friday 12 June 2020

Time: 1pm – 1.43pm

Venue Large Exhibition Hall
Napier War Memorial Centre
Marine Parade Napier

Via Zoom

Present John Palairt (In the Chair), Mayor Kirsten Wise, David Pearson,
Councillor Nigel Simpson and Councillor Graeme Taylor

In Attendance Interim Chief Executive, Director Infrastructure Services, Chief
Financial Officer, Manager People and Capability, Manager
Property, Manager Information Services, Manager
Environmental Solutions

Karen Young – Audit New Zealand

Administration Governance Team

Apologies

The apology from the Director Corporate Services was noted.

Conflicts of interest

Nil

Announcements by the Mayor

Nil

Announcements by the Chairperson

Nil

Announcements by the management

Nil

Confirmation of minutes

Mayor Wise / Councillor Taylor

That the Minutes of the meeting held on 20 March 2020 were taken as a true and accurate record of the meeting.

Carried

AGENDA ITEMS

1. WASTEWATER OUTFALL REPORT

<i>Type of Report:</i>	Legal and Operational
<i>Legal Reference:</i>	Resource Management Act 1991
<i>Document ID:</i>	933764
<i>Reporting Officer/s & Unit:</i>	Catherine Bayly, Manager Asset Strategy Cameron Burton, Manager Environmental Solutions

1.1 Purpose of Report

To provide the Audit and Risk Committee with an update on the Wastewater Outfall, noting a similar report has gone to Council to:

- inform Council of an update to the status of the Awatoto Submarine Wastewater Outfall which conveys treated wastewater to the Pacific Ocean, and to;
- enable decisions to be made to bring forward funding for an expedited repair, renewal or replacement of the outfall structure.

At the Meeting

The Manager Environmental Solutions spoke to the report and provided a brief overview, noting the following:

- At the last inspection of the wastewater outfall, two areas of leakage were identified. The most difficult of which is 700m offshore.
- Council has been monitoring the leakages for a period of time and staff had ascertained that they pose very low risk to the environment.
- Council had previously been encouraged by Hawke's Bay Regional Council (HBRC) to have work completed to fix the leak and HBRC have recently issued an Abatement Notice ordering Council to remedy the leak by 30 October 2020, and to have an emergency response plan in place by 30 July 2020.
- There is a high level of risk involved in attempting a repair of the leaks. Council is unable to replace the device like for like. A number of options have been considered in the Beca report, with the lowest risk being for specialist divers to remove each of the fibreglass joint parts slowly and one at a time, and use a caulking material to repair the leaking gaskets. The risk is that once they start undoing the bolts, that this may cause a breakage or warping of those parts. If that occurred this could cause a catastrophic failure of the device and potentially discharge all of the city's wastewater at that point, 700 metres from the shore.
- There is a smaller leak slightly inshore which will be easier to fix.
- Both Council and the Māori Committee have been advised in relation to the current status of the outfall.
- Council will be holding risk workshops with specialist divers. Officers will then engage with HBRC to ensure they are aware of the risks and complications given the short timeframe afforded to remedy the leaks.

-
- \$2M has been brought forward from reserves to address this work given the timeframe required to complete this work.
 - A secondary risk is that staff are now focussed on the two particular leak points in the pipeline rather than the overarching, future-focussed works relating to improved treatment systems, contingency storage and improvements of the wastewater network as a whole.

In response to questions from the committee, the following points were clarified:

- The Abatement Notice being issued since the report was taken to Council does not change anything in this report. It was noted that HBRC have requested other works outside of the Abatement Notice.
- If Council is unable to remedy the leak by 30 October 2020 then a variation to the consent must be obtained by this date. If neither of these are achieved by that date, Council could be prosecuted.
- There are a number of factors outside of Council's control including work being restricted to three hour windows only and subject to weather and oceanic conditions. Council is applying for a variation to the consent, however timing is dependent on HBRC's ability to process this in time.
- There is no guarantee that the repair will be successful.
- Council officers will be as inclusive and transparent as possible with HBRC around the risks and process being followed.

Committee's recommendation

Councillor Taylor / DW Pearson

The Audit and Risk Committee:

- a. Note the current status of the submarine wastewater outfall:
 - i. There remains some seepage of wastewater from sealing gaskets which form part of a bespoke fibreglass joint section of the subsurface outfall pipe structure;
 - ii. Despite efforts, staff have not been able to identify a way to quickly fix this seepage without putting the fibreglass joint at risk of rupturing;
 - iii. That frequent testing of the coastal waters surrounding the area of seepage continues to show de minimus environmental effect of those waters, caused by this seepage;
 - iv. That Hawkes Bay Regional Council (HBRC) have recently indicated (on 25 March 2020) that Council must take the following actions:
 - 1) Undertake short-term repairs to mitigate the leak from the joint leak by 30 October 2020
 - 2) Provide long-term options for repairing the joint in the outfall pipe by the same date (30 October 2020)
 - v. That HBRC have informally notified Council of their intention to pursue enforcement action against Napier City Council to cease the discharge at the joint if the timeframes above are not met.
 - vi. That a further leak has been discovered within 100m of the fibreglass joint. Divers have been to the site with the aim to repair and have found that this is
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-
- an old repair that has been damaged by an anchor, or other, and will need an additional repair.
- vii. Tight timeframes to effect a repair increases the risk associated with delivering a short-term fix, rather than facilitating long-term solutions which will provide better outcomes.
- b. Officers are seeking approval by Council to:
- i. Seek a variation to the current resource consent to authorise the discharge of wastewater via seepage at a position other than that currently authorised (at the fibreglass joint location);
 - ii. Seek early provision of funding assigned for later financial years in the Long Term Plan (LTP) to enable the strategic and planned replacement of the wastewater outfall, including better treatment options to facilitate a more highly treated wastewater in the future.
- c. Note that funding to be released from Wastewater Reserves to attempt a fix of the two seepages and to start on investigation works for replacement of the outfall (\$2m has been put forward in the 20/21 Annual Plan).
- d. Note attempt the lowest risk repair option of the fibreglass joint to address Regional Council's repair timelines.
- e. Note the Beca Ltd Report entitled "Napier City Council – Wastewater Outfall – Issues and Options" dated 15 May 2020.
- f. Note the Audit and Risk Committee may request further information in relation to this issue that they may require in order to fully understand the risk to Council and the community if not already provided in the report. This committee has the ability to provide any feedback on the risk assessment based on the preferred options presented as part of this paper and/or may any recommendation to Council.

