

Thursday, 21 October 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Extraordinary Council Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Thursday, 21 October 2021**

Te Wā:
Time: **1.00pm**

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

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Chief Executive - Nigel Bickle**

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HASTINGS DISTRICT COUNCIL
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TE KAUNIHERA Ā-ROHE O HERETAUNGA

Thursday, 21 October 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Extraordinary Council Meeting

Kaupapataka

Agenda

	<i>Tiamana</i> Chair: Mayor Sandra Hazlehurst
<i>Mematanga:</i> Membership:	<i>Ngā KaiKaunihera</i> Councillors: Bayden Barber, Alwyn Corban, Malcolm Dixon, Damon Harvey, Tania Kerr (Deputy Chair), Eileen Lawson, Simon Nixon, Henare O'Keefe, Peleti Oli, Ann Redstone, Wendy Schollum, Sophie Siers, Geraldine Travers and Kevin Watkins
<i>Tokamatua:</i> Quorum:	8 members
<i>Apiha Matua</i> Officer Responsible:	Chief Executive – Nigel Bickle
<i>Te Rōpū Manapori me te Kāwanatanga</i> Democracy and Governance Services:	Louise Stettner (Extn 5018)

Te Rārangi Take

Order of Business

1.0 Opening Prayer – *Karakia Whakatūwheratanga*

2.0 Apologies & Leave of Absence – *Ngā Whakapāhatanga me te Wehenga ā-Hui*

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.

3.0 Conflict of Interest – *He Ngākau Kōnatunatu*

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 Manager: Democracy and Governance (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.

4.0 Confirmation of Minutes – *Te Whakamana i Ngā Minitī*

There are no previous Minutes to be confirmed.

5.0 Splash Planet - Alert Level 2

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6.0 Minor Items – *Ngā Take Iti*

7.0 Urgent Items – *Ngā Take Whakahihiri*

Thursday, 21 October 2021

Item 5

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council: Council Meeting

Te Rārangi Take

Report to Council

Nā: Dean Ferguson, Project Manager
From: Rebekah Dinwoodie, Group Manager: Community Wellbeing & Services

Te Take:
Subject: Splash Planet - Alert Level 2

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to obtain a decision from Council around whether to open Splash Planet under Alert Level 2 or cease recruitment and don't open for the 2021/ 22 season.
- 1.2 In 2020, Officers presented to Council around options to manage Splash Planet if the region moved into Alert Level 2+. This year, the region finds itself in Alert Level 2 and will likely remain in the heightened Alert Level until the outbreak is either contained or managed under the Governments evolving strategy.

2.0 Recommendations - *Ngā Tūtohunga*

- A) That Council receive the report titled Splash Planet - Alert Level 2 dated 21 October 2021.
- B) That Council directs the Chief Executive to open or be operationally prepared to open Splash Planet on the 15th of November 2021 and be able to meet COVID19 Alert Level 1 or Alert Level 2 guidelines.
- C) That Council gives delegation to the Chief Executive to implement any necessary operational changes to the Splash Planet service offering to meet the current COVID19 Alert Level guidelines during the season.
- D) Council notes that if the Chief Executive considers any real time risks warrant closure of Splash Planet in spite of the prevailing COVID19 restrictions (not requiring closure), the Chief Executive will come back to Council for direction unless the prevalent circumstances warrant the Chief Executive in his/ her view, acting with immediacy.
- E) Council notes that Splash Planet operations may incur a financial loss in excess of the current budget during the 2021/22 season and in this event, directs the Chief Executive to utilise the Splash Planet Development Reserve up to \$934,000 to meet those additional losses

Or;

- F) Council directs the Chief Executive to not open Splash Planet for the 2021/ 22 season and cease recruitment.

