

Notice of the Extraordinary meeting of

Nelson City Council

Te Kaunihera o Whakatū

Date:	Thursday 9 April 2020
Time:	9.00a.m.
Location:	Via Zoom

Agenda

Rārangi take

Mayor Her Worship the Mayor Rachel Reese

Deputy Mayor Cr Judene Edgar

Members Cr Yvonne Bowater

Cr Trudie Brand

Cr Mel Courtney

Cr Kate Fulton

Cr Matt Lawrey

Cr Brian McGurk

Cr Gaile Noonan

Cr Rohan O'Neill-Stevens

Cr Pete Rainey

Cr Rachel Sanson

Cr Tim Skinner

Quorum 7

Pat Dougherty
Chief Executive Officer

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision. For enquiries call (03) 5460436.

Council Values

Following are the values agreed during the 2016 – 2019 term:

- A. Whakautetanga: respect
- B. Kōrero Pono: integrity
- C. Māiatanga: courage
- D. Whakamanatanga: effectiveness
- E. Whakamōwaitanga: humility
- F. Kaitiakitanga: stewardship
- G. Manaakitanga: generosity of spirit

Karakia Timatanga

1. Apologies

Nil

2. Confirmation of Order of Business

3. Interests

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum

5. Mayor's Report

6. Update on the impact of COVID-19 and Council's response

7 - 30

Document number R16944

Recommendation

That the Council

1. ***Receives the report Update on the impact of COVID-19 and Council's response (R16944); and***
2. ***Notes that officers will remit rates penalties on the 2019/20 fourth rates instalment under the Rates Remission Policy using 'compassionate grounds' or where an agreed repayment programme is in place.***

Annual Plan

3. ***Notes that officers will report back on 23 April 2020 on rating scenarios for 2020/21; and;***

4. ***Agrees that the consultation period for the 2020/21 Annual Plan be extended to 6 May 2020, to enable the public to provide feedback on an appropriate rates rise.***

Inner City Parking

5. ***Approves the suspension of charges for parking in the Central Business District until the end of June 2020; and***
6. ***Notes that steps may be required under the new Parking and Vehicle Control Bylaw, that comes into effect on 1 July 2020, to address the likely delay in installation of the new parking machines due to the COVID-19 shutdown***

Lease and Licence Income

7. ***Notes the decision by the Chief Executive to grant a three month waiver starting 1 April 2020 of:***
 - a. ***Rental and outgoings for tourism and hospitality tenants/licensees holding Council leases and licences; and***
 - b. ***Rental for community tenants holding leases and licences; and***
8. ***Notes that the Chief Executive will consider any requests from other tenants/licence holders including taking into account financial hardship.***

Events Funding

9. ***Agrees that officers will discuss timing of the Fringe Festival with the organisers; and***
10. ***Notes that the Light Nelson Festival will be considered as part of the Annual Plan deliberations; and***
11. ***Notes that the 2020 Nelson Arts Festival is cancelled; and***
12. ***Agrees to invite a proposal from the Arts Festival Trust to replace the cancelled Arts Festival with local events involving regional partners; and***

13. ***Notes that the April 2020 Heritage Festival has been cancelled; and***
14. ***Notes that the Annual Plan deliberations report will include recommendations for the Events Fund and Venue Hire Fund; and***
15. ***Notes that Council-delivered events will be reviewed and adjusted as necessary during the COVID-19 recovery period.***

Support for community organisations

16. ***Approves an Emergency Fund of \$200,000 to support community organisations impacted by COVID-19; and***
17. ***Delegates the setting of criteria and distribution of funds to support community organisations from the Emergency Fund to the Mayor, Deputy Mayor and the Chair of the Community Services Committee; and***
18. ***Notes that the criteria for granting funds from the Emergency Fund will include that the organisation has applied for any applicable Central Government support, for example wage subsidies.***

Community Investment Fund

19. ***Agrees to remove the \$5000 cap on Community Investment Fund applications in 2021/22; and***
20. ***Agrees to modify the criteria for Community Investment Fund applications in 2021/22 to prioritise projects that reduce the impact of the COVID-19 emergency on vulnerable communities; and***
21. ***Notes that existing allocation processes utilising the independent panel will be used to make Community Investment Fund allocations.***

CONFIDENTIAL BUSINESS

Exclusion of the Public

Recommendation

That the Council

- 1. Excludes the public from the following parts of the proceedings of this meeting.***
- 2. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Confidential Update on COVID-19 and its impact on Council contracts	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none">• Section 7(2)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities

Karakia whakamutunga

REPORT R16944

Update on the impact of COVID-19 and Council's response

1. Purpose of Report

- 1.1 To provide an update on the impact COVID-19 is having on the Nelson community and ways that Council can respond.