Carried

2. SUMMARY OF NAPIER WATER SAFETY PLAN'S RISKS

Type of Report:	Operational
Legal Reference:	N/A
Document ID:	933756
Reporting Officer/s & Unit:	Catherine Bayly, Manager Asset Strategy

2.1 Purpose of Report

Purpose of this report is to bring 'high' and 'very high' risks as identified in NCC's current version of Water Safety Plan (v4.3, updated August 2019) to Audit and Risk Committee attention and for Committee to acknowledge those risks.

At the Meeting

The Director Infrastructure Services provided a brief overview of the report noting that the intention of the report is to regularly bring the risks identified through the water safety plan to the committee's attention.

In response to questions from the committee, the following points were clarified:

- A new consent will be required before Council can move to two operational bore fields.
- Every change made to the water safety plan is put to the drinking water assessor for their approval. Council officers work in collaboration with the drinking water assessor.
- The current report addresses inherent risks, recognising what controls might already be in place and any further corrective measures required. Council officers were requested to provide further detail around timeframes for reducing risk levels.
- A number of actions are due for completion by the end of June and officers confirmed they are on track to meet those timeframes.

ACTION: Council officers are to include details around timeframes to address the risks highlighted in this report, moving forward.

Committee's recommendation

Councillor Simpson / DW Pearson

The Audit and Risk Committee:

- a. Endorse the report.
- b. Note the risks identified.

Carried

3. HEALTH AND SAFETY REPORT

Type of Report: Operational

Legal Reference: N/A

Document ID: 933568

Reporting Officer/s & Unit: Sue Matkin, Manager People & Capability

3.1 Purpose of Report

The purpose of the report is to provide the Audit and Risk Committee with an overview of the health and safety performance as at 30 April 2020.

At the Meeting

The Manager People and Capability spoke to the report and provided a brief update in relation to health and safety initiatives undertaken during lockdown in order to support staff during this period. It was noted that no further lost time injuries have been recorded since April.

Committee's recommendation

Councillors Simpson / Taylor

The Audit and Risk Committee:

- a. Receive the Health and Safety report as at 30 April 2020

Carried

4. DRAFT ANNUAL PLAN 2020/21

<i>Type of Report:</i>	Legal
<i>Legal Reference:</i>	Local Government Act 2002
<i>Document ID:</i>	933816
<i>Reporting Officer/s & Unit:</i>	Caroline Thomson, Chief Financial Officer Adele Henderson, Director Corporate Services Jane McLoughlin, Corporate Planner

4.1 Purpose of Report

That the Committee review and provide feedback to Council on the Annual Plan 2020/21 underlying financial information prior to the final adoption of the reports.

At the Meeting

The Chief Financial Officer provided a brief overview of the report and tabled the updated consultation document (**attached**). The committee were thanked for their feedback prior to the Council meeting held on 11 June 2020. It was noted that Council adopted the consultation document and underlying information, including the proposed changes to the rates remission and rates postponement policies, and the Statement of Proposal to join the LGFA. The policies will be consulted separately but at the same time as the Draft Annual Plan.

As previously advised to the committee, the budget does not meet the balanced budget provision under section 100 of the Local Government Act 2002. As required under section 80 of the Local Government Act 2002, Council has carefully considered the unbalanced budget issue with the most financially prudent option being to reserve fund the shortfall due to the one-off nature. Council will not meet the deadline of 30 June to adopt the Annual Plan and both Audit New Zealand and the Department of Internal Affairs have been notified of this.

The Interim Chief Executive advised that following reforecasting completed between now and finalising the Annual Plan, further changes are expected due to the impacts of COVID-19.

Officer's Recommendation

The Audit and Risk Committee:

- a. Receive the underlying information as the basis for the Annual Plan 20/21:
 - i. Financial information
 - ii. 10 year revised capital plan
 - iii. Rates remission policy
 - iv. Rates postponement policy
 - v. Statement of Proposal to join LGFA
- b. Provide feedback to Council by 9 June (via the Director of Corporate Services) to be tabled for consideration by Council at its meeting on 11 June 2020.

-
- c. Resolve that the use reserves to fund the one-off shortfall of \$6.74m anticipated in 20/21 is financially prudent and does not impact unfairly on ratepayers in the future.
 - d. Note that the Annual Plan 20/21 does not meet the section 100 (i) balanced budget provision of the Local Government Act, and that Council will be working towards a balanced budget for the LTP.
 - e. Note that Council has notified DIA and Audit NZ that it will not meet the statutory deadline of 30 June 2020 for adoption of the Annual Plan 20/21.

AMENDED MOTION

Committee's recommendation

DW Pearson / Councillor Taylor

The Audit and Risk Committee note that they have reviewed and are comfortable with the approach taken by Council in the adoption of the Draft Annual Plan and commend and note that Council has made the following resolutions:

- a. Receive the underlying information as the basis for the Annual Plan 20/21:
 - i. Financial information
 - ii. 10 year revised capital plan
 - iii. Rates remission policy
 - iv. Rates postponement policy
 - v. Statement of Proposal to join LGFA
- b. Provide feedback to Council by 9 June (via the Director of Corporate Services) to be tabled for consideration by Council at its meeting on 11 June 2020.
- c. Resolve that the use reserves to fund the one-off shortfall of \$6.74m anticipated in 20/21 is financially prudent and does not impact unfairly on ratepayers in the future.
- d. Note that the Annual Plan 20/21 does not meet the section 100 (i) balanced budget provision of the Local Government Act, and that Council will be working towards a balanced budget for the LTP.
- e. Note that Council has notified DIA and Audit NZ that it will not meet the statutory deadline of 30 June 2020 for adoption of the Annual Plan 20/21.

