

Thursday, 9 December 2021

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

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Thursday, 9 December 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, 9 December 2021

Te Hui o Te Kaitiaki ā-Rohē o Heretaunga

Hastings District Council

Council Meeting

Kaupapataka

Agenda

Tiamana

Chair: Mayor Sandra Hazlehurst

Mematanga:

Membership:

Ngā KaiKaunihera

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

Tokamatua:

Quorum:

8 members

Apiha Matua

Officer Responsible:

Chief Executive – Nigel Bickle

*Te Rōpū Manapori me te
Kāwanatanga*

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*

Minutes of the Council Meeting held Thursday 14 October 2021.
(Previously circulated)

Minutes of the Council Meeting held Thursday 28 October 2021.
(Previously circulated)

Minutes of the Council Meeting held Tuesday 30 November 2021.
(Previously circulated)

5.0 Deputation - Save Our Fertile Soils Society Incorporated

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18.0 Infrastructure Acceleration Fund Application

19.0 Chief Executive Matters.

Thursday, 9 December 2021

Item 5

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

Te Rārangi Take

Report to Council

Nā:
From: Louise Stettner, Manager, Democracy & Governance Services

Te Take:
Subject: Deputation - Save Our Fertile Soils Society Incorporated

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to inform Council that a Deputation will be made by Mr Richard Gaddum of Save Our Fertile Soils Society Incorporated, as provided for within Standing Order No: 16 (**Attachment 1**)
- 1.2 The purpose of the Deputation is to present the views of the Save Our Fertile Soils Society Incorporated.

2.0 Recommendations - Ngā Tūtohunga

That the Council Meeting receive the report titled Deputation - Save Our Fertile Soils Society Incorporated dated 9 December 2021.

Attachments:

1  Standing Order 16 - Deputations

CG-16-64

Standing Order 16 - Deputations

The purpose of a deputation is to enable a person, group or organisation to make a presentation to a meeting on a matter or matters covered by that meeting's terms of reference. Deputations are approved by the Chairperson or an official with delegated authority.

16.1 Time limits

Speakers can speak for up to 5 minutes, or longer at the discretion of the Chair. No more than two speakers can speak on behalf of an organisation's deputation.

16.2 Restrictions

The Chair has the discretion to decline to hear or terminate a deputation at any time where:

- A speaker is repeating views presented by an earlier speaker at the meeting;
- The speaker is criticising elected members and/or staff;
- The speaker is being repetitious, disrespectful or offensive;
- The speaker has previously spoken on the same issue;
- The matter is subject to legal proceedings; and
- The matter is subject to a hearing, including the hearing of submissions where the local authority or committee sits in a quasi-judicial capacity.

16.3 Questions of a deputation

At the conclusion of the deputation members may, with the permission of the Chair, ask questions of any speakers. Questions are to be confined to obtaining information or clarification on matters raised by the deputation.

16.4 Resolutions

Any debate on a matter raised in a deputation must occur at the time at which the matter is scheduled to be discussed on the meeting agenda and once a motion has been moved and seconded.

Thursday, 9 December 2021

Item 6

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

Te Rārangi Take

Report to Council

Nā: Craig Cameron, Group Manager: Strategy and Development
From: Bruce Allan, Group Manager: Corporate

Te Take:
Subject: Allocation of Funding to Progress Planning for Growth

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The National Policy Statement on Urban Development 2020 (NPSUD) requires Tier 2 councils, which includes, Hastings District, Napier City and Hawke's Bay Regional Councils (the Councils), to undertake an assessment of the expected demand and supply of housing in their areas over the next 30 years.
- 1.2 The purpose of the housing assessment is to ensure Council's planning and infrastructure decisions enable at least sufficient development capacity to meet expected demand for housing and to assess the impact of those decisions on the affordability and competitiveness of the local housing market.
- 1.3 Officers reported the results of the recently completed Housing Capacity Assessment (HCA) to the Strategy and Policy (S&P) Committee on 2 November 2021.
- 1.4 Recommendation 7 from the S&P Committee Report which was moved and adopted by the Committee was: 'That Officers prepare a report to Council regarding the allocation of funding for advancement of priority growth work streams referred to in recommendation B3 above'.

Recommendation B3 was: 'Continue to monitor and review the capital works programme for Greenfields development over the next 5-10 years and precursor structure planning in the light of the report, the need to deal with the current backlog of housing demand and expectations for realising increasing intensification, to inform the next Annual Plan round'.
- 1.5 The Chief Executive has commissioned an internal 'Operational Assessment' to determine current organisational capacity to remain responsive to meeting service demands on Council attributed to Growth over and above 'Business as Usual' demand levels for which Council is currently resourced to meet. The 'Operational Assessment' has recommended that Council needs to invest in additional staff and consultancy resource if it is to continue to meet its responsibilities under the NPSUD and other directive legislation.
- 1.6 This report to Council is to address the resolutions of the S&P Committee discussed in paragraph 1.4 and provide the necessary funding to enable these resolutions to be given effect to in 2021/22 and reduce the level of additional rates funding required from 2022/23. The approval of further additional resourcing for Council will be for Council to consider in 2022 once the Chief Executive has a refined

business case on the level of additional resourcing needed to meet additional demand on Council services arising from extraordinary levels of economic and community growth.

- 1.7 This report recommends that reserve funding previously set aside from the 2020/21 Landfill operating surplus be reallocated to a newly created reserve called “Growth and Urban Planning Reserve” with the purpose of providing funding to support spatial and growth related planning activities.

2.0 Recommendations - *Ngā Tūtohunga*

- A) That the Council receive the report titled ‘Allocation of Funding to Progress Planning for Growth’ dated 9 December 2021.
- B) That Council approve the budget allocation of \$1.99m from the Landfill Development Reserve to commission (as required) Structure Planning and other necessary precursor planning works for residential zoned developments. Noting that the funding in this reserve was an allocation from Hastings District Council’s share of the 2020/21 Ōmarunui Landfill Surplus.
- C) That a new Growth and Urban Planning reserve be established for these allocated funds.
- D) That the purpose of the new Growth and Urban Planning reserve is to provide funding to support spatial and growth related planning activities.
- E) That Council notes that this budget allocation is to ensure Council’s planning and infrastructure decisions enable at least sufficient development capacity to meet expected demand for housing and to assess the impact of those decisions on the affordability and competitiveness of the local housing market.

3.0 Background – *Te Horopaki*

- 3.1 The Heretaunga Plains Urban Development Strategy (HPUDS), remains in force as our Forward Development Strategy, until such time as it is replaced by a Regional Spatial Plan, potentially in 2-3 years’ time.
- 3.2 The HCA was based on Statistics New Zealand medium to high growth population projections. On this projection the headline conclusion for Hastings was that there is, on paper, likely to be sufficient capacity in total to meet the growth anticipated in the short to medium term (out to ten years), assuming that our Greenfield growth areas are delivered according to our current Long Term Plan (LTP) programme.
- 3.3 Officers are however concerned that under these projected levels of growth a break in the continuity of Greenfield land supply may result over the early to middle part of the programme, particularly if pent up demand is added. This may put too much reliance on the market switching to intensification more rapidly and at a greater scale than originally anticipated, posing a potentially significant risk to housing supply and affordability if the market is too slow to respond. Officers are therefore recommending work be done to enable a re-balancing of the programme to bring forward some Greenfield land supply earlier if needed. This is summarised in the following Graphic Table:

DEMAND <ul style="list-style-type: none"> Based on medium-high growth scenario includes 20% capacity margin includes backlog over 5 years <p>That's 30% more than the traditional medium growth scenario (excluding backlog)</p>	<p>We are planning for this demand</p> <p>we project 6,530 MORE HOMES BY 2030</p> 
CAPACITY <ul style="list-style-type: none"> Based on existing planned growth areas Includes planned rural and intensification areas Accelerates Lyndhurst, Kaiapo and Brookvale 	<p>Our programme has this capacity</p> <p>we can enable 6,870 MORE HOMES BY 2030</p> 
THE SUPPLY MIX <ul style="list-style-type: none"> HPUD's Targets for Hastings/Napier area by 2045 Our focus will be to intensify <p>Greenfield 35%</p> <p>Intensification 55%</p> <p>Rural 10%</p>	<p>The housing mix changes over time...</p> <p><u>Within 10 Years</u></p> <p>Greenfield 40%</p> <p>Intensification 35%</p> <p>Rural 25%</p> <p><u>Beyond 10 Years</u></p> <p>Greenfield 35%</p> <p>Intensification 55%</p> <p>Rural 10%</p> 
BEYOND 2030	<p>The Spatial Plan will determine future growth responses</p>

- 3.4 Officers consider that rebalancing of the LTP programme should be prepared to advance both Lyndhurst Extension and Brookvale to give Council options in both Hastings and Havelock North, with consequential changes throughout the rest of the programme and accounting for likely new developments such as Irongate which Council has already decided to support. This reinforces and emphasises the points reported to Council in May of this year concerning the advancement of structure planning for Greenfields growth areas, although Council may need to review the conditions for these to reflect this new evidence base and changing circumstances.
- 3.5 To deliver the “sweet spot” in respect of supply, demand and intensification outcomes, the current LTP programme may need some adjustment based on monitoring over the next 1-3 years. This means the following should be provided for prior to the Regional Spatial Plan/Future Development Strategy process being completed:
- Bring forward Brookvale Stages 2 and 3, by 2024 and 2027;
 - Bring forward Lyndhurst Stage 3 and the Havelock Hills by 2025;
 - Bring forward stages of Kaiapo Road and Irongate by 2026;
 - Further staging can be considered as part of the Regional Spatial Plan/Future Development Strategy implementation from 2028.

This is depicted below.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2040	2041-2050
Current Programme		Howard Starts								Lyndhurst 3		
		Irana Starts										
	Brookvale 1						Brookvale 2				Brookvale 3	Brookvale 4
							Hazelock Hills					
											Kaiapo	
											Copeland	
											Irongate	Irongate
	SP Prep	Spatial Plan and Pre-Implementation Processes (e.g. structure Plans Reviewing)							Spatial Plan Implementation			
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031-2040	2041-2050
Current Programme		Howard Starts			Lyndhurst 3							
		Irana Starts										
	Brookvale 1			Brookvale 2			Brookvale 3			Brookvale 4		
					Hazelock Hills							
	SP Prep	Spatial Plan and Pre-Implementation Processes (e.g. structure Plans Reviewing)							Spatial Plan Implementation			

Note: Quarterly and Annual Monitoring can allow for these or further programme adjustments as required and a fresh Housing Capacity Assessment will need to be done to inform the next LTP in 2023/2024. This could mean bringing forward the remaining stages of Brookvale, Kaiapo, Irongate and Copeland Road and introducing some of the 860 lot capacity held in Reserve areas if even higher growth is anticipated at that time.

4.0 Discussion – Te Matapakitanga

- 4.1 The operational funding to meet the planning requirements for growth and the spatial plan is anticipated to be in the vicinity of \$9.7m over the next 4 years. This work can be funded from a number of sources including land sales, fees and charges, funds already set aside for spatial planning works and future rates funds.
- 4.2 The funding requested in this report is required to meet the anticipated costs to be incurred this current financial year and soften the impacts on rates for next year.
- 4.3 Allocating budget for this purpose from early 2022 will mean that Council has Structure Planning and precursor works completed ahead of time. This will provide future Councils with capacity and agility to adjust the LTP programme as required to meet prevailing shorter term (1-3 years) demand conditions.
- 4.4 Note: Whilst the resolutions within this paper will enable the prudent advancement and preparedness of planning for residential growth, decisions as to the staging and advancement of capital works are decisions that will be taken to Council and ratified as appropriate through future Annual Plan and Long Term Planning processes.
- 4.5 **Budget Allocation Options**
- 4.6 Prior to the Housing Capacity Assessment and its implications the Council had intended to work at a slower pace and attempt to secure a number of commitments from developers and landowners, including fiscal contributions to the technical inputs informing the structure planning process. The commitments on Council that come with the new National Policy Statement on Urban Development and the urgency to respond means that the funding for structure planning is considered a public good, as the Development Contributions regime does not allow for the recovery of these costs. The advancement of structure planning and our preparedness to respond to growth accords with the Council's key issue "Managing Growth" as set out within the 2021-2031 Long Term Plan.
- 4.7 Officers have assessed the public good funding options and the rates setting environment that was recently communicated to residents via the Long Term Plan and consider that utilising existing funds within the Landfill Development Reserve is the most appropriate funding source. The other options would be to use debt (which Council has historically avoided for funding operational costs) or to rate fund these costs which would add considerably to the level of rates increases (circa additional 2%) to that previously communicated to residents, which currently sit at 6.6% in Rating Area One and 6.9% in Rating Area Two.

