



# *Hastings District Council*

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## **OPEN A G E N D A**

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### **COUNCIL MEETING**

#### **Annual Plan Submissions**

**Meeting Date: Tuesday, 4 June 2019**

**Time: 9.00am**

**Venue: Council Chamber  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings**

<b>Council Members</b>	Chair: Mayor Hazlehurst Councillors Barber, Dixon, Harvey, Heaps, Kerr, Lawson, Lyons, Nixon, O'Keefe, Poulain, Redstone, Schollum, Travers and Watkins
<b>Officer Responsible</b>	Chief Executive – Mr N Bickle
<b>Council Secretary</b>	Mrs C Hunt (Extn 5634)



# **HASTINGS DISTRICT COUNCIL**

## **COUNCIL MEETING**

**TUESDAY, 4 JUNE 2019**

**VENUE:** Council Chamber  
Ground Floor  
Civic Administration Building  
Lyndon Road East  
Hastings

**TIME:** 9.00am

## **A G E N D A**

**1. Prayer**

**2. Apologies & Leave of Absence**

At the close of the agenda no apologies had been received.

At the close of the agenda no requests for leave of absence had been received.

**3. Seal Register**

**4. Conflict of Interest**

Members need to be vigilant to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to scan the agenda and assess their own private interests and identify where they may have a pecuniary or other conflict of interest, or where there may be perceptions of conflict of interest.

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the General Counsel or the Democratic Support Manager (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

**5. Confirmation of Minutes – There are no minutes to confirm.**

**6. Annual Plan Submissions 2019/20**

<b>7.</b>	<b>Summary of Recommendations of the Hastings District Rural Community Board held on 27 May 2019</b>	<b>9</b>
<b>8.</b>	<b>Te Pohue Community Water Supply</b>	<b>19</b>
<b>9.</b>	<b>Council Approval to Purchase Three New Reserves.</b>	<b>33</b>
<b>10.</b>	<b>Request to Fund Minor Upgrade of Joll Road</b>	<b>43</b>
<b>11.</b>	<b>Financial Quarterly Report for the nine months ended 31 March 2019</b>	<b>52</b>
<b>12.</b>	<b>Recommendations from Inner City Living Variation 5 hearing on 25 March 2019 for endorsement by Council</b>	<b>65</b>
<b>13.</b>	<b>Updated 2019 Meeting Schedule Changes</b>	<b>75</b>
<b>14.</b>	<b>Additional Business Items</b>	
<b>15.</b>	<b>Extraordinary Business Items</b>	
<b>16.</b>	<b>Recommendation to Exclude the Public from Items 17 and 18</b>	<b>77</b>
<b>17.</b>	<b>Summary of Recommendations of the Strategic Planning and Partnerships Committee meeting held 16 May 2019 while the Public were Excluded</b>	
<b>18.</b>	<b>Waste Services Procurement Strategy</b>	

**REPORT TO: COUNCIL**

**MEETING DATE: TUESDAY 4 JUNE 2019**

**FROM: STRATEGY MANAGER  
LEX VERHOEVEN**

**SUBJECT: ANNUAL PLAN SUBMISSIONS 2019/20**

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to inform the Council on submissions received to the Draft Annual Plan and to obtain a decision for incorporation into the final plan for Council adoption on 27 June 2019.
- 1.2 This issue arises from the legislative provisions within the Local Government Act 2002 requiring the Council to have an Annual Plan adopted by 30 June 2019.
- 1.3 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 1.4 The objective of this decision relevant to the purpose of Local Government is to fulfil the statutory requirements of the Local Government Act 2002 in regard to consultation and decision making.
- 1.5 This report concludes by making a number of recommendations to enable the 2019/20 Annual Plan to be completed for final Council adoption on 27 June 2019.

## **2.0 BACKGROUND**

- 2.1 The Draft Annual Plan was released for public consultation on 6 April 2019 with submissions closing on 12 May 2019. The Council has received 34 submissions to the draft plan. The lower level of submission response was expected, given that the Council was not consulting on any new proposals. The Annual Plan contains the Year Two 2018/28 Long Term Plan work programme, which is planned to be delivered without any consequential change.
- 2.2 The submissions received cover a range of issues, and predominantly include requests for support for new initiatives.
- 2.3 Attached to the agenda are two separate volumes containing the submissions (in submission order) along with the officer comments to those submissions (in submission order, **Attachment 1**).

## **3.0 CURRENT SITUATION**

- 3.1 The Draft Annual Plan contained two specific proposals for community feedback which are addressed below.

- 3.2 **Formation of Council Controlled Organisation to establish the Hawke's Bay Disaster Relief Trust** – no submissions were received to this proposal and councillors are referred to recommendation C) below, which will enable the next steps to be taken.
- 3.3 **Draft Development Contributions Policy** - responses to comments raised in submissions are contained in the separate officer comments attachment.
- 3.4 Since the release of the Draft Annual Plan a number of items have been referred from Council Committees to the Annual Plan process for consideration. These matters are covered in the **Attachments 2 and 3** to this report.

#### 4.0 RECOMMENDATIONS AND REASONS

- A) That the report of the Strategy Manager titled "Annual Plan Submissions 2019/20" dated 4/06/2019 be received.
- B) That the written and verbal submissions and officer comments attached be received.
- C) That the Council resolve to proceed with the formation of a Council Controlled Organisation for the formation of a Hawke's Bay Disaster Relief Trust, subject to the agreement of the other Hawke's Bay local authorities.
- D) That the decisions and amendments made at this meeting be incorporated into the 2019/20 Annual Plan and 2019/20 Development Contributions Policy.
- E) That officers forward replies to all submitters that thank them for their submissions, advise of any Council decisions in response to the submissions and offers explanation based on the officer comments as amended by the Council at this meeting.
- F) That the issues raised in submissions that require further action by Council through the Committee structure be noted and brought forward by officers as appropriate.
- G) That the Council resolves, in terms of Section 82 (3) of the Local Government Act 2002, that the principles set out in that section have been observed in such a manner that the Hastings District Council considers, in its discretion, is appropriate for the decisions made during the course of this meeting.

#### Attachments:

1 Officer Comments 2019/2020 Annual Plan

CP-01-02-19-122 Separate Doc

2	Matters Referred from Council/Committee meetings to Annual Plan	CP-01-23-1-19-39	Separate Doc
3	Raureka Reserve Management Plan Spreadsheet	CP-01-23-1-19-41	Separate Doc
	Submission No. 1 - Lou Klinkhamer	CP-01-23-1-19-1	Vol 1 of 2
	Submission No. 2 - Don Ryder	CP-01-23-1-19-2	Vol 1 of 2
	Submission No. 3 - Nicola Heads	CP-01-23-1-19-3	Vol 1 of 2
	Submission No. 4 - David Mee (SMC Events) Horse of the Year Show	CP-01-23-1-19-4	Vol 1 of 2
	Submission No. 5 - Rachel French Central City Upgrade	CP-01-23-1-19-5	Vol 1 of 2
	Submission No. 6 - Ryan Fraser Road Noise Camberley	CP-01-23-1-19-6	Vol 1 of 2
	Submission No. 7 - Cat Hancock Softball Hawkes Bay	CP-01-23-1-19-7	Vol 1 of 2
	Submission No. 8 - Jock Mackintosh - Regional Sports Park Trust	CP-01-23-1-19-8	Vol 1 of 2
	Submission No. 9 - Ron Wilkins (Grey Power) Bush Shelter & Public Toilet Russell St	CP-01-23-1-19-9	Vol 1 of 2
	Submission No. 10 - John Roil (Development Contributions Policy)	CP-01-23-1-19-10	Vol 1 of 2
	Submission No. 11 - John Roil (Wastewater) Infrastructure	CP-01-23-1-19-11	Vol 1 of 2
	Submission No. 12 - Mark Aspdon (Sport Hawkes Bay)	CP-01-23-1-19-12	Vol 2 of 2
	Submission No. 13 - Andrew Norris	CP-01-23-1-19-13	Vol 2 of 2
	Submission No. 14 - Colin Hurst, Heretaunga Croquet Club	CP-01-23-1-19-14	Vol 2 of 2
	Submission No. 15 - HB Mountain Bike Club	CP-01-23-1-19-15	Vol 2 of 2
	Submission No. 16 - Tony Lane (Waimarama Hall Committee)	CP-01-23-1-19-16	Vol 2 of 2
	Submission No. 17 - Nick Richards	CP-01-23-1-19-17	Vol 2 of 2
	Submission No. 18 - Kiri Goodspeed (Littering at Waimarama)	CP-01-23-1-19-18	Vol 2 of 2
	Submission No. 19 - Charles Daugherty (HB Biodiversity Foundation)	CP-01-23-1-19-19	Vol 2 of 2
	Submission No. 20 - Kiri Goodspeed (Community Plans)	CP-01-23-1-19-20	Vol 2 of 2
	Submission No. 21 - Jane Mackersey (Havelock North Business Association)	CP-01-23-1-19-21	Vol 2 of 2
	Submission No. 22 - Vicki Butterworth (Hawke's Bay Regional Council)	CP-01-23-1-19-22	Vol 2 of 2
	Submission No. 23 - Teri Te Whaiti	CP-01-23-1-19-23	Vol 2 of 2
	Submission No. 24 - Lizzie Langley	CP-01-23-1-19-24	Vol 2 of 2
	Submission No. 25 - Dan Bergoff-Howes	CP-01-23-1-19-25	Vol 2 of 2
	Submission No. 26 - John Buck (Cranford Hospice)	CP-01-23-1-19-26	Vol 2 of 2
	Submission No. 27 - Jim Galloway (Federated Farmers)	CP-01-23-1-19-27	Vol 2 of 2
	Submission No. 28 - No submission		Vol 2 of 2
	Submission No. 29 - Stephen Daysh	CP-01-23-1-19-29	Vol 2 of 2
	Submission No. 30 - John Roil (Consultants, Evaluation)	CP-01-23-1-19-30	Vol 2 of 2
	Submission No. 31 - Wi Huata (Nga Marae o Heretaunga)	CP-01-23-1-19-31	Vol 2 of 2
	Submission No. 32 - Wi Huata (Bridge Pa Community Plan)	CP-01-23-1-19-32	Vol 2 of 2
	Submission No. 33 - No submission		Vol 2 of 2
	Submission No. 34 - No submission		Vol 2 of 2
	Submission No. 35 - Sharnita Raheke (Community Plan)	CP-01-23-1-19-35	Vol 2 of 2
	Submission No. 36 - No submission		Vol 2 of 2
	Submission No. 37 - Keith Newman (WOW)	CP-01-23-1-19-37	Vol 2 of 2
	Submission No. 38 - Landmarks Trust	CP-01-23-1-19-38	Vol 2 of 2





**REPORT TO:** COUNCIL

**MEETING DATE:** TUESDAY 4 JUNE 2019

**FROM:** GROUP MANAGER: ASSET MANAGEMENT  
CRAIG THEW  
STRATEGY MANAGER  
LEX VERHOEVEN

**SUBJECT:** SUMMARY OF RECOMMENDATIONS OF THE HASTINGS DISTRICT RURAL COMMUNITY BOARD HELD ON 27 MAY 2019

## **1.0 SUMMARY**

- 1.1 The purpose of this report is to advise that the recommendations from the Hastings District Rural Community Board held on 28 May 2018 require ratification by Council.
- 1.2 The relevant Hastings District Rural Community Board recommendations to be ratified are set out below.

## **2.0 RECOMMENDATION**

- A) That the report of the Group Manager: Asset Management titled "Summary of Recommendations of the Hastings District Rural Community Board held on 27 May 2019" be received.
- B) The following recommendations of the Hastings District Rural Community Board meeting held 28 May 2018 be ratified:

### **"4. ANNUAL PLAN SUBMISSIONS 2019/2020**

- A) *That the report of the Strategy Manager titled "Annual Plan Submissions 2019/2020" dated 27 May 2019 be received.*
- B) *That the officer comments (Attachment 1) on the submissions be received and endorsed.*
- C) *That the following recommendations be forwarded to Council:*
  - *Submission 16 - Tony Lane Waimarama Hall Maintenance That the Hastings District Rural Community Board supports the funding strategy outlined by officers for the Waimarama Hall.*
  - *Submission 18 – Kiri Goodspeed Waipuka 2E That the Hastings District Rural Community Board supports the installation of a double litter bin in Waimarama as outlined by officers.*

- **Submission 20 – Kiri Goodspeed - Te Pohue and surrounds Community Plan** That the Hastings District Rural Community Board support the development of a Te Pohue (wider corridor) Community Plan.
- **Submission 22 – Vicki Butterworth, Bayview/Whirinaki cycleway** That the Hastings District Rural Community Board support the proposed Bay View to Whirinaki Cycleway Extension.
- **Submission 25 – Dan Bergoff-Howes - Esk River Care Group** That the Hastings District Rural Community Board supports the allocation of seed funding to the Esk River Care Group.
- **That the Hastings District Rural Community Board recommend to Council that following the 2019 triennium elections a subcommittee of Councillors be created to bring together Council effort in the biodiversity area.**
- **Submission 27 – Jim Galloway - Rating System** That the Hastings District Rural Community Board support ongoing review of the rating system by the Rating Review Working Party.
- **Submission 30 – John Roil) Consultants/Post RMA Work Evaluation** That Hastings District Rural Community Board endorses continuous improvement.

**C) That the following submissions on rural matters be received:**

<b>Tony Lane (16)</b>	<b>Dan Bergoff-Howes (25)</b>
<b>Keri Goodspeed (18 and 20)</b>	<b>Jim Galloway (27)</b>
<b>Vicki Butterworth (22)</b>	<b>John Roil (30)</b>

**D) That the Hastings District Rural Community Board recommend to Council a rate increase of no more than 3% for District Rating Area 2 for the 2019/20 financial year.**

## **5. TE POHUE COMMUNITY WATER SUPPLY REQUEST**

- A) That the report of the Group Manager: Asset Management titled “Te Pohue Community Water Supply Request” dated 27/05/2019 be received.**
- B) That the Hastings District Rural Community Board endorse the request from the Te Pohue Water Committee for Council to take back the maintenance and management of**

*the supply.*

- C) That the Hastings District Rural Community Board recommend to Council to include additional funding into the 2019/20 Annual plan to enable improvements to the supply.**

***With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure to provide safe drinking water in a way that is most cost-effective for households and business by:***

- Providing appropriate investment and management oversight to meet current and future requirements of a safe drinking water supply.***

**Attachments:**

- |   |   |        |
|---|---|--------|
| 1 | Hastings District Rural Community Board Officer | 19/440 |
|   | Comments to Submissions - 27 May 2017           |        |

File Ref: 19/440

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**REPORT TO:** HASTINGS DISTRICT RURAL COMMUNITY BOARD

**MEETING DATE:** MONDAY 27 MAY 2019

**FROM:** STRATEGY MANAGER  
LEX VERHOEVEN

**SUBJECT:** ANNUAL PLAN SUBMISSIONS 2019/20

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to update the Board on submissions received to the 2019/20 Annual Plan and to highlight any particular matters of relevance raised in respect of the rural community.
- 1.2 A number of members of the community will be addressing the Board in respect of their submission.
- 1.3 This issue arises from the special consultative process undertaken in accordance with the provisions of the Local Government Act 2002.
- 1.4 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 1.5 The objective of this decision relevant to the purpose of Local Government is to enable public participation in the decision making processes of Council.
- 1.6 This report concludes by recommending that the report be received.