Carried

5. SENSITIVE EXPENDITURE - MAYOR AND CHIEF EXECUTIVE

Type of Report: Procedural

Legal Reference: N/A

Document ID: 933218

Reporting Officer/s & Unit: Caroline Thomson, Chief Financial Officer

5.1 Purpose of Report

To provide the information required for the Committee to review Sensitive Expenditure of the Mayor and Chief Executive for compliance with Council's Sensitive Expenditure Policy.

At the Meeting

The Chief Financial Officer briefly spoke to the report, noting that the Mayor's sensitive expenditure for the second quarter was also attached to the report as this had been inadvertently omitted from the previous meeting's agenda. There was no further discussion on this item.

Committee's recommendation

Councillors Simpson / Taylor

The Audit and Risk Committee:

- a. Receive the report of Sensitive Expenditure for the Mayor and Chief Executive and review for compliance with the Sensitive Expenditure Policy.

Carried

6. EXTERNAL ACCOUNTABILITY - INVESTMENT AND DEBT REPORT

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	933511
<i>Reporting Officer/s & Unit:</i>	Caroline Thomson, Chief Financial Officer

6.1 Purpose of Report

To consider the snapshot report on Napier City Council's Investment and Debt as at 30 April 2020.

At the Meeting

The Chief Financial Officer provided a brief overview of the report. There was no further discussion on this item.

Committee's recommendation

DW Pearson / Mayor Wise

The Audit and Risk Committee:

- a. Receive the snapshot report on Napier City Council's Investment and Debt as at 30 April 2020.

Carried

7. RISK MANAGEMENT REPORT JUNE 2020

<i>Type of Report:</i>	Information
<i>Legal Reference:</i>	N/A
<i>Document ID:</i>	934363
<i>Reporting Officer/s & Unit:</i>	Adele Henderson, Director Corporate Services

7.1 Purpose of Report

To provide the Audit and Risk Committee with an update on progress with risk management work and to report on the highest paid risks.

At the Meeting

The Chief Financial Officer spoke to the report and announced that the Risk and Assurance Lead position had now been appointed, with the start date being 22 June 2020. One of the first priorities for this role will be to review the risk management framework which will be brought back to this committee.

There was no further discussion on this item.

Committee's recommendation

DW Pearson / Mayor Wise

The Audit and Risk Committee:

- Note the Risk Management Work being undertaken by Napier City Council staff and management.
- Note the current High risks.
- Receive the Risk Report dated 29th May 2020

Carried

PUBLIC EXCLUDED ITEMS

Councillors Taylor / Simpson

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

1. Insurance Update
2. Cybersecurity Strategy
3. Revera Lead Agency IaaS Close Out Report
4. Legal Update

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. Insurance Update	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. Cybersecurity Strategy	7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities	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. Revera Lead Agency IaaS Close Out Report	7(2)(h) Enable the local authority to carry out, without prejudice or disadvantage, commercial activities	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.
4. Legal 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 7(2)(g) Maintain legal professional privilege 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.

The meeting moved into committee at 1.43pm.

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

Chairperson

Date of approval

APPENDIX A

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WE WANT YOUR FEEDBACK

Some projects have changed since we released our Long Term Plan and we want to hear what you think about these changes.

Keep an eye out for our feedback topics:



Tell us what you think

sayitnapier.nz

say it!

HOW TO **say it!**



Online at sayitnapier.nz



Drop in your form to our Customer Service Centre
Dunvegan House
215 Hastings Street
Napier



Mail your form to
FreePost Authority
Number 772273,
AP 2020/21
Submissions,
Napier City Council,
Private Bag 6010,
Napier 4142

LIVE CHAT SESSIONS

Tune in to the live chat sessions on our Facebook page.
fb.com/NapierCityCouncil

- 23 JUNE 2020 11.15AM
- 2 JULY 2020 7PM
- 9 JULY 2020 7PM

At this time, instead of community meetings we will host live chat sessions where you can ask questions before making a submission to the Annual Plan 2020/21.

We intend to host our Annual Plan Hearing meeting in person. We may have to use technology such as video link to enable oral submissions to be heard if Alert Levels change.

**Annual Plan Hearing,
12-13 August 2020, from 9am
Napier War Memorial Centre**

A NZ Sign Language communicator will be available at all sessions.

If you'd like to speak to your Ward Councillor about anything in this Annual Plan Consultation Document, visit www.napier.govt.nz search keyword [#mayorandcouncillors](#) or call our Customer Service Centre on [06 835 7579](tel:068357579) who will put you in touch with them.

CONSULTATION TIMELINE

-  **Submissions Open**
18 June 2020
-  **Submissions Close**
15 July 2020 at 12noon
-  **Hearing**
12-13 August 2020
-  **Adoption of the Annual Plan 2020/21**
27 August 2020



OUR FOCUS FOR 2020/21

Supporting our recovery - boosting Napier now and into the future (p7-8)

Delivering the basics - improving water services and kerbside rubbish collection (p9-13)



CHANGES FOR 2020/21

Kia ora koutou

We have all had to make adjustments over the last few months in response to the challenges of the Covid-19 pandemic. I am so very proud of the way our community has stepped up and supported those who have needed it. It is also great to see this support from our community extending to our local businesses and employers as they get back into action. Here at Council, we have also been impacted and have had to make some changes to what we had planned for the year ahead. Recognising that some of our community are facing tough times ahead, we have developed a recovery plan with packages to help businesses, community groups and residents to get through.