4.8 The Landfill Development Reserve balance is currently \$1.99m which was an allocation from the 2020/21 Landfill operating surplus. It is recommended that the full amount be available to be utilised on growth planning, covering both the structure plans outlined within this report and toward the spatial planning process which will consider future growth more broadly. This accords with the direction given by Council in September as outlined below.

4.9 The Council previously considered the use of the 2021/22 Landfill operating surplus and its allocation to the Landfill Development Reserve at its Operations and Monitoring Committee meeting of 30 September 2021 and passed the following resolution:

“Noting that while the Landfill surplus is allocated to the Landfill Development Reserve, it is acknowledged that for the balance of the 2021/22 financial year this landfill surplus is available for Council to meet any requirements to meet the delivery of the 2021/22 budget and any unforeseen Covid-19 related impacts.”

4.10 The Landfill surplus has been used for a number of purposes since 2017 when the Landfill development debt had been fully repaid. The following is a summary of decisions made by Council allocating the Landfill surplus since 2017:

	Allocation	Annual Split \$000	Total annual allocation \$000
2017	Water Supply Targeted Rate Account	\$1,410	
	RA 2 Capital Reserve	\$203	\$1,613
2018	Water Supply Targeted Rate Account	\$1,100	
	RA 1 debt repayment	\$885	
	RA 2 Capital Reserve	\$284	\$2,269
2019	Kerbside Collection Reserve	\$1,050	
	RA 2 Flood Reserve	\$151	\$1,201
2020	Landfill Gas debt repayment	\$646	
	Contingency Reserve	\$870	
	RA 2 Capital Reserve	\$125	\$1,641
2021	Landfill Reserve*	\$1,997	\$1,997

* With caveat that Council could reallocate if required during the 2021/22 financial year

5.0 Options – Ngā Kōwhiringa

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

5.1 Allocate funds from Landfill Development Reserve:

Advantages

- The current Landfill Development Reserve balance of \$1.99m is the direct result of an allocation decision of Council when they considered how best to utilise the 2020/21 Landfill operating surplus. Council acknowledged that the first order priority for this surplus was for it to be allocated to the Landfill Development Reserve as a contribution to future development costs with the development of the next valley imminent. Council also acknowledged in its resolution that Council was operating in an extremely demanding time with the impacts of an ambitious Long Term Plan programme, unprecedented growth and the unknown impacts of Covid continuing to be felt. It has become more evident that Council's need to respond to these

growth pressures is the most pressing issue Council faces for which it has insufficient allocated funding to help address.

- The reallocation of the 2021/22 Landfill operating surplus from the Landfill Development Reserve for the purpose recommended fits well with the intent of Council's September resolution of the Operations & Monitoring Committee.
- The allocation of these funds for this purpose of supporting growth and spatial planning will ultimately mean more money will have to be borrowed for the Landfill development in the future, of which debt is an appropriate funding source.
- Creating a reserve balance to fund this activity will enable this work to get underway in earnest this financial year and it will create a valuable funding tool to maintain the momentum of this work into 2022/23 as well, reducing the impact of rate increases into next year.
- Ultimately the consequence of not allocating these funds as recommended in the preferred option is that Council will have two options: 1) undertake the required growth planning and spatial planning work unbudgeted; or 2) defer any work in this area until next financial year and rate fund the required funding. Both of these options have negative financial impacts either on the year-end rating position or next year's rate increases for the ratepayers.

Disadvantages

- The obvious disadvantage is identified above in that the Landfill development works will ultimately require additional debt funding rather than having reserve funding available to offset that debt burden.
- There has also been some suggestions that the Landfill surplus could be utilised to support waste minimisation initiatives, an activity that is closely aligned to the Landfill. There are however significant waste levies being made available to Council for these initiatives and it is expected that these waste levies will be sufficient to cover off any waste minimisation initiatives that may arise in the next year or two.

Option Two

5.2 Allocate alternative funding from rates or debt

- There are no other sources of rates funding available this financial year to support this programme of work other than the base line funding provided in the Long Term Plan which is already fully allocated. Any alternative source of rates funding will have to be included into the 2022/23 budget, increasing the rates required further in that year and with that the published rate increases.
- Debt is not an appropriate funding source for an activity which is generally classed as an operational activity.

Option Three

5.3 Do Not Allocate Funding to Progress Planning Works for Residential Land Supply in Response to Existing and Forecast High Levels of Demand.

- Structure Planning and other necessary precursor planning works for residential zoned developments can take two years or even longer and in the Officers' experience if these works are not commenced in early 2022, future Councils won't have capacity and agility to adjust the LTP programme as required to meet prevailing shorter term (1-3 years) demand conditions.
- Council risks being seen as not making planning and infrastructure decisions to enable at least sufficient development capacity to meet expected demand for housing and to assess the impact of those decisions on the affordability and competitiveness of the local housing market.

6.0 Next steps – *Te Anga Whakamua*

The Chief Executive will direct officers to commission works for the outcomes discussed in this report.

Attachments:

There are no attachments for this report.

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*

This proposal promotes the Social and Economic wellbeing of communities in the present and for the future by helping ensure at the macro level, there is sufficient housing supply for members of our community to live in safe and healthy accommodation.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

This proposal promotes the Social and Economic wellbeing of communities in the present and for the future by helping ensure, at the macro level, there is sufficient housing supply for members of our community to live in safe and healthy accommodation.

Sustainability - *Te Toitūtanga*

Council is required under relevant legislation and its District Plan to adhere to Sustainability outcomes.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

Financial considerations are discussed in 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 moderate significance.

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

The findings of the HCA have been considered by officers from 'the Councils' and the Strategy and Policy Committee. This report is the result of a resolution from the S&P Committee.

Risks

Risks for Council have been summarised in the body of the report and considered by the S&P Committee at its meeting on 2 November 2021.

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

The Rural Community Board is represented on the S&P Committee.

Thursday, 9 December 2021

Item 7

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

Te Rārangi Take

Report to Council

Nā: Bruce Allan, Group Manager: Corporate
From: Mark Clews, Principal Advisor: District Development

Te Take: Clifton to Tangoio Coastal Hazards Strategy Memorandum of
Subject: Transition for Coastal Hazards Service Delivery

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 This paper presents a proposed Coastal Hazards Memorandum of Transition ("MOT") for consideration.
- 1.2 This report recommends that Council endorses the Memorandum of Transition and instructs the Chief Executive to execute the Memorandum of Transition on behalf of the Hastings District Council following satisfaction of consultation requirements under Clause 7 of the Hawke's Bay Region's Triennial Agreement for the Triennium October 2019 – 2022.

2.0 Recommendations - *Ngā Tūtohunga*

- A) That the Council Meeting receive the report titled Clifton to Tangoio Coastal Hazards Strategy Memorandum of Transition for Coastal Hazards Service Delivery dated 9 December 2021.
- B) That the Council endorses the Memorandum of Transition.
- C) That the Council instructs the Chief Executive to execute the Memorandum of Transition on behalf of the Hastings District Council following satisfaction of consultation requirements under Clause 7 of the Hawke's Bay Region's Triennial Agreement for the Triennium October 2019 – 2022.

3.0 Background – *Te Horopaki*

- 3.1 On July 13, 2021 Council received a Funding Review report from Raynor Asher QC for the Clifton to Tangoio Coastal Hazards Strategy ("Strategy") and resolved:

Councillor Redstone/Councillor Dixon

- A) That the Council receives the report titled Clifton to Tangoio Coastal Hazards Strategy Memorandum of Transition for Coastal Hazards Service Delivery dated 9 December 2021.**
- B) That the Council agrees in principle to the outcome of the Funding Review and recommendations of the Clifton to Tāngoio Coastal Hazards Strategy Joint Committee, being:**
- i. Endorses the findings of the review undertaken by Mr Raynor Asher QC titled “Review and Recommendations for the Clifton to Tāngoio Coastal Hazards Strategy Joint Committee” (as attached), including the following key recommendations, for the purposes of commencing consultation under s.16 of the Local Government Act 2002.**
 - ii. That the Hawke’s Bay Regional Council takes charge of all aspects of the prevention and mitigation of coastal hazards on the Clifton to Tāngoio coast.**
 - iii. That the Napier City Council, Hastings District Council and Hawke’s Bay Regional Council enter into a Memorandum of Understanding setting out agreed positions on this arrangement.**
 - iv. That an advisory committee is formed by elected representatives from Napier City Council, Maungaharuru-Tangitū Trust, Hastings District Council, Mana Ahuriri, Hawke’s Bay Regional Council and Heretaunga Tamatea Settlement Trust to support forward work.**
 - v. That a Transition Plan is prepared to set out the timing and orderly process of transitioning functions to the Hawke’s Bay Regional Council in accordance with the terms set out in the Memorandum of Understanding.**
- C) That the Council directs staff to prepare a draft Memorandum of Transition between the Hawke’s Bay Regional Council, Napier City Council and Hastings District Council that details the proposed operational regime for implementing coastal hazards mitigation projects under the Clifton to Tāngoio Coastal Hazards Strategy.**

3.2 Since then, staff have been developing the MOT as directed by resolution C.

3.3 The purpose of the MOT is to provide a mechanism for Hastings District Council, Napier City Council and Hawke’s Bay Regional Council (“Partner Councils”) to confirm the agreed arrangements for implementing the Strategy and the associated transfer of assets recommended by the Funding Review.

3.4 The MOT will also provide the means for achieving a required amendment to the Hawke’s Bay Regional Council’s Long Term Plan without objection from territorial authorities under s.16 of the Local Government Act.

3.5 In developing the MOT, the Strategy’s Technical Advisory Group (“TAG”) have been working to the process and timeframe outlined in **Table 1**.

Table 1: MOT Development Process and Timeline

Task	Timing
1. Drafting (with support from Simpson Grierson)	Throughout October
2. Technical Advisory Group workshop on draft MOT	27 October
3. Joint Committee workshop on draft MOT	5 November
4. Joint Committee formally consider proposed MOT and recommend final draft MOT to Partner Councils	19 November
5. Partner Council consideration / adoption of MOT	November / December

3.6 The draft MOT was considered by the Clifton to Tāngoio Coastal Hazards Strategy Joint Committee (“Joint Committee”) at their meeting on 19 November 2021, and the following resolution was passed:

“That the Clifton to Tāngoio Coastal Hazards Strategy Joint Committee:

1. *Receives and notes the “Memorandum of Transition” staff report.*
2. *Endorses the draft Memorandum of Transition.*
3. *Recommends that the Hastings District Council, Napier City Council and Hawke’s Bay Regional Council confirm and execute the Memorandum of Transition, following satisfaction of all requirements under the Hawke’s Bay Region’s Triennial Agreement for the Triennium October 2019 – 2022.”*

- 3.7 The proposed MOT, which includes some minor updates in response to Joint Committee feedback, is provided as **Attachment 1** to this paper.
- 3.8 Associated with the MOT, an Advisory Committee was recommended by Mr Asher to support HBRC’s functions as the lead agency for implementing the Strategy. This Advisory Committee will in effect replace the Joint Committee and provide for an ongoing forum for collaboration between tāngata whenua and the Partner Councils.
- 3.9 A draft Terms of Reference for this proposed Advisory Committee is included as Schedule One to the MOT for completeness, but this remains in draft form as the Joint Committee roles are likely to extend beyond the MOT – the final terms of reference will be completed following the s.16 consultation and consultation on the final strategy document before being included in the final Transition Agreements.
- 3.10 For HDC the three assets that are included in the MOT to be transferred include the Waimārama Seawall and the revetments at Clifton and Cape View Corner in Haumoana. While Waimārama is not in the Clifton to Tāngoio coastal strategy area, for completeness it has been included in the transition. Given 90% of the Waimārama Sea Wall cost is funded through a targeted rate, a targeted consultation process with those ratepayers will be required in the first quarter of 2022.
- 3.11 Provision is also made for the inclusion of new assets or partially completed assets that may be commenced between now and the final transfer of functions by agreement with the HBRC.