## **2.0 BACKGROUND**

- 2.1 The Draft Annual Plan was released for public consultation on 6 April 2019 with submissions closing on 12 May 2019. The Council has received 34 submissions to the draft plan. The lower level of submission response was expected, given that the Council was not consulting on any new proposals. The Annual Plan contains the Year Two 2018/28 Long Term Plan work programme, which is planned to be delivered without any consequential change.
- 2.2 The submissions received cover a range of issues, and predominantly include requests for funding support for new initiatives.
- 2.3 The Draft Annual Plan contained a proposed general rates increase for the rural area of **2.8%** for the 2019/20 financial year.

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2.4 The submission issues that have a rural focus (or have an impact in the rural area) can be summarised as follows:

- Waimarama Hall Maintenance (submission 16 – Tony Lane)
- Waipuka 2E litter issues (submission 18 – Kiri Goodspeed)
- Te Pohue and surrounds Community Plan (submission 20 – Kiri Goodspeed)
- Bayview/Whirinaki cycleway (submission 22 – Vicki Butterworth)
- Esk river care group – (submission 25 – Dan Bergoff-Howes)
- Rating system – (submission 27 – Jim Galloway)
- Consultants/Post RMA work evaluation – (submission 30 – John Roll)

2.5 The following section provides some further supporting officer commentary where appropriate for the submission topics listed above.

**Waimarama Hall Maintenance (submission 16)**

*The submitter outlines a range of Waimarama Hall maintenance items requiring attention.*

Officers are currently working through the list of items with the view of developing a staged potential funding plan to address the priority issues. The funding plan may consist of a combination of rural halls funding, community plan funds, some operational budget allocation, external funding applications and local community input.

In recent years the use of the hall by the local community has dropped off. A new group of volunteers has been formed and the community impetus of earlier years is returning. This enthusiasm is the backbone of rural halls and officers are keen to support this local energy.

The request is for multiple actions totalling circa \$100,000 with local community support totalling circa \$15,000. These works may be able to be reasonably carried out over three to four years.

As part of an overall staged funding plan as outlined above, Officers support the earmarking of \$10,000 from the existing parks new works budget to assist the hall committee in undertaking priority 1 tasks in 2019/20.

**Indiscriminate littering – Waipuka 2E (submission 18)**

*The submitter outlines concerns regarding littering at Waipuka 2E and suggests a waste collection solution.*

Parks staff have been in discussion with land owners adjoining the Tiakitai Road coastal reserves. Officers are in support of the request to install litter receptacles to try to improve the state of the reserves and nearby sites. Officers believe the best option is to install a double litter bin which allows for general litter and recyclables.

The initial cost to supply and install the double bin can be appropriately funded from the Waimarama Reserves Management Plan LTP allocation. However the annual cost of servicing the bins is \$950pa and will need to be allocated in the maintenance budgets for the 19/20 Annual Plan and in subsequent years.



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The request to install a 40 foot recycling bin is not supported by officers. There are a number of reasons why this is not supported including;

- The containers are only for recycling and not general waste and litter;
- The Waimarama community already has a recycling facility at the Domain and this would be an unnecessary duplication and cost;
- A recycling container in this isolated location is likely to attract unwanted rubbish and litter as some members of the community will take the opportunity to dump non-recyclable goods in or near the container. This will likely lead to making the small Tiakatai reserves more untidy;
- The initial installation of a double bin should suffice as an interim measure however as a partnership with local hapu develops, other options for controlling litter can be brought back to Council.

#### **Te Pohue Community Plan (submission 20)**

*The submitter outlines a request for the development of a community plan for the Te Pohue, Te Haroto, Tarawera area within the Mohaka ward.*

Officers support the development of a Te Pohue Community Plan, which can be accommodated within the budget and work plan for 2019/20.

#### **Bayview to Whirinaki Cycleway extension (submission 22)**

*The submitter outlines a proposal and funding request for \$100,000 toward the Bayview to Whirinaki cycleway.*

Officers support the proposed Bay View to Whirinaki Cycleway Extension. This would be a popular addition to the Hawke's Bay trails and complete an iconic off-road route from Whirinaki all the way to Clifton, connecting communities as it does so. It would also link a major employer and a large recreational facility with the urban areas of Hawke's Bay.

This project utilises a mix of local roadsides, state highway, railway land and beachfront. It spans both Napier and Hastings and would create a new walking and cycling bridge between the two. 50% of funding has been approved by MBIE with roughly 10% being requested from each of the three councils and 20% from Pan Pac. The project is not currently funded in the LTP.

eded

#### **Esk River Care Group (submission 25)**

*The submitter requests start-up funding for the Esk River Care Group.*

The HDC has begun with the initial steps of working alongside the Esk River Care Group as they look to promote a community driven plan to restore portions of the Esk River catchment. This is a bold and worthwhile plan and that involves many landowners including Council. Officers are supportive of this group and suggest an allocation of \$10,000 seed funding be considered by Council. This can be used to set up their trust structure, undertake survey work in partnership with adjoining land owners or to initially undertake an approved planting plan on Council or public reserves.

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**Rates (submission 27)**

*The submitter outlines a number of matters in respect of the rating system, with particular regard to the use of uniform charges.*

**Uniform Annual General Charge (UAGC):**

Council is able to recover up to 30% of its rates revenue through uniform and targeted rates (excluding Water & Sewage Disposal) that are set on a uniform basis. Historically this has sat around the 25% mark.

One of the drivers for the reduction from 24% to 23% is the increase in 'non uniform' rates such as Water and Wastewater. As a result of significant increases in these activities, the uniform based charges now represent a smaller % of overall rates.

Another driver has been the reallocation of communication costs within the Leadership function. These are now recovered in the same way as other Marketing Costs which are funded through a combination of General Rates / Community Resource Management Rate ( 35% of these costs are funded on a uniform basis).

It is predicted that this trend will continue over the lifetime of the LTP with the UAGC % reducing to approximately 22% by 2028.

Council could consider increasing the level of its uniform charges by shifting costs from the general rate to the UAGC or Community Resource and Management Rate. It should be mindful that the higher level of uniform charges would shift the incidence of rates from high land value / high differential properties to other rating groups, particularly low land value properties. This is always a balance the Council needs to manage.

The costs associated with Administration Buildings in particular are currently recovered from General Rates. They are allocated 80% to Rating Area One / 20% to Rating Area Two. Of the \$345,534, \$69,107 is recovered across Rating Area Two properties, set differentially on a land value basis.

Council could determine that the benefit of these particular costs are equal and move the costs from General Rates to the UAGC basket of costs, however in this instance the impact on most Rural properties would be minor. For example: whilst a \$500,000 land value Farm would see a reduction in their General Rates of \$11.50, they would see a corresponding increase in their UAGC of \$12.

**General Rate:**

Council undertook a thorough review of its differentials in 2012 looking at the levels of service each differential group broadly receives from those activities funded through General Rates. Due to the financial impacts of the changes recommended, council agreed to implement the changes in differentials over an 8 year period. These changes were paused in (Year 5) due to the concerns that the revaluation may have skewed the intended outcomes.

Whilst the differential changes has marginally shifted the incidence of rates from Residential properties (<1ha) to Lifestyle / Horticulture / Farming properties (>1ha), a major causation of recent higher than average rate increases for Farming properties was the 2016 revaluation where Lifestyle / Horticulture / Farming land values increased at a greater rate than other properties within RA2.



File Ref: 19/440

### Recommendation

It is the Council practice to periodically review the equity and fairness of rates and Officers recommend that a review of the analysis that underpins the current system be undertaken and reported back to the Council's Rating Review Working Party. It is timely to do this as the analysis will also consider any 2018 revaluation impacts. The appropriate level of uniform charging moving forward can then be considered in that context.

### Use of consultants and post evaluation of work (submission 30)

*The submitter questions the council's use of consultants and calls for a formal post evaluation of work.*

In a general sense resource consents have become more complex over time. This reflects best practice and the outcome of Environment Court decisions which naturally means that consenting has also become more complex. Council does not automatically require peer reviews in either building consent or resource consent applications. The release in late 2017 of revised liquefaction hazard maps and the subsequent implementation by Council of its guidelines around geotechnical investigations have led to use of peer reviewers on land investigation matters mainly related to subdivision.

Council does use local as well as out of the district RMA specialists and geotechnical engineering reviewers. We have found often that there are conflicts in the use of local RMA specialists and geotechnical engineers due to their engagement and roles undertaken with local private sector clients who lodge with HDC. Council has undertaken formal post evaluation RMA assessments where these are of substantial public interest such as the Te Mata Track resource consent. This has resulted in an improvement in the recognition of cultural values in significant landscape areas.

Council management does support its staff to make the appropriate judgements on both building consents and resource consent applications. We accept that some parties may not see it this way however it is considered overall that the consenting officers do achieve a good balance between meeting requirements of the Building Act and Resource Management Act, achieving the statutory processing timeframes and seeking appropriate advice where complexity dictates.

## **3.0 CURRENT SITUATION**

- 3.1 Any comments the Rural Community Board wishes to make in respect of the submissions will be documented at the meeting of the Board and tabled for Council consideration at its meeting commencing on Tuesday, 4 June 2019.
- 3.2 It has been the practice of the Board to provide advice to Council as to the proposed upper rates increase limit when assessing new proposals for funding via the submission deliberation process.

## **4.0 RECOMMENDATIONS AND REASONS**

- A) That the report of the Strategy Manager titled "Annual Plan Submissions 2019/20" dated 27/05/2019 be received.



File Ref: 19/440

**Attachments:**

- |   |   |                  |
|---|---|------------------|
| 1 | Submission No. 16 - Tony Lane (Waimarama Hall Committee)            | CP-01-23-1-19-16 |
| 2 | Submission No. 18 - Keri Goodspeed (Recycling Waimarama)            | CP-01-23-1-19-18 |
| 3 | Submission No. 20 - Kiri Goodspeed (Community Plans)                | CP-01-23-1-19-20 |
| 4 | Submission No. 22 - Vicki Butterworth (Hawkes Bay Regional Council) | CP-01-23-1-19-22 |
| 5 | Submission No. 25 - Dan Bergoff-Howes                               | CP-01-23-1-19-25 |
| 6 | Submission No. 27 - Jim Galloway (Federated Farmers)                | CP-01-23-1-19-27 |
| 7 | Submission No. 30 - John Roil                                       | CP-01-23-1-19-30 |



**REPORT TO: COUNCIL**

**MEETING DATE: TUESDAY 4 JUNE 2019**

**FROM: GROUP MANAGER: ASSET MANAGEMENT  
CRAIG THEW**

**SUBJECT: TE POHUE COMMUNITY WATER SUPPLY**

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to obtain a decision from Council on the future maintenance and management of Te Pohue community drinking water supply.
- 1.2 This proposal arises from a request by the community to return the management and maintenance of the existing community water supply to Council.
- 1.3 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 1.4 The objective of this decision relevant to the purpose of Local Government is to provide safe and effective services to the community.
- 1.5 This report concludes by recommending that Council take back the maintenance and management of the Te Pohue water supply and that funding provision is included in the 2019/20 annual plan to complete initial upgrades to meet drinking water requirements.

## **2.0 BACKGROUND**

- 2.1 The small community supply at Te Pohue services approximately 20 properties and the Te Pohue School.
- 2.2 The water supply was largely constructed in 1975 by the then Hawkes Bay County Council (HBCC). This work changed the water source from the small lake at Te Pohue to a spring located on a private farm in the general vicinity. Funds were levied from the community by the HBCC to complete the works.
- 2.3 Easements were established across the farm, and elsewhere in the system when the water pipe crosses private land. These easements were set and remain in the name of the HBCC (which in practice transferred to Hastings District Council (Council) following amalgamation of councils in 1989.
- 2.4 In 1982 Te Pohue community petitioned the HBCC to take over the maintenance and management of the Te Pohue water supply. This request was accepted by the HBCC and the local community took over the responsibilities to maintain and manage the supply.

- 2.5 Small adjustments to sections of the easements were approved by council officers in 1993 following a request of a landowner to enable private building works.
- 2.6 The supply currently has a committee that oversees the management and operation of the water supply including collection of funds from those serviced from the supply. This committee is not a legal entity.
- 2.7 The supply is currently classified on the Ministry of Health Register of drinking water supplies as a neighbourhood supply with a stated population of 60.
- 2.8 The system currently has no treatment, with raw spring water collected and piped directly to the community through 50mm galvanised pipes (some which have PE pipe installed as liners following leaks). The system includes 2 reservoirs, one relatively new plastic tank, and one old concrete tank in need of renewal. Limited firefighting provision would exist.
- 2.9 Council documents, such as the earlier small communities sanitary service assessments (completed for Council by OPUS in approx. 2005) had noted the supply as a private supply with no council involvement.

### **3.0 CURRENT SITUATION**

- 3.1 During 2018 a periodic water sample test returned a positive result for E. coli, this event has triggered a series of events and reviews that the community has been working through.
- 3.2 The school has installed a UV unit to enable it to provide drinking water to the students and staff, this was done so they could cease the need to provide bottled water. It is understood by officers that specific treatment and storage for the school had been programmed by the Ministry for Education but the school was still waiting for this work to be completed.
- 3.3 The water supply committee has had discussions with the local Drinking Water Assessor (DWA), at this discussion the DWA noted to them the requirements and potential liabilities in the Health Act for non-compliance. Officers do not believe the DWAs or water supply committee have performed a risk assessment of the supply. The potential liability issue triggered further concerns by the various parties involved in the supply, namely the property owner where the spring is located, the private resident who is consent holder for the water take, and the volunteer committee overseeing the management of the water supply.
- 3.4 The committee is aware that the requirements and expectations of what is required in providing a water supply to a community had tightened and that future changes were likely to increase these requirements further.
- 3.5 Given these issues the community approached Council officers as they considered potential pathways forward, including the option to transfer back the maintenance and management of the supply. These discussions culminated in a public meeting that Cr Kerr and Mr Thew (Group Manager Asset Management) attended in Te Pohue on 27th March 2019. At the meeting the situation and potential options were discussed. In these it was emphasised that it was a community decision that needed to be taken, and then council would consider the community request.

- 3.6 The basic essence of the options discussed with the community were:
- 3.6.1 Self-service supply, this could involve rainwater tanks, or the use of the current supply as a raw water supply (which would require the ongoing management of the existing supply) and each property needing to demonstrate compliance with the building act requirement of providing a potable water supply. The building regulatory team would need to be provided information to support this for each property.
- 3.6.2 The community upgrade the current system to make and keep it compliant to current (and future) legislative requirements. The committee had done some investigation of potential costs for this (up to \$62k one off costs, and estimated \$700-\$800annual costs). From initial assessments officers note that the actual costs are likely higher, particularly for other upgrades/renewals and if the DWA require more sophisticated treatment control and monitoring systems.
- 3.6.3 That the community request that council take back over the maintenance and management of the water supply. The water rate was discussed as was the fact that council would need to add chlorine, along with raw water treatment (likely Filters and UV) to the supply to provide protection from the real risks in the reticulation. They were advised if they don't want chlorine then do not ask for council water supply involvement.
- 3.7 At the meeting it was noted that the community would do a vote on the options they wanted to be considered. The outcome of that vote was 20 vs 2 in favour of requesting council to take back the maintenance and management of the supply, with properties then charged annually as per the water targeted rate. A submission (attached) from the community has been received from the community in this regard.
- 3.8 Initial site inspections by officers has occurred to get a very basic understanding of the current system, collation of further information is currently underway.

#### **4.0 OPTIONS**

- 4.1 **Option 1:** Not accept the request to take back the maintenance and management of the supply
- 4.2 **Option 2:** Accept the community request to take back the maintenance and management of the supply

#### **5.0 SIGNIFICANCE AND ENGAGEMENT**

- 5.1 This decision relates to a submission from an affected community. The objective of the communities request aligns with the Council priority area of safe drinking water.