We haven't lost sight of our priorities though, and are still committed to getting our water right.

Our water programme is a top priority, so we are going to do some of the planned work quicker and invest more so we can do more. This year we propose to spend an extra \$10.9 million over and above what we had already planned to spend. At the top of the list is clean drinking water and fixing the ongoing dirty water issues that some community members have been experiencing. So we are fast-tracking the projects to address this and are aiming to have these finished by the end of this year.

Alongside this, national standards have tightened, and there are further changes ahead. We are looking into our drinking water treatment options, and are starting a chlorine-free review which will help us plan the next steps.

Several storms have highlighted the need for better ways to deal with the excess water that gets into our sewer network. We can improve how we treat this water before it goes into the sea, and lift water quality in our waterways.

Following on from the changes to our recycling service, we are

introducing wheelie
bins for kerbside
rubbish collection from
1 October.

It can be hard to strike the right balance between paying attention to the big issues, ensuring we continue to deliver our services, and keeping it affordable for all. Prior to Covid-19, we had identified an average rates rise of 6.5% per household for 2020/21, but we have worked hard to reduce that to 4.8%. Reducing the projected rates increase and providing targeted relief, will help to support those in our community who may be struggling financially due to Covid-19.

While there is still some uncertainty around the Covid-19 pandemic, I have been hugely impressed and heartened with how people in our community have supported each other during this time and am confident that together we will get there.

Your feedback will help us define the way forward, so please take time to make a submission, we'd really love to hear from you.

Kia Kotahi Tātau o Ahuriri nei
We are TEAM NAPIER



Kirsten Wise
MAYOR OF NAPIER

RATES

We have had to review our Annual Plan for 2020/21 in light of the effects of the Covid-19 pandemic. We have tried to balance our strong desire to make improvements to our water services and to finish the roll out of our new waste management system, while also considering our community's ability to pay and helping to stimulate our economy to aid our recovery. We had identified a 5.1% increase in our Long Term Plan for this year, which increased to 6.5% just before the pandemic, but now, after a focused review of the budget, we propose an average rates increase of 4.8% per household.

Rates income makes up only 51% of the Council's total income. The rest comes from our tourist operations, investments, and fees and charges. The effect of the Covid-19 pandemic on this other income means that we are forecasting an operating shortfall. Some of our costs will also reduce as we delay replacing vehicles and other equipment. With less tourism there is also less cost to run our tourism activities. For example cleaning costs are likely to be less because we anticipate fewer functions at our facilities. Even after these changes, we still have an operating shortfall of \$5.2 million next year. We have also signaled \$1 million for the recovery plan work and a rates and rental relief package of \$543,000 – a total shortfall of \$6.74 million.

We have some options of how we fund the shortfall in 2020/21.

When looking at the options, we did explore the option of a 0% increase but decided to create a relief package targeted to those who may be facing financial hardship as a result of the impact of the pandemic. It also means we can continue with our plans to improve water and waste services, while also supporting our community to recover. We could have increased the rates to cover the shortfall. However, we don't think this option is responsive to the situation people in our community face at this time. This would have meant an average rates increase of 16% per household, or \$358 per annum, and would compromise the affordability of household rates in Napier, despite some ratepayers being able to access rates relief (outlined below).

Our proposed option uses some of our savings funds to cover the shortfall – essentially using the 'money we have in the bank' rather than borrowing to cover our current expenses.

OPTION ONE (PROPOSED) Reduced rates increase – using our savings funds

Increase the rates by 4.8% and fund the rest by using some of the money from two reserve funds (savings accounts).

We would use \$4 million from the Parking Fund, which would leave \$5 million in this account for planned work to increase and improve parking facilities, and we would use \$2.74 million from the Subdivision

and Urban Growth Fund, leaving \$5.4 million in this account, which is enough to meet any demands on this fund for the foreseeable future.

OPTION TWO - Reduced rates increase – by borrowing money

Increase the rates by 4.8% and fund the rest by borrowing the money. This option means we would pay the money back over 10 years with interest. We will have to increase the rates starting in 2021/22 and continue with this increase every year until the loan is paid. This is a more expensive way to fund our shortfall in the long-run, and means we will be paying for the funding shortfall for services provided this year for years to come. The cost to borrow for the shortfall would mean a 1.35% average rates increase (\$31.50 per annum) per household in 2021/22 and every year for 10 years.

Tell us what you think

sayitnapier.nz

say it!

*How would the proposed average rates increase of 4.8% per household affect **your** rates?*

Check it out here [URL_TBC](#)

FINANCIAL POLICY CHANGES

We have made some other changes to our policies to allow us to have some flexibility in how we can support our community and fund our costs during this post-Covid-19 time and into the future.

Rates Policies: This is so we can make changes to the payment of rates when significant events such as Covid-19 occur.

The changes include:

- The Rates Postponement Policy - so we can allow rates to be paid later than the due dates
- The Rates Remission Policy - so we can reduce rates and/or penalty fees.

We are consulting separately on these policies. There is more information at sayitnapier.nz, where you can tell us what you think about the changes.

Borrowing: Next year, Council will need to borrow from others. We would like to join the Local Government Funding Agency (LGFA) - a collective of councils that pool together to get good lending deals. Being a member doesn't mean we have to use the LGFA when we need a loan, but gives us the option to, if it means we would get the best deal. We are consulting separately on whether to join or not.

There is more information on sayitnapier.nz, where you can also tell us whether you think we should join the LGFA or not.

