

Notice of the Ordinary meeting of

Nelson City Council

Te Kaunihera o Whakatū

Date:	Thursday 23 September 2021
Time:	9.00a.m.
Location:	Via Zoom

Agenda

Rārangi take

Chairperson Deputy Mayor Members Her Worship the Mayor Rachel Reese Cr Judene Edgar Cr Yvonne Bowater Cr Trudie Brand Cr Mel Courtney Cr Mel Courtney Cr Kate Fulton Cr Matt Lawrey Cr Rohan O'Neill-Stevens Cr Brian McGurk Cr Gaile Noonan Cr Pete Rainey Cr Rachel Sanson Cr Tim Skinner

Quorum: 7

Pat Dougherty Chief Executive

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 2019 – 2022 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

Nelson City Council

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Karakia and Mihi 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

4.1 Steve Cross - 3 Waters Reform

Steve Cross will speak about the 3 Waters Reform.

4.2 Tony Haddon - Request for a Private Plan Change

Tony Haddon will speak about the request for a private plan change.

4.3 Susan MacAskill - Request for a Private Plan Change

Susan MacAskill will speak about the request for a private plan change.

4.4 Neville Male - Nelson Citizens Alliance - 3 Waters Reform

Neville Male will speak on behalf of The Nelson Citizens Alliance regarding the 3 Waters Reform.

5. Confirmation of Minutes

5.1 12 August 2021

Document number M18862

Recommendation

That the Council

- 1. <u>Confirms</u> the minutes of the meeting of the Council, held on 12 August 2021, as a true and correct record.
- 5.2 26 August 2021

Document number M18883

Recommendation

That the Council

- 1. <u>Confirms</u> the minutes of the meeting of the Council, held on 26 August 2021, as a true and correct record.
- 5.3 2 September 2021

Document number M18892

Recommendation

That the Council

1. <u>Confirms</u> the minutes of the meeting of the Council, held on 2 September 2021, as a true and correct record.

6. Request for a Private Plan Change: Maitahi/Bayview 53 - 82

Document number R26202

This matter has been included as the first substantive item on the Agenda in order for external representatives to be present.

John Maassen, on behalf of CCKV Dev Co LP and Bayview Nelson Ltd, and Hemi Toia, on behalf of Ngāti Koata Ltd, will speak about the Private Plan Change Request.

Kerry Anderson from DLA Piper, Gina Sweetman from Sweetman Plannning and Group Manager Clare Barton will be in attendance to speak to the Private Plan Change process and answer questions.

4

15 - 35

36 - 41

42 - 52

Recommendation

That the Council

- 1. <u>Receives</u> the report Request for a Private Plan Change: Maitahi/Bayview (R26202) and its attachment (A2737849); and
- 2. <u>Accepts</u> the Request for the Private Plan Change for Maitahi/Bayview as Private Plan Change 28; and
- 3. <u>Agrees</u> independent accredited commissioners will be appointed to consider Private Plan Change 28 and to make recommendations to Council; and
- 4. <u>Agrees</u> that the decision-making options are set out in clause 25 of the First Schedule of the Resource Management Act (RMA) and that this clause 25 decision is a process decision in Council's capacity as regulator; and
- 5. <u>Agrees</u> the significance of this process decision is low to medium because it is the substantive decision on the Private Plan Change that has the potential impact and that substantive decision will be subject to a public process, prescribed by the RMA. Accordingly, consultation under the Local Government Act on this clause 25 process decision under the RMA is neither necessary nor appropriate.

7. Recommendations from Committees

7.1 Audit, Risk and Finance Subcommittee - 14 September 2021

7.1.1 Bad Debts Writeoff - Year Ending 30 June 2021

Recommendation to Council

That the Council

1. <u>Approves</u> the balance of \$41,990.31 owed by the Brook Valley Community Group Inc be written off as at 30 June 2021. 7.1.2 Carry Forwards 2020/21

Recommendation to Council

That the Council

- 1. <u>Approves</u> the carry forward of \$2.6 million unspent capital budget for use in 2021/22: and
- 2. <u>Notes</u> that this is in addition to the carry forward of \$4.8 million approved during the Long Term Plan 2021-31, taking the total carry forward to \$7.4 million of which \$827,000 is for the 2022/23 year, \$349,000 is for the 2023/24 year and the balance of \$6.2 million is for the 2021/22 year; and
- 3. <u>Notes</u> that the total savings and reallocations in 2020/21 capital expenditure of \$1.7 million including staff time which is in addition to the \$2.3 million savings and reallocations already recognised in the May 2021 deliberations; and
- 4. <u>Notes</u> that the total 2021/22 capital budget (including staff costs and excluding consolidations and vested assets) will be adjusted by these resolutions from a total of \$67.1 million to a total of \$69.7 million; and
- 5. <u>Approves</u> the carry forward of \$567,000 unspent operating budget for use in 2021/22.

7.2 Community and Recreation Committee - 16 September 2021

7.2.1 Adoption of the Community Partnerships Activity Management Plan 2021-31

Recommendation to Council

That the Council

1. <u>Adopts</u> the Community Partnerships Activity Management Plan 2021-2031 (A2654351). 7.2.2 Adoption of the Arts, Heritage and Events Activity Management Plan 2021-31

Recommendation to Council

That the Council

- 1. <u>Adopts</u> the Arts, Heritage and Events Activity Management Plan 2021-2031 to reflect the Long Term Plan 2021 – 31 (A2657126).
- 7.2.3 Adoption of the Parks and Reserves Activity Management Plan 2021-31

Recommendation to Council

That the Council

- 1. <u>Adopts</u> the revised Parks and Reserves Activity Management Plan 2021-31 to reflect the Long Term Plan 2021 -31 (A2414207).
- 7.2.5 Community and Recreation Quarterly Report to 30 June 2021

Recommendation to Council

That the Council

- 1. <u>Notes</u> the unbudgeted grant income of \$460,000 from the successful Ministry of Business Innovation and Employment application towards the Montgomery Toilet Upgrade (paragraphs 8.21 to 8.26); and
- 2. <u>Agrees</u> to bring forward \$100,000 budgeted for 2024/25 of the Long Term Plan 2021-31 for the Montgomery Toilet Upgrade, to enable design, consents and consultation to occur in 2021/22.

8. Mayor's Report

Document number R26217

Recommendation

That the Council

- 1. <u>Receives</u> the report Mayor's Report (R26217) and its attachment (A2724500); and
- 2. <u>Approves</u>, retrospectively, Council's submission to the Department of Internal Affairs - Māori ward process alignment phase 2 (A2724500).

9. Council - Status Report - September 2021 88 - 100

Document number R26080

Recommendation

That the Council

1. <u>Receives</u> the report Council - Status Report - September 2021 (R26080) and its attachment (A1168168).

10. Nelson Central Library - Flood Mitigation Plan **101 - 135**

Document number R26048

Recommendation

That the Council

- 1. <u>Receives</u> the report Nelson Central Library Flood Mitigation Plan (R26048) and its attachment (A2733041); and
- 2. <u>Agrees</u> that the flood modelling presented in the Nelson Central Library Redevelopment - Flood Mitigation Plan (A2733041) demonstrates that the proposed Nelson Central Library development (corner of Trafalgar/Halifax Streets) has negligible effect on adjacent properties if design and landscape features are incorporated into the design brief; and
- 3. <u>Approves</u> the Nelson Central Library Development Flood Mitigation Plan (A2733041); and

4. <u>Notes</u> that further community consultation is programmed to be carried out in relation to the wider issue of central city flood risk and possible mitigation options.

11. Nelson Central Library – Decision-making Timeline 136 - 141

Document number R26167

Recommendation

That the Council

- 1. <u>Receives</u> the report Nelson Central Library Decisionmaking Timeline (R26167); and
- 2. <u>Amends</u> clause 4 of resolution CL/2021/090 made during the 18-20 May 2021 Council meeting:

<u>Confirms</u> that, on completion of negotiations:

• Council will approve the community engagement process (including a communication strategy and engagement plan), project management and governance approach, procurement process, financial management, and reporting and approvals processes for the proposed new library building and landscaping, noting that this work will run in parallel with land exchange negotiations; and

12. Uniquely Nelson - Annual Report 2020/21 **142 - 173**

Document number R23760

Simon Duffy, Manager Uniquely Nelson, and Chris Butler, Chair of the Uniquely Nelson Board will be present at 1.00pm to speak to the Annual Report.

Recommendation

That the Council

1. <u>Receives</u> the report Uniquely Nelson - Annual Report 2020/21 (R23760) and its attachment (A2739506); and 2. <u>Approves</u> the Uniquely Nelson Annual Report as sufficient to provide Council with an overview of its activities during the 2020/21 year.

13. Three Waters Reform Update

174 - 231

Document number R26075

Recommendation

That the Council

- 1. <u>Receives</u> the report Three Waters Reform Update (R26075) and its attachments (A2734504, A2734513, A2734630, A2736353, A2734616, A2745775, A2745300, A2748814, and A2748820); and
- 2. <u>Notes</u> the Government's 30 June and 15 July 2021 Three Waters Reform announcements; and
- 3. <u>Notes</u> Morrison Low's advice on the accuracy of the information provided to Council in June and July 2021 as a result of the Request for Information and Water Industry Commission for Scotland modelling processes; and
- 4. <u>Notes</u> the analysis of three water service delivery options available to Council at this time; and
- 5. <u>Notes</u> that a decision to support, or not support, the Government's preferred three waters service delivery option is not lawful (would be ultra vires) at present due to section 130 of the Local Government Act 2002, which prohibits Council from divesting its ownership or interest in a water service except to another local government organisation, and what Council currently know (and doesn't know) about the Government's preferred option; and
- 6. <u>Notes</u> that Council cannot make a formal decision on a regional option for three waters service delivery without doing a Long Term Plan amendment and ensuring it meets section 130 of the Local Government Act 2002; and
- 7. <u>Notes</u> that Council intends to make further decisions about the three waters service delivery model after 30 September 2021; and

- 8. <u>Notes</u> that it would be desirable to gain an understanding of the community's views once Council has further information from the Government on the next steps in the reform process; and
- 9. <u>Approves</u> the draft letter (A2745300) to the Government outlining where Council seeks guidance and gives feedback on the proposed Three Waters Reform programme; and
- 10. <u>Agrees</u> that the Mayor, Infrastructure Committee Chair and Chief Executive be delegated authority to approve minor editorial amendments to the Government response letter; and
- 11. <u>Notes</u> that the Chief Executive will report back once staff have received further information and guidance from Government, Local Government New Zealand and Taituarā on what the next steps look like and how these should be managed; and
- 12. <u>Notes</u> that Council has considered the decision-making requirements of Part 6 of the Local Government Act 2002 and determined that they have been adequately complied with for the purposes of this report, taking into account that a) no decisions are being made at this stage to agree to the Government's proposal and b) the low to medium significance under the Significance and Engagement Policy of the decision to request the Chief Executive to seek further information from and give feedback to the Government on the reform proposal.

14.Strategic Development and Property Quarterly Report to 30
June232 - 248

Document number R25980

Recommendation

That the Council

1. <u>Receives</u> the report Strategic Development and Property Quarterly Report to 30 June (R25980) and its attachments (A2711975, A2712692).

CONFIDENTIAL BUSINESS

15. Exclusion of the Public

Recommendation

That the Council

- 1. <u>Excludes</u> 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	Council Meeting - Confidential Minutes - 12 August 2021	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: Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	Council Meeting - Confidential Minutes - 2 September 2021	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: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person Section 7(2)(h) To enable the local authority to carry out, without prejudice or

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			 disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	Confidential Recommendations from Committees	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: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
4	Mayor's Report - Confidential	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: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
5	Council - Status Report - Confidential - September 2021	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: Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
6	Nelson Central Library Development Land Exchange Negotiating Team	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: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
7	Directors remuneration 2021 - Nelmac Limited	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: Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
8	Release of Nelson Marina - Land Development Plan	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: Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Karakia Whakamutanga



Minutes of a meeting of the

Nelson City Council

Te Kaunihera o Whakatū

Held in the Council Chamber, Civic House, 110 Trafalgar Street, Nelson on Thursday 12 August 2021, commencing at 9.03a.m.

Present:	Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, M Courtney, K Fulton, M Lawrey, R O'Neill- Stevens, B McGurk, G Noonan, P Rainey, R Sanson and T Skinner
In Attendance:	Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Group Manager Community Services (A White), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Team Leader Governance (R Byrne) and Governance Adviser (E Stephenson)

Apologies : Nil

Karakia and Mihi Timatanga

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

Her Worship the Mayor advised that Item 9 – Infrastructure Acceleration Fund: Developer-led Expressions of Interest would be considered following Public Forum. She noted that the Tahunanui Business and Citizens Association's public forum request had been cancelled and would come to a later Council meeting, and that she would speak briefly to the Mayor's Report prior to the Infrastructure Acceleration Fund for her introductory comments on housing.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

4. Petition - Delaware Bay Boat Access Group

Document number R26129

Peter Ruffell spoke to the Group's petition (A2720699), which was presented to her Worship the Mayor by Mr Ruffell's grandchildren, Shakana and James. Mr Ruffell tabled supporting information (A2727998).

Mr Ruffell thanked the petition signatories and introduced Marine Scientist, Rod Asher, to talk about the environmental effects on the estuary. Mr Asher spoke about mapping and surveying of the estuary since 1976, and said that, over that time there had been no appreciable effect on the estuary due to the type of sediment. He felt the Delaware inlet was still in the good condition it was 40 years ago and that it was the only calm safe spot for boat launching in the area; an ideal safe permanent channel and deep enough for modern boats, providing it was used respectfully. He felt the estuary should be available to every New Zealand citizen, with no favour to any one group and that there was room for everybody to use it safely.

Mr Ruffell spoke of the history of the boat launching spot, noting that it was Crown-owned land and he felt that there should be total access to the foreshore and seabed. He said that the Group was happy to work with iwi.

Her Worship the Mayor noted that the matter was the subject of legal proceedings and thanked the presenters.

Attachments

- 1 A2720699 Delaware Bay Boat Access Group Petition
- 2 A2727998 Delaware Bay Boat Access Group tabled supporting information

5. Public Forum

5.1. Tahunanui Business and Citizens Association Inc - Waka Kotahi Proposals for Tahunanui Drive and the Effects of those Proposals

This public forum request was withdrawn.

5.2. Neville Male - The Actions of Councillors and NCC Staff associated with the Extinction Rebellion Protest.

Document number R26085

Neville Male, on behalf of the Nelson Citizens Alliance, spoke about the action of Councillors and Council staff relating to the Extinction Rebellion protest. He questioned how the protest was managed and felt that Council should be well prepared for and learn lessons from each occasion. He questioned security, building surveillance, procedures implemented and

Police action on the day. Mr Male felt that a review of Council's Code of Conduct was required.

Councillor Lawrey raised a Point of Order that a statement made by Mr Male that he knew in advance about the protest was misrepresentation. The Point of Order was upheld as it was not possible to determine whether that was the case at this meeting. Mr Male advised that he would lodge a formal letter voicing his concerns.

Her Worship the Mayor noted that the handling of the protest would be included in a future Audit, Risk and Finance agenda for discussion and that a review of the Code of Conduct was in hand.

5.3. Save the Maitai - Update on Campaign

Document number R26131

Dan Levy and Mic Dover, from Save the Maitai, provided an update on the campaign.

Mr Dover spoke of continued support for the campaign, ongoing media coverage, submissions, letters to Council and fund raising. He felt that the proposal of a developer-led project threatened Nelson, which needed smart growth. He felt that future housing demands could be met without developing the Maitai Valley. He felt that any acceleration of the project was of extreme concern, and that this was the only opportunity to provide views on the project being included in the Infrastructure Acceleration Fund (IAF) application. He asked Elected Members to reject the recommendation or abstain from voting as he felt the Fund's criteria were not being met. He questioned the degree of significance and level of engagement of the IAF item and tabled speaking notes (A2727971).

Attachments

1 A2727971 - Save the Maitai tabled speaking notes

6. Mayor's report (Agenda Item 8)

Her Worship the Mayor framed the housing situation for the Nelson Tasman region, which had been classed as Tier 2 in the National Policy Statement for Urban Development but she felt that the region should be Tier 1. She noted an 88% increase in house prices, with 38% of income being spent on rent or mortgages, which was higher, as a percentage, than Auckland. The effect of those statistics meant that the region's businesses wanted to grow but could not attract and retain skilled staff and essential workers because of housing cost issues.

The Mayor acknowledged the need for change and thanked Elected Members for prioritising housing in the Long Term Plan. She noted that intensification alone was not enough, and a combination of smart thinking, ensuring supply and affordability and fostering relationships to deliver affordable housing as a number one priority was required.

She noted that the Infrastructure Acceleration Fund proposals were at the Expressions of Interest (EOI) stage and highlighted the need to ensure that opportunities were not lost. She felt that the region not been visible at central government level as far as securing investment. The Mayor had spoken with Mayor King, and both wanted to secure funding to deal with the housing crisis in the region, which was consistent with housing being the top priority for Council and the community.

The Mayor's report was adjourned, to be revisited later in the meeting.

6. Infrastructure Acceleration Fund: Developer-led Expressions of Interest (Agenda Item 9)

Document number R26027, agenda pages 64 - 136 refer.

Group Manager Infrastructure, Alec Louverdis, noted a correction to agenda page 68, paragraph 5.2.4, which incorrectly stated 750 dwellings, this should be 350.

Mr Louverdis provided a precis of the process, and advised that officers now proposed Council support for all four proposals, rather than the three indicated in the agenda report.

The developers in attendance were invited to speak to their proposals:

 Iain Sheves – Wakatū Inc, provided a PowerPoint presentation (A2730288). Mr Sheves clarified the area of the development, noted the challenges and opportunities, the intergenerational outcomes, the vision and that the affordable housing leasehold models were unattractive to speculators or investors.

Mr Sheaves answered questions regarding stormwater management, the need for a plan change, environmental impacts, timeframes, delivery methods and intergenerational outcomes.

 Hemi Toia – Ngāti Koata Trust, spoke to a PowerPoint presentation (A2726547). Mr Toia spoke of the importance of the people, how successful IAF projects would provide a housing solution for Nelson, the Trust proposal's supporters, the challenges of access and the cost of land. He noted that IAF funding would provide the opportunity for early access and reduced cost to approximately 100 of the planned sections. He spoke of the aspirations of the Maitahi Development, noting that it would still proceed without funding however, with funding, it could also deliver a housing solution that would be life changing for people.

A waiata was given in support of the presentation.

Mr Toia answered questions regarding climate change design elements, the number of houses and the affordable housing component and the inclusion of funding in the full application if the proposal was successful in the first stage.

The meeting was adjourned from 10.42am until 11.01am.

Mr Toia answered further questions regarding the enablement of access to affordable homes, the project timeframe, water quality and traffic effects and reliance on the IAF funding for provision of the affordable homes.

 Scott and Simon Gibbons – Gibbons, provided a PowerPoint presentation (A2726725). Scott Gibbons spoke of the history and location of the Bishopdale land, noting that a consent had been granted for over 100 sections, the company had applied for a special housing area (HASHA) in 2017 and was advanced in negotiations with a community housing provider, with 60% of the sections targeted for affordable homes. He noted the connection to Waimea Road, and believed the proposal met the criteria for the IAF funding, which he felt was critical to reduce the cost of supplying affordable housing.

Mr Gibbons answered questions regarding the cost of affordable homes, connections with Waimea Road, connectivity for pedestrians and cyclists to get to the Railway Reserve and the upper end of Vista Heights, climate change mitigation and geotechnical constraints.

Her Worship the Mayor reiterated the focus of today's decision and noted that there would need to be a change to the recommendations to reflect support for the Bishopdale proposal and the fact that Council would lead the application to the IAF.

Mr Louverdis clarified that he had met with the Gibbons team and discussed the previous rating and, in light of the fact that Gibbons was partnering with housing providers, connections with Waimea Road, and alignment with Council priorities, officers were now comfortable with supporting the proposal for inclusion in the IAF application.

Mr Louverdis, together with Team Leader City Development, Lisa Gibellini, Manager Utilities, David Light and Manager Transport and Solid Waste, Marg Parfitt, answered questions regarding the IAF application, including:

- Council taking the lead in the application
- Contributions to proposals
- The Kāinga Ora process
- Staff resourcing and capacity
- Possible reprioritisation of existing projects

- Timeframes
- Reporting back on implications regarding delivery of projects if the application was successful
- Ensuring the final EOIs were consistent with today's discussions
- Triggering of the Significance and Engagement Policy

Councillor Skinner raised a Point of Order against Councillor Sanson for disrespectful/offensive comments suggesting that Council officers were biased. The Point of Order was upheld and Mayor Reese asked the Chief Executive for his comments.

The Chief Executive, Pat Dougherty advised that officers had been working under a lot of pressure to get the report to Council. He felt the suggestion that officers were favouring one developer over another was unacceptable and equated to impugning staff. It was noted that the change to the officer recommendations reflected the pace of the challenge.

Councillor Sanson raised a Point of Order against Her Worship the Mayor for misinterpreting her questions. The Point of Order was not upheld.

The meeting was adjourned from 12.08pm until 12.15pm, at which time, Councillor Skinner was not present.

A question was answered regarding the benefits/risks of the inclusion of multiple proposals.

Attendance: Councillor Skinner returned to the meeting at 12.17pm.

Questions were answered regarding the impact on Nelson's transport system, which would be an ongoing piece of work, the possibility of out of town buyers of the affordable housing and the benefits of improved infrastructure capacity to future developments.

The officers' recommendation, amended to reflect Council's lead in the application and support for the Bishopdale EOI, was moved by Councillor Edgar and seconded by Councillor Skinner.

Further questions were answered regarding staff resourcing, regional balance affecting Kāinga Ora weighting of applications, ownership of the land between the proposed site and the sewage treatment plant in the Whakatū proposal, engagement, climate change mitigation and sustainable transport as part of the affordable housing thinking, assurance that the final EOIs would reflect what had been presented to Council today and that if not, further conversations would be necessary and the expectation of the need for minor editorial changes.

The motion was taken in parts.

Resolved CL/2021/132

That the Council

1. <u>Receives</u> the report Infrastructure Acceleration Fund: Developer-led Expressions of Interest (R26027) and its attachments (A2704700, A2714336, A3904008, A2711258, A2716113, A2720023, A2713299 and A2719661).

Edgar/Skinner

<u>Carried</u>

Resolved CL/2021/133

That the Council

- 2. <u>Includes</u> the following developer Expressions of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the proposals, including in its regulatory capacity:
 - a. Wakatū Incorporation (Horoirangi, A2711258).

The motion was put and a division was called:

<u>For</u>
Her Worship the Mayor
Reese (Chairperson)

Cr Bowater Cr Brand Cr Courtney Cr Edgar Cr Fulton

Cr McGurk Cr Noonan Cr Sanson Cr Skinner <u>Against</u> Cr Lawrey Cr Rainey Abstained/Interest

Edgar/Skinner

Carried

Resolved CL/2021/134

motion was carried 11 - 2.

That the Council

Cr O'Neill-Stevens

2. <u>Includes</u> the following developer Expression of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the proposals, including in its regulatory capacity:

b. Maitai Development Co "Maitahi" (Kaka Valley, A2716113).

The motion was put and a division was called:

For	<u>Against</u>	Abstained/Interest
Her Worship the Mayor	Cr Lawrey	
Reese (Chairperson)	Cr Rainey	
Cr Bowater	Cr Sanson	
Cr Brand		
Cr Courtney		
Cr Edgar		
Cr Fulton		
Cr O'Neill-Stevens		
Cr McGurk		
Cr Noonan		
Cr Skinner		
The motion was carried 10) - 3.	

Edgar/Skinner

Carried

Resolved CL/2021/135

That the Council

2. <u>Includes</u> the following developer Expression of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the proposals, including in its regulatory capacity:

c. Stoke Valley Holdings Limited/Solitaire Investments Limited/Marsden Park Limited (Ngawhatu Valley/Marsden Valley, A2720023).

The motion was put and a division was called:

<u>For</u>	<u>Against</u>	Abstained/Interest
Her Worship the Mayor	Cr Lawrey	
Reese (Chairperson)		
Cr Bowater		
Cr Brand		
Cr Courtney		
Cr Edgar		
Cr Fulton		
Cr O'Neill-Stevens		
Cr McGurk		

Cr Noonan Cr Rainey Cr Sanson Cr Skinner The motion was carried 12 - 1.

Edgar/Skinner

Carried

Resolved CL/2021/136

That the Council

2. <u>Includes</u> the following developer Expression of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the proposals, including in its regulatory capacity:

d. Gibbons (Bishopdale, A2713299).

The motion was put and a division was called:

For Her Worship the Mayor Reese (Chairperson) Cr Bowater Cr Brand Cr Courtney Cr Edgar Cr Fulton Cr Lawrey Cr O'Neill-Stevens Cr McGurk Cr Noonan Cr Rainey Cr Sanson Cr Skinner	<u>Against</u> Nil	<u>Abstained/Interest</u> Nil
Cr Skinner The motion was carried 1	13 - 0.	

Edgar/Skinner

Carried

Resolved CL/2021/137

3. <u>Notes</u> that a further report will be brought to Council once Kāinga Ora has decided which, if any, of these Expressions of Interest will be invited to respond to a Request for Proposals process detailing:

- The required level of Council investment in infrastructure to support each qualifying development; and
- Whether or not this funding is included in the Long-Term Plan 2021-31 and which year(s); and
- The impact of prioritising any capital projects that support qualifying development on the phasing of other capital projects within the Long-Term Plan 2021-31 work programme; and
- The capacity of Council to deliver multiple additional infrastructure projects within the required timeframe.

Attachments

- 1 A2730288 Wakatū Inc Powerpoint presentation
- 2 A2726547 Ngāti Toia PowerPoint presentation
- 3 A2726725 Gibbons PowerPoint Presentation

Edgar/Skinner

Carried

The meeting was adjourned from 1.04pm until 2.03pm. at which time Councillor Skinner was not present.

It was agreed that Confidential Agenda Item 6 – Infrastructure Acceleration Fund: Council-led Expression of Interest would be considered next.

Exclusion of the Public

Resolved CL/2021/138

That the Council

- 1. <u>Excludes</u> 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:

Her Worship the Mayor/Bowater

Carried

6.	Infrastructure Acceleration Fund: Council-led Expression of Interest	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: Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

The meeting went into confidential session at 2.03pm and resumed in public session at 2.40pm.

It was agreed that Agenda Item 10 – Representation Review Initial Proposal would be considered next.

7. Representation Review Initial Proposal (Agenda Item 10)

Document number R25896, agenda pages 137 - 196 refer.

Manager Governance and Support Services, Devorah Nicuarta-Smith spoke to the report, highlighting the primary focus of the initial proposal. She noted that Council was obliged to follow mesh blocks managed by Statistics New Zealand and that a number of options had been put through a viability assessment, with several not meeting the fairness rule. She answered questions regarding next steps, public notification and resources to ensure the information was promoted widely. Ms Nicuarta-Smith clarified the process and answered questions on models and the rationale being cognisant of the fairness rule. The potential for confusion relating to ward candidates campaigning in the same areas as 'at large' candidates was noted and Ms Nicuarta-Smith confirmed that the public would be provided with all of the permutations on which to provide feedback.

Attendance: Councillor O'Neill-Stevens left the meeting at 2.56pm.

It was requested that the minutes note that on 11 May 2021 Council had made a unanimous decision to create a Nelson Māori ward, and also note the suggestion that the wards be given Māori names in recognition of that landmark decision.

Resolved CL/2021/141

That the Council

- 1. <u>Receives</u> the report Representation Review Initial Proposal (R25896) and its attachments (A2712103 [survey feedback], A2719650 [Ward Option assessments], A2715296 [Two Ward boundary outline], A2712591 [Three Ward boundary outline]) and A2720247 [Four Ward boundary outline]; and
- 2. A<u>dopts</u> the following initial representation proposal <u>(Option 4a)</u>:
 - a. That the Nelson City Council consist of a mayor and 12 councillors; and
 - b. That two General Wards be established as follows:

Name	Boundaries
Central Ward	As outlined in attachment A2715296
Stoke-Tahuna Ward	As outlined in attachment A2715296

- *i.* Noting that the Whakatū Māori ward was established for the 2022 and 2025 local government elections on 13 May 2021, a decision which cannot be appealed to the Local Government Commission; and
- c. That a mixed system of voting be established, as follows:

	Members	Popn. per Ward councillor
At large (all voters)	Mayor	N/A
	Three councillors	N/A
Central Ward (General roll)	Four councillors	6,458
Stoke-Tahuna Ward (General roll)	Four councillors	6,370
Whakatū Māori Ward (Māori roll)	One councillor	3,320

and

d. That no community boards be established; and

3. <u>Agrees</u> that public notification of the initial proposal and opportunity to submit on the proposal will be undertaken in line with the statutory requirements of section 19M of the Local Electoral Act 2001.

McGurk/Courtney

Extension of Meeting Time

Resolved CL/2021/142

That the Council

1. <u>Extends</u> the meeting time beyond six hours, pursuant to Standing Order 4.2.

Her Worship the Mayor/Rainey

Carried

Carried

Carried

8. Confirmation of Minutes (Agenda Item 6)

8.1 24 June 2021

Document number M18738, agenda pages 12 - 45 refer.

It was requested that the 24 June 2021 minutes be amended on agenda page 17 to say ...Councillor Sanson had described <u>clear fell</u> forestry as 'strip mining' in her debate.

Resolved CL/2021/143

That the Council

1. <u>Confirms</u> the amended minutes of the meeting of the Council, held on 24 June 2021, as a true and correct record.

Edgar/Courtney

8.2 1 July 2021

Document number M18768, agenda pages 46 - 58 refer.

Resolved CL/2021/144

That the Council

1. <u>Confirms</u> the minutes of the meeting of the Council, held on 1 July 2021, as a true and correct record.

Edgar/Courtney

<u>Carried</u>

9. Recommendations from Committees (Agenda Item 7)

9.1 25 May 2021 Audit, Risk and Finance Subcommittee

9.1.1 Draft Annual Internal Audit Plan for year to 30 June 2022

Resolved CL/2021/145

That the Council

1. <u>Approves</u> the Draft Annual Internal Audit Plan for the year to 30 June 2022 (A2601457).

Her Worship the Mayor/Edgar

<u>Carried</u>

9.2 Urban Development Subcommittee - 29 July 2021

9.2.1 Housing and Business Capacity Assessments for Nelson City and Nelson-Tasman's urban environment

Councillor Edgar spoke to the recommendation and explained the changes that had been made at the Urban Development Subcommittee meeting and that an additional officer's recommendation had been tabled to reflect work that had already been done.

Senior City Development Adviser, Gabrielle Thorpe, and Strategy and Environment Senior Analyst, Chris Pawson, answered questions regarding the Housing and Business Capacity Assessments.

Attendance: Councillor Fulton left the meeting from 3.40pm until 3.46pm, Councillor Skinner left the meeting at 3.41pm, and Councillor O'Neill-Stevens returned to the meeting at 3.42pm.

Questions were answered regarding overlays and residential development capacity and it was noted that the National Policy Statement for Urban Development required Council to use its current plan and the information was a point in time.

Recommendation to Council CL/2021/146

That the Council

1. <u>Approves</u> the housing bottom lines be adopted for inclusion into Nelson City Council's district plan/regional policy statement as set out in this report Housing and Business Capacity Assessments for Nelson City and Nelson-Tasman's urban environment (R24829); and

- 2. <u>Notes</u> that the Minister of the Environment will be notified of the insufficiency of development capacity for housing for the Nelson part of the urban environment as set out in this report (R24829); and
- 3. <u>Delegates</u> to the Mayor and Chief Executive the authority to confer with the Tasman District Council regarding any minor editorial amendments to the Nelson-Tasman Housing and Business Capacity Assessment report (A2688455); and
- 4. <u>Notes</u> the recommendations from the Housing and Business Capacity Assessments as set out in this report (R24829); and
- 5. <u>Notes</u> an amendment to section 6 paragraph 1.1.4 on page 15 of the National Policy Statement on Urban Development: Nelson and Tasman Tier 2 Urban Environment: Housing and Business Assessment as per tabled document (A2726827).

Edgar/McGurk

<u>Carried</u>

10. Mayor's Report (Agenda Item 8 (revisited))

Document number R26067, agenda pages 59 - 63 refer.

A copy of the Nelson City Council and Kāinga Ora's Relationship Agreement (A2696065) was tabled.

Her Worship the Mayor spoke to her report, noting that a Three Waters Workshop would take place and that this was a complex matter. She noted that work was being undertaken on the Housing Reserve and that she would be speaking at an affordable housing investment summit in Auckland on Tuesday 17 August.

The Mayor noted that a submission on the Government Policy Statement on Housing and Urban Development Discussion document would be included in the 26 August Mayor's Report. She congratulated Nelson College for Girls, as a finalist in the Education Excellence Awards.

The Mayor advised that advocacy work was being undertaken for a more regular opportunity to change between the general and Māori electoral rolls, which was a complementary part to the Māori ward decision.

Discussion took place on the proposed Standing Orders changes.

Attendance: Councillor Skinner returned to the meeting at 4.14pm.

Concerns were raised regarding the change to Standing Order 15.3 and Councillor Lawrey foreshadowed an amendment to delete the change to Standing Order 15.3, should the motion be lost.

The motion was taken in parts.

Resolved CL/2021/147

That the Council

1. <u>Receives</u> the report Mayor's Report (R26067).

Her Worship the Mayor/Edgar

<u>Carried</u>

Resolved CL/2021/148

That the Council

2. <u>Amends</u> the following clause of Nelson City Council Standing Orders, section to state:

Minutes

26.1 "The local authority, its committees, subcommittees and any local and community boards must keep minutes of their proceedings. When confirmed by resolution at a subsequent meeting, or in the case of a meeting with rotating membership, by the electronic signature of the Chairperson, will be prima facie evidence of the proceedings they relate to."

Her Worship the Mayor/Edgar

Carried

It was suggested that the removal of the word "Council," would clarify that petitioners could present **either** to the Council, or the delegated committee, but not choose which committee they would like to present to. The change was agreed to by the mover and the seconder.

Resolved CL/2021/149

3. <u>Adds</u> the following clause to Nelson City Council Standing Orders, to state:

Petitions

15.3 "In the case of presenting a petition to a committee, subcommittee, local or community board, the subject of the petition must fall within the terms of reference of that meeting." Her Worship the Mayor/Edgar

Carried

Attachments

1 A2696065 NCC and Kāinga Ora Relationship Agreement

11. Exclusion of the Public

Resolved CL/2021/150

That the Council

- 1. <u>Excludes</u> 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:

Her Worship the Mayor/Bowater

Carried

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	Council Meeting - Confidential Minutes - 24 June 2021	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: • Section 7(2)(c)(i) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information from the same source and it is in the public interest that such information

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			 should continue to be supplied. Section 7(2)(g) To maintain legal professional privilege.
2	Council Meeting - Confidential Minutes - 1 July 2021	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: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person Section 7(2)(g) To maintain legal professional privilege Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)•
3	Recommendations from Committees (Confidential) 3 August 2021 Strategic Development and Property Subcommittee Tahuna Beach Camp - Community Engagement on the	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: Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
	Proposed Lease of the Campground		commercial and industrial negotiations)
4	Nelmac Limited Director Appointment	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: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
5	Nelmac Limited Director Reappointment	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: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
6	Nelmac Limited final Statement of Intent 2021/22	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: Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

The meeting went into confidential session at 4.35pm and resumed in public session at 4.51pm.

Karakia Whakamutunga

There being no further business the meeting ended at 5.02pm.

RESTATEMENTS

It was resolved while the public was excluded:

1 Infrastructure Acceleration Fund: Council-led Expression of Interest (Agenda Item 6)

That the Council

5. Agrees that the Report (R26027), attachments (A2714336, A2716458, A2721398 and A2716315) and the decision remain confidential at this time.

3 Tahuna Beach Camp - Community Engagement on the Proposed Lease of the Campground (Agenda Item 2)

That the Council

2. <u>Agrees</u> that Report (R22722), Attachment (A2710240) and the decision be made publicly available once negotiations are concluded.