4.0 Discussion – Te Matapakitanga

- 4.1 Having been developed through the Joint Committee, the proposed MOT is now in the process of being considered by the Partner Councils.
- 4.2 Hawke’s Bay Regional Council is considering the MOT at its Council meeting on 15 December.
- 4.3 NCC is considering the MOT at its Council meeting on 16 December.
- 4.4 Before the MOT can be formally adopted however, it must also be circulated to Wairoa District Council (“WDC”) and Central Hawke’s Bay District Council (“CHBDC”), to align with requirements under s.16 of the Local Government Act and clause 7 of the Triennial Agreement. S.16 relates to the process that must be followed for a Regional Council to commence a significant new activity.
- 4.5 The **territorial** authorities are then provided with, at a minimum, 40 working days to respond. This time restraint under the Triennial Agreement could be varied through agreement between all the local authorities in the region.
- 4.6 Members of TAG met with the Chief Executives of all Councils recently to discuss these requirements, and are in the process of confirming workshop and council meeting times with CHBDC and WDC early in the New Year.
- 4.7 Following completion of the MOT approval process, it is proposed that HBRC commence consultation under s.16 of the Local Government Act in May 2022.
- 4.8 The MOT addresses the question of significance for HDC and has assessed that for the coastal assets of Clifton and the Cape View Corner the transfer of these assets is not significant and consultation is not required. It does, however, note that while the Waimārama Sea Wall is not a significant asset or activity for HDC it is collected through a targeted rate and those affected ratepayers should be specifically consulted on this transition.

5.0 Options – Ngā Kōwhiringa

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

- 5.1 Endorses the MOT and instructs the Chief Executive to execute the MOT on behalf of the Hastings District Council following satisfaction of consultation requirements under Clause 7 of the Hawke's Bay Region's Triennial Agreement for the Triennium October 2019 – 2022.

Advantages

- Council has previously agreed in principal that the Regional Council is the organisation best placed to take charge of all aspects of the prevention and mitigation of coastal hazards on the Clifton to Tāngoio coast and instructed staff to work with the Joint Committee to develop a MOT to enable this to take place.
- The MOT sets out the assets and associated debt and funding streams to be transferred from HDC to the Regional Council and how those assets are to be transferred.
- The MOT sets out the process for assets to be transferred, includes a draft terms of reference for a joint committee and acknowledges that formal transfer agreements will be developed in due course following the Regional Council's own s.16 consultation process.

Disadvantages

- It was acknowledged at the July 2021 Council meeting when Council agreed to develop a MOT for the transfer of existing assets that a possible or perceived disadvantage could be that with HBRC taking the lead on the implementation of the Strategy, HDC will not have control over what and when interventions on the Coast are undertaken. That disadvantage was considered by Council and the agreement at that meeting acknowledged the advantages of HBRC taking on this work outweighed the disadvantages.

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuetanga o nāianei

- 5.2 That Council do not endorse this draft Memorandum of Transition and instruct officers to renegotiate terms of the transition agreement.
- This option is not supported by Officers. The draft MOT has had significant input from the Strategy's Technical Advisor Group, has had legal input from Simpson Grierson and has been endorsed by the Joint Committee for which has representatives.

6.0 Next steps – Te Anga Whakamua

- 6.1 Napier City Council and the Hawke's Bay Regional Council will be considering this recommendation and draft MOT in December and subject to their endorsement the HBRC will undertake their own consultation under s.16 of the Local Government Act required of them when taking on significant new activities.

Attachments:

1⇒	Coastal Hazards - Proposed Memorandum of Transition	CG-16-2-00918	Vol 1
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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*

This proposal promotes the environmental, social and economic wellbeings of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

The current Joint Committee has representatives from Tāngata Whenua on the committee and their involvement through this process has been considered.

Sustainability - *Te Toitūtanga*

The consideration of sustainability impacts will be considered by the council(s) involved in any future decisions when implementing the strategy recommendations.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The financial considerations of this report are limited to the impact on HDC of the assets transferring through the process outlined in the draft MOT.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision 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*

It is considered appropriate that the ratepayers that contribute to the Waimārama Sea Wall targeted rate are consulted on this transition arrangement.

Risks

Opportunity:

REWARD – <i>Te Utu</i>	RISK – <i>Te Tūraru</i>
The benefits of transferring these assets and having all coastal assets under HBRC control have been considered including an opportunity to create a more uniform funding regime across the two territorial authorities.	There is a risk that this transition is not supported by the community or other Councils in the Hawke's Bay area.

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

n/a

Thursday, 9 December 2021

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

Item 8

Te Rārangi Take

Report to Council

Nā:
From: Nigel Bickle, Chief Executive

Te Take:
Subject: Chief Executive's Update

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 In light of this being the last Council meeting of the calendar year, an overview of Council's key strategic outcomes that have been achieved in 2021 will be presented by the Chief Executive.
- 1.2 The report concludes by recommending that the report and update of the Chief Executive be received.

2.0 Recommendations – *Ngā Tūtohunga*

- A) That the report of the Chief Executive titled Chief Executive's Update dated 9 December 2021 be received.
- B) That the Council receive the Chief Executive's Update.

Attachments:

There are no attachments for this report.

Thursday, 9 December 2021

Item 9

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

Te Rārangi Take

Report to Council

Nā: Bruce Allan, Group Manager: Corporate
From: Richard Hooper, Project Manager

Te Take: Hawke's Bay Museum Research and Archives Centre - Preliminary
Subject: Design and Project Update

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to seek approval and endorsement from Council on the design process and outcomes being generated for the new Hawke's Bay Museum Research and Archives Centre (HBMRAC) facility at 307 Queen Street East, Hastings.
- 1.2 The design process is sufficiently progressed to give both Hastings District and Napier City Councils an update on progress and seek their approvals to continue through the design phases. The Preliminary Design phase has been completed and the design teams are now working through the developed design phase.
- 1.3 This report seeks Council's approval of the preliminary design and gives delegation to the Joint Working Group to continue to progress through the developed and detailed design phases subject to their approvals at each design phase.

2.0 Recommendations - *Ngā Tūtohunga*

- A) That the Council Meeting receive the report titled Hawke's Bay Museum Research and Archives Centre - Preliminary Design and Project Update dated 9 December 2021.
- B) That the Council approve the preliminary design for the Hawke's Bay Museum Research and Archives Centre.
- C) That the Joint Working Group be delegated authority to approve the developed design and detailed design phases.
- D) That the above resolutions are subject to Napier City Council approving the Preliminary Design and delegation to the Joint Working Group as detailed in C above.

3.0 Background – *Te Horopaki*

- 3.1 Following a review (the Feeley report) of the governance and management arrangements for the collection undertaken in 2018, a Joint Working Group (JWG) was established between the Hawke's Bay Museums Trust (HBMT), Napier City Council (NCC) and Hastings District Council (HCC), to consider changes to the governance and operational arrangements for the regional collection. The JWG consists of councillors and senior officers from NCC, HDC and HBMT representatives, including mana whenua representation. HDC representatives currently are:

Councillor	Malcolm Dixon – Chair
Councillor	Sophie Siers (previous triennium Cr Ann Redstone)
Group Manager	Bruce Allan
Group Manager	Rebekah Dinwoodie
Arts & Culture Manager	Megan Peacock-Coyle
Project Manager	Richard Hooper

- 3.2 The regionally owned collection is funded by both HDC and NCC, and owned by the Hawke's Bay Museums Trust who are in effect the guardians of the collection. The collection is managed on a day-to-day basis by the MTG and NCC under a contract for service.
- 3.3 Although a significant collection of social history, textiles, fine arts, decorative arts, furniture, Pacifica and world cultures, sculpture, natural history and archives, one of the most important collections currently being housed is the taonga Māori collection. Ngāti Kahungunu Iwi have strongly expressed their desire to see the Ruawharo Tā-ū-rangi collection made more accessible to their whānau, hapū, the wider Hawke's Bay community and visitors to Hawke's Bay.
- 3.4 The regional collection contains 88,654 items and is valued at \$40.983m (at 30 June 2020).
- 3.5 The Feeley report in 2018 identified, and the JWG agrees, that the current museum collection storage locations – the basement of MTG in Napier's CBD and at the former site of British American Tobacco (BAT) in Ahuriri, Napier – are not ideal due to various building issues and the location of both sites within the tsunami inundation zones. It was therefore considered that a site within the Hastings District away from coastal hazards would mitigate the latter risk and facilitate greater access to the collection by Hastings and Hawke's Bay residents.
- 3.6 The issues identified with the storage of the collection are long-standing issues that have attempted to be addressed in the past but without success, despite a number of attempts.
- 3.7 In December 2019, Halcyon Project Management Ltd (HPM) was engaged to undertake a feasibility study to identify options for the future housing of the region's historic collection.
- 3.8 The initial feasibility focussed on HDC-owned land and in particular Civic Square. It quickly became apparent that the size and scale of such a facility would overly dominate Civic Square and this option was discounted.
- 3.9 In consultation with key stakeholders, the scope of the project widened and an initial list of 18 sites were identified and assessed as to their suitability as potential locations for the establishment of a Hawke's Bay Museum Research and Archives Centre with the preferred option being 307 Queen Street East, Hastings (the former Briscoes building next to City Fitness). This option was seen to be the most cost effective and having good links to Hastings' cultural precinct including Toitōi - Hawke's Bay Arts and Events Centre, the Hastings War Memorial Library and the Hastings City Art Gallery, Civic Square and Nga Pou o Heretaunga which all play an important role in the cultural, social and economic life of our city.



307 Queen Street East, Hastings



HB Museum Research and Archives Centre in relation to other HDC cultural assets

- 3.10 Council entered into a conditional Sale and Purchase Agreement on 8 August 2020 to purchase 307 Queen Street East for the sum of \$3,050,000 conditional upon due diligence being undertaken by 18 September 2020 which was subsequently extended to 2 October 2020. The conditions of the sale and purchase agreement included **both** Councils' consent as a condition and provided both Councils with the ability to not commit to any purchase, should it be determined that the proposition of converting this site into a fit-for-purpose museum storage facility is not feasible or cost effective.
- 3.11 A due diligence exercise was then undertaken via HPM to initially ascertain whether the building and site were:

- Of structural soundness,
- That the land beneath was stable with respect to what the facility would be housing,
- Able to support extension of the building to house the entire collection, staff and research functions.

- 3.12 Upon the above being confirmed, HPM were then tasked to undertake an exercise to ascertain what investment would be required to repurpose the building and site to be a high-performing facility in regards to providing for a museum standard storage facility as per national best practice, the details of which are provided for in the discussion below.
- 3.13 HDC on the 15th October 2020 and NCC on the 22nd October 2020 both resolved to acquire 307 Queen Street East, Hastings for the purpose of accommodating a fit-for-purpose Hawke's Bay Museum Storage, Archive, Research and Education facility. In addition to approving the \$1.525m each for the property acquisition both Councils resolved to commit \$1.8m each to year one of their respective 2021-2031 Long Term Plans as a contribution towards the redevelopment costs.
- 3.14 Based on an early concept which included:
- an extension to the existing footprint to accommodate staff & amenities and provide for an education space,
 - a refurbishment programme to the existing building and,
 - a strengthening programme to bring the existing building up to 67% NBS of Importance Level 3 (IL3).

The estimated capital investment required to achieve this was approximated by an independent quantity surveyor Rider Levett Bucknall (RLB) at \$5.89m. In addition to the construction costs other costs including professional consultancy services, specialised storage systems and relocation costs brought the projected redevelopment cost to an estimated \$8.427m.

- 3.15 To bridge the initial estimated \$4.827m funding gap based on the quantity survey of the initial concept, the JWG resolved to approach both the Lotteries Significant Project Fund (LSP) and the Lotteries Environment and Heritage Fund (LEH). HDC and NCC officers went about compiling extensive applications to the respective funds with HDC as the lead applicant (as the named property owner on the title).

The LSP Fund submission sought \$5.5m worth of funding on the premise that the LEH application may have been unsuccessful. HDC was notified by Lotteries NZ officials on 4 June 2021 that the application was not fully successful but was subsequently granted \$4.478m towards the project's capital costs.

The LEH Fund submission sought \$1m worth of funding as a contribution towards the significant cost of the Heating, Ventilation and Air Conditioning (HVAC) component required to aide in the future preservation and protection of the collection. On May 28, 2021 Council was notified by Lotteries NZ officials that the full \$1m was granted.