POST COVID-19 RECOVERY PLAN

We understand that Napier will continue to be impacted by Covid-19 as we feel the effects of the pandemic, including the decline in tourism. We have developed a plan to help get Napier back on track - it focuses on how we can support our people who have been hardest hit, while also stimulating our economy by backing our local businesses and employers. We won't know the full effect of Covid-19 for a while yet, but we have set up our plan to have the flexibility to respond where we need to. Our ultimate vision for recovery is that "Together, we will restore and enhance vibrancy, innovation and wellbeing in our community now and into the future".

In 2020/21, we want to use \$543,000 for rates and rental relief for residents, businesses and community groups, and a further \$1 million to support our recovery including:

- Continued support for the We are Team Napier campaign www.teamnapier.nz
- Provide the Jump Start Innovation Fund to support great ideas that help accelerate recovery for our community and/or economy
- Using the rest of the funding to support emerging ideas, and longer term strategies.

Tell us what you think

sayitnapier.nz

say it!



JUMP START INNOVATION FUND

This funding of \$100,000 would be allocated to businesses, community organisations and social enterprises with an idea or project that they can lead or partner with, to fast track our recovery. It might be a new way of doing business, a new collaboration, or something that meets a new need.

KIA KOTAHI TĀTAU O AHURIRI NEI WE ARE TEAM NAPIER

This campaign is all about locals backing locals. From sharing stories about great things locals did through lockdown to support the community, giving a shout out to your favourite café or getting on board with a new idea, it will all help Napier to get through.

RATES AND RENTAL RELIEF

The Covid-19 pandemic has affected people, businesses and community groups and some are facing tough times. We have set up a targeted response so people who have been adversely affected financially can get support in 2020/21. People will have to show that the financial hardship is a result of the Covid-19 pandemic.

Rates Relief – total \$350,000 available

- Residential rates reductions of up to \$200 would be available for those who are eligible
- Commercial rates reductions of up to \$500 would be available for those who are eligible

Rental Relief – total \$193,000 available

Organisations that are charged to rent, lease or for a license to occupy any Council land or premises could be eligible for a reduction of up to three months on their annual charges.



WATER SUPPLY PROJECTS

What's changed?

We have rearranged our schedule to work on getting a clean and clear water supply faster.

Our main goal for 2020/21 is to provide clear and clean water.








This means we need to source low manganese water. Our Awatoto bores are higher in manganese, which has contributed to Napier's dirty water issues.

Tell us what you think

sayitnapier.nz

say it!

We're fast-tracking a number of water projects. These projects include:

-  Testing and establishing two new bores, which will supply low manganese water
-  Finding a suitable site for a replacement reservoir on Napier Hill
-  Managing dirty water and leakage in the Tamatea and Parklands areas
-  Designing new water treatment plants
-  Designing the mains pipes connecting bore fields to reservoirs and back to the network
-  Increasing water volumes for fire fighting at some points in the network
-  Building in more access points to the network for cleaning

SAFE CHLORINE-FREE DRINKING WATER REVIEW

Last year Council gave the go-ahead for an independent review to look at the cost of, and options for, moving to a safe chlorine-free drinking water network. Currently, we use chlorine to disinfect our water.

The Safe Chlorine-Free Drinking Water Review is investigating alternative options that the Ministry of Health (MoH) is likely to approve.

The MoH has said that disinfection may become compulsory for New Zealand water supplies unless a safe alternative is proposed.

We will work with the MoH to help ensure that any chlorine-free option proposed is likely to be accepted, before coming back to the community about the recommendations.

The review is costing a total of \$400,000 with half already paid and the other half being paid in 2020/21. This expense is being loan funded and the loan costs will be added to rates in 2021/22 (0.02% total rate increase, 51 cents average rates increase per household).

Tell us what you think

sayitnapier.nz

say it!



WASTEWATER OUTFALL

What's changed?

Our wastewater outfall pipe needs to be repaired and we are budgeting \$2 million for this work.

We plan to build storage for wastewater at our treatment plant to allow for future shutdowns for repair and maintenance at a cost of \$2 million.

Our wastewater outfall pipe takes treated wastewater from the sewage system out to sea.

The pipe runs from our treatment plant at Awatoto, travelling 1500 metres out to sea. We regularly check the pipe and in 2018, we found that wastewater was seeping from the gaskets at a fibreglass join section, around 700 metres offshore. The join section is one of a kind and needs a special and complex repair.

We've been working to find an effective method of repairing the pipe.

We're setting aside \$2 million to repair the pipe and \$2 million to create storage for wastewater at our treatment plant to allow for shutdowns for maintenance and repairs.

Since discovering the leak, we have carried out thorough monitoring to check any potential environmental effects. The good news is that our monitoring isn't currently showing any noticeable adverse impacts.

The costs for the repair to the pipe and the new storage would be funded from reserves (savings account) so there is no effect on rates.

Our pipe needs protecting from damage. We have teamed up with Hastings District Council and PanPac to apply for protection of all of our pipelines under the Submarine Cables and Pipelines Protection Act 1996. This application would establish a protection zone over each of the three pipelines. For more information and to give any feedback on the application, go to sayitnapier.nz

Tell us what you think

sayitnapier.nz

say it!





KERBSIDE WASTE COLLECTION

What's changed?

We are introducing wheelie bins for rubbish from 1 October 2020.

The wheelie bin service will cost an extra 90 cents a week for each ratepayer this year and another increase next year of approximately 38 cents per week.

The cost of the new recycling service also goes up in 2020/21 by an extra 23 cents a week.

When we asked about how rubbish should be collected through the Joint Waste Management and Minimisation Plan (WMMP) consultation, the most common answer was to use a wheelie bin for kerbside rubbish collection.

So, we will be providing a 120 litre Council-owned wheelie bin for rubbish, which will be collected weekly from 1 October. By using wheelie bins, we'll be reducing the amount of single use plastic bags going to landfill. Bins also make it very hard for seagulls and pests to spread litter around. Wheelie bins reduce health and safety risks for our rubbish collectors, who can get cuts from sharp objects and strains caused by lifting bags from around 25,000 addresses each week.