#### **6.0 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)**

- 6.1 Option 1 would leave the community in its current situation, where the water committee would have to consider its role and the future options. To continue it will need assistance from various entities to deliver safe and compliant drinking water to the community. If it did not continue then the properties served in community would need to make changes to individually provide their

own water needs. The community could also consider its options given the question over actual scheme ownership, with the former HBCC decision only mentioning transfer of maintenance and management, and the easements remaining in favour of HBCC.

- 6.2 Option 2 would require council to make funding allowances to both operations and capital budgets to plan, operate, and make capital renewals and enhancements (e.g. inlet improvements, reservoir, treatment plant, backflow, changes to pipework, etc.) to the system.
- 6.3 Officers have not completed a detail assessment to confidently assess the potential costs at this stage. Immediate improvements to provide safer water would be in the range of \$75k - \$100k, however to meet the full requirements of the Drinking Water Standards, and to align with the adopted approach for Councils supplies then substantially more investment would be required. For context the cost of full treatment and control system upgrades across the other rural supplies is in the order of \$1M per site, with variations across the small supplies depending on specific needs. The level of service provisions, now and into the future will also need assessment (i.e. firefighting provision, on demand vs top up, etc)
- 6.4 If Council decide to accept the submission then officers will endeavour to provide a better indication of costs and realistic delivery timeframes prior to the final adoption of the Annual Plan. The aforementioned costs are provided as a guide to assist with deliberations.
- 6.5 In terms of the potential impact on the targeted water rate the following provides a guide:
  - \$100k of operational spend results in an increase in the order of \$4.00 per property per year, and
  - \$1M of capital spend has an effect of approximately \$3.20 per property per year.
- 6.6 There would be no immediate impact on the water targeted rate for the 2019/20 financial year as set out within the draft Annual Plan. The forecasted projection of the water targeted rate in the Council's Long Term Plan through to 2027/28 will however need to be adjusted. This adjustment can also consider how to spread the impact of any increase over time, considering when the council has more budget capacity than it does currently. Future adjustments would also consider other project costs over the term of the Long Term Plan.
- 6.7 Liability for the supply's compliance would shift to Council so an agreed plan would need to be compiled alongside health officials. This work would need to be prioritised alongside the other water priorities.
- 6.8 The consideration of precedent also should be considered, in that what is councils approach if, or more likely when, other community supplies make similar requests. One special consideration for this supply is that the supply was originally built and operated by council (via HBCC), Council has a role given the easement ownership, and the earlier decision was specific to maintenance and management, with ownership not specifically noted.

- 6.9 Council will need to consider its policy position and approach to future applications for assistance. This Policy development will need to consider, once available, the new regulatory requirements for drinking water and in particular consider the obligations on territorial authorities and water suppliers. Ideally the policy could be progressed via regional collaboration, with the joint drinking water governance committee supported by the joint working group providing the vehicle to progress this.
- 6.10 The Rural Community Board heard this item at their meeting on the 27 May 2019 and endorsed the recommendation.

## **7.0 PREFERRED OPTION/S AND REASONS**

- 7.1 Option 2, that Council take back the maintenance and management of the Te Pohue water supply and provide additional funding into the 2019/20 annual plan to enable upgrades.

## **8.0 RECOMMENDATIONS AND REASONS**

- A) That the report of the Group Manager: Asset Management titled “Te Pohue Community Water Supply” dated 4/06/2019 be received.**
- B) That the Council support the request from the Te Pohue Water Committee for Council to take back the maintenance and management of the supply.**
- C) The Council includes additional capital funding of up to \$1m and \$50,000 of operational funding into the 2019/20 Annual plan drinking water budgets to enable improvements to the supply.**

**With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure to provide safe drinking water in a way that is most cost-effective for households and business by:**

- i) Providing appropriate investment and management oversight to meet current and future requirements of a safe drinking water supply.**

### **Attachments:**

- |   |   |                   |
|---|---|-------------------|
| 1 | Supply Submission for Te Pohue Water Supply<br>Management Submission - Kiri Goodspeed | WAT-20-10-19-1458 |
|---|---|-------------------|

## Submission to:

Assets Manager  
Hastings District Council  
Private Bag 9002  
HASTINGS

Title: Mrs	
First name:	Kiri
Last name:	Goodspeed
Street address:	41 Richmond Road, Te Pohue
Daytime contact phone:	02108320406
Evening contact phone:	02108320406
Email address:	hamlink77@gmail.com

## Main Topic of the Submission:

Water Supply Management at Te Pohue, within the Mohaka Ward.

In my capacity as Acting Chair of the Te Pohue Water Board I am writing to formally request the Hastings District Council resume management and maintenance of the Water Supply asset at Te Pohue.

The affected ratepayers completed a community referendum on 10/04/2019 which returned a result 22/2 in favour of supporting the return to HDC management. I have included a copy of the information booklet provided for this referendum as an addendum to this submission. I wish to bring to your attention; that information provided by Councillor Tania Kerr was included in this booklet to assist community decision making. This means that the community result is made on the basis that any return to HDC management would mean the systems inclusion in the Council's Long Term Plan for Water Strategy with costs reflective of the Water Targeted Rate Harmonisation.

The current understanding is that the reticulated system asset is in fact vested in the Hastings District Council ownership by the amalgamation of the Hawkes Bay County Council; that this ownership was never vested in the consumers, however all decisions around maintenance and remodelling of the system in the interim 37 years has been based on the assumption that the Te Pohue Water Board (Supply Committee) were in fact the owners of the system. This is further reinforced by other correspondence and reports from Council Archive records.

Due to a recent positive E-Coli water test result and subsequent involvement from the Public Health Unit, we are required to begin a journey to compliance. Further impacted by the prior enactment of legislation such as the Anti-Money Laundering and Anti-Terrorism Financing Act 2014 and Drinking Water Standards Amendment to the Public Health Act, etc; the Te Pohue Water Board has had to research and establish the facts around this asset ownership, the Water Board's own standing as a legal entity and begin planning development for redesign of the reticulated system to achieve compliance and enable registration as a Drinking Water Supplier. Any work on these issues and at



this scale will require significant upfront capital investment and cooperation from the consumers; not limited to physical asset changes, but significant legal and compliance framework, process systems and ongoing administration.

As background I have included the following historical information:

- The reticulated Water Supply system at the Te Pohue village was developed in the late 1970s by the Hawkes Bay County Council in response to the need to move away from drawing water from the Te Pohue lake.
- The easements for the groundwater spring source are made out in favour of the Mayor, Councillors and Inhabitants of the Hawkes Bay County Council.
- 12/07/1982 Council resolved that the Engineer be authorised to negotiate the transfer of maintenance of the system to the consumers. Source: (CTA-02-21-19-68 Civic Treasures & Archives - Archives - Archiving of HBCC Engineering Files - Te Pohue Water Supply 1974-1985 Hawkes Bay County Council).

I am available to answer any questions via telephone at the below number. I await your further response to this submission and would ask that all correspondence be sent attention the Te Pohue Water Board Chairman, Kiri Goodspeed, via email to [tepohuewatersecretary@gmail.com](mailto:tepohuewatersecretary@gmail.com)

Kind Regards,

Kiri Goodspeed  
Acting Chairman of the Te Pohue Water Board  
02108320406

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## **Making an informed choice....**

This guide is an overview of information provided by the Hastings District Council and the Te Pohue Water Supply Committee/Water Board, collated to remind and assist your decision for the future of our Water Supply.

### **How Much?**

**Option1 – Council Owned/Maintained**

**Option 2 – Community Owned/Maintained**

### **Who?**

**Option1 – Council Owned/Maintained**

**Option 2 – Community Owned/Maintained**

### **Next Steps....**

**Options for Returning**

**Ballot Results**

**Registration as Owner**

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## Making an informed choice ....

### How Much?

#### Option1 – Council Owned/Maintained

"The water rate for properties connected to a council water supply

Actual 2018/19 \$357 increasing to

Forecast 2022/23 \$532

Forecast 2027/28 \$610

*This information is extracted from last year's ten year plan (budget)"*

Craig Thew, Assets Manager has advised that any increase past 2027/2028 should plateau or any increase should be minimal.

Obviously this is not guaranteed as these figures are provided for budgeting only.

Making an informed choice....

2.2 The Strategy

2.2.1 'It starts with water'

This Long Term Plan has been challenging. The investment package to support the Council's new Water Strategy is significant. This plan has been built around that financial reality. In addition to funding set aside in the 2017/18 Annual Plan for initial work, this plan allocates a further \$31.8m over 3 years to support the implementation of a robust future water investment strategy for the urban supply. Investment of \$7m across seven smaller water supply schemes is also budgeted.

The strategy has been put together based on learnings from the Havelock North water supply contamination event, findings from the Government Inquiry and potential changes being signalled across the country in terms of new drinking water standards.

**Water Strategy – Key Aspects**

Underway

- Closure of bore linked to contamination
- Chlorination of water supplies
- Increased range and frequency of testing
- National and international water experts employed
- Operational change programme in place
- Collaboration on a joint water working group
- Brookvale Bore 3 fitted with treatment plant
- Bore heads lifted above ground level
- Investigating new water sources

Coming

- New water source operational
- Installation of a new water main between Hastings and Havelock North
- Permanent closure of Brookvale bore field
- Treatment facilities installed across all water sources.

Total cost \$47.5m

- \$250 per property increase
- Spread over first 3 years

**Note:** This applies to properties connected to Council's water supply network only.

How can we manage this?

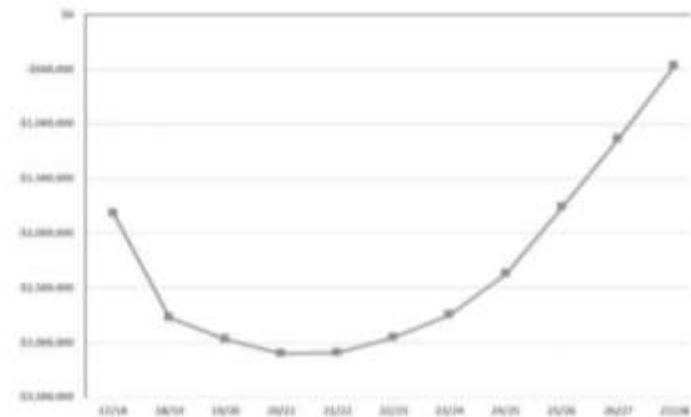
We need to address these new costs but we need to do it in a managed way within the affordability constraints of our community. The Council also believes that the community expects it to continue to invest in other areas to take the community forward. This all needs to be balanced.

The Council is proposing to spread the impact of this investment over the life of this plan (the next 10 years). This will see the water account run into deficit for a number of years, before reaching a sustainable level by Year 10. This strategy will lock-in incremental increases to the targeted water rate for the next 10 years, and bind future Council's to this broad investment strategy. A step change in the targeted rate of \$250 over the first 3 years is proposed.



Making an informed choice....

Forecast Impact on Water Targeted Rate Reserve



Harmonisation of urban and rural water targeted rates

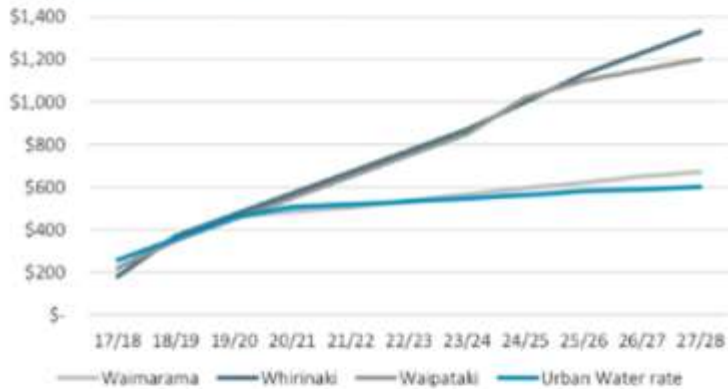
The future landscape for the management of drinking water is not only changing and having impacts on the districts urban water supply. Significant investment to meet new standards is also being signalled in this plan for rural water supplies at Whirinaki, Waimarama and Waipatiki. This investment is a significant challenge as it can only be paid for by the limited number of properties connected to those schemes.

Given the new realities of drinking water management the council is proposing a one network approach whereby the necessary standards can be achieved for all water supplies in the district and that this is paid by way of one uniform targeted rate applied to all properties serviced by a water supply. This will also have the benefit of future proofing the various water supply schemes from any shocks or uncertainties in the future.

The graph below shows the forecast increase required for each of the rural supplies based on the investment signalled in this plan. It outlines that in each case the targeted rate is projected to increase to a point above the forecast urban supply targeted rate.

This means that all the targeted rates could be harmonised together, with the rural supplies gaining a slight advantage, but with little impact on urban supply users – as the number of rural connections is not significant relative to the scale of the larger urban supply.

Water targeted rate harmonisation



2.2.2 Funding Depreciation

Depreciation Overview

Depreciation reflects the use or consumption of the service potential implicit in an asset.

As depreciation reflects the consumption of the asset over its useful life, there are two critical factors in determining this expense. The first is the asset cost or revalued amount, and the second is the asset's useful life. It is therefore not related to the physical wearing out of the asset.

The purpose of depreciation is not to provide for the replacement of the asset(s); however this may be an intended or unintended consequence.

Depreciation is especially important as it ensures that today's ratepayers pay their fair share (and only their fair share) of consumption of the assets. Depreciation is therefore a vital component in the process of setting rates and charges.

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## Making an informed choice ....

### How Much?

#### Option 2 – Community Owned/Maintained

Capital Project and Ongoing Maintenance:

The costs involved in the Capital Project will include:

Legal Fees (for Incorporation of a Legal Entity, Renegotiation of Easement, Deed of Legal Ownership, Release of Liability Waiver) Estimate - \$3500 to \$7000 (this estimate is built off assumptions given our current spend at this point)

Capital Plant (Fitted Individual Filter \$2500 each) or Community Filter (Water Softener /UV Light \$25,000 to \$50,000)

The costs involved in the Ongoing Maintenance will include:

Pipe Maintenance: \$100 per supply property (as required)

Filter Service and Parts/Chemicals: Estimate \$600 per supply property

Admin & Insurance Fees: \$100 per supply property

Total required funding per supply property:

One off Capital investment in 2019: \$2750

Annual costs: \$700 - \$800 per annum approximately

## Making an informed choice ....

### Who?

#### Option1 – Council Owned/Maintained

Legal: The Council would assume legal responsibility and liability for quality; would become the registered Drinking Water Supplier, Resource Consent holder for water abstraction.

Capital Project: Would fall to the Assets Management team to finance and complete to compliance.

Maintenance: Would be responsibility of HDC Drinking Water Team or Contractor.

#### Option 2 – Community Owned/Maintained

Legal: The Te Pohue Water Supply Committee/Water Board would assume legal responsibility and liability for quality; would become the registered Drinking Water Supplier, The Chairperson would be Resource Consent holder for water abstraction. Responsible membership to the water committee includes. Constitution and Risk Management planning will need revision annually to keep pace with legislative changes. The Drinking Water Standards are currently under review and this will result in more changes and therefore must be reflected in the Constitution and Risk Management planning without delay.

Capital Project: Would fall to the Community to finance and complete to compliance. This will include physical work by volunteers within the community on building the plant.

Maintenance: Would be completed by Community Members or Contractor.