4.0 Discussion – *Te Matapakitanga*

- 4.1 In order to inform the extent of investment that would be required to construct a fit-for-purpose of museum standard facility, some added certainty around the bridging of the funding gap the JWG decided to forge on with the design phases of the project.
- 4.2 The JWG resolved in August 2021 to engage RTA Studios (RTA) as the lead professional architectural service provider. RTA had been heavily involved with the concept design and the collection capacity modelling and testing to establish whether or not the collection would fit within the volumetrics of the existing building. They had formed a trusted relationship with the MTG Hawke's Bay staff through this initial work and provided the JWG with surety and level of confidence that they could deliver on the brief. RTA whilst established in and historically based only in Auckland now have a

local presence with an established office in Havelock North. RTA are also the lead architects on the Food Innovation Hub project.

- 4.3 The project vision that the design team are working to is articulated as follows as presented in the preliminary design package:



STORAGE:

Fit-for-purpose storage and preservation facility for regional taonga and artefacts.



OPEN:

Improved community access and visibility to the collection and preservation team.



DESIGN:

Architectural and Urban response to the site's location and context.

4.4 Storage

- 4.5 A vast array of technical inputs have been required to inform the storage component of the project vision ensuring that the facility is fit-for-purpose and appropriate for the preservation of Hawke's Bay's irreplaceable taonga and artefacts. Extensive design work is being undertaken on the HVAC system and fire systems, alongside the storage solutions, understanding the heights of different racking systems and the impacts that they have on the HVAC and fire safety systems.
- 4.6 The MTG staff have diligently compiled all storage requirements with a high level of detail for the design team to 3D model, ensuring the collection fits and there is an allowance for at least 20 years of growth in the areas of the collection that the collection staff believe will be required.
- 4.7 The design team and the MTG Collections staff now have a high degree of confidence that the modelled storage arrangements included in the preliminary design will satisfactorily cater for the entire collection. The existing collection has not changed since the due diligence phase of this project which at that time was assessed as 1,077m³ and the proposed layout which takes into account 2% growth per annum over 20 years will accommodate circa 1,835m³. This will be made up of 1,576m³ of compactor shelving, fixed racking, draws and wall mesh with a further 259m³ of space for crate storage, fixed racking and for the larger items.

4.8 Open

- 4.9 The design team along with the MTG staff have worked up the spaces that need to be considered for the non-storage elements that will enable the collection to be readily accessed for research and education purposes. In addition to the bulk storage areas, the following areas have been created in the current design:
- Provision for an education and workspace on the ground floor of the addition 69m²
 - Inside the storage area, spaces have been created for:
 - Conservation Lab
 - Photography Studio

- Reading Room
- Receiving Room
- Upstairs in the addition area includes all the required staff office, amenity spaces and a meeting room for smaller groups.

4.10 The spaces that have been incorporated into the design have the express purpose of creating opportunities to improve the community access and visibility to the collection. It should be noted however that this new facility is not designed to be an alternative to the MTG Museum, but will need to find the balance of having an open attitude to members of the community accessing the collection with the constraints of ensuring the collection is safe.

4.11 The MTG Director Laura Vodanovich has provided the following commentary on the design process and outcomes to-date:

“MTG staff have worked closely with the architects regarding the development and design of storage layout and operational space. While we are still working through detail in the crate storage area, we can confirm that there is 20 years growth within the other collection areas - based on our best estimates of probable growth. The new operational areas and layout will allow for multiple types of access to occur simultaneously such as: an education class, a group viewing the collection, archive researchers and a public tour. Both the collection growth and the way the new spaces are configured will significantly improve the care of the collection and the level of access able to be provided to the community.”

4.12 Design

4.13 Preliminary Design Phase (PDP):

- Preliminary design formally commenced on 4 October, 2021 and was delivered on time and on budget on 12 November 2021.
- PDP has involved the MTG Hawke’s Bay staff working alongside RTA to develop the internal design of the facility based on an operational model that provides for staff, researchers, archivists, educational based visits, visitors and ultimately at the forefront of the design is the provision for the care of the collection and all that encompasses.
- Supporting RTA with this design phase are a number of specialist professional service providers. All of which except for one are based locally or have a local presence in Hawke’s Bay.

These include:

- Strata Group – Providing structural and geotechnical advice and design services.
- Stantec – Providing advice on civil elements including stormwater and transportation design.
- Jackson’s Engineering – Providing mechanical, electrical and plumbing (MEP) design services and solutions. This includes the design of the all-important HVAC system.
- Rider Levett Bucknall – Providing quantity surveying services and advice.
- Gannon Fire Risk & Security – Providing fire protection, security and risk mitigation design services.
- Technical Spatial – Providing survey modelling services.

4.14 Hydstor Shelving – As the only New Zealand supplier based in Auckland, of museum standard storage systems and solutions, will be assisting with maximising the efficiency of the floor layout that enables the collection to be stored securely and appropriately whilst allowing for 20-30 years of growth.

4.15 The design has created the concept of the Lighthouse and the Darkhouse. The Lighthouse has been referenced by the design team as “a beacon for the public; a place of work; a place of conservation and conversation. Transparent, welcoming, and open to all. The Darkhouse is where there is no natural light where the taonga is securely stored and protected; where the people’s treasures are preserved, secure and temperature controlled.

4.16 Developed Design Phase (DDP):

- Developed design formally commenced on 15 November 2021.
- While the project has involved a significant amount of mana whenua engagement, this design phase will include a substantial amount of mana whenua engagement and input, particularly on how the facility will appear to the eye (façade elements, story-telling, relationship to the facility’s surroundings), and how the facility will provide for not only Māori but all cultural needs and requirements.

4.17 Peer Review

4.18 A number of the more specialised components of the design will be peer reviewed by museum experts prior to completion of the developed design phase to give further assurances that the design solutions are fit for purpose and appropriate. Specifically peer reviews have been identified for the HVAC solution and the overall design philosophy will be reviewed by a leading New Zealand Museum industry expert.

4.19 Funding Summary

4.20 Due the current construction market and the uncertainty that COVID-19 poses the industry and supply chain, the project has taken a prudent approach to mitigate some of the fiscal risks and engage the services of RLB to test the construction market at the conclusion of each design phase, and prior to approaching the market for the construction of the facility.

4.21 At the time of writing the latest cost estimates from RLB based on the preliminary design had not been received. Cost estimates based off the concept design stage had a total project cost of \$12.89m and escalations to 2022/23 when construction will be undertaken. Updated cost estimates will be presented to Council at the Council meeting.

4.22 Committed funding includes:

Napier City Council	\$1.80m
Hastings District Council	\$1.80m
Lotteries Environment and Heritage Fund	\$1.00m
Lotteries Significant Project Fund	<u>\$4.48m</u>
Funding confirmed:	\$9.08m
Plus:	
Hawke’s Bay Museums Trust fundraising	\$1.00m (target)
Ministry of Culture & Heritage	<u>\$2.25m</u> (application made, awaiting confirmation)
	\$12.33m

4.23 The current funding and expenditure projections highlight a \$560k funding gap based on very early cost estimates and assumptions on external funding that is still to be received. The project has regular check-ins to understand cost estimates and how those estimates meet the current funding expectations and if adjustments need to be made to the design.

4.24 Regional Cultural and Heritage Fund

4.25 As a result of further design additionalities and escalating market forces brought about by COVID-19 and an additional quantity survey the project identified that further funding would be required. As a

result the JWG has submitted an application, with HDC as the lead applicant, to the Regional Culture and Heritage Fund (RCHF), administered by Manatū Taonga - Ministry for Culture and Heritage. This fund is known as the “*fund of last resort*” for regional (projects outside of Auckland, Wellington, & Christchurch), cultural and heritage projects that provides for the last piece of funding to get a qualifying project completed. The application is requesting \$2.25m for what will hopefully get the project completed, provided there are no further major cost escalations. The outcome of this application is yet to be notified.

- 4.26 The Ministry of Culture and Heritage application was made based on very early cost estimations. This project with the funding already secured and with the Council’s contributions meets the funding requirements well to garner support from this fund – it is however a funding risk that remains.
- 4.27 Hawke’s Bay Museums Trust Fundraising
- 4.28 The Hawke’s Bay Museums Trust has participated fully in the Joint Working Group since its inception. The progress that has been made so far has been encouraging. The Trust feels confident that so far its interests have been taken into account through the numerous iterations of the project. The Chair of the Hawkes Bay Museums Trust, Dr Richard Grant has made the following comment about the process to-date: *“The Hawkes Bay Museums Trust has participated fully in the Joint Working Group since its inception. The progress that has been made so far has been encouraging. The Trust feels confident that so far its interests have been taken into account through the numerous iterations of the project.”*
- 4.29 The Museums Trust will commence its fundraising campaign in earnest in early 2022 following completion of the Developed Design phase which will provide the Trust with sufficient information to approach benefactors.
- 4.30 Early Contractor Involvement
- 4.31 The JWG is considering and is seeking advice on the use of a procurement method, Early Contractor Involvement (ECI). This entails a two staged procurement approach to the market whereby at the first stage, an expression of interest is sought from the construction market to provide for a contractor to be involved with the design (and not necessarily the contracted contractor for the construction phase), from the developed design phase to provide practical advice on the design versus construction methods, to test the architects on some of their design elements when and where required, and also to provide regular market tested costings of the construction phase.
- 4.32 The second stage would involve approaching the market for the physical build of the facility. This would typically involve negotiating a cost plus agreed margin on materials and labour. The second stage could also take the approach of directly engaging the incumbent contractor awarded the ECI contract.
- 4.33 The advantages of using this form of procurement process is that it could mitigate some of the potential fiscal risks, identify long lead time materials that can be procured earlier, resources can be secured and allocated to the project in advance, contractors do not have to produce a full price list of every item required to construct the facility. One last advantage is that the contractor can challenge the quantity surveyor’s assumptions and prices as the design team works through the design phases providing opportunities to save money on materials and design options as the project progresses.
- 4.34 The ECI approach has been successfully used on the Toitū development project and is delivering on all 4 stages of this strengthening and redevelopment project.

5.0 Options – Ngā Kōwhiringa

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

- 5.1 That Council approve the Preliminary Design and delegate to the Joint Working Group to approve the developed design and detailed design phases.

Advantages

- The Preliminary Design phase has been comprehensive and has built on the due diligence work undertaken when the building was purchased and the resource consent application that followed. The MTG Collections staff have been heavily involved in the design process with a large amount of detail informing the storage solutions and layout.
- The preliminary design has been approved by the JWG who have been kept abreast of the design process throughout. The Hawke's Bay Museums Trust have reviewed the preliminary design and are also supportive of the design and have given their support to the project progressing to the developed design phase.
- Providing this approval now and delegating to the JWG in consultation with the Hawke's Bay Museums Trust and mana whenua to make the necessary approvals through the design gateways will provide the design team with continuity of design and continued access to the many components of the design process, ensuring the design process can be as efficient and effective as possible.

Disadvantages

- The disadvantage of not delegating to the JWG to manage and approve the design gateways will mean that the design process will potentially incur delays while higher approvals are sought from both of the respective Councils.

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuetanga o nāiane

5.2 That Council approve the Preliminary Design phase and requests officers to report back to Council at the completion of each remaining design phase, before moving on to proceeding phases.

- The JWG with the support of the HBMT and mana whenua are well placed to understand the design elements and approve the plans at each design gateway. Adding a layer of approvals to the decision-making process is unlikely to be beneficial and will likely cause delays in the design process.

6.0 Next steps – *Te Anga Whakamua*

6.1 Continuation of the Developed Design Phase (DDP):

- DDP is planned to continue early into the New Year and is forecast to be completed mid to late February 2022.
- This phase of design will build on the preliminary design including; the facility facade, the material that facility will be constructed of, testing the storage floor layout(s) to maximise floor capacity while allowing for future growth

6.2 Detailed Design Phase (DTDP):

- DTDP is due to commence in March 2022, with an anticipated completion date of mid to late April 2022.

6.3 Approach the market for the construction phase:

- It is intended to approach the market in late April 2022 for a suitably qualified construction partner.

6.4 Construction Phase:

- Early indications have estimated a timeframe of 10 months to complete the build.


6.5 Relocation Phase:

- It has been estimated that 8-12 weeks will be required to relocate the collection from the two Napier sites to the new facility in Hastings.

6.6 Facility opening:

- With all of the above being accounted for the JWG is envisaging an opening of the facility mid-2023. Potentially to coincide with July 2023 Matariki celebrations.