2. Recommendation

That the Council

- 1. Receives the report Update on the impact of COVID-19 and Council's response (R16944); and***
- 2. Notes that officers will remit rates penalties on the 2019/20 fourth rates instalment under the Rates Remission Policy using 'compassionate grounds' or where an agreed repayment programme is in place.***

Annual Plan

- 3. Notes that officers will report back on 23 April 2020 on rating scenarios for 2020/21; and;***
- 4. Agrees that the consultation period for the 2020/21 Annual Plan be extended to 6 May 2020, to enable the public to provide feedback on an appropriate rates rise.***

Inner City Parking

- 5. Approves the suspension of charges for parking in the Central Business District until the end of June 2020; and***
- 6. Notes that steps may be required under the new Parking and Vehicle Control Bylaw, that***

comes into effect on 1 July 2020, to address the likely delay in installation of the new parking machines due to the COVID-19 shutdown

Lease and Licence Income

- 7. Notes the decision by the Chief Executive to grant a three month waiver starting 1 April 2020 of:**
 - a. *Rental and outgoings for tourism and hospitality tenants/licensees holding Council leases and licences; and***
 - b. *Rental for community tenants holding leases and licences; and***
- 8. Notes that the Chief Executive will consider any requests from other tenants/licence holders including taking into account financial hardship.**

Events Funding

- 9. Agrees that officers will discuss timing of the Fringe Festival with the organisers; and**
- 10. Notes that the Light Nelson Festival will be considered as part of the Annual Plan deliberations; and**
- 11. Notes that the 2020 Nelson Arts Festival is cancelled; and**
- 12. Agrees to invite a proposal from the Arts Festival Trust to replace the cancelled Arts Festival with local events involving regional partners; and**
- 13. Notes that the April 2020 Heritage Festival has been cancelled; and**
- 14. Notes that the Annual Plan deliberations report will include recommendations for the Events Fund and Venue Hire Fund; and**
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- 17. Delegates the setting of criteria and distribution of funds to support community organisations from the Emergency Fund to the Mayor, Deputy Mayor and the Chair of the Community Services Committee; and**
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Community Investment Fund

- 19. Agrees to remove the \$5000 cap on Community Investment Fund applications in 2021/22; and**
- 20. Agrees to modify the criteria for Community Investment Fund applications in 2021/22 to prioritise projects that reduce the impact of the COVID-19 emergency on vulnerable communities; and**
- 21. Notes that existing allocation processes utilising the independent panel will be used to make Community Investment Fund allocations.**

3. Background

- 3.1 COVID-19 was declared an official pandemic on 11 March 2020 by the World Health Organisation.
- 3.2 In response to the growing threat, the New Zealand Government declared a State of National Emergency on 25 March 2020. The Prime Minister issued an epidemic notice on 25 March 2020 under section 5(1) of the Epidemic Preparedness Act 2006. This enabled the Director-General of Health to issue an order under section 70 (1)(m) Health Act which required, amongst other things, the closure of all premises within New Zealand except for those listed in the appendix to the Order (which includes premises necessary for the performance or delivery of essential businesses). This was followed by a decision to initiate a four week

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period of national lockdown. As a result Civic House, all Council libraries, and its other facilities have closed and staff are working from home.

4. Discussion

- 4.1 The Nelson community has risen to the challenge of social distancing and self-isolation, but the impact of the lockdown will be long lasting. The economic effects in particular will be profound. Many businesses will find it difficult to survive the loss of revenue and consequential unemployment can be expected to be high. High levels of stress are being reported by residents who face an uncertain future. Community groups are also struggling and there is a real risk of permanent loss of social capital.
- 4.2 We are in the early phases of responding to the pandemic and it will take time to understand and respond to the sweeping changes this emergency will bring. However it is important that Council respond at this early stage to provide relief for those who are struggling. This report outlines the package of measures Council has taken so far and recommends a range of other assistance.
- 4.3 Specific areas with known impacts are discussed below.
- 4.4 Given the need for urgent action, the Chief Executive made the following decisions on 3 April 2020, under delegated authority, and now seeks support for these. Discussion on these decisions is set out in the following paragraphs.

That the Council

- 2. Notes that officers will remit rates penalties on the 2019/20 fourth rates instalment under the Rates Remission Policy using 'compassionate grounds' or where an agreed repayment programme is in place.***

Council business continuing remotely

- 4.5 The transition to staff working from home has proceeded as smoothly as could be hoped for. This is a credit to staff and the systems that were developed in anticipation of an emergency. There are now over 250 staff working remotely across all of Council's business units. Work which is continuing includes the Nelson Plan, the Annual Plan and Long Term Plan, infrastructure services, property services, community services, and communications. The objective is to continue to provide as many key Council services during the lockdown as possible, for example processing of building and resource consents and answering customers' enquires. Staff are also working on reviewing business unit work programmes so that they fit with the new environment that will apply for the medium term.
- 4.6 A number of staff have been seconded to the Emergency Operations Centre (EOC) for emergency response work, and others are supporting

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the Ministry for Social Development in outreach work targeting older adults likely to need assistance.

4.7 **2020/21 Annual Plan**

4.8 The 2020/21 Annual Plan Consultation Document proposed an overall rates increase of 3.7%. In short, this level may no longer be considered prudent or to promote the current or future interests of the community. Officers recommend that Council considers a range of lower rating levels for the final Annual Plan. The main options are set out in the table below, which shows the reduction in rates requirement that would be necessary to achieve each rates option, compared to the Annual Plan Consultation Document budget. The Balanced Budget Benchmark ratio for each option is also shown.