If you only put your wheelie bin out once a fortnight or less, you could be eligible for a rates discount the following year.

Tell us what you think

sayitnapier.nz

say it!

NAPIER LIBRARY CIVIC PRECINCT

What's changed?

The Library is set to return to its original location.

In 2017, the Library and Civic buildings were assessed as earthquake prone. Staff moved out, and are currently spread across three temporary sites. The main city Library has been operating from the MTG Hawke's Bay building.

We have investigated location options for a new Napier Library. From a list of 17 possibilities, we closely investigated three sites that were most likely to meet the requirements for the new Library. The three site options included a privately owned CBD building, constructing a building at Clive Square / Memorial Square and completing a building refit or rebuild on the original site, which came out as the only practical option.

The Civic building, on the corner of Hastings and Station Streets and next door to the original main library building, is due to be demolished this year. We'd like to bring Council staff and facilities back into this area and are investigating how we might do this. Creating a civic precinct that has the Napier Library and Council facilities alongside a commercial development would revitalize this area of town and will be good for the central city too.

We recognise these are once in a lifetime decisions that need careful consideration. So, we've established a working group to look at options, costs and master planning of the potential commercial development, Library, and Council buildings. This is an exciting project, and the preferred options from the working group will be shared with you so you can give us your feedback.

Tell us what you think

sayitnapier.nz

say it!



STREET MANAGEMENT

What's changed?

The current CCTV network needs replacing, which will cost about \$500,000. We plan to bring the ownership and management of the network in-house.

Council's Street Management Programme provides patrols in the CBD, funds a CCTV network in the Ahuriri, CBD, Taradale, Maraenui and Marewa shopping centres, and supported an outreach programme for the homeless.

The patrols began in 2016 as a temporary measure to help curb the rising issue of begging and rough sleeping in the CBD. Now, we're investigating whether to change the patrols into ambassador roles, and we plan to bring the CCTV network in-house – it is currently owned and managed by a Trust who have said they are no longer able to provide this service.

Council has set aside \$500,000 to replace and expand the CCTV network, which is at the end of its life.

With a new system, we could increase the number of cameras and include mobile technology.

We would work with Police and incorporate data and community feedback on camera locations.

The \$500,000 cost would be loan funded and any increase would happen in 2021/22 (0.06% total rate increase, \$1.33 average rates increase per household).

Tell us what you think

sayitnapier.nz

say it!

OTHER PROJECT UPDATES

NAPIER AQUATIC DEVELOPMENT

We have huge demand on our aquatic facility.

The plan is to deliver a modern, fit for purpose facility with increased pool space and better accessibility so that more people can participate in aquatic sport and recreation and learn how to be safe and confident in the water.

While we understand there is unmet demand for pool space, we are pausing the project so we can relook at our options and will seek community feedback as we progress.

We have kept \$5 million aside for this project in 2020/21. We are using up to \$500,000 to undertake further site investigations at Onekawa Park and to complete further design work if required.

COMMUNITY HOUSING

Council provides 377 community housing units in 12 villages, most of which are retirement units.

Our housing supports people on a low income who have few assets and a special housing need. This housing is old, and while it has been maintained, there has been little improvement or renewal work carried out.

The government's new healthy homes standards mean that we also need to invest in heating, ventilation and insulation in each unit.

Community housing residents pay a subsidised rent, which we use to provide the service and maintain the units. This year, for the first time in over a decade, we reviewed the subsidy levels and decided to increase rent marginally. Even so, our current income from rent will not cover the costs of maintaining the housing over the next 10 years.

We've been investigating several ideas for providing this housing to those in need, and we're now analysing two shortlisted options.

One option is to sell or lease the entire housing portfolio to another entity. The other is to continue to provide housing as it is, or to sell some units to generate funds to build new units and/or support the service going forward. We're checking into each of these options to see what is workable.

We will consult with the community, including our current tenants, before any decision is made.

PROJECT SHAPESHIFTER

Project Shapeshifter is the name of the National Aquarium of New Zealand redevelopment proposal. We submitted the project business case to the Ministry of Business, Innovation and Employment (MBIE) in December 2019.

The redevelopment would build a new, nationally significant National Aquarium and Oceans Centre. Such a facility would raise awareness of environmental issues and encourage visitors to support the conservation of species and ecosystems.

The project needed central government funding support to help with the capital costs and the ongoing operating costs. Covid-19 has shifted both central government and Council's priorities and we now have to look at alternative options for our Aquarium. These options could include a refurbishment of the current facility, repurposing it for something else, or eventual closure. When we have reviewed all of the options, we will consult with the community on those that are feasible.

TE PIHINGA

Te Pihinga (a new horizon) is an urban redevelopment project focused on growing economic and social prosperity in Maraenui.

We're working with several agencies, including Kāinga Ora, to repurpose land for housing development and community facilities that will encourage a thriving community where people live to their full potential. We are refining a concept design for a community facility that will support employment, training and entrepreneurship with a focus on rangatahi and whānau development. It will act as an incubator, with access to high tech digital technology. Once finished, the concept design will be shared with the community.

Council has allocated \$2.2 million to the project, and we're approaching other funders to raise the balance required.

WHAKARIRE REVTMENT

A revetment is a rock structure on the shoreline that prevents erosion from king tides and storm events. We have been granted resource consent to build a revetment that will protect the reserve and properties on Whakarire Avenue in Westshore. The revetment will also restore the public's access to the reserve.

As there is also some benefit to private property owners in this area, they will be charged a targeted rate as a contribution to the construction of the revetment.

The project is due to start by next summer.

WANT TO KNOW MORE?

The following documents provide further details about the changes to the proposed Annual Plan 2020/21.