Attachments:

1 	RTA Studio MTG Design Report dated 23 November 2021	CG-16-2-00920	Vol 1
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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*

This proposal promotes the cultural wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

The regional museum collection includes a significant collection of taonga Māori. Mr Nigel How, the iwi representative on the Ruawharo Tā-ū-rangi - Hawke's Bay Museums Trust, is a member of the Joint Working Group.

The significant collection of social history, textiles, fine arts, decorative arts, furniture, Pacifica and world cultures, sculpture, natural history and archives, also includes one of the most important local collection of taonga Māori. Ngāti Kahungunu Iwi have strongly expressed their desire as an iwi, to see the Ruawharo Tā-ū-rangi collection made more accessible to whānau, hapū, the wider Hawke's Bay community, and to visitors to Hawke's Bay. Iwi are generally supportive too of seeing the stored artefacts of this significant collection being moved from their current storage facility given the potential risks (as outlined earlier in this report) that might see the taonga being desecrated.

Sustainability - *Te Toitūtanga*

There are strong sustainability design elements in the preliminary design of the building. With this redevelopment of the Briscoes building the Councils are creating a much reduced carbon footprint through the repurposing of an existing building than if a new building had to be built.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The financial considerations are canvassed in the report.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

While the outcomes that this building development will achieve will be significant to the community, this decision at this point of the process has been assessed under the Council's Significance and Engagement Policy as being of moderate significance.

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

Consultation has been had with a number of stakeholders through the feasibility study stage of this project and through the preliminary design phase to-date and further consultation will be had with mana whenua as the project progresses through the developed design. There has not been any wider consultation with the community in regards to this decision specifically.

Risks

REWARD – <i>Te Utu</i>	RISK – <i>Te Tūraru</i>
This project has the potential to significantly increase the level of care and preservation that the Regional collection currently receives. It also provides an opportunity for the collection to be much more accessible to the community without creating a replication of the museum in Napier.	The risks that this project is managing are primarily around the cost of the development works and the level of funding that can be attracted from external sources. This funding risk is currently the biggest risk the project faces. There is also a risk that the facility is not big enough to cater for the current collection and growth. This however is being mitigated with some sophisticated modelling of the current collection utilising modern and efficient storage solutions.

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

n/a

Thursday, 9 December 2021

Item 10

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

Te Rārangi Take

Report to Council

Nā: Nigel Bickle, Chief Executive
From: Bruce Allan, Group Manager: Corporate

Te Take: Stage 2 Review of Local Government Investment in Business &
Subject: Industry Support across the Hawke's Bay Region

1.0 Executive Summary – Te Kaupapa Me Te Whakarāpopototanga

- 1.1 This report presents the findings and recommendations of the Stage 2 Review of Investment in Business & Industry Support across the Hawke's Bay Region undertaken by Gus Charteris Consulting for the five Hawke's Bay councils (Hawke's Bay Regional Council, Hastings District Council, Napier City Council, Central Hawke's Bay District Council and Wairoa District Council).
- 1.2 This report also presents subsequent joint recommendations by the five councils with respect to the preferred option, structure and funding.
- 1.3 A briefing on the draft report was provided to Council in a workshop on 19 October 2021.
- 1.4 In August 2020, the five Hawke's Bay councils commissioned a review of business and industry support across the region. The review presented a clear case for change – highlighting a range of inefficiencies and missed opportunities with current ratepayer-funded activities and services.
- 1.5 The five councils endorsed participation in a second stage review process to further investigate recommendations and focus on what priority activities and services should be funded, what the best option for delivering this in Hawke's Bay would be, and the required cost of investment.
- 1.6 Key recommendations were:
 - 1.6.1 Focus ratepayer investment in areas where there are gaps or at a 'macro' level (e.g. working with groups of companies or sectors and developing regional strategies to help marshal and direct scarce resources to areas of agreed regional priority).
 - 1.6.2 Support other organisations to lead on 'micro' level activities and services - given this space is crowded and competitive.
 - 1.6.3 Support a 'by Māori for Māori' approach to regional economic development given this is an area where Hawke's Bay has not delivered on well in the past.
 - 1.6.4 Continue to support the HB Business Hub and Matariki Regional Development Strategy.

- 1.6.5 Develop programmes and an area of focus for industry and sector development, investment and talent attraction, HB brand strategy and activation, and coordination of skills and employment initiatives.
- 1.6.6 Consider funding the establishment of a regional development entity with the appropriate scale and mandate.
- 1.6.7 If the preferred option is not accepted, at minimum consider funding the establishment of a regional economic development team that would be hosted by the councils.
- 1.7 Prior to the second stage of the review being finalised, the key findings and recommendations were workshopped with all five councils, and feedback sought from iwi/hapū - via Te Kāhui Ōhanga o Takitimu (TKO), and business.
- 1.8 Based on feedback received from these sessions and the review findings, the five councils are jointly recommending the preferred option of establishing an independent regional development entity. The final structure would be dependent on legal and tax advice, however this entity would take the form of a non-CCO (Council Controlled Organisation) and the governance structure would represent an equal co-governance model between business, iwi/hapū and local government.
- 1.9 The minimum option was not supported by iwi/hapū, business/sector representatives or some councils. There was a widespread view that if Hawke's Bay is going to do this, it needs to be done properly - and a minimum viable option would not deliver to meet the needs or potential of the Hawke's Bay economy. Therefore, this option has not been considered further.
- 1.10 The five councils will be receiving the Stage 2 report and a similar paper between 17 November – 9 December. Any decisions made are subject to all councils' joint support and endorsement of the recommendations.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Council Meeting receive the report titled Stage 2 Review of Local Government Investment in Business & Industry Support across the Hawke's Bay Region dated 9 December 2021 and accompanying Gus Charteris Consulting report dated November 2021.
- B) That the Hastings District Council:
 - i) Supports the Stage 2 Review recommendations for priority activities/services and the focus for ratepayer investment in business and industry support.
 - ii) Supports the establishment of a regional development entity in Hawke's Bay.
 - iii) Supports the recommended funding split and notes the financial implications for Hastings District Council.
 - iv) Endorses a partnership approach with Hawke's Bay iwi/hapū.
 - v) Agrees to accommodate Council's funding contribution for the new entity from a combination of additional rates and operational budget savings.
 - vi) Notes that formal decisions of Council would be subject to the other four councils' joint support and endorsement and consultation in the 2022/23 Annual Plan.

3.0 Background – Te Horopaki

- 3.1 In August 2020, the five Hawke's Bay councils commissioned a review (Stage 1 Review) in business and industry support across the Hawke's Bay region, stemming from a Local Government Act (2002) s.17A requirement to review the cost effectiveness of council arrangements for delivering services on a periodic basis.

- 3.2 Key reasoning for commissioning the review was the request for additional funding by Business Hawke's Bay (BHB) – the region's business development agency at the time, and recognising the opportunities to improve regional coherence of economic development investments funded by ratepayers. Councils wanted a clearer picture of funding commitments to inform Long Term Plan processes starting from late 2020.
- 3.3 The focus of the Stage 1 Review was activities undertaken and services provided by BHB, Hawke's Bay Tourism (HBTL) and individual councils. Insights developed in relation to Hawke's Bay's Regional Development Strategy (Matariki RDS) were also incorporated, however not reviewed in detail.
- 3.4 The Stage 1 Review presented a clear case for change - highlighting a range of inefficiencies and missed opportunities with current ratepayer-funded activities and services and found there was an opportunity to do something that better met the region's needs and potential.
- 3.5 During this review period, BHB made the decision to wind down with formal closure taking effect on 30 June 2021.
- 3.6 Councils received and considered the Stage 1 Review in early 2021. All councils endorsed participation in a second stage review process (Stage 2 Review) to further investigate recommendations and explore options in relation to effective delivery of business and industry support for Hawke's Bay.
- 3.7 As a result of BHB's wind down, councils also endorsed re-directing the joint economic development funding for a 12 month period to support the HB Business Hub remaining operational and continuation of two sector development initiatives (food & fibre and hi-tech & agri-tech) at a scaled back level. These activities were considered at minimum necessary to retain an important regional asset and momentum in two areas of economic development focus for the region while the Stage 2 Review progressed.
- 3.8 The Business Hub operations and staff and industry programme contractors were formally transitioned to Hawke's Bay Regional Council oversight on 1 July 2021 on behalf of the five councils. This arrangement and associated operations/agreements are in place to 30 June 2022.

4.0 Discussion – *Te Matapakitanga*

- 4.1 The Stage 2 Review process involved both direct engagement (with business and iwi/hapū) and desktop analysis, focussing on three key areas:
 - 4.1.1 The priority activities/services for ratepayer investment
 - 4.1.2 Options for the most effective way to deliver these for Hawke's Bay
 - 4.1.3 The estimated cost of investment
- 4.2 Detailed findings, insights and recommendations can be found in the **attached** report.
- 4.3 Prior to the Stage 2 Review being finalised, these findings and recommendations were workshopped with all five councils. In addition, TKO were formally sent the draft report to provide feedback as our iwi/hapū partner in this process and a number of businesses engaged with to ensure they were on board and supportive of the planned direction.
- 4.4 Summary feedback from Councils included:
 - 4.4.1 General support for the direction and recommendations.
 - 4.4.2 Understanding of the rationale of focusing investment where gaps needed to be filled and any future entity 'sticking to its appropriate lane'.
 - 4.4.3 Widespread acknowledgement and concern regarding the tumultuous history with Hawke's Bay economic development agencies and historic under-funding, and unclear purpose and mandate.

- 4.4.4 Aligned feedback that if Hawke's Bay is going to do this - it needs to be done well. The plan forward needs to be sustainable and enduring, and an outcome or reporting framework to guide activities and hold the entity to account for delivery for the region (and individual districts) is critical.
- 4.5 Summary feedback from iwi/hapū via TKO included:
- 4.5.1 Acknowledgement that there is merit across the options presented and support for the 'by Māori for Māori' approach to regional economic development.
- 4.5.2 The importance of an outcomes or performance framework that references to the current Hawke's Bay Strategy – Matariki RDS.
- 4.5.3 General support for direction and seeking in summary:
- Commitment to a partnered approach.
 - A co-governance model and active involvement in the strategic leadership.
 - A co-managed operational model.
 - A 'by Māori for Māori' regional economic development approach (delegated to TKO or nominee).
- 4.6 Summary feedback from business included:
- 4.6.1 Widespread endorsement and support for the preferred option recommendation – a fully funded regional development entity, seeing this as a big step forward for Hawke's Bay. Acknowledged the critical need for Hawke's Bay to speak with one voice nationally – be unified and seen to be unified, with some concern raised with a July 2022 start date being too late.
- 4.6.2 Agreement with respect to the focus of investment – lifting out of the cluttered business advice space and focussing on the transformational opportunities and activity that won't happen unless there is coordination, advocacy, funding support and collective action.
- 4.6.3 Noted that the proposal would only be supported by business (including potential financial or in-kind support by some) if councils commit to getting in behind the entity and not running parallel strategies or undermining it.
- 4.6.4 Noted the need for any entity to focus effort very tightly and avoid taking on all the region's problems and achieving nothing.
- 4.6.5 Agreement to keep Hawke's Bay Tourism separate but noted the expectation they work closely to complement each other's activity and give greater effect to the region's priority areas. In addition, a future opportunity may be to co-locate the two entities to maximise collaboration.
- 4.6.6 Acknowledged the importance of Matariki RDS and thinking about economic development from an 'every whānau and every household' perspective – however noted that it needs a refresh and refocus.
- 4.6.7 A desire to ensure governance is light touch, with clusters of industry participants working together on specific programmes.
- 4.6.8 Supportive of a tripartite co-governance model and independent non-CCO entity.
- 4.7 The following is a summary of the activities and services that will need to be prioritised by the new entity:
- 4.7.1 HB Business Hub
- 4.7.2 Programme Management support for Matariki RDS
- 4.7.3 Industry and sector development programmes

- 4.7.4 Investment and talent attraction
- 4.7.5 Hawke's Bay brand strategy and activation
- 4.7.6 Coordination of skills and employment initiatives – focused on connecting businesses with people and training organisations
- 4.7.7 Provision of funding to support a 'by Māori for Māori' approach to regional economic development (delegated to TKO and/or an agreed nominee)
- 4.7.8 Additional funding for SME and start-up support - if funding allows and a clear gap or need is identified, but delivered by other providers.