Rates Increase	Rate Saving Required (compared to Draft Annual Plan)	Balanced Budget Benchmark
3.7% per Draft Annual Plan	-	97
2.2% - Local Government Cost Index (LGCI)	1,160,000	97
1.9% - Consumer Price Index (CPI)	1,392,000	97
0% - No Increase	2,862,000	96

4.9 The Chief Executive will outline at the meeting of 9 April 2020 key levers available to reduce expenditure for 2020/21. These include:

4.9.1 Not funding and/or drawing down against the Disaster Recovery Fund. The proposed contribution to the Disaster Fund in 2020/21 was \$1.150m. Drawing down against the Fund would require borrowing, as the fund is overdrawn as a result of Nelson experiencing several emergencies in recent years. The projected balance of the Fund as at 30 June 2020 was \$974,000 overdrawn.

4.9.2 Many of the 2020/21 events will not be able to be held, (see the events section below for information on the current situation for specific events) and Council could negotiate with external event providers the minimum funding required to enable some event infrastructure and staffing to be retained.

4.10 As noted in the table above, Council was not planning on a balanced budget in 2020/21. The main contributing factors to this is Council's contribution to the Waimea Dam, and the decision to fund, through borrowing, the costs of developing the Nelson Plan. A lower or nil rates increase is likely to further increase the 2020/21 deficit. This in itself is not a reason not to proceed with a lower rates increase, but Council should, in due course, resolve that it has made that decision.

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- 4.11 It is proposed that officers report to the 23 April 2020 Council meeting on impact of the two lower rating scenarios factors such as debt, the work programme and future years' rates. Officers propose that the public feedback period for the Annual Plan be extended by up to 6 May to enable the public to provide feedback on an appropriate rates rise. The information from this further feedback process would be included in the Annual Plan deliberations process.
- 4.12 Officers consider that an extension to the current Annual Plan consultation period would meet the consultation processes required by the Local Government Act 2002. It would also be consistent with the process followed by Council when it decided in 2018, to contribute to the Waimea Dam. In that situation new information came to hand, and Council decided to extend the consultation process before making a final decision.
- 4.13 A summary of what is proposed is outlined below:
- 4.13.1 Two rating scenarios will be prepared for Council to consider on 23 April. A 1.9% overall rates increase, and a zero rates increase. The report will cover the effects of each of these options on Council services and debt. These would be overall rates levels, and individual rate changes for properties will vary. An assumption is that Council would continue to support the commercial differential adjustment for CBD and Stoke properties.
- 4.13.2 Any decrease in rates in one year would typically increase the percentage in the following year unless there was a permanent change to levels of service i.e. a 3.7% decrease in 2020/21 would increase the rates in 2021/22 by this amount plus any other increases.
- 4.13.3 Public feedback on an appropriate rates level will be sought for up to a further three weeks. Officers will develop and implement an engagement plan that, notwithstanding the COVID-19 shutdown, reaches as many members of the public and businesses as possible. Very importantly for those members of the public who do not have internet access, this will include community advocacy groups.
- 4.14 It is preferable to continue to work towards adopting the 2020/21 Annual Plan by 30 June 2020. However, officers will provide recommendations if timetable changes are required as a result of this further feedback process.
- 4.15 Officers will also consider further financial relief options as part of preparations for Annual Plan deliberations.

That the Council

- 3. Notes that officers will report back on 23 April 2020 on rating scenarios for 2020/21; and***

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4. Agrees that the consultation period for the 2020/21 Annual Plan be extended to 6 May 2020, to enable the public to provide feedback on an appropriate rates rise.

Rates Deferment

- 4.16 Background information: Rates payment dates and remissions policies are set within the Rates Resolution through the Annual Plan process. Any changes to the resolution or policies requires consultation. Any future relief provided to ratepayers would need to be in accordance with the Local Government (Rating) Act 2002.
- 4.17 Officers are very aware of the financial pressures that many of our ratepayers will be facing in the coming months that will impact on their ability to pay their rates.
- 4.18 The level of outstanding rates debt in Nelson is amongst the lowest in the country, as a result of officers building strong relationships with our ratepayers and using a consistent approach to debts outstanding.
- 4.19 Rates Instalment Four will generate revenue of \$19,800,000 including GST. With approximately 54% of all rates paid quarterly by the due date, any decision to alter the due date of payment will considerably impact on the cashflow of the organisation.

- 4.20 Presently rates payments are received in the following ways:

Direct Debit	Annual – paid in full	2.4%
Direct Debit	Quarterly – paid in full	16.6%
Direct Debit	Fixed Amounts - weekly, fortnightly, monthly	32.2%
Other Payment Methods	Quarterly - paid in full	37.4%
Other Payments Methods	Variable amounts	11.4%

- 4.21 Any relief provided through new remission policies need to be fully considered for the long term and not just for this event in isolation to ensure it is designed and workable for its intended purpose.
- 4.22 In order for Council to continue providing the community all essential services, ratepayers simply 'not' paying their rates is not an option. The Councils Standard & Poor's long term credit rating of AA stable and hence our low interest margins, is based on the ability to collect rates.