4	Nelmac Limited Director Appointment	
	Tha	t the Council
	3.	Agrees that the decision only be made publicly available once the 2021 Nelmac Limited Annual General Meeting has taken place.

5	Nelmac Limited Director Reappointment	
	Tha	t the Council
	3.	<u>Agrees</u> that the decisions only be made publicly available once the 2021 Nelmac Limited Annual General Meeting has taken place.

6	Nelmac Limited final Statement of Intent 2021/22 That the Council	
	1.	<i>Receives the report Nelmac Limited final Statement of Intent 2021/22 (R25991) and its attachment (A2692697); and</i>
	2.	<i>Notes the delivery of the Nelmac Limited final Statement of Intent 2021/22 (A2692697) as required under the Local Government Act 2002; and</i>
	3.	Adopts the final Nelmac Limited Statement of Intent (A2692697); and
	4.	<i>Notes that the final Nelmac Limited Statement of Intent (A2692697) will be made publicly available on Council's</i>

website within one month of adoption as per legislation; and

- 5. Agrees that the decision be made publicly available; and
- 6. Notes that the Report (R25991) requires redacting, and once redacted, will be made publicly available.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved



Minutes of a meeting of the

Nelson City Council

Te Kaunihera o Whakatū

Held via Zoom on Thursday 26 August 2021, commencing at 9.05a.m.

Present:	Her Worship the Mayor R Reese (Chairperson), Councillors Y Bowater, T Brand, M Courtney, K Fulton, M Lawrey, R O'Neill- Stevens, B McGurk, G Noonan, P Rainey, R Sanson and T Skinner
In Attendance:	Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Group Manager Community Services (A White), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Team Leader Governance (R Byrne) and Governance Adviser (E Stephenson)
Apologies :	Nil

Karakia and Mihi Timatanga

Her Worship the Mayor opened the meeting with a karakia. The Mayor acknowledged the work of the health sector, the Police, community organisations, emergency management, iwi and the public in keeping everyone safe and the benefits of the Trafalgar Centre as a COVID-19 vaccination centre.

The Mayor acknowledged the situation in Afghanistan and expressed support for fellow New Zealanders in Afghanistan and those serving in the New Zealand Defence Force, past and present.

1. Apologies

There were no apologies
2. Confirmation of Order of Business

Agenda Item 7 - Te Ara \bar{o} Whakat \bar{u} - Nelson City Centre Spatial Plan was considered before Item 6 - Community Engagement on the sale of 69 to 101 Achilles Avenue and 42 Rutherford Street to Kāinga Ora.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared.

4. Public Forum (via Zoom)

4.1. Nelson Citizens Alliance - The 3 Waters Concept

Document number R26170

Lindsay Hay and Dr Henry Hudson, on behalf of the Nelson Citizens Alliance, spoke about the 3 Waters concept and gave opinions on the way forward. Points included the need for more information to make an informed decision, the 3 Waters proposal not being relevant to Nelson and a suggestion that a binding referendum was required. A supporting document was provided (A2734760).

Her Worship the Mayor noted that she would address this issue in the Mayor's report.

Attachments

1 A2734760 - Nelson Citizens Alliance supporting information

5. Mayor's Report

Document number R26175, agenda pages 6 - 59 refer.

Her Worship the Mayor spoke to her report. She acknowledged the need for more information on the 3 Waters proposal and clarified that the financial component was not compensation for assets, which would still remain in Councils' ownership and that there was nothing in the financial analysis to indicate rates rises. She noted discussions were underway regarding setting up mechanisms to support the sharing of information with the public.

The Chief Executive, Pat Dougherty, outlined planned 3 Waters public meetings and Elected Member workshops, noting that COVID-19 restrictions may affect plans and that no decision regarding transfer of assets would be made in the next couple of months. He advised that a formal report on the national case for change and effects of the proposals on Nelson would be presented to the 23 September Council meeting.

Her Worship the Mayor answered questions regarding communication of the 3 Waters proposal to the public, noting that Council's role was to analyse and test the policy rather than promote it, and that material specific to Nelson would be presented to Elected Members and discussed at workshops prior to being communicated to the public.

Discussion took place on Council's submission to the Governance Policy Statement on Housing and Urban Development Discussion Document and it was noted that a more comprehensive submission had not been possible due to the lack of staff resources.

The motion was taken in parts.

Resolved CL/2021/158

That the Council

1. <u>Receives</u> the report Mayor's Report (R26175) and its attachments (A2713175 and A2704583,); and

Her Worship the Mayor/Edgar

Carried

Resolved CL/2021/159

That the Council

2. <u>Approves</u>, retrospectively, Council's submission to the Governance Policy Statement on Housing and Urban Development Discussion Document (AA2713175).

Her Worship the Mayor/Edgar

Carried

The meeting was adjourned from 10.10am until 10.32am.

6. Te Ara ō Whakatū - Nelson City Centre Spatial Plan (Agenda Item 7)

Document number R26117, agenda pages 95 - 208 refer.

City Centre Development Programme Lead, Alan Gray, presented the report and answered questions regarding the document's graphics being visual impressions, modal shift, car parking and the plan's forewords.

It was noted that the climate change 'Look out for' solutions on agenda page 194 were not consistent with the solutions for the growing population and economic shift, and would be changed.

Mr Gray answered questions regarding climate change considerations, inundation, shared spaces, encouraging diversity and the plan for wider engagement. It was noted that the forewords to the plan would be approved by the Mayor, Deputy Mayor and Chief Executive, and an additional clause was added to reflect this.

Resolved CL/2021/160

That the Council

- 1. <u>Receives</u> the report Te Ara ō Whakatū Nelson City Centre Spatial Plan (R26117); and its attachments (A2719965 and A2729194); and
- 2. <u>Notes</u> the Draft Te Ara ō Whakatū Nelson City Centre Spatial Plan forewords will be approved by the Mayor, Deputy Mayor and Chief Executive; and
- <u>Agrees</u> to seek public feedback on the Draft Te Ara ō Whakatū - Nelson City Centre Spatial Plan (A2719965); and
- 4. <u>Agrees</u> that Draft Te Ara ō Whakatū Nelson City Centre Spatial Plan engagement process and public feedback opportunities meet the requirements of the Local Government Act 2002 including the principles of consultation in section 82; and
- 5. <u>Approves</u> the Draft Te Ara ō Whakatū Nelson City Centre Spatial Plan (A2719965) for public feedback; and
- 6. <u>Approves</u> the public feedback document (A2729194), amended as necessary; and
- 7. <u>Agrees</u> that the Mayor, Deputy Mayor and Chief Executive be delegated to approve any minor amendments required to the supporting information or public feedback materials prior to the start of the consultation process; and
- 8. <u>Approves</u> the consultation approach (set out in paragraphs 4.3 and 4.4 of this report (R26117) and agrees:
 - (a) The approach includes sufficient steps to ensure the Draft Te Ara ō Whakatū- Nelson City Centre Spatial Plan will be reasonably accessible to the public and will be publicised in a manner appropriate to its purpose and significance; and
 - (b) The approach will result in the Draft Te Ara ō Whakatū- Nelson City Centre Spatial Plan being as

widely publicised as reasonably practicable as a basis for consultation.

Edgar/Courtney

Carried unanimously

The meeting was adjourned from 11.32am until 11.48am.

Community Engagement on the sale of 69 to 101 Achilles Avenue and 42 Rutherford Street to Kāinga Ora (Agenda Item 6)

Document number R26028, agenda pages 60 - 94 refer.

Team Leader City Development, Lisa Gibellini, presented the report, giving a brief background of the process so far and next steps. She noted a numbering issue in the agenda report, which required a change to recommendation 6, changing the relevant sections of the report from 3.15 to 3.19, to sections 4.7 – 4.11.

Ms Gibellini also noted that due to COVID-19 alert levels, there were several communication methods listed in paragraph 4.7, agenda page 63, that would not be able to occur. She answered questions regarding finished design, investment into Nelson, the construction budget, hard copies of the plan, the feedback period, responses from tenants and maximum building heights. In response to a question, Ms Gibellini confirmed that it would be Council's decision to consider the public's feedback against the outcomes it wanted to achieve.

Resolved CL/2021/161

That the Council

- 1. <u>Receives</u> the report Community Engagement on the sale of 69 to 101 Achilles Avenue and 42 Rutherford Street to Kāinga Ora (R26028) and its attachment (A2704161); and
- 2. <u>Agrees</u> to seek public feedback on a proposal to divest Council property located at 69 to 101 Achilles Avenue and 42 Rutherford Street to Kāinga Ora for social and affordable housing developments; and
- 3. <u>Agrees</u> that the public feedback document meets the requirements of the Local Government Act 2002 including the principles of consultation in section 82; and
- 4. <u>Approves</u> the public feedback document (A2704161), amended as necessary; and
- 5. <u>Agrees</u> that the Mayor, Deputy Mayor and Chief Executive be delegated to approve any minor

amendments required to the supporting information or public feedback document prior to the start of the consultation process; and

- 6. <u>Approves</u> the consultation approach (set out in paragraph 4.7 4.11 of this report (R26028)) and agrees the approach:
 - (a) includes sufficient steps to ensure the public feedback document will be reasonably accessible to the public and will be publicised in a manner appropriate to its purpose and significance; and
 - (b) will result in the public feedback document being as widely publicised as reasonably practicable as a basis for consultation.

Edgar/Her Worship the Mayor

Carried unanimously

Karakia Whakamutunga

Councillor Rainey gave the closing karakia.

There being no further business the meeting ended at 12.41pm.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved



Minutes of a meeting of the

Nelson City Council

Te Kaunihera o Whakatū

Held via Zoom on Thursday 2 September 2021, commencing at 9.03a.m.

Present:	Her Worship the Mayor R Reese (Co-Chairperson), Councillors Y Bowater, T Brand, M Courtney, K Fulton, M Lawrey, R O'Neill-Stevens, B McGurk (Co-Chairperson), G Noonan, P Rainey, R Sanson and T Skinner
In Attendance:	Chief Executive (P Dougherty), Group Manager Infrastructure (A Louverdis), Group Manager Environmental Management (C Barton), Group Manager Community Services (A White), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Team Leader Governance (R Byrne), Governance Adviser (E Stephenson) and Youth Councillors (W Irvine and S Herath)
Apologies :	Nil

Karakia and Mihi Timatanga

Her Worship the Mayor opened the meeting with a karakia.

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

There was no change to the order of business. Her Worship the Mayor noted that following the Mayor's Report, she would vacate the Chair in favour of Councillor McGurk, in his capacity as Chair of the Infrastructure Committee, apart from for consideration of the two bylaws.

3. Interests

There were no updates to the Interests Register, and no interests with items on the agenda were declared. Her Worship the Mayor requested that the Interests Register be circulated to Elected Members for any updates.

4. Public Forum

4.1. Jane Murray - Public Health Service - Submission #27676 to Water Supply Bylaw Review

Her Worship the Mayor recognised the work of the Public Health Service in response to the COVID-19 pandemic.

Jane Murray, representing the Public Health Service, spoke to the submission (27676). She noted strong support for the bylaw, particularly principle 2, the protection of source water, as this was the most significant barrier against contamination and illness. Ms Murray highlighted the benefit of good raw water quality prior to treatment, and referred to a number of contamination events in New Zealand.

In addition to the bylaw, she encouraged Council to think of a line in the sand approach regarding future developments, noting that the cumulative effects of incremental development may lead to irreversible contamination. She asked that the bylaw be considered the minimum standard for future catchment development proposals. Ms Murray answered questions regarding water quality.

5. Mayor's Report

Her Worship the Mayor expressed pride in the community response to COVID-19. She acknowledged the level of resilience in lockdown, but said that human reserves were stretched, people were tired and there was a lot of pressure on businesses unable to operate at these levels. The Mayor recognised the people working at this time under pressure and working punishing hours. Referring to Jehan Casinader's article on the Stuff website on 29 August (During Covid, spare a thought for our leaders' mental health) she acknowledged public servants, including all of the Council staff, working on the COVID response, highlighting the importance of messages of support. The Mayor said that she was impressed with the cohesion across the region. She highlighted the challenge of people not having food security, resulting in an increasing demand for food parcels and food banks. This had been relayed to central government, but the situation would not ease for a while, supply chain disruption would mean expensive groceries. She noted that some businesses been open in part, but that the hospitality sector been really affected again, and encouraged everyone to get out and support local businesses.

Her Worship the Mayor vacated the Chair and Councillor McGurk assumed the Chair.

6. Infrastructure Committee Chairperson's Report

Document number R26189, agenda pages 9 - 10 refer.

Councillor McGurk spoke to his report, acknowledging the Infrastructure team for achieving an infrastructure spend close to the \$40million budget, under trying circumstances.

Resolved CL/2021/162

That the Council

1. <u>Receives</u> the report Infrastructure Committee Chairperson's Report (R26189).

<u>McGurk/Edgar</u>

<u>Carried</u>

7. Transport Activity Management Plan 2021-31

Document number R22594, agenda pages 11 - 20 refer.

Manager Transport and Solid Waste, Marg Parfitt, presented the report. She noted minor typographical errors in the Activity Management Plan (AMP) and the inclusion of an additional recommendation delegating approval of minor amendments. She answered questions regarding Waka Kotahi funding for public transport and Railway Reserve lighting improvements.

Resolved CL/2021/163

That the Council

- 1. <u>Receives</u> the report Transport Activity Management Plan 2021-31 (R22594) and its attachment (A2720012); and
- 2. <u>Agrees</u> that the Infrastructure Committee Chairperson and Group Manager Infrastructure be delegated to approve any minor amendments required to the Transport Activity Management Plan; and
- 2. <u>Adopts</u> the revised Transport Activity Management Plan 2021-31 (A2437268).

Edgar/O'Neill-Stevens

<u>Carried</u>

8. Solid Waste Activity Management Plan 2021-31

Document number R22597, agenda pages 21 - 44 refer.

Manager Transport and Solid Waste, Marg Parfitt, presented the report, noting that it was the final step in the process, with no material changes as a result of the Long Term Plan decisions. She answered questions regarding recycling bins, the kitchen waste trial, funding for the battery facility adjustment in year 1, building materials contributing to an increase in waste to landfill, deconstruction for secondary markets, emissions reduction and soft plastic recycling.

An additional clause was added delegating minor amendments to the Activity Management Plan.

A change was noted to the processing methods for kitchen waste (agenda page 76) from what was included in the Long Term Plan Consultation Document, which specified the creation of compost as a product of food waste. The AMP now included other options as well as composting and it was agreed that the Councillor McGurk would look at the wording for consistency and work with officers via the minor amendments clause that had been added.

Resolved CL/2021/164

That the Council

- 1. <u>Receives</u> the report Solid Waste Activity Management Plan 2021-31 (R22597) and its attachment (A2462529); and
- 2. <u>Agrees</u> that the Infrastructure Committee Chairperson and Group Manager Infrastructure be delegated to approve any minor amendments required to the Solid Waste Activity Management Plan 2021-31; and
- 3. <u>Adopts</u> the revised Solid Waste Activity Management Plan 2021-31 (A24686119).

Edgar/Courtney

Carried

The meeting was adjourned from 10.05am until 10.18am, at which time Councillor McGurk vacated the Chair and Her Worship the Mayor resumed the Chair.

9. Water Supply Bylaw (228) - Deliberations Report

Document number R23720, agenda pages 45 - 58 refer.

Activity Engineer - Water Supply and Stormwater, Phil Ruffell, spoke to the report and questions were answered regarding the use of four wheel drive vehicles on the Maungatapu Track, dog walking via permits, approved tracks, forestry activities, sediment levels, contamination due to sheep faeces, water filtration and removal of chemicals. An additional clause to delegate authority for minor amendments was added to the recommendation.

Mr Ruffell clarified that the bylaw would form the basis of what Council does in future years and reiterated that Council undertakes rigorous water testing of both water source and treated water.

Resolved CL/2021/165

That the Council

- 1. <u>Receives</u> the report Water Supply Bylaw (228) -Deliberations Report (R23720) and its attachments (A2385695, A2723242, A2646901, A2717283, A1323825); and
- 2. <u>Approves</u> the following changes to the Water Supply Bylaw (228) 2021 (A2385695) of Report R23720:
 - Amend the wording of clause 8.2(i) to read 'Walking/jogging on Council approved tracks'; and
 - Amend the wording of clause 8.2(ii) to read 'Mountain biking on Council approved tracks'; and
 - Add new clauses 8.2 (iii), (iv), (v) and (vi) to reflect specific existing activities currently being undertaken within the catchment. Clauses to read:
 - (iii) Subject to 8.3 (ix) hereunder, driving a motor vehicle (including a motor cycle) on the Maungatapu Track. (Note: This track is generally only suitable for four wheel drive vehicles.)
 - *(iv) Iwi carrying out activities in the reserves which are provided for in any legislation enacting Deeds of Settlement between Iwi and the Crown.*
 - (v) Activities required for the undertaking of Council water supply, road, track and facility maintenance, regulatory or scientific functions - not covered by (i), (ii) or (iii) above, where these have been authorised by Council, any regulatory consents granted and the caretaker has been consulted as to timing and location.

(vi) Motor vehicle access on formed public roads.

- Amend the wording of clause 8.3(viii) to read 'Walking/jogging/mountain biking off Council approved tracks'; and
- Amend the wording of clause 8.3(ix) to read `Driving a four wheeled motor vehicle or any organised motor sport on the Maungatapu Track. (Note: This track is generally only suitable for four wheel drive vehicles and a \$100 bond is required for the permit for four wheeled motor vehicles)'; and
- Amend the wording of clause 8.3(x) to read 'Subject to 8.2(v) construction or maintenance activities not associated with the Nelson City Water Supply (Source Protection Zones 2 and 3 only)'; and
- Amend the wording of clause 8.5(ii) to read 'Depositing any contaminant (subject to 8.3(vi)), refuse or waste material of any kind, including defecating, other than in an authorised facility'.
- 3. <u>Delegates</u> authority to approve any further minor technical amendments to the Water Supply Bylaw (228) 2021 to the Chair of the Infrastructure Committee and the Chief Executive; and
- 4. <u>Adopts</u> the Water Supply Bylaw (228) 2021 (A2385695) of Report R23720.

Skinner/Brand

Carried

10. Wastewater Bylaw (229) - Deliberations Report

Document number R23721, agenda pages 59 - 64 refer.

Activity Engineer – Wastewater, Warren Biggs, presented the report providing a background of the process. An additional clause to delegate authority for minor amendments was added to the recommendation.

Resolved CL/2021/166

That the Council

1. <u>Receives</u> the report Wastewater Bylaw (229) -Deliberations Report (R23721) and its attachments (A2575490, A2723952, A2720764, A2720763, A1584235); and

2. <u>Delegates</u> authority to approve any further minor technical amendments to the Wastewater Bylaw (229) to the Chair of the Infrastructure Committee and the Chief Executive; and

3. <u>Adopts</u> the Wastewater Bylaw (229) 2021 (A2575490) of Report R23721.

McGurk/Skinner

Carried

Her Worship the Mayor vacated the Chair and Councillor McGurk resumed the Chair. The meeting was adjourned from 10.56am until 11.07am., at which time Her Worship the Mayor was not present.

11. Infrastructure Quarterly Report

Document number R25907, agenda pages 65 - 146 refer.

Manager Capital Projects, Lois Plum, spoke to the report, noting a busy final quarter with a record level of projects finalised despite a lot of rain and storms. She highlighted that there were a number of requests for additional funding, and a high risk that more would be needed for upcoming work as a result of COVID-19. She said that officers were unable to accurately predict costs relating to supply and delivery delays, resourcing issues and increased resource costs.

In light of the requests for unbudgeted expenditure, and the effects of COVID-19, an additional clause was added to the recommendation to review the entire capital works programme.

Questions were answered by Ms Plum, Group Manager Infrastructure, Alec Louverdis, Manager Transport and Solid Waste, Marg Parfitt and Manager Utilities, David Light, including:

- Seymour Avenue improvements
- Increased availability of Bee cards
- Responsibility for vegetation and cut downs
- Unbudgeted additional expenditure
- Housing numbers in the Washington Reserve
- The streamlined procurement process
- City centre parking and infringement fees
- Aeration of the Maitai Dam and water quality

- Wastewater figures
- Revaluation of assets
- Consultation on the Airlie Street upgrade
- The litter baskets trial
- Solid waste minimisation and construction demolition secondary markets
- The kitchen waste trial
- Uses of recycled plastic (it was reiterated that no plastic was exported)

Attendance: Her Worship the Mayor returned to the meeting at 12.01pm.

Question topics (continued)

- Non achievement of the solid waste measure (due to the effects of COVID-19 and inability to travel increasing the amount of home renovations)
- Climate impact
- Safety of cyclists when infrastructure work was undertaken at night
- Innovative streets and the drop in speed and effect on other areas
- Konini Street as a possible speed reduction trial site

In response to a questions regarding the feasibility of staff being able to complete a review of the work programme, Mr Louverdis confirmed that he was in support of the additional recommendation to review the entire capital works programme, however it would add to the workload but staff would do their best to get a report to the next committee meeting.

The motion was taken in parts.

Resolved CL/2021/167

That the Council

1. <u>Receives</u> the report Infrastructure Quarterly Report (R25907) and its attachments (A2708002 and A2482475); and

Edgar/Brand

Carried

Resolved CL/2021/168

That the Council

- 2. <u>Approves</u> changes to the funding for the Airlie Street stormwater upgrade, to allow construction to be undertaken in the 2021/22 financial year as planned:
 - unbudgeted additional capital funding of \$300,000; and
 - to bring forward \$50,000 from 2022/23 into 2021/22; and

Edgar/Brand

Carried

Resolved CL/2021/169

That the Council

3. <u>Approves</u> unbudgeted additional capital funding of \$250,000 for the Wastney Terrace stormwater upgrade to allow construction works to be undertaken in the 2021/22 financial year as planned; and

Edgar/Brand

Carried

Resolved CL/2021/170

That the Council

4. <u>Approves</u> unbudgeted additional capital funding of \$226,000 for the relocation of the stormwater reticulation across the proposed Science and Technology Precinct, that will allow commencement of works to achieve completion by December 2021, noting that this will increase Council's overall contribution to this project to \$5.726M but that this could be offset from possible savings from the Wakatu Storage World stormwater project; and

Edgar/Brand

<u>Carried</u>

Resolved CL/2021/171

That the Council

5. <u>Approves</u> unbudgeted additional capital funding of \$1.383M for stage 1 of the Washington Valley upgrade project, that will allow the award and commencement of stage 1 of the project (being Hastings Street) to be phased over two financial years – 2021/22 (\$3.9M) and 2022/23 (\$2.4M), noting that estimates for stages 2 and 3 will be refined as part of the Annual Plan processes; and

Edgar/Brand

Carried

Resolved CL/2021/172

That the Council

6. <u>Requests</u> staff to undertake a review of the financial viability and deliverability of the 2021-22 to 2023-24 capital works programme due to the impact of COVID-19 on supplier costs and product delays and to report back to the next Infrastructure Committee meeting.

Edgar/Brand

<u>Carried</u>

12. Exclusion of the Public

Resolved CL/2021/173

That the Council

- 1. <u>Excludes</u> 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:

Noonan/O'Neill-Stevens

Carried

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	Land Purchase - Stoke	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which	 The withholding of the information is necessary: Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		good reason exists under section 7	 Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

The meeting went into confidential session at 12.32pm and resumed in public session at 12.32pm.

RESTATEMENTS

It was resolved while the public was excluded:

1	Lar	nd Purchase - Stoke
	Tha	t the Council
	5.	<u>Agrees</u> that report R26169 and the decision be made publicly available once a sale and purchase agreement becomes unconditional.

Karakia Whakamutunga

Her Worship the Mayor gave a closing karakia.

There being no further business the meeting ended at 1.08pm.

Confirmed as a correct record of proceedings by resolution on (date)

Resolved

Council



23 September 2021

REPORT R26202

Request for a Private Plan Change: Maitahi/Bayview

1. Purpose of Report

- 1.1 To seek a resolution from the Council as to how to proceed with the private plan change (PPC) request received from CCKV Dev Co LP and Bayview Nelson Limited, given the four options available under the Resource Management Act 1991 (RMA).
- 1.2 To summarise the content of the PPC request for the Council.
- 1.3 Gina Sweetman, Planning Practice Leader at Sweetman Planning and Kerry Anderson, Partner with DLA Piper (lawyers) will be present at the meeting. Both Ms Sweetman and Ms Anderson have been engaged by the Council.

2. Summary

- 2.1 CCKV Dev Co LP and Bayview Nelson Limited have applied to the Council for a PPC request to change the Operative Nelson Resource Management Plan (NRMP). The PPC request was lodged on 16 April 2021. Following agreed extensions of time, the Council issued a Further Information Request on 3 August 2021. The further information which now forms part of the PPC request was received on 24 August 2021.
- 2.2 The PPC seeks to rezone approximately 287 hectares of land located within Kaka Valley, along Botanical Hill and Malvern Hill from Rural and Rural-Higher Density Small Holdings Area to:
 - 2.2.1 Residential (Higher, Standard and Lower Density Areas);
 - 2.2.2 Rural-Higher Density Small Holdings Area;
 - 2.2.3 Open Space Recreation; and
 - 2.2.4 Suburban Commercial.
- 2.3 The PPC would introduce a new Schedule X to the NRMP with an accompanying structure plan and involves a number of integrated changes to associated provisions of the NRMP.

- 2.4 There are four options under the RMA available to the Council on how to deal with the request:
 - 2.4.1 To **adopt** the PPC request as a Council plan change.
 - 2.4.2 To **accept** the PPC request to continue as a private plan change pursued by a private party (CCKV Dev Co LP and Bayview Nelson Limited).
 - 2.4.3 To **reject** the PPC request.
 - 2.4.4 To **convert** the PPC request into a resource consent
- 2.5 Of these four options, it is recommended the Council **accepts** the PPC request for the following reasons (which are addressed in more detail later in this report) and provide for the PPC to move through the statutory RMA process:
 - 2.5.1 **Accepting** the PPC request does not pre-empt the final outcome of the PPC through the formal Schedule 1 RMA process and the decision of the Hearings Panel.
 - 2.5.2 **Accepting** the PPC allows the Council to maintain its regulatory position, as well as providing the Council the opportunity to submit on it, so that it can seek changes as appropriate.
 - 2.5.3 **Accepting** (as opposed to adopting) the request would allow the Council to recover its costs in processing it through the Schedule 1 RMA process.
 - 2.5.4 **Accepting** the PPC means it will follow the Schedule 1 RMA process, including public notification, submissions and further submissions and a hearing and recommended decision by commissioners. The recommendation then comes back to Council for a decision.
 - 2.5.5 **Accepting** the request would allow the Council to continue with its Nelson Plan review process, without needing to divert resources to a Council-led plan change which would occur if it was adopted.
 - 2.5.6 The applicant has requested that the request be **accepted** and not adopted.
 - 2.5.7 **Converting** the request to a resource consent would not be appropriate resource management practice as the NRMP zone provisions would not support the outcome sought by the PPC. Further, the applicant would not support that approach and indeed it provides no benefit to either the applicant or community.
 - 2.5.8 There is no reason for the request to be **adopted** by the Council as its own.

2.5.9 There are no grounds under the RMA to **reject** the request.

3. Recommendation

That the Council

- 1. <u>Receives</u> the report Request for a Private Plan Change: Maitahi/Bayview (R26202) and its attachment (A2737849); and
- 2. <u>Accepts</u> the Request for the Private Plan Change for Maitahi/Bayview as Private Plan Change 28; and
- 3. <u>Agrees</u> independent accredited commissioners will be appointed to consider Private Plan Change 28 and to make recommendations to Council; and
- 4. <u>Agrees</u> that the decision-making options are set out in clause 25 of the First Schedule of the Resource Management Act (RMA) and that this clause 25 decision is a process decision in Council's capacity as regulator; and
- 5. <u>Agrees</u> the significance of this process decision is low to medium because it is the substantive decision on the Private Plan Change that has the potential impact and that substantive decision will be subject to a public process, prescribed by the RMA. Accordingly, consultation under the Local Government Act on this clause 25 process decision under the RMA is neither necessary nor appropriate.

4. Background

Private Plan Change Requests

- 4.1 The process for a private plan change (PPC) is set out in Schedule 1 of the RMA. Any person may request a change to a district plan (or regional plan) and the Council must consider how that request will be dealt with, once it is satisfied it has all the information it needs.
- 4.2 A PPC follows the same statutory process as a Council-initiated plan change, with one important additional step. Clause 25 of Schedule 1 of the RMA requires the Council at the start of the process to either:
 - 4.2.1 **Adopt** the request (or part of it) as if it were a plan change made by the Council itself.
 - 4.2.2 **Accept** the request (in whole or part) which enables it to proceed as a PPC through the normal submission and decision process.

- 4.2.3 **Reject** the request (in whole or part) on the grounds set out in clause 25(4)(a)-(e) of Schedule 1 of the RMA (and only on those grounds).
- 4.2.4 Decide to deal with the request (**convert**) as if it were an application for resource consent.
- 4.3 In terms of the rejection option, this is constrained by the RMA and decision by the Council to reject a private plan change is only available where one of five specific grounds in Clause 25(4) of Schedule 1 of the RMA are met:
 - 4.3.1 the request or part of the request is frivolous or vexatious; or
 - 4.3.2 within the last 2 years, the substance of the request or part of the request has been considered and given effect to, or rejected by, the local authority or the Environment Court; or has been given effect to by regulations made under <u>section 360A</u>; or
 - 4.3.3 the request or part of the request is not in accordance with sound resource management practice; or
 - 4.3.4 the request or part of the request would make the policy statement or plan inconsistent with Part 5; or
 - 4.3.5 in the case of a proposed change to a policy statement or plan, the policy statement or plan has been operative for less than 2 years.
- 4.4 If there are no grounds for rejection then the Council must decide to adopt it, accept it or convert it to a resource consent application. Officers consider there are no grounds under the RMA to **reject** the request.
- 4.5 The Council's decision under Clause 25 is made in advance of public notification of the PPC, and therefore does not have the benefit of public submissions, evidence and a full analysis from the Council officers or experts engaged by the Council. It is accordingly described by the High Court as a 'coarse filter'¹ of the PPC in effect, a screening exercise. It is not the Council's full merits decision based on all relevant submissions and information. That comes later, after a full RMA process and opportunity for public involvement.
- **4.6** At this stage, the Council's decision is only whether the PPC should be able to continue being processed as a plan change and if so, whether it is treated as a Council initiated plan change (the adopt option) or whether it continues as a PPC request (the accept option).

¹ Malory Corporation Limited v Rodney District Council [2010] NZRMA 392, at para 33

Private Plan Change Proposal

4.7 The requested PPC, including a s32 evaluation report, is linked as <u>Appendix 1²</u>. The PPC relates to the site shown in the aerial photograph³ below:



- 4.8 In brief, the PPC seeks to:
 - 4.8.1 Rezone approximately 287 hectares of land located within Kaka Valley, along Botanical Hill and Malvern Hill from Rural and Rural-Higher Density Small Holdings Area to:
 - Residential (Higher, Standard and Lower Density Areas);
 - Rural-Higher Density Small Holdings Area;
 - Open Space Recreation; and
 - Suburban Commercial.
 - 4.8.2 Introduce a new Schedule X to the NRMP with an accompanying Structure Plan. Particular aspects of the Schedule would include:

² As amended in response to the Further Information Request dated 3 August 2021. Amendments were received on 24 August 2021.

³ Figure 8: from the Plan Change Request

- Comprehensive Housing Developments in the Residential Zone - Higher Density Area as a non-notified restricted discretionary activity.
- Subdivision in the Residential Zone as a non-notified restricted discretionary activity.
- Vesting of a 40m total width esplanade reserve along the Maitai River and Kaka Stream, in stages as subdivision progresses.
- Building in the Backdrop Area and Skyline Area as a controlled activity, subject to conditions.
- Buildings on specifically identified parts of the Kaka Hill backdrop and skyline area and within the Significant Natural Area being prohibited activities meaning they cannot occur.
- The requirement for a Cultural Impact Assessment with any resource consent application.
- The application of ecological and freshwater best practice principles in the subdivision and development design process.
- Amendments to Chapter 7 Residential Zone to:
 - Refer to the Schedule in the Introduction and Issues;
 - Add to Policy RE3.9 and its methods;
 - Introduce new Objective RE6 and Policy RE6.1 (Maitahi Bayview Area), Policy RE6.2 (Cultural Values) and Policy RE6.3 (Sensitive Environmental Design);
 - Introduce new rule RE2.106D Maitahi Bayview Structure Plan (Schedule X);
 - Add to REr109.5 (Landscape Overlays Subdivision).
- Amendments to Chapter 9 Suburban Commercial Zone to:
 - Refer to the Kaka Valley in the Introduction and Issues;
 - Reference the Schedule X;
 - Introduce new Rule SCr.69C Maitahi Bayview Structure Plan (Schedule X);
 - $\circ~$ Add to SCr71.2 to refer to the Schedule and Structure Plan.
- Amendments to Chapter 12 Rural Zone to:

- Reference the Schedule in the Introduction and Issues;
- Introduce new Rule RUr.77C– Maitahi Bayview Structure Plan (Schedule X);
- 4.8.3 The potential realignment of the lower Kaka Stream tributary is proposed but would be the subject of a separate and subsequent resource consent process.
- 4.8.3 Amendments to the Road Hierarchy Planning Maps to include a Proposed Sub Collector Road from the end of Bayview Road and Frenchay Drive, through the site and following the alignment of the proposed indicative road, through Ralphine Way and down the Maitai Valley Road as far as Nile Street East.
- 4.8.4 Amendments to the Planning Overlay Maps to apply the Services Overlay to the land.
- 4.9 The following table⁴ sets out the proposed zoning, minimum lot size and area proposed:

Table 1: Land Areas and Zonings			
Zone Type	Planned Density	Minimum Lot Size	Area Proposed
Residential	High	300m ²	19.22ha
Residential	Standard	400m ²	28.93ha
Residential	Low Density	800m ²	60.61ha
Residential	Low Density (<i>Backdrop</i> <i>Area)</i>	1500m ²	36.44ha
Rural – Small Holdings Area	High Density	5000m², 1ha average	35.4ha
Suburban Commercial		No minimum	00.37ha
Open Space & Recreation		N.A.	41.33ha
		Subtotal	222.30
Current zoning to remain			
Rural		15ha	63.85ha
Residential	Standard	400m ²	00.63
		TOTAL	286.78ha

⁴ Table 1 from the s32 Evaluation – Maitahi Bayview

- 4.10 The applicant has provided the following information within the PPC request.
 - 4.10.1 The Plan Change Request document itself.⁵
 - 4.10.2 The Structure Plan.⁶
 - 4.10.3 Amendments to the NRMP Planning Maps.
 - 4.10.4 Technical assessment documents as follows:
 - Iwi engagement summary;
 - Historical and archaeological assessment;
 - Productive values report;
 - Geotechnical report;
 - Ecological opportunities and constraints assessment report;
 - Morphum Environmental Consultants environmental review, covering stormwater management and ecological effects management. The report also identifies and assesses waterways across the site;
 - Infrastructure report, covering wastewater, water supply, dry services⁷, flooding and stormwater, including an addendum;
 - Transportation impact report, including an addendum;
 - Landscape visual assessment and urban design assessment report, including an addendum;
 - Preliminary landscape design document;
 - Economic cost and benefit assessment report.
 - 4.10.5 Consultation feedback undertaken by the applicant.
 - 4.10.6 A section 32 evaluation report.
 - 4.10.7 A response to the further information request including updated provisions.
- 4.11 The PPC does not seek to amend any of the regional planning provisions in the NRMP.

⁵ As updated in response to the further information request

⁶ As updated in response to the further information request

⁷ Power, communication and data

- 4.12 There are some areas where officers considered that the applicant has not provided all the further information sought in the Council's request, with either the stated intent by the applicant that it will be provided at a later date, or that it is a matter to be addressed at the resource consent stage, should the plan change be approved.
- 4.13 Clause 23(5) of Schedule 1 of the RMA provides that an applicant may decline in writing to provide further information and may require the Council to proceed with considering the request. The applicant's position is that they have provided sufficient information and have asked that the Council proceed to make a decision. Clause 23(6) provides that the Council may reject a request at any time if it considers it has insufficient information to enable it to consider or approve the request. For the reasons set out in para 8.4 there is sufficient information to consider the request under clause 25 of Schedule 1 of the RMA.