5.0 Options – *Ngā Kōwhiringa*

- 5.1 The Stage 2 Review initially considered five options for delivery - detailed in the attached report. Options were analysed and rated against key criteria with the assessment resulting in the best option for Hawke's Bay being an independent regional development entity. This formed the preferred option and final recommendation in the report.
- 5.2 Preference for this model over other options is based on the degree to which this option is most able to create an enduring platform that provides Hawke's Bay with the appropriate scale and mandate to:
 - 5.2.1 Better guide and direct activity to priority areas/issues
 - 5.2.2 Support a culture of sharing, connection and collaboration, and
 - 5.2.3 Support Hawke's Bay to be greater than the sum of its parts (e.g. by presenting a strong and united voice and vision to external investors, talent and Central Government), and by helping to attracting the resources of others.
- 5.3 A minimum option comprising a regional economic development team hosted by councils was also presented in final recommendations, acknowledging if the preferred option was not accepted that there would be increased investment required to ensure the status quo and current state remained viable and of value to the region. This option was not supported by iwi/hapū, business/sector representatives or some councils. There was a widespread view that if Hawke's Bay is going to do this, it needs to be done properly - and a minimum viable option would not deliver to meet the needs or potential of the Hawke's Bay economy. Therefore, this option has not been considered further.
- 5.4 As a result, the five councils are jointly recommending:
 - 5.4.1 The preferred option of an independent regional development entity. This option equates to a regional increase of 200%+ and \$1.2M on the current joint investment of \$513,000, and a 400%+ and \$1.4M increase on the \$330,000 that previously went to BHB.
 - 5.4.2 A non-CCO independent entity with the legal form (i.e. Trust, Incorporated Society or Company) to be confirmed upon legal and tax advice.
 - 5.4.3 An appropriate governance structure with an independent chair that incorporates equal co-governance across business, iwi/hapū and local government.
- 5.5 Whatever legal form is chosen, councils could influence priorities through yearly Statement of Intent and Service Level Agreement (SLA)/Contract for Service (CfS) setting discussions. This entity would also need to be supported by an effective measurement and reporting framework which helps track the relationship between activities, outputs, and outcomes. This would help to provide greater transparency and accountability around whether ratepayers' money is being invested and used effectively.

- 5.6 The recommended funding split has taken into account previous funding arrangements across the five councils, gross domestic product and population. The below table outlines the current and proposed new split:

Regional Economic Development Funding Split:	Current	Proposed
Hawke's Bay Regional Council (HBRC)	30%	29%
Hastings District Council (HDC)	30%	29%
Napier City Council (NCC)	33%	29%
Central Hawke's Bay District Council (CHBDC)	3%	8%
Wairoa District Council (WDC)	3%	4%

- 5.7 The regional cost of investment represents:

5.7.1 Estimated cost of investment per annum of \$1.706m

5.7.2 One-off investment in CAPEX of \$50,000

5.7.3 This represents an operational increase of \$1.193m per annum on the existing joint investment of \$513,000 across the five councils

- 5.8 Central Government funding has been secured to support Matariki RDS programme management for 2022 and 2023. This totals \$155,000 (year 1) and \$130,000 (year 2). This would therefore decrease the total funding requirement for either option over these two years, given Matariki RDS programme management support has been built into the overall budget.

- 5.9 The financial impact of the preferred option is set out in the tables following. The first table presents total funding commitment for a three-year period. The second table presents the increased funding commitment (total funding required less the previous BHB funding and other direct economic development expenditure) for the same period:

Total Funding				
Council	% Split	Year 1	Year 2	Year 3+
HBRC	29%	454,572	461,899	500,000
HDC	29%	454,572	461,899	500,000
NCC	29%	454,572	461,899	500,000
CHBDC	8%	122,844	124,824	135,120
WDC	4%	64,440	65,479	70,880
		1,551,000	1,576,000	1,706,000

Increase from Current Funding				
Council	% Split	Year 1	Year 2	Year 3+
HBRC	29%	308,172	315,499	353,600
HDC	29%	302,172	309,499	347,600
NCC	29%	296,172	303,499	341,600
CHBDC	8%	94,444	96,424	106,720
WDC	4%	37,040	38,079	43,480
		1,038,000	1,063,000	1,193,000

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

- 5.10 The recommended option is Council's participation in the independent regional development entity.

- 5.11 This results in a 29% contribution of the proposed \$1.7M per annum and required increased investment of \$302K - \$348K per annum over the next three years.
- 5.12 If the required investment was fully funded via rates in addition to current budgets, the potential total rates impact is 0.3% - 0.4% per year.
- 5.13 It is recommended that a combined approach of additional rates and operational budget savings and/or reallocation is used, however, the impact on current levels of service and internal operations needs to be assessed.
- 5.14 Advantages of this option:
- Targets and utilises ratepayer funding in a more effective, cohesive and appropriate way – and allows local authorities to focus on core business and local delivery.
 - Supports a partnership approach and tripartite governance with local government, iwi/hapū and business.
 - Presents a strong and united voice and vision to external investors, talent and Central Government.
 - Positions Hawke's Bay - and by default Hastings district - in the best possible position to receive future government funding (given Central Government have communicated a clear message that they want regions to unite around shared objectives and priorities, and that future funding will be directed at this level).
 - Supports a culture of sharing, connection and collaboration.
 - Empowerment of Māori economic development.
 - Supports the region to focus on and direct activity/resource to strength or competitive advantage areas (i.e. food production) – to ultimately support growth and productivity across the entire regional economy.
 - Ensures ongoing and coordinated engagement, and a clear point of contact on economic development issues for business and industry.
 - Provides the structure and level of resource to give regional economic development delivery appropriate scale and mandate.
- 5.15 Disadvantages of this option:
- Increased financial impact for ratepayers and/or potential level of service impact if existing budgets are adjusted or reallocated.
 - Regional priority areas may not always align with local needs or challenges.
 - Council may have less influence over how a non-CCO entity spends and directs funding provided.
 - Regional entity with varied governance obligations may not be able to work at the speed required to respond to changes in economic conditions.

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuetanga o nāianeī

- 5.16 The alternative status quo option is for Council to not participate in the independent regional development entity.
- 5.17 This results in no increased investment, or impact on rates and existing operational budgets.
- 5.18 Council's current budgeted funding of \$152K could be re-directed to local economic development activity or other areas of service delivery.
- 5.19 The advantages of this option are limited to:

- No additional financial impact on ratepayers or Council operations.
- Ability to focus all economic development spend and activity locally – and act with speed.

5.20 Disadvantages of this option:

- Council would not have an active voice or advocate at the regional table, resulting in less say or input with regards to regional priority areas.
- Potential to miss out on the full value of future Central Government funding opportunities.
- Negative impact for local businesses who operate regionally or rely on the connection of the airport or port. These businesses have actively championed a unified and cohesive approach across the region.
- Less attractive to future talent and investment.
- Potential negative impact on the relationship and other regional initiatives with partner Hawke's Bay councils.
- The local economy not reaching its potential due to not having the opportunity to share or leverage the regional, collective approach.

6.0 Next steps – *Te Anga Whakamua*

- 6.1 If the preferred option is endorsed and supported by all councils, a project and transition plan will be developed to facilitate the process over the coming six months.
- 6.2 Budgets and funding composition to be finalised.
- 6.3 Council will be provided an update at the February 2022 Council meeting which will include all necessary budgetary provisions including identified savings required to support the additional funding required for this initiative.

Attachments:

- | | | |
|----|---|------------------------|
| 1⇒ | Stage 2 Review of Local Government Investment in Business & Industry Support in Hawke's Bay | CG-16-2-00919
Vol 2 |
|----|---|------------------------|

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*

This proposal promotes the economic, social and cultural wellbeings of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

Tangata whenua have a significant stake in the regional economy and are key partners for regional economic development support activity. Councils have partnered with TKO (on behalf of Hawke's Bay iwi/hapū) throughout this review process. TKO have endorsed the key findings and recommendations subject to ongoing partnership and co-design around future service delivery.

A commitment has been made to a partnered approach and it is intended that collaboration will continue to occur as the next phase progresses. The proposed governance model for the preferred option comprises equal co-governance across iwi/hapū, business and local government.

Sustainability - *Te Toitūtanga*

Climate change is expected to create barriers and opportunities for future economic development within the region and it will be important that any new delivery model for the region is responsive to these change drivers. Water security has been an existing pillar of Matariki RDS as one component of ensuring there is climate resilience to support the future wellbeing of the regional economy.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The recommended option will cost Council \$500,000 per annum, or an increased cost of \$347,600 in addition to existing budget that would be re-directed. This equates to a 29% contribution. These amounts are reduced by \$45,000 and \$38,000 respectively over years 1 and 2 due to Central Government funding that has already been secured for Matariki RDS. If the increased investment is funded via an increase in rates only, this would have a potential impact based on current budgets of 0.3% - 0.4% per year. A combined approach of additional rates and operational budget savings and/or reallocation has been recommended, however the impact on current levels of service and internal operations needs to be assessed during the budget process prior to final decision making.

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 minor significance.

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

In undertaking both the Stage 1 and Stage 2 reviews, the Consultant has surveyed and interviewed key stakeholders involved in economic development across the region. Feedback was also sought on key findings, recommendations, and the proposed way forward.

The recommended option and funding mechanism will not trigger consultation requirements under the Local Government Act 2002 or Council's Significance and Engagement Policy with respect to form/structure, increased investment or delivery model. Council will inform and communicate any agreed changes to the community as part of the 2022/23 Annual Plan, however it will not be a separate consultation topic.

Risks

There are risks that a Regional Economic Agency will not be successful and deliver on the expected outcomes. Providing the necessary funding is an important component of ensuring success can be achieved.

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

The report does not impact upon the rural community over and above the whole district, however given the significant contribution of the primary sector to the region's economy – the community will benefit from any directed activity or programmes of work in this priority space by the future entity.

Thursday, 9 December 2021

Item 11

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

Te Rārangi Take

Report to Council

Nā:
From: Brett Chapman, 3 Waters Manager

Te Take:
Subject: Whakatū Stormwater Scheme - Stage 2 Proposal

1.0 Executive Summary – Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to recommend that Council proceed with the construction of a pump station to improve the level of stormwater protection to properties within the Whakatū West Stormwater Scheme.
 - The pump station will enable stormwater to be discharged to the Clive River in flood events when the gravity pipeline is not able to operate due to high levels in the Clive River.
 - The pump station will improve the level of protection against significant rain events.
 - The pump station will reduce the amount of land that is inundated with stormwater, reduce the frequency of flooding and enable land to be developed without further risks to property and buildings.
- 1.2 Stage 1 of the Whakatū West Stormwater Scheme was completed in 2007 with the construction of a 1650mm diameter gravity stormwater pipe.
- 1.3 Stage 1 was funded via a targeted rate against properties within the scheme and landowner agreements to pay via a lump sum or contributions over a 10 year period. The landowner commitment required by Council was set at 70% based on land area.
- 1.4 The construction of a stormwater pump station improves resilience against flooding that impacts on properties that are low lying. The pump station concept was part of the original scheme but landowners were not prepared to commit to this solution in 2007.
- 1.5 With further development in Whakatū West the requirement for a pump station to further protect properties is justified subject to landowners agreeing to fund the project in the same manner as Stage 1.
- 1.6 The pump station design will provide capacity for a 1 in 50 year storm event utilising pumps and detention to achieve this. The size and flowrate of the pump station has a direct bearing on the extent of land that will still be susceptible to inundation in large rain events and this can only be determined once consultation with scheme landowners has concluded.

- 1.7 Base cost estimates for the pump station range from \$2.0M to \$3.6M (small to medium size) and in excess of \$4.5M for a large pump station that could minimise the extent of inundation however much larger rain events in excess of the design will still result in flooding of low lying land.
- 1.8 With the passage of time, there are new landowners who are not familiar with the scheme, its inception and the potential for further staged works to occur. Targeted consultation will be required to ensure that all participants are made aware of Council's intentions and decisions that need to be made to progress with Stage 2, and to understand the risk to properties within the scheme if Stage 2 is not implemented.
- 1.9 This proposal contributes to the purpose of local government and community outcomes as set out in the Long Term Plan by:
 - Reducing the impacts of flooding on businesses, properties and the community that contribute to our economic prosperity
 - Supports the development of land for industrial purposes in areas designated for industrial activities.