Current Rates Payment Options

- 4.23 Various options are currently available for those ratepayers that are struggling to pay, with Council encouraging ratepayers to make contact

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to explore a range of solutions. Officers work with individuals to tailor solutions to suit their situation, and monitor these throughout the life of the arrangement.

- 4.23.1 Some residential ratepayers may be eligible for a rates rebate (Department of Internal Affairs) depending on their financial situation.
- 4.23.2 Creating manageable payment arrangements include initiating new direct debit arrangements and amending current direct debits with lower fixed periodic amounts provide avenues to pay rates in smaller instalments.
- 4.23.3 Payment arrangements will be flexible and can include providing a short term pause of payments for 3 to 6 months depending on the ratepayers' circumstances.
- 4.23.4 Payment arrangements may also consider spreading current and future rates over an extended period depending on the ratepayers' circumstances.
- 4.23.5 Officers are also reminding ratepayers of the available government assistance at this time.
- 4.23.6 Rates Instalment 4 will be levied on 1 May 2020, due on 20 May 2020. It is expected officers will receive an unprecedented number of hardship queries during this period.
- 4.23.7 Council's Rates Resolution requires penalties for non-payment to be charged on the 26 May 2020, unless a payment arrangement is in place.
- 4.23.8 The Rates Remission policy allows council officers to remit penalties on compassionate grounds or where a payment plan is in place.
- 4.23.9 On this basis we will be following up with any ratepayer who has not contacted us, prior to the 26 May with the view to make a suitable payment arrangement for that individual.
- 4.23.10 Unfortunately Council has no means of requiring commercial ratepayers to pass any benefits from their rates payment arrangements onto their private tenants.

Rates Relief Possibilities

- 4.24 Council could agree a new remission for financial hardship
 - 4.24.1 Using similar hardship guidelines as Central Government, a new remission could be established for ratepayers to apply for in the case of financial hardship.

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- 4.24.2 Kapiti District Council currently has a similar Remissions Policy. A fixed budget of \$200,000 per annum is available to ratepayers experiencing either short term or long term hardship. An application is required, for a remission up to \$300 for residential properties or \$150 for licence to occupy properties within a retirement village. Once the budget has been expended, no further applications are approved.
- 4.24.3 Risks will include clearly defining the remission to ensure the purpose meets future needs and, creating an appropriate and definitive assessment criteria for the management of the remission and there will be a cost in the additional staff time to administer the remission.
- 4.24.4 If Council supported a new remissions policy then officers would bring a report outlining options, including financial implications for Council's budget and a proposed timeline for the special consultative procedure.
- 4.25 Council could agree to revise the Rates Resolution in the 2020/21 Annual Plan with any of the following suggestions:
- 4.25.1 Remove the penalty which is to be applied at 5 July for any balance outstanding from the previous rating year, and/or
- 4.25.2 Reduce the penalty charge of 10% to a lower rate for unpaid rates and water, and/or
- 4.25.3 Remove the rates and water penalties in entirety for 20/21, which would reduce budgeted revenue by \$241,000, and create difficulty in encouraging payment arrangements, and/or
- 4.25.4 Increase the penalty date for each instalment to more than three days past due date
- 4.26 This can be considered during the Annual Plan deliberations.

Environmental Management activities and fees

- 4.27 A letter has been written to the Minister of Justice requesting the suspension of fees for alcohol licensing. Council does not control these fees.
- 4.28 A letter has also been written to the Ministry of Primary Industries requesting the ability for businesses to voluntarily suspend food control and national programme operations for the duration of the lockdown period rather than the fixed three months required by the Food Act. Officers are proposing to waive the \$74 fee for applications to voluntarily suspend food operations for the duration of the lockdown.
- 4.29 Further work is being undertaken with Uniquely Nelson to provide sound advice to retailers and hospitality services across a range of services e.g. E-commerce and public relations. Engagement with the Chamber of

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Commerce and others is occurring through the Office of the Mayor and the Nelson Tasman Civil Defence structure, to consider what options are available for support to business.

- 4.30 City centre programme work will be focused on getting activity to support the functioning of the city centre. This includes expanding the efforts around place making trials such as Upper Trafalgar Street and the temporary Riverside Youth Pop-Up Park adjacent to the Elma Turner Library.

Inner City Parking

- 4.31 At some point, the COVID-19 lockdown will be lifted and revitalisation of the inner city will be critical to promote economic growth for our retailers and our City. Council needs to support activities that will encourage people back into the CBD.
- 4.32 A three month rent holiday has already been put in place for Council tenants in the hospitality and tourism sector and community groups. One additional way Council could assist in the economic recovery would be to make parking within the CBD free. This initiative would see a reduction in income of approximately \$50,000 to the end of June 2020. Officers have stopped enforcement patrols; the last patrols occurred in the last week of March and are unlikely to recommence until July. However, the need for patrols to manage parking such as unsafe parking, blocking driveways and in mobility car parks would continue.
- 4.33 In addition, officers note that the installation of the new parking meters in the CBD is likely to be delayed as a result of the COVID-19 shutdown. Steps may need to be taken under the new Parking and Vehicle Control Bylaw that commences on 1 July 2020 to address this delay. This will be the subject of a future report to Council if required.