Nelson Tasman Future Development Strategy July 2019

- 4.14 The Nelson Tasman Future Development Strategy July 2019 (the FDS) sets out how Nelson City and Tasman District Councils will provide sufficient development capacity over the next 30 years to meet the needs of their growing communities. A new FDS is currently being prepared under the National Policy Statement on Urban Development 2020 (NPSUD) and will be subject to a Special Consultative Procedure in March 2022.
- 4.15 In summary, the FDS supports intensification of current urban settlements, but acknowledges that in a high growth scenario it is unlikely to provide sufficient housing capacity or housing choices. The FDS identifies that a range of intensification and greenfield areas are necessary, while minimising the use of high quality rural land. Expansion in the Nelson Urban Area is provided for in the Kaka Valley, Saxton and Richmond South. Kaka Valley, which is the area that this PPC relates to, is phased as an expansion area that may be made available in decade 2 (2028-2038) of the lifetime of the FDS. The FDS estimates a yield of 614 households from Kaka Valley.
- 4.16 This PPC would bring forward the phasing in the FDS by making it available earlier than decade 2 (2028-2038).

National Policy Statement on Urban Development 2020 (NPS-UD)

- 4.17 The NPSUD came into force on 20 August 2020.
- 4.18 The NPSUD contains eight objectives and 11 policies, supported by implementation methods, for planning for well-functioning urban environments under the RMA.
- 4.19 The key policies relevant to this PPC are:

Policy 8: Local authority decisions affecting urban environments are responsive to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is:

- (a) unanticipated by RMA planning documents; or
- (b) out-of-sequence with planned land release.
- *Policy 1: Planning decisions contribute to well-functioning urban environments, which are urban environments that, as a minimum:*
 - (a) have or enable a variety of homes that:
 - *(i) meet the needs, in terms of type, price, and location, of different households; and*
 - *(ii) enable Māori to express their cultural traditions and norms; and*
 - (b) have or enable a variety of sites that are suitable for different business sectors in terms of location and site size; and
 - (c) have good accessibility for all people between housing, jobs, community services, natural spaces, and open spaces, including by way of public or active transport; and
 - (d) support, and limit as much as possible adverse impacts on, the competitive operation of land and development markets; and
 - (e) support reductions in greenhouse gas emissions; and
 - *(f) are resilient to the likely current and future effects of climate change.*
- 4.20 Clause 3.8 in Subpart 2 Responsive Planning sets out matters that the Council must have particular regard to if it receives a plan change covered by Policy 8.
- 4.21 Clauses 3.8(2) and (3) state:
 - (2) Every local authority must have particular regard to the development capacity provided by the plan change if that development capacity:
 - *(a) would contribute to a well-functioning urban environment; and*
 - (b) is well-connected along transport corridors; and
 - (c) meets the criteria set under subclause (3); and

- (3) Every regional council must include criteria in its regional policy statement for determining what plan changes will be treated, for the purpose of implementing Policy 8, as adding significantly to development capacity.
- 4.22 These policies direct that councils are responsive to PPCs that would add significantly to development capacity, where they also contribute to well-functioning urban environments, regardless of whether they are planned for or not.
- 4.23 In this instance, the proposal is anticipated as a 'Development Area' in the Draft Nelson Plan, meaning it requires a subsequent plan change to rezone and enable development; and is already included in the FDS. It is out-of-sequence with the planned land release and would bring this forward. It would contribute an additional 750⁸ (approx.) household unit development capacity.

Housing and Business Capacity Assessment Report 2021

4.24 The Council adopted the Nelson City Council Housing and Business Capacity Assessment Report 2021 (the HBA) on 12 August 2021. Table 1 of that report sets out projected demand for housing by household for each of the short, medium, and long term periods in comparison to the City's capacity to provide for future dwellings in Nelson to 2051.

Period	Demand (household) per period	Sufficient capacity (dwellings) for period	Difference for period
Short-term (1- 3 years)	521	1,876	1,355
Medium-term (4-10 years)	2,554	1,894	-660
Long-term (11- 30 years)	4,950	3,391	-1,559
Total	8,025	7,161	Deficit of -864

Table 1: Housing demand and capacity to 2051

4.25 The executive summary of the report explains that there is sufficient housing capacity in Nelson in the short term. In the medium term, while there is a projected shortfall of 660 dwellings, this is accommodated by a

⁸ Number taken from the executive summary of the PPC Request

surplus of capacity in the short term. In the long term, there is a projected shortfall of 864 dwellings, taking surplus and deficits of the previous periods into account.

4.26 The summary also notes that should this PPC be approved, demand is expected to exceed supply in around 2043, instead of 2039 (based on the PPC supplying an additional 300 dwellings rather than more). Although 2039 has been identified as the pinch point where demand will start to exceed supply the demand-supply margin becomes constrained some years earlier.

National Policy Statement on Freshwater Management

- 4.27 The National Policy Statement for Freshwater Management 2020 (NPS-FM) came into force on 3 September 2020. The NPSFM contains one objective and 15 policies. The objective states:
 - (1) The objective of this National Policy Statement is to ensure that natural and physical resources are managed in a way that prioritises:
 - (a) first, the health and well-being of water bodies and freshwater ecosystems
 - *(b) second, the health needs of people (such as drinking water)*
 - (c) third, the ability of people and communities to provide for their social, economic, and cultural well-being, now and in the future.
- 4.28 The policies are listed below:
 - **Policy 1:** Freshwater is managed in a way that gives effect to Te Mana o te Wai.
 - **Policy 2:** Tangata whenua are actively involved in freshwater management (including decision-making processes), and Māori freshwater values are identified and provided for.
 - **Policy 3:** Freshwater is managed in an integrated way that considers the effects of the use and development of land on a whole-of-catchment basis, including the effects on receiving environments.
 - **Policy 4**: Freshwater is managed as part of New Zealand's integrated response to climate change.
 - **Policy 5:** Freshwater is managed through a National Objectives Framework to ensure that the health and well-being of degraded water bodies and freshwater ecosystems is improved, and the

health and well-being of all other water bodies and freshwater ecosystems is maintained and (if communities choose) improved.

- **Policy 6:** There is no further loss of extent of natural inland wetlands, their values are protected, and their restoration is promoted.
- **Policy 7:** The loss of river extent and values is avoided to the extent practicable.
- **Policy 8:** The significant values of outstanding water bodies are protected.
- **Policy 9:** The habitats of indigenous freshwater species are protected.
- **Policy 10**: The habitat of trout and salmon is protected, insofar as this is consistent with Policy 9.
- **Policy 11:** Freshwater is allocated and used efficiently, all existing over-allocation is phased out, and future over-allocation is avoided.
- **Policy 12:** The national target (as set out in Appendix 3) for water quality improvement is achieved.
- **Policy 13:** The condition of water bodies and freshwater ecosystems is systematically monitored over time, and action is taken where freshwater is degraded, and to reverse deteriorating trends.
- **Policy 14:** Information (including monitoring data) about the state of water bodies and freshwater ecosystems, and the challenges to their health and well-being, is regularly reported on and published.
- **Policy 15:** Communities are enabled to provide for their social, economic, and cultural well-being in a way that is consistent with this National Policy Statement.
- 4.29 The Council is required to give effect to the NPSFM by way of preparing a freshwater planning instrument and publicly notifying no later than 31 December 2024. Part 3 of the NPSFM sets out how local authorities must implement it. The applicant has addressed the NPSFM in the PPC request, while noting that the PPC request is to change the District Plan component of the NRMP. The NPSFM will still need to be considered through the regional consenting process.

National Environmental Standards

- 4.30 There are two National Environmental Standards that are relevant to the PPC request:
 - 4.30.1 National Environmental Standards for Assessing and Managing Contaminants in Soil to Protect Human Health (NES-CS); and
 - 4.30.2 National Environmental Standards for Freshwater (NES-FW).
- 4.31 The NES-CS will require the applicant to obtain resource consent for any disturbance to contaminated land and does not impact on the PPC request itself.
- 4.32 The NES-FW specifically applies to Council's functions under s30 of the RMA and as such are not as relevant to this PPC request to the District Plan components of the NRMP. The review of the application has confirmed that the applicant has taken the NES-FW into consideration in preparing the request.

Nelson Resource Management Plan and Regional Policy Statement

- 4.33 The Nelson Regional Policy Statement 1997 (RPS) and Nelson Resource Management Plan 2012 (NRMP) are primary RMA planning documents.
- 4.34 Chapter 6, Development and Hazards, of the RPS sets out the relevant objective and policies relating to urban expansion. Objective DH1.2.1 sits at a high level:

To avoid, remedy, or mitigate any adverse effects of urban expansion on the sustainable management of natural and physical resources including rural land uses.

- 4.35 Policies DH1.3.1 to DH1.3.4, which are set out in full in Appendix 2, provide more direction and guidance on how to achieve the objective. In summary, these require:
 - 4.35.1 the identification of features and values of significance and ensure that these are appropriately protected;
 - 4.35.2 that community expectations are had regard to when determining the extent and location of urban expansion;
 - 4.35.3 that when expansion is determined to have greater net benefit than intensification, that the most appropriate form of urban expansions is provided for, taking into account a list of 17 different matters; and
 - 4.35.4 that any proposals have adequate and appropriate provision for infrastructure.

- 4.36 As such, the RPS anticipates plan changes to rezone land for urban development.
- 4.37 In terms of the NRMP, the part of the site located closest to the Maitai River is zoned Rural Small Holdings, with the balance of the site zoned Rural. The Rural Small Holdings Zone provides for a minimum lot size of 5,000m² and an average lot size of 1ha. The Rural Zone provides for a 15ha minimum lot size. Overall, it is estimated that approximately 50 lots could be created on the site under the existing zoning.

5. Section 32 evaluation

- 5.1 Clause 25(1A) requires that the local authority must have particular regard to the evaluation report prepared for the PPC in accordance with clause 22(1) when determining whether to adopt, accept, reject or convert the request.
- 5.2 The applicant has provided a section 32 evaluation report with the request, as Attachment D. Officers consider that the evaluation report addresses the relevant tests under section 32 of the RMA in terms of the appropriateness of the objective(s) to achieve the purpose of the Act and whether the proposed provisions are the most appropriate means to achieve the objective(s). The applicant has undertaken an analysis of the different options available to pursuing a PPC request in order to achieve the stated issues of house prices and reduced affordability, caused by sustained and recent population growth and forecast population growth.⁹
- 5.3 Having reviewed the section 32 evaluation report, officers consider that it demonstrates at a coarse level, that the PPC request is an appropriate RMA response and can achieve the purpose of the RMA. A more substantive evaluation of the section 32 report would occur through the formal RMA process, should the PPC be accepted or adopted.

6. Discussion

Commissioners

6.1 Recommendation 3 proposes that independent accredited commissioners are appointed to consider the PPC and to make recommendations to the Council. This is a complex RMA matter and a highly technical PPC requiring sound understanding of legislation and Government policies. There is a high level of public interest in this matter which will attract scrutiny on the RMA process. For these reasons it is considered appropriate that independent accredited commissioners are appointed.

⁹ See section 2.1 of the section 32 evaluation report.

Private Plan Change Request

- 6.2 Section 73 of the RMA provides that any person may request a change to a district plan and the plan may be changed in the manner set out in the First Schedule of the RMA. The first step in the process is that the Council must consider the request and how it will be dealt with. This is the clause 25 decision.
- 6.3 Clause 25 of Schedule 1 of the RMA requires the Council to do one of four things with this PPC:
 - 6.3.1 **Adopt** it in whole or in part as if it were a plan change by Council itself, and notify it as a Council initiated plan change; or
 - 6.3.2 **Accept** it in whole or in part, which allows it to proceed as a PPC through the normal submission and decision process (it is notified as a PPC); or
 - 6.3.3 Decide to deal with it as a resource consent (**convert** to a resource consent); or
 - 6.3.4 **Reject** it in whole or in part on the grounds set out in clause 25(4)(a)-(e) of Schedule 1 of the RMA (and only on those grounds).
- 6.4 If the Council decides to **adopt** the plan change, it is treated as if it is a plan change made by the Council itself. The plan change must be publicly notified within four months of adoption and follow the process set out in Part 1 of the First Schedule of the RMA. All costs associated with the plan change would be borne by Council and not CCKV Dev Co LP and Bayview Nelson Limited, unless agreed otherwise. For the reasons set out in paragraphs 9.5 and 9.6, officers recommend the PPC should not be adopted.
- 6.5 If the Council decides to **accept** the plan change (as opposed to adopt) then Council agrees that the plan change can proceed to notification. As the clause 25 decision is made prior to public notification of the PPC there are no submissions, evidence or full analysis from the Council officers or experts engaged by Council. It is accordingly described by the High Court as a 'coarse filter'¹⁰ of the PPC in effect, a screening exercise. It is not the Council's full merits decision based on all relevant submissions and information. This consideration occurs at the Commissioner Hearing on the plan change.
- 6.6 If **accepted** under clause 25, the process then follows the PPC decisionmaking procedures set out in Part 2 of the First Schedule of the RMA. The request must be publicly notified within four months of Council agreeing to accept the request. The plan change remains a PPC. Under

¹⁰ Malory Corporation Limited v Rodney District Council [2010] NZRMA 392, at para 33

this option, all costs associated with the plan change are borne by the person who made the request, in this case CCKV Dev Co LP and Bayview Nelson Limited. For the reasons set out in paragraphs 9.5 to 9.9, officers recommend the PPC should be accepted.

- 6.7 Irrespective of whether a decision to accept or adopt is made (i.e. what path the request takes) the proposed plan change will be considered fully by the Council as to whether it is necessary and appropriate ((in this case delegated to Hearing Commissioners) and (if appealed) the Environment Court. The fact that the request was adopted or accepted under clause 25 is irrelevant to the substantive assessment.
- 6.8 The third option the Council has under clause 25 is to **convert the PPC request into a resource consent application**. This means that the application goes through the usual resource consent procedures of notification, submissions, hearing, decision, and appeal. This option would not change the current zoning of the site and the proposal would have to be considered under the existing provisions of the NRMP. For the reasons set out in paragraph 9.4, officers recommend that there are no reasons to support converting the request to a resource consent.
- 6.9 The final option under clause 25 is for Council to **reject** the plan change request. The only grounds for rejection are listed in Clause 25(4) of the First Schedule of the RMA. They are limited to:
 - 6.9.1 The request is in whole or in part, frivolous or vexatious; or
 - 6.9.2 The substance of the request or part of the request has been considered and given effect to or rejected by the local authority or Environment Court within the last two years or has been given effect to by Regulations; or
 - 6.9.3 The request or part of the request is not in accordance with sound resource management practice; or
 - 6.9.4 The request or part of the request would make the policy statement or plan inconsistent with Part 5 of the RMA; or
 - 6.9.5 The plan has been operative for less than two years.
- 6.10 These narrow grounds for rejecting a plan change reflect that this stage of the process is simply to determine whether a request should proceed to full consideration, through the process of notification, submissions and determination of the merits, but it is *not* determinative of the outcome (i.e., whether the plan change is ultimately approved or not). Officers recommend that there are no legally defensible grounds for rejecting the PPC and this is discussed further at paragraphs 9.1 to 9.3.
- 6.11 If the Council decides to reject the PPC request the applicant can appeal that decision to the Environment Court or challenge Council's decision on procedural grounds by way of High Court judicial review.

- 6.12 Accepting the PPC will allow the community the opportunity to submit on the request through a formal RMA process. The Council would also retain the right to lodge submissions or further submissions to ensure there is sufficient scope to support amendments to the PPC.
- 6.13 Finally, the applicant has formally sought that the PPC request be accepted, and not adopted, by Council. They have also provided their views that there are no valid grounds for it to be rejected in whole or in part and it is not a proposal that could be processed as an application for resource consent, as it has not been designed to the standard required for that to occur.

Views of those affected / consultation

- 6.14 If the recommendation to accept the request for notification is agreed by Council, the content of the PPC will be subject to statutory consultative provisions of the RMA where the opportunity for public involvement is mandatory. There is a requirement to publicly notify the PPC and serve notice on all directly affected parties, who will then have the opportunity to lodge submissions, further submissions and be heard at a hearing.
- 6.15 The PPC request identifies that the applicant has consulted with the Council in preparing the PPC. Section 2.4, Consultation, of the PPC sets out who the applicant has consulted with, and it includes Te Tau Ihu o te Waka a Māui iwi¹¹, Department of Conservation, Waka Kotahi - New Zealand Transport Agency, Heritage Pouhere Taonga New Zealand, Residents of Ralphine Way, Community Housing Organisations, Community Action Nelson, Network Tasman Ltd, Friends of the Maitai and Commerce Nelson.
- 6.16 Prior to receiving the PPC, the Council received a petition from Save the Maitai Inc. Received in November 2020, the petition outlined opposition to the Development Area contained in the Draft Nelson Plan and anticipated development in Kaka Valley. The petition contained 9,636 signatures at the time it was presented.

7. Local Government Act decision making principles

- 7.1 The Council is required to apply the decision-making principles in Part 6 of the LGA02 to every decision made by it, unless they are inconsistent with specific requirements in the relevant Act under which it is making a decision (in this case, the RMA).
- 7.2 Section 79(2)(c) of the LGA02 requires that when Council is making a judgement about how to achieve compliance with sections 77 and 78 of the LGA02, it must have regard to the nature and circumstances in which a decision is taken. Section 79(3) provides that:

¹¹ Ngāti Koata, Ngāti Rārua, Te Ātiawa, Ngāti Kuia, Ngāti Tama, Ngāti Apa ki te Rā Tō, Ngāti Toa Rangatira and Rangitane

- **3.** The nature and circumstances of a decision referred to in subsection 2(c) include the extent to which <u>the requirements for</u> <u>such decision-making are prescribed in or under any other</u> <u>enactment</u> (for example, the Resource Management Act 1991).
- 7.3 This clause 25 decision is a process decision only in Council's capacity as regulator and the decision-making options are set out in clause 25 itself. The significance of this process decision is low to medium because it is the substantive decision on the PPC that has the potential impact and that substantive decision will be subject to a public process, prescribed by the RMA. On that basis, officers recommend that consultation under the LGA on this process decision under the RMA is neither necessary nor appropriate.

8. Options

8.1 The available options for deciding how this PPC request is processed, and their respective advantages and disadvantages, are summarised below:

Option 1: Adopt the PPC		
Advantages	 Council controls what is notified and its scope and the process. 	
	 Aligned with Council's FDS, which identifies this site by broad location as a potential growth area subject to plan change and/or zoning change processes. 	
	 Council would be giving effect to the NPSUD. 	
	 Council would manage the process for engaging with iwi, agencies and the community. 	
Risks and Disadvantages	 Council has to take the position that it supports the plan change at a policy level as it adopts it as "if it were its own". 	
	 Council bears the cost and potential legal challenges. 	
	• The decision could be challenged through the Courts and Council would be vulnerable if it rejected the PPC on unreasonable grounds that do not accord with the criteria in the RMA.	
Option 2: Accept the PPC		
Advantages	• The applicant bears the cost of the complete plan change process (including costs for hearings, experts and costs associated with the resolution of any appeals).	

	 Council would be supporting the implementation of its FDS, which identifies this site by broad location as a potential growth area subject to plan change and/or zoning change processes.
	• Council would be giving effect to the NPSUD.
	 Council would manage the process for engaging with iwi, agencies and the community.
Risks and Disadvantages	• The decision could be challenged through the Courts and Council would be vulnerable if it rejected the PPC on unreasonable grounds that are not in accordance with the criteria in the RMA.

Option 3: Reject the PPC		
Advantages	 Limited impact on Council resources and capacity to process the PPC. 	
Risks and Disadvantages	• The decision could be challenged through the Courts and Council would be vulnerable if it rejected the PPC on unreasonable grounds that are not in the accordance with the criteria in the RMA.	
	 The Council could be seen as not implementing or supporting its own FDS Strategy. 	
	 May affect long term housing supply/capacity and out of alignment with NPSUD requirements. 	
Option 4: Convert	the PPC to a resource consent	
Advantages	 This removes the need for a PPC and could achieve a faster decision for the applicant (if there are no appeals). 	
	 Capacity may be delivered to the market faster. 	
Risks and Disadvantages	 This may not be the most appropriate vehicle to achieve the outcome sought by the applicant, as the application may not sit comfortably with the current Plan provisions. 	
	 This is not the option sought by the applicant, and they may choose to appeal. 	
	• The decision could be challenged through the Courts.	
9. Recommendation

- 9.1 In respect of the five grounds on which a request can be rejected, as set out in paragraphs 6.8 to 6.10, neither (2) or (5) apply (relating to the substance of the request being previously considered within the last 2 years or the NRMP being operative less than 2 years). In terms of the other three grounds:
 - 9.1.1 The request is frivolous or vexatious. In this case, the request is not frivolous. The applicant provided supporting technical information and the PPC has a resource management purpose. The request is not vexatious. The applicant is not acting in bad faith by lodging a PPC request.
 - 9.1.2 The request is not in accordance with sound resource management practice. The 'coarse grain' assessment of the request (as required at this stage of the PPC process) does not indicate that the PPC is not in accordance with sound resource management practice. Whether the PPC request's objectives are the most appropriate way of achieving the promotion of sustainable management will be tested through the submission and hearing processes. The RMA's purpose is set out at section 5 and the principles are set out in sections 6 to 8. In respect of these Part 2 matters, the PPC proposes to rezone private property to enable its development for additional housing to provide for the social, economic and environmental wellbeing of the community. The initial review of the PPC has at a coarse level identified that any adverse effects will be able to be avoided, remedied or mitigated, either through the PPC itself or subsequent resource consents. At a coarse level, the PPC demonstrates that it generally responds to the principles in sections 6 to 8, which will be able to be evaluated through a subsequent process. Having reviewed the applicant's expert reports, undertaken a coarse scale merits assessment of the PPC request, and taken the purpose and principles of RMA into account, officers consider the PPC request is in accordance with sound resource management practice for the purposes of consideration under Clause 25(4)(c), Schedule 1.
 - 9.1.3 The request would not make the Plan inconsistent with Part 5 of the RMA. Part 5 of the RMA sets out the role and purpose of planning documents created under the RMA, including that they must assist a local authority to give effect to the sustainable management purpose of the RMA. District plan provisions must give effect to the regional policy statement and higher order RMA documents and not be inconsistent with any regional plan. The relevant sections in Part 5 are determined by the nature of the PPC: The PPC only proposes to amend district plan provisions.
 - 9.1.4 The objective of the PPC is to rezone the properties to enable residential housing and to take advantage of the location of the

site. The proposed zoning at a coarse level appears to give effect to both the RPS and NPSUD in this regard.

- 9.2 In respect to Clause 23 and the provision of further information, there are some areas where officers consider that the applicant has not provided all the further information sought in the Council's request (with the applicant stating that it will be provided at a later date). However, these elements can be addressed at a later stage, if the request progresses. Officers consider there is sufficient information to enable a clause 25 decision to be made. Some of the elements, such as the description of landscape effects on the proposed Residential Zone Lower Density Area above Walter's Bluff, the likely level of visual effects on private views and managing areas identified as having high geotechnical risk, would assist in assessing the extent of effects associated with the request. However, it is considered that these are not of a substantive nature that would warrant the request being rejected, and an effects assessment is part of the substantive decision on the PPC and any resource consents that follow. Officers consider these are matters that can either be addressed before public notification, should it be accepted, or through the formal Schedule 1 process.
- 9.3 For these reasons, officers recommend that there are no grounds under the RMA to **reject** the PPC.
- 9.4 Officers consider that **converting** the request to a resource consent is not appropriate resource management practice as the NRMP zone provisions would not support the outcome sought by the PPC and the proposal is not in a form that would enable it to proceed through a resource consent process. Further, the applicant would not support that approach and indeed it provides no benefit to either the applicant or community.
- 9.5 In respect of whether the Council should consider **adoption** or **accepting** the PPC:
 - 9.5.1 Officer's consider that the proposal is generally aligned with the NRMP's approach to sustainable management, in that it follows the same approach to other new development areas that have been included in the NRMP and it would be subject to the NRMP provisions.
 - 9.5.2 It generally aligns with the ambitions of the FDS and higher order documents.
 - 9.5.3 The applicant's technical documents show that the PPC area would be able to be serviced by infrastructure.
 - 9.5.4 There is a high level of public interest in the PPC request.
 - 9.5.5 The request itself is not complex.
 - 9.5.6 The applicant would not necessarily benefit from Council coordinating the PPC process.

- 9.5.7 The applicant has requested that the PPC be accepted and not adopted.
- 9.5.8 Council meets all the costs of processing the plan change if the request is adopted. If accepted, the applicant bears those costs.
- 9.6 Officer's do not consider it necessary or appropriate for the Council to **adopt** the PPC request as its own. Adopting the PPC would mean that the Council would attract all costs associated with its resourcing and associated costs and Council would need to be satisfied that it supports the plan change at a policy level. Adoption would also place the Planning Policy Team under additional pressure given the current Nelson Plan review process. **Accepting** the PPC request allows the applicant the ability to have the request tested and considered against the RMA requirements, it also allows the community, iwi and relevant stakeholders to participate in that process and for Council to on-charge its costs to the applicant.
- 9.7 As outlined earlier, **accepting** the PPC request does not pre-empt the final outcome of the PPC through the formal Schedule 1 RMA process and the decision of the Hearings Panel.
- 9.8 **Accepting** a PPC also allows the Council to maintain its regulatory position, as well as providing the Council the opportunity to submit on it, so that it can seek changes as appropriate. If it chooses to do so, the purpose of the Council submitting on the PPC would ensure jurisdiction (scope) for seeking any necessary changes to be made at the substantive hearing.
- 9.9 Overall, it is recommended that the PPC be **accepted** for processing under clause 25 of Schedule 1 of the RMA.

10. Conclusion

- 10.1 CCKV Dev Co LP and Bayview Nelson Limited has applied to the Council for a PPC request to the NRMP and seek that it be accepted by the Council for processing under clause 25 of Schedule 1 of the RMA.
- 10.2 Of the four options available to the Council under Clause 25 of Schedule 1 of the RMA, it is recommended that there are no grounds for rejecting the request or converting it to a resource consent and that PPC request be **accepted** for processing rather than adopted as a Council initiated plan change.

11. Next Steps

11.1 If the Council accepts the PPC request, Officers will prepare it for public notification and publicly notify it within four months of the date of acceptance.

Author: Clare Barton, Group Manager Environmental Management

Attachments

Attachment 1: A2737849 - Appendix 2 - PPC28 - Relevant RPS objective, policies and methods - 31Aug21 J

Important considerations for decision making

1. Fit with Purpose of Local Government

The Council has duties and obligations under the Resource Management Act 1991 to make decisions on private plan change applications. The decision recommended in this report fits with the purpose of the Local Government Act as it will enable the community to be consulted on this plan change, which will allow the Council to make decisions on behalf of the community to promote its social, environmental, economic and cultural well-being.

2. Consistency with Community Outcomes and Council Policy

The relevant community outcome is:

Our urban and rural environments are people-friendly, well planned and sustainably managed. Nelson is a well-planned district with a carefully managed urban intensification and a clear urban/rural boundary. ...We work with our partners to support the development of a range of affordable, healthy and energy-efficient housing in our residential areas. Good urban design and thoughtful planning create safe, accessible public spaces for people of all ages, abilities and interests.

Enabling the matter to proceed through the RMA process will meet this outcome.

Consistent with Council meeting relevant Government legislation including the RMA and LGA.

3. Risk

The decision to accept, adopt, reject or convert the Private Plan Change request involves a risk of potential judicial review of the decision by any interested party and appeal by the PPC applicant. Other risks associated with the environment, culture and heritage, and health & safety will be assessed in the substantive decision in the Plan Change, if accepted or adopted.

4. Financial impact

If the PPC is accepted, then the costs associated with processing the Plan Change are borne by the applicant. No additional funding is sought as a consequence of this decision.

5. Degree of significance and level of engagement

This decision is of low- medium significance according to Council's Significance and Engagement Policy because:

	 it does not involve the sale of a strategic asset; 					
	 does not impact on levels of service or the way services are delivered 					
	 does not impact on council's debt or the level or rates it charges 					
	 the impact on the community from this decision is minimal. It is the substantive decision on the Plan Change that will consider the effects of the development on the environment, including communities 					
	 the decision furthers Council's Future Development Strategy identification of this location as potential area for growth. 					
	 While the substantive issues in the Plan Change are expected to generate wide public interest, the decision to accept or adopt enables the community to make submissions under Schedule 1 of the RMA. 					
	The decision to accept, adopt, reject or convert can be considered irreversible, except by way of judicial review.					
	Schedule 1 of the RMA requires the substantive content of the Plan Change to be consulted on, including receiving and hearing submissions from the public.					
	The significance of this process decision is low to medium because it is the substantive decision on the PPC that has the potential impact and that substantive decision will be subject to a public process, prescribed by the RMA. On that basis, officers recommend that consultation under the LGA on this process decision under the RMA is neither necessary nor appropriate.					
6.	Climate Impact					
	The decision to accept, adopt, reject or convert the Private Plan Change request does not have a specific climate impact.					
	The substantive content of the plan change includes considerations of climate change impacts and will be considered as part of the RMA Schedule 1 process.					
7.	Inclusion of Māori in the decision making process					
	No engagement with Māori has been undertaken in preparing this report.					
	The application sets out pre-engagement with iwi on the content of the Plan Change.					
8.	Delegations					
	5.2.2 On the recommendation of the Chief Executive, and with the					

5.2.2 On the recommendation of the Chief Executive, and with the agreement of the Chair of the relevant committee, subcommittee or

subordinate decision-making body and Mayor, matters within the area of responsibility of a particular committee, subcommittee or subordinate decision-making body may be considered directly by Council instead.

The Chair of the Environment and Climate Committee will report to the following meeting of the committee regarding the reason for doing so, and the outcome of the matter at the Council meeting.

Environment and Climate Committee

Areas of Responsibility:

• The Regional Policy Statement, District and Regional Plans, including the Nelson Plan

Delegations:

• Developing, monitoring and reviewing strategies, policies and plans, with final versions to be recommended to Council for approval

Appendix 2: Relevant RPS objective, policies and methods

Objective

DH1.2.1 To avoid, remedy, or mitigate any adverse effects of urban expansion on the sustainable management of natural and physical resources including rural land uses.

Policies

- DH1.3.1 To identify areas having features or values of significance and to ensure that these features or values are appropriately protected. Areas identified will include those which:
 - have significant flora and fauna values;
 - ii) are subject to significant natural hazards;
 - iii) are recognised as being significant in terms of culture or heritage;
 - iv) have high natural amenity value;
 - v) have significant open space values such as greenbelt(s);
 - vi) make significant contribution to the natural character of the coastal environment, wetlands, rivers and their margins; and/or
 - vii) are outstanding natural features and landscapes.
- DH1.3.2 To have regard to community expectations when determining the extent and location of urban expansion.
- DH1.3.3 Where urban expansion is considered to have greater net benefit than intensification, to provide for the most appropriate form of urban expansion for Nelson. In determining what is most appropriate, to assess the costs and benefits of various options according to the following criteria:
 - energy efficiency in terms of location and structures;
 - infrastructure costs including opportunity costs of existing infrastructure;
 - iii) natural or physical barriers to expansion;
 - iv) existence of incompatible rural activities such as quarries or smelly activities;
 - v) susceptibility to natural hazards;
 - vi) existence of sensitive uses such as land transport links, airports or ports;

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- vii) utilisation of the land resource for primary production purposes;
- viii) proximity to existing facilities;
- impacts on natural and conservation values associated with riparian and coastal margins, rivers and the coast;
- effects on internationally, nationally, or regionally significant natural features and landscapes;
- effects on internationally, nationally, or regionally significant native vegetation and significant habitats of indigenous fauna;
- xii) effects on ancestral land, water sites, waahi tapu and other taonga of significance to tangata whenua;
- xiii) effects on heritage values of sites, buildings, places, and areas of regional, national, or international significance;
- xiv) effects on amenity values of international, national, or regional significance;
- xv) effects on recreation resources of international, national, or regional significance;
- xvi) effects on urban form and on the demarcation between urban and rural areas; and
- xvii) effects on availability of land resources for future generations.
- DH1.3.4 To ensure that any proposals for urban subdivision and/or development include adequate and appropriate provision of services including waste disposal, stormwater, water supply, electricity and other network services.

Methods

- DH1.4.1 As part of the District Plan Review process, Council will seek public input in order to ascertain community expectations with respect to urban expansion.
- DH1.4.2 Council will undertake an assessment of future demand for and implications of urban expansion and, where community expectations and environmental effects can be met, will make appropriate provision for further expansion in its District Plan and Regional Coastal Plan,
- DH1.4.3 Council will develop rules in its District Plan to ensure adequate water supply and waste disposal is provided for all subdivisions and/or developments.

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- DH1.4.4 Council will continue to work with Tasman District Council to achieve an integrated approach to urban expansion through both the Nelson and Tasman District Plans.
- DH1.4.5 Council will review existing information and where necessary initiate resource surveys in order to classify areas according to their conservation significance, amenity values, or susceptibility to natural hazards.

Appendix 2: Relevant RPS objective, policies and methods

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Council



23 September 2021

REPORT R26217

Mayor's Report

1. Purpose of Report

1.1 To update Council on current matters

2. Recommendation

That the Council

- 1. <u>Receives</u> the report Mayor's Report (R26217) and its attachment (A2724500); and
- 2. <u>Approves</u>, retrospectively, Council's submission to the Department of Internal Affairs - Māori ward process alignment phase 2 (A2724500).

3. Changes to Māori Ward and constituency processes – Stage 2 consultation

- 3.1 In February 2021 the Minister of Local Government announced that the Government would take a two-stage approach to improving the legislative framework for Māori wards.
- 3.2 In Stage 1, the Government introduced legislation to remove all mechanisms for holding binding polls on Māori wards. The Local Electoral (Māori Wards and Māori Constituencies) Amendment Act came into effect on 2 March 2021.
- 3.3 The Stage 2 work will further align the process for establishing Māori wards with the process for establishing general wards. Six primary areas of remaining misalignment have been identified by the Department of Internal Affairs, and submissions sought on each topic. This consultation provides a further opportunity for Nelson City Council to continue its advocacy to government on Māori representation issues. Due to the

timing of the consultation period in relation to Councils' meetings, a pro forma submission was lodged on the closing date of 27 August 2021, pending Council's resolution.

3.4 The draft submission (Attached A2724500) presents views which are in keeping with Council's position on Māori representation to date, promote the goal of consistency between the legislative processes, and align with the general view of the sector (as outlined in a submission from Taituarā).

4. Covid Emergency Fund

4.1 In September 2021 three grants were approved from the Covid-19 Emergency Fund for community organisations as follows:

Nelson Musical Theatre:	\$ 3,000
Nelson Historic Theatre Trust (Theatre Royal):	\$20,000
The White House	\$ 2,000
Total:	\$25,000

4.2 \$30,329 remains unallocated in the Covid-19 Emergency Fund for Community Organisations.

Author: Rachel Reese, Mayor of Nelson

Attachments

Attachment 1: A2724500 Submission to DIA - Maori ward process alignment phase 2 27Aug2021 J



Department of Internal Affairs Via email: localelections@dia.govt.nz

27 August 2021

Kia ora koutou

Submission: Changes to Māori ward and constituency processes

I write on behalf of Nelson City Council - Te Kaunihera o Whakatū (Council), a Unitary Council located in Te Tauihu.

We acknowledge our iwi partners of Te Tauihu including Te Ātiawa, Ngāti Koata, Ngāti Toa Rangatira, Ngāti Tama, Ngāti Rārua, Ngāti Kuia, Ngāti Apa ki te Rā Tō and Rangitāne.

Please note that due to scheduling issues, this submission has not yet been approved by Council and should be considered as pro forma. Once Council has considered and approved or rejected, we will contact you to advise accordingly. This will likely be in September 2021.

It is noted that Council has advocated to the Ministry of Justice that the Māori Electoral Option be more frequently available to electors. This would allow electors greater opportunity to participate in elections in the way they wish and would also provide local authorities with greater surety that their eligibility calculation is current.