They can be found at: [sayitnapier.nz](https://www.sayitnapier.nz)

- **Napier Recovery Plan**
- **Water Supply Masterplan**
- **Drinking Water FAQs**
- **Waste FAQs**
- **Civic Precinct Report (Library)**
- **Project Shapeshifter Business Case**
- **Whakarire Revetment – Paper to Council**
- **Capital Programme changes**
- **Fees & Charges**
- **Draft budget**
- **Where does your rates dollar go?**
- **Significant Projects Update**
 - Ahuriri Estuary & Coastal Edge Masterplan
 - Inner Harbour
 - Coastal Hazards

Things we are also consulting on:

- **Submarine Pipeline Protection consultation**
- **Rates Postponement Policy consultation**
- **Rates Remissions Policy consultation**
- **Local Government Funding Agency consultation**



CHANGES TO THE CAPITAL WORKS PROGRAMME

BY ACTIVITY GROUP

The capital projects programme outlined in the Long Term Plan 2018-28 (LTP) includes a substantial investment in a range of projects. For the Annual Plan 2020/21, some projects have been brought forward, some will be rescheduled to a later date, and some have been cancelled, as they are no longer required.

Activity names as used in the Long Term Plan	Annual Plan 2020/21 (\$000)	Long Term Plan 2020/21 (\$000)	Change between LTP yr 3 and 2020/21 (\$000)
Community and Visitor Experiences	19,717	72,754	-53,037
Water Supply	14,604	4,955	9,649
Transportation	13,290	15,048	-1,758
Wastewater	8,036	3,795	4,241
Property Assets	7,533	3,889	3,644
Stormwater	3,361	6,675	-3,314
Support Units	2,538	2,493	45
Other Infrastructure	2,070	2,164	-94
City Strategy	1,067	592	475
Total (\$000)	72,216	112,365	-40,049

CHANGES TO THE CAPITAL WORKS PROGRAMME

*Changes over \$500,000
to a project between Long
Term Plan year 3 and Annual
Plan 2021/22.*

WATER SUPPLY

- **Borefield No.1 Rising Main**
New project, \$5 million from loans for a new pipe to connect the new bore field to the supply network to access good quality drinking water.
- **New Water Treatment Plants**
\$2 million has been moved from 2019/20 as there are two treatment plants to be built and the timing of the second plant will be outside of 2020/21 and identified in the LTP budgets.
- **Borefield No.2 Land purchase**
\$1.5 million has been moved from new Taradale borefields to fund this project.
- **New Napier Hill reservoir**
\$1.5 million has been moved from 2019/20. This funding will be used to start the design and land designation process once land is secured.
- **New Bores in Awatoto**
\$1.5 million – additional funding requirement arisen out of Water Supply Model and Water Supply Masterplan.
- **Awatoto Industrial & Phillips Rd Supply**
\$800,000 additional requirement due to growth.
- **District Monitoring Project**
\$560,000 additional budget approved as part of the Annual Plan 2019/20 Annual Plan.
- **New Reservoir Western Hills**
\$500,000 has been deferred to 2021/22 as this funding is part of the Mission development and won't be needed until the new subdivision is built.

STORMWATER

- **Ahuriri Masterplan Project 11**
Pandora Catchment Improvements \$800,000 moved to 2021/22 because stormwater modelling is still underway.
- **Ahuriri Masterplan project 3**
Improve Direct Outfalls - \$800,000 moved to 2021/22 because stormwater modelling is still underway.
- **New Pump Station in Bay View**
\$2.6 million deferred to 2021/22 because stormwater modelling and master planning needs to occur first.
- **Te Awa Structure Plan**
New requirement - \$1 million additional funding for infrastructure to enable development in Te Awa, funded by development contributions.

WASTEWATER

- **Wastewater Treatment Plant Upgrade**
New requirement - additional funding of \$2 million for urgent repairs.
- **Wastewater Outfall replacement**
Additional \$1.9 million is required for investigations and design to address the outfall leak issue.
- **Sewer pipe renewal budget**
Moved to Wastewater Outfall pipe repairs budget - \$500,000.
- **Pandora Industrial Main**
\$700,000 moved from 2019/20 because further investigation is required before work can be specified and programmed.

- **Te Awa Structure Plan**
\$500,000 new requirement to fund infrastructure to enable development in Te Awa, funded by development contributions.

TRANSPORTATION

- **Te Awa Structure Plan**
New requirement - \$800,000 additional funding for infrastructure to enable development in Te Awa, funded by development contributions.
- **Te Awa Avenue (Ellison to NBHS)**
\$1.2 million has been moved from 2019/20, as the project was deferred.
- **Intersection safety improvement projects**
\$820,000 moved from 2019/20 as the work on Kennedy Road/Marewa Shops upgrade was unable to be completed this year.
- **CBD Development**
\$4 million deferred until 2021/22 and 2022/23 for the Marine Parade Piazza and Emerson Street Upgrade to give adequate time to develop a masterplan for the CBD and to develop detailed designs for the individual projects.

PROPERTY ASSETS

- **Ahuriri Masterplan**
Iron Pot Public Access - \$4 million has been moved to 2020/21. In 2019/20 designs were developed which will be shared with Council and the community before moving to the detailed design stage. Funding (\$4 million) for the works won't be needed until this is done.
- **Inner Harbour Facilities**
Renewal - \$2 million moved to 2021/22 while Inner Harbour Masterplan is finalised. This will inform what works and funding is required. Some budget has been retained to

replace the pontoons at the Nelson Quay ramp.