Recommendations

That the Council

- 5. Approves the suspension of charges for parking in the Central Business District until the end of June 2020; and***
- 6. Notes that steps may be required under the new Parking and Vehicle Control Bylaw that comes into effect on 1 July 2020 to address the likely delay in installation of the new parking machines due to the COVID-19 shutdown***

5. Contract savings

- 5.1 There is also a subsequent confidential report on contracts on the meeting agenda. The overall savings from contracts which cannot be fulfilled in the short term is approximately \$500,000 per month. These

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savings offset the cost of providing a waiver of rent and outgoings to some lease and license holders.

Lease/Licence income

- 5.2 The Chief Executive has approved a three month waiver of rent and outgoings ending 30 June 2020, for the tourism and hospitality sector and community groups. This is to cover the current lockdown period, any extensions of the Order and a period of time to give those tenants an opportunity to re-establish themselves. The potential cost of a three month rental and outgoings holiday is approximately \$230,000 plus outgoings of approximately \$5,000.
- 5.3 If some of the tenants/licence holders in the balance of the portfolio sought rental relief, either on the basis of their lease terms or financial hardship, then additional costs might be \$240,000 for a three month term.

Analysis of Leases and Licences

- 5.4 Council has 502 leases and licences that provide just over \$2.4 million in annual rental and are classified as:

Lease or License Type	Number	Rental Per Annum (rounded to the nearest \$1,000)	Rental Per Month (rounded to the nearest \$1,000)
Commercial	104	\$1,932,000	\$161,000
Community	76	\$80,000	\$7,000
Carpark & Foot Path Dining	59	\$162,000	\$13,000
Concessions	17	\$32,000	\$3,000
Other	15	\$35,000	\$3,000
Parking Permits	39	\$45,000	\$4,000
Road Reserve	160	\$62,000	\$5,000
Street Stalls	12	\$40,000	\$3,000
No Classification	20	\$15,000	\$1,000

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Total	502	\$2,401,000	\$200,000
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- 5.5 Many of the tenants of these leases and holders of these licences are non-essential businesses or activities, albeit some are not affected by the Order; such as the Road Reserve Licences. There are some tenants/licence holders who are essential businesses such as telecommunications.
- 5.6 Of the affected tenants/licence holders, many have a provision in their lease or licence that addresses the "no-access" issue, with the balance silent on such a situation. Adopting usual property management procedures, the interpretation of the impact on the tenants would require careful lease analysis and then separate negotiation with each tenant to arrive at a result. While this would ordinarily be regarded as the preferred approach, it could take significant time and resource to implement.
- 5.7 This time delay and management expense needs to be balanced against the quantum of rental reduction being contemplated, together with the intent to achieve business support initiatives as quickly as possible.
- 5.8 An alternative is to offer an immediate rental relief package to those tenants and licence holders that are perceived to bear the biggest impact from the Order.
- 5.9 Based on observation over the last month and certainly taking into account the immediate effect Level 4 lockdown has had, the highest risk tenants and licence holders appear to be the tourism, hospitality and the community tenants.
- 5.10 The tourism and hospitality tenants make up 15% of the number and 65% of the rental per annum of leases and licenses in this group as shown below:

Lease or Licence Type	Number	Rental Per Annum (rounded to the nearest \$1,000)	Rental Per Month (rounded to the nearest \$1,000)
Tourism & Hospitality	24	\$613,000	\$51,000
Community	76	\$80,000	\$7,000
Carpark & Foot Path Dining	59	\$162,000	\$13,000
Concessions	17	\$32,000	\$3,000

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Street Stalls	12	\$40,000	\$3,000
Total	186	\$918,000	\$77,000

5.11 The balance of the portfolio is made up as shown below:

Lease or Licence Type	Number	Rental Per Annum (rounded to the nearest \$1,000)	Rental Per Month (rounded to the nearest \$1,000)
Commercial	50	\$1,320,000	\$110,000
Other	15	\$35,000	\$3,000
Parking Permits	39	\$45,000	\$4,000
Road Reserve	160	\$62,000	\$5,000
No Classification	20	\$15,000	\$1,000
Total	314	\$1,476,000	\$123,000

5.12 Of these other tenants/licence holders, there are likely to be some that have been financial constrained by the Order and may seek rent relief and they can be assessed on a case by case basis, applying a consistent set of criteria.

Recommendations

That the Council

7. Notes the decision by the Chief Executive to grant a three month waiver starting 1 April 2020 of:

- a) Rental and outgoings for tourism and hospitality tenants/licensees holding council leases and licences; and***
- b) Rental for community tenants/licensees holding leases and licences; and***

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8. Notes that the Chief Executive will consider any requests from other tenants/licence holders including taking into account financial hardship; and

Events funding

5.13 Council supports events through several channels that will be impacted by COVID-19, including festivals through outside providers, events administered by the Events Development Committee (EDC) and small scale Council delivered events delivered by the Events Team. As noted in the Annual Plan section of this report, one option for reducing the rates rise in 2020/21 is to reduce the various events budgets. Work on reducing these budgets has already commenced, and the current information on different events is set out below.