Issue 1 - Requirement to consider

Council is of the view that every local authority should be required to consider Māori wards at least every six years (with the option to consider earlier, for example if boundary adjustments occur) – that is, Council believes that the same requirements should be in place for general and Māori wards for this issue.

Issue 2 - Timing of decisions

Council supports moving to a single stage process. Representation arrangements have a number of elements to be addressed throughout a review process, and Council is of the view that considering these in totality will aid local authorities and provide increased clarity for communities.

A2724500

Nelson The Smart Little City He täone tõrire a Whakatū



While there is the potential in a single stage process for an increase in the number of representation scenarios that could be considered, Council notes that substantive preengagement would go a long way towards identifying community views and potentially refining the early options in line with these.

Issue 3 – Opportunities for public input

Council holds the view that particular emphasis should be placed on engaging with those most directly affected by the establishment or removal of Māori wards, that is, Māori.

Council agrees that the views of the wider community are a vital input to any decision, but also recognises the greater impact is on Māori. In Nelson the views of our iwi partners have been a consistent and important consideration in relation to Māori wards. We also recognise that Māori throughout Aotearoa may also have interest in the Māori representation opportunities of the community they are currently a part of and to this end we propose that particular opportunity to input is made available to all those of Māori descent.

Issue 4 – Decision-making rights and role for Local Government Commission

In the interests of consistency, Council proposes that the ability to appeal the establishment of general wards be removed, aligning this aspect of decision-making with that of Māori wards.

However, Council does see a role for the Local Government Commission in reviewing logistical aspects relating to both Māori and general wards where they exist.

Issue 5 - Discontinuance process and period in force

Council is of the view that the period in force of Māori wards be aligned with that of general wards – that is, that a decision to create Māori wards stay in place until the local authority decides otherwise, but at least one election and must be reviewed after two elections. This is consistent with our feedback regarding Issue 1.

We note that it can take time for a community to acclimate to altered representation arrangements and the current mandatory period of two elections aids this. Nonetheless we see consistency in the processes between general and Māori wards as desirable, and while local authorities may review their representation arrangements more often than six years, we note that in actual practice this is rare.

In the event that a local authority does see reason to disestablish existing Māori wards, Council is of the view that this should be tested with the community and those particularly affected by the decision in a manner consistent with engagement undertaken prior to establishing a ward or wards. This aligns with our views on Issue 3.

Page 2 of 3

Issue 6 - Types of polls

Council is of the view that the ability to initiate a binding poll on general wards should not be retained. We are not aware of this option ever having been utilised by a local authority and removing the option of binding polls for general wards as well as Māori wards enhances the alignment between the processes for each.

Please send further updates about the outcome of this consultation to devorah.nicuartasmith@ncc.govt.nz

Nāku iti noa

Rachel Reese Mayor of Nelson: Te Koromatua o Whakatū

Page 3 of 3

Council



23 September 2021

REPORT R26080

Council - Status Report - September 2021

1. Purpose of Report

1.1 To provide a status update to Council.

2. Recommendation

That the Council

1. <u>Receives</u> the report Council - Status Report - September 2021 (R26080) and its attachment (A1168168).

Author: Elaine Stephenson, Governance Adviser

Attachments

Attachment 1: A1168168 - Council Status Report - 23 September 2021 &

MEETING DATE	SUBJECT MOTION RESPONSIBLE OFFICER		RESPONSIBLE	COMMENTS
9/09/2020	City Streets for People Deliberations Report	 That the Council <u>Approves</u> the completion of the City Centre Spatial Plan as a first priority for the City Development Team, noting the Spatial Plan will be aligned with the Parking Strategy; and Supports the work in the City Centre by allocating: 2020/2021 year \$200,000 unbudgeted operating expenditure \$400,000 capital expenditure Reallocating the Annual Plan capital budget for this work to: 2021/2022 year \$1.2M 2022/2023 year \$1.5M <u>Accepts</u> budgets may need to be adjusted to allow for appropriate sequencing and agrees the purpose of this funding is to advance the pedestrian and place-making aspirations anticipated in the Spatial Plan, noting that engagement and design commences during the 2020/21 year and delivery and implementation commences during the 2021/22 year. <u>Notes</u> where tactical works are implemented they need to be of a scale that is able to be evaluated, and while they are moveable and removable, in order to test them the expectation is that they will be in place for at least 3 years; and <u>Supports</u> the City Development Team in engaging with city centre stakeholders on tactical and permanent, resilient, quality and smart enhancement of Nelsons City Centre; and <u>Accepts</u> the Waka Kotahi funding offer will be relinquished and acknowledges the support from Waka Kotahi; and <u>Notes</u> officers will have follow up discussions with Waka Kotahi for future funding opportunities. 	Barton, Clare	 City Centre Spatial Plan is underway and is the priority for the City Centre Development Programme Lead. Draft report to Council on 26 August and approved for release for month-long feedback Capex and Opex for FY20/21 are committed. Opex for various consultant expertise engagements and Capex mostly on Council approved multi- function lights in Upper Trafalgar. Other capex looking at assisting on people-focused outcomes with Selwyn Place speed reduction and safety (with Transport), 4Lanes Festival planning (with Events). The budgets for 21/22 and 22/23 are included in the LTP for City Centre (or CBD Enhancement or whatever the budgeted activity is) Some budget adjustment might be needed across the three year programme Future Streets for People tactical projects will be evaluated based on feedback on Te Ara ō Whakatū, identifying and working alongside local city centre business champions, and aligning outcomes of trials with other Council activities and renewals (e.g. Montgomery Toilet Block refurbishment, Selwyn Street safety, etc)

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
				 Funding was relinquished from successful City Centre application but utilised locally for the Nelson South project on Kawai Street Relationships at officer level with Waka Kotahi ongoing, including continued participation on Streets for People (Major Town Centre cluster) and TAG member on Urban Streetscape Guide development
				Ongoing
18/02/2021	Options for a Climatorium	 That the Council <u>Receives</u> the report Options for a Climatorium (R20301) and its attachment (A2398703); and <u>Supports</u> Wakatū Incorporation's approach of developing a business case for the development of a Climatorium; and <u>Agrees</u> that planning for any library redevelopment in the Mahitahi River Precinct should recognise the potential development of a Climatorium on Wakatū Incorporation land; and <u>Agrees</u> to work with Wakatū Incorporation to convene a meeting with representatives from government, industry, research institutions, and the community to explore the opportunity for Nelson to become a centre for climate change mitigation, adaptation and resilience research and innovation; and <u>Requests</u> that progress on the development of the Climatorium is reported to Council on a regular basis via the Mayor's Report. 	McDonald, Nicky	Officers have met with Wakatu Inc to discuss the project. Ongoing

Item 9: Council – Status Report – September 2021: Attachment 1

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
11/05/2021	Options for Increasing Māori Representation on Committees and Subcommittees	 That the Council <u>Receives</u> the report Options for Increasing Māori Representation on Committees and Subcommittees (R22652); and <u>Establishes</u> roles to represent Māori in each of the following governance bodies of Council: a. Community and Recreation Committee Infrastructure Committee Audit, Risk and Finance Subcommittee Forestry Subcommittee <u>Directs</u> Officers to liaise with iwi and seek nominations for an appropriate candidate for each role. 	McDonald, Nicky	Draft job descriptions have been developed and circulated to iwi. Potential nominees for all recently established Māori representatives (including the earlier two subcommittee positions) may be received from iwi at the September Iwi-Council hui Ongoing
18/05/2021	Elma Turner Library - Deliberations on Submissions to the Long Term Plan 2021-31 and Business Case	 That the Council Receives the report Elma Turner Library – Deliberations on Submissions to the Long Term Plan 2021 – 31 and Business Case (R24785) and its attachment (A2630896). Reconfirms that, having considered submissions on the Long Term Plan 2021-31 and having considered the business case, Council's preferred option is to build a new library building on the corner of Halifax Street and Trafalgar Street, within the Riverside Precinct, subject to agreement with Wakatū Incorporation on a land exchange involving that site and the current library site, and completion of a flood mitigation plan for the proposed building footprint including consideration of effects on adjoining sites. Confirms that, prior to negotiations taking place: Council will approve the land exchange negotiating team and its brief; and Confirms that, on completion of negotiations: Council will approve the community engagement process (including a communication strategy), project management and governance approach, procurement process, financial management,	White, Andrew	Planning to implement the resolutions is well underway. Elected member briefing and workshop held in August, with a number of key decision reports to come to Council in September, October and December. Ongoing

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
		and reporting and approvals processes for the proposed new library building and landscaping; and 5. Notes that under best practice a Quality Assurance		
		Framework is used for the life of the project		
		 6. Confirms that prior to design Council will approve the level of any shared community spaces (including provision for community organisations) in the library building project scope; and Council will approve climate change mitigation and environmental sustainability objectives for the new library building and surrounding landscaping; and 		
		 Noting the guiding principle of developing an accessible community space, that officers also consider housing opportunities in the planning process and to report to Council on considerations; and Confirms that, should negotiations with Wakatū 		
		 Confirms that, should negotiations with Wakatū Incorporation on a land exchange be unsuccessful, officers will seek confirmation from Council to proceed with Option Four - to construct a new high specification library on the current site; and Confirms that no financial contribution has been committed by Council to Wakatū Incorporation to support construction of the Climatorium. 		

MEETING DATE SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
Proposed Ne Company Mo for Nelson Air and Port Nels	 That the Council <u>Receives</u> the report Proposed new Company Model for Nelson Airport and Port Nelson (R24786); <u>Notes</u> that a special consultative procedure has been carried out by Council, in accordance with section 83 of the Local Government Act 2002, covering the proposal to establish a new Council Controlled Trading Organisation; and <u>Agrees</u> that Option Three, a new company, established as a funding vehicle only, is the most appropriate way of providing financial benefits for the Nelson Airport, Port Nelson and shareholders; and <u>Motes</u> that shareholder agreement is required in order to proceed with any option other than the status quo; and Subject to Tasman District Council passing similar resolutions: <u>Authorises</u> the Mayor to vote the Council's shareholding in the Nelson Airport Limited and Port Nelson Limited to give effect to clauses 3 and 4 of this resolution (CL/2021/100); and <u>Instructs</u> the Chief Executive, in conjunction with Tasman District Council, to advise council staff and the boards of Nelson Airport Limited and Port Nelson Limited to develop a detailed plan for the establishment of the funding company; and 6. <u>Notes</u> that updates on the establishment of the Funding Company will be reported back to Council. 	Harrison, Nikki	Meeting with Port and Airport has taken place at an officer level to work through work plan and potential timing for transition. Next steps are share valuation and binding tax ruling. Ongoing

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
18/05/2021	Deliberations on Submissions to the Long Term Plan 2021-31 Consultation and Related Matters – Science and Technology Precinct	 That the Council Science and Technology Precinct 21. <u>Notes</u> that the estimated \$2.8 million capital funding for realigning Council's stormwater pipe will be transferred into the stormwater activity and depreciated; and 22. <u>Approves</u> a carry forward from 2020/21 to Year 1 of the Long Term Plan 2021-31 of the \$1.5 million capital grant, payable to the Cawthron Institute (on the signing of the sale and purchase agreement between Port Nelson and the Cawthron Institute); and 23. <u>Approves</u> bringing forward \$2 million for the Science and Technology Precinct project from Year 2 to Year 1 of the Long Term Plan 2021-31; and 24. <u>Approves</u> a loan funded capital grant of up to \$1.2 million to Port Nelson as Council's contribution towards the development at the Science and Technology Precinct, payable to Port Nelson on completion of the works; and 25. <u>Approves</u> a provision of \$500,000 additional funding in Year 1 of the Long Term Plan 2021-31 (bringing the total Council contribution to \$5.5 million) towards the Science and Technology Precinct; and 26. <u>Notes</u> that the total Council contribution towards the Science and Technology Precinct; and 	Harrison, Nikki	Council approved unbudgeted additional capital funding of \$226,000 for the relocation of the stormwater reticulation on 2 September 2021 increasing total Precinct contribution to \$5.726m. Works are due for completion by December 2021 Ongoing
18/05/21	Deliberations on Submissions to the Long Term Plan 2021-31 Consultation and Related Matters – Enduro World Series	 <u>Notes</u> that a grant of \$50,000 has been contributed towards the Enduro World series, now scheduled for April 2022; and <u>Requests</u> officers to work with Nelson Mountain Bike Club and Nelson Regional Development Agency to review the event budget and report back to Council on deliverability based on the original agreement in the 2019/20 Annual Plan, or an additional \$50,000 of underwriting. 	McDonald, Nicky	In light of the ongoing global uncertainty surrounding COVID-19, the Enduro Sports Organisation (ESO) and the Nelson Mountain Bike Club (NMTBC) have made the reluctant decision to cancel the Nelson leg of the Enduro World Series (EWS). The NRDA is working with the MTB club to complete the necessary transition steps related to the underwriting agreement in place. Complete

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
18/05/21	Deliberations on Submissions to the Long Term Plan 2021-31 Consultation and Related Matters – Final windup of Community Housing	29. <u>Approves</u> releasing the Depreciation Reserve of \$391,000 and Pensioner Housing Reserve of \$231,000 in Year 1 of the Long Term Plan 2021 - 31 to offset rates.	Harrison, Nikki	Actioned July 2021 Complete

		Tha	t the Council		
		1.	<u>Receives</u> the report Nelson Regional Development Agency Statement of Intent 2021 - 2024 (R25848) and its attachment (A2679638); and		
		2.	<u>Agrees</u> that the Nelson Regional Development Agency Statement of Intent 2021-24, as amended, meets Council's expectations and is approved as the final Statement of Intent for 2021-24; and		
	Nelson Regional	3.	<u>Approves</u> , in principle, the Nelson Tasman Regeneration Plan/Project Kōkiri 2.0; and		NRDA consultation with iwi on Project Kōkiri 2.0 is underway
1/07/2021	Development Agency Statement of Intent 2021 -	4.	<u>Agrees</u> that, unless there are material changes following further engagement, this in principle approval will allow provision of \$350,000 per annum to the Nelson Regional Development Agency over the first three years of the Long	McDonald, Nicky	and will be followed by further engagement with a range of stakeholders.
	2024		Term Plan 2021/31 towards implementation of the Regeneration Plan/Project Kōkiri 2.0; and		Ongoing
		5.	<u>Notes</u> that should changes to the Regeneration Plan/Project Kōkiri 2.0 following further engagement be material, the Plan will be brought back to Council for further consideration and		
		6.	approval; and <u>Endorses</u> the Mayor as Council's representative on the Project Kōkiri Leadership Group.		

		 That the Council <u>Receives</u> the report Representation Review Initial Proposal (R25896) and its attachments (A2712103 [survey feedback], A2719650 [Ward Option assessments], A2715296 [Two Ward boundary outline], A2712591 [Three Ward boundary outline]) and A2720247 [Four Ward boundary outline]; and A<u>dopts</u> the following initial representation proposal (Option <u>4a</u>): That the Nelson City Council consist of a mayor and 12 councillors; and That two General Wards be established as follows: 			be w ci pe in pr	The statutory public notice has been published twice at time of writing, with a version circulated during the lockdown period advising of updates to information access and ways to provide feedback throughout this time. A variety of promotional
		Name	Boundaries	isheu as tonows.	1	
		Central Ward	As outlined A2715296	l in attachment		activities have been undertaken to advise people of the proposal and how to access
12/08/2021		Stoke-Tahuna Ward	As outlined A2715296]	information or make a submission; drop-in sessions
	Representation Review Initial Proposal	for the 2022 13 May 2021 the Local Gov	the Whakatū Māori ward was established 2 and 2025 local government elections on 1, a decision which cannot be appealed to vernment Commission; and ed system of voting be established, as		McDonald, Nicky	which had been arranged were replaced with telephone and email options during Alert Levels 3 and 4, but will be re- explored for Level 2 (ensuring that the national guidance can
			Members	rs Popn. per Ward councillor		be met at all times). Radio chats to provide information on
		At large (all voters)	Mayor Three councillors	N/A N/A		the review are being arranged. Information is available to the
				Central Ward Four councillors 6,458 (General roll)]	community online, by email and by phone, as well as via
		Stoke-Tahuna Ward (General roll)	Four councillors	6,370		Our Nelson, media releases and the print notices. In Level
		Whakatū Māori Ward (Māori roll)	One councillor	3,320		3 information packs were able to be posted on request.
		3. <u>Agrees</u> that public opportunity to subr	nit on the proposal w tory requirements of	ablished; and initial proposal and will be undertaken in f section 19M of the		Ongoing

Item 9: Council –

Status Report

Т

September 2021: Attachment 1

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That the Council

		mar			
		1.	<u>Receives</u> the report Infrastructure Acceleration Fund: Developer-led Expressions of Interest (R26027) and its attachments (A2704700, A2714336, A3904008, A2711258, A2716113, A2720023, A2713299 and A2719661).		
		That	the Council		
12/08/2021	Infrastructure Acceleration Fund: Developer-led Expressions of Interest		 <u>Includes</u> the following developer Expressions of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the proposals, including in its regulatory capacity: a. Wakatū Incorporation (Horoirangi, A2711258). <u>Includes</u> the following developer Expression of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the proposals, including in its regulatory capacity: b. Maitai Development Co "Maitahi" (Kaka Valley, A2716113). the Council 	Louverdis, Alec	All EOI's were successfully sent to Kainga Ora and officers await the outcome to ascertain if any of the EOI's will be proceeding to the next phase. If any of these do make it to the next round officers will be reporting these back to Council along with implications to the LTP and ability to resource these going forward. Completed
		2.	<u>Includes</u> the following developer Expression of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council		

decision-making in relation to the proposals, including in its

regulatory capacity:

	c. Stoke Valley Holdings Limited/Solitaire Investments Limited/Marsden Park Limited (Ngawhatu Valley/Marsden Valley, A2720023).
Tha	t the Council
2.	<u>Includes</u> the following developer Expression of Interest as part of the Council's application to the Kainga Ora administered Infrastructure Development Fund, noting that this decision is in no way intended to fetter any future Council decision-making in relation to the proposals, including in its regulatory capacity:
	d. Gibbons (Bishopdale, A2713299).
Res	olved CL/2021/137
3.	<u>Notes</u> that a further report will be brought to Council once Kāinga Ora has decided which, if any, of these Expressions of Interest will be invited to respond to a Request for Proposals process detailing:
	 The required level of Council investment in infrastructure to support each qualifying development; and
	• Whether or not this funding is included in the Long-Term Plan 2021-31 and which year(s); and
	• The impact of prioritising any capital projects that support qualifying development on the phasing of other capital projects within the Long-Term Plan 2021-31 work programme; and
	 The capacity of Council to deliver multiple additional infrastructure projects within the required timeframe.

		Tha	That the Council			
		1.	<u>Approves</u> the housing bottom lines be adopted for inclusion			
			into Nelson City Council's district plan/regional policy			
			statement as set out in this report Housing and Business		1. The housing bottom lines	
			Capacity Assessments for Nelson City and Nelson-Tasman's		are currently being inserted	
			urban environment (R24829); and		into the Regional Plan	
			alban environment (R24029); and		5	
		2	Notes that the Minister of the Environment will be notified of		chapter of the Draft Nelson	
	Line and a second	2.			Plan as part of the current	
	Housing and		the insufficiency of development capacity for housing for the		updates to finalise the Draft	
	Business		Nelson part of the urban environment as set out in this report		Plan. Any potential change	
	Capacity		(R24829); and		to the Nelson Plan	
	Assessments				programme will take into	
12/08/2021	for Nelson City	З.	<u>Delegates</u> to the Mayor and Chief Executive the authority to	Barton, Clare	account the implementation	
	and Nelson-		confer with the Tasman District Council regarding any minor		of the housing bottom lines.	
	Tasman's		editorial amendments to the Nelson-Tasman Housing and			
	urban		Business Capacity Assessment report (A2688455); and		Letter has been sent.	
	environment					
		4.	<u>Notes</u> the recommendations from the Housing and Business		5. Confirming that these	
			Capacity Assessments as set out in this report (R24829); and		changes have been made to	
					the Joint HBA.	
		5.	Notes an amendment to section 6 paragraph 1.1.4 on page		the some non.	
		5.			Completed	
			15 of the National Policy Statement on Urban Development:		Completed	
			Nelson and Tasman Tier 2 Urban Environment: Housing and			
			Business Assessment as per tabled document (A2726827).		1	

Council



23 September 2021

REPORT R26048

Nelson Central Library - Flood Mitigation Plan

1. Purpose of report

- 1.1 To present the results of flood modelling of the proposed site for the Nelson Central Library development.
- 1.2 To accept the Flood Mitigation Plan and to agree that flood management elements be incorporated in the design brief.

2. Summary

- 2.1 As part of the approval process for the development of the new Nelson Central Library (library), Council asked for a Flood Mitigation Plan (FMP) to be prepared, so that it could better understand the potential impacts of the development on flood levels, both on-site and on adjacent sites.
- 2.2 Five scenarios were modelled by Council's consultants, with these showing that the proposed footprint has minimal impact on flood levels within adjacent sites and for some scenarios show an improvement in flooding levels. If secondary flow paths are incorporated into the design, the development has some positive benefits in allowing water to drain from Halifax Street.
- 2.3 It is appropriate that the design brief for the library incorporates the recommendations from the FMP to ensure these benefits are realised.

3. Recommendation

That the Council

- 1. <u>Receives</u> the report Nelson Central Library Flood Mitigation Plan (R26048) and its attachment (A2733041); and
- 2. <u>Agrees</u> that the flood modelling presented in the Nelson Central Library Redevelopment - Flood Mitigation Plan (A2733041) demonstrates that the proposed Nelson Central Library development (corner of

Trafalgar/Halifax Streets) has negligible effect on adjacent properties if design and landscape features are incorporated into the design brief; and

- 3. <u>Approves</u> the Nelson Central Library Development Flood Mitigation Plan (A2733041); and
- 4. <u>Notes</u> that further community consultation is programmed to be carried out in relation to the wider issue of central city flood risk and possible mitigation options.

4. Background

4.1 Council consulted on development options for its central library through the Long Term Plan 2021-31 (LTP). A deliberations report (R24785) was received by Council on 18 May 2021. Having considered that report, and the submissions it received, the Council resolved to:

Resolved CL/2021/001

That the Council

<u>Reconfirms</u> that, having considered submissions on the Long Term Plan 2021-31 and having considered the business case, Council's preferred option is to build a new library building on the corner of Halifax Street and Trafalgar Street, within the Riverside Precinct, subject to agreement with Wakatū Incorporation on a land exchange involving that site and the current library site, and completion of a flood mitigation plan for the proposed building footprint including consideration of effects on adjoining sites.

- 4.2 This report specifically addresses the requirement of a FMP mentioned in the above resolution.
- 4.3 Council also identified reporting requirements in relation to several other issues, that will be the subject of separate reports to Council, including:
 - 4.3.1 The land exchange negotiation (subject of a separate report on this agenda);
 - 4.3.2 Quality assurance framework (subject of a separate report on this agenda);
 - 4.3.3 The allocation of community space;
 - 4.3.4 Climate change mitigation and environmental sustainability objectives; and
 - 4.3.5 Housing opportunities.

5. Discussion

- 5.1 Tonkin & Taylor Ltd was commissioned to run flood modelling scenarios to assess the impacts of the library development on the preferred site (corner of Halifax Street and Trafalgar Street). This modelling methodology and results have been peer reviewed by Stantec Ltd.
- 5.2 A baseline model was created to represent the existing situation and building configuration on two scenarios – predicted present-day flood depths from a 1% Annual Exceedance Probability (AEP) river flood event, and a 1% AEP flood event in 2130 incorporating RCP 8.5M climate change projections and sea level rise.
- 5.3 Five scenarios for the proposed library development were then modelled, with results compared to the baseline model to assess whether potential flood impacts on the site and adjacent sites were positive (i.e. reduced flooding); neutral (no significant impact on flood levels), or negative (causing increased flood depths). The five scenarios modelled were:
 - 5.3.1 Scenario 1: A 'worst case' model which assumes all of the site bordered by Trafalgar, Halifax and Tahaki Streets is built up, obstructs all flood flows and displaces flood volume to surrounding areas – as noted this is the worst possible scenario and is not a scenario anticipated;
 - 5.3.2 Scenario 2: Existing Burger King building and the small building between Findex and the pocket park removed, and two new library buildings added (as per initial concepts for the site) with no secondary flow path;
 - 5.3.3 Scenario 3: As per Scenario 2 plus the inclusion of a secondary flow path through the site at approximate RL 3.0m;
 - 5.3.4 Scenario 4: As per Scenario 3 plus the removal of the existing library building;
 - 5.3.5 Scenario 5: As per Scenario 4 plus the inclusion of a Climatorium building (as per initial concepts for the site).
- 5.4 Each scenario was run assuming a present-day 1% AEP flood event, and a 1% AEP flood event in 2130 incorporating RCP 8.5M climate change impacts on rainfall and sea level rise.
- 5.5 It is important to note that Council does not have a final design for the library. The model scenarios have been based on initial concepts and are used on a 'bulk and location' basis, taking into account the expected footprint of the buildings. There is no commitment at this stage to the two-building footprint that has been modelled, or to specific building shapes and locations.
- 5.6 It is also important to note that Council has a separate programme of work to consider Maitai River flood management options for the wider central city. That issue will be subject to separate community

consultation and any mitigation works carried out are likely to provide further flood protection for the library site. The model scenarios presented in this report have assumed no such mitigation works are in place.

6. River flood model results

6.1 The FMP is attached (attachment 1) and contains the baseline model results and the results from the five scenarios. Each are discussed in turn below.

Baseline model

- 6.2 The baseline model shows the flooding that is predicted for a 1% AEP river flood event, both present day and in 2130. The key points to note are:
 - 6.2.1 The flood map shows present-day flood depths of up to 1.0m in low-lying surrounding areas, including the current library/supermarket car park on Tahaki Street, and approximately 0.5m depth on Halifax Street;
 - 6.2.2 The preferred site is not currently flooded, due to it being relatively higher than adjacent areas;
 - 6.2.3 By 2130, a similar 1% AEP event could result in up to 1.7m flood depth on Tahaki Street and 1.2m depth on Halifax Street.
- 6.3 This flood model is currently being used to generate flood overlays for the Whakamahere Whakatū Nelson Plan. Council also has a separate programme of engagement and works budget within the LTP to address Maitai flood risk to the central city and the Wood.

Model results – scenarios modelling

- 6.4 The modelled scenarios present information graphically that shows the difference in flood levels from baseline. Areas which are shaded white are where the concept library development causes neither positive (less depth of flooding) or negative (greater depth of flooding) impact, i.e. flood levels are within ±5mm of what they would be under the current building layout.
- 6.5 Areas shaded green are those areas which would experience lower flood levels under each of the development scenarios. Areas shaded yellow to red would experience greater flood depths. In some areas, increased flood depth is shown due to the lowering of ground level in the scenario, for instance, where a formed secondary flow path through the site has been represented. Where the scenario shows a present-day building being removed, relative flood depths will also be shown as higher because the removal of the building allows water to flow into the space, where previously in the baseline it could not. Conversely, construction of a new building in the scenario prevents entry of water flow and so has a positive impact (reduced flood depth).

- 6.6 The results from the **Scenario 1** 'worst case' model show that an impervious (solid) block build on the site would exacerbate upstream flooding (Trafalgar Street, Millers Acre and Halifax Street) in 2130 by between 50 and 100mm. This type of development would block a flow path back to the river, resulting in the increased flood depth shown. As noted, this is not the intention, and this is purely a worst-case scenario.
- 6.7 **Scenario 2** 'no secondary flowpath' modelling shows more limited upstream flooding, again in the range of only between 50 and 100mm in 2130.
- 6.8 The inclusion of a secondary flow path through the site in **Scenario 3** significantly reduces upstream flood depths in 2130. Increased flood depths of between 50 and 100mm are restricted to a limited area of road reserve on Trafalgar Street.
- 6.9 **Scenario 4** shows the impact of removing the existing library building. This has a **positive** benefit to Halifax Street and Civic House as this creates an additional secondary flow path for stormwater. Flood levels are **decreased** by between 50 and 250mm. There are no negative offsite impacts.
- 6.10 Finally, Scenario 5 shows that the construction of a proposed Climatorium adjacent to the library has no significant impact relative to Scenario 4, as secondary flow paths are provided for around the building. A positive impact on Halifax Street is noted, as per Scenario 4.
- 6.11 It should be noted that for all scenarios, the nature of flooding in the central city west of Trafalgar Street is that of surface ponding in a basin, such that flood flow velocities reduce as water depth within the CBD increases during the flood event. Aside from the immediate vicinity of the riverbank, flow velocity remains low as flood water slowly drains following the event.

7. Recommended mitigation

- 7.1 Based on the results from the scenario modelling, it is recommended that any design brief for the library development should incorporate the following:
 - 7.1.1 A secondary flow path within the site to mitigate the risk of the development having an impact on upstream flood levels. This will provide benefits to adjacent areas in a flood event;
 - 7.1.2 The building should have a minimum floor level of at least RL4.0m. This level is based on meeting RCP 8.5M projections for 2130; and
 - 7.1.3 The ability to raise the floor level of the building in future once sea level rise exceeds 1.0m relative to the existing mean sea

level¹². This gives resiliency if sea level rise is greater than projected, including for the RCP 8.5H+ climate projection.

8. Options

- 8.1 Council has asked for an FMP for its preferred site for the development of the Nelson Central Library. It can now either accept the FMP and its recommendations or decline to accept it and ask for further information.
- 8.2 Officers note that the FMP fulfils the requirements of the Council resolution and officers recommend that Council accept the recommendations of the FMP and that these be used to inform the design brief (Option 1).

Option 1: Accept the FMP. Recommended option.			
Advantages	 Allows further work on the library development to take place Fulfils Council resolution and will allow the project to proceed to the next steps Acknowledges that the modelling demonstrates that flood impacts on adjacent properties are minimal and can be managed Recognises that further work on flood mitigation will be required once designs are finalised Allows the design brief to include secondary flows paths at an early stage 		
Risks and Disadvantages	 Secondary flow path in the design may limit design options but this is unlikely 		
Option 2: Decline to accept the FMP			
Advantages	Allows Council to seek further information		
Risks and Disadvantages	 Council would need to articulate what other information it would need to proceed with the library development There will be significant delays to the project as Council acceptance of the FMP is required as a condition of proceeding with the next stage of the project 		

¹² The existing mean sea level has been derived from tidal records for Port Nelson between 2008-2017.

9. Conclusion

9.1 Council asked for further advice on flood management for the preferred library site. Modelling has shown that off-site effects are limited and can be mitigated by the incorporation of design features. Similarly, on-site flood risk can be mitigated through building design and adaptability.

10. Next steps

- 10.1 Council will receive a series of other reports on different aspects of the Nelson Central Library development project, including:
 - 10.1.1 Housing options;
 - 10.1.2 Project team structure and quality assurance;
 - 10.1.3 Land exchange negotiations;
 - 10.1.4 Community engagement; and
 - 10.1.5 Design brief.
- 10.2 The recommendations from this report, if adopted, will inform the design brief.
- 10.3 Further flood mitigation work will be commissioned once the final building footprint(s) have been determined. These reports will take account of changes in requirements, including any updated central government requirements, and will form part of Council's resource consent application for the library development.

Author: Alec Louverdis, Group Manager Infrastructure

Attachments

Attachment 1: A2733041 - Tonkin and Taylor - Nelson Central Library Redevelopment - Flood Mitigation Plan - 25Aug2021 J

Important considerations for decision making

1. Fit with purpose of Local Government

The provision of library services is a core function of local government. This report contains advice that demonstrates that the proposed library building can be designed in a manner that does not cause significant environmental effects in relation to stormwater movement and flooding. The project meets all the well-beings in the areas of environmental, economic, cultural, environment and social.

2. Consistency with Community Outcomes and Council Policy

This report was requested by the Council as part of a suite of reports required to give effect to its Long Term Plan 2021-31 decision in relation to the library development. The recommendations in this report fit with the following community outcomes:

- Our urban and rural environments are people friendly, well planned and sustainably managed
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our communities are healthy, safe, and resilient
- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement

3. Risk

This report deals with the specific risk of the library development causing flood impacts on adjacent sites. The report makes recommendations in relation to the design of the building and surrounding landscaping that can mitigate the identified risk.

4. Financial impact

This recommendation has no financial impact. The library development is a budgeted project in the Long Term Plan 2021-31.

5. Degree of significance and level of engagement

This matter is of low significance because Council has already consulted on this location as its preferred site for the library through the Long Term Plan 2021-31 process. The community will have access to the information contained within this report as part of the wider communication strategy in relation to the project.

6. Climate impact

Current and future climate change impacts have been factored into the modelling used in this report. The recommendations include a trigger point
for future adaptation of library floor levels to respond to sea level rise if required. Design recommendations will ensure that secondary flow paths are included within the design brief to allow for predicted secondary flows through the site.

7. Inclusion of Māori in the decision-making process

No engagement with Māori has been undertaken in preparing this report.

8. Delegations

Decisions on the Nelson Central Library development project are matters reserved for Council.

REPORT

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Document Control

Title: Nelson Central Library Redevelopment						
Date	Version	Description	Prepared by:	Reviewed by:	Authorised by:	
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Tonkin & Taylor Ltd (FILE)

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Tonkin & Taylor Ltd Nelson Central Library Redevelopment - Flood Mitigation Plan Nelson City Council

1 Introduction

The Nelson City Council (NCC) is considering a redevelopment of its central city library as part of the proposed redevelopment of the Riverside Precinct in Nelson City. A resolution on the proposed new building(s) was passed by Council at their meeting on 20 May 2021, as follows:

That the Council

2 Reconfirms that, having considered submissions on the Long Term Plan 2021-31 and having considered the business case, Council's preferred option is to build a new library building on the corner of Halifax Street and Trafalgar Street, within the Riverside Precinct, subject to agreement with Wakatū Incorporation on a land exchange involving that site and the current library site, and completion of a flood mitigation plan for the proposed building footprint including consideration of effects on adjoining sites;

As above, the resolution requires the preparation of a Flood Mitigation Plan for the proposed new library building(s). NCC has engaged Tonkin & Taylor Ltd (T+T) to provide information to inform a preliminary version of the flood mitigation plan based on an initial concept for the proposed library redevelopment.

NCC have provided T+T with a concept outline of the proposed development, prepared by Wakatū Inc. An excerpt of this showing a potential configuration of building footprints, and open civic space is shown in Figure 1.1 below.



Figure 1.1: Concept outline developed by Wakatū of potential site development. Source: NCC

The purpose of this report is to:

- present findings from a preliminary assessment of the effects of the potential redevelopment of the site on flooding, including to adjoining sites; and
- outline mitigation measures that should be considered in the detailed design of the new library.

The work has been undertaken in accordance with the conditions of engagement as per Professional Services Brief (PSB) dated 12 July 2021.

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This report is not an assessment of effects (AEE), and further detail and additional scenarios will require consideration in support of a consent application, based on preliminary design plans. This preliminary Flood Mitigation Plan should be reviewed and updated during design stages for the site development, to best achieve desired outcomes. The subsequent flood mitigation measures may differ from those presented in this preliminary Flood Mitigation Plan. Furthermore, this assessment does not consider the effects of any changes that may be required outside the current Elma Turner Library site (e.g. road, footpath or other access changes).

2 Assessment standard

NCC anticipates a minimum 100-year design life for the new library building(s). Therefore, the development will need to allow for flooding over at least the next 100 years.

NCC wish to provide a 1% AEP (Annual Exceedance Probability) flood protection level of service for the proposed building to minimise flood risk during the buildings design life.

In accordance with this standard, the potential effects of the redevelopment on the flooding of adjoining sites has been assessed in the present day and 2130 events. The effects of climate change have been allowed for, considering an RCP8.5M pathway, as was used for the development of flood hazard overlays for the draft Nelson Plan. An RCP8.5H+ value for sea level rise is also reported as part of the coastal inundation assessment; this relates to an 85th percentile sea level rise value given by the numerous climate models. For more information on this, see the T+T, 2020 report¹. The RCP8.5 pathway (M and H+) is at the upper end of the pathways set out in the current Ministry for the Environment (MfE) guidance².