2.0 Recommendations - *Ngā Tūtohunga*

- A) That the Council Meeting receive the report titled Whakatū Stormwater Scheme - Stage 2 Proposal dated 9 December 2021.
- B) That the Council adopt the recommended pump station solution and that funding of this work is via a targeted rate against contributing properties.
- C) That Council resolve to undertake consultation with landowners on the same conditions and arrangements as agreed in Stage 1.
- D) That officers will report back to Council by 30 June 2022 on the result of the consultation and recommended way forward for progressing the project.

3.0 Background – *Te Horopaki*

- 3.1 The Whakatū West Stormwater Scheme was established in 2007 following the construction of a 1650mm diameter gravity pipeline to the Clive River.
- 3.2 The scheme area includes land within the Whakatū industrial area covering approximately 52 hectares in total as shown in Diagram 1.

Diagram 1 – Whakatū West Stormwater Scheme



- 3.3 Properties that already had their own stormwater system or were able to discharge directly to the Clive River were exempt from the scheme and any contribution.
- 3.4 The proposal at that time was to separate the project into two stages. Stage 1 of the scheme included the construction of a 1650mm diameter pipeline and associated works to convey stormwater by gravity to the Clive River. The limitation with Stage 1 is that stormwater discharge can be compromised when water levels in the Clive River are high resulting in ponding and flooding of properties until levels in the Clive River recede. There have been two occasions in 2009 and 2011 when this occurred.
- 3.5 Stage 2 would involve the construction of a pumping station (to be constructed at a later date) to provide the capacity to pump into the Clive River and maintain stormwater protection when the Clive River was in flood. The intention with Stage 2 was to seek agreement from landowners at a future time on supporting this and funding the project through the targeted rate.
- 3.6 In October 2006, the Works Committee resolved that there was no public good component and the total scheme costs of capital and interest be recovered by a targeted rate on the contributing catchment. In March 2007, the Committee further resolved that the loan be recovered from properties as a one off lump sum or repaid over 10 years.

4.0 Discussion – *Te Matapakitanga*

- 4.1 Rules require on site stormwater detention on developed properties to limit the rate of flow and provide primary treatment. The balance of stormwater detention is provided from land that is low lying and that land sits primarily within the ownership of Graeme Lowe Tannery Ltd at 28 Johnston Way.

4.2 Diagram 2 - Ponding Assessment (5 year and 50 Year Rain Events)



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- 4.3 This land has always been prone to flooding and in particular prior to the establishment of the Whakatū West Stormwater Scheme as there was very little in the way of drainage in this location.
- 4.4 In 2010, a consent application was lodged by Graeme Lowe Tannery Ltd to develop a 25,000m² building platform on the property. An assessment was undertaken to determine that filling of the flood prone area to this extent would not significantly impact other land and exacerbate flooding effects from the displacement of stormwater ponding, and the consent was approved. (Refer to Diagram 2).
- 4.5 Since 2013, officers have been in discussion with the landowner about further development over the balance of the land which remains prone to stormwater flooding. The basis of these discussions have been centred around their intention to undertake further filling across the entire property so that industrial development can proceed and not be limited by the risks of inundation.
- 4.6 They contend that as the area is zoned for industrial development, Council has an obligation to put in place stormwater measures (the pump station) to allow the land to be developed for industrial purposes.
- 4.7 Legal advice was sought to clarify these matters. The advice was *“that the applicant must address the effects on the environment relevant to the application; and that zoning does not amount to a representation that the land can be used without further need to address effects.”*
- 4.8 The advice also suggests that the stormwater works already constructed go some way to alleviating stormwater issues but that ponding will still occur and the applicant will still need to address effects when the design level is exceeded.
- 4.9 Graeme Lowe Tannery Ltd maintain that landowner commitments in 2006 agreeing to the stormwater solution was supported by a majority of landowners (70%) who were in favour of progressing with the pipeline and future pump station.

- 4.10 The final scheme commitments received in 2007 included payment for Stage 1 (the gravity pipeline solution). A review of the original stormwater proposal presented to landowners confirms that the commitment included the pump station however this was not part of the signed commitment forms which only provided for Stage 1.
- 4.11 Filling in the low lying land would push the stormwater that naturally ponds in this vicinity onto other properties thereby shifting the flooding to areas that would be adversely affected.
- 4.12 The landowner has argued that it is Council's responsibility to manage the effect of the loss of storage and timing of the proposed pump station that they believe will alleviate the need for stormwater detention.
- 4.13 The stormwater pump station does not remove the risk of flooding in a large scale rain event and the land that is low lying and susceptible to flooding would still be at some risk albeit not to the same level that currently exists.
- 4.14 It is acknowledged that more of the Graeme Lowe Tannery land would become available for filling to allow extending of the building platform across a larger and more defined area without increasing flooding onto other properties. The amount of infilling would be determined by the capacity of the proposed pump station to offset the effects of infilling.
- 4.15 Graeme Lowe Tannery Ltd have expressed a desire for Council to purchase land for stormwater detention and to construct a stormwater pump station so that they can move on and develop the balance of the land for industrial development.
- 4.16 Investigations have progressed to the stage where the purchase of land that naturally floods could be considered by Council as part of the project. The land purchase (Lot 1) has been initially valued in the region of \$2.9M to \$3.03M based on a preliminary concept plan.
- 4.17 **Diagram 3 - Concept Proposal for Land Purchase (*Landowners proposal post initial valued option*)**



- 4.18 The land that is being offered for sale includes a wetland area and encompasses the Works Drain which sits along the northern boundary of the property. A spring on the adjacent Transpower land flows onto the Graeme Lowe Tannery land and this would need to be redirected along with other modifications to the onsite drainage which entirely benefits the existing landowner.
- 4.19 Research of old historic aerial images back as far as the 1940s shows that the spring has been in existence since that time however the boggy, low lying area and trees were not apparent until much later (1990s). It would seem reasonable to assume that the spring fed into the low lying land but was redirected many years ago to improve the land but it remains unclear whether there was a natural swamp or wetland in existence prior to that.
- 4.20 While purchasing the land for detention would give Council total control and management of the detention area, the impediment to the land (simply because it is low lying) does not necessarily mean that Council is obligated to purchase any of it for stormwater control.
- 4.21 As with any stormwater scheme, the objective is to reduce the frequency and extent of flooding to an acceptable level and the pump station will achieve this.

5.0 Options – Ngā Kōwhiringa

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

- 5.1 **Construct a Stormwater Pump Station and fund this via a Targeted Rate (Subject to Landowner Approval):**
- 5.2 This option progresses Stage 2 of the original Whakatū West Stormwater Scheme to construct a stormwater pump station which pumps water from the low lying land adjacent to Johnston Way and discharges it via the existing pipeline into the Clive River.
- 5.3 The pump station would draw water from the Works Drain and natural detention area when it is inundated and the outlet is constrained otherwise discharge will continue via gravity as it does now.
- 5.4 In larger events the pump station will provide additional capacity and ensure that the scheme is operating at the design maximum flow.
- 5.5 Rough order estimates for a small to medium sized pump station is \$2.0M to \$3.6M. This is based on conceptual design only to provide capacity of up to 2.5m³/sec which enhances protection in a 50 year rain event over the gravity pipe alone.
- 5.6 The low lying land is currently subject to flooding in events where the gravity pipeline is not able to freely discharge stormwater. This land sits in various private ownership titles and some landowners are currently constrained in developing their land due to the ongoing risks of inundation.
- 5.7 Some properties have accepted this risk and have developed their sites to minimise the impacts of flooding to them. The majority of the land impacted by ponding is owned by Graeme Lowe Tannery Ltd and they have a strong desire for Council to progress with the pump station.
- 5.8 A larger proportion of their land could then be filled without affecting the stormwater scheme. The residual detention area land would not have the same opportunities but that is the current limitation albeit over a larger area.
- 5.9 The sizing of the pump station will determine how much land remains susceptible to inundation and will be influenced by the level of investment that landowners are prepared to pay for infrastructure.
- 5.10 Stage 1 in 2007 was funded via a targeted rate to properties within the scheme. It is proposed that the pump station works are funded in the same way and subject to the same rules that applied in 2007.

- 5.11 This will require a consultation process to be developed to obtain a decision on whether landowners are in favour of progressing with the pump station proposal. The level of support in 2007 was set at 70% on land area.

Advantages

- A pump station will improve protection to the Whakatū West Industrial area in larger scale rain events and reduce the frequency and extent of flooding on low lying land.
- Additional capacity is available for extreme events by reducing the impacts of flooding to surrounding properties and minimising the time that stormwater is detained on the Graeme Lowe Tannery Ltd land.
- The balance of the land remaining in private ownership is able to be further developed.
- The RMA controls the impacts of development on the detention area and maintains performance of the stormwater system. The extent of that detention area will be a function of the size of pump station that is agreed with landowners.

Disadvantages

- The pump station is only required to operate when the Clive River is in flood at the same time as a storm event in the Whakatū West catchment. Since 2007 when the pipeline was constructed there have been 2 occurrences when this happened to the extent that the detention area was substantially flooded.
- The Stage 2 commitment originally intended to construct a stormwater pump station but never included purchasing flood prone land and there is a significant additional cost to the project if that were to be agreed to.
- Purchasing a portion of the land for detention is not essential to the pump station construction. The low lying land acts as the natural detention area but this constrains use of that land. The risk of flooding remains as a barrier to development on the Graeme Lowe Tannery Ltd land but this has always been the case even prior to the inception of the Whakatū Stormwater Scheme.
- Buying a portion of the land for stormwater detention directly benefits Graeme Lowe Tannery Ltd by purchasing land that could affect its saleability. There is no obligation for Council to purchase land and the pump station can operate effectively with or without land being purchased.

Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuatanga o nāiane

- 5.12 The current level of stormwater protection remains via the gravity pipeline which is compromised if the Clive River is in flood. There is an ongoing risk of flooding to properties and low lying land without a pump station.
- 5.13 Other than Graeme Lowe Tannery Ltd pursuing issues in regard to the pump station, no other landowners have identified issues with the current level of protection. This is probably due to the few flood events resulting in inundation of low lying land.
- 5.14 The land that is currently subject to ponding is known and significant development has occurred since 2007.
- 5.15 With development and the subdivision of land, it is likely that many landowners are unaware of the stormwater scheme, how it was developed and paid for. If Stage 2 did not progress, it would

be prudent to inform landowners about the scheme to ensure that this knowledge is passed on if Stage 2 were to be revisited in the future.

6.0 Next steps – *Te Anga Whakamua*

- 6.1 Council resolves to progress with construction of a pump station and funding via a targeted rate subject to landowner agreements.
- 6.2 Progress with consultation to inform affected landowners about the proposal and to procure landowner support via a notification of election to fund the project via a targeted rate based on land area.
- 6.3 Officers report back to Council by 30 June 2022 on whether landowners are in support of the pump station proposal.
- 6.4 Subject to that support, proceed to detailed design, procurement and construction in the 2022/23 financial year.

Attachments:

There are no attachments for this report.

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*

This proposal promotes the economic growth and wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

Not specific discussions have occurred recently in regards to this proposal. Currently officers are working with TTOH in regards to the global stormwater consent and a wider assessment of cultural aspirations, etc. As part of progressing with this specific proposal officers intend to engage with local representatives to ensure alignment.

Sustainability - *Te Toitūtanga*

The proposal looks to provide property protection whilst also using natural low lying area. By increasing the level of property protection the works may enable further uptake of businesses in the existing Industrial area zone area, which in turn may help met demand for further industrial area.

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The proposal seeks to recover costs via a targeted rate to land that sits within the Whakatū West Stormwater Scheme.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision has been assessed under the Council's Significance and Engagement Policy as being of moderate significance as it affects a small number of people with financial impacts that are significant in terms of the infrastructure being proposed. The consultation and engagement proposed to be undertaken will determine the views of the affected community which will then be brought back to the Council for ratification.

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

Consultation by way of targeted community meetings and information dissemination culminating in a Notice of Election process to commit to the project and the recovery of costs.

Risks

Opportunity: Improved Stormwater protection for industrial land in Whakatū West.