Large Scale Events

5.14 Festivals and events administered by outside providers and the EDC include a number of larger events. Decisions for these larger scale events over the next six to twelve months may be largely out of Council's hands. This reflects the long planning time required, a reliance on international acts, restrictions on large gatherings and the likely impact of the economic downturn on ticket sales.

5.15 Some events organisers are suggesting their events are downscaled and reconfigured for a smaller local audience and requesting Council support.

5.16 The table below lists large scale events scheduled for the next twelve months and their current status.

Event	Planned Date(s)	Council Investment	Current Status	Alternatives
Heritage Festival	April 2020	\$50,000 less \$35,000 already spent	Cancelled	
Fringe Festival	May 2020	\$16,000 (events fund) \$7,500 (venue) \$13,500 requested to be carried forward to 2020/21	Postponed	Postponed until October

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Light Nelson	3 July 2020	\$162,000 over two years	Unconfirmed	
Nelson Arts Festival	16-26 Oct 2020	\$560,000	Cancelled	Possibly some smaller community events at a lower budget amount
Black Ferns	21 Nov 2020	\$70,000	Unconfirmed	
Bay Dreams	4 Jan 2021	None	Unconfirmed	Smaller localised event
Enduro World Series	April 2021	\$200,000 Over two years	Unconfirmed	Smaller localised event or prepare for EWS in a future year
Adam Festival	February 2021	\$37,500 p.a.	Postponed	Event proposed to be held February 2022

Additional information and options

Fringe Festival – May 2020 - postpone

- 5.17 The Fringe Festival was to receive \$16,000 from the Events Fund and \$7500 to assist with venue costs following the Refinery closure, and the organisers have proposed rescheduling of the festival at NCMA in October 2020. This date may need to be shifted out again depending on status of the COVID-19 shutdown.

Arts Festival – October 2020 - restructure

- 5.18 The Nelson Arts Festival Trust has advised that planning for the 2020 festival has ceased. There are options for the Trust to co-ordinate a suite of events utilising current funding levels, or work collaboratively with community partners to deliver local events at a reduced funding level. Consideration should be given to ensuring that the Trust retains capacity and staffing to deliver future Arts Festivals. Creative NZ funding is also available which should be utilised by the Trust in preference to Council funding. Officers suggest that when Council has decided on the priorities for the Trust, it is invited to submit a proposal for consideration. There

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will be some fixed costs in maintaining the Arts Festival but any proposal would be on a smaller scale.

Black Ferns game - November 2020 - TBC

- 5.19 Officers have contacted the Tasman Rugby Union regarding the planned Black Ferns game in November but do not have an update at the time of this report. However, it is unlikely that an international match will be able to be held this year.

Bay Dreams - January 2021 - TBC

- 5.20 Staff have not ascertained whether the organisers of Bay Dreams plan to proceed, however if the event was able to proceed, then it is likely that the event would be smaller and use local rather than international acts.

Light Nelson – July 2020 – TBC

- 5.21 The organisers of the Light Nelson festival have been contacted for an update on the 2020/21 festival.

Enduro World Series – April 2021 – TBC

- 5.22 This event is funded through the Events Fund. Discussions are being held on the options for the Enduro World Series and whether a local or national event might be possible in 2021, and/or whether planning should continue to enable a full event to be held in a future year.

Adam Chamber Music Festival – February 2021 - postpone

- 5.23 The Trust has decided to postpone the event until beginning of February 2022. The festival is currently one year into a four year contract and the Trust is expected to apply for a one year extension in due course.

Council Delivered Events

- 5.24 The Council events team delivers 17 local events, predominately over the summer period, such as the Teddy Bears Picnic, New Year's Eve, Lantern Festival, and Santa Parade. The budget for these Council delivered events is \$298,000. This budget will be reviewed as part of finalising the Annual Plan.
- 5.25 A decision to cancel this year's Heritage Festival, which was scheduled to run in April, was made 20 March 2020. The budget for this event is \$50,000, of which \$35,000 was spent.
- 5.26 As community events are lower cost and attract high local participation, staff will review the schedule with a view to retaining those that can be successfully delivered during the recovery phase and consolidating other events in collaboration with regional community partners including the Arts Festival Trust.

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Events Fund

- 5.27 The Economic Development Committee manages the Events Fund (with an economic and community component) and a Venue Hire Fund
- Economic events \$317,000 2019/20, \$406,000 2020/21
 - Community events \$76,000 2019/20, \$76,000 2020/21
 - Venue Hire Fund \$30,000 2019/20, \$30,000 2020/21.
- 5.28 A review is being undertaken of all events that have had funding paid or committed for future events. As noted above, large scale events are not expected to be resumed for some time and therefore the immediate objective is to review the events for the rest of 2019/20, to have any unspent funds returned and to reduce the budget for 2020/21, in order to assist with community support and economic stimulus elsewhere in Council activities.
- 5.29 Savings for 2019/20 would assist with funding the proposed emergency fund of \$200,000 for supporting community organisations. The 2020/21 budget will be set as part of the Annual Plan process but at this stage the recommendation is likely to be to reduce the budget by a half to two thirds.