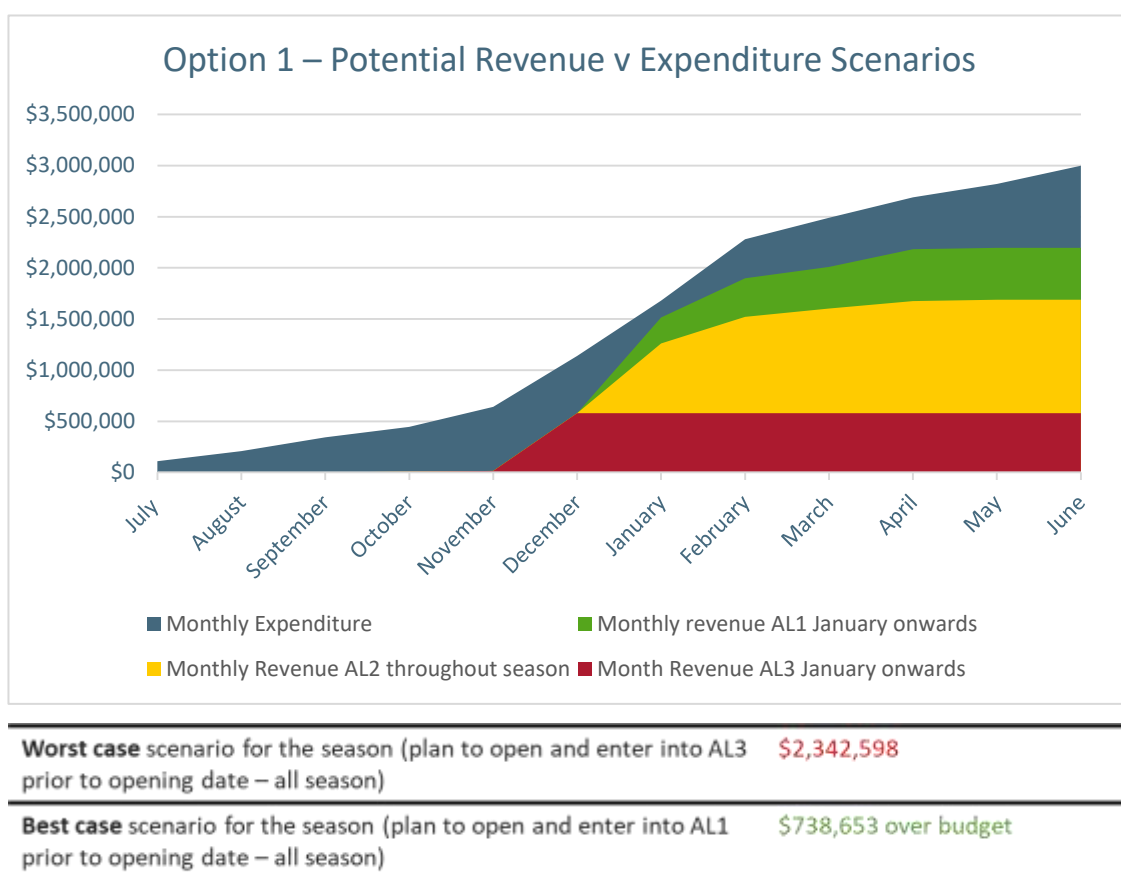
3.0 Background – *Te Horopaki*

- 3.1 In March 2020, the government introduced a four stage Alert Level system to combat the threat and spread of COVID-19 within our borders.
- 3.2 As part of the Alert Level system, New Zealand applied a ‘go hard, go early’ approach to managing and eliminating COVID-19 and at the time advised that approach would continue to be applied whilst the virus posed a threat to our nation.
- 3.3 With the re-emergence of COVID-19 in the community in August 2021 (more highly-contagious Delta variant), New Zealand moved into an Alert Level 4 restriction. Since then, the Delta variant of the virus has proved hard to contain which has resulted in Auckland and some northern regions staying in an Alert Level 3 restriction with the rest of New Zealand moving to an Alert Level 2 restriction.
- 3.4 Alert Level 2 carries a number of restrictions and requirements the community, business sector and local government have to meet. WorksafeNZ (Enforcement Agency) have approved Splash Planet as a Public Venue under the current COVID19 interpretation.
- 3.5 The most significant restriction for the Splash Planet operation is around maintaining the requisite 2 metre physical distancing under Alert Level 2 for a public venue.
- 3.6 Due to the layout of Splash Planet and its associated attractions, Officers have had to work out how the operation could meet the Alert Level 2 restrictions whilst ensuring patrons have a safe and fun experience. This has meant having to reduce the daily attendance numbers based on modelling around queuing and pinch points within the facility to safely achieve the 2 metre distancing requirements.

4.0 Discussion – *Te Matapakitanga*

- 4.1 It is difficult to model or predict how long New Zealand will remain in a heightened Alert Level system or what level of response the government will take going forward. The strategy government initially adopted has moved away from ‘Elimination’ to a more ‘Managed’ strategy. This strategy accepts that COVID19 is in the community and focusses on mitigating the impacts i.e. vaccinations, variations to the current Alert Level System.
- 4.2 Annually, Council seeks to open Splash Planet on or about the 15th of November to ensure the facility is tested, operationally sound and staff are trained/ ready for the busy season.
- 4.3 Given the ongoing and evolving nature of the national response to this pandemic, a key decision for Council is whether to open Splash Planet under Alert Level 2 and if the facility is opened, what that offering will look like for the public whilst adhering to government guidelines.
- 4.4 The main financial risk to Council is the hiring of seasonal staff in an environment where Alert Levels can move to Alert Level 3 or 4 and stop Splash Planet operating. Once the employment agreements have been issued to successful applicants, Council is legally bound to fulfil the terms of employment with seasonal staff irrespective of whether the facility is open or not.
- 4.5 Splash Planet is a recognised key tourist destination and asset, for Hastings and the region. Splash Planet operations help support the local economy through seasonal employment (net household income) and the flow-on effects to local business.