REWARD – <i>Te Utu</i>	RISK – <i>Te Tūraru</i>
<p>A greater level of protection in significant rain events and a reduction in the frequency and extent of flooding to low lying land.</p> <p>Development opportunities are enhanced.</p>	<p>Landowners do not support the proposal and the risk and extent of flooding to low lying land remains.</p> <p>The current level of protection is less than the current standard for a 1 in 50 year rain event. The risk to land and properties is not well known or understood.</p> <p>The cost to fund the proposed works via a targeted rate is unacceptable. There is no public good component to assist in funding the works across the wider Hastings District.</p> <p>Landowners that are more likely to benefit from the pump station (less flooding and greater development potential) are dependent on support from those that are not affected.</p>

Thursday, 9 December 2021

Item 12

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Council Meeting

Te Rārangi Take

Report to Council

Nā:
From: Nigel Bickle, Chief Executive

Te Take:
Subject: Request for Extraordinary Council Meeting

1.0 Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to seek authorisation from the Council for an Extraordinary Council Meeting on Tuesday 14 December 2021 at 1pm (pursuant to cl. 22(2), Schedule 7, Local Government Act 2002).
- 1.2 The general nature of the business includes consideration of an environmental monitoring report and property matters of a commercial nature.

2.0 Recommendations - *Ngā Tūtohunga*

- A) The Council receive the report titled Request for Extraordinary Council Meeting dated 9 December 2021.
- B) That Council authorise an Extraordinary Council Meeting to be held on Tuesday 14 December 2021 at 1pm.

Attachments:

There are no attachments for this report.

Thursday, 9 December 2021

Item 13

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

Te Rārangi Take

Report to Council

Nā: Raoul Oosterkamp, Director of Strategic Projects, Key Account
From: Services & Council Investment Partnerships

Te Take:
Subject: Flaxmere Land Divesting Process

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 The purpose of this report is to refresh Councillors on the process that Council is embarking upon to divest Council owned land in the suburb of Flaxmere for the purpose of enabling 150+ affordable quality residential homes to be built.
- 1.2 This report is for information purposes only.

2.0 Recommendations - *Ngā Tūtohunga*

That the Council Meeting receive the report titled Flaxmere Land Divesting Process dated 9 December 2021.

3.0 Background – *Te Horopaki*

- 3.1 As has been widely communicated, Council is advancing the development of three areas of residentially zoned Council owned land in Flaxmere to enable Council to bring to the market affordable sections for subsequent sale. By advancing these development areas, Council contributes to the Hastings Housing Plan objectives by enabling circa 150+ quality and affordable homes to be built.
- 3.2 This opportunity has been unlocked through Crown Infrastructure Partners (CIP) funding of \$11.5m, which Council secured in 2020. This funding was for the delivery of the three waters and roading infrastructure (including above ground amenity streetlights, trees and reserves) required to enable Council owned land in Flaxmere to be developed and the associated titles issued. Upon completion the infrastructure will be owned by Hastings District Council.

- 3.3 Civil works contracts for the Flaxmere Town Centre and 244 Flaxmere Avenue lands have been entered into, and physical works to prepare the subdivisions have commenced.
- 3.4 In May 2021, the Strategy and Policy Committee instructed the Chief Executive to engage with the open market and receive expressions of interest for residential development for consideration by Council and that officers would report back to Council at a future stage to consider Flaxmere Development land sale strategies.
- 3.5 The outcomes of the expression of interest process is covered in a separate report on this agenda.

4.0 Process Overview

- 4.1 The land divesting process being applied is staged and iterative, with Council engagement and decision-making gateways occurring at key points throughout the process.
- 4.2 A diagrammatic overview of the process is included as **Attachment 1**.

Process Headlines

- 4.2.1 The process consists of nine broad stages, which can be broadly split into two, the first being the “processes as Council as land owner” and the second being “the process when Council has divested the land to a new owner”.
- 4.2.2 The process can be broken into five primary phases which are further supplemented by a series of sub stages. The five primary phases are as follows:
- Establishing the Strategic Need/Driver - **COMPLETE**
 - Expression of Interest Process (**current phase**)
 - Request for Detailed Proposal
 - Negotiations and Development Agreement
 - Housing Development Process
- 4.2.3 As this is a Council owned process, Council retains full control over the process until such a time it resolves to divest any land or part thereof, to a new owner. Council also reserves the right to retain ownership of individual lots for sale should it wish to do so. The retention of lots will be considered as part of the negotiation process. Key upcoming process steps will involve Council workshops and formal reporting and recommendation processes. All decisions will be made by Council.
- 4.2.4 A comprehensive approach to the management of risk will continue to take place throughout this process. This involves commissioning the services of external legal advisors to peer review the process and specific documents, manage risks, and maintain probity and fairness. As part of the Request for Detailed Proposal phase we will also engage the services of a probity advisor, urban designer, development specialist, cultural advisor, community working party inputs and other specialists as appropriate.

5.0 Next steps – *Te Anga Whakamua*

- 5.1 Pending Council endorsement of the Expression of Interest process recommendations, Officers will initiate the Request for Detailed Proposal Process pre Xmas, and look to hold workshops, formulate recommendations and request necessary resolutions in first quarter of the New Year.

Attachments:

- 1  Flaxmere Land Divesting Process CG-16-2-00947

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*

This proposal will contribute to meeting the current and future needs of communities for good quality local infrastructure by addressing affordable housing issues in partnership with the community and key stakeholders.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

A significant focus of the Hastings Place Based Housing Initiative is to get more people in homes, of which Māori are disproportionately affected, and therefore this initiative has the potential to lift Māori home ownership.

Sustainability - *Te Toitūtanga*

Council recognises sustainability outcomes in its development expectations and these are duly referenced in the RFDP:

Financial considerations - *Ngā Whakaarohanga Ahumoni*

The Development of the Flaxmere development areas are the subject of an agreement with the Crown via Crown Infrastructure Partners (CIP). At present the costs for the detailed design phase are being incurred by Council from the Flaxmere Land Development Reserve. Once this milestone is complete the costs to Council are reimbursed by the Crown. Further reimbursement occurs upon the signing of a physical works contract and again at the completion of the works.

Council's objectives are to bring affordable homes to the market in Flaxmere by only selling land to successful developers at fair market valuation as established by registered market valuation.

Overall and once these development areas are complete and the land has been sold to developers, there is likely to be a significant projected surplus of funds from the sale of these areas that can be used for future capital projects in Rating Area 1 in line with the current resolution for the use of the Flaxmere Land Development Reserve.

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 moderate significance. None of the landholdings are identified as Strategic Assets in the Significance and Engagement Policy. However given the scale change anticipated as developers begin to construct homes, the decision has been made to engage with the community on a regular basis with ongoing community engagement via a community working group which is currently meeting approximately every two months or on an as required basis.

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

Generalised consultation with the community working group is ongoing and will be carried out when required and as identified above.

In order to protect commercial sensitivities of third party developers, Council has not advised/or consulted with the community working group on individual developers.

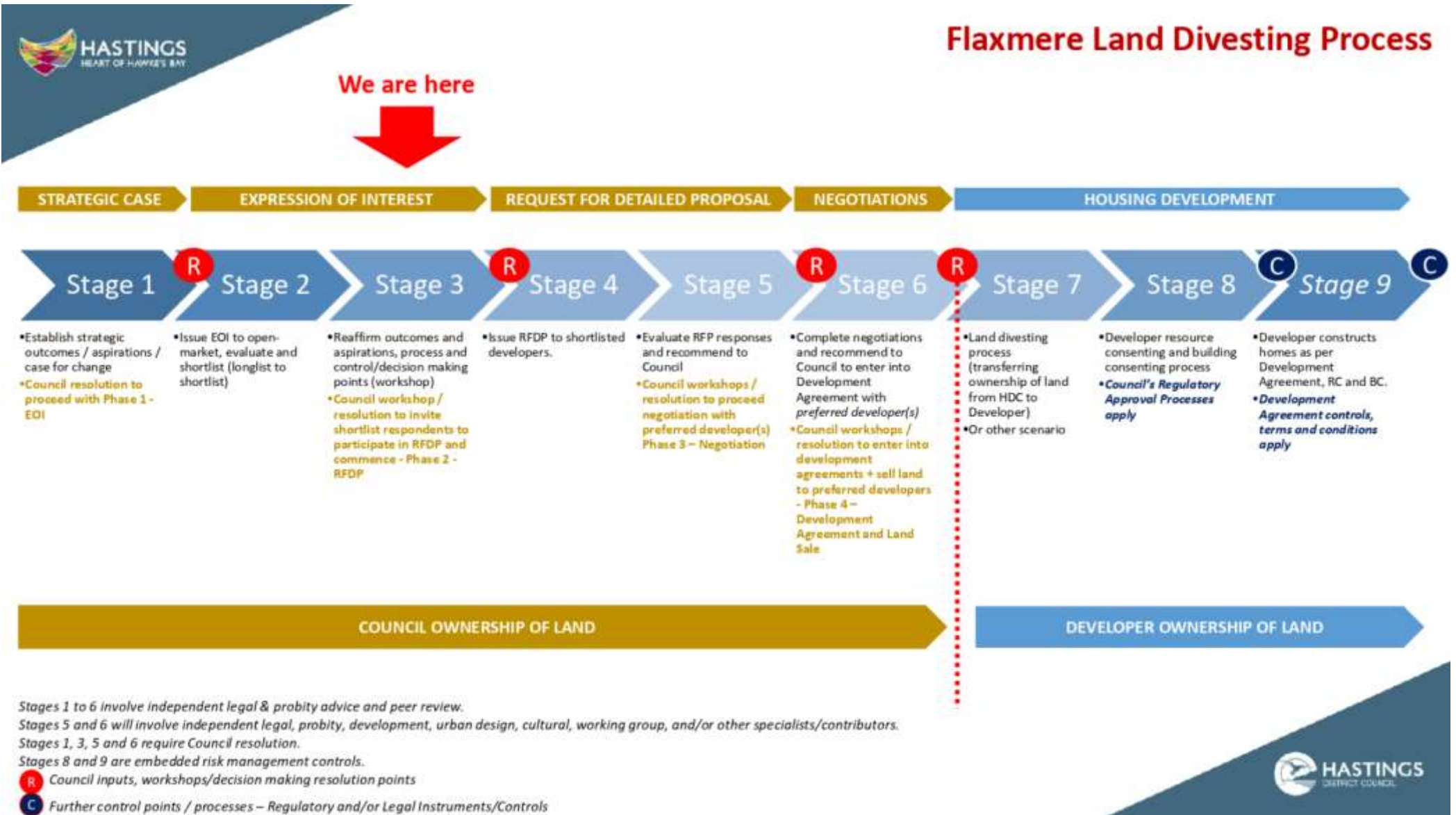
Risks

Opportunity: Significant opportunity to develop affordable housing for the community, at a time when there is significant need.

REWARD – <i>Te Utu</i>	RISK – <i>Te Tūraru</i>
<p>More of our whānau in warm dry and healthy homes at an affordable price.</p> <p>Significant boost to the regional economy and jobs through both infrastructure delivery and house construction and fit out.</p>	<p>Financial – if no sections can be sold, however given the number of people indicating their interest in affordable sites, this risk can be adequately mitigated.</p> <p>Cost increases in materials are having a major impact nationwide. Any cost increases can however be offset by future land sales and once all development areas are complete an overall surplus is expected.</p> <p>Reputation – if houses aren't built following completion of subdivision, this remains a risk, however constriction agreements and land covenants can require build to start within a 12 month period.</p> <p>Vertical build and housing market at the time land is ready for sale.</p>

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

The Rural Community Board will not be affected by the proposal:



HASTINGS DISTRICT COUNCIL

COUNCIL MEETING

THURSDAY, 9 DECEMBER 2021

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 Flaxmere Land Development Update
- 18 Infrastructure Acceleration Fund Application
- 19 Chief Executive Matters.

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:

GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED	REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED	GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION
17 Flaxmere Land Development Update	<p>Section 7 (2) (b) (i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>Section 7 (2) (b) (ii) The withholding of the information is necessary to protect information where the making available of the information would be likely to unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>Section 7 (2) (i) 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 ensure the commercial position of the submitters is protected, and future negotiations to be able to proceed.</p>	<p>Section 48(1)(a)(i) 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.</p>

18 Infrastructure Acceleration Fund Application

Section 7 (2) (h)

The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

Section 7 (2) (i)

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). Contains commercially sensitive information.

Protecting the Council's negotiating position in likely subsequent negotiations.

Section 7 (2) (a)

The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

To protect the privacy of the incumbent.

Section 48(1)(a)(i)

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.

19 Chief Executive Matters

Section 48(1)(a)(i)

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.

Item 16ERROR! REFERENCE SOURCE NOT FOUND.