Recommendations

That the Council

- 9. Agrees that officers will discuss timing of the Fringe Festival with the organisers; and**
- 10. Notes that the Light Nelson festival will be considered as part of the Annual Plan deliberations; and**
- 11. Notes that the 2020 Nelson Arts Festival is cancelled; and**
- 12. Agrees to invite a proposal from the Arts Festival Trust to replace the cancelled Arts Festival with local events involving regional partners; and**
- 13. Notes that the April 2020 Heritage Festival has been cancelled; and**
- 14. Notes that the Annual Plan deliberations report will include recommendations for the Events Fund and Venue Hire Fund; and**
- 15. Notes that Council delivered events will be reviewed and adjusted as necessary during the COVID-19 recovery period.**

Community Organisations Funding

- 5.30 Council works in partnership with a range of community organisations to deliver social and cultural outcomes and, has already received requests to provide support to some key partners. Without Council support it is likely that a number of these organisations, and facilities they manage, will not be in a position to continue when the emergency level is lowered.
- 5.31 While central government support packages provide some assistance, in some cases this will be insufficient to prevent collapse. Some other councils across New Zealand have also identified this risk and introduced community organisation support packages.
- 5.32 An unbudgeted funding allocation of \$200,000 is proposed as an emergency fund to assist key community organisations.
- 5.33 Selection criteria would require organisations to be key partners in delivering community outcomes, at a high risk of being unable to deliver services during recovery, and have exhausted other funding mechanisms such as the central government funding for COVID-19 businesses and the Creative NZ COVID-19 response fund.

Recommendations

That the Council

16. Approves an emergency fund of \$200,000 to support community organisations; and

17. Delegates the setting of criteria and distribution of funds to support community organisations to the Mayor, Deputy Mayor, and the Chair of the Community Services Committee; and

18. Notes that the criteria for granting funds to support community organisations will include that the organisation has applied for any applicable Central Government support, for example wage subsidies.

Community Investment Fund

- 5.34 The Community Investment Fund (CIF) provides support to community groups to achieve improved social outcomes. The fund currently has \$124,000 available for distribution via small grants of up to \$5000 in the 2020/21 year. The current process involves applications opening in April/May with funding decisions made by an independent panel in July.
- 5.35 Given the pressures on community groups post COVID-19, it seems inappropriate to offer a small grant funding round capped at \$5,000 per application. Council could narrow the fund criteria, increase the funding allocation or distribute the fund differently. Community groups should not be invited to apply to a fund when they are unlikely to be successful. It is preferable for Council to resource a few targeted projects to the

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level that they can succeed, rather than a greater number of projects with limited impact or likely to fail.

- 5.36 Central Government has a responsibility to help support community groups impacted by COVID-19 and groups should be encouraged to seek support from government funds to ensure their ongoing operations. At a local level the criteria for CIF funding could be targeted to assist community groups to deliver projects to reduce the impact of COVID-19 to vulnerable communities rather than business as usual projects. The existing panel and process can be utilised for approvals.

Options

- 5.37 Removing the Funding Cap:

Option 1: Remove the \$5,000 funding cap (recommended)	
Advantages	<ul style="list-style-type: none"> Groups can apply for meaningful funding to address vulnerable community need.
Risks and Disadvantages	<ul style="list-style-type: none"> A risk that the fund will be oversubscribed.
Option 2: Do not remove the \$5,000 funding cap	
Advantages	<ul style="list-style-type: none"> More groups can be successful.
Risks and Disadvantages	<ul style="list-style-type: none"> Groups may see the fund as irrelevant to current needs. \$5,000 is insufficient to deliver an effective project.

- 5.38 Modifying CIF Criteria

Option 1: Narrow CIF criteria to only consider projects that reduce the impact of COVID-19 on vulnerable communities (recommended)	
Advantages	<ul style="list-style-type: none"> Funds will be targeted to support vulnerable community recovery. Reduced risk of oversubscription.
Risks and Disadvantages	<ul style="list-style-type: none"> Other worthwhile social development projects are no longer eligible.
Option 2: Retain existing criteria	
Advantages	<ul style="list-style-type: none"> Panel can consider a wide range of projects for approval.