Detailed design should include assessment of effects with consideration of a range of storm events, including less intense / more frequent events.

3 Flooding sources

The site is potentially subject to flooding from three main sources:

- 1 Coastal inundation resulting from elevated sea levels during storm surge events. These are expected to become more severe (higher) over the next century and beyond, due to sea level rise;
- 2 River (fluvial) flooding due to flows breaking out of the Maitai River during extreme rainfall events. At the Riverside Precinct site, the severity of river flooding may be increased when river flows coincide with high sea levels;
- 3 **Stormwater (pluvial) flooding** due to local urban catchments exceeding the capacity of piped/overland flow networks. Whilst this type of flooding may be more frequent, the extent and depth of flooding would be significantly less than for river flooding.

The assessments of flooding have been based on present land-use, conveyance capacities and existing flood protection measures within the catchment. It is noted that these may change over the lifetime of the proposed library development.

3.1 Coastal inundation levels

NCC has undertaken assessment of coastal inundation across Nelson City (refer T+T, 2020 report). The assessment for the Riverside Precinct (and wider Nelson CBD area) included both "bathtub" and "hydrodynamic assessment" of coastal inundation. The assessment was based on extreme water

 ¹ Tonkin & Taylor Ltd report titled "Coastal Inundation Hazard Report", Rev 7, dated 9 November 2020.
 ² Ministry for the Environment report titled "Coastal hazards and climate change: Guidance for local government", dated December 2017.

levels provided to NCC by NIWA, and sea level rise projections provided by the Ministry for the Environment (MfE). For more information on these values, refer T+T, 2020 report.

Relevant extreme water levels are presented in Table 3.1 below. Note that as this site is in close proximity to the river's edge, the bathtub and hydrodynamic coastal models gave similar inundation levels for 2130.

Table 3.1:	Extreme	coastal	inundation	levels

Time horizon	Sea level rise over 2008-2017 baseline (m)	1% AEP coastal inundation level (m RL, NZVD2016)
Present day	0	2.60
2130 RCP8.5M	1.11	3.71
2130 RCP8.5H+	1.45	4.05
Floor level of existing library building (as advised by NCC)		2.86

During ex-cyclone Fehi in February 2018, coastal inundation levels reached approximately RL 2.6 m (NZVD2016) around the Trafalgar Street/Halifax Street intersection (as advised by NCC). The average recurrence interval (ARI) of the event was estimated as being at least 100 years (NIWA, 2018). This flooding is shown below in Photograph 3.1.



Photograph 3.1: Coastal Inundation outside Civic House during February 2018 Cyclone Fehi. Flooding due to coastal ingress through the stormwater network. Source: NCC

3.2 River flood levels

The latest version of the Maitai River model (model ref MaiBkYk_202103_v016) has been used to develop river flood hazard overlays for the Nelson Plan, based on flood hazard associated with the

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Maitai River and Brook and York Streams. The modelling and resulting layers have been peer reviewed, and NCC plan to take the layers out for public consultation in September 2021.

The modelling indicates that in extreme events, flooding of the proposed library site is caused by flood flows spilling from the left bank of the Maitai River between the Collingwood and Trafalgar Street bridges, that subsequently flow through the urban area.

Peak river flood levels at the site are presented in Table 3.2. The flood levels shown represent the highest flood level within the site, which is located along the eastern (Trafalgar Street) side.

Table 3.2: Extreme river flo	od levels
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Time horizon	Approx. 1% AEP flood level	
	(m RL, NZVD2016)	
Present day	3.1 – 3.2	
2130 RCP8.5M	3.7 – 3.8	
Floor level of existing building on the site (Burger King) as advised by NCC	3.5	

Flood information based on model version MaiBkYk_202103_v06

The existing river flood depth maps are presented as Figures 1 and 2 in Appendix A for the 2130 RCP8.5M and present day 1% AEP events, respectively.

3.3 Stormwater flooding

A third source of potential flooding at the site is pluvial (rainfall-induced) flooding. This is flooding that occurs when the runoff generated by rainfall over the local catchment exceeds the inlet and/or conveyance capacity of the primary (usually piped) stormwater network in the area. It is generally associated with smaller catchments (and therefore shorter, more intense storms) than for the river flooding scenarios.

Given the extreme nature of the other two flooding scenarios at the site (coastal and river flooding), it is expected that stormwater/pluvial flooding will cause the lowest flood levels. Therefore, by mitigating coastal and river flooding for the proposed buildings, stormwater flooding will also be mitigated. Local drainage within the Riverside Precinct will need to be considered as part of the design process and the effects of the proposed building and landscaping on drainage will need to be confirmed and mitigated as necessary.

Stormwater flooding is not considered further in this report. Any detailed design of the proposed building and site will need to consider site stormwater management, including appropriate discharge locations to mitigate stormwater flooding on this and adjacent sites during design events.

4 Modelled development scenarios

Development of the site is not expected to result in any differences in off-site inundation levels during an extreme coastal event. This is due to the nature of coastal inundation, where flooding is expected to occur at low velocity and through ponding, and flood levels are not affected when "storage volume" is removed from the floodplain (e.g. via the introduction of new buildings). Thus, there are no significant off-site effects expected of the proposed development on coastal inundation levels in adjacent property (i.e. any differences would be less than model tolerances of ±50 mm).

River flooding behaviour is different, and site development (including changes to ground levels and/or building footprints) has the potential to obstruct and/or displace flood flows and cause changes to depths and flowpaths.

In order to assess the potential effects, the 1% AEP design storms were run through the Maitai River Model to assess various site development stages and compare results with a baseline (reflecting existing land use). The 24-hour storm duration was selected to assess potential development effects of the proposed Library site and surrounding area. It has previously been identified that the 24-hour storm duration is the critical storm causing maximum flood levels in the inner city.

For the purpose of assessing effects on flood levels in adjoining property, the river model was modified so that existing building footprints on site are represented as solid-wall obstructions to flow. For the wider catchment modelling supporting the Nelson Plan, buildings are represented as "high-roughness" zones. This allows buildings to significantly impede flow velocities and cause preferential flowpaths around buildings, but also allows for some ingress of floodwater into the building footprint, so that flood storage within building footprints (either above or below floor level) is accounted for. This is an appropriate assumption for a catchment-wide model, so as to not overestimate the loss of floodplain storage due to the presence of buildings. However, for the purpose of this effects assessment within a localised area, it was considered more appropriate to model buildings as solid-wall obstructions, so as to not under-estimate any off-site effects. Thus, the baseline and development scenarios represent all buildings within the site in this way, while other buildings in the wider floodplain remain modelled as high-roughness zones.

The assessment was based on concept building footprints provided by NCC, based on Wakatū Inc concept sketches. It must be noted that these footprints are indicative only, and not necessarily representative of the final development proposal. These footprints, along with existing and recently removed building footprints are shown in Figure 4.1 below.



Figure 4.1: Existing (black labels) and proposed/concept (red labels) buildings at the site. Source of aerial photo and concept building footprints: NCC.

In all modelled development (i.e. non-baseline) scenarios, the existing Findex building is to remain (owned by others), and the existing building immediately to the west of this is removed. Scenarios 3-5 also include a lowering of ground levels on the walkway corridors between buildings as shown on

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the relevant figures in Appendix A. The most significant of these is the diagonal corridor between the Trafalgar/Halifax intersection and the Maitai River. Lowering ground levels along this corridor provides an overland flowpath between the road intersection and the river.

Modelled scenarios are summarised in Table 4.1 below.

Scenario	Two new library buildings added	Existing library building removed	Lowered corridor for secondary flow path	Climatorium building added
Baseline				
1 ('worst case')	Site development	fully obstructs floo	d flows and displaces f	lood volume
2				
3				
4				
5	Ø	Ø	Ø	

A hypothetical 'worst case' development scenario was included in the modelling, to represent an upper bound to the expected off-site effects. This scenario indicates what off-site effects may be experienced if the entire site was built up or walled off from the surrounding floodplain, obstructing flowpaths and removing flood storage. The site design is expected to have significantly lower impact on flood levels than this hypothetical scenario.

5 Modelled flood level differences

The above scenarios were modelled and resulting flood level maps for Scenarios 1-5 were compared with the baseline scenario to understand the difference (effect) that each development state is expected to have on flooding on adjacent property. These difference maps are presented as Figures 3-12 in Appendix A. Discussion on each scenario is presented in Table 5.1.

Scenario	Figure number		Discussion	
	Present day	RCP8.5M		
1 ('worst case')	3	4	Off-site effects in present-day either zero, or below model tolerance level (+/-50 mm). At 2130, off-site effects of 50-100 mm depth increases expected locally, affecting Trafalgar and Halifax Sts, Miller's Acre, Civic House and State Cinemas. Small area on Trafalgar St side of the Findex building where expected increase exceeds 100 mm (flood level already above Findex floor level in baseline model).	
2	5	6	Off-site effects in present-day either zero, or below model tolerance level (+/-50 mm). At 2130, off-site effects of 50-100 mm depth increases expected locally, similar to worst case, though across a reduced extent. On-site flood level changes noted as a result of changed building configuration (areas previously covered by buildings now able to flood).	

Table 5.1:	Discussion on modelled effects of flood levels
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Scenario	Figure number		Discussion	
	Present day	RCP8.5M		
3	7	8	Off-site effects in present-day either zero, or below model tolerance level (±50 mm). At 2130, off-site effects significantly reduced over Scenario 2, due to the inclusion of lowered ground levels between the two new library buildings, and between the library and Findex buildings. This provides an effective flowpath through the site. Localised increases in flood depths of 50-100 mm on Trafalgar St outside Findex building, though noting that flood levels at that location are already well above the building floor level in this event.	
4	9	10	Off-site effects in present-day either zero, or below model tolerance level (±50 mm). At 2130, off-site depth increases are also zero or less than 50 mm. An off-site depth reduction is indicated along Halifax Street of up to 250 mm. This is due to the removal of the existing library building, which would then allow Halifax Street flooding to flow through the site towards the Maitai River, reducing flooding on the road.	
5	11	12	Off-site effects in present-day either zero, or below model tolerance level (±50 mm). Similar 2130 effects as Scenario 4, although the reduction in Halifax Street flood levels (benefit) is slightly reduced, due to the addition of the Climatorium building. Flows may still travel through the site as in Scenario 4, but not as freely due to the new Climatorium building.	

In summary:

- The inclusion of a flowpath (or flowpaths) through the site from Halifax Street to the Maitai River is critical to ensure that off-site increases in flood levels are mitigated;
- Modelling indicates that a flowpath between Halifax Street and the Maitai River at a level of around RL 3.0 m and approximately 8-10 m wide is sufficient to mitigate off-site effects;
- The modelling is based on concept building layouts; detailed design should include confirmation (by way of flood modelling) that off-site effects are mitigated.

6 Mitigation and adaptation measures

There are two main flood hazard considerations that will need to be addressed during detailed design of the site:

- The effect of the development on flood hazard to adjacent property/land;
- Appropriate design (including freeboard and resilience) of the development itself, in response to flood hazard.

With respect to effects on other sites, a flowpath through the site at approximately RL 3.0 m is a critical aspect of the site's flood mitigation plan. This will assist with ensuring that the risk of increasing off-site flood levels as a result of fluvial flooding is mitigated.

In terms of the development itself, the following initial design measures could be incorporated:

• Set the floor level of the library building (or buildings) to at least RL 4.0 m. This provides approximately 0.3 m freeboard to the 2130 1% AEP flood level;

- 8
- Design the building so that the floor level can be raised when flood risk is no longer negligible. An appropriate trigger for this may be when the anticipated 1% AEP flood level reaches RL 3.7m (~300 mm below the initial floor level). Based on current projections for sea level rise, and assuming an RCP8.5M pathway, this is expected to be about 2130, or approximately 20 years earlier with the RCP 8.5H+ pathway.
- Other resilient design features should be explored during detailed design, including selection of building materials and designed resiliency with respect to building services.

These are considered initial design measures since changes to the building design, site layout and changes to the surrounding area (e.g. roads and footpaths) may affect the flood levels. Other resilient design approaches are likely to exist, and we recommend that the opportunity to creatively explore these to achieve project outcomes is retained. We also note that additional mitigation may be required as part of an AEE to support a consent application, including further consideration of pluvial flooding.

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7 Applicability

This report has been prepared for the exclusive use of our client Nelson City Council, with respect to the particular brief given to us and it may not be relied upon in other contexts or for any other purpose, or by any person other than our client, without our prior written agreement.

Tonkin & Taylor Ltd

Report prepared by:

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Authorised for Tonkin & Taylor Ltd by:

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Jon Rix Project Director

DNV

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Appendix A: Tonkin + Taylor Flood maps

- Figure 1 Present day 1% AEP flood depths (baseline)
- Figure 2 2130 RCP8.5M 1% AEP flood depths (baseline)
- Figure 3 Modelled flood level differences Scenario 1 (worst case) present day
- Figure 4 Modelled flood level differences Scenario 1 (worst case) 2130
- Figure 5 Modelled flood level differences Scenario 2 present day
- Figure 6 Modelled flood level differences Scenario 2 2130
- Figure 7 Modelled flood level differences Scenario 3 present day
- Figure 8 Modelled flood level differences Scenario 3 2130
- Figure 9 Modelled flood level differences Scenario 4 present day
- Figure 10 Modelled flood level differences Scenario 4 2130
- Figure 11 Modelled flood level differences Scenario 5 present day
- Figure 12 Modelled flood level differences Scenario 5 2130





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Council



23 September 2021

REPORT R26167

Nelson Central Library – Decision-making Timeline

1. Purpose of Report

To provide a revised sequential timetable for Council to make decisions in relation to the new Nelson Central Library Development.

2. Recommendation

That the Council

- 1. <u>Receives</u> the report Nelson Central Library Decisionmaking Timeline (R26167); and
- 2. <u>Amends</u> clause 4 of resolution CL/2021/090 made during the 18-20 May 2021 Council meeting:

<u>Confirms</u> that, on completion of negotiations:

 Council will approve the community engagement process (including a communication strategy and engagement plan), project management and governance approach, procurement process, financial management, and reporting and approvals processes for the proposed new library building and landscaping, noting that this work will run in parallel with land exchange negotiations; and

3. Background

3.1 At the Council meeting held on 18-20 May 2021, in Report R24785 Elma Turner Library – Deliberations on Submissions to the Long Term Plan 2021-31 and Business Case, it was resolved that the Council:

Resolved CL/2021/001

- 1. <u>Receives</u> the report Elma Turner Library Deliberations on Submissions to the Long Term Plan 2021-31 and Business Case (R24785) and its attachment (A2630896); and
- 2. <u>Reconfirms</u> that, having considered submissions on the Long Term Plan 2021-31 and having considered the business case, Council's preferred option is to build a new library building on the corner of Halifax Street and Trafalgar Street, within the Riverside Precinct, subject to agreement with Wakatū Incorporation on a land exchange involving that site and the current library site, and completion of a flood mitigation plan for the proposed building footprint including consideration of effects on adjoining sites; and
- 3. <u>Confirms</u> that, prior to negotiations taking place:
 - Council will approve the land exchange negotiating team and its brief; and
- 4. <u>Confirms</u> that, on completion of negotiations:
 - Council will approve the community engagement process (including a communication strategy), project management and governance approach, procurement process, financial management, and reporting and approvals processes for the proposed new library building and landscaping; and
- 5. <u>Notes</u> that under best practice a Quality Assurance Framework is used for the life of the project; and
- 6. <u>Confirms</u> that prior to design
 - Council will approve the level of any shared community spaces (including provision for community organisations) in the library building project scope; and
 - Council will approve climate change mitigation and environmental sustainability objectives for the new library building and surrounding landscaping; and
- 7. <u>Notes</u> the guiding principle of developing an accessible community space, and requests officers also consider housing opportunities in the planning process and to report to Council on considerations; and
- 8. <u>Confirms</u> that, should negotiations with Wakatū Incorporation on a land exchange be unsuccessful, officers will seek confirmation from Council to proceed with Option Four – to construct a new high specification library on the current site; and

9. <u>Confirms</u> that no financial contribution has been committed by Council to Wakatū Incorporation to support construction of the Climatorium.

4. Discussion

- 4.1 There is a clear sequence of decisions contained within the resolutions passed by Council:
 - 4.1.1 Resolution 2 states that the option to build the library requires agreement with Wakatū Incorporation on a land exchange involving that site and the current library site, and the completion of a flood mitigation plan;
 - 4.1.2 Resolution 3 requires two decisions of Council before the negotiations commence; one to agree on the team, the other to agree on the initial negotiating position;
 - 4.1.3 Resolution 4 requires further reports to be provided to Council *on completion* of negotiations;
 - 4.1.4 Resolution 6 requires further approvals from Council to inform the design brief;
 - 4.1.5 Resolution 7 requires a further report to Council as part of the planning process in relation to consideration of housing options.
- 4.2 At the Council workshop on 10 August, a presentation was given by Aesculus, which have been contracted by Council to provide project management advice. The elected memebrs heard that the timeline for the project was conservative, and that opportunities to speed up the programme would be explored. Aesculus has suggested that Council could save some time by allowing some of the reporting identified above to be carried out in parallel, rather than sequentially.
- 4.3 The key change recommended is that Resolution 4 is amended and replaced with the following resolution:

That the Council

<u>Confirms</u> that:

Council will approve the community engagement process (including a communication and engagement plan), project management and governance approach, procurement process, financial management, and reporting and approvals processes for the proposed new library building and landscaping, noting that this work will run in parallel with land exchange negotiations.

4.4 Negotiations may take several months to conclude. The current adopted resolution means that none of the preparatory work and initial engagement can be carried out until those negotiations are complete. Officers believe that it is preferable to carry out this work in parallel with

negotiations in order to ensure the project can proceed quickly once negotiations are concluded, and to maximise opportunities for community engagement in the project planning process.

- 4.5 Other resolutions are unchanged. In line with resolution 2, a report on the flood mitigation plan is presented on the same Council agenda as this report.
- 4.6 Resolution 3 remains the same. A report on the composition of the negotiating team is on the public excluded agenda of this Council meeting. Once that team is appointed, it will assist Council officers to prepare the negotiating position, which will be reported back to Council in October 2021.
- 4.7 The remaining resolutions are also unchanged. In line with those, officers will bring reports to future Council meetings on:
 - The level of shared community space; and
 - Climate change mitigation and environmental sustainability objectives; and
 - Consideration of housing opportunities.

5. Options

- 5.1 Council can either amend its previous decision and replace it with that recommended; or retain the existing resolution. The latter option will result in slower progress of the project and missed opportunities for community input to the project planning.
- 5.2 The recommended option is option 1. This allows for further preparatory work to be undertaken whilst negotiations are underway and will result in time savings for the project and expected benefits gained from earlier community engagement for the project.

Option 1: Amend the existing decision	
Advantages	 Enables planning work to be brought forward and engagement to begin prior to negotiations taking place Reduced time between Council's decision to proceed with the library development and starting a meaningful community engagement process for the project
Risks and Disadvantages	• If negotiations are not successful, there is a risk that some effort will be wasted. However, officers will ensure that all preparatory work could be used to inform a different option for a new library

Option 2: Retain existing decision		
Advantages	 No work will be carried out prior to negotiations concluding 	
Risks and Disadvantages	• This option will result in delays as none of the preparatory work identified in the existing resolution can take place until negotiations are completed	

6. Conclusion

6.1 Council articulated a specific progression of work on the Central Library Development project. Having analysed this, officers believe that there are time efficiencies and community engagement advantages to be gained by making a small change to the sequencing of work.

7. Next Steps

7.1 If the recommended option is taken, officers will proceed with preparing reports on project management and governance approach, procurement process, financial management, and reporting and approvals processes for the proposed new library building and landscaping. These are expected to be presented to Council prior to negotiations concluding.

Author: Andrew White, Group Manager Community Services

Attachments

Nil

Important considerations for decision making

1. Fit with Purpose of Local Government

Libraries are a core function of Council and contribute to the social, economic, environmental and cultural wellbeing of the Nelson community in the present and for the future.

2. Consistency with Community Outcomes and Council Policy

The recommendation is consistent with Long Term Plan 2021-31 and supports the community outcome that our communities have access to a range of social, educational and recreational facilities and activities.

3. Risk

The recommended option seeks to reduce the risk of time delays on the project. There is a risk that if land exchange negotiations are unsuccessful, some of the preparatory work may not have been required. However, officers believe that such work will be substantially useful for a library development in another location.

4. Financial Impact

Budget for the recommended option is included in the Long Term Plan 2021-31.

5. Degree of Significance and Level of Engagement

This matter is of low significance as it relates to process rather than a substantive decision. Further engagement on other aspects of the project will continue throughout the redevelopment process.

6. Climate Impact

There is no climate impact from this decision.

7. Inclusion of Māori in the Decision Making Process

No engagement with Māori has been undertaken in preparing this report.

8. Delegations

Council has retained all responsibilities, powers, functions and duties in relation to governance matters for the Nelson Central Library.



Council

23 September 2021

REPORT R23760

Uniquely Nelson - Annual Report 2020/21

1. Purpose of Report

1.1 To receive Uniquely Nelson's Annual Report.

2. Recommendation

That the Council

- 1. <u>Receives</u> the report Uniquely Nelson -Annual Report 2020/21 (R23760) and its attachment (A2739506); and
- 2. <u>Approves</u> the Uniquely Nelson Annual Report as sufficient to provide Council with an overview of its activities during the 2020/21 year.

2. Background

- 2.1 Uniquely Nelson is an incorporated society governed by a Board and representing businesses and stakeholders in the City Centre. Its purpose is to promote Nelson City as a unique place to work, shop and enjoy spending time in. it provides the following services to Council:
 - Promote the city centre to current and potential users
 - Leverage opportunities to promote the city for events
 - Provide open communication with and between city centre stakeholders, Council and the Nelson Regional Development Agency
 - Assist and support the Council with the promotion of Nelson as the Smart Little City, particularly in the delivery of city centre work programmes
 - Work with Nelson City Council to support the delivery of Council's vision for the city centre particularly through city centre and events work programmes

2.2 At its meeting of 20 June 2020 Council agreed to change the basis for the relationship with Uniquely Nelson from a memorandum of understanding to a contract. This was on the basis that a memorandum of understanding (MOU) didn't provide sufficient clarity about Council's expectations for Uniquely Nelson.

3. Discussion

3.1 Uniquely Nelson's Annual Report for the 2020/21 year is attached. It provides information to meet the requirements of the contract i.e.

An annual report to be provided to Council by 30 September each year which includes:

- A summary of Uniquely Nelson's activities over the year
- Performance against the key performance indicators
- A summary of city centre health over the year, including accessible economic data and occupancy rates
- Annual accounts
- Performance against budget
- Health and safety reporting
- 3.2 Simon Duffy, Manager Uniquely Nelson, and Chris Butler, Chair of the Uniquely Nelson Board will be present to speak to the Annual Report.
- 3.3 Officers consider the reporting this year is much more insightful and relevant for Council and shows the value of moving from an MOU to a contract and the greater clarity that has provided for Uniquely Nelson.

4. Options

4.1 Council has the option of approving the Uniquely Nelson Annual Report as sufficient to provide an overview of the activities undertaken in fulfilling the contract with Council (recommended). Alternatively, Council could ask for the Annual Report to be amended to provide more information on other topics or areas of activity.

Author: Nicky McDonald, Group Manager Strategy and Communications

Attachments

Attachment 1: A2739506 - Uniquely Nelson Annual Report 2020/21 &



Contract Report to Nelson City Council 2020/2021

Uniquely Nelson's Vision, Purpose, Mission and Values

Our Vision is: Nelson, the Smart Little City to live, work and thrive.

Our Purpose is to:

• Promote Nelson city as a unique place to work, shop and enjoy spending time in

Our Mission is to:

- Promote and activate events that contribute to the vitality and vibrancy of the city centre
- Collaborate with and encourage businesses in the central city to be successful
- Promote what Nelson city has to offer to attract visitors and residents to our CBD

Our Core Values are:

- Integrity we do what is best for the benefit and well-being of our community
- Innovation we look for opportunities to do things better and smarter
- Flexibility we are solution-driven in a dynamic, agile and creative manner
- Fun we enjoy what we do and share that sense of fun with others
- Collaboration we work with our community to build relationships that benefit the city as a whole

Our Role, in partnership with Nelson City Council, is to:

- Promote the city centre to current and potential users
- Leverage opportunities to promote the city for events
- Provide open communication with and between city centre stakeholders, Council and the Nelson Regional Development Agency
- Assist and support the Council with the promotion of Nelson as the Smart Little City, particularly in the delivery of city centre work programmes
- Work with Nelson City Council to support the delivery of Council's vision for the city centre particularly through city centre and events work programmes

Uniquely Nelson, Suite 3, Level 1, 244 Hardy Street, Nelson 7010. Tel: 546 8405. Email: simon@uniquelynelson.co.nz


Introduction

This reports sets out Uniquely Nelson's performance indicators against the measures agreed between UN and NCC. We provide a short overview of the year as it relates to contractual outcomes, and look ahead to 2021-22 in terms of the opportunities and challenges it brings. We have summarised our performance measures in a table and have attached relevant supporting information in the attachments.

Overview of the 2020-21 year

Key UN achievements

- Partnership with Light Nelson, late night activation, 'Nelson on Sale' promotion tied in to Light Nelson dates.
 Partnership with Stuff resulted in \$25k contra promoting Nelson to West Coast, Marlborough, Tasman and Wellington.
- Strong relationship with central city retailers. Following last year's strategic review, the value of engagement
 and participation with UN is being increasingly recognised by retailers. Resulting in high rate of membership
 renewals.
- Christmas events 2020/21 good engagement from businesses, view UN as a partner in delivering shared outcomes

Update on COVID-19 recovery

- Business confidence in central city remains strong (pre- August 2021 lockdown)
- Strong domestic interest in Nelson Tasman. Nelson being marketed as boutique and unique

Progress with the City Centre Programme

- Communications between NCC and UN needs further work, particularly on key issues affecting central city businesses (eg parking)
- Positive response to initiatives such as pop up park and Upper Trafalgar Street improvements.

Outlook for 2021-22 year

- Still uncertainty over international tourists, continuing focus on kiwis.
- Partnership with Stuff can grow and will raise profile of Nelson nationally
- Uncertainty over events means continuing need for flexibility and leveraging off of smaller events
- Strategically working closer with NRDA to encourage a wider catchment of visitors to the CBD.
- Developing CBD App for visitors to the region

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	Short-term Objectives: 2020-22					
Objective	Focus Area	Action	Measure	Performance 2021		
	Business support	E-newsletters delivered to business database includes information on support available.	E-newsletters delivered weekly and data collected on readership (open rate and click through and click to open rate).	Achieved Open rate: 22% Click rate: 18%		
Businesses know about, and have access to, relevant support to keep operating and to adapt to trading conditions	Business support Building strategic	An annual survey of retailers identifies training and other support needed. Liaise with NRDA, Chamber of	Survey completed and results reported by 30 June 2021.	Achieved 21 members and 42 non members responded to survey. Key points: - High satisfaction with UN website - Moderate to high business confidence - Support needed to enhance online marketing Achieved		
	partnerships	Commerce, NCC and MBIE to identify opportunities to provide support to businesses in central city.		Chair and General Manager have attended all joint meetings arranged by NCC. Regular ongoing operational meetings between General Manager and NRDA events and marketing staff.		
Opportunities for businesses to	Business support	Increase retailer uptake on the Nelson Advantage marketplace website. Promotion of daily deals and specials.	Increase the number of shops signed up as members by five per month (currently 80).	In progress - Number of shops signed up (including renewals) as members: 121 to date.		
diversify/grow their sales through e- commerce platforms are promoted and expanded	Branding, marketing and communications Operational excellence	Review and prioritise Uniquely Nelson's presence on other social media platforms: For example, Facebook, Twitter, Instagram, Pinterest, and YouTube. UN brand is recognised across key platforms.	Annual review of social media usage/costs/benefits identifying opportunities and value proposition for online media platforms by 31 March each year.	Achieved Hotjar (behaviour analytics tool) review of platforms is ongoing. Current platforms (FB/Instagram) are providing best value.		

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	Short-term Objectives: 2020-22					
Objective	Focus Area	Action	Measure	Performance 2021		
Residents and visitors know that the central city is open for business	Branding, marketing and communications Business support	Regular media releases/online media advertising through Stuff promoting city centre as open for business.	At least four promotional advertorials per year. At least two press releases per year. Report on how often UN is mentioned in the media.	Achieved Advertorials in media print/online and have developed a partnership with Stuff's local business reporters Achieved Press releases and media mentions - see attachment page 8.		
	Branding marketing and communications	Maintain up-to-date website with local information, offers and news on city development.	Website visitation increased to 15,000 per month (currently 12,000).	Not Achieved Website visitation: 10,000 per month. Decease in international visitors, especially via our Nelson City Free Wifi.		
Residents and visitors know that the central city is open for		E-newsletters sent out every week to consumer databases of 16,500. Content to be expanded to increase open rates.	Increase followers of Nelson Advantage by 5%. 16500 to 17325 by end of 2022. and report on the click and open rate.	In Progress Nelson Advantage followers: In progress target 17500 by end of 2022 Click rate: 35% Open rate: 20%		
business		Nelson City Guide produced and distributed.	35,000 copies to be produced and distributed each year in conjunction with the AGM.	Not Achieved 28,000 copies distributed: less demand for copies due to lack of international tourists Not Achieved		
			Achieve at least a \$2,500 profit share to Uniquely Nelson.	Profit share = \$2000, down due to lower numbers as above.		

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Item 12: Uniquely Nelson – Annual Report 2020/21: Attachment 1



	Short-term Objectives: 2020-22						
Objective	Objective Focus Area Action Measure Performance 2021						
A range of smaller, adaptable events brings people into the central city	Building strategic partnerships	Work with NRDA and NCC events team to develop a programme of events. Focus this year on smaller events with flexibility to move/alter depending on COVID status.	UN delivers the Christmas event and supports a programme of other events over summer 2020/21.	Achieved Programme of events delivered over summer 2020/21. Events list -see attachment			

	Longer-term Objectives: 2020-23					
Objective	Focus Area	Action	Measure	Performance 2021		
Promote and market Nelson's unique identity, smart little city experience and	Building strategic partnerships Branding marketing and communications	Work proactively with Arts Council Nelson to promote arts events. Work with NCC and Museum to promote heritage week and events. Develop marketing campaigns based on unique experiences that Nelson has to offer. Tell the vision for the city centre through the UN website. Cross-promotion of content on	Report foot traffic in city centre utilising NCC foot traffic data. A minimum of four stand-alone marketing campaigns are delivered (fashion, hospitality, retail and events).	UN receives foot traffic surveys from NCC. Next one due 2024-25 Achieved Nelson Advantage site highlights a different business sector each week. Also provided stand-alone marketing support to Light Nelson. Other events were promoted eg facebook/website – see attachment.		
business offerings to residents and visitors		Facebook and Instagram.	The website contains up-to-date information on NCC City Development Programme. Increase Facebook followers to 6500 by 30 June 2021 (currently 5500).	Achieved All information provided by NCC is uploaded. Not Achieved Facebook followers: 6076 (30 June 2021) Due to less international visitors.		

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		Longer-term Object	ives: 2020-23	
Objective	Focus Area	Action	Measure	Performance 2021
	Building strategic partnerships	Relationship with NRDA is formalised using Memorandum of Understanding.	MoU is in place by 30 June 2021.	Not Achieved Whilst joint meetings have been held, an MoU is yet to be progressed
Build strategic marketing		Develop scope for a Central City Retail Strategy with NCC and NRDA. Continue to build relationships with	Scope prepared by 31 March 2021 for consideration in 2021-22 work programme.	Not Achieved Work is ongoing but interrupted due to CEO change at NRDA
partnerships that deliver value from Council investment		media organisations to leverage advertising spend.	Active participation in NCC-convened meetings to align work programmes.	Achieved
		NCC, NRDA, Chamber of Commerce and Uniquely Nelson have clear working relationship and areas of responsibility.	NCC contract meetings held every two months.	Achieved
	Business support	Develop a customer service action plan in collaboration with retailers, Nelson	Customer Service Action Plan in place by November 2021.	In progress
Support businesses to provide excellence in customer service		Tasman Business Trust, Nelson Tasman Chamber of Commerce, Business Development Company and other retail training organizations.	Number of training opportunities promoted through the year.	UN works with Nelson Tasman Business Trust, Nelson Chamber of Commerce, NRDA and other private organisations to provide services to our members.
		Conduct an annual survey of businesses to identify training needs and opportunities.	Annual survey completed by 30 June each year.	Completed (Compiled 13 July 2021) Further support with online marketing requested.

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	Longer-term Objectives: 2020-23				
Objective	Focus Area	Action	Measure	Performance 2021	
A range of events contributes to city vibrancy and vitality		Work with NRDA and NCC events team to develop and promote a strategic annual events calendar. Focus on identifying gaps, both seasonal and target demographic. Provided targeted promotion of events in partnership with relevant business sectors.	An annual programme of events is articulated by NCC and supported by Uniquely Nelson and the NRDA and delivered as agreed with NCC. UN organises and supports a minimum of one *significant event in 2020/21, two in 2021/22 and three in 2022/23 (subject to funding) and promotes and markets others. *Significant is defined as an event that is promoted beyond the region to bring business benefit and community goodwill for the city shopping precinct (in conjunction with NRDA).	Achieved UN working with events team at NRDA to support events, with 12-month forward calendar. 2020/21 1. Christmas activation 2020/21 2021/22 1. Street Hop 2. Light Nelson City activation	
Strengthen organisational resilience, governance and Uniquely Nelson brand recognition	Operational excellence	Operate within the annual budget.	Budget within 5% of target assuring minimal loss. Does not apply to positive performance exceeding budget.	Achieved Budget performance exceeded target.	
Strengthen organisational resilience, governance and Uniquely Nelson brand recognition	Operational excellence	Self-review of governance structure.	Review completed by December 2021.	In progress Governance Policies and constitution under review, awaiting possible changes to the Incorporated Societies legislation prior to progressing. Chris B to update	

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	Longer-term Objectives: 2020-23					
Objective	Focus Area	Action	Measure	Performance 2021		
	Business support	An annual survey of city businesses is carried out to assess UN service delivery. Findings feed into subsequent year's business plan.	Annual Survey conducted and reported to NCC by 30 June each year.	Achieved Annual survey was carried out but has not been formally reported to NCC.		
	Building strategic partnerships Operational excellence	Increase diversity of revenue sources. Work with NRDA and other partners to attract additional revenue.	Funding from sources other than NCC increased to 20% of the total budget.	Achieved Achieved with current sources providing for 25%		

Health and Safety Reporting.

Uniquely Nelson's Health & Safety comes under Morrison Square Management as we share the same offices. There have not been any Uniquely Nelson incidents, or entries in the Accident & Injuries register for five years.

Nelson City Commercial Occupancy

Over the 12 months, we have small boutique retailers set up businesses as well brand names occupy retail shops within the city. In the last 18 months we had nine new restaurants/cafes open up. The majority are new eateries, the rest have taken over old restaurants and been renamed. Interestingly, we have only had 2 businesses move to Richmond in three years. As of the 1 September 2021, there is ten businesses for lease at street level. There is less available stock now than pre-covid 18 months ago and overall, for the last five years.



Annual Report

Uniquely Nelson Incorporated For the year ended 30 June 2021

Prepared by WK Strawbridge Limited

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Directory

Uniquely Nelson Incorporated For the year ended 30 June 2021

Business Location

Suite 3, Level 1 244 Hardy Street Nelson

Nature of Business

Promotion of the Nelson Central Business District

IRD Number

091-155-942

GST Status

Payments Basis, Two Monthly Returns, Coinciding with Balance Date

Chartered Accountants

WK Strawbridge Limited Level 1, 47 Bridge Street Nelson

Bankers

BNZ

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Statement of Profit or Loss

Uniquely Nelson Incorporated

For the year ended 30 June 2021

	NOTES	2021	2020
Trading Income			
Commercial Revenue		66,125	38,837
Event Funding		16,309	13,628
NCC Funding		193,501	193,649
NCC Funding - Partnership Events		7,500	651
Total Trading Income		283,436	246,765
Cost of Sales			
Advertising - Radio		5,125	6,437
Contractors & Staff Costs		166,526	120,168
Promotional Events		42,197	27,027
Promotions - Conferences and NCC Events/Campaigns		965	22,907
Total Cost of Sales		214,813	176,538
Gross Profit		68,623	70,227
Gross Profit %		24	28
Other Income			
Sundry Income		2,600	
Total Other Income		2,600	-
Expenses			
Accident Compensation Levy		314	245
Accountancy Fees		7,143	6,653
Advertising - General		4,610	
Bad Debts			135
Bank Charges		108	47
Board Expenses		1,556	4,098
Cleaning		576	576
Computer Expenses		1,037	6,982
Consultancy		3,935	1,182
Function/Seminar Expenses		87	703
General Expenses		208	178
Insurance		750	569
Low Value Assets		-	869
Newsletters		596	1,076
Parking/Vehicle Expenses		1,156	1,059
Printing, Stationery, Postage & Office Supplies		2,612	1,240
Rent - Office Lease & OPEX		9,842	10,252
Repairs & Maintenance			2,387
Staff Expenses		1,560	1,039
Subcontractors		2,500	12,573
Subscriptions		9,157	2,314

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

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		straw Advisors and Ac	bridge
	NOTES	2021	2020
Telecommunications		2,359	2,234
Total Expenses		50,105	56,410
Earnings before Interest, Tax, Depreciation and Amortisation		21,118	13,816
Depreciation and Amortisation Depreciation		6,844	3,239
Loss on Sale		331	2,062
Total Depreciation and Amortisation		7,175	5,301
Earnings before Interest and Tax		13,943	8,515
Investment Income			
Interest Received		24	22
Total Investment Income		24	22
Interest			
Interest - Overdraft		1	
Total Interest		1	
Net Operating Profit (Loss) before Distributions		13,965	8,538
Net Operating Profit (Loss) before Tax		13,965	8,538
Net Profit (Loss) for the Year		13,965	8,538

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

Annual Report Uniquely Nelson Incorporated

Statement of Profit or Loss

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2020

2021

Statement of Movement in Equity

Uniquely Nelson Incorporated

For the year ended 30 June 2021

	2021	2020
Equity		
Opening Balance	39,688	31,404
Increases		
Profit for the Period	13,965	8,538
Retained Earnings	40	(254)
Total Increases	14,005	8,284
Total Equity	53,693	39,688

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

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Balance Sheet

Uniquely Nelson Incorporated

As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 202
issets			
Current Assets			
Cash and Bank			
BNZ Bank - 000 Account		71,394	54,966
Total Cash and Bank		71,394	54,966
Trade and Other Receivables		2,205	1,950
GST Receivable			2,291
Total Current Assets		73,600	59,206
Non-Current Assets			
Fixed Assets as per Schedule		9,337	14,940
Total Non-Current Assets		9,337	14,940
Total Assets		82,936	74,146
iabilities			
Current Liabilities			
Trade and Other Payables		8,108	19,537
GST Payable		7,610	
Loans			
Uniquely Nelson Credit Card		95	155
Total Loans		95	155
Accrued Holiday Pay & Entitlements		12,949	13,392
Total Current Liabilities		28,762	33,085
Non-Current Liabilities			
Loans			
Vodafone Loan		481	1,374
Total Loans		481	1,374
Total Non-Current Liabilities		481	1,374
Total Liabilities		29,243	34,459

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

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Balance Sheet		strawbridge	
	NOTES 30 JUN 2021	30 JUN 2020	
Equity			
Retained Earnings	53,693	39,688	
Total Equity	53,693	39,688	
Signed by:			
Chairperson			

Deputy Chairperson Date: 3 September 2021

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

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Schedule of Fixed Assets and Depreciation

Uniquely Nelson Incorporated

For the year ended 30 June 2021

NAME	PURCHASED	COST	OPENING VALUE	PURCHASES	DISPOSALS	RATE	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
IT & Infrastructure									
Uniquely Nelson Website	1 Apr 2020	9,000	7,875	•	-	50.00%	3,938	5,063	3,938
Total IT & Infrastructure		9,000	7,875				3,938	5,063	3,938
Office Equipment									
Banner	30 Jun 2013	710	275			10.00%	28	462	248
HP Probook 450 G6	20 May 2019	1,068	489		•	50.00%	245	823	245
HP USB-C Desk Dock G5 & HP Probook 450 G7 Notebook PC	27 Aug 2020	1,532		1,532		50.00%	702	702	830
Lenovo Thinkpad Business Notebook	4 Aug 2017	1,604	217	•		50.00%	109	1,495	109
Samsung 205	1 Mar 2020	1,434	1,114	8.51	15	67.00%	746	1,066	367
Sony Camera	9 Mar 2020	1,988	1,723	-	-	40.00%	689	954	1,034
Table, whiteboard	28 Aug 2019	911	803			13.00%	104	213	698
Toshiba Tecra Business Ultrabook	4 Aug 2017	1,590	215		215	50.00%		S.#.	
VR Camera	22 Mar 2019	672	349	•	-	40.00%	140	462	210
Workstation & Cupboard	26 Aug 2019	1,274	1,122	3 . - 2		13.00%	146	298	976
X2 Pull Up Banners	31 Jul 2016	1,157	759			10.00%	76	474	683
Total Office Equipment		13,940	7,067	1,532	215		2,984	6,950	5,399
Total		22,940	14,942	1,532	215		6,922	12,013	9,337

These financial statements are to be read in conjunction with the Notes to the Financial Statements and are subject to the Compilation Report.

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Disposal Schedule

Uniquely Nelson Incorporated

For the	vear	hohne	30	lune	2021
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ED COST	ASSET VALUE					
	ASSETVALUE	SALE PRICE	DEP RECOVERED	LOSS	CAPITAL GAIN	DISPOSED
7 1,590	215			215	•	27 Aug 2020
1,590	215		-	215	-	
1,590	215	•	-	215		
)1	1,590	1,590 215	1,590 215 -	1,590 215	1,590 215 215	1,590 215 - 215 -

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Notes to the Financial Statements

Uniquely Nelson Incorporated For the year ended 30 June 2021

1. Statement of Accounting Policies

The financial statements presented here are for the entity Uniquely Nelson Incorporated, a registered company under the Companies Act 1993.

These Special Purpose Financial Reports have been prepared in accordance with the minimum financial requirements in the Tax Administration (Financial Statements) Order 2014, as required under section 21B of the Tax Administration Act 1994.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Changes in Accounting Policies

For periods up to and including the 2020 financial year, Uniquely Nelson Incorporated prepared its financial statements in accordance with the Financial Reporting Act 1993 and the Financial Reporting Order 1994 in accordance with approved Financial Reporting Standards (FRSs) and Statements of Standards Accounting Practice (SSAPs).

The financial statements for the year ended 30 June 2021 have been prepared for taxation purposes only, using the principles contained in the Income Tax Act 2007.

Income Tax

Uniquely Nelson Incorporated is exempt from income tax in terms of section CW 40 of the Income Tax Act 2007 as a local or regional promotion body, and these financial statements are compiled on an income tax exclusive basis.

Leased Assets

Operating Leases

Operating leases are those which all the risks and benefits are substantially retained by the lessor. Lease payments are expensed in the periods the amounts are payable.

Accounts Receivable

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Fixed Assets

Fixed Assets have been included at cost less accumulated depreciation. Details of fixed assets are set out in the attached Schedule of Fixed Assets and Depreciation.

Depreciation

Depreciation has been charged on either a diminishing value (DV) or cost price (CP) basis, at rates approved by the Inland Revenue Department. Details of rates and depreciation claims are set out in the Fixed Asset Register included herein.

Goods and Services Tax

The Statement of Profit or Loss and Statement of Cashflows (where included) have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of account receivables and payables.

Annual Report Uniquely Nelson Incorporated

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Notes to the Financial Statements



Accrual Expenditure

The business is not subject to the Accrual Expenditure rules as unexpired expenditure at balance date is below the exemption levels.

2. Audit

These financial statements have not been audited.

	2021	2020
Associated Person Transactions		
Findex		
Common Key Management, Subscriptions	540	540
Marketing Studio		
Common Key Management, Subcontractor	3,300	10,44



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Compilation Report

Uniquely Nelson Incorporated For the year ended 30 June 2021

Compilation Report to the Directors of Uniquely Nelson Incorporated.

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Uniquely Nelson Incorporated for the year ended 30 June 2021.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided and do not include verification or validation of that information. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with Uniquely Nelson Incorporated other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

Kat

WK Strawbridge Limited Nelson

Dated: 3 September 2021

Annual Report Uniquely Nelson Incorporated

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Attachments:

Links to media releases/mentions

Lights, sales, interaction as city gears up for Light Nelson Te Ramaroa July 2021 UN Press Release

Further post-Covid business recovery support offered July 2020

Domestic tourism has tills ringing in Nelson over Christmas Dec 2020

Coronavirus: Uniquely Nelson reigniting retail 'spark' with online drive Apr 2020

Let's Get Clicking Nelson Apr 2020 UN Press Release

Businesses have post-Covid boom AND Christmas Cash up for local shoppers Nov 2020 UN Press Release

Be Kind, Be Patient Dec 2020 UN and HNZ Press Release

Rent relief for businesses Apr 2020

Shutting up shop? Pandemic puts pressure on country's high streets Sep 2020

Black Friday knocks Boxing Day out of the ring as NZ's top sales day Nov 2020

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2021 Nelson Events Supported by Uniquely Nelson

Dates:	Event:	Venue:
Sat 7 Aug	Te Tauihu Ki Te Hoe	Trafalgar Centre
Tue 10 – Sat 14 Aug	Winding Up	Theatre Royal
Sat 14 Aug	Tasman Mako v Auckland	Trafalgar Park
Sun 22 Aug	Tasman Mako v Counties Manakau	Trafalgar Park
Tue 24 Aug	Giftbox Rebellion	Boathouse
Sat 28 Aug	Four Lanes Festival	Nelson City
Sun 12 Sep	Parent and Child Expo	Founders Park
Thu 16 Sep	Fat Freddy's Drop	Trafalgar Centre
Fri 24 Sep	Tasman Mako v Waikato	Trafalgar Park
Sat 18 Sep	TedX Nelson	Suter Theatre
Mon 27 Sep	Friends The Musical Paroday – NZ Tour	Theatre Royal
Thu 30 Sep – Sat 2 Oct	China Week	Various venues in Nelson City
Fri 1 – Sat 2 October	NZ Highland Dancer of the Year*	Theatre Royal Nelson
Sat 16 Oct	Nelson Lions Charity Fashion Show*	Trafalgar Centre
Sun 17 Oct	Hotel California The Eagles Experience	Theatre Royal
Tue 19 Oct	World of Musicals	Theatre Royal
Thu 21 – Sun 31 Oct	Nelson Arts Festival	Various Venues
Sat 23 – Mon 25 Oct	Paddlefest Nelson*	Tahunanui Beach
Fri 29 Oct	Masked Parade	Nelson CBD
Sun 31 Oct – Fri 5 Nov	Te Tauihu o te Waka a Maui Māori Cultural Council – Te Mana Kura Tahi - Primary School Kapa Haka	Trafalgar Centre
Mon 1 Nov	Street Hop*	Nelson City
Sat 6 Nov	Pretty Smart Sale	Hope Recreation Hall
Sun 7 Nov	Nelson Youth Choir Spring into Summer Concert*	NCMA
Fri 12 Nov	The Bee Gees Night Fever	Theatre Royal
Sat 13 Nov	Tom Sainsbury – The Snapchat Dude Live	Theatre Royal
Sat 20 Nov	Taste Tasman Beer Cider and Food Festival	Rutherford Park
Fri 26 – Sat 27 Nov	Drag Up Your Life	Theatre Royal
Fri 26 Nov – Sun 16 Jan	Christmas Tree Festival	Nelson Cathedral
Fri 24 Dec	Carols on the Church Steps	Nelson Cathedral
Fri 31 Dec	New Years Eve Celebrations	Church Steps Upper Trafalgar Street

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Item 12: Uniquely Nelson – Annual Report 2020/21: Attachment 1







Uniquely Nelson & Nelson Advantage Acquisition Overview Yearly Report - 2020 - 2021



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1.402

0.69%



/2021/04/23/win-an-uniorgettable-mothers-day
 /wheres-whomper/thank-you-for-participation/

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Council



23 September 2021

REPORT R26075

Three Waters Reform Update

1. Purpose of Report

- 1.1 To provide Council with updates on:
 - 1.1.1 the Government's 30 June 2021¹³ and 15 July 2021¹⁴ Three Waters Reform announcements, which proved additional information on the reform process previously outlined in 2020;
 - 1.1.2 the specific data and modelling Council has received to date;
 - 1.1.3 the implications of the revised Three Waters Reform proposal for Council; and
 - 1.1.4 next steps (including uncertainties).
- 1.2 To provide feedback to the Government on the proposed Three Waters Reform programme.

2. Summary

2.1 Over the past four years central and local government have been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater), following the Havelock North campylobacter outbreak in 2016. The background in Attachment 1 includes information on Taumata Arowai, which became a new Crown entity in March 2021 and will become the dedicated water services regulator later this year.

¹³ <u>https://www.beehive.govt.nz/release/government-water-reforms-build-economic-resilience-and-save-ratepayers-money</u>

¹⁴ <u>https://www.beehive.govt.nz/release/government-provide-support-water-reforms-jobs-and-growth</u>

- 2.2 The Government has concluded that the case for change¹⁵ to the three waters service delivery system has been made (Attachment 2) and during June and July 2021 it released information and made announcements on:
 - 2.2.1 the direction and form of Three Waters Reform, including four proposed new Water Service Entities (and their indicative boundaries), their governance arrangements and public ownership;
 - 2.2.2 Water Industry Commission for Scotland (WICS) findings for individual councils based on the data/information supplied under the Request for Information (RFI) process by each council. Nelson City Council (NCC) was asked to undertake a deep dive under the RFI process;
 - 2.2.3 a package of investment (\$2.5 billion) for councils to invest in the future for local government, urban development, and the wellbeing of communities and ensuring no council is worse off because of the reforms. Funding support is also being provided to support transition work (additional to the \$2.5 billion package); and
 - 2.2.4 an eight-week process for councils to understand the implications of the reform announcements, ask questions and propose solutions and for Government to work with councils and mana whenua on key aspects of the reform (including governance, integrated planning and community voice).
- 2.3 Nelson City Council has been placed in Entity C and our "better-off" (Attachment 3) funding allocation is \$20,715,034.
- 2.4 The Government and Local Government New Zealand (LGNZ) consider that the national case for change has been made. Each council will ultimately need to decide whether they agree with the Government's proposal and its desirability in a local context (if the process remains voluntary) at a later date once the Government has announced the next steps including detail on the economic regulator and consumer forum.
- 2.5 This report provides analysis of the information provided and assesses the Government's proposal.

¹⁵ <u>Transforming the system for delivering three waters services (dia.govt.nz);</u>

https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reformprogramme/\$file/transforming-the-system-for-delivering-three-waters-services-thecase-for-change-and-summary-of-proposals-30-june-2021.pdf

- 2.6 In preparing this report, officers have used the LGNZ, Taituarā, and Te Tari Taiwhenua Internal Affairs guidance¹⁶ to assist Council to understand the information provided to date and enable Council to prepare for future decisions and consultation and engagement with the community.
- 2.7 Council commissioned Morrison Low to independently review NCC's information (Attachment 4). LGNZ offered this service to support councils to understand how the dashboard information was put together and work through the implications at a local level. The review confirms that the Council specific information looks broadly correct.
- 2.8 Government decisions on entity boundaries, governance and transition and implementation arrangements will occur after the eight week process ends (30 September 2021).
- 2.9 If the reform goes ahead, it is anticipated that councils will continue to deliver water services until at least early 2024 and council involvement in any transition will be required throughout.

3. Recommendation

That the Council

- 1. <u>Receives</u> the report Three Waters Reform Update (R26075) and its attachments (A2734504, A2734513, A2734630, A2736353, A2734616, A2745775, A2745300, A2748814, and A2748820); and
- 2. <u>Notes</u> the Government's 30 June and 15 July 2021 Three Waters Reform announcements; and
- 3. <u>Notes</u> Morrison Low's advice on the accuracy of the information provided to Council in June and July 2021 as a result of the Request for Information and Water Industry Commission for Scotland modelling processes; and
- 4. <u>Notes</u> the analysis of three water service delivery options available to Council at this time; and
- 5. <u>Notes</u> that a decision to support, or not support, the Government's preferred three waters service delivery option is not lawful (would be ultra vires) at present due to section 130 of the Local Government Act 2002, which prohibits Council from divesting its ownership or interest in a water service except to another local government organisation, and what Council currently

¹⁶ https://www.lgnz.co.nz/assets/Three-Waters-Guidance-for-councils-over-the-next-eight-weeks-FINAL.pdf

know (and doesn't know) about the Government's preferred option; and

- 6. <u>Notes</u> that Council cannot make a formal decision on a regional option for three waters service delivery without doing a Long Term Plan amendment and ensuring it meets section 130 of the Local Government Act 2002; and
- 7. <u>Notes</u> that Council intends to make further decisions about the three waters service delivery model after 30 September 2021; and
- 8. <u>Notes</u> that it would be desirable to gain an understanding of the community's views once Council has further information from the Government on the next steps in the reform process; and
- 9. <u>Approves</u> the draft letter (A2745300) to the Government outlining where Council seeks guidance and gives feedback on the proposed Three Waters Reform programme; and
- **10.** <u>Agrees</u> that the Mayor, Infrastructure Committee Chair and Chief Executive be delegated authority to approve minor editorial amendments to the Government response letter; and
- 11. <u>Notes</u> that the Chief Executive will report back once staff have received further information and guidance from Government, Local Government New Zealand and Taituarā on what the next steps look like and how these should be managed; and
- 12. <u>Notes</u> that Council has considered the decision-making requirements of Part 6 of the Local Government Act 2002 and determined that they have been adequately complied with for the purposes of this report, taking into account that a) no decisions are being made at this stage to agree to the Government's proposal and b) the low to medium significance under the Significance and Engagement Policy of the decision to request the Chief Executive to seek further information from and give feedback to the Government on the reform proposal.

4. Background

4.1 Following the serious campylobacter outbreak in 2016 and the Government's Inquiry into Havelock North Drinking Water, central and local government have been considering the issues and opportunities facing the system for regulating and managing the three waters.

- 4.2 The focus has been on how to ensure safe drinking water, improve the environmental performance and transparency of wastewater services and the stormwater network and deal with funding and affordability challenges, particularly for communities with small rating bases (or high-growth areas) that have reached their prudential borrowing limits.
- 4.3 The Government's stated direction of travel has been for publicly-owned multi-regional models (with a preference for local authority ownership). The Department of Internal Affairs (DIA), in partnership with the Three Waters Steering Committee commissioned specialist economic, financial, regulatory and technical expertise to support the Three Waters Reform Programme and inform policy advice to ministers. This advice has been tested with the Three Waters Steering Group (which includes elected members and officers from local government).
- 4.4 The initial stage (Tranche 1 Memorandum of Understanding, Funding Agreement, Delivery Plan and RFI process) was an opt in, non-binding approach for the purposes of providing information. It did not require councils to commit to future phases of the reform programme, to transfer their assets and/or liabilities, or establish new water entities. Council received \$5.7 million as part of the first tranche of funding for investment in water services and infrastructure. The 2020 indicative reform programme and then anticipated next steps can be found in Attachment 1.
- 4.5 Council completed the RFI process over Christmas and New Year 2020/21 and the Government has used the information from councils and modelling to make preliminary decisions on the next stages (Attachment 1). All councils agreed to take part in the RFI process, with 49 councils undertaking a 'deep dive'.

5. Discussion

Government's June and July 2021 announcements and information releases

- 5.1 In June 2021 a suite of information was released by the Government that covered estimated potential investment requirements for New Zealand, scope for efficiency gains from transformation of the three waters service and potential economic (efficiency) impacts of various aggregation scenarios¹⁷.
- 5.2 In summary, the modelling indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion and an average household cost for most councils on a standalone

¹⁷ This information, including peer reviews and the Minister's briefing can be accessed at: https://www.dia.govt.nz/Three-Waters-Reform-Programme and release-of-second-stage-evidence-base-released-june-2021.

basis to be between \$1,910 and \$8,690 by 2051. It also estimated these average household costs could be reduced to between \$800 and \$1,640 per household by achieving efficiencies in the range of 45% (approximately 2% per annum) over 15-30 years if the reform process went ahead. An additional 5,800 to 9,300 jobs and an increase in Gross Domestic Product (GDP) of between \$14 billion to \$23 billion in (Nett Present Value, NPV terms) over 30 years were also forecast.

- 5.3 As a result of this modelling, the Government is proposing to:
 - establish four statutory, publicly-owned water services entities that own and operate three waters infrastructure on behalf of local authorities;
 - establish independent, competency-based governing boards;
 - set a clear national policy direction for the three waters sector, including integration with any new spatial / resource management planning processes;
 - establish an economic regulation regime; and
 - develop an industry transformation strategy.

The proposed safeguards against privatisation can be found on page 26 of the DIA's summary of the case for change¹⁸.

- 5.4 Attachment 2 contains more detail on the national context and Attachment 5 provides the DIA/LGNZ overviews.
- 5.5 Nelson City Council has been placed in Water Services Entity C, although the precise boundaries are still up for discussion.

¹⁸ <u>Transforming the system for delivering three waters services (dia.govt.nz)</u>



- 5.6 The proposed boundaries place all of Nelson and most of Tasman and Marlborough in Area C with a projected 2051 cost per household of \$1260 (in today's dollars). Entity D, which includes the balance of the South Island, is based on Ngai Tahu's takiwā and has a projected cost of \$1640 per household in 2051. The proposed boundary is of concern to Marlborough and Tasman District Councils as it would mean their districts are split between two entities (the grey areas in the map above). Both Marlborough and Tasman have expressed a preference that their districts are not split by the proposed reforms.
- 5.7 Following a meeting with Minister Mahuta immediately prior to the LGNZ Conference the Minister committed to following up with iwi about Council concerns on the split. A response has not yet been received.
- 5.8 On 15 July 2021, in partnership with LGNZ under a Heads of Agreement¹⁹, the Government announced a package of \$2.5 billion to support councils to transition to the new water entities and to invest in community wellbeing. This funding is made up of a \$2 billion 'better-off' element (funded \$1 billion from the Crown and \$1 billion from the new Water Services Entities, \$500 million of this will be available from 1 July 2022) and an uncapped \$500 million 'no council worse off' element (available from July 2024 and funded by the Water Services Entities).

¹⁹ <u>https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-</u> programme/\$file/heads-of-agreement-partnering-commitment-to-support-three-watersservice-delivery-reform.pdf
The "better-off" funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that councils will engage with iwi/Māori in determining how to use their funding allocation.

- 5.9 Nelson's funding allocation from the "better off' package is \$20.7 million. The detail of the funding (including expectations around the use of reserves) and the full list of allocations can be found in Attachment 3. Conditions associated with the package of funding have yet to be worked through.
- 5.10 In addition to the funding announcements, the Government has committed to further discussions with local government and iwi/Māori over the next eight weeks on:
 - the boundaries of the Water Service Entities;
 - how local authorities can continue to have influence on service outcomes and other issues of importance to their communities (e.g. chlorine-free water);
 - ensuring there is appropriate integration between the needs, planning and priorities of local authorities and those of the Water Service Entities; and
 - how to strengthen the accountability of the Water Service Entities to the communities that they serve, for example through a water ombudsman.
- 5.11 As a result, the proposed original timetable for implementing the reform (outlined in Attachment 1) and for councils to consult on a decision to opt-in (or not), no longer applies. Further advice on the difficulties and risks of making a decision to opt-in or not is included at section 6 of this report.
- 5.12 It is important to note that the Government has not ruled out legislating for an "all-in" approach to reform to realise the national interest benefits of the reform.
- 5.13 In the interim, DIA continues to engage with officers on transition matters on a no regrets basis should the reform proceed. These discussions do not pre-empt any decisions about whether to progress the reforms or whether any individual council will transition.
- 5.14 If the reform goes ahead, it is anticipated that councils will continue to deliver water services until at least early 2024 and council involvement in transition will be required throughout.

Council specific information and analysis

- 5.15 While the Government and LGNZ consider that a national case for change has been made, each council will ultimately need to decide based on its local context.
- 5.16 Councils do not have a national interest test for their decision making. Councils are required to act in the interests of their communities and the community's wellbeing (now and into the future), provide opportunities for Māori to contribute to their decision-making processes, ensure prudent stewardship and the efficient and effective use of its resources in the interests of the district or region (including planning effectively for the future management of its assets) and take a sustainable development approach²⁰.
- 5.17 Council currently delivers three waters through a mixed model of inhouse and contracted services. Council is jointly responsible for the Nelson Regional Sewerage Business Unit with Tasman District Council.



5.18 Nelson City's dashboard from WICS' analysis looks like this:

The Nelson City Council dashboard, and the dashboards of other councils, can be accessed on DIA's site²¹.

5.19 The key aspects Council should note are detailed below.

5.19.1 Average cost of per household:

²⁰ See for example sections 5 and 14 of the LGA.

²¹https://app.powerbi.com/view?r=eyJrIjoiOGE1OTJIYWUtZDZkNy00YWZjLTgzN2EtOTY1 MzQxNGM5NzJmIiwidCI6ImY2NTljYTVjLWZjNDctNGU5Ni1iMjRkLTE0Yzk1ZGYxM2FjYiJ9

- the DIA (based on several assumptions) states it is currently \$1,050 (excluding GST); our council based on the 2021/22 Plan is \$1,128 (excluding GST).
- DIA's reform (Entity C) projects \$1,260 by 2051, compared with \$2,330 for Nelson City without the reforms

	Actual	LTP
		Transfer date
	30-Jun-21	30-Jun-24
Summary		
NCC Net Debt without Transfer	\$85.9 million	\$191.9 million
NCC Revenue without Transfer	\$123.3 million	\$145.7 million
NCC Debt to Revenue Ratio without Transfer	70%	132%
3 Waters Portion of borrowings	\$48.3 million	\$81.5 million
3 Waters Revenue	\$32.0 million	\$36.8 million
3 Waters Debt to Revenue Ratio	151%	222%
NCC Net Debt with 3 Waters out	\$37.6 million	\$110.4 million
NCC Revenue with 3 Waters out	\$91.3 million	\$109.0 million
NCC Debt to Revenue Ratio with 3 Waters out	41%	101%

5.19.2 Impact on debt and revenue²²:

- At the proposed transfer date, Council's overall debt to revenue ratio will have increased from the current level of 70% to 132%, still well under the cap of 175%.
- If the Three Waters transfer goes ahead, an estimated \$81.5 million of debt and \$36.8 million per annum of revenue will be transferred to the new entity at the end of June 2024. The Three Waters activities are more highly indebted relative to revenue than the rest of Council with a forecast debt to revenue ratio of 222%.
- There is an improvement in the debt to revenue ratio if the transfer to Three Waters goes ahead in June 2024.

²² These asset values include land which has been revalued at current market value, buildings and equipment which are valued at historical cost less accumulated depreciation and Infrastructure which is revalued at replacement cost less accumulated depreciation.

These are therefore accounting values rather than what it would cost to replace the assets or what they are insured for.





5.19.3 Capital Expenditure Forecast -

- Council's own information demonstrates that there is significant investment required over the next 10 years of our Long Term Plan and out across 30 years in our infrastructure strategy, underpinned by assumptions that regulatory standards will tighten and that there will be more monitoring and enforcement in the future.
- In addition, Council has the following upgrades / additional plant and treatment capital works and investment planned beyond the 10 years of the LTP 2021/31 (excluding NRSBU):
 - \$239.6 million between years 11-15
 - \$190 million between years 16-20
 - \$204.8 million between years 21-25
 - \$203.9 million between years 26-30

The Infrastructure Strategy 2021-2051 graphs (Attachment 6) highlights this investment.

- Our asset condition, performance (and confidence) levels for:
 - water is overall Good
 - wastewater is overall Good
 - stormwater is overall adequate for the next 10 years (climate change will impact significantly on this activity).
- Our maintenance budgets are likely to be adequate for the next 3-10 years (Covid-19 is starting to have an impact on operational costs)
- 5.20 Climate change will have an impact on infrastructure. The key effects that will impact on Nelson are sea level rise, heavy rainfall, flooding

events, drought and extreme temperatures. The impact on infrastructure will vary as will responses.

- 5.21 The WICS information has been peer reviewed by Farrierswier and Beca to ensure that both the modelling and underlying assumptions are reasonable in the New Zealand context. Their advice is that the work provides a reasonable indication of the "order of magnitude"²³ of the gains that can be delivered though the new system and the level of future investment Council is likely to need to make over the next 30 years.
- 5.22 At this stage it is not possible to fully test the projections as the standards for New Zealand out to 2051 are not known, although it is reasonable to assume that there will be greater community and mana whenua expectations around environmental performance and quality, tougher standards to meet for water quality (drinking and receiving environment) and that monitoring, compliance and enforcement will attract closer government scrutiny than it does currently. This affects both operational and capital expenditure (costs will go up), including the number of staff (or contractors) that council will need to ensure Council outcomes for water and community and legal requirements are met.
- 5.23 There is always a level of uncertainty and risk around assumptions and forecasts, whether prepared by Council for our LTPs or by others such as Government to facilitate policy decisions. Morrison Low has reviewed the assumptions from WICS based on Nelson specific information (Attachment 4).
- 5.24 There has been some criticism of WICS methodology, assumptions and applications for New Zealand. Whangarei District Council engaged Castalia, a global strategic advisory, which reported concerns with WICS methodology generally but in particular of its applications to Whangarei.
- 5.25 DIA responded to the Castalia report stating they consider the Castalia report to misrepresent the evidence base and analysis support the reform proposals, and that the report reaches conclusions that are not well supported by the available empirical evidence from similar reforms undertaken in other jurisdictions.
- 5.26 To assess whether the proposed better off (\$20.7 million) and no worse off funding to Council is sufficient, Council needs further information on the conditions that will be associated with that funding. It is assumed

²³ Page iv, 2021, Farrierswier, Three Waters Reform, Review of methodology and assumptions underpinning economic analysis of aggregation available at https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\$file/farrierswier-three-waters-reform-programme-review-of-wics-methodology-and-assumptions-underpinning-economic-analysis-of-aggregation-released-june-2021.pdf

that this funding would provide Council with an opportunity to address a range of issues and opportunities to improve community wellbeing.

6. Transition

- 6.1 Managing transition risks to the Government's proposed model are likely to pose a greater challenge for Council and others in its grouping than the other risks associated with the Government proposal. If the Government's proposal were to proceed, effective management of the transition by Council, Government and partners will be critical. It is likely the transition will take some time and transitional arrangements may be in place post the July 2024 transition date.
- 6.2 That said, transition away from the status quo to any other option, carries inherent risks, with potential mitigations to reduce both impact and likelihood and therefore residual risk and sticking with the status quo may not be sustainable in the short, medium or long term.

7. Council decision making and consultation

- 7.1 Part 6 of the LGA, sections 76 to 90, provide the requirements for decision making and consultation, including the principles of consultation and information that needs to be provided including the reasons for the proposal and the reasonably practicable options.
- 7.2 Section 76 requires that in making a significant decision, which a decision on the future management and or ownership of three waters assets will be, councils must comply with the decision-making provisions. This is a 'higher bar' than the "promote compliance with" that applies for ordinary decisions.
- 7.3 Section 77 states that councils must seek to identify all reasonably practicable options and then assess the advantages and disadvantages of each option.
- 7.4 Section 78 requires that in the course of making a decision a Council must consider community views but section 78(3) explicitly says that consideration of community views does not require consultation, which is reinforced by case law.
- 7.5 Section 79 gives Council discretion to decide how the above Part 6 requirements are met including the extent of analysis done etc. Therefore, while a decision could be challenged, a judicial review is unlikely to be successful unless the decision made by council was manifestly unreasonable, the process was flawed or the decision was beyond its powers (as given in law, i.e. the council did not act within the law).
- 7.6 However, despite section 79 of the LGA, a decision to transfer the ownership or control of a strategic asset from the council (or to it) must

explicitly be provided for in the council's Long Term Plan (and have been consulted on specifically in its consultation document).

- 7.7 Council's existing LTP and the consultation information and process used to develop it will not suffice to meet this test, as Council did not itself have adequate information on the options and the implications earlier this year when it consulted on the LTP. An LTP amendment and commensurate consultation process on the ownership and governance arrangements and asset transfers proposed would be necessary.
- 7.8 There are also provisions in the LGA that relate to unlawful decisions to sell or dispose of assets, which can be investigated by the Auditor-General.
- 7.9 A decision to opt-out would also be affected by the consultation and decision-making requirements set out in this report, including the need to follow a robust process that could survive a judicial review, as well as make a final decision that was not manifestly unreasonable in the circumstances.
- 7.10 Given the Government's:
 - 8 week period of engagement with mana whenua and councils;
 - commitment to explore issues such as council and community influence of service outcomes, integration with other reform proposals, spatial and local planning;
 - request for councils to give feedback on the proposal, identify issues and solutions; and
 - uncertainty around next steps, including whether the reform may become mandatory or legislative change will remove legal barriers to opting in

it would be premature to make a decision to opt in, or out, of the reform process and may expose the Council to litigation risk.

- 7.11 A Government Bill to progress the reforms could address the issues raised above, for example removing the section 130 requirements (obligation to maintain water services) has explicitly been raised.
- 7.12 At this stage no decision is required on future delivery arrangements. Council should wait until it has further information before consulting on and/or making a decision on the Government's proposal.
- 7.13 If reform is not made mandatory, to ensure sufficient information is available to meet the moral and legal requirements of Council decisionmaking, staff will develop an analysis of options (based on further information from the Government, advice on next steps, and regional discussions) prior to any Council consultation and decision making on future water services delivery. Whether this is ultimately required will be

dependent on where the Government gets to with the reform process and the decisions it makes after 30 September 2021.

8. Information that the Council requires or potential solutions to outstanding issues that it would like to convey to Government and LGNZ

- 8.1 This eight week period provides Council the ability to ask questions, give comments and make suggestions to DIA and LGNZ on the reform.
- 8.2 There are still several national issues that need to be resolved, including:
 - the final boundaries
 - protections from privatisation
 - consultation with mana whenua and communities
 - what will a Government Bill cover and whether the reform will be mandatory
 - conditions associated with the Government's package of funding for local government
 - councils' role in the management and provision of Stormwater services
 - transition arrangements, including our own workforce challenges (without transition challenges on top) and due diligence for asset transfers etc.
- 8.3 Any other specific information needs, issues, or solutions that Council needs will be followed up by officers with DIA and LGNZ.
- 8.4 Since the July announcements from the Government, Council has had two workshops on the three waters reform. On 31 August, Morrison Low presented their review on the WICS modelling (Attachment 4) and LGNZ presented on the background and key areas of the reform package. On 9 September Council reviewed additional financial information, the governance structure and the factors driving the reform.
- 8.5 Throughout these workshops the following themes have emerged where Council requires additional information from the Government:
 - 8.5.1 Nature of Council ownership and the risk of privatisation
 - 8.5.2 Council's role in the Governance structure, including Council input and protecting local voices
 - 8.5.3 Impact on the 2022 Local Body Elections and if Council can make a decision which binds a future Council
 - 8.5.4 Impact on Water Catchment Areas
 - 8.5.5 Council's advocacy for local issues
- 8.6 The draft Council response to the Government (Attachment 7) outlines questions and areas where Council requires clarification or additional information.

9. Conclusion

- 9.1 While there is uncertainty about the future steps in the Government's reform proposal, and current legislative impediments to it, the current eight-week period gives Council the opportunity to understand the information it has received (and will continue to receive) from the RFI and modelling processes.
- 9.2 It also provides an opportunity for Council to understand its potential options, including the financial, workforce and sustainability impacts for Council and the wider economic, social and cultural implications of each option, using the guidance that has been issued. It also provides an opportunity to engage in discussions with other councils in its entity grouping, share information and ask questions and propose solutions to issues it sees to Government and LGNZ.
- 9.3 All of this information will be useful to inform future decision making by both Council and Government and consultation and engagement with mana whenua and communities.

Author: Pat Dougherty, Chief Executive

Attachments

- Attachment 1: A2734504 From Taituarā 2020 Background (including Taumata Arowai information and Indicative Reform Programme)
 ↓
 Attachment 2: A2734513 From Taituarā The Government's conclusion that
- Attachment 2: A2734513 From Taituarā The Government's conclusion that the case for change has been made J
- Attachment 3: A2734630 From Taituarā Better Off Funding Allocations &
- Attachment 4: A2736353 Morrison Low review of Three Water Information J
- Attachment 5: A2734616 From Taituarā' DIA and LGNZ reform overview J
- Attachment 6: A2745775 Infrastructure Strategy Three Waters Capital Funding J
- Attachment 7: A2745300 Draft Response to Government (Circulated separately) ⇒

Important considerations for decision making

1. Fit with Purpose of Local Government

Central governments objectives of improvement to the provision of water services supports the social, economic, environmental and cultural wellbeing of the community.

2. Consistency with Community Outcomes and Council Policy

This report's content supports the following community outcomes :

- Our unique natural environment is health and protected
- Our urban and rural environments are people-friendly, well planned and sustainable managed
- Our infrastructure is efficient, cost effective and meets current and future needs
- Our Council provides leadership and fosters partnerships, regional perspective and community engagement
- Our region is supported by an innovative and sustainable economy

3. Risk

Significant risks, legal responsibility and financial implications have been identified in analysing the reform proposals and completing an analysis of options for this report. However, there is no decision required at this point, other than to note those issues and to request further information from Government if Council wishes to.

4. Financial impact

There are significant long-term financial impacts relating to the transfer of three water assets and management to a new Water Services Entity. This will be considered following the Government's announcement of next steps after 1 October 2021.

5. Degree of significance and level of engagement

The future of water services delivery is a significant issue which will be of interest to a wide range of community members and groups. This report however does not commit the Council to a decision relating to the proposed reform. Instead it provides initial analysis of the reform proposals for Council's information and highlights the uncertainties. As such the significance of this report, as assessed against Council's Significance and Engagement Policy, is low to medium. Council is not required to consult at this time. Further advice regarding any future consultation requirements will be provided after September 2021. In the

interim Council has worked to increase public understanding of the proposals through.

6. Climate Impact

Climate considerations (both mitigation and adaptation), resilience and environmental impacts are drivers of the reform process. While there are no specific impacts arising from this report the decisions that occur post September 2021 will have an impact on climate and environmental issues change response. Some of these impacts have been canvassed in this report as appropriate to the options analysis that can be done with currently available information.

7. Inclusion of Māori in the decision making process

The Crown is currently leading the engagement with iwi/Māori, mana whenua.

8. Delegations

This is a matter for Council.

2020 Background (including Taumata Arowai information and Indicative Reform Programme)

In July 2020, the Government launched the Three Waters Reform Programme to reform local government three waters service delivery arrangements, with the following objectives:

- improve the safety, quality, and environmental performance of water services
- ensure all New Zealanders have access to affordable three waters services
- move the supply of three waters services to a more financially sustainable footing, and address the affordability and capability challenges that currently exist in the sector
- improve transparency about, and accountability for, the delivery and costs of three waters services
- improve the coordination of resources and unlock opportunities to consider New Zealand's water infrastructure needs at a larger scale and alongside wider infrastructure and development needs
- increase the resilience of three waters service provision to both short and long-term risks and events, particularly climate change and natural hazards
- provide mechanisms for enabling iwi/Māori rights and interests.

The 2020 indicative timetable for the full reform programme is provided below. It was always subject to change as the reforms progressed, future Government budget decisions and Councils were advised that any further tranches of funding would be at the discretion of the Government and may depend on progress against reform objectives.



Also in July 2020 the Government announced an initial funding package of \$761 million to provide a post COVID-19 stimulus to maintain and improve water three waters infrastructure, support a three-year programme of reform of local government water service delivery arrangements (reform programme), and support the establishment of Taumata Arowai, the new Waters Services Regulator.

Following initial reports (that used publicly available council information) from the Water Industry Commission for Scotland (WICS), between October 2020 and February 2021, (all) 67 councils participated in the Government's Request for Information (RfI) on council's three waters assets, including future investment requirements. In return they received what was known as Tranche 1 stimulus funding (under a MoU and funding agreements with Government) for operating or capital expenditure that supported the reform objectives, economic recovery through job creation and maintaining, increasing and/or accelerating investment in core water infrastructure delivery, renewals and maintenance.

In line with Government policy, Taumata Arowai became a new Crown entity in March 2021 and will become the dedicated water services regulator when the Water Services Bill passes, expected to be in the second half of 2021 (the Select Committee is dure to report back on 11 August 2021). They will oversee and administer, and enforce a new, expanded and strengthened drinking-water regulatory system, to ensure all New Zealand communities have access to safe drinking water. They will also provide oversight of the regulation, management, and environmental performance of wastewater and storm-water networks, including promoting public understanding of that performance.

An overview of local authority obligations under the Bill is provided below. The Bill provides for a range of compliance and enforcement tools including compliance orders, enforceable undertakings, infringement offences, and criminal proceedings, which can be taken against council officers (but not elected officials).

Taumata Arowai will have the authority to prepare standards and rules that water suppliers (such as councils) must comply with. Their <u>initial working drafts</u> are available online¹ and are currently being updated. Consultation will occur later this year. Guidance to support the operational compliance rules is also being developed and will be available when the rules are consulted on.

¹ <u>www.taumataarowai.govt.nz/for-water-suppliers/</u>

It is anticipated that monitoring, compliance and enforcement of standards will increase substantially on the status quo with the passing of the Water Services Bill and as Taumata Arowai begins to operate. It is also likely that the drinking water standards and their coverage (including non-Council water suppliers) and environmental standards will become more rigorous over time. This creates risks for council in meeting future standards and mana whenua and community aspirations (such as greater investment required than currently planned, risk of enforcement action).

Water Services Bill obligations of local authorities

 Table 2 from https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters

 reform-programme/\$file/transforming-the-system-for-delivering-three-waters

 services-the-case-for-change-and-summary-of-proposals-30-june-2021.pdf

Local authorities as suppliers of water services	General obligations of local authorities
 Duty to provide safe drinking water and meet drinking water standards, and clear obligations to act when water is not safe or fails to meet standards Key provisions include: Suppliers need to register with Taumata Arowai Local authority suppliers will need a drinking water safety plan and a source water risk management plan Water suppliers must give effect to Te Mana o te Wai Taumata Arowai will have significant compliance and enforcement powers, including powers to direct suppliers and enter into enforceable undertakings with suppliers Officers, employees and agents of suppliers will have a duty to exercise professional due diligence Complying with these new requirements is expected to require significant capital and operating expenditure by local authorities (including paying levies to Taumata Arowai for operation of the regulatory system) 	 Local authorities will have a duty to ensure communities have access to drinking water if existing suppliers face significant problems in complying with drinking water standards including: Requirements to work with suppliers and consumers to identify solutions Intervention responsibilities if a supplier is unable to meet standards, including potentially taking over management and operations of private or community supplies In rural communities, this could represent a significant risk (contingent liability) for local authorities Local authorities will be required to make assessments of drinking water, wastewater and sanitary services to ensure communities have access to safe drinking water Local authorities will need to assess drinking water services available to communities at least once every three years, including private and community supplies)

The Government's conclusion that the case for change has been made

- 1. The modelling has indicated a likely range for future investment requirements at a national level in the order of \$120 billion to \$185 billion, an average household cost for most councils on a standalone basis to be between \$1910 and \$8690 by 2051.
- 2. It also estimated these average household costs could be reduced to between \$800 and \$1640 per household and efficiencies in the range of 45% over 15-30 years if the reform process went ahead.
- 3. The efficiencies noted are underpinned by evidence across a range of countries based on joined up networks (the conclusion is that 600,000 to 800,000 connections achieve scale and efficiency), greater borrowing capability and improved access to markets, procurement efficiencies, smarter asst management and strategic planning for investment, a more predictable pipeline and strengthened benchmarked performance, governance and workforce capabilities.
- 4. The <u>briefing to the Minister</u> notes that this "investment is what WICS has estimated is necessary for New Zealand to meet current United Kingdom levels of compliance with EU standards over the next 30 years, which in its assessment (and confirmed by Beca) are broadly comparable with equivalent New Zealand standards.".
- 5. However, this is caveated as a conservative estimate that does not take into account iwi goals and aspirations, higher environmental standards or performance standards that are anticipated in future legislation, uncertainties in asset lives, seismic and resilience risk, supply chain issues, and the current workload to manage and deliver improvements as well as address renewal backlogs.
- 6. For councils with non-council drinking water suppliers in their areas there is additional risk if they are unable to consistently provide safe drinking water to their consumers, including the potential for council to have to take on the water supply. Council operating on expired consents or with consent renewals in the next 15 years also face uncertainty over the standards they will need to meet in the future and therefore the level of investment that needs to occur.
- 7. Councils could also add to the above list of uncertainties and challenges their business as usual workload, the workload associated with delivering on stimulus packages and associated with responding to other government reform initiatives such as reform of the Resource Management Act, and general workforce retention and attraction issues, which are exacerbated by public sector competition for talent and skills.
- 8. The modelling indicated that between one and four water services entities would provide the most efficiencies and reduce costs to individual households.
- 9. When this is added to
 - a. known variations across the nation in water suppliers' compliance with drinking standards, including permanent and temporary boil water notices
 - b. evidence of poor health and environmental outcomes, including expired resource consents for wastewater treatment plants (and the need for 110 of these plants to go through the resource consenting process in the next 10 years)
 - c. stormwater overflows and other challenges
 - d. climate change

- e. Te Tiriti obligations and the need to uphold Te Mana o te Wai
- f. the size and scale of current service delivery units and workforce issues
- g. the obligations and responsibilities that councils (and other water suppliers) will face when the Water Services Bill and associated regulations are enacted
- h. the Government has concluded that the status quo is not sustainable and that the <u>case for change</u> has been made.
- 10. The four entities and their proposed boundaries (which may yet change) and the proposed structure for the system are as follows:



Funding to invest in the future of local government and community wellbeing

- On 15 July, in partnership with LGNZ under a <u>Heads of Agreement</u>¹, the Government announced a package of \$2.5 billion to support councils to transition to the new water entities and to invest in community wellbeing.
- 2. The 'better off' element: an investment of \$2 billion into the future for local government and community wellbeing.
 - The investment is funded \$1 billion from the Crown and \$1 billion from the new Water Services Entities. \$500 million will be available from 1 July 2022. The funding has been allocated to territorial authorities (which includes unitary authorities)² on the basis of a nationally formula that takes into account population, relative deprivation and land area.
 - The funding can be used to support the delivery of local wellbeing outcomes associated with climate change and resilience, housing and local placemaking, and there is an expectation that councils will engage with iwi/Māori in determining how to use their funding allocation.
- The 'no council worse off' element: an allocation of up to around \$500 million to ensure that no local authority is in a materially worse position financially to continue to provide services to its community as a direct result of the reform.
 - This element is intended to ensure the financial sustainability of councils and address reasonable costs and financial impacts associated with the transfer of assets, liabilities and revenues to new water services entities.
 - Up to \$250 million is available to meet the unavoidable costs of stranded overheads and the remainder for other adverse impacts on financial sustainability of territorial authorities (including future borrowing capacity).
 - Of this \$250 up to \$50 million is allocated to Auckland, Christchurch and Wellington Water councils, the remainder is available to other councils.³ This funding is not available until July 2024 and is funded by the Water Services Entities.

¹ <u>https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reform-programme/\$file/heads-of-agreement-partnering-commitment-to-support-three-waters-service-delivery-reform.pdf</u>

² Please note that any allocation to Greater Wellington Regional Council (the only regional council affected by the proposed changes) is not clear at this stage.

³ Due to their size and in the case of Wellington Water and Auckland's WaterCare having already transferred water service responsibilities (to varying degrees)

- 4. Council's funding allocation is \$20,715,034.
- 5. The package is in addition to the \$296 million announced in Budget 2021 to assist with the costs of transitioning to the new three waters arrangements. The Government will "meet the reasonable costs associated with the transfer of assets, liabilities and revenue to new water services entities, including staff involvement in working with the establishment entities and transition unit, and provision for reasonable legal, accounting and audit costs."⁴
- 6. The Government is also encouraging councils to use accumulated cash reserves associated with water infrastructure for this purpose. There are likely to be practical limitations on a council's ability to do this set by councils' own financial strategy and policies (including conditions on the use of the reserves ie targeted reserve funds must be used for the purpose they were collected for in the first instance e.g. if collected for capital works).
- 7. There are also political and / or community acceptance challenges with this approach if the assets are transferred under a voluntary or mandatory process the reserve balances are expected to be used to invest those funds in the communities that paid for them, consistent with the conditions under which they were raised rather than pooling as a general fund. Councils and communities are unlikely to embrace using these funds instead to enable the transition.
- 8. The proposed national allocations are as follows:

⁴ 15 July 2021 FAQ https://www.dia.govt.nz/diawebsite.nsf/Files/Three-waters-reformprogramme/\$file/three-waters-reform-programme-support-package-information-andfrequently-asked-questions.pdf

Provided by Taituarā

Council	All	ocation
Auckland	\$	508,567,550
Ashburton	\$	16,759,091
Buller	\$	14,009,497
Carterton	\$	6,797,415
Central Hawke's Bay	\$	11,339,488
Central Otago	\$	12,835,059
Chatham Islands	\$	8,821,612
Christchurch	\$	122,422,394
Clutha	\$	13,091,148
Dunedin	\$	46,171,585
Far North	\$	35,175,304
Gisborne	\$	28,829,538
Gore	\$	9,153,141
Grey	\$	11,939,228
Hamilton	\$	58,605,366
Hastings	\$	34,885,508
Hauraki	\$	15,124,992
Horowhenua	\$	19,945,132
Hurunui	\$	10,682,254
Invercargill	\$	23,112,322
Kaikoura	\$	6,210,668
Kaipara	\$	16,141,395
Kapiti Coast	\$	21,051,824
Kawerau	\$	17,270,505
Lower Hutt	\$	38,718,543
Mackenzie	\$	6,195,404
Manawatu	\$	15,054,610
Marlborough	\$	23,038,482
Masterton	\$	15,528,465
Matamata-Piako	\$	17,271,819
Napier	\$	25,823,785
Nelson	\$	20,715,034
New Plymouth	\$	31,586,541
Opotiki	\$	18,715,493
Otorohanga	\$	10,647,671
Palmerston North	\$	32,630,589
Porirua	\$	25,048,405
Queenstown Lakes	\$	16,125,708
Rangitikei	\$	13,317,834
Rotorua Lakes	\$	32,193,519
Ruapehu	\$	16,463,190

Selwyn	\$ 22,353,728
South Taranaki	\$ 18,196,605
South Waikato	\$ 18,564,602
South Wairarapa	\$ 7,501,228
Southland	\$ 19,212,526
Stratford	\$ 10,269,524
Tararua	\$ 15,185,454
Tasman	\$ 22,542,967
Taupo	\$ 19,736,070
Tauranga	\$ 48,405,014
Thames-Coromandel	\$ 16,196,086
Timaru	\$ 19,899,379
Upper Hutt	\$ 18,054,621
Waikato	\$ 31,531,126
Waimakariri	\$ 22,178,799
Waimate	\$ 9,680,575
Waipa	\$ 20,975,278
Wairoa	\$ 18,624,910
Waitaki	\$ 14,837,062
Waitomo	\$ 14,181,798
Wellington	\$ 66,820,722
Western Bay of Plenty	\$ 21,377,135
Westland	\$ 11,150,183
Whakatane	\$ 22,657,555
Whanganui	\$ 23,921,616
Whangarei	\$ 37,928,327
Total	\$ 2,000,000,000







Review of WICS data

Nelson City Council

September 2021



Document status

Ref	Approving Director	Date
2636	D.Bonifant	26 August 2021
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	Summary of sensitivity analysis Understanding the impacts (LGNZ) DIA Dashboard Household cost calculation

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Executive Summary

This report provides commentary to provide councils support to interpret WICS calculations and how those relate to your existing council information, as well as a comparison of the approaches adopted by WICS and Morrison Low in the analysis of potential future costs with and without water reform. The key analysis of your council dashboard is of items A, B and C in Figure 1 below.

- A represents the estimated average household cost using WICS modelling approach, this is not representative of actual charges
- B represents the projected future household charge in 2051 without reform
- **C** represents the projected future household charge in 2051 for **Entity C** (which is the entity that Nelson District Council has been grouped into under the proposed reform), with water reform.



Figure 1 WICS dashboard extract

Our review of the modelling completed by WICS, which informs items A, B and C of Nelson City Council (Nelson) dashboard identified a number of key assumptions that have been applied by WICS as having an impact on the projected household charges under each scenario, specifically these are:

- The assumptions used by WICS regarding the proportion of three waters revenue that is received from households, which has been assumed by WICS to be 70%, but which is 76% for Nelson.
- The approach WICS has taken to determine the number of household connections, which has been to divide the connected population by 2.7. WICS assumes that there are 19,481 household connections in Nelson, compared to the 19,617 water connections disclosed in its completed RFI.
- The level of investment that WICS has assumed is required over the next 30 years. WICS has assumed a ten-year investment requirement of \$458.7 million, which is over \$100m higher than Nelson's own estimates of \$324.8 million in its RFI.
- The approach used by WICS to estimate future revenue requirements. WICS determined future revenue requirements by reference to the amount of debt that Nelson would need to borrow to fund its full investment programme. Revenue is determined based on the amount needed to maintain a three waters debt to revenue ratio of 250%. Council's debt capacity is not measured at an activity level, given the lower borrowing requirements of other activities, a ratio of at least 500% is likely more appropriate.

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• WICS have assumed that Entity C will be able to achieve operating and capital efficiencies totalling 61.9% and 50%, respectively, over a 20 year period (from today).

To test the impact of these assumptions on the household cost projections, we have undertaken high level sensitivity analysis using the WICS models, as shown in Figure 2 below. This included:

- Adjusting the revenue from households and household connection values in all scenarios tested.
- 50% of the projected investment requirement in both the Nelson and Entity C models.
- A higher (500%) debt to revenue ratio in the Nelson model.
- 50% of the projected operating and capital efficiencies in the Entity C model.



Figure 2 Summary of sensitivity analysis

In summary, the sensitivity testing shows that:

- When the underlying assumptions regarding percentage of revenue from households and number of connected properties is adjusted to match the RFI data, the forecast charges for Nelson are slightly higher than estimated in the WICS reports.
- The scale of the difference between the entity and council scenarios is similar to the amount that the WICS analysis indicates.
- While there are instances where Nelson's projected household charges are lower than those that may
 arise under an entity, these instances occur when Nelson's investment is half of that estimated by
 WICS (which is lower than Nelson's own estimates within its RFI) and the Entity is unable to achieve
 the projected efficiencies.

Overall, we note that while the projected household charges from the WICS analysis may be the subject of some contention, in our view they are directionally accurate. That is, household charges will increase in the new regulatory environment, and Nelson ratepayers are likely to have lower household charges under the proposed Entity delivery model than through continued council service delivery.

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1 Introduction

The Department of Internal Affairs (DIA) has commissioned specialist economic, financial, regulatory and technical expertise to support the Three Waters Reform Programme and inform policy advice to ministers.

In mid-2020, a first stage of evidence was commissioned on the potential economic benefits of aggregating water service delivery entities in New Zealand. This was produced for DIA by the Water Industry Commission for Scotland (WICS) using publicly accessible council information and was released in December 2020. Between October 2020 and February 2021 a nationwide Request for Information (RFI) took place across all 67 councils.

This data has been used to inform several workstreams including the second stage of economic analysis found in the WICS Phase 2 report. This latest information has now been released to councils through the 'Council dashboard' and supporting reports.

This report is based upon our review of public WICS reports and individual council models provided by WICS. In some cases, the approach or assumptions used by WICS are unclear; this report focuses solely on the information we were able to access and interpret.

It is also important to highlight that there is no connection between the WICS analysis and the government's wider support package including calculation or allocation of the 'no-worse off' and 'better off' parts of the package.

The data in the dashboard is a combination of calculated information (household charges) and data straight from the RFI e.g. FTE data in Operation all the information within "Services".

1.1 Three waters reform

While this report concentrates on the financial analysis recently provided in the council dashboards, it is important to highlight that this is only one part of the wider suite of information that councils need to consider when looking at the proposed reforms. The impacts, benefits, issues and risks of reform are wider ranging than just the financial impacts.

In our impact assessment report, we outlined a range of broad factors that also need to be considered in making decisions about three waters reform. At a high level, these include:

- Governance
- Compliance and levels of service
- Infrastructure investment
- Financial outcomes and resilience
- Capability and capacity
- Risks of opting in and out of reform
- Challenges with transition

Additionally, LGNZ has developed an impact matrix shown in Figure 3 below which echoes these considerations.

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Figure 3 Understanding the impacts (LGNZ)

3W impact matrix



Considering these wider aspects of water reform helps to ensure that benefits, issues and risks around levels of service, capability & capacity, prioritisation of investment and impacts in communities and councils are also considered alongside the financial aspects. In some cases, there are compelling arguments for reform that are not purely financial, and similarly, there are a number of challenges associated with reform that do not transpire under a continuation of the current service delivery models.

Importantly however, the work previously undertaken by Morrison Low, and the work undertaken by WICS are consistent in the message that a step change in investment is required for three waters service delivery across the country, and that this will require a change in the way that services are delivered.

As a result of the three waters work Morrison Low has undertaken across New Zealand over the last 18 months, including the work that we have undertaken for Otago and Southland our view is that the likely future household costs for three waters will increase significantly for all councils as a result of meeting increased standards, regulations and satisfying a more rigorous compliance regime. Morrison Low's view of future costs may not be as high as modelled by WICS, but the direction is the same.

1.2 WICS Analysis

Scenarios

Broadly, WICS compares two scenarios:

- Aggregation of three waters services into four water services entities and the associated reforms to the regulatory, governance, management, resourcing, and policy direction that support improvements ('the whole reform package')
- No aggregation of three waters services and although in this scenario some reform takes place, for example, decisions already made to introduce a drinking water regulatory system and environmental standards, the wider reforms are not as extensive as in the former scenario.

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Assumptions

The assumptions WICS have used to quantify the inputs are determined through benchmarking against the UK experience. Whilst there has been some adjustment based on council feedback the potential investment requirements and ability to deliver the same efficiency gains, both key drivers of the analysis, may not be comparable in the New Zealand context. The following material factors have not been considered in their analysis:

- funding arrangements,
- national standards,
- three waters systems (% underground, pipe material etc.),
- Treaty of Waitangi and giving effect to Te Mana o te Wai,
- population density,
- geography, location and extreme rurality and
- supply chain limitations given New Zealand's remoteness.

Timeframes

WICS have undertaken the analysis over the 30 year time horizon. Responses to the RFI across the country were not consistent, where councils did not provide 30 year information, ongoing investment in growth infrastructure is assumed at the level of the final year in the data set. Undertaking future economic analysis based on a 30 year forecast is notoriously difficult especially in the context of the quality of the existing asset data. Additionally, this assumes capital expenditure follows a linear trend however we know that investment in three waters infrastructure tends to be lumpy.

More detail of the WICS analysis including methodology, impacts and assumptions is provided in Section 2 of this report along with a comparison to the relevant council based information or data.

1.3 Impact on Household Bills

WICS have used an average household charge as the key piece of information for councils and communities.

The dashboards provided by DIA present three different average household costs, represented as A, B and C in Figure 4 below:

- A represents the estimated average household cost using WICS modelling approach, this is not representative of actual charges
- B represents the projected future household charge in 2051 without reform
- **C** represents the projected future household charge in 2051 under the proposed Entity for your council, **Entity C**, with water reform.

These numbers are expressed in real terms, they are uninflated and expressed in today's dollars. The approach used by WICS to determine these values is outlined below.



Te Tari Taiwhenua Internal Affairs A Nelson City Council 5 Financial Economic GDP Growth ጔ 5.7% 9.1% В С \$1,260 REI Services 0.4% 0.6% apital Expenditure Forecast (FY21 - FY30) RE 21,950 23,065 23,595 Growth 👄 Enli RFI Operations RE 6% Population Change (Summer vs Winter) RE Revenue (FY21): 38 12.341 928 \$29M Properties Affected by Unplanned Interruption fotal Unplanned Interruptions 140%

Α

Figure 4 DIA Dashboard

To estimate current household charges for each council, WICS have (A):

- Taken the starting total three waters revenue collected by the council (including development contributions but excluding grants and subsidies).
- Multiplied that figure by 70% which is their assumed percentage of revenue derived from households. We have noted that the 70% does generally align with majority of councils, however some councils' revenue from households is higher and some lower.
- Divided that figure by the estimated number of household connections, which in turn is derived from:
 - The average of the connected drinking water and wastewater populations. The model does not use actual household connection as identified in the RFI or use stormwater connections.
 - Divided by a standard "household density" multiplier of 2.7

В

The process used by WICS to estimate future household charges (**B**) is the same as outlined above, using estimated future revenue requirements and estimated future household connections (which allows for growth in connections).

In order to determine the future household charge WICS have:

- Calculated the future required investment in growth, level of service enhancement, and renewal of assets.
 - Growth investment is assumed to be the same as disclosed in each council's RFI, with the same annual average expenditure applied across the full 30 year period if a council only disclosed 10 years of projected investment.

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- Renewal investment is assumed to be 100% of the economic depreciation of assets. WICS have undertaken their own calculation of economic depreciation based on assumed asset values and lives.
- Level of service enhancement investment has been calculated using a standard approach across the country that has regard to population, land area and density. It does not reflect each council's actual investment set out in the RFIs.
- WICS have recalculated depreciation, this has increased council figures.
- Determined the impact of new investment on operating expenditure. WICS has assumed that for every \$100 of capital investment there is \$3 of additional operating costs. WICS have also included additional depreciation and financing costs for new assets.
- Determined the amount of new borrowings required to finance their modelled investment profile.
- Determined the amount of revenue that needs to be collected to ensure that councils are able to maintain a three waters debt to three waters revenue ratio of less than 250% over the modelling period. This is the revenue number that is divided by WICS' estimated future household connections to reach the household charges at B above.

This revenue number typically results in operating surpluses being generated which are applied toward debt reduction.

This process is explained in Figure 5 below.



Figure 5 Household cost calculation



С

WICS have undertaken the same modelling to estimate the future household charges for rate payers of a council area if water reform entities were formed. The result reported in each council's dashboard (C) matches the projected future household charges for all councils in **Entity C** (of which Nelson City Council are a part) in 2051.

We have now been provided the economic models for the proposed water services entities. The approach used to project future household charges for water services entities is closely aligned to that used to project future household charges for individual councils. The differences are:

- Entities have been modelled with no limit on the debt to revenue ratios (or no discernible limit). This means that WICS reports show the projected debt level for **Entity C** is allowed to reach 645% of revenue by 2051. This accounts for a substantial part of the difference between the projected three waters rate for each council and **Entity C** in 2051.
- Entities have been assumed to be able to generate efficiencies amounting to 61.9% for operating costs and 50% for capital expenditure within 20 years from today. By way of contrast, Nelson City Council has not been allowed any operating or capital efficiencies. This accounts for most of the remaining difference between the projected three waters rates.
- Finally, the entity will benefit from the scale of aggregation. That is, the total revenue needs will be spread over a larger population base. The extent to which this scale benefit applies to a particular council will vary depending on population and land area.
- The total investment requirements for **Entity C**, including depreciation and renewals investment, have been derived by adding the constituent costs for each council.

The various elements of the above approach are outlined in more detail in Section 2.

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1.4 Comparison of key data from WICS

The following section compares data from the WICS model to that within councils RFI. Note that for comparison purposes we have combined the values in the rural and urban RFIs completed by Nelson City Council.

Nelson City Council

The comparison highlights that WICS has modelled level of service and growth investment that is about the same but the modelled renewals is two and a half times larger than the investment requirements identified by Nelson in its completed RFI. For Nelson, the scale of this anticipated investment makes this the most significant driver of the household charge calculations produced by WICS. The assumption of 70% of three waters revenue being derived from household is also a significant factor in WICS household charge projections.

lk	WICS - Council		WICS - Entity		
ltem	2031	2051	2031	2051	Comments on assumptions
Household Charge (uninflated)	\$2,172	\$2,334	\$1,255	\$1,255	• Water Services Entity option shows a lower charge per household.

Household Cost per Annum

Investment

lton	WICS - Council		RFI (2031)					
ltem	2031 2051		KFI (2031)		Comments on assumptions			
Total investment requirement	\$458,734,039 \$1,521,546,830		\$324,887,500 (G1.3+G1.6+G1.9). ¹	•	WICS model projects a higher Investment need.			
Levels of Service Enhancement & Growth	\$201,867,658	\$605,602,973	\$222,324,330 (G1.3+G1.6)	•	WICS model projects slightly lower LoS Enhancements and Growth needs.			
Renewals	\$256,866,381 \$915,943,858		\$102,563,170 (G1.9)	•	WICS model projects a significantly higher Renewals requirement is needed.			
ltem	WICS - Council		RFI		Comments on assumptions			
Asset Value	\$1,637,912,466		\$996,985,540 (Low) \$1,993,971,079 (High) (^{J1)}	•	The base asset values used by WICS are on the high end of the range provided by NCC.			
Depreciation	\$23,021,985 (Assumption C75)		\$12,129,211 (E1.25+E2.24+E2b.24)	•	Depreciation is higher in the WICS model and continues to rise over the life of the model. Depreciation becomes more material as investment in assets increase. Implied depreciation rate WICS = 1.35% increasing to 1.75% over time. RFI = 1.2%			

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¹ Reference to data in Council RFI spreadsheet

Revenue

	WICS - Council			RFI					
ltem	2021-2	2031	2051	2031	2031		Comments on assumptions		
Total debt	\$40,000,000 \$228,152,058 \$583,533,467		\$156,506,000 (F3.14)	• WICS projects debt to be significantly higher than compared to the F			ebt to be significantly higher than compared to the RFI.		
Total Revenue	\$29,000,000 \$93,916,683 \$233,212,857		\$47,437,400 (F10.62)	•	• WICS projects revenue to be significantly higher than in the RFI.				
Debt to Revenue	140% 243% 250%		330%	• Charges increase to bring ratio back within 250% under the WIC comparison not relevant.			0		
Operating Surplus	N/A	\$14,608,393	\$22,102,667	N/A	• Only exists		Only exists under WICS model.		
ltem	WICS - Council			RFI			Comments on assumptions		
Revenue from household	70%			76 (F10.4+F10.19+F10 F10.61+F1		.62-		Nelson collects a similar percentage of revenue from household charges compared to the WICS model assumption.	
Connected household properties	19,481			Water = 19,61 Wastewater = Stormwater = 2	20,801	(A3.1)		Number of connected properties is similar in the WICS model.	
Development Contribution	WICS assumes that Development contributions, when combined with revenue from commercial and industrial users account for less than 30% of total three waters revenue		Development of 2031 equate to of total three v	less th	an 4%	•	No material impact.		

² From DIA dashboard

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1.5 Sensitivity testing key WICS assumptions

The impact of the key assumptions used by WICS outlined in section 1.4 has been outlined in the tables below:

- Table 1 shows the impacts on projected household charges in 2051 once the following adjustments have been applied:
 - Adjusted to the number of household connections to adopt the average of water and wastewater billed properties from Council's completed RFI.
 - Adjusted to the percentage of revenue from households to match the percentage disclosed in Council's RFI.
 - Sensitivity testing around the debt to revenue ratio assumption, to show the impact of applying a 500% ratio instead.
 - Sensitivity testing around the projected investment requirement, showing the impact of halving the amount of investment projected by WICS.
- Table 1 shows the impacts of adjusting the level of required investment and assumed efficiencies for Entity C in 2051.

Table 1 Sensitivity testing of projected household charges in 2051 for Council

Investment	Three waters debt to revenue						
investment	250%	500%					
100%	\$2,443	\$2,164					
50%	\$1,432	\$1,315					

Table 2 Sensitivity testing of projected household charges in 2051 for Entity C

Investment	Efficiencies	
	100%	50%
100%	\$1,260	\$1,685
50%	\$678	\$958

The results of the sensitivity testing are represented visually in Figure 6 below.





Figure 6 Summary of sensitivity analysis

In summary, the sensitivity testing shows that:

- When the underlying assumptions regarding percentage of revenue from households and number of connected properties is adjusted to match the RFI data the forecast charges for Nelson are slightly higher than estimated in the WICS reports.
- The scale of the difference between the entity and council scenarios is similar to the amount that the WICS analysis indicates.
- While there are instances where Nelson's projected household charges are lower than those that
 may arise under an entity, these instances occur when Nelson's investment is half of that estimated
 by WICS (which is lower than Nelson's own estimates within its RFI) and the Entity is unable to
 achieve the projected efficiencies.


2 Water Industry Commission for Scotland Commentary

2.1 Investment Projections

Investment is the single biggest driver of cost in the WICS model. WICS estimates potential investment requirement over 30 years for each council. This is considered for:

- (a) Renewals (Replacement and Refurbishment)
- (b) Levels of Service (Enhancement)
- (c) Growth investment

These three values are combined to determine a total investment programme for each council.

2.1.1 Renewals

In their various reports, WICS noted that based on a review of completed RFI's and comparison to their international benchmarks:

- Asset values reported by New Zealand Councils were typically low.
- Useful lives appeared to be optimistic.
- The split of asset value between short lived (less than 30 years) and long lived (estimated lives of around 100 years) was more heavily weighted toward long lived assets.
- Using the low range for asset values and the high range for asset lives (i.e. the two extremes) disclosed in RFI would increase the risk that there is insufficient resources available for asset replacement.

Based on their observations WICS therefore recalculated the depreciation for each council's asset base, assuming:

- 90% of existing assets are long life assets with an estimated life of 100 years.
- 10% of existing assets are short life assets with an estimated useful life of 30 years.
- Long life assets were assumed to have a valuation at the mid-point of the low and high end valuations disclosed in RFIs.
- Short life assets were assumed to have a valuation at the upper range of the valuations disclosed in RFIs.
- New investment is assumed to comprise 60% short life assets and 40% long life assets to enable the long/short life split of assets to eventually reach the international benchmark of 30% short life and 70% long life assets.

WICS has then modelled investment in renewals at 100% of depreciation throughout the modelling period. There has been no adjustment to planned renewals investment to reflect that some investment in level of service enhancement or growth is likely to also have a renewals component.

The modelled renewals investment is likely to differ substantially to renewals programmes that have been calculated by each council.



WICS have modelled an effective starting average depreciation rate of 1.35% of the revised asset value. This depreciation rate increases over the modelling period to eventually reaching 1.75%. These depreciation rates translate to an average useful life for three waters assets of 81 and 59 years, respectively.

Comments on the underlying assumptions

We note that WICS calculation of renewals expenditure and depreciation does not consider:

- The relative age profile of each councils network, and each councils stage in the asset lifecycle.
- The amount of investment in level of service enhancing infrastructure or growth infrastructure which may also have a renewals component.
- The actual split of long life and short life assets within each council, and the specific circumstances that give rise to that split (e.g. water networks with large distribution zones and therefore a higher proportion of reticulation assets which are typically long life, or the inclusion of stormwater assets which typically have longer lives and do not form part of the Scottish water asset base).

We note that the depreciation rate of 1.35% is broadly within the high end of the range observed in New Zealand already. However, the longer term depreciation rate of 1.75% is much higher than most councils in New Zealand (although this is intended by WICS).

While the rate of depreciation may be consistent with the New Zealand average, the valuation of assets is not. In our experience, councils typically value their assets at the low end of the valuation range provided in their completed RFIs. This means WICS has typically increased the total depreciation charge above those that are likely to be included in long term plans.

We are aware of a number of recent examples where councils that have had recent asset valuations have experienced substantial uplifts in assets value. This may support WICS assumptions around asset valuations.

Potential impact of assumption

Overstatement of the renewals requirement will result in an overstatement of debt and revenue projections for the entity.

This assumption is likely to affect the entity and council projections equally, so will likely have limited bearing on the comparative outcomes of household charges. However, it will have a significant impact on the projected household charges for councils in 2051 if reform does not occur.

2.1.2 Levels of Service and Growth Investment

The various reports produced by WICS outline three different approaches used to determine the future required investment in level of service enhancement (and in some cases growth expenditure):

- Based on relationships between historical enhancement and growth investment in the UK (same approach as Phase 1 but updated using council RFI information)
- Based on relationships between historical enhancement and growth in Scotland only (i.e. using the same approach as in Phase 1 but with Scottish data only); and
- Based on the observed gap in asset values per connected system between New Zealand and the UK this approach does not take into account growth.



While the approaches differ in how they arrive at their estimates they deliver broadly consistent results in terms of the magnitude of investment that is likely to be required over the next 30+ years. It indicates that in order to meet quality and growth outcomes, spending will need to more than double from current levels over the next 30 years.

WICS note these figures could ultimately be even higher, as they do not take account of investment uncertainty associated with the need to provide for seismic resilience, climate change, or responding to changing societal standards around environmental impacts (including iwi/Māori expectations).

It is unclear which of these approaches was used to identify the potential amount of level of service enhancement investment needed. However, we understand that the outcome under all three approaches is broadly similar.

WICS also applied two further adjustments:

- It appears that planned investment in growth infrastructure was effectively removed from the
 results in favour of using council's own projections for investment in growth infrastructure. Where
 councils only reported forecast investment for a 10 year period this was assumed to be
 representative of the next 20 years as well.
- Applied a cap of NZ\$70,000 per head for combined investment in level of service enhancement and growth infrastructure across any council area, this limits the modelled potential exposure of most rural councils.

WICS does disclose some of the formulas that it has used to identify potential investment requirements, although without knowing the source of the variables used within the formulas, we have been unable to replicate the results. We note however that the formulas (at least at a national level) do include length of waterways and coastline, so may make some attempt at incorporating relevant environmental factors.

However, at an individual council level, the investment numbers produced by WICS are based on population, land area, and density alone and have no relationship to each council's:

- Type, quality, or number of water sources
- Receiving environment for wastewater discharges
- Current treatment approach
- Current levels of service
- Asset age
- Asset performance
- Asset condition

Comments on the underlying assumptions

Investment is the single biggest driver of cost in the WICS model. It is what drives the future borrowing requirement, which in turn determines the amount of revenue that needs to be collected. That means that if the future investment requirements in the WICS modelling are under or overstated the future household costs are likely to be similarly impacted.

Despite this it is worth recognizing that predicting future investment requirements is notoriously difficult. This is particularly true over long time frames, such as the 30 year period that has been modelled by WICS.



While predicting investment over a 10 year period is more certain, even this is challenging, as demonstrated by the long term plans of almost every council in New Zealand. Long term plans often have significant uplifts in their ten year capital works programs despite being only 3-year cycles.

We have not attempted to make an alternative assessment of 30 year investment requirements, and therefore have no view on whether the projected investment by WICS is appropriate. However, as it appears that a different approach may have been used to determine investment at a national scale than that used at a council level, even if the national, or regional investment projections are correct, the distribution of where that investment falls in relation to each council may not be correct.

Potential impact of assumption

WICS have used the derived future investment numbers in the stand alone financial analysis provided to councils as well as in the analysis completed for each water services entity. The higher numbers have a flow on effect to a number of assumptions, most importantly, the future revenue required by councils. This is then reflected in the calculated household charge.

We also note that for the purposes of their modelling WICS have assumed that this investment is evenly spread across the modelling period, however it is likely that this will be weighted further toward future years in practice. This results in a sharp increase in projected future household charges.

In the event that the future investment requirements are understated or overstated, there is likely to be a consistent impact on both the council and entity household charge projections. While this assumption may change the scale of the difference in projections it is unlikely to change the overall outcome of their analysis.

2.2 Revenue

Projected revenue is ultimately the main input into the WICS model that is used to determine household charges. The way in which future revenue is projected is therefore critical.

2.2.1 Three water debt to revenue ratio

The total three waters revenue that is needed to be collected by councils in the WICS model has been determined by reference to each council's total borrowing.

Revenue projections have been calculated by identifying the amount of revenue needed to ensure that each council maintains a three waters debt to revenue ratio below 250% over the entire modelling period. Revenue increases are front-loaded in the WICS model, with revenue increases typically stabilizing to match inflation over time (or at least reducing).

The WICS modelling results in forecast future revenue requirements which typically result in the council generating a significant operating surplus for its three waters activity. This surplus is applied toward debt management/repayment.

Water services entities appear to not have been subject to this restriction with Entity C's debt to revenue ratio reaching 640% by 2051. We understand that the Government has received advice to suggest that a debt to revenue ratio of this magnitude would not adversely impact on water services entities' credit ratings.

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Comments on the underlying assumptions

We note that councils are not typically financed on an activity basis. That is, councils are not required to maintain a three waters debt to three waters revenue ratio of 250%, and in fact a number of councils already exceed this ratio when looking only at three waters debt to revenue.

Three waters typically makes up between 20 - 30% of a council's total revenue, with most other activities typically requiring only low levels of debt. While three waters charges may increase at a much higher rate than other areas of council's business, we would still anticipate that a three waters debt to revenue ratio of around 500% would be within most council's future borrowing capability.

Potential impact of assumption

The revenue numbers directly translate into household charges for councils and the water services entities.

As councils are likely to be able to borrow more than 250% of their three waters revenue, the projected household charges are likely overstated.

Because no such cap has been applied to the water services entities, and we understand that there is official advice to support water services entities maintaining large debt to revenue ratios, this assumption has limited bearing on the projected household charges for the water services entity itself.

When viewed together, the application of this assumption by WICS is likely to overstate the size of the difference in charges between council and the water services entity.

2.2.2 Revenue from Households

WICS has used the split of revenue between households and non-households of 70% as observed in the UK. This has been applied to the total revenue figure above.

The 70% figure represents the total amount of three waters revenue derived from household water charges, and effectively does not include any revenue from development contributions, grants and subsidies, or commercial and industrial water use (or indeed irrigation/stock water schemes).

Comments on the underlying assumptions

In our view the assumption that 70% of revenue comes from household water charges appears to be fair at a national or water services entity level. However, this assumption is less likely to be applicable at an individual council level, noting that:

- Councils that have high levels of urban growth may receive a substantial portion of water revenue from development contributions, and in some cases this may account for the entire remaining 30% (or more) on its own.
- Highly rural councils may receive a large proportion of their three waters revenue from irrigation or stock water schemes, meaning much less than 70% of total three waters revenue is derived from households.
- Some territorial authorities receive large amounts of three waters revenue from large water users. This is particularly true in rural and provincial councils, which often have high water users in the agricultural and horticultural industries.



Potential impact of assumption

This assumption may impact on the size of the difference between the projected household charges under the council and entity scenarios because it is likely to be more accurate at an entity level than it may be for individual councils.

Councils which receive a lower proportion of their three waters revenue from households than is assumed in the WICS analysis will have higher projected household charges under the WICS analysis than they may otherwise have.

WICS analysis is also presented at a three waters level, which means it is difficult to see the impact for customers which may only receive one or two of the services provided. This is likely to be particularly relevant for councils with large rural areas.

2.2.3 Household connections

WICS have determined the number of household connections in their modelling by:

- Averaging the connected water and wastewater populations from each council's RFI
- Dividing the number by 2.7 (which is the average household density in New Zealand).

This value is used as the denominator in WICS' projections of average household charges. The higher this number is, the lower the projected household charge is.

WICS does not appear to have used any data regarding stormwater connections/charges within its analysis.

Comments on the underlying assumptions

Household density varies significantly between territorial authorities within New Zealand. This is particularly prevalent in the comparison of rural and urban councils. According to Statistics New Zealand, in 2018 the council with the highest occupancy rate has an average of 3.0 residents per household, compared to the least dense council having an occupancy rate of 2.1.

We understand that there are now councils that have significantly lower occupancy rates than that still (with some reporting occupancy rates of less than 2 residents per household).

Potential impact of assumption

This assumption may result in a difference between the projected council and entity values (i.e. it will affect the entity and council differently) because the household density number varies significantly between council areas but is likely to be more accurate at an entity level.

For councils with low household density, it is likely that the application of this assumption will have resulted in the WICS analysis overstating the potential household charges in 2051 for individual councils. The projected household charges for the water services entity are less likely to be affected by the application of this assumption.

2.3 Capital and Operating Efficiencies

WICS looks separately at capital and operating efficiency expenditure. In both cases, WICS undertook econometric modelling (using the reworked Ofwat 2004 and 2009 models) of the potential for operating efficiency from each council using tools and techniques applied and fitted to UK water entities and tested this against New Zealand.



2.3.1 Efficiencies

WICS have applied efficiencies adjustments in some cases for individual councils. These efficiencies have been based on council size. The observed experience from United Kingdom demonstrates that only entities of a scale of more than 60,000 connected citizens could be expected to achieve any reductions in operating costs, even if they were subjected to robust governance and regulatory frameworks.

In the models provided, the scale efficiencies increase on a diminishing (logarithmic) basis above the minimum size threshold. This means there is no inclusion for efficiency improvement for councils with less than 60,000 population served. For councils above this threshold, efficiency gains are realisable (albeit at a diminishing rate) up to a maximum of 800,000 population served, after which no further returns to scale have been included in WICS modelling.

In determining the scale of efficiencies modelled for the Water Services Entities, WICS assesses the New Zealand Three Waters sector to be in a broadly similar position as Scotland in 2002, in terms of relative operating efficiency and levels of service. In just under two decades, Scottish Water has lowered its unit costs by 45% and closed the levels of service gap on the best-performing water companies in the United Kingdom. This has been used as evidence to support the efficiencies modelled by WICS.

WICS modelling includes a capital efficiency challenge of 50% and an operating efficiency challenge of 61.9% for Entity C, with an assumption that this efficiency gap is able to be closed within 20 years from today.

Comments on the underlying assumptions

We note that Entity C is projected to have around 950,000 customers on formation. This is comparable in size (but much less densely populated) to Bristol Water and South Staffordshire Water, who were cited as achieving efficiencies of 25% and 20% respectively in the WICS reports.

Potential impact of assumption

If modelled efficiencies from service delivery reform are overestimated, or underestimated, then this will have a direct impact on the projected household charges for the water services entities. That is, overestimation of the potential operating efficiencies will result in WICS' projections of household charges for water services entities being lower than they may otherwise be if those efficiency targets are unable to be met.

2.4 Sensitivity

WICS undertook detailed sensitivity analysis (Monte Carlo analysis) of their projected household charges to demonstrate whether there are any instances where household charges would be lower under continued council led service delivery versus the reform, scenario. Across the country, this analysis shows only a very limited number of cases where household charges have any potential to be lower without reform than with it. In these cases, WICS typically notes that the levels of service received by customers without reform would be significantly lower than they would be under the reform scenario.

Importantly, while this sensitivity analysis does consider different levels of investment requirements, it does not consider the impact of the debt to revenue assumption, or assumptions regarding the percentage of revenue from households, or the number of connections. We have not attempted to recreate the sensitivity analysis completed by WICS but would anticipate that correction of these assumptions prior to undertaking the sensitivity analysis would result in more instances where future household charges crossover under the reform and no reform scenarios.

A new system for three waters service delivery

3. A NEW WATER SERVICES SYSTEM

1. A CASE FOR CHANGE

This Government has ambitions to significantly improve the safety, quality, resilience, accessibility, and performance of three waters services, in a way that is efficient and affordable for New Zealanders. This is critical for:

- public health and wellbeing;
- environmental outcomes;
- economic growth and employment;
- housing and urban development;
- adapting to the impacts of climate change;
- mitigating the effects of natural hazards.

Government also wants to ensure it delivers on Treaty-related obligations. including by improving outcomes for iwi/Māori in relation to three waters service delivery.

Integral to this is effective infrastructure delivery, underpinned by an efficient. high-performing, financially-sustainable, and transparent three waters system.

2. KEY DESIGN FEATURES

Maintaining local authority ownership of water services entities;

Protecting against privatisation;

Retaining influence of local authorities and mana whenua over strategic and performance expectations;

Providing the necessary balance sheet separations from local authorities; and

An integrated regulatory system.



DIAGRAM1

JUNE 2021

4. OBJECTIVES FOR THE CROWN/MĀORI RELATIONSHIP

Enabling greater strategic influence to exercise rangatiratanga over water services delivery.

A Integration of iwi/Māori rights and interests within a wider system.



B Reflection of a holistic te ao Māori perspective.



C Supporting clear account and ensure roles, responsibilities, and accountability for the relationship with the Treaty partner.

Improving outcomes at a local level to enable a step change improvement in delivery of water services for iwi/Māori.

5. A PARTNERSHIP-BASED REFORM

Government will continue to work in partnership with iwi/Māori and local authorities.

A large scale communication effort is required to ensure local government support reform.

Further decisions are yet to be taken by Cabinet on the arrangement for transition to, and implementing, the new system.

A new system for three waters service delivery

The number and boundary of entities needs to balance scale with other factors

1. FACTORS CONSIDERED TO DETERMINE NUMBER AND BOUNDARIES

A range of factors have been analysed to help determine how many entities there should be, and their boundaries:

- Potential to achieve scale benefits from a larger water service delivery entity A to a broader population/customer base.
- Alignment of geographical boundaries to encompass natural communities B of interest, belonging and identity including rohe/takiwā.
- Relationship with relevant regulatory boundaries including to enable water C to be managed from source to the sea - ki uta ki tai.

Applied economic analysis, informed by international evidence, provides further confidence that each entity would need to serve a connected population of at least 600,000 to 800,000 to achieve the desired level of scale.

The preferred approach is to create four new water services entities, and to enable all communities to benefit from reform.

2. PROPOSED BOUNDARIES

Government has agreed to a preferred set of entity boundaries. However, the Government remains interested in continuing discussion with local government and iwi/Māori most affected by the proposed boundary choices. In particular:

South Island entity

🚯 Hauraki Gulf

🕗 Taranaki region

ki uta ki tai, whakapapa

connections, and economic

Which entity would include the Taranaki region, taking into account

geography/community of interests.

Whether there should be a single entity covering the whole of the South Island, or instead take an approach that uses the Ngãi Tahu takiwā.



ls in the order of

\$120 billion to

\$185 billion

over the next 30 to 40 years.

The map highlights the recommended boundaries.

3. OUR INTENTION IS THAT ALL COMMUNITIES **BENEFIT FROM REFORM**

Latest estimates indicate that the amount of investment required to

- provide for future population growth
- replace and refurbish existing infrastructure
- upgrade three waters assets to meet drinking water and environmental standards



The figures presented above for household bills with and without reform set out what an average be likely to pay for three waters services in 2051, in today's dollars, based on analysis by the Water Industry

A weighted average figure is presented for household bill estimates without reform, to account for the wide variance en council pricing policies. This weighted average figure reflects the proportion of the connected population that resides in each council area relative to neighbouring councils within the relevant water services entity.

A2734616

5. POTENTIAL IMPACTS

Difference in household costs

Average household costs for most councils on a standalone basis in 2051 are likely to range from between \$1,910 to \$8,690.

The scale of investment required between now and 2051, would require average household costs to increase by between three to 13 times in real terms for rural councils, between two and eight times for provincial councils and between 1.5 and seven times for metropolitan councils.

Current household costs average household costs.

Metro	
Provincial	
Rural	

Potential economic impact of reform

of reform.

Change relative to counter-factual, 2022-2051

Net change in GDP p.a.
Present value increase

- Average increase in FTEs
- Increase in average wages
- Present value increase in taxes

DIAGRAM 2 JUNE 2021



Currently there are a wide range of current (2019)

LOW	HIGH	MEDIAN	MEAN
\$500	\$1,920	\$1,050	\$1,120
\$610	\$2,550	\$1,120	\$1,300
\$210	\$2,580	\$1,340	\$1,390

Source: Water Industry Commission for Scotland Analysis 2021

Current costs are not necessarily a good reflection of what funding is required to meet the full costs of economic depreciation (that is, to provide resources for asset maintenance and renewal).

The economic impact assessment estimates the impact of a material step up in investment in connection with reform, relative to the level of investment that might be expected in the absence



Source: Deloitte Three Waters Reform Economic Impact Assessment 2021

THREE WATERS 101.

The Government is proposing major reform of New Zealand's drinking water, wastewater and stormwater system. Here LGNZ synthesises the issues, the opportunities and what it means for local government.

1. What's the problem?

Councils currently own and operate three waters services, which cover drinking water, wastewater and stormwater. More investment is needed in water infrastructure to meet the environmental and public health aspirations of our communities. The Government has estimated that dealing with 30 years of systemic failure will require an investment of more than \$185b over the next 30 years.

This scale of investment would be extremely challenging for councils to fund on their own. Climate change will only exacerbate this challenge.



Significant investment needed in water infrastructure



Councils can't carry future costs



The current system lacks: - Economic regulation

- Consistent data collection
- Enforcement of standards

2. Government's proposed solution

The Government has told us it wants to deliver water services more cost effectively. It also wants to deliver them in an equitable and sustainable way.

It proposes changing the whole system:



3. Impact on councils

The Government's proposal would mean significant change to the delivery of water services. For a start, councils would shift their focus from delivery to kaitiakitanga of water services. Requirements on local authorities to ensure safe drinking water for private and community supplies would transfer to new entities.

For most councils, removing water-related debt from their balance sheets would improve their financial position. It would potentially create more opportunity to focus on delivering wellbeing to their communities.



We know there's not universal agreement on the case for change. But to meet councils' own RFI projections, spending across New Zealand as a whole would need to increase by 50 percent annually for the next 10 years. With strong regulatory enforcement, the picture would be very different for councils, creating difficult trade offs if large investments are required to meet water standards.



Three waters kaitiakitanga focus

Water-related debt removed from balance sheet

Increased capacity to borrow to fund community services

LOCAL GOVERNMENT CAN HELP SHAPE THREE WATERS REFORM.

What's important to the sector in this reform?

- Everyone has access to safe drinking water and the same level of three waters service.
- Infrastructure and systems are resilient and well-funded.
- Three waters are delivered in partnership with iwi.
- Delivery is responsive to climate change.
- Catchments are managed from the mountain to the sea.
- Districts retain high-paying, skilled jobs.
- Any transition is well-managed and people are looked after.
- Local voices are heard and local priorities are responded to.

LGNZ is working for councils

Our work on Three Waters is guided by the principle that we need to seize any opportunity to create the best possible outcome for local government.

We're using our influence to work with the Government on a model that better includes the perspective of our communities. Representatives from local government are helping to steer this work and pose the hard questions. We are also actively working with government on what a package to go with reforms might look like. We'll work to optimise this package before decisions are made.

What the sector needs from central government



Transparency about the process and what's on the table.

A robust transition plan that makes sure the benefits of reform are delivered.



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Government to support councils so they can keep delivering. This means makes sure councils are economically sustainable without water.

A fair deal, including that councils are not financially worse off, and that communities are better off.

To support and grow effective local democracy.

That any new system reflects the relationship with mana whenua under Te Tiriti o Waitangi

Find out more

We encourage you to stay informed and up to date of the reforms as they evolve. We'll be with you every step of the way. Here's where you can start:

Read what DIA has published: www.dia.govt.nz/Three-waters-review

Check out the info on our website: www.lgnz.co.nz Get in touch if you have questions: feedback@lgnz.co.nz







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A2745775

Council



23 September 2021

REPORT R25980

Strategic Development and Property Quarterly Report to 30 June

1. Purpose of Report

- 1.1 The 26 August 2021 Strategic Development and Property Subcommittee meeting was cancelled due to COVID-19 Alert level 4. This report is consequently being presented to Council, for its information.
- 1.2 To inform the Subcommittee of the financial and non-financial results for the fourth quarter of 2020/21 for strategic properties, the marina and campgrounds activities under the Strategic Development and Property Subcommittee's delegated authority.

2. Recommendation

That the Council

1. <u>Receives</u> the report Strategic Development and Property Quarterly Report to 30 June (R25980) and its attachments (A2711975, A2712692).

3. Background

- 3.1 Quarterly reports on performance are provided to each Committee on the performance and delivery of projects and activities within their areas of responsibility.
- 3.2 The financial reporting focuses on the full year performance (1 July 2020 to 30 June 2021) compared with the full year approved capital and operating budgets.
- 3.3 Unless otherwise indicated, all information is against "Approved Budget", which is the 2020/21 annual budget plus any carry forwards, plus or minus any other additions or changes as approved by the appropriate Committee or Council.

- 3.4 Detailed Capital project sheets are included in Attachment 1 (A2711975). Capital project sheets have been selected if their budget is at least \$250,000 for 2020/21, are multi-year projects with a budget over \$1 million, or have been assessed to be of particular interest to the Committee.
- 3.5 Capital project status is analysed based on three factors: quality, time, and budget. From the consideration of these three factors the project is summarised as being on track (green), some issues/risks (orange), or major issues/risks (red). Projects that are within 5% of their budget are considered to be on track in regard to the budget factor.

4. Financial Results

Profit and loss

	PROFIT & LO	SS - CAMPGROUND	S	
	Year to Date	Year to Date	Year to Date	Annual Plan
	Actuals	Operating Budget	Variance	Budget
Income		5		
Rates Income	(459,565)	(194,089)	265,476	(194,089)
Other Income	(538,659)	(761,516)	(222,857)	(761,524)
Total	(998, 224)	(955,605)	42,619	(955,613)
Expenses				
Staff Operating Expenditure	308,682	258,539	(50,143)	258,539
Base Expenditure	332,398	408,350	75,952	448,808
Unprogrammed Expenses	265,755	195,455	(70,300)	175,000
Programmed Expenses	84,791	88,756	3,965	68,756
Finance Expenses	4,359	4,511	152	4,511
Depreciation	154,584	153,473	(1,111)	153,474
Total	1, 150, 569	1, 109, 084	(41,485)	1,109,087
Total	152,345	153,479	1,134	153,474

	PROFIT &	& LOSS - MARINA		
	Year to Date Actuals	Year to Date Operating Budget	Year to Date Variance	Annual Plan Budget
Income				
Rates Income	-	-	-	-
Other Income	(2,173,455)	(2,175,244)	(1,789)	(2,175,245)
Total	(2,173,455)	(2,175,244)	(1,789)	(2,175,245)
Expenses				
Staff Operating Expenditure	219,089	187,251	(31,838)	187,251
Base Expenditure	946,301	935,048	(11,253)	935,046
Unprogrammed Expenses	108,325	101,400	(6,925)	101,400
Programmed Expenses	175,221	173,200	(2,021)	173,200
Finance Expenses	219,333	222,272	2,939	222,272
Depreciation	250,802	255,074	4,272	255,073
Total	1,919,072	1,874,245	(44,827)	1,874,242
Total	(254,383)	(300,999)	(46,616)	(301,003)

Operating Revenue (excluding rates)



Operating expenditure





Capital expenditure









Item 14: Strategic Development and Propoerty Quarterly Report



- 4.1 **Tahuna Beach Holiday Park income is less than Approved Budget by \$68,000.** Camp Rental income is under Budget by \$51,000 due to the Council's COVID-19 response package. Recoveries of water by meter and trade waste income is also under budget by \$17,000 due to lower than planned operations as a result of the COVID-19 pandemic.
- **4.2 Brook Valley Holiday Park income is less than Approved Budget by \$156,000.** Camp Site Fees are under Budget by \$100,000. Sundry Income is under Budget by \$24,000 and Semi Permanent Camp Fees are under Budget by \$16,000. Council increased the fees at the Brook Camp in 2019/20 by 20%, to meet the Finance and Revenue recovery targets for the activity, with the intent that fees would also increase by 20% in 2020/21. However, Council decided later to increase the fees by the CPI only in 2020/21 but no adjustment was made to the Budget to reflect this decision.
- **4.3** Nelson Marina staff operating expenses is greater than Approved Budget by \$31,800. The new Nelson Marina Manager started in March 2021 to begin the process of creating a new team to take over the management of Nelson Marina from Nelmac. This was an unbudgeted expense.

5. Updates

Campgrounds

- 5.1 A confidential report was received by the Strategic Development and Property Subcommittee at the 11 February 2021 meeting about the Brook Valley Holiday Park long-term occupancy compliance. Further updates were provided in a confidential report on 1 April and 1 June to the Subcommittee on this matter.
- 5.2 In addition, Council passed resolutions about the campgrounds through the Long Term Plan 2021-31 (LTP) deliberations in May 2021 as follows:

<u>Approves</u> in principle an additional \$84,000 operational expenditure in year 2 of the Long Term Plan 2021-31 to cover costs related to allowing more time for completion of the compliance project before leasing of the Brook Valley Holiday Park commences.

<u>Allocates</u> in principle up to an additional \$510,000 capital expenditure (being \$410,000 in year 1 of the Long Term Plan 2021-31 and \$50,000 in each of years 2 and 3) for an improved toilet block at the Brook Valley Holiday Park, and to connect long-term occupants to water and wastewater services as well as undertake other work related to achieving compliance and requests a report to the Strategic Development and Property Subcommittee prior to works being undertaken.

<u>Requests</u> officers review the future uses of the Maitai Valley Motor Camp and report back to the Strategic Development and Property Subcommittee; and

<u>Requests</u> officers to reduce the cap on the number of Maitai Motor Camp users.

- 5.3 In response to the LTP resolution to review future uses, a Subcommittee confidential briefing on 15 June focussed on campground visioning.
- 5.4 A section 17A Local Government Act Review has been commissioned for the Brook Valley Holiday Park and Maitai Valley Motor Park. The consultant met with stakeholders including Subcommittee representatives, officers, and contractors and visited the campgrounds during July. Once completed, the review will be reported back to the Subcommittee.
- 5.5 Progress has been made at all three campgrounds towards meeting legal compliance:

Brook Valley Holiday Park

- 5.6 Council received written consent for the establishment of a relocatable home park (RHP) in March 2021. This consent is subject to meeting Camping Grounds Regulations 1985 (CGR) requirements for a RHP, or being granted a certificate of exemption and resource consent for long term occupation. A resource consent application for Council as camp owner/operator was lodged in March 2021. Flood modelling by a consultant for Council is awaited, which will inform hazard mitigation considerations. Partial exemption to CGR has been granted to 13 April 2022 and full compliance must be achieved before that date.
- 5.7 Work is underway to progress the design of service hubs containing wastewater and potable water connects to relocatable home campsites.
- 5.8 Obtaining outstanding Code Compliance Certificates for temporary portacabin ablution facilities at F Block is dependent on some minor works to portacabins and the potential need to provide accessible toilets and showers within the camp. This is being progressed currently.
- 5.9 Landscaping planning is underway, which will help meet the CGR compliance by separating long term and short-term occupant sites.
- 5.10 The Brook Camp has invested into the Health and Safety aspects of the site, as outlined in the recent condition assessment ensuring that steps and walkways are safe for use, areas at night are visible with correct lighting and the removal of unsafe stairways. Old and damaged weatherboards have been repaired along with gutters and down pipes on the buildings in the campground.
- 5.11 There was a total of 1,541 nights booked at the Brook Camp for the financial year from 1 July 2020 to 30 June 2021.

Maitai Valley Motor Camp

- 5.12 Temporary exemption to the CGR expired in February 2021. No resource consent has been lodged for long term occupation, as this cannot be achieved without significant investment in wastewater treatment and drinking water tap instalment at the camp. Council decided not to fund this investment in its 2021-31 Long Term Plan.
- 5.13 Council, as owner of the land, and the lessee, received an infringement and abatement notice on 23 July. (note that this has been reported but was received in the 2021/22 Financial Year). The abatement notice requires that Council ceases allowing residential activity at the Maitai Motor Camp by 23 January 2022. The infringement notice is for the contravention of section 9 of the Resource Management Act 1991. Schedule Oss.7i of the Open Space and Recreation chapter in the Plan identifies the activities that are permitted in the Maitai Motor Camp, residential activity is not identified as a permitted activity and no Resource Consent has been applied for to authorise permanent residential activity. The infringement Notice to Council includes a \$300.00 infringement fee.

5.14 A consultant is providing advice on the wastewater system for the reduced cap on the number of occupants. The lessee has been informed they are not to exceed the recommended cap of occupants of 80 campers per day.

Tahuna Beach Holiday Park

- 5.15 The lessee has submitted a resource consent application for long term occupancy and an application for temporary exemption to the CGR whilst issues are resolved.
- 5.16 The lease, due to expire on 30 June 2021, has been extended by variation to December 2021.

The Marina

- 5.17 The management of the Marina has been brought back in house. A transition plan was worked on through the year to ensure that the termination date of 30 June 2021 of the contract with Nelmac was met.
- 5.18 A new Marina Manager commenced in March 2021. The role will manage the Marina and investigate the preferred governance model for the Marina. Additional Marina staff positions have been appointed.
- 5.19 Work on the Marina Master Plan was carried out in Quarter Four and is continuing through Quarter 1 and 2 of 2021/22. A briefing was held with elected members on the Marina Master Plan on 1 April 2021. Once the master plan has been drafted, it will be submitted to the Subcommittee for review.
- 5.20 Marina fees and charges for 2021/22 were consulted on and a decision on the fees was made by Council on 13 May. Users have been informed, and fees are now in place.
- 5.21 New monthly reporting is being provided to the Strategic Development and Property Subcommittee. The most recent report, provided on 3 August, outlined work underway at the marina since the start of the financial year and the timeframes for this work.
- 5.22 For future quarterly reports for the year from 2021/22, marina financials will be further broken down by cost centre to give the Subcommittee more detailed understanding of marina operations, which will also include the breakdown for 2020/21. This will also help inform marina operational and strategic decisions, as well as future fees and charges.

Marina Hardstand

5.23 The marina hardstand was completed in the final quarter of 2021/22 and is now operating as designed and within resource consent requirements. A new hardstand maintenance manual has been prepared and is being followed to ensure the hardstand continues to be compliant and maintained appropriately.

Recycling compounds

5.24 Recycling compounds were installed in late 2020, and in the last quarter of 2020/21, compounds were painted and recycled artwork from Nelson Airport was installed.



Transition

- 5.25 A main focus of the final quarter was the transition to new marina management from 1 July 2021. Transition work included:
 - The purchase of a new software system and data entry into the system
 - Development of new Licence Agreement
 - Development of a new organisational structure and employment of a new marina management team.
 - Staff Training and Development
 - Development of Marina Masterplan as per Marina Strategic Plan
 - Review of Governance model for Nelson Marina
 - Debt review and collection
 - Review and reorganisation of accounts
 - Development of reporting templates

Strategic Properties

- 5.26 Work commenced on site at Millers Acre to address the remedial cladding works. Approximately half of the cladding was removed by the end of June and is being left to dry out while investigation and the replacement cladding solution is being determined. Communication with tenants has been undertaken regularly.
- 5.27 A Management Asbestos survey identified the presence of dust containing asbestos at the Reliance Building (236 Haven Road), resulting in immediate communication with the tenants (MenzShed), signage installed, and the building secured against access. An independent risk assessment and airborne fibre monitoring was completed showing less than trace levels of 0.01 fibres/mL. Access to limited (unaffected) areas of the building has been permitted with the areas affected cordoned off until remediated by a licenced removalist.

Activity Management Plan

5.28 The marina, campgrounds and strategic properties are assets contained within the Property and Facilities Activity Management Plan (AMP). A further workshop will be held with the Subcommittee to provide the Subcommittee with information about any changes to the AMP, and the final AMP will be presented to Council in October 2021 for adoption. The final AMP goes direct to Council as the issues in it cross more than one Committee.

6. Key Performance Measures

- 6.1 As part of the development of the Long-Term Plan 2018-28, Council approved levels of service, performance measures and targets for each activity. There is one performance measure that is within the Strategic Development and Property Subcommittee's delegation, Marina berth holder occupancy, which is reported in this quarterly report.
- 6.2 Performance measures are reported during the financial year accordingly, the scale to report on the key performance measures at the end of the year is as follows:
 - Achieved
 - Not achieved
 - Not measured
- 6.3 Attachment 2 (A2712692) lists the performance measure, its status and commentary.

7. Conclusion

7.1 The review of performance for the fourth quarter of 2020/21 for the Strategic Development and Property Subcommittee is included in this report, with project reports and a performance measure attached.

Authors: Nigel Skeggs, Manager Nelson Marina Rebecca Van Orden, Manager Property Services Tanya Robinson, Strategic Adviser

Attachments

- Attachment 1: A2711975 Strategic Development and Property Subcommittee - Project Sheets - Quarter 4 2020/21 (A2711975) J
- Attachment 2: A2712692 Strategic Development and Property Subcommittee - Performance Measures - Quarter 4 2020/21 (A2712692) <u>J</u>

JUNE 2021	1769	Marina Hardstand
		PROJECT DESCRIPTION

Seal the hardstand area and update the filtration system as per the consent requirements. Extend the approved area from 2 to 6 bays through a consent variation.

QUALITY	TIME		BUDGET	
	3	3		1
	PROJECT UPDATE		% PLANNED	% ACHIEVED
Construction is now completed.			TARGET	
			100%	100%

PROJECT RISKS	PROJECT ISSUES
No concerning risks to report.	No concerning issues to report.

PROJECT FINANCIALS



Millers Acre Cladding

This project is to repair the damaged exterior cladding of the Millers Acre building to ensure its watertightness.

QUALITY	TIME	BUDGE	т	
3	4			1
	PROJECT UPDATE		% PLANNED	% ACHIEVED
The investigation work is underway, with approximately half of th	e cladding removed by the end of June 21. The scaffold will stay up to ution. Time noted as yellow is due to the additional consent needed for	undertake the remedial works. Final	TARGET	
costs will be known following investigation and final cladding solu bring construction to 21/22 Financial Year.	ution. Time noted as yellow is due to the additional consent needed for	the investigation works, which will	71%	36%

PROJECT DESCRIPTION

PROJECT RISKS		PROJECT ISSUES
The final cost for the re-cladding is still unkown.		No concerning issues to report.
	PROJECT FIN	ANCIALS



carried on to 2021/2022. No expectation of additional funds required.

The project baseline was updated taking into consideration the consent required for the investigation works, which will move construction to the next financial year.

JUNE 2021

2736

Item 14:

Strategic Development

and Propoerty Quarterly Report:

Attachment

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JUNE 2021 Civic House Ceiling Tiles 1217 PROJECT DESCRIPTION Remediation work related to the seismic performance and building code compliance of the ceilings in Civic House. % PLANNED % ACHIEVED TARGET Project scope recently changed to brace vulnerable tiles. This is an interim measure as the ceilings are planned for removal in future as part of Civic House Building Renovation project. The work to brace vulnerable tiles on Levels 1 to 4 of Civic House started in May 2021 and was completed by June 2021. 81% 84% PROJECT RISKS There are no concerning issues to report. There are no concerning risks to report. **PROJECT FINANCIALS**



Project is within the 20/21 Annual Plan Budget.

Forecast spend tracking as expected.

Project life is tracking as expected.

JUNE 2021	1199	Civic House Renewal Programme (Service Litt Upgrade)			
		PROJECT D	ESCRIPTION		
Civic House Service Lift r	enewal				
	QUALITY	TIME	BUDG	ΕT	
		8	з		1
The service lift is now ope	erational. All compli	PROJECT UPDATE iance documentation received for the lift car. Currently awaiting	the code compliance process to be completed.	% PLANNED TARGET	% ACHIEVED
100%					
		PROJECT RISKS	PROJECT ISSUES		
No concerning risks to report.			Additional fire separation works have been requested by Building I the lift shaft.	nspectors to the ser	vices ducts beside



The project is within the 20/21 annual plan budget. All the remaining budget for Financial Year 20_21 will have to be carried forward to cover the code of compliance-related works.

The fire separation works to the services duct beside the lift shaft is required before closing the project.

Activity	What Council will provide	Performance measures	Year 3 (2020/21) target	End of year 2020/21 comment (Annual Report)	End of year result 2020/21
Parks and active	Marina managed to meet	Marina berth occupation	Marina berth occupation of at	Total berth occupancy as at 1 July 2021 was	Achieved
recreation	demand	rates in relation to target	least 85%	92%.	
				There has been a slight reduction due to small 8 metre berths becoming available - in 2019/20 occupancy was 96%.	

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