- 4.6 The financial implications of attempting to operate Splash Planet under Alert Level 2 were discussed at the Workshop on the 19th of October 2021. The main risks highlighted were around:
- Financial exposure if Splash Planet has to close.
 - High levels of uncertainty in the current environment.
 - Reputation – by Splash Planet being associated with an outbreak event.
- 4.7 If the region stays in Alert Level 2 for the whole season, then based on the 2020/ 21 ticket data, with a cap of 1,000 people per day, the best case scenario would be circa 76,739 customers compared to 135,726 for the previous season. The table below highlights the potential financial outcomes:



- 4.8 Detailed Officers Modelling and Financial Analysis regards the opportunities and risks associated with opening Splash Planet for the 2021/ 22 season are attached (**Attachment 1**).
- 4.9 With a best case scenario reflecting the 2020/21 summer season and being approximately \$740,000 better than budget, the more likely options are that Splash Planet is operating under some sort of Alert Level restriction. Given that conclusion there are a multitude of options that could play out and the graph in paragraph 4.7 demonstrates some of those. The attached financial modelling across a number of scenarios highlights that if Council chooses to open Splash Planet over the summer there will be additional funding required to meet those financial shortfalls. For example three scenarios include:
1. Alert Level 2 – whole season \$699,854 additional funding required
 2. Moving to Alert Level 3 in January \$1,809,364 additional funding required
 3. Moving to Alert Level 1 in January \$192,620 additional funding required
- 4.10 Council's rates funding for this year has been set and the three scenarios listed above will have an impact on Council's year end rating result. Council currently maintains a Splash Planet development

reserve which currently has a balance of \$934,000 which could be allocated to meet any funding shortfall generated from opening over the 2021/22 summer season under some sort of Alert Level restriction. Should the losses from opening be greater than this reserve can cover, then this will have an impact on Council's year end rating position which may require Council to post a rating deficit which will have to be recovered from future years.

- 4.11 Council has completed its recruitment processes to the point where it has identified the complement of staff to be employed for the 2021/ 22 season. The individual employment agreements have to be issued to the successful applicants from the 25th of October 2021 in order to secure sufficient staff to be fully prepared to open on the 15th of November 2021.

5.0 Options – Ngā Kōwhiringa

Option One - Recommended Option - Te Kōwhiringa Tuatahi – Te Kōwhiringa Tūtohunga

- 5.1 Open or be operationally prepared to open Splash Planet on the 15th of November 2021 and able to meet COVID19 Alert Level 1 or Alert Level 2 guidelines. With any funding shortfall to be met from the Splash Planet Development Reserve up to \$934,000.

Advantages

- Employment opportunities for seasonal staff and economic benefits to the local economy.
- Wider economic benefits to the region.
- Maintain current price structure whilst minimising customer disruption.
- Development and implementation of technology – future proofing an online booking and payment system.
- Ability to easily transition to Alert Level 1 and capitalise on associated economic benefits and if required, easily transition back to Alert Level 2.
- Positive economic and social wellbeing outcomes for the region.
- The Splash Planet Development Reserve is the only reserve fund available to meet the likely additional losses that will be incurred through opening under Alert Level restrictions. While this will impact on future funding for any major redevelopments at Splash Planet, it has always been expected that any major redevelopment would require loan funding, utilising this reserve to meet these current financial shortfalls will therefore require a larger sum to be borrowed that would have been the case.

Disadvantages

- Restricted number (max 1000) of customers to adhere to COVID19 Alert Level requirements.
- Additional unbudgeted costs to meet COVID19 requirements – additional staff and Personal Protection Equipment (PPE).
- Uncertainty around the collateral consequences of the Governments strategy change of moving from elimination to managing COVID19 in the community.
- Reduced revenue whilst maintaining normal operation costs for the season resulting in an additional rating requirement. Officers have modelled that the potential financial risk to Council of restricted and potential early closure of Splash Planet could range from (best case scenario) circa \$738,000 positive return to (worst case scenario) circa \$2,300,000 negative return.
- If the region enters into Alert Level 3 or 4, Splash Planet will have to close during these periods.
- During the season, the Chief Executive may need to implement operational changes to the service offering to meet the current guidelines.