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Risks and Disadvantages	<ul style="list-style-type: none"> Groups will waste time applying to an oversubscribed fund with little chance of success.
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Recommendations

That the Council

- 19. Agrees to remove the \$5000 cap on Community Investment Fund applications in 2021/22; and**
- 20. Agrees to modify the criteria for Community Investment Fund applications in 2021/22 to prioritise projects that reduce the impact of the COVID-19 emergency on vulnerable communities; and**
- 21. Notes that existing allocation processes utilising the independent panel will be used to make Community Investment Fund allocations.**

Capex forecast for 30 June 2020

- 5.39 The lockdown has temporarily slowed Council's capital delivery program. That aside, staff and consultants are still working from home on the delivery of the capital works programme.
- 5.40 Notwithstanding this adjustment, the anticipated forecast expected to the end of June will not be achieved. Again, assuming that physical works will only commence again on site at the end of May, the forecast spend is as below:

Activity	Approved Budget 2019/20	Original Forecast 2019/20	Revised COVID-19 Forecast 2019/20
	'000s	'000s	'000s
Corporate	3,502	3,109	2,373
Parks & Active Recreation	9,364	7,587	6,502
Social	2,824	1,891	1,807
Economic	590	590	290
Transport	11,809	10,424	6,554

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Environmental Management	575	565	635
Wastewater	3,617	3,065	2,720
Stormwater	2,247	2,226	1,888
Water Supply	4,415	3,985	3,646
Flood Protection	4,606	3,369	2,943
Solid waste	31	31	31
Total	43,579	36,842	29,389
<p>COVID-19 scenario assumes an eight week shut down period with capital works resuming 1 June. Figures exclude capital staff time and vested assets.</p>			

Other income

- 5.41 There will be impacts on other sources of Council income in the current year and potentially into 2020/21. The quantum of the impact is not known at this stage and it is difficult to accurately forecast a yearend outturn.
- 5.42 Dividends are received from Council Controlled Trading Organisations (CCTOs) and used to offset rates, with current year budgeted income from Port Nelson Limited of \$2.75 million, Nelson Airport Limited \$400,000, and Nelmac \$449,000. It is too early to forecast the potential impact on these dividends. Port Nelson Limited paid a special dividend in September 2019 of \$400,000 per council.
- 5.43 Commercial water sales (\$410,000) and trade waste income (\$260,000) for the quarter will also be impacted.
- 5.44 Resource consent (\$348,000) and building consent fees (\$609,000) budgeted for the last quarter are also at risk depending on the length of the lockdown and the ongoing financial impact on households and businesses.
- 5.45 Parking fees (\$154,000) and infringement fees (\$168,000) budgeted income has been impacted by the lockdown, but has the potential to be adversely affected for a longer period of time due to the ongoing economic impact on the retail and hospitality sectors.
- 5.46 There will be impacts for venue hire, particularly Trafalgar Centre, Trafalgar Park and Saxton facilities, but these will be partially offset by expenditure savings.

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Business support

- 5.47 The COVID-19 emergency is not just a health emergency, but will be the most severe economic event since the Great Depression. Immediate business support and advice is being provided by the Nelson Regional Development Agency, as well as the Nelson Tasman Chamber of Commerce, the Ministry of Business, Innovation and Employment and other organisations.
- 5.48 One of the main ways Council can assist is to maximise the capital programme that can be delivered to help stimulate the economy and create jobs. Officers are looking at what can be achieved through resuming projects stalled by COVID 19 and bringing forward other capital projects. Officers are also working with regional partners to assemble a list of projects suitable for government support through its economic rescue package.
- 5.49 Council is making early payments to suppliers in order to assist businesses with their cash flow.
- 5.50 The usual recovery process following an emergency will, in this case, be heavily focused on the economy. An economic stimulus package will be a key task of the recovery phase.

6. Conclusion

- 6.1 Although the situation arising from COVID-19 is continuing to change daily, it is clear that there will be changes to our communities and Council which will continue for several years. This report provides an initial Council response to the emergency, but further changes will be need to be considered, including through the Annual Plan and Long Term Plan.

Author: Pat Dougherty, Chief Executive

Attachments

Nil

Important considerations for decision making
1. Fit with Purpose of Local Government <p>The recommendations in this report support the social, economic, environmental and cultural well-being of communities in the present and for the future including through responding to the COVID-19 emergency, supporting businesses effected by the shutdown and proposing actions to support community organisations that contribute to the wellbeing of Nelson residents.</p>
2. Consistency with Community Outcomes and Council Policy <p>The recommendations in this report align with the following community outcomes:</p> <ul style="list-style-type: none">• Our communities are healthy, safe, inclusive and resilient• Our infrastructure is efficient, cost effective and meets current and future needs• Our Council provides leadership and fosters partnerships, a regional perspective and community engagement• Our region is supported by an innovative and sustainable economy.
3. Risk <p>There are financial and legal risks arising from responding quickly to the COVID-19 emergency. These are being managed through review of reports and recommendations and obtaining advice as required. The financial risks include that what is likely to unfold over the next 18 months may be significantly different to what is included in the Annual Plan.</p>
4. Financial impact <p>Estimates of impacts on income and expenditure have been provided where this information is available, however it is too soon to quantify all effects of the COVID-19 shutdown on Council budgets and activities.</p>
5. Degree of significance and level of engagement <p>The matters covered by this report will be significant to many members of the Nelson community. However, this emergency is unprecedented and in order to provide timely financial relief and some certainty to businesses, community groups and residents, no consultation is proposed.</p>
6. Climate Impact <p>Climate impact has not been considered in the preparation of this report.</p>

7. Inclusion of Māori in the decision making process

No engagement with Māori has been undertaken in the preparation of this report.

8. Delegations

The matters in this report are across Committee and Council delegations, therefore this report is being brought to Council.