Currently maintenance has been completed by our community. With the new system, the workload will increase and more community involvement will be necessary. Demographically our population is aging, so some reflection must be given to succession planning for any workload by younger members of the community.



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## Making an informed choice....

### Next Steps....

The results of the closed ballot will indicate our community's interest in either Option 1 – Council Owned/Maintained or Option 2 – Community Owned/Maintained. The question posed for your decision is:

That the "Responsible Members" connected to the Te Pohue Community Water Scheme **SUPPORT/ DO NOT SUPPORT** the return of the water scheme to Hastings District Council.

Please complete the enclosed Ballot Form and send it to the Returning Officer by midday (12noon GMT+13) 10<sup>th</sup> April 2019.

### Options for returning:

Sealed Ballot Box: is held at Te Pohue Primary School (Available between 9am to 3pm, Monday to Wednesday.

Postal Return: an enclosed Prepaid Envelope has been provided.

Returning Officer  
435 Waitara Road  
R D 2  
Te Pohue 4182

Email: complete the ballot, scan and email to the Returning Officer:

[premierfarmingnz@gmail.com](mailto:premierfarmingnz@gmail.com)

### Ballot Results

Ballot results will be collated and reported by the Returning Officer. The results will be sent to the Te Pohue Water Supply Committee Secretary and then distributed to the wider group and the Hastings District Council.

### Registration as Owner

Once the Ballot Report is received we will begin to Road Map the resulting outcome. This will either mean planning our compliance action as a community or a transition of care to the Hastings District Council.



**REPORT TO: COUNCIL**

**MEETING DATE: TUESDAY 4 JUNE 2019**

**FROM: PARKS AND PROPERTY SERVICES MANAGER  
COLIN HOSFORD**

**SUBJECT: COUNCIL APPROVAL TO PURCHASE THREE NEW  
RESERVES.**

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to obtain a decision from Council on the proposed purchase of three new open space reserves.
- 1.2 This request arises from the need for Council to approve all land purchases.
- 1.3 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 1.4 The objective of this decision relevant to the purpose of Local Government is the provision of community infrastructure for recreational arts and cultural opportunity.
- 1.5 This report concludes by recommending that the Council adopt Options 1 and 2 and the Chief Executive be delegated authority to enter into sale and purchase agreements for the three reserves.

## **2.0 BACKGROUND**

- 2.1 The Hastings District Plan and subsequent Long Term Plans, identified the need and funding streams for parks and reserves in the Lyndhurst and Northwood urban development areas. Officers have worked with the developers on the location of these parks and now that the subdivisions are almost complete, it is time to approve their purchase.
- 2.2 In 2015, Council was approached by The Property Group acting for NZ Railways asking if Council was interested in the purchase of a small parcel of surplus land at Eskdale. The land has historical significance as it contains the base of the memorial that recognised significant conflict in the area in 1860.
- 2.3 While the initial discussions were positive, the offer to Council was held back while the Crown undertook its own necessary consultations with potentially affected parties. The offer is now back with Council for consideration.
- 2.4 Under current policy and delegations, the approval for any sale or purchase of land lies with full Council. Hence this report which now seeks Council's approval to purchase three reserves.

### 3.0 CURRENT SITUATION

#### 3.1 Lyndhurst Reserve

The approximate size of the major reserve identified for the Lyndhurst area was identified in the Lyndhurst Structure Plan. Officers have worked with the developers to obtain an optimum location, with a good shape factor that will allow for usable open space and for the installation of a local playground. The 4525m<sup>2</sup> site is located on Matariki Avenue and has a purchase value of \$580,000 excl gst. **(Attachment 1)**. The subdivision that creates this reserve is now complete and the final act is to pass ownership of this land to Council, as per the requirements of the subdivision consent. Council approval is needed to complete the purchase and transfer of titles.

#### 3.2 Northwood Reserve

The location of a last reserve for the Northwood subdivision area was not prescribed by a structure plan but has been provided for in District Plan provisions. In this instance, officers have worked with the developers to get a 1281m<sup>2</sup> site with good open frontage and aspect. The site is located on Lockheed Street and has a purchase value of \$385,000. **(Attachment 2)** The subdivision that creates this reserve is now complete and the final act is to pass ownership of this land to Council, as per the requirements of the subdivision consent. Council approval is required to complete the purchase and title transfer.

#### 3.3 Eskdale Reserve

#### 3.4 The block of land offered by NZ Railways in Eskdale is an irregular piece of land located between SH5, Shaw Road and the Railway line. The site covers approximately 4900m<sup>2</sup>. It is an irregular shaped piece of land that is surplus to railway requirements and has a purchase value of \$28,000. **(Attachment 3)** Its main asset to the community is its historical value. This proposal is not a prescribed acquisition as noted in the two other reserve purchases so Council has to consider the value of the reserve in terms of the community values the land offers and the purchase price, and decide accordingly.

### 4.0 OPTIONS

#### 4.1 For ease of assessment and decision making, officers suggest the options available to Council best considered in two distinct groups. This is because there are distinct differences between the purchasing options in in the Hastings urban areas, as opposed to the more clear cut proposition at Eskdale.

#### 4.2 Option 1 – Approve the purchase of the two Hastings City reserves

Option 1a - Do not approve the purchase of the two Hastings City reserves

Option 2 – Approve the purchase of the Eskdale reserve

Option 2b - Do not approve the purchase of the Eskdale Reserve

### 5.0 SIGNIFICANCE AND ENGAGEMENT

#### 5.1 All three reserve offerings have been valued and the purchase price for the three reserves is as follows;

Reserve location	Valuation (excl gst)
Lyndhurst	\$580,000
Northwood	\$385,000
Eskdale	\$ 28,000

- 5.2 The purchase of these reserves does not trigger any financial thresholds. The two Hastings urban reserves are specifically identified in the Long Term Plan and funded accordingly.
- 5.3 With the sale of the Waikauo rural reserve some years ago, funds were specifically set aside in order to fund rural area parks and reserves. This fund contains \$26,000 and is an appropriate funding source should Council wish to purchase the Eskdale land.
- 5.4 While the reserves in themselves are not overly large or of “District” significance, they will be of significant recreational and historic benefit to the local communities once they are open to the public.
- 5.5 The decision to acquire reserves in the urban development areas and what goes on them is consulted upon at different times. The initial rezoning and planning phase involves public consultation and the communities’ aspirations are woven into the District Plan and any related structure plans. To this end Council can be confident that the location and costs are in line with community expectations. Planning on the new playground will also include public consultation.
- 5.6 The Eskdale purchase has been referred to the Rural Community Board who are in support. Their recommendations are included in Appendix 3. They strongly supported the vesting of the land as a Local Purpose Reserve – Historic, for the obvious heritage values the site holds.

## **6.0 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)**

- 6.1 As discussed earlier, for ease of decision making the assessments are broken into two logical areas.
- 6.2 Hastings Urban Reserves**
- 6.3 The two reserves are identified for acquisition, are sited in good locations, and there are sufficient funds available to purchase and develop them.
- 6.4 The funds required to purchase and develop are all collected via development contributions, at no additional cost to the ratepayer.
- 6.5 The location of the two proposed urban reserves has been negotiated between officers and the land owners. Both sites have good shape factors and an accessible open aspect that means they will offer good recreation opportunities.
- 6.6 Most importantly, the transfer of the two urban sites are conditions of Council approved resource consents. Council has required the land to be public reserves and to complete the subdivision process, Council needs to purchase the land.

- 6.7 The two sites have been valued by independent valuers. Officers have compared the land valuations put forward with other land sale data from recent sales in their respective localities. Officers are satisfied that the purchase prices offered are fair and reasonable.
- 6.8 By adopting Option 1, Council can be satisfied it will be meeting the requirements of the Hastings District Plan and the requirements of the subdivision consents that require the reserves to be acquired in the first case.
- 6.9 While Council might decline to purchase and adopt Option 1a, it may be;
- failing to provide recreational facilities for Lyndhurst and Northwood urban development areas
  - failing to comply with its own the District Plan and resource consent requirements
  - out of alignment with the development community who have worked with officers to create well-appointed residential areas in Hastings City.
- 6.10 As discussed above, the two reserves are funded via development contributions. If Council was to decline these purchases, it would be required to return the funds to all the contributing parties.
- 6.11 **Eskdale Historic Reserve**
- 6.12 The site covers nearly 5000m<sup>2</sup> and is of an irregular shape due to existing nearby features including SH5, neighbouring dwellings, the railway line and Shaw Road.
- 6.13 The site importantly contains the base of the monument that was erected to commemorate the Petane Engagement of 1866. In 1916 the stone monumental obelisk was erected where it stood until 1992 when the needle was damaged in protest action. Successive Councils' have continued to lease a small portion of monument site land on a small peppercorn rental.
- 6.14 Officers reported the initial offer to the Rural Community Board in December 2015. The Board was strongly in support of the acquisition of the land and recommended that it be held as a local purpose reserve for heritage purposes.
- 6.15 The land has been valued at \$28,000. This relatively low purchase price reflects the site's lack of utility due to District Plan and site specific constraints.
- 6.16 Some years ago the sale of the Waikaou Reserve, funds from the sale were put aside to help fund reserve enhancements in the rural area. If Council was of the mind to Adopt Option 2 and purchase the site as a local purpose reserve, there is \$26,000 available in the reserve fund that could legitimately be used to largely fund this purchase. The parks budget can also commit the additional \$2,000 to complete the transaction.
- 6.17 Purchasing this site has the benefit of holding control over the heritage item on site. In recent years there has been communications with interested parties, including local hapu, and there is a growing sentiment supporting the reinstallation the obelisk to the base, while using the site as a vehicle for telling a more balanced history of the cultural landscape. With the site wholly in

Council ownership, officers and Council can commit to a shared planning and development process involving tangata whenua and all members of the community. a more

6.18 Conversely, in adopting Option 2b, Council would walk away from the purchase of this site, and in doing so, a significant community building opportunity in our northern rural area would be lost.

6.19 Check Tangata Whenua

## **7.0 PREFERRED OPTION/S AND REASONS**

7.1 The preferred Options are Option 1 for the Hastings urban reserve purchases and Option 2 for the rural reserve purchase.

7.2 By adopting Option 1, Council will be purchasing two substantial new recreation reserves that it has provided for in various planning documents for around twenty years.

7.3 By deciding not to purchase the sites, our community will be denied local reserves and Council will be failing to meet its own conditions of consent. Officers recommend Council delegate authority to agree to purchase the two reserves as per the tendered valuations.

7.4 In adopting Option 2, Council will be purchasing a rural reserve that is supported by the local community primarily due to its heritage values.

7.5 The purchase price is relatively small and can be catered for out of existing budgets.

7.6 No specific plans have been drafted for the Eskdale reserve as these details will need to be discussed with the local community and importantly, local hapu. By acquiring the site, Council will confirm that the wishes of the local community are important and it will ensure that ownership stays in community hands.

7.7 Conversely, by adopting Option 2a, these community-building opportunities will be lost.

## **8.0 RECOMMENDATIONS AND REASONS**

**A) That the report of the Parks and Property Services Manager titled "Council Approval to Purchase Three New Reserves." dated 4/06/2019 be received.**

**B) That Council adopt Option 1 and delegate authority to the Chief Executive to enter into a sale and purchase agreements for reserves at Lockheed Street (Northwood )at a purchase price of \$385,000 (excl gst), and Matariki Avenue (Lyndhurst) at a purchase price of \$580,000 (excl gst)**

**C) That Council adopt Option 2 and delegate authority to the Chief Executive to enter into a sale and purchase agreement for the purchase of a rural reserve at SH 5 Eskdale, at purchase price of**

**\$28,000 (excl gst)**

**Attachments:**

- |   |                                  |               |
|---|----------------------------------|---------------|
| 1 | Plan No. 1 - Lyndhurst Reserve   | CG-14-1-01315 |
| 2 | Plan 2 - Northwood Reserve       | CG-14-1-01317 |
| 3 | Plan 3 - Eskdale Railway Reserve | CG-14-1-01316 |











**REPORT TO: COUNCIL**

**MEETING DATE: TUESDAY 4 JUNE 2019**

**FROM: PARKS AND PROPERTY SERVICES MANAGER  
COLIN HOSFORD**

**SUBJECT: REQUEST TO FUND MINOR UPGRADE OF JOLL ROAD**

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to obtain a decision from Council on bringing forward funding to advance the proposed upgrade of a section of footpath at Joll Road.
- 1.2 This proposal arises from a request to upgrade a portion of footpath outside the new commercial development at 15 Joll Road.
- 1.3 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 1.4 The objective of this decision relevant to the purpose of Local Government is the provision of multi-functional urban centres
- 1.5 This report concludes by recommending that Council adopt Option 1 and agree to bring forward funds to carry out the minor street upgrade.

## **2.0 BACKGROUND**

- 2.1 Council embarked on the progressive upgrade of the Havelock North town centre in 2006. At that time it adopted an individual urban design palette that reflects the natural feel of Havelock North and was able to be replicated as the town centre expanded.
- 2.2 While the original upgrade of Havelock North was a general rate funded project, a targeted rate was later introduced where the local area contributed to their local area upgrades. This upgrade programme was adopted by Council in February 2017. **(Attachment 1)**
- 2.3 Since that time the road and footpaths outside the redeveloped Village Exchange development have been undertaken as per the approved programme.

## **3.0 CURRENT SITUATION**

- 3.1 Over recent months, a substantial commercial development has been constructed on the eastern side of Joll Road. The developer has asked to work with Council on the planned upgrade of the pavement outside the building to ensure that the agreed paving and streetscape look is continued. It is hoped that the requested footpath improvements will be completed to coincide with the completion of the building.

3.2 This report seeks funds for Council to undertake the work.

#### 4.0 OPTIONS

4.1 There are three options for Council to consider;

- Option 1 – approve the request footpath upgrade
- Option 2 - Decline the requested footpath upgrade
- Option 3 – Defer the requested footpath upgrade

#### 5.0 SIGNIFICANCE AND ENGAGEMENT

5.1 The requested upgrade is estimated to cost \$30,000. At this quantum, it is within Council's financial significance thresholds.

5.2 The upgrade of Joll Road was signalled and agreed to in the consultation process carried out in 2017. This consultation included sharing the draft programme with the Havelock North Business Association and it included obtaining their agreement to the more recently completed larger Te Aute – Havelock Road upgrade. As the plan is relatively fresh no additional consultation was deemed necessary.

#### 6.0 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)

6.1 Option 1 suggests Council should commence its upgrade of a small portion of Joll Road immediately to coincide with the opening of the new commercial premises that adjoins the street. **(Attachment 2)**

6.2 The funding of the Havelock North CBD upgrades is achieved via a targeted rate that gathers \$100,000 per annum from properties within the specified area.

6.3 The upgrade of Joll Road is signalled in the works programme to occur in 2025/26. The fund went into deficit in order to fund the Village Exchange development on Te Aute and Havelock Roads. Currently insufficient funds are set aside to pay for this upgrade at present. In order to advance the streetscape improvement work to coincide with the completion of the building, Council will need to borrow the funds. The targeted rate itself will need to cover the ongoing financing costs over time as it does for the last major project.

6.4 The financing costs, including loan repayment, for this \$30,000 project are estimated at \$2,400pa. The improved streetscape will complement the latest architectural commercial building in the Village.

6.5 Council has an adopted programme that seeks to deliver a quality urban landscape in Havelock North. The market has moved quickly and the opportunity to partner with the property owner is now with Council.

6.6 By undertaking this minor upgrade now, Council will be signalling that it is positively responsive to commercial development and creating a vibrant CBD in Havelock North.

6.7 Council could decide to adopt Option 2 and not undertake the work at all. This option fails to respond to Council's commitment to undertaking work included in an adopted and funded programme. It would send a negative

message to the community with regard to our commitment to undertake enhancement works, agreed in a strategy adopted by Council and the community.

- 6.8 Council could defer the upgrade and more rigorously follow the adopted work programme. This option would also allow time for the fund to recover to be in a positive position.

## **7.0 PREFERRED OPTION/S AND REASONS**

- 7.1 Option 1 is the preferred option.
- 7.2 Council continues to carry out CBD improvement works in Hastings and Havelock North. It has adopted programmes that are funded via targeted rates for the two areas. The adopted strategies have programmed work packages but their delivery has not been rigidly followed, as Council sometimes need to be flexible and have the ability to respond to new priorities.
- 7.3 The upgrade will continue with the Havelock North design palette and once complete will set the scene for a well-designed commercial development offering additional commercial space in the Village.
- 7.4 By adopting Option 1, Council will be committing to borrowing up to \$30,000 and to the annual servicing cost, including repayment, of the loan of \$2,400.

## **8.0 RECOMMENDATIONS AND REASONS**

- A) That the report of the Parks and Property Services Manager titled "Request to Fund Minor Upgrade of Joll Road " dated 4/06/2019 be received.
- B) That Council adopt Option 1 and approve the planned street upgrade of a section of footpath outside 15 Joll Road.
- C) That Council approve the borrowing of up to \$30,000 to carry out the work and the annual cost of \$2,400 in interest and debt servicing.

**With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for good quality local infrastructure in a way that is most cost-effective for households and business by:**

- i) **Upgrading a portion of Joll Road footpath in the approved urban design palette to provide a multifunctional urban centre in Havelock North.**

### **Attachments:**

- 1 Draft Havelock North CBD Upgrad Programme 2016-2026
- 2 Havelock North Joll Road Development 100

STR-22-8-16-602  
CG-14-1-01314

**DRAFT HAVELOCK NORTH CBD UPGRADE PROGRAMME****2016/30**

- 1.1 Havelock North Village Centre
- 1.2 As with the Hastings revitalisation project, the major upgrade of 2005 has delivered a vibrant townscape which has matured well over the past ten years. Be that as it may, there have been frequent calls for additional enhancements to further improve the town centre. This is particularly so with the Village Exchange project, and expansion pressures in Joll Road and Havelock Road, and the changing commercial face of Porter Drive Donnelly and Cooper Streets in the previous industrial quarter.
- 1.3 Urban Design Framework
- 1.4 The Havelock North Urban Design Framework recognises the need to maintain the Village feel as Havelock North grows. The draft proposed priority listing recognises the need to build on Havelock North's current design palette to ensure that the Village stays pedestrian friendly and ensure good connectivity is maintained and enhanced. The directions signalled in the Framework are replicated in the priorities listed.
- 1.5 Map of focus areas



**(1) Te Aute Road and Havelock Road footpath Upgrade****1.5.1 Rationale:**

- Redevelopment of Village Exchange site signals need to upgrade paving and urban design
- Streets bound key quadrant of Village as a major focal point Hub.
- Village Exchange provides key focus for street activation for more CBD vibrancy
- Provide consistent pedestrian experience across Village centre.

**1.5.2 Proposed Objectives**

- Complete streetscape to complement rest of Village design
- Enhance streetscape design
- Improve pedestrian experience
- Maintain road/roundabout function
- Provide CBD activation space

**1.5.3 Scope**

- New limestone feature kerb and channel.
- Footpath upgrade – clay paving
- Enhanced street gardens
- Improved Street Lighting

**1.5.4 Cost Estimate**

Description	Cost Estimate*
Physical Works and Supply Items	\$480K
Contingency (20%)	\$100K
Professional Fees (10%)	\$60K
<b>Total Costs Estimate</b>	<b>\$640K</b>
<b>Programme for Physical Works</b>	<b>2015/16</b>

**(2) Miscellaneous CBD urban design enhancements****1.5.5 Rationale:**

- Variety of enhancements to build on current Village atmosphere
- Provide funds to respond to enhancement requests
- Continue provision of art in public places

**1.5.6 Proposed Objectives**

- Enhance streetscape elements
- Improve CBD experience
- Continue Havelock Village design palette



1.5.7 Scope

- Enhanced street trees and gardens
- New feature Lighting – verandah lights
- Sculpture trail seed funding

Cost Estimate

Description	Cost Estimate*
Physical Works and Supply Items	\$100K
Contingency (10%)	\$10K
Professional Fees (10%)	\$10K
<b>Total Costs Estimate</b>	<b>\$120K</b>
<b>Programme for Physical Works</b>	<b>2019/24</b>

**(3) Grape Climbing Frames in hospitality quarters**1.5.8 Rationale:

- Enhance dining experience with improved streetscape
- Enhance greater sense of Village feel
- Provide a repetitive design theme consistent with wine country and dining experience in the Village centre.

1.5.9 Proposed Objectives

- Enhance streetscape design
- Improve outdoor dining experience
- Continue wine country theme

1.5.10 Scope

- Install decorative grape frames in appropriate locations
- Create planted, framed Boulevards

1.5.11 Cost Estimate

Description	Cost Estimate*
Physical Works and Supply Items	\$200K
Contingency (15%)	\$30K
Professional Fees (15%)	\$35K
<b>Total Costs Estimate</b>	<b>\$265K</b>
<b>Programme for Physical Works</b>	<b>2021/22</b>



**(4) Joll Road urban design enhancements****1.5.12 Rationale:**

- Complete CBD street palette on Joll Road once commercial activities develop
- Continue Village palette for commercial areas
- Provide a repetitive design theme once activities expand

**1.5.13 Proposed Objectives**

- Enhance streetscape design
- Improve CBD experience
- Continue Havelock Village design palette

**1.5.14 Scope**

- New limestone feature kerb and channel.
- Footpath upgrade – clay paving
- Enhanced street trees and gardens
- Improved Street feature Lighting

**Cost Estimate**

Description	Cost Estimate*
Physical Works and Supply Items	\$250K
Contingency (20%)	\$50K
Professional Fees (10%)	\$45K
<b>Total Costs Estimate</b>	<b>\$345K</b>
<b>Programme for Physical Works</b>	<b>2025/26</b>

**(5) Donnelly and Cooper Street Enhancements Design****1.5.15 Rationale:**

- Variety of enhancements to enhance changing commercial environment
- Provide funds to respond to enhance environment

**1.5.16 Proposed Objectives**

- Enhance streetscape elements
- Build on changing Village dynamic
- Continue Havelock Village landscape design palette

**1.5.17 Scope**

- Enhanced street trees and gardens
- Improved Street feature Lighting

**Cost Estimate**

Description	Cost Estimate*
Physical Works and Supply Items	\$80K
Contingency (10%)	\$10K
Professional Fees (10%)	\$10K
<b>Total Costs Estimate</b>	<b>\$100K</b>
<b>Programme for Physical Works</b>	<b>2027/28</b>

#### **(6) Havelock Road Streetscape enhancements**

##### **1.5.18 Rationale:**

- Key entry corridor would benefit from improved streetscape enhancement
- Provide funds to provide streetscape responsive to changing land uses

##### **1.5.19 Proposed Objectives**

- Enhance streetscape elements
- Improve entry corridor experience
- Continue Havelock Village landscape design palette

##### **1.5.20 Scope**

- Enhanced street trees and gardens

##### **Cost Estimate**

Description	Cost Estimate*
Physical Works and Supply Items	\$80K
Contingency (10%)	\$10K
Professional Fees (10%)	\$10K
<b>Total Costs Estimate</b>	<b>\$100K</b>
<b>Programme for Physical Works</b>	<b>2029/30</b>



**REPORT TO: COUNCIL**

**MEETING DATE: TUESDAY 4 JUNE 2019**

**FROM: FINANCIAL CONTROLLER  
AARON WILSON**

**SUBJECT: FINANCIAL QUARTERLY REPORT FOR THE NINE  
MONTHS ENDED 31 MARCH 2019**

**Item 11**

## **1.0 SUMMARY**

- 1.1 The purpose of this report is to inform the Council of the financial result for the nine months ended 31 March 2019.
- 1.2 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 1.3 This report concludes by recommending that the report for the 9 Months ended 31 March 2019 be received.

## **2.0 BACKGROUND**

- 2.1 The accounting operating financial result is reported on quarterly during the year and at year end a report is prepared on the financial as well as the rating result. The rating result differs from the accounting result in respect of non-cash items such as depreciation, vested assets and development contributions that are not included.
- 2.2 This financial report is governance focussed and allows significant variances to be highlighted with explanations provided in a way this is easy to read and understand through dashboard analytics and commentary.
- 2.3 **If Councillors require clarification on any points, please contact the writer prior to the meeting to ensure complete answers can be given at the meeting on the detail in these reports**

## **3.0 CURRENT SITUATION**

- 3.1 Set out below is a summary of the operating financial result year to date. The financial results detailed below represent the accounting view and does not reflect the potential rating result for 2018/19:

	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Full year Revised Budget*</b>
<b>2018/19</b>	<b>YTD Actual</b>	<b>YTD Revised Budget</b>	<b>YTD Variance</b>	
Operating Revenue	98,262	98,553	(291)	130,834
Operating Expenditure	95,708	91,430	(4,278)	120,969
<b>Net Surplus/(Deficit)</b>	<b>2,553</b>	<b>7,122</b>	<b>(4,569)</b>	<b>9,865</b>

- 3.2 The result above is presented against the revised budget. The revised budget includes changes and decisions made during the year on Council budgets which includes carry forwards from 2017/18 and allocations of the 2017/18 rating surplus.
- 3.3 Council's overall financial performance is \$4.569m behind YTD budget for the quarter ended 31 March 2019. Revenue is unfavourable to budget by \$0.291m and expenditure is unfavourable budget by \$4.278m.

#### Revenue

- 3.4 Subsidies, grants and donations are unfavourable to YTD budget by \$0.680m mainly driven by lower transport project grants of \$1.59m. This is more to do with budget phasing as to when expected subsidised spend and reimbursement occurs. Offsetting this is community grants that are \$334k favourable in social development, along with Opera house grants of \$351k.
- 3.5 Fees and charges revenue across Council are favourable by \$1.558m with the main drivers being:
- Parks are \$245k favourable with the main driver being funding received from government agency for Haumoana Freedom Camping project of (\$190k).
  - Water Services revenue is above budget by \$425k and is above last year's actuals at the same time, mainly due to an increase in the per kilolitre charge along with higher connection fees received.
  - Planning and Regulatory services are favourable to budget by \$561k driven by higher environmental (\$122k), and building consents (\$136k) revenue along with higher than budgeted parking revenues (\$243k).
  - One off funding received included \$287k for a GIS project along with an initial payment for insurance reimbursement for the Hawkes Bay Opera House fire of \$100k.
- 3.6 Development contributions are unfavourable to YTD budget by \$2.2m. Phasing of budgets in relation to when contributions occur is difficult, and creates timing differences as it is not always known in advance in what month a payment will occur when the budget is being set.

Area	YTD Actual	YTD Budget	YTD Variance	Full Year Budget
Irongate Industrial	(3,645)	1,810,656	(1,814,301)	2,414,208
Omahu Industrial Dev	0	312,819	(312,819)	417,092
Revenue from ringfenced DC's	3,333,184	3,495,482	(162,297)	4,650,749
	<b>3,329,539</b>	<b>5,618,957</b>	<b>(2,289,418)</b>	<b>7,482,049</b>

- 3.7 Positive indications continue to be received from developers in the Irongate Industrial development suggesting that significant payments of DC's could be received between now and year end, making up a large amount of the current budget shortfall.

- 3.8 Interest Income was \$527k favourable for the year to date and includes interest earned on term investments.

#### Expenditure

- 3.9 Overall expenditure is tracking unfavourable to year to date budget as at 31 March 2019 by \$4.27m or 4.5% of total budgeted expenditure year to date.
- 3.10 Emergency reinstatement costs are \$0.806m unfavourable to budget driven by higher costs for the June and September 2018 floods. There are still further costs to come, with final costs estimated to be in the vicinity of \$2m. Funding this cost is through NZTA Subsidies, along with the flood damage reserve and some major reinstatement budget. The net financial impact for Councils Local share on the RA2 flood reserve is expected to be \$0.633m. The current balance of the RA2 flood reserve stands at \$1.8m, with the forecasted year end closing reserve balance to be \$1.2m.
- 3.11 The negative variance to budget for non-cash entries in terms of Depreciation (\$2.01m) are driven by higher asset values due to prior year revaluations in Water, Land and Building and Parks along increased spend on capital projects.
- 3.12 Finance costs are favourable by \$638k which is a reflection of lower levels of debt than phased in the budget and lower actual interest rates compared with those assumed in the budget forecasts. The net interest position including the interest received is favourable to budget by \$1.165m.
- 3.13 Council continues to spend significant sums of money on water supply activity including both Capital and Operational expenditure in line with budget. This activity is funded by way of a separate water account which is designed to either accumulate reserves or run in deficit depending on expenditure needs and Council decision making. This allows Council to spread the impact of “lumpy” expenditure in this activity.
- 3.14 Drinking water services operational expenditure when split out shows an unfavourable variance to budget of \$204k, with the higher strategy and planning costs along with reactive maintenance offset by savings in electricity. Below shows a summary table of spend to budget in this area:

Water Services		31 March 2019			
Operating Expenditure		YTD Budget	Full Year Budget	Variance	
	Strategy & planning	295,101	274,500	216,000	(20,601)
	Service assurance	717,966	755,100	1,006,800	37,134
	Preventative maintenance	504,493	299,625	441,600	(204,868)
	Reactive maintenance	1,115,266	924,825	1,191,000	(190,441)
	Electricity	564,397	709,500	1,096,000	145,103
	Other Costs	69,737	98,769	131,692	29,032
	Total	3,266,959	3,062,319	4,083,092	(204,640)

### 3.15 Te Mata Peak Project:

Council has spent \$433k in the current financial year, (\$495k in total) on the Craggy Range Te Mata Peak Track with this spend focused on:

- Cultural and landscape impact evaluations
- Development, evaluation and report of suitable track options
- Reinstatement work

In a report to Council in December 2018, it was identified that \$100k was to be funded by the District Plan budget. The balance of costs incurred to date is currently being treated as unbudgeted expense.

### Capital Spend

- 3.16 Council's total capital budget (including carry forwards, renewals, new works, and growth projects) for 2018/19 is \$129m. This level of expenditure is a significant increase on what has been delivered previously by Council and there is a real risk associated with the ability of Council to deliver on this programme. Capital spend year to date of \$50.6m is significantly behind current year to date budget.

Major projects by segment within the three types of capital spend are shown below:



Year to date Summary of Capital Spend by Type					
	YTD Actuals	YTD Budgets	YTD variance	Revised Budgets	Note
<b>RENEWALS</b>					
Stormwater Services	40,395	511,250	470,855	836,000	1
Wastewater Services	1,567,082	4,449,301	2,882,219	11,750,253	
Water Services	1,111,378	1,322,373	210,996	2,007,453	
Transportation RA 1	10,341,178	12,077,225	1,736,047	15,874,260	2
Parks	1,239,953	783,750	(456,203)	1,045,000	3
Building services	1,036,817	3,424,934	2,388,117	4,566,578	
Rest of Council	8,646,077	10,826,653	2,180,576	14,441,970	
	<b>23,982,880</b>	<b>33,395,486</b>	<b>9,412,606</b>	<b>50,521,515</b>	
<b>NEW WORKS</b>					
Stormwater Services	601,447	1,691,219	1,089,772	2,975,925	4
Wastewater Services	255,511	463,748	208,237	880,000	5
Water Services	10,175,502	15,855,099	5,679,597	24,981,100	
Transportation	5,333,725	8,540,350	3,206,625	11,008,450	
Parks	1,492,513	3,920,573	2,428,060	5,304,764	7
Building services	77,833	1,893,000	1,815,167	2,524,000	8
Rest of Council	3,868,055	6,115,900	2,247,844	7,815,833	9
	<b>21,804,587</b>	<b>38,479,888</b>	<b>16,675,302</b>	<b>55,490,071</b>	
<b>GROWTH</b>					
Stormwater Services	983,933	1,746,623	762,690	5,343,351	
Wastewater Services	1,844,475	4,839,153	2,994,677	6,658,370	
Water Services	1,044,653	1,956,050	911,397	2,965,300	
Transportation RA 1	1,017,342	2,826,295	1,808,953	6,707,920	
Parks	5,445	1,004,179	998,733	1,338,905	
	<b>4,895,849</b>	<b>12,372,299</b>	<b>7,476,450</b>	<b>23,013,846</b>	
Total Capital	<b>50,683,315</b>	<b>84,247,673</b>	<b>33,564,358</b>	<b>129,025,432</b>	

Item 11

Renewals

- 1) The wastewater underspend relates to the Park road system upgrade, rising mains and trunk sewer starting later than budgeted. The Park road project is underway and is due to finish in October 2019. The Trunk Sewer renewal is at tender's stage and due to finish in December 2019.
- 2) Transport RA1 is underspent due to the phasing of the programme.
- 3) Building services - The main drivers for the lower than expected spend year to date are around the delay on Heretaunga House renewals while a decision on whether to sell or keep the property was made. In addition the library renewals program has been delayed due to a proposed joint project involving the Art Gallery upgrade.



### New Works

- 4) Stormwater services projects driving this underspend are the Maraekakaho and Princes/Victoria/Ellison starting later than scheduled. The Maraekakaho project will now commence in September 2019.
- 5) Water Services – The Drinking water project has been delayed, however there are 2 major capital works projects, (Havelock North booster pump station and the small communities contract) that has had protracted tender processes as staff have worked through the impacts of delays and the challenging contractor market.
- 6) Transportation underspent due to minor safety proceeding slower than anticipated. Cycleway projects have been delayed waiting for NZTA funding approval.
- 7) Park projects such as playground upgrades and RMP projects have been delayed due to resourcing constraints.
- 8) Building services – the underspend to budget in this area is partly due to changes in the scope of the Art Gallery project along with delays in the Heretaunga House due to the decision required on whether to sell or retain the building. Now that this decision has been made work will be underway by December 2019.

### Growth

- 9) Growth projects such as Iona and Howard have been delayed into the 2019/2020 year. Lyndhurst, Irongate and Omaha are underway with completion expected in 2019/2020.

### Risks

- 3.17 Council have spent significant amounts of money in developing infrastructure for industry within the Irongate area. Development contributions revenue offsetting this spend has not been received in line with budgeted expectations. There is always a tension between infrastructural investment spend and developer payment.
- 3.18 Following a decision by Council to outsource service delivery, Recreation Services successfully tendered for this work and started their contract on the 1<sup>st</sup> February 2019. This work was previously carried out by the Maintenance Group (MG), with their financials integrated into Council reporting. MG's financial position at the end of January 2019 was a \$387k deficit, largely driven by lower revenues, with lost productivity with staff preparing for transition to Recreation Services, along with higher maintenance expenditure and some transition costs over to the new contract.
- 3.19 In addition to the final wash-up of the Maintenance Group position, it is forecasted that there will be some higher than budgeted costs for the new contract for the remainder of the year. The disposal of assets has resulted in proceeds received of \$570k well in excess of the \$400k anticipated in the business case.
- 3.20 Capital programme of work including carryforwards – As has been noted in the Capital section of the report, new capital works along with growth projects are behind budget as at 31 March 2019. There will be a number of projects that

will not be completed by the end of the financial year, with the total value of carry forwards into 2019/2020 to be requested sitting at \$41.4m.

- 3.21 Cape Kidnappers' landslide – currently no costs have been invoiced for, but it is likely that there will be significant financial impact in terms of geology assessments and recommendations and the recently authorised quantitative risk assessment.

Forecast:

- 3.22 The yearend forecast in terms of Council operational funding is expected to be positive, driven by higher than budgeted fees and charges across Council business units, along with grants and subsidies mainly driven by emergency reinstatement funding for flood damage. Total revenue is forecast to be in the vicinity of \$3.3m ahead of budget. This represents a 3% increase on budget.
- 3.23 Operational spend across Council is forecasted to be \$3.7m unfavourable, with the main drivers here being a range of factors including transitional and operating costs for the Recreational services contract, along with the additional emergency reinstatement costs, partly offset by emergency reinstatement funding received.
- 3.24 Depreciation is forecasted to be unfavourable to budget by \$2.7m driven by increased revaluations in water and land & building assets as at the 2017/2018 yearend. Total budget for the current year is \$33.5m.
- 3.25 It must be noted that while the forecasts for both funding and expenditure have been completed, this is not a rating result forecast as there are a number of items that are not included and adjustments that cannot be completed until year end.
- 3.26 Capital spend is forecasted to be well below total budget of \$129m, with all three main areas of capital spend expected to be behind budget (including \$37.5m of carry forwards). Total spend in the prior year was \$69m.
- 3.27 Growth projects are forecasted to be \$9.7m behind budget, on a total budget of \$23m for the year. These projects include Iona, Howard and the Medium density projects along with Irongate.

New works projects are forecasted to be \$20.1m behind budget, on a total budget of \$55m with the drinking water project not yet completed but underway.

- 3.28 Capital renewals are forecasted to be \$10.7m underspent by year end on a total budget of \$51m, within the wastewater, Roading and stormwater areas.
- 3.29 It is likely a number of the capital projects behind scheduled delivery will need to be carried forward into the new financial year.
- 3.30 Debt is forecasted to be sitting at \$109m by year end, well down on the budgeted \$125m due to the slower than expected capital project spend.

### Treasury

- 3.31 Total net external borrowing as at the end of March 2019 is \$104.2m with committed borrowing facilities of \$114.2m, providing headroom of \$10m.

	YTD 31 Mar 2019	30 June 2018
	\$'000	\$'000
<b>Facilities at start of year</b>	<b>87,741</b>	<b>70,741</b>
New/matured facilities (net)	46,500	17,000
Loan Repayments	(20,000)	0
<b>Facilities at end of year</b>	<b>114,241</b>	<b>87,741</b>
Borrowing at start of year	77,741	60,741
New Loans Drawn	46,500	22,000
Loan Repayments	(20,000)	(5,000)
<b>Net borrowings at end of period</b>	<b>104,241</b>	<b>77,741</b>
Plus unutilised facilities	10,000	10,000
<b>Total borrowing facilities available</b>	<b>114,241</b>	<b>87,741</b>
<i>Liquidity Ratio</i>	<i>110%</i>	<i>113%</i>

- 3.32 The following table sets out Council's overall compliance with the Treasury Management Policy as at 31 March 2019:

Measure	Compliance	Actual	Minimum	Maximum
<b>Liquidity (1)</b>	✓	110%	110%	170%
<b>Fixed debt</b>	✓	68%	55%	95%
<b>Funding profile:</b>				
<b>0 – 3 years</b>	✓	27%	10%	50%
<b>3 – 5 years</b>	✓	31%	20%	60%
<b>5 years +</b>	✓	42%	10%	60%

(1) Liquidity Ratio = (Cash Reserves + Lines of Credit + Drawn Debt) / Drawn Debt

- 3.33 Council is currently compliant with Treasury Management Policy. The Risk and Audit Subcommittee is responsible for reviewing Council's treasury performance and policy with advice from PricewaterhouseCoopers (PwC). Current debt forecasts indicate a debt position at 30 June 2019 to be \$109m with major capital projects well underway.

## **4.0 SIGNIFICANCE AND CONSULTATION**

- 4.1 This report does not raise any issues that are significant in terms of the Council's Significance and engagement Policy that would require consultation.

## **5.0 RECOMMENDATIONS AND REASONS**

**That the report of the Financial Controller titled “Financial Quarterly Report for the nine months ended 31 March 2019” dated 4/06/2019 be received.**

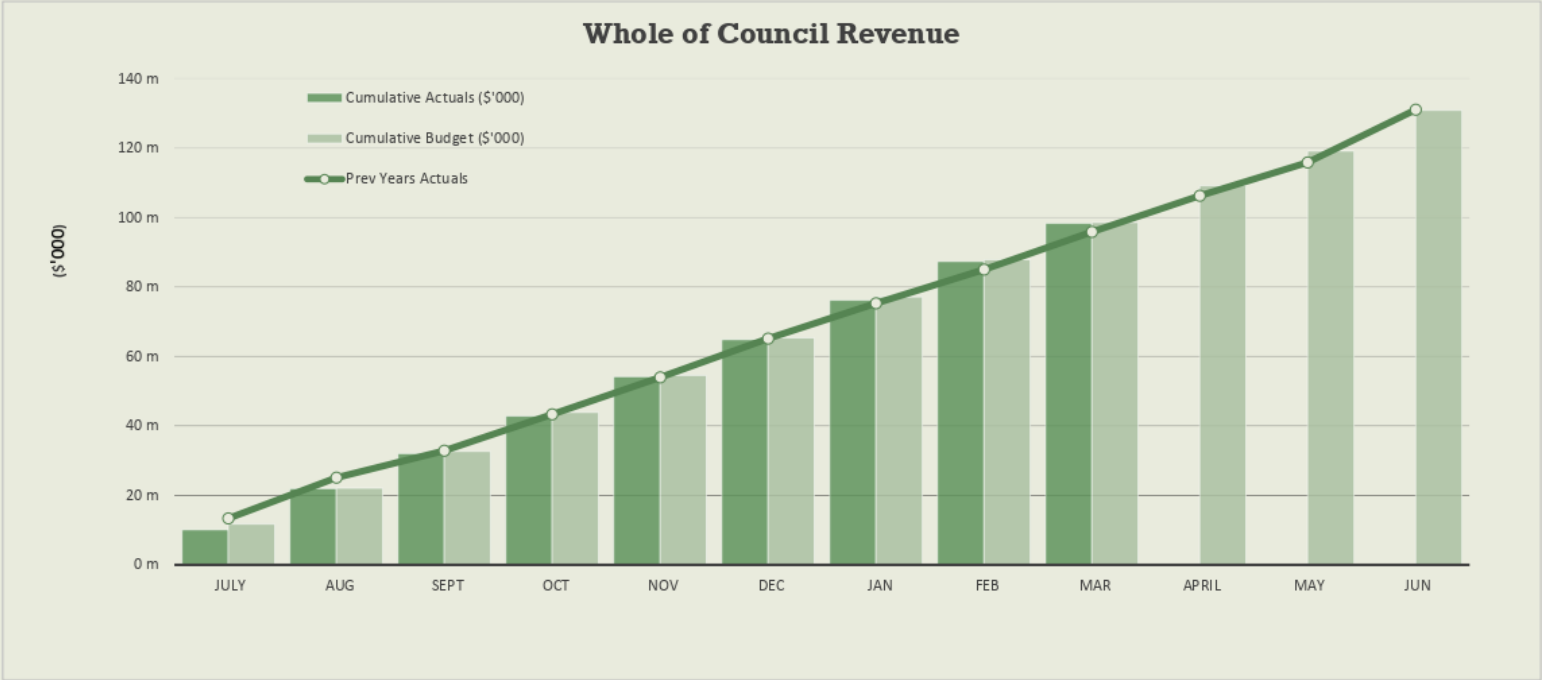
**Attachments:**

Quarterly Dashboard report

CG-14-1-01318

**Item 11**

Hastings District Council Quarterly Dashboard as at 31 March 2019



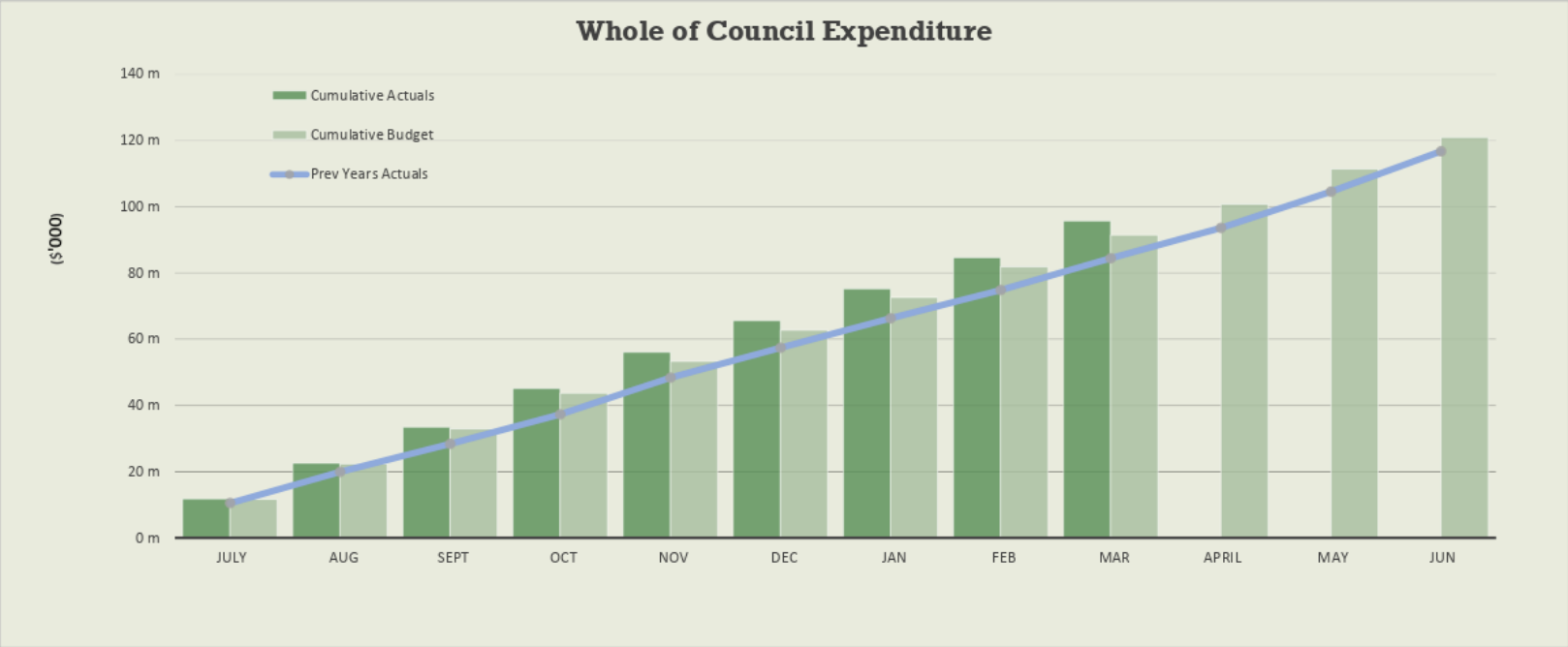
Total Revenue Streams	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Variance Ytd (\$'000)
Rates (Budget)	58,022	57,670	352
Fees, charges & metered water supply charges	20,236	18,678	1,558
Subsidies and Grants	15,421	16,101	-680
Development and financial contributions	3,330	5,619	-2,289
Interest revenue	527	0	527
Other revenue	727	484	242
Total	98,262	98,553	-291

Comments:  
Fees and Charges are \$1.558m above budget across a range of activities in Council. Development Contributions are unfavourable due to timing of when DC's have been budgeted in relation to when received.

How we are doing by key revenue streams (\$'000)



# Hastings District Council Quarterly Dashboard as at 31 March 2019



Total Expenditure	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Variance Ytd (\$'000)
Personnel Costs	26,226	26,385	159
Depreciation	25,626	23,609	-2,017
Finance Costs	3,579	4,216	638
Other Operating Costs	40,277	37,220	-3,057
Total	95,708	91,430	-4,278

**Comments:**  
Total expenditure is unfavourable by \$4.278m, with the key drivers being higher than budgeted costs driven by higher depreciation, flood damage repairs and Te Mata Peak track costs. Offsetting this are lower than budgeted spend on, finance costs and Grants and donations

## How we are doing by key expenditure categories (\$'000)

### Grants & Donations

\$788

Favourable Variance

Grants budgeted for release for specific areas have not matched the timing of expected spend across a number of areas of council likely to be a **timing variance** only.

### Finance Costs

\$638

Favourable Variance

Finance Costs are under budget due to lower than expected debt and **prudent treasury management**

### Depreciation

-\$2,017

Unfavourable Variance

Higher depreciation costs mainly relate to **valuations** completed at prior year end showing an increase in asset values higher than budgeted.

### Water Supply

-\$205

Unfavourable Variance

Water supply is slightly over budget, due to **higher treatment and preventative maintenance costs**, offset by lower electricity charges.

## Items of special interest (\$'000)

### Emergency Reinstatement (Flood)

-\$806

Unfavourable Variance

Further costs are expected to come in the next few months. This cost is driven by higher emergency reinstatement costs for the **June and September 2018 floods**. Net local share \$633k.

### Te Mata Peak Track Project

-\$433

Actual Year to Date cost

Costs related to Council's response to **remedying the Te Mata Peak Track**.

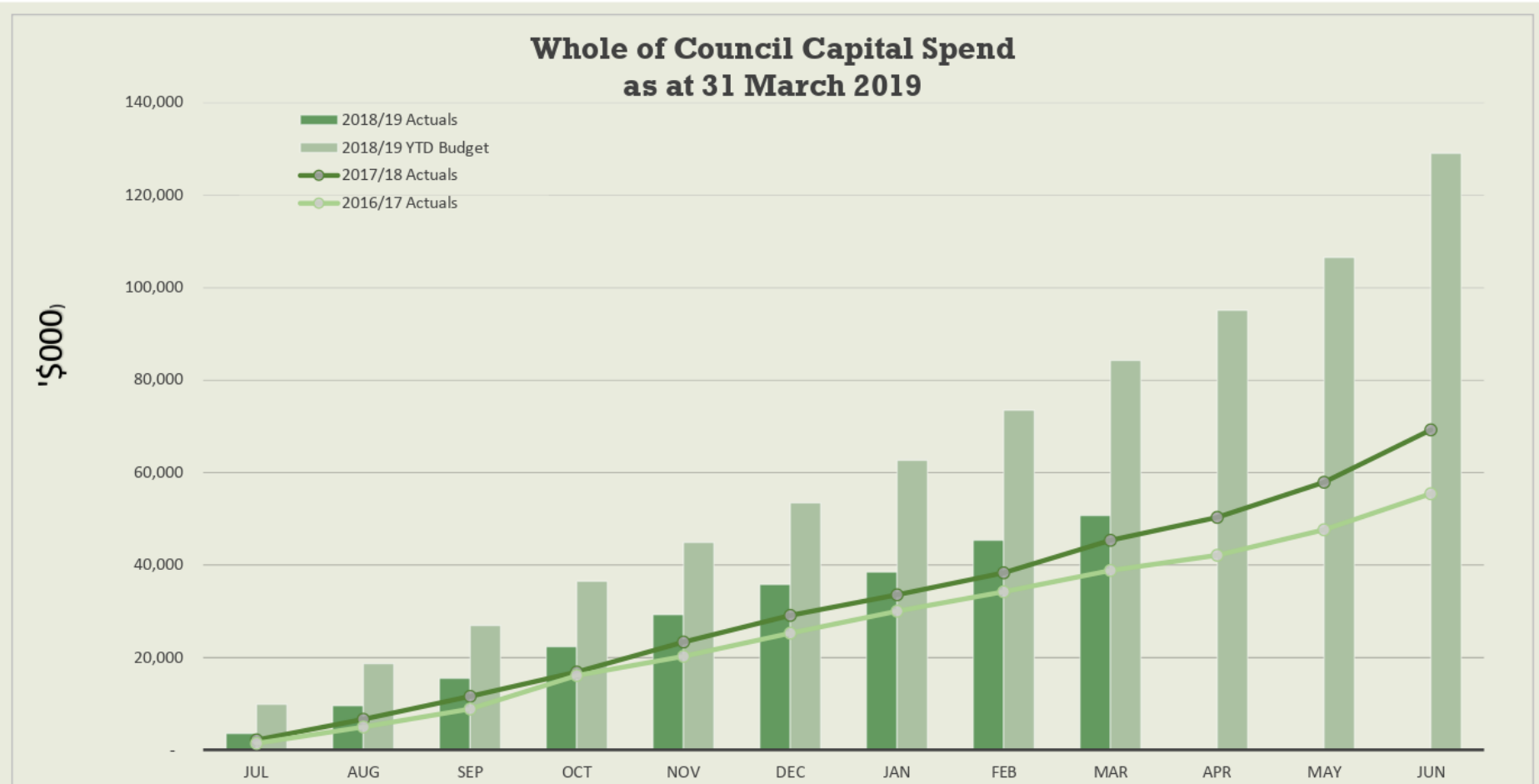
## Hastings District Council Statement of Comprehensive Revenue and Expense as at 31 March 2019

Previous YTD Actuals (\$'000)	Description	Actuals (\$'000)	Budgets (\$'000)	Variance (\$'000)	Total Budget (\$'000)
	<b>Revenue</b>				
54,488	Rates	58,022	57,670	352	76,893
18,622	Fees, charges & metered water supply	20,236	18,678	1,558	24,071
18,519	Subsidies and Grants	15,421	16,101	(680)	20,742
3,509	Development and financial contributions	3,330	5,619	(2,289)	7,482
84	Interest revenue	527	-	527	-
630	Other revenue	727	484	242	1,646
<b>95,853</b>	<b>Total Revenue</b>	<b>98,262</b>	<b>98,553</b>	<b>(291)</b>	<b>130,834</b>
	<b>Expenditure</b>				
24,187	Personnel Costs	26,226	26,385	159	35,714
23,145	Depreciation & Amortisation Expense	25,626	23,609	(2,017)	31,478
2,770	Finance Costs	3,579	4,216	638	5,621
34,326	Other Operating Costs	40,277	37,220	(3,057)	48,157
<b>84,427</b>	<b>Total Expenditure</b>	<b>95,708</b>	<b>91,430</b>	<b>(4,278)</b>	<b>120,969</b>
<b>11,425</b>	<b>SURPLUS/(DEFICIT)</b>	<b>2,553</b>	<b>7,122</b>	<b>(4,569)</b>	<b>9,865</b>

## Hastings District Council Funding Impact Statement As At 31 March 2019

Previous YTD Actuals (\$'000)	Description	Actuals (\$'000)	Budgets (\$'000)	Variance (\$'000)	Full Year Budget (\$'000)
	<b>Operations - Funding Source</b>				
54,488	Rates	58,022	57,670	352	76,893
4,431	Subsidies and Grants	5,790	4,654	1,136	6,220
18,354	Fees, charges metered water supply	19,942	18,465	1,477	23,787
259	Interest and dividend revenue	686	95	591	126
681	Other revenue	710	603	107	804
<b>78,214</b>	<b>Total Operating Funding</b>	<b>85,149</b>	<b>81,486</b>	<b>3,663</b>	<b>107,831</b>
	<b>Operations - Use of Funding</b>				
24,187	Personnel Costs	26,226	26,385	159	35,714
30,577	Supplier Costs	33,728	31,722	(2,005)	41,788
2,771	Finance Costs	3,589	4,235	646	5,647
3,185	Other Operating Costs	5,118	6,013	894	7,075
<b>60,720</b>	<b>Total Use of Operating Funding</b>	<b>68,661</b>	<b>68,355</b>	<b>(306)</b>	<b>90,224</b>
<b>17,494</b>	<b>Operating Funding Surplus/(Deficit)</b>	<b>16,488</b>	<b>13,131</b>	<b>3,357</b>	<b>17,606</b>
	<b>Capital - Funding Source</b>				
14,088	Capital Subsidies grants	9,631	11,447	(1,816)	14,521
3,369	Development financial contributions	3,176	5,387	(2,211)	7,182
12,347	Debt - Increase or (decrease")	19,214	48,184	(28,970)	77,739
618	Sale of Assets	1,955	314	1,641	419
139	Other Capital Funding	154	232	(78)	300
<b>30,562</b>	<b>Total Capital Funding</b>	<b>34,129</b>	<b>65,565</b>	<b>(31,435)</b>	<b>100,162</b>
	<b>Capital - Use of Funding</b>				
7,444	To meet additional demand (Growth")	7,471	16,105	(8,635)	26,784
15,641	To improve the level of service (New Works")	19,225	34,747	(15,522)	50,964
22,149	To replace existing assets (Renewals")	23,691	32,403	(8,712)	49,941
2,823	To Increase or (decrease") reserves	(59)	(5,308)	5,249	(10,918)
	To Increase or (decrease") Investments	290	748	(458)	997
<b>48,057</b>	<b>Total use of Capital Funding</b>	<b>50,617</b>	<b>78,695</b>	<b>(28,078)</b>	<b>117,768</b>
<b>(17,494)</b>	<b>Capital Funding Surplus/(Deficit)</b>	<b>(16,488)</b>	<b>(13,130)</b>	<b>(3,358)</b>	<b>(17,606)</b>
	<b>TOTAL FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





Key projects	Actual Ytd (\$'000)	Budget Ytd (\$'000)	Var Ytd (\$'000)	Total Budget (\$'000)
<b>Renewal Projects</b>				
Opera house	6.5 m	7.0 m	0.5 m	9.4 m
Streetlight LED Upgrade	2.5 m	2.2 m	-0.4 m	3.5 m
Wastewater Rising mains	0.1 m	1.8 m	1.7 m	3.4 m
Trunk Sewer	0.2 m	0.3 m	0.1 m	3.6 m
Outfall	0.2 m	0.4 m	0.2 m	1.6 m
<b>New Works projects</b>				
Drinking water project	8.9 m	15.2 m	6.3 m	24.1 m
Whakatu	2.7 m	3.5 m	0.8 m	3.5 m
EMO facility	0.3 m	1.2 m	0.8 m	1.6 m
CBD Development	0.1 m	0.8 m	0.7 m	1.1 m
Streetscape	0.3 m	0.8 m	0.6 m	1.1 m
<b>Growth projects</b>				
Omahu	2.3 m	4.2 m	1.8 m	4.7 m
Lyndhurst	1.9 m	2.9 m	1.0 m	4.7 m
Irongate	0.3 m	2.1 m	1.8 m	3.6 m
Iona/Middle	0.1 m	1.6 m	1.5 m	4.5 m
Howard	0.3 m	0.6 m	0.3 m	2.0 m

#### Capital - Commentary

Capital spend to 31 March 2019 is \$50.7m with a full year budget including carry forwards of \$129.0. \$37.5m of the unspent capital expenditure from last year 2017/18 has been carried forward into the current year 2018-19, which includes large projects like the Opera House and growth projects.

#### Statement of Comprehensive Revenue & Expense - Commentary

##### Revenue Variances

Revenue is \$291k unfavourable to budget for the third quarter with higher fees and charges across almost all activities of Council. This is offset by lower than expected Development Contributions received year to date along with lower Subsidies & Grant revenue within the transport group.

##### Expenditure Variances

Expenditure is \$4.278m above budget (unfavourable) for the 2018-19 year. Key cost drivers have been the flood damage repairs, depreciation and Te Mata Peak Track spend. Offsetting these costs are lower than budgeted spend on finance costs and the timing of grants paid.

##### Result

Operationally the \$4.569m unfavourable variance to budget contains a number of additional costs, timing of budget spends along with non cash impacts such as depreciation. It is expected the timing issues related to budget will be reduced by year end.



**REPORT TO: COUNCIL**

**MEETING DATE: TUESDAY 4 JUNE 2019**

**FROM: TEAM LEADER ENVIRONMENTAL POLICY  
MEGAN GAFFANEY**

**SUBJECT: RECOMMENDATIONS FROM INNER CITY LIVING  
VARIATION 5 HEARING ON 25 MARCH 2019 FOR  
ENDORSEMENT BY COUNCIL**

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## **1.0 SUMMARY**

- 1.1 The purpose of this report is to obtain a decision from the Council on the adoption of the Hearings Committee's recommendations to submissions on Variation 5 Inner City Living and give notice of the decisions.
- 1.2 It is therefore the responsibility of Council to make the final decisions on submissions to Variation 5.
- 1.3 The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.
- 1.4 The objective of this decision relevant to the purpose of Local Government is the performance of a regulatory function through the provision of a district plan which will help to create an attractive and healthy environment for people, which promote the best use of natural resources and which is responsive to community needs.
- 1.5 This report concludes by recommending that Council adopt the recommendations of: the Hearings Committee; and that it notifies its decision on Variation 5 Inner City Living and give notice of the decision.

## **2.0 BACKGROUND**

- 2.1 The purpose of Variation 5 is to improve the vibrancy, growth and identity of Hastings City Centre by having more people living in the heart of the Central Commercial Zone of Hastings. Council has been made aware by property owners and developers that there was an interest in being able to convert the upper levels of buildings in the CBD to residential and found that there were a number of constraints to achieving this.
- 2.2 To summarise it proposes to make residential activity, comprehensive residential development and mixed use development a Permitted Activity above ground floor level of buildings throughout the Central Commercial Zone, where previously residential activity was only permitted above areas with a Designated Retail Frontage, whilst retaining the ground floor level for commercial uses.

- 2.3 This variation is a mechanism to achieve the goals of the adopted Hastings City Centre Strategy, the Hastings City Centre Vibrancy Plan and other listed strategies and frameworks referred to in the Section 32 evaluation. It is consistent with the objectives for the Central Commercial Zone and is consistent with the Hawke's Bay Regional Policy Statement objectives. Inner City Living is an efficient way to provide housing in the District that is able to utilise existing infrastructure, requires no additional land (and thereby protects the District's versatile land resource), is compact and connected to the urban areas. Having people living in the CBD supports Hastings' position as a primary urban centre in the region. Furthermore it reduces dependency on the private motor vehicle and therefore reduces energy use as people are able to live and work in the same location.

### **3.0 CURRENT SITUATION**

- 3.1 The Variation was publicly notified in November 2018 in accordance with the statutory requirements of the Resource Management Act 1991 and received nine (9) submissions to the variation, four (4) of which support the variation with no changes and five (5) that support with amendment and two (2) further submissions.
- 3.2 The hearings report (Section 42A RMA report) was prepared and circulated to all submitters. The report evaluated the issues raised by the submissions. Each submission was considered in respect to Section 32 of the Resource Management Act 1991.
- 3.3 The hearing of submissions is complete and the Hearings Committee has made its recommendations (**Attachment 1**).
- 3.4 The process now requires a decision from the Council on the adoption of the Hearings Committee's recommendations to submissions on Variation 5 Inner City Living and to give notice of the Council decision and resultant amendments to the Proposed Hastings District Plan.

### **4.0 OPTIONS**

- 4.1 Option 1 - Accept all of the recommendations of the Hearings Committee and amend the Proposed District Plan accordingly to include the variation; or
- 4.2 Option 2 - Reconsider the recommendations on one or more specifically identified issues, (this would as a minimum require Council to give consideration to all of the relevant documents relevant to the hearing of the issues in question before making any changes, but may require a rehearing of these submissions to ensure that there is no breach of the principles of natural justice).

### **5.0 SIGNIFICANCE AND ENGAGEMENT**

- 5.1 This variation process has been undertaken following best practice public engagement practices and in accordance with the statutory consultation requirements of the Resource Management Act 1991.
- 5.2 The reason for this report is to complete Council's statutory responsibilities in the consideration of the submissions and further submissions received on the Variation.

## **6.0 ASSESSMENT OF OPTIONS (INCLUDING FINANCIAL IMPLICATIONS)**

- 6.1 Option 2 - In terms of financial implications a rehearing by Council may put submitters through additional costs (if they are to pay for representation at the hearing) and time delays. The time delays will apply to all, not just those involved with the matter being reheard.

## **7.0 PREFERRED OPTION/S AND REASONS**

- 7.1 Given the above assessment, Option 1 is recommended. That is to adopt in full the recommendations of the Hearings Committee which was delegated authority to hear the submissions on Variation 5.
- 7.2 Adopting the recommended decisions on submissions in full will allow the decisions on submissions on Variation 5 to be publicly notified in accordance with the expectations of the submitters. After the public notification date of the decisions on submissions there will be a 30 working day period during which appeals to the Environment Court can be lodged.

## **8.0 RECOMMENDATIONS AND REASONS**

- A) That the report of the Team Leader Environmental Policy titled “Recommendations from Inner City Living Variation 5 hearing on 25 March 2019 for endorsement by Council” dated 4/06/2019 be received.
- B) That pursuant to Clause 10, Schedule 1 of the Resource Management Act 1991.
- i) For the reasons stated in the Hearings Committee’s recommendation report, that the Committee’s recommendations on submissions to Variation 5 (Inner City Living) to the Proposed Hastings District Plan, as set out in Attachment 1 to this report (CG-14-12-00144) are adopted and publicly notified.

With the reasons for this decision being that the objective of the decision will contribute to meeting the current and future needs of communities for the performance of regulatory functions in a way that is most cost-effective for households and business by:

- i) Providing certainty to submitters and further submitters to Variation 5 as to the outcome of their submissions on Variation 5 and by allowing Variation 5, which has been subject to community engagement and consultation, to have legal effect.

### **Attachments:**

- 1 Hearings Committee recommendations on Variation 5 - hearing held on 25 March 2019 CG-14-12-00144

**HASTINGS DISTRICT COUNCIL**

**HEARINGS COMMITTEE**  
**RECOMMENDATIONS**

**FROM COUNCIL INITIATED  
PLAN CHANGE HEARING ON 25 MARCH 2019**

**INNER CITY LIVING (VARIATION 5)**

#### TOPIC 1 – SUPPORT FOR VARIATION 5

- A) That the submissions of Simon Dunn, Wallace Development Company (1), Alison McMinn (6), Marina Dinsdale (7) and Heritage New Zealand Pouhere Taonga (9) that are in support of Variation 5 as notified be accepted in part, noting that the minimum size of studios is considered under Topic 4 (studio size) and Topic 11 (clarification note to be added to Rule Table 7.3.4.1).
- B) That the further submission of Ken Wheadon (FS1) in support of Variation 5 be accepted.

#### REASONS:

- 1) That these submissions are consistent with the findings of the Section 32 evaluation that concluded that the proposed amendments are the most efficient and effective way to achieve the purpose of the Proposal.
- 2) That the submissions result in the sustainable management of the physical resources of the Hastings inner city.

#### TOPIC 2 – VENTILATION OF BUILDINGS

- A) That the submission point 1 of Hawke's Bay District Health Board (HBDHB) submission (5) be rejected in so far as amending the performance standard 25.1.7C(a)(ii) Noise Sensitive Activities, as applies to the Central Commercial Zone.
- B) That the further submission from Heritage New Zealand Pouhere Taonga (FS2) in response to the original submission from Hawke's Bay District Health Board, be accepted.

#### REASONS:

- 1) That ventilation of buildings is regulated by the Building Code and Building Act 2004 and therefore the District Plan is not considered the appropriate mechanism to regulate ventilation.
- 2) That the noise provisions in the District Plan are in accordance with best practice and provides for the health and wellbeing of the community; and alteration is not considered necessary.

#### TOPIC 3 – PROXIMITY OF LICENSED PREMISES TO RESIDENTIAL ACTIVITY – LIQUOR AND/OR GAMBLING

- A) That submission point 2 of Hawke's Bay District Health Board (HBDHB) (5) be rejected in so far as requesting that the proximity of new licensed premises (and those with gambling machines) in relation to inner city living be considered in the Proposed District Plan.

# REASONS:

- 1) That the concerns about the proximity of licenced premises to residential activity in the Hastings inner city are more appropriately managed with under the jurisdiction of the Sale and Supply of Alcohol Act 2012 and the Class 4 Gambling Venue policy than the Proposed Hastings District Plan.
- 2) That the amenity and good order under the Sale and Supply of Alcohol Act provides the controls and criteria to appropriately manage the effects of licensed premises.
- 3) That consultation with the community is a statutory requirement of any changes to the District Plan, amendments to liquor and/or gambling policy.

## TOPIC 4 – THE MINIMUM SIZE OF STUDIOS

- A) That submission point 3 of the *Hawke's Bay District Health Board (5)* to Variation 5 be accepted in part in so far as the minimum size for studios be amended as follows:

### 7.3.6C RESIDENTIAL ACTIVITIES

1. N/A	<u>Outcome(s)</u>
2. N/A	<i>To ensure adequate living space for the comfort and amenity the occupants of the above-ground level residential units.</i>
— 3. Above-Ground Floor Residential Activities	
a) The minimum net floor area for Residential Units in the Central Commercial Zone is:	
• Studio – <del>40m<sup>2</sup></del> <del>35m<sup>2</sup></del>	<i>Generous dimensions will allow for a flexible range of uses for the enjoyment of the occupiers and to ensure that and balconies relate well to the internal layout of the residential unit.</i>
• 1 Bedroom - 50m <sup>2</sup>	
• 2 Bedroom - 70m <sup>2</sup>	
• 3 or more Bedrooms - 90m <sup>2</sup>	
<i>1) Note: For the purpose of applying this rule, the minimum unit area shall not include car parking, garaging or balconies allocated to each unit.</i>	

- B) That the meaning of "studio" is included in the District Plan list of definitions, as follows:

**Studio:** means a Residential Unit that consists of a multifunctional room which serves as a living area and bedroom, contains a kitchen but has a separate bathroom.



**REASONS:**

- 1) That increasing the minimum floor area for studios from 35m<sup>2</sup> to 40m<sup>2</sup> will provide more space for occupiers whilst maintaining flexibility and range for the size of above-ground level residential units.
- 2) That the increase in the minimum size will better provide for the social wellbeing of the community and for their health and safety.
- 3) That the meaning of "studio" is clarified.

**5.0 TOPIC 5 - RESIDENTIAL ACTIVITY AT GROUND FLOOR LEVEL**

- A) That the submission of Ruth Vincent, Landmarks Trust (9) to allow residential and mixed use development at ground floor level as a permitted activity in the back of buildings within the Central Commercial Zone away from the continuous retail/commercial frontage, be rejected.
- B) That the further submission of Heritage New Zealand Pouhere Taonga (FS2) in support of original submission of Ruth Vincent, Landmarks Trust, be rejected.

**REASONS:**

- 1) That residential activity at ground floor level is provided for as a Discretionary Activity in the Hastings Central Commercial Zone and this is considered the most appropriate and sustainable method of managing the balance between commercial activity and residential activity so that commercial activity remains the principal activity at ground floor level.
- 2) That allowing residential activity at ground-floor level creates a risk, with effects not known, that could change the character and function of the CBD.
- 3) That the vibrancy of the Hastings CBD could be compromised if ground-floor level commercial land is lost to residential activity. This may result in a shortage of commercial land in the heart of Hastings to meet future demands and risk needing to expand the Central Commercial zone which could dissipate the vibrancy of the CBD.

**TOPIC 6 – THAT THE PARKING EXEMPTION SHOULD APPLY TO WHOLE CENTRAL COMMERCIAL ZONE**

- A) That the submission of Michael Bate (2) seeking to extend the residential parking exemption to the whole Central Commercial zone be rejected.

4

**REASONS:**

- 1) That extending the parking exemption to the whole Central Commercial Zone could result in residential activity being widely dispersed which would have less benefit in achieving the goal of a vibrant city centre, which is centred around the 100, 200 and 300 blocks east and west.
- 2) The amendments to performance standard 26.1.6D are assessed as being the most efficient and effective way to improve the vibrancy of the Hastings city centre.

**TOPIC 7 – OUTDOOR LIVING SPACE**

- A) That the submission of Rochelle Horne (4) requesting that Outdoor Living Space should not be limited to north facing orientation, be rejected.

**REASONS:**

- 1) That the operative outdoor living space performance standard for orientation to the sun is appropriate and consistent with best practice urban design.
- 2) That the operative outdoor living space performance standard for orientation to the sun provides for a range of orientations including north-east facing, north facing or north-west facing, so that the balcony can benefit from the morning, all day or afternoon sun.
- 3) That south facing outdoor living space is not aligned with best practice and can be addressed on an individual basis via resource consent.

**TOPIC 8 – PARKING FOR RESIDENTS**

- A) That the submission of Rochelle Horne (4) requesting secure, subsidised parking areas be available to residents, be rejected in so far as it is beyond the Scope of what can be addressed in the Variation.

**REASONS:**

- 1) That the requests sought by this submission point are beyond the scope of the Variation and cannot therefore be addressed as part of this process.
- 2) That if the addition of residential living in the CBD creates a change to parking patterns and demand in future, that Council has the ability to review its parking management.

**CARRIED**



TOPIC 9 – RECYCLING IN THE CBD

- A) That the submission of Rochelle Horne (4) requesting kerbside recycling in the inner city, be rejected in so far as the submission is beyond the Scope of what can be addressed in the Variation.

REASONS:

- 1) That the request sought by this submission point is beyond the scope of the Variation and cannot therefore be addressed as part of this process.
- 2) That kerbside recycling is managed under the Hastings District Council/Napier City Council Joint Waste Management and Minimisation Plan 2018-2024 (WMMP).

TOPIC 10 – NOISE CONTROLS

- A) That the submission of Rochelle Horne (4) requesting explanation of the noise controls that apply in the Central Commercial zone, be accepted in part in so far as the noise controls have been explained.

REASONS:

- 1) That the request sought by this submission point is beyond the Scope of Variation 5.
- 2) That a response to the query raised has been provided to assist with understanding the District Plan noise provisions.

TOPIC 11 – CLARIFICATION

- A) That the submission of Hastings District Council (3) requesting consideration be given to either changing the rule or activity table of Section 7.3.4.1 or include a definition of above-ground residential activity or some alternative mechanism to make explicit that above ground residential activities can include a pedestrian entrance at ground level and associated ground level rear lane access or basement garaging and service areas be accepted in part in so far as the following note be added to the bottom of Rule Table 7.3.4.1:

Rule CCR3	Residential activities; and / or Comprehensive Residential Development that are above-ground floor level; and / or Mixed use Development	Permitted Activity
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6

	wherein the residential activity is above ground floor level. <sup>4</sup>	
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<sup>4</sup>For clarification purposes the Permitted Activity status applying to Rule CCR3 includes a pedestrian entrance at ground floor level and associated ground floor level vehicle access, parking, garaging and service areas.

- B) That the further submission of *Heritage New Zealand Pouhere Taonga (FS2)* in support of *HDC's submission be accepted.*

**REASONS:**

- 1) That given the upscaling of above-ground level residential activity in the Central Commercial zone it is appropriate to include a clarification around the aspects that can be provided for at ground floor level.
- 2) That adding a note is the most appropriate way to provide clarification of permitted inclusions in Rule CCR3.

That the recommendations from this hearing be forwarded to Council for consideration, adoption and subsequent public notification.

Confirmed:



Chairman: Cr Lyons, Chair of Hearings Committee

Date: 21 May 2019

**REPORT TO: COUNCIL**

**MEETING DATE: TUESDAY 4 JUNE 2019**

**FROM: MANAGER: DEMOCRACY AND GOVERNANCE SERVICES  
JACKIE EVANS**

**SUBJECT: UPDATED 2019 MEETING SCHEDULE CHANGES**

## 1.0 SUMMARY

- 1.1 The purpose of this report is to consider amendments to the schedule of Council and Committee Meetings for the 2019 Meeting Calendar which was adopted by Council on 6 December 2018.
- 1.2 This report recommends that the 2019 Meeting Schedule as amended below be adopted.

## 2.0 BACKGROUND

- 2.1 The Local Government Act 2002, Schedule 7, Clause 19 states:
- (4) *A local authority must hold meetings at the times and places that it appoints”.*
- (5) *If a local authority adopts a schedule of meetings-*
- a) *The schedule-*
- i) *may cover any future period that the local authority considers appropriate, and*
- ii) *may be amended*
- 2.2 Although a local authority must hold the ordinary meetings appointed, it is competent for the authority at a meeting to amend the schedule of dates, times and number of meetings to enable the business of the Council to be managed in an effective way.
- 2.3 The following meetings are proposed to be included or amended in the 2019 meeting schedule:

Committee	Date	Time	Venue
Appointments	18 June 2019	12.30pm	Guilin Room
Council	27 June 2019	10.30am	Council Chamber
HDC –Tangata Whenua Joint Wastewater	28 June 2019	9.00am	Council Chamber

- 2.4 Councillors will be kept informed of specific changes on a day to day basis through the centralised calendar system.

**3.0 RECOMMENDATIONS AND REASONS**

**A) That the report of the Manager: Democracy and Governance Services titled “Updated 2019 Meeting Schedule Changes” dated 4/06/2019 be received.**

**B) That the 2019 Meeting Schedule be amended as follows:-**

<b>Committee</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
Appointments	18 June 2019	12.30pm	Guilin Room
Council	27 June 2019	10.30am	Council Chamber
HDC –Tangata Whenua Joint Wastewater	28 June 2019	9.00am	Council Chamber

**Attachments:**

There are no attachments for this report.

# HASTINGS DISTRICT COUNCIL

## COUNCIL MEETING

**TUESDAY, 4 JUNE 2019**

### RECOMMENDATION TO EXCLUDE THE PUBLIC

#### SECTION 48, LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987

THAT the public now be excluded from the following part of the meeting, namely:

- 17. Summary of Recommendations of the Strategic Planning and Partnerships Committee meeting held 16 May 2019 while the Public were Excluded**
- 18. Waste Services Procurement Strategy**

The general subject of the matter to be considered while the public is excluded, the reason for passing this Resolution in relation to the 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 is as follows:

<b>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</b>	<b>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED</b>	<b>GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION</b>
<b>17. Summary of Recommendations of the Strategic Planning and Partnerships Committee meeting held 16 May 2019 while the Public were Excluded</b>	As stated in the minutes	<b>Section 48(1)(a)(i)</b> Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.
<b>18. Waste Services Procurement Strategy</b>	<b>Section 7 (2) (i)</b> The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).  To enable Council to undertake negotiations.	<b>Section 48(1)(a)(i)</b> Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.