- Splash Planet could be promulgated as a place of interest in a potential COVID19 outbreak event.
- Regardless of progress made on vaccinations, some attendees will be from groups who will not be required to be vaccinated, for example, children under 12 years of age.
- The Splash Planet Development Reserve was not established for the purpose of meeting operational shortfalls. However these are extraordinary times and if Council is to open Splash Planet for the 2021/22 summer season there will be additional losses that need to be funded in some way.

Option Two

5.2 Don't open Splash Planet for the 2021/ 22 season and cease recruitment.

Advantages

- Operational and seasonal staff cost savings and associated budget certainty for Council.
- Council can progress with Capital Projects and Improvements for future seasons.
- Gives certainty for the public, permanent staff and applicants for seasonal work.
- Avoid the disadvantages and associated risks identified in Option 1.
- Council is seen to be conservative/ responsible in respect of its risk management decisions.

Disadvantages

- Employment impacts.
- Local and regional economic impacts.
- Local community cannot utilise a local rate payer funded facility.
- Will not be operationally ready to open Splash Planet during the 2021/22 season if COVID19 Alert Levels are reduced to Alert Level 1.

Attachments:



Officer Modelling and Financial Analysis

CG-16-2-00871

Summary of Considerations - *He Whakarāpopoto Whakaarohanga*

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

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 wellbeing of communities in the present and for the future.

Link to the Council's Community Outcomes – *Ngā Hononga ki Ngā Putanga ā-Hapori*

The report relates to examination of the opportunities to open Splash Planet for the wellbeing of the community during the 2021/ 22 season.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

Considered as part of the examination of the opportunities to open Splash Planet for the wellbeing of the community during the 2021/ 22 season.

Sustainability - *Te Toitūtanga*

N/A

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The financial implications are traversed in the body of the report.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision/report has been assessed under the Council's Significance and Engagement Policy as being of low significance.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

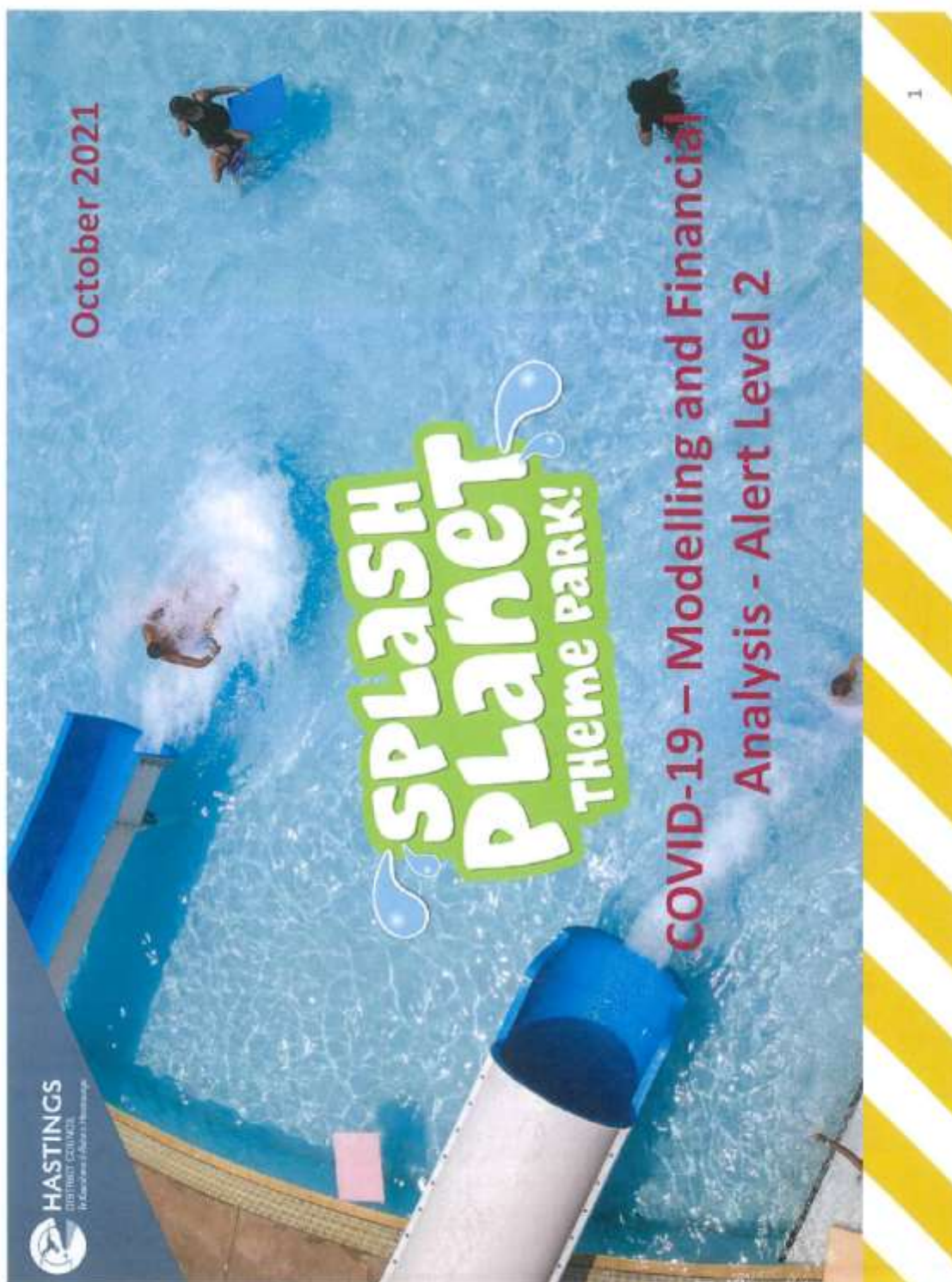
The situation regards the opportunity to open Splash Planet for the 2021/ 22 season has been thoroughly examined by relevant expert Officers at Council to inform the Council decision.

Risks

Opportunities and risks have been traversed in the report and attachments.

Rural Community Board – *Te Poari Tuawhenua-ā-Hapori*

Considered as part of the examination of the opportunities in regards to Splash Planet for the wellbeing of the community during the 2021/ 22 season.





Scenarios under Alert Level 2* – 2021/ 22

Scenario 1 –

Whole facility open whilst meeting COVID-19 Alert Level guidelines and requirements – i.e. maintain physical distancing requirements. Anticipate moving to Alert Level 1 during season.

Scenario 2

Water attractions of facility open but close off dry rides whilst meeting COVID-19 Alert Level guidelines and requirements – i.e. maintain physical distancing requirements. Anticipate moving to Alert Level 1 during season and open all attractions.

Scenario 3

Continue to recruit but don't open Splash Planet under Alert Level 2 – preparation for opening under a potential Alert Level 1.

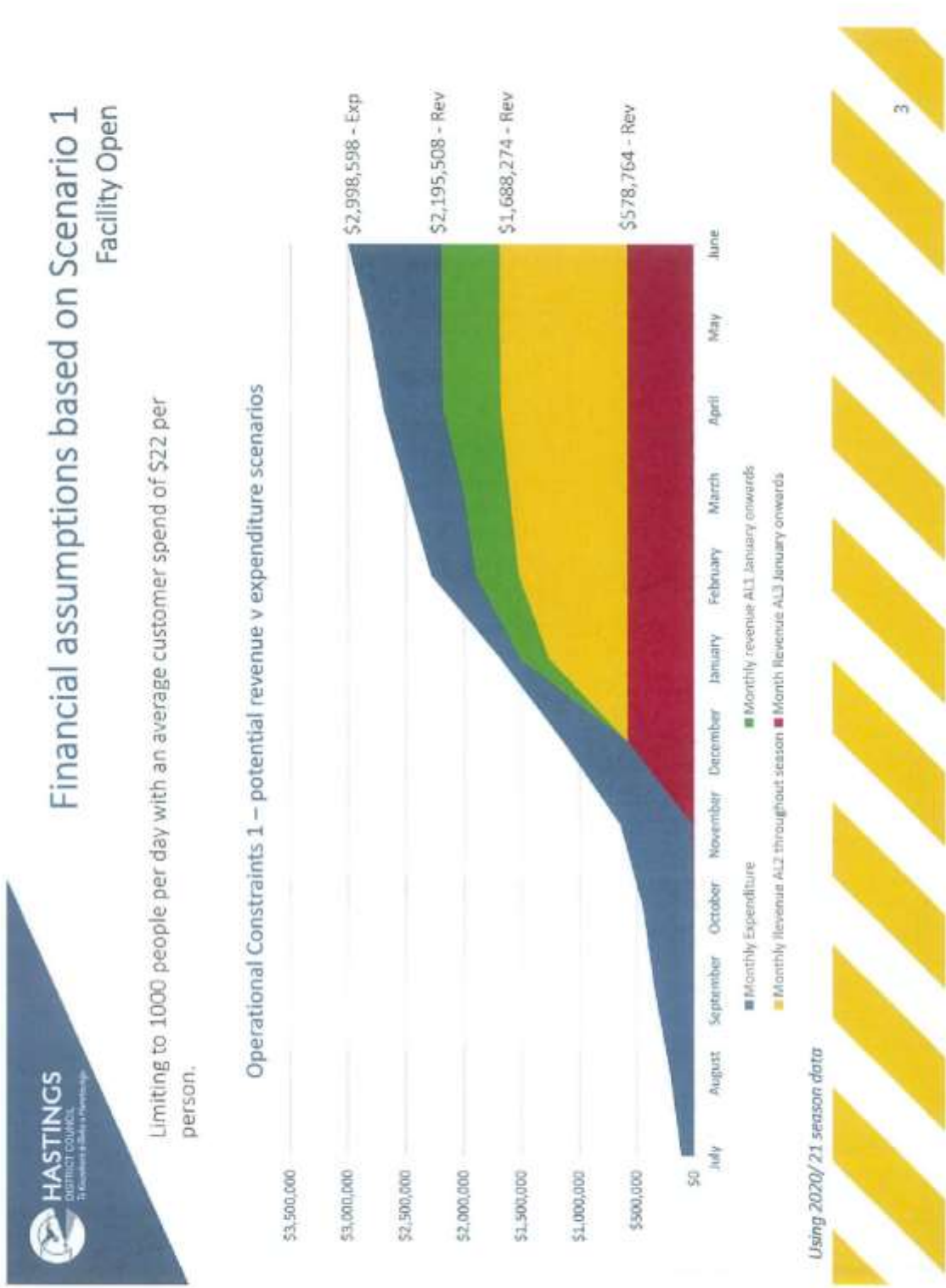
Scenario 4


Cease recruitment and don't open Splash Planet for the 2021/ 22 season.

*The scenarios have been worked under the assumption that we remain in Alert Level 2 for the whole season. There are a number of variables that could impact the options i.e.

- Going up or down alert levels
- Staffing levels
- Supplies etc.








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Financial assumptions based on Scenario 1
Facility Open

Using 2020/21 season data

Potential scenarios	Alert Level 2 – whole season	AL2 to AL1 in January	AL2 to AL1 in January
Expenditure	\$2,998,598	\$2,998,598	\$2,998,598
Revenue	\$1,688,274	\$578,764	\$2,195,508
Budget	\$799,000	\$799,000	\$799,000
Additional FTE to meet CV restrictions	\$143,000 (based on an extra 12 FTE)	\$143,000 (based on an extra 12 FTE)	\$143,000 (based on an extra 12 FTE)
Additional PPE to meet CV restrictions	\$45,530 (including temp fencing)	\$45,530 (including temp fencing)	\$45,530 (including temp fencing)
Additional Rating Requirement	\$699,854	\$1,809,364	\$192,620



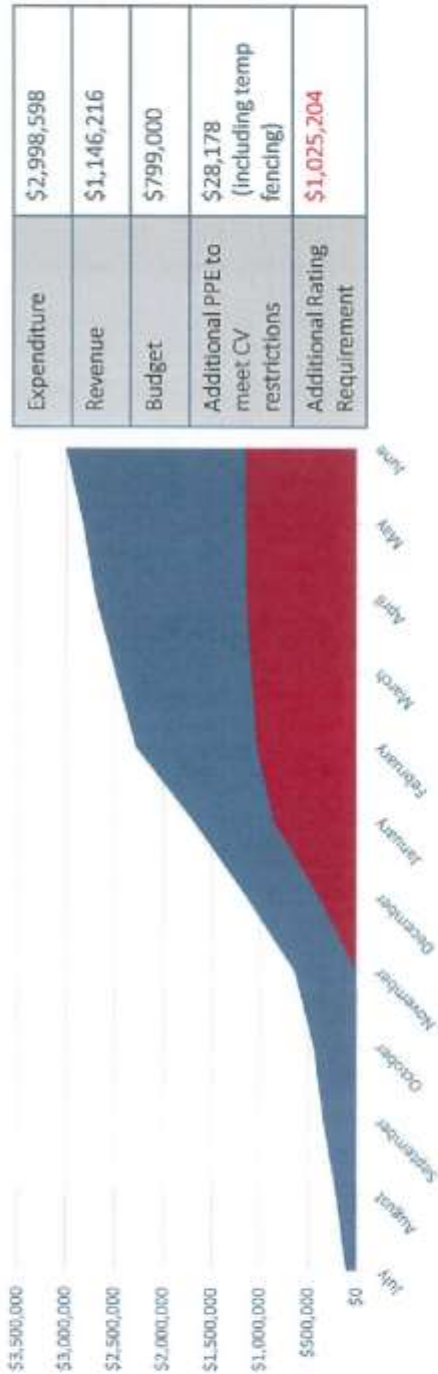
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Financial assumptions based on Scenario 2
Facility Open – Water Attractions Only

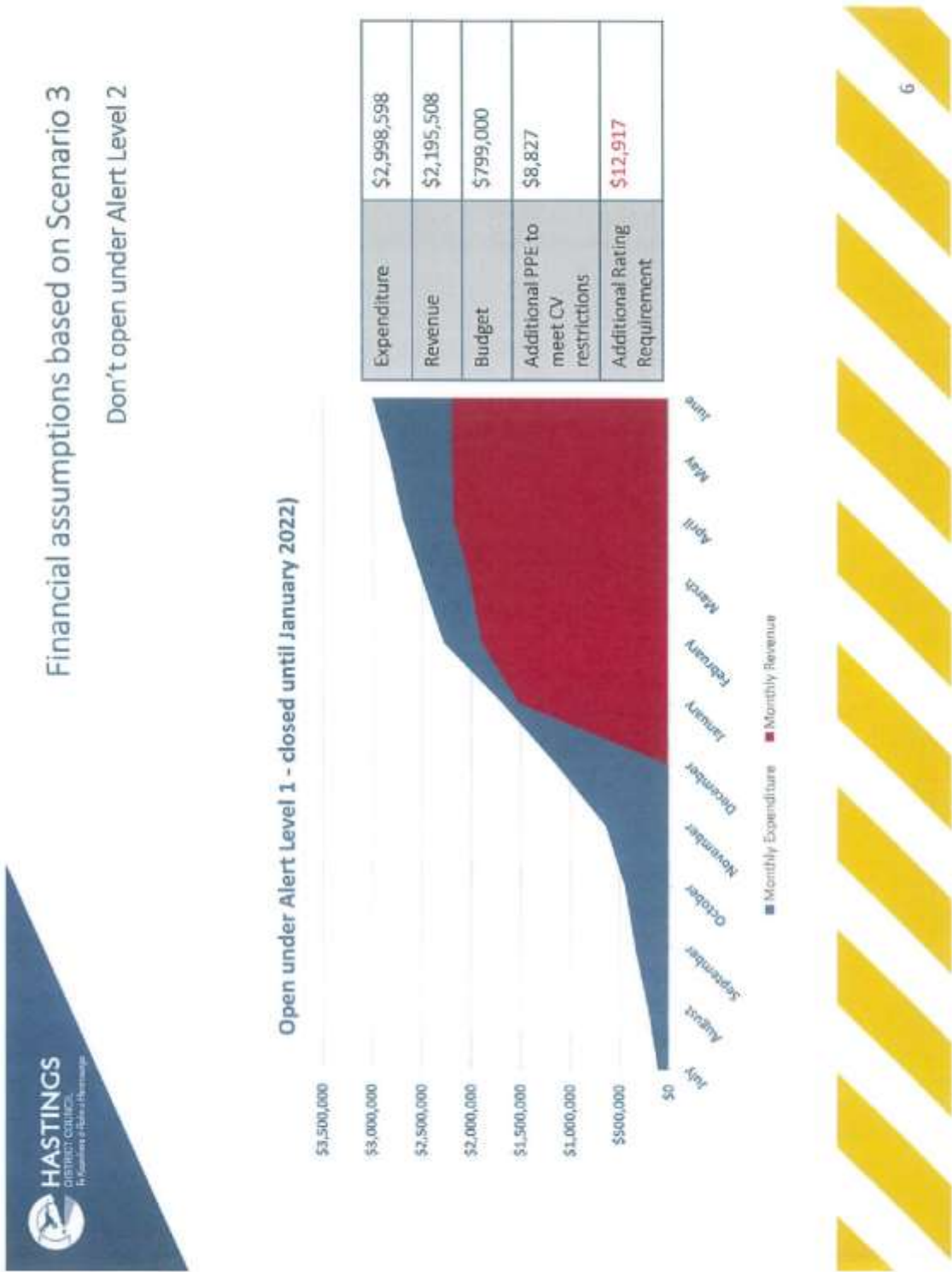
Limiting to 1000 people per day with an average customer spend of \$15
per person – reduced ticket price due to closing off dry rides.

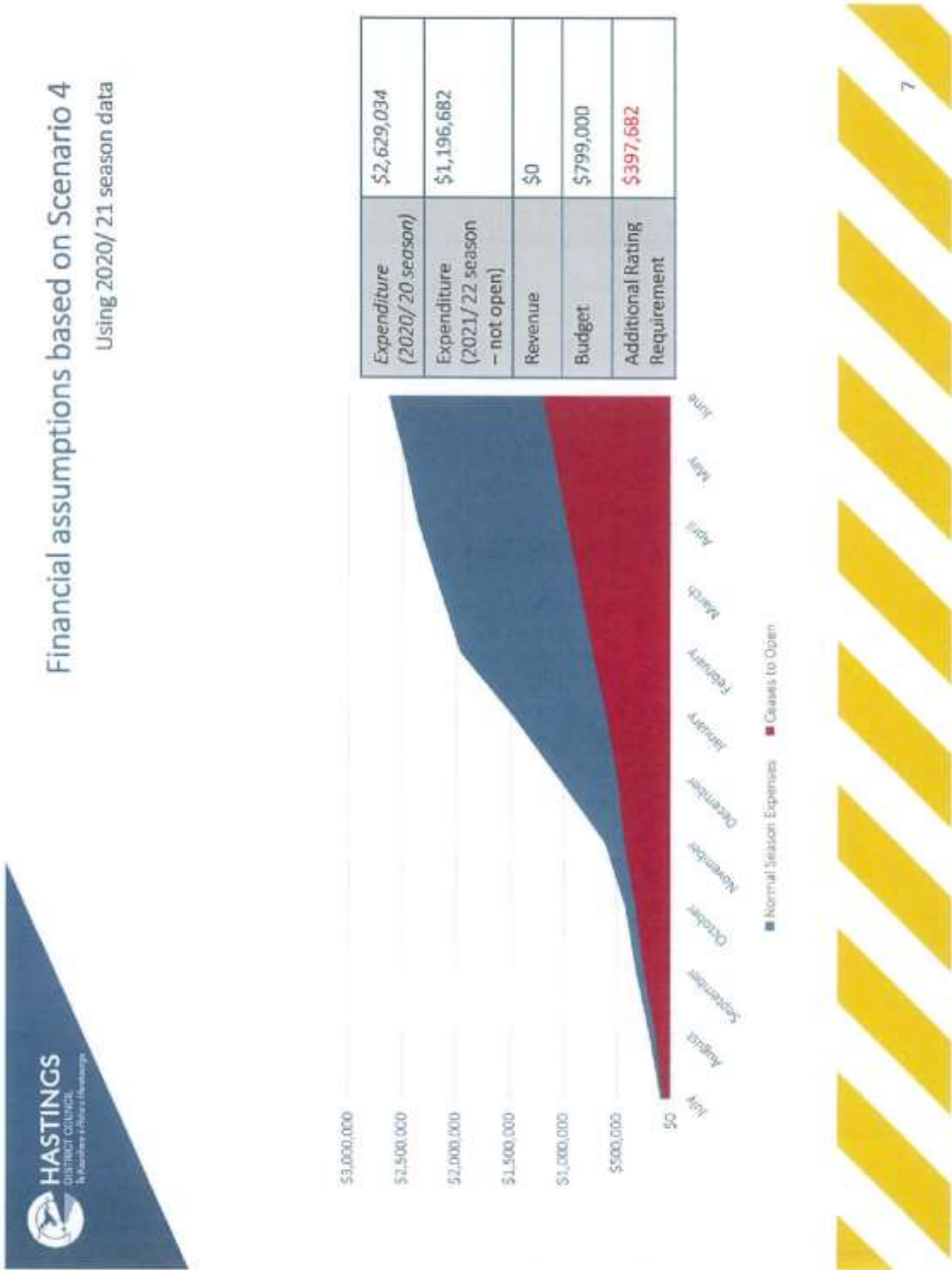
Alert Level 2 – whole season – reduced offering



Expenditure	\$2,998,598
Revenue	\$1,146,216
Budget	\$799,000
Additional PPE to meet CV restrictions	\$28,178 (including temp fencing)
Additional Rating Requirement	\$1,025,204







Financial Summary of Scenarios



Option Summary	Revenue	Expenses	Budget	Additional FTE	Additional PPE	Additional Rating Requirement
Scenario 1	\$1,688,274	\$2,998,598	\$799,000	\$143,000	\$43,530	\$699,854
Scenario 2	\$1,146,216	\$2,998,598	\$799,000	-	\$28,178	\$1,025,204
Scenario 3	\$2,195,508	\$2,998,598	\$799,000		\$8,827	\$12,917
Scenario 4	-	\$1,196,682	\$799,000	-	-	\$397,682

Worst case scenario for the season (plan to open and enter into AL3 prior to opening date – all season) **\$2,342,598**

Best case scenario for the season (plan to open and enter into AL1 prior to opening date – all season) **\$738,653 over budget**