- **Property Holdings Property Purchase**
New requirement - \$1.8 million for potential property purchases

COMMUNITY AND VISITOR EXPERIENCES

- **Reserves – Whakarire Ave Revetment**
\$1.7 million has been moved from 2019/20 as the project was delayed due to further consultation with residents. An additional \$500,000 has been added to the budget due to increased cost estimates, so the allocation for the project is now \$2.2 million.
- **Napier War Memorial build**
\$1 million moved from 2019/20 to allow time for a new concept design.
- **Kennedy Park – Main Ablution Block**
\$650,000 moved from 2019/20 as not all construction will be underway in 2019/20.
- **MTG – New Collection Shelving**
\$500,000 deferred until 2021/22 as the collection shelving is only needed once there is new storage (under the collection storage facility project).
- **Napier Library Rebuild**
\$3.8 million deferred to 2021/22 as investigations are still underway regarding the Library as part of a Civic Precinct.
- **Napier Aquatic Centre Development**
\$19.3 million moved out of 2020/21 due to project delay.
- **National Aquarium of NZ – Expansion project**
\$33 million (includes projected external funding) moved out of 2020/21 with the project being reviewed.

SO WHAT HAS HAPPENED TO THE NUMBERS?

The financial planning, work programme and service delivery associated with the Annual Plan may be subject to some change, due to the Covid-19 pandemic.

2020/21 IMPACT

In the Long Term Plan 2018-28, we approved a cap for rates increases of 5% plus LGCI (Local Government Construction Index). The proposed average rates increase is 4.8% for 2020/21 – this falls within the cap.

LOOKING AHEAD TO 2021/22

Due to the changes in 2020/21 for water supply projects and implementing the kerbside waste collection, there is a possible 2.6% increase on rates for 2021/22.

We plan to phase in the costs of the new rubbish collection over two years. We started phasing the cost of the new recycling service last year with the second year being 2020/21.

The impacts per year are as follows:

Cost of servicing additional loans

Changes to water projects +0.6%

WMMP impacts

Final year impact of phasing in kerbside recycling +1.2%

Impact of phasing in kerbside waste collection +0.8%

The impact that these 2020/21 changes have on rates for 2021/22 will be considered in the development of the 2021/22 budget.



EXAMPLES OF PROPOSED RATES FOR 2020/21

*Examples of the impact
of rating proposals for
2020/21 are shown below*

City Residential	Land Value \$	Rates 2019/20 \$	Rates 2020/21 \$	Annual Change Refuse & Recycling \$	Annual Change Water & Sewer \$	Annual Change - All other rates \$	Weekly change \$	Change %
Average	214,000	2,239	2,362	59	42	22	2.37	5.5%
Median	200,000	2,163	2,285	59	42	21	2.35	5.7%
Quartile 1	160,000	1,952	2,071	59	42	18	2.30	6.1%
Quartile 3	250,000	2,430	2,556	59	42	25	2.42	5.2%
Commercial / Industrial								
Average	490,000	8,100	8,304	94	42	67	3.91	2.5%
CBD Average	291,000	6,544	6,806	141	42	79	5.04	4.0%
Industrial Average	563,000	9,122	9,333	94	42	75	4.07	2.3%
Miscellaneous Properties								
Average - no recycling	400,000	3,187	3,313	47	42	37	2.42	3.9%
Rural								
Average	460,000	2,042	2,105	59	0	3	1.20	3.0%
Bay View								
Average - no sewerage	248,000	1,707	1,796	59	15	14	1.70	5.2%
Average - with sewerage	248,000	2,079	2,195	59	42	14	2.22	5.5%

Please note:

- Council's total rates revenue for 2020/21 will increase by 6% which is an average increase of 4.8% for existing properties after an allowance of 1.2% is made for extra separately used or inhabited parts of a rating unit, and new properties added since last year.
- Many residential properties have a slightly higher percentage increase due to the introduction of the new kerbside rubbish collection service.

RATING BASE INFORMATION

As at 30 June 2020	All Rating Units	Ratable Units
Number of Rating Units	26,099	25,720
Capital value of Rating Units \$	15,394,000,000	14,800,000,000
Land value of Rating Units \$	6,652,000,000	6,480,000,000

YOUR SUBMISSION ON OUR ANNUAL PLAN 2020/21



*Before 12noon
15 July 2020*

We encourage you to complete the form online at sayitnapier.nz

or post this form for free: FreePost Authority Number 772273, Annual Plan 2020/21 Submissions, Napier City Council, Private Bag 6010, Napier 4142

You can use extra paper if you need or attach a document. Your name and submission will be published, but your contact details will be kept private.

YOUR DETAILS:

Full name:	
Daytime phone number:	
Email address:	
Address:	
Postal address (if different from above):	
Are you submitting on behalf of a group/organisation? If so, what is it's name:	
Please tick if you want to present your feedback to Council directly. We will be in touch to confirm a time. See page 3 for more info.	

YOUR FEEDBACK:

RATES - Funding the shortfall. Tick which option you agree with			
Use reserves (savings account) to fund the shortfall - Proposed	<input type="radio"/>	Use a loan (debt) to fund the shortfall	<input type="radio"/>
Comments:			
POST COVID-19 RECOVERY - What do you think about our recovery plan?			
Agree :)	<input type="radio"/>	Neutral :	<input type="radio"/>
Disagree :(<input type="radio"/>		
Comments:			

WATER - What do you think about the changes we plan to make to improve our water services?

Agree :)	<input type="radio"/>	Neutral :	<input type="radio"/>	Disagree :(<input type="radio"/>
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Comments:

KERBSIDE RUBBISH COLLECTION - Wheelie bins will be used for the kerbside rubbish collection from 1 October 2020. What do think of this change?

Agree :)	<input type="radio"/>	Neutral :	<input type="radio"/>	Disagree :(<input type="radio"/>
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Comments:

LIBRARY - What do you think about the Library returning to its original location on Station Street?

Agree :)	<input type="radio"/>	Neutral :	<input type="radio"/>	Disagree :(<input type="radio"/>
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Comments:

STREET MANAGEMENT - What do you think about our plan to replace the CCTV network and bring it in-house?

Agree :)	<input type="radio"/>	Neutral :	<input type="radio"/>	Disagree :(<input type="radio"/>
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Comments:

Any other feedback:

