

Council Briefing Minutes

Date: Wednesday, 5 August, 2020
Time: 9:00 a.m.
Location: Council Chamber
Forum North, Rust Avenue
Whangarei

In Attendance

Cr Shelley Deeming (Chairperson)
Her Worship the Mayor Sheryl Mai
Cr Gavin Benney
Cr Vince Cocurullo
Cr Nicholas Connop
Cr Ken Couper
Cr Tricia Cutforth
Cr Phil Halse
Cr Greg Innes
Cr Greg Martin
Cr Carol Peters
Cr Simon Reid

Not in Attendance

Cr Jayne Golightly
Cr Anna Murphy

Scribe N. Pestana (Team Leader Democracy)

1. Apologies

Apologies were received from Cr Jayne Golightly and Cr Anna Murphy.

2. Reports

2.1 LTP Direction Setting and Financial Parameters

Cr Shelley Deeming convened the briefing and handed over to Dominic Kula (General Manager Strategy and Democracy) who covered the content of the briefing as outlined in the agenda and presentation.

The briefing was broken into two parts, the first session (Part 1) to recap and seek elected member direction on key issues, programmes and projects and the second session (Part 2) to discuss the financial parameters and rating.

Part 1 – Recap and initial elected member direction

Dominic Kula provided elected members with a recap of the process undertaken by elected members to date and initial elected member direction, as follows:

- Late 2019 - elected members discussed priorities for the Triennium.
- February 2020 – Endorsement of priorities for consideration through the 2021-2031 Long Term Plan ('LTP').
- March 2020 – the arrival of COVID-19 resulted in a review of Council's short-term position and the framework to support the recovery and reset of our local economy over the medium to long term horizon of the 2021-2031 LTP.
- May 2020 – adoption of the COVID-19 Response Strategy and Council's Strategic Drivers and Priorities for the 2021-2031 LTP.
- July – August 2020 – Activity briefings on each of the functional areas of Council, working through what the business does, levels of service in the current LTP and key issues over the three to ten-year horizon of the 2021-2031 LTP.
- Today's briefing – first step in the direction setting stage of the 2021-2031 LTP.

Dominic Kula summarised the feedback and direction provided by elected members from the activity briefings and outlined key issues which may require direction from elected members. These included:

- The approach to rates and financial parameters.
- Direction on key/cornerstone programmes/projects/levels of service.
- Council strategy for managing capex delivery and carry forwards.
- Elected members detailed capital projects / programmes, including determination of the rural/urban split.
- How to plan for the 'known unknowns' (i.e. Central Government funding, Port relocation, three waters regulatory reform, NZTA subsidy etc).

Simon Weston (General Manager Infrastructure) summarised the issues regarding constraints in Capex delivery. Options for managing these constraints include:

- Staging projects over three years allowing for consultation with the community and consenting in the first year and delivery in the second year.
- Building our internal capacity, particularly for project engineers.
- Maintaining a consistent programme to allow contractors to plan and manage their business resources, thereby supporting market capacity.
- Flexible programmes/projects (with delegation).
- Capping and/or smoothing capex.
- Prioritising committed projects (particularly renewals) upfront.

Alan Adcock (General Manager Corporate) summarised the issues regarding financial constraints (Opex). The unbalanced budget for 2020/2021 calls for the following to be considered:

- Rating levels and levels of service.

- Sustainability of savings.
- Catchup on lost revenue.
- Uncertainty around revenue streams.

Dominic Kula worked through Council's Strategic Drivers adopted in May 2020.

Simon Weston discussed core services. In the current LTP, the focus was on Level of Service projects such as the Whau Valley Water Treatment Plant, growth and getting ready for the future, with a strong focus on renewals. When we calculate whether a renewal is needed or not, we always look at whether we need to upsize or downsize a piece of infrastructure. The key document as to how a council is looking after its assets is the 30 year Infrastructure Strategy. It is difficult to get a picture of the condition of our water assets, we do CCTV surveillance to get more confidence in the condition of these assets and all that information goes into the Asset Management Plans.

Dominic Kula worked through the priorities identified by elected members for the Triennium as follows:

- Transport (Roothing and Public Access).
- Revitalising the City Core.
- Potential Northport expansion / Navy relocation.
- Sustainability (including waste minimisation).
- Housing (not discussed as a briefing on housing is scheduled for the 6th August 2020).

Part 2 – Financial parameters and Rating

Alan Adcock facilitated the second part of the briefing which included discussion on:

- Rating issues (identified at the briefing held on 2 July 2020).
- Council's 2018-2028 Financial Strategy.
- Financial prudence.
- Is a COVID-19 catch-up required?

To start the process, elected members took part in a chart exercise to identify their preference on the following:

- Amount of net debt (\$m).
- Debt per Capita.
- COVID-19 Catch-up in Year 1 of the 2021-2031 LTP (yes or no).
- Where does Council want to go with rates increases for the next 10 years?
Options of LGCI, LGCI +1%, LGCI +2%, LGCI +3% or LGCI +4%.

Feedback generally supported bringing back debt slightly (although having capacity to increase if necessary), rates being kept at a similar level and a covid catchup being undertaken (but not in one year).

Following the rating exercise, elected members took part in a whiteboard exercise to discuss what these priorities mean in terms of potential 'big ticket' projects for inclusion in the 2021-2031 LTP. It was noted that given constraints, staff would like direction on one or two funding priorities for each in order to get a feel for where elected members want to go with these priorities for the 2021-2031 LTP. A number of projects/topics were worked through for each priority (see Annexure 1 for typed notes and photo's), it was agreed that staff would try to categorise these (i.e. what could fall under existing programmes, potential operational issues and those that could be strategic priorities for the 2021-2031 LTP) for elected members to consider and provide direction on a way forward in the 12th August briefing. Housing was not discussed as a briefing on housing is scheduled for the 6th August 2020.

Elected member feedback and discussion included:

Constraints in Capex delivery.

- This is an important aspect of building the 2021-2031 LTP, if we decide to do only renewals, we need to know what that means and what flexibility we have, as this is still a big capital works programme. We must be clear on what the programme of renewals would be and what the compromises would be. We are in unprecedented times, COVID-19 has changed what we do, and it gives us an opportunity to reset completely.
- Supportive of delivering projects over three years as it provides flexibility.
- If Council decides not to have capital works in the first year of the 2021-2031 LTP, we must ensure that contractors still have ongoing work to do.

The 'known unknowns' - Central Government funding

- If we pick up government subsidies, are we going to have money to do the work? *This work must be factored into the 2021-2031 LTP. One option is for elected members to put a pot of money aside for funding subsidised projects. A different approach could be to have a targeted fund for subsidised projects.*
- Are we able to borrow money to cover projects that come in from central government? *The issue is more about the long term consequences of these projects, they will need to be maintained.*

The 'known unknowns' - Port/Navy relocation

- From a strategic point of view, we have to have a strategic plan to show how this will fit into our district and how we plan to accommodate this. *This is part of growth strategy planning.*

- Is there a way to accommodate this outside of the 2021-2031 LTP? *This could be separated out of the 2021-2031 LTP but the 2021-2031 LTP could reference Council's plan for this.*

Rating issues -SUIPS

- It would be useful for Councillors to have a briefing on SUIPS and rating units.
- Other councils have commercial ratepayers paying heaps of other fees, SUIPS are just a separate charge.

Rating issues – rating for utilities – water

- Are our water rates quite high in comparison to other districts? *A lot of Councils don't charge for water as it is part of their general rates, water rates were not increased in the current LTP. Water rates cover the new treatment plant and the new water source.*
- Could we have a differential for water rates in Summer when people are using water and Winter when water is not being used as much? *Not sure what the legislation says on this, our water meters are read every six months, a change like this is likely to have practical and cost implications.*

Rating issues – rating for utilities – refuse

- Including utilities in the Uniform Annual General Charge ('UAGC') has advantages but there are also risks.
- We should keep district wide refuse rate separate from the UAGC.

Targeted rate for funding CBD activities

- Services for the CBD should not be funded by a targeted rate.

Targeted rate for seal extensions

- Supportive of this.

General feedback and discussion

- Stormwater piping is hugely expensive, we should investigate ways to keep floodplains and overland flow paths clear.
- Need to check level of service aspirations, are we able to achieve these levels of service with current funding?
- We need to focus on levels of service in rural areas.
- There needs to be a fair spend across the district.
- Should we spend some time on testing this tried and tested process i.e. check for appropriateness in these unprecedented times? *Parts of this process have been tried and tested but other parts e.g. the COVID-19 Response Strategy and Framework has not been done before, there are fundamentals that we are going to need from the process e.g. early direction setting and setting of financial parameters. The known and unknowns and flexibility of programmes are*

mechanisms we could consider but regardless of the knowns and unknowns, the work of Council still needs to be done and to do this, we need to have good financial plans, adequate growth planning and the ability to provide for levels of service and essential services.

- Council have adopted various strategies and plans e.g. the Active Sport and Recreation Strategy, it is important to be consistent with our strategies when setting priorities. *Elected members will have a session where we go into details, the session today was on big ticket items. Staff will have to link funding requests from AMPs/programmes to the strategies of Council, where relevant, for elected members to consider. Elected members will bring forward their priorities on 25 August. We will then have to look at budgets with a view to elected member prioritising discretionary spend on 17 September. We will then have to bring all the components together.*

Dominic Kula discussed the plan for the next steps in the process:

- 12th August – session to land on what elected member priorities and provide information on SUIPS and rating units.
- 25th August – session on elected member projects and levels of service.
- 27th August – session on staff levels of service and key requests.
- 17th September – session on elected member prioritisation (requests / discretionary spend).

3. Closure of Meeting

The briefing concluded at 12.09pm.

Annexure 1: Whiteboard Exercise, Typed Notes

Transportation

- Future proofing intersections (Kioreroa / Kamo / Hospital)
- Sealing rural roads ✓✓✓✓ + strategy on heath DHB – Stakeholder collaboration (i.e. with DHB on strategy)
- Speed & safety (capex \$) LOS? (i.e. at Pataua South + for urban safe streets)
- Speed & safety (capex \$) LOS?
- Increase in roading spend (10%)
- Increased maintenance spend – LOS? (ie Springs Flat maintenance) ✓✓
- Better construction (technical standards)
- Stronger classification of roads (arterial, collector and urban)
- No traffic congestion – LOS?
- Future link / alternate routes (resilience) ✓✓
 - Raumanga
 - Whangarei Heads
 - Tutukaka
 - City centre to Onerahi – aligning / bypass
 - Resilience (Mt Tiger)
 - Okara Park
- Public Transport
 - Park and Ride
 - Infrastructure planning vs. development (need to work with other stakeholders i.e. NRC and DHB)
 - seek consolidation of functions ✓
 - Increased routes / services (urban) to respond to growth/climate change
 - Need to monitor uptake/use
 - Balance network / multi modal
- Parking – needs to be relatively close to town/aligned to businesses and provide for disabilities
- Shared Paths – connectivity/accessibility (examples discussed included Three Mile Bush/Karanui, Hikurangi Kamo) Path
- Foot path standards/width

Innercity Revitalization

- Implement plans – fund \$\$ - focus / consolidate spend (Maximise and target to need) ✓✓✓
- Parking (in plan) ✓
- Innercity living
- Accessibility
- Demolish and rebuild as a shopping complex (PPP)
- Amenity – for residents as opposed to shopping (catering for all needs) – a means to capture / extend use

North Port Expansion

- Strategic plan – focus on how we plan, what we will do and the benefits
- Enviro protection – monitoring requirements need to be in place (including antifouling etc) – NRC role
- Spatial planning – be involved and drive – growth planning based on scenario modelling
- Support North Port expansion through working group – respond and support

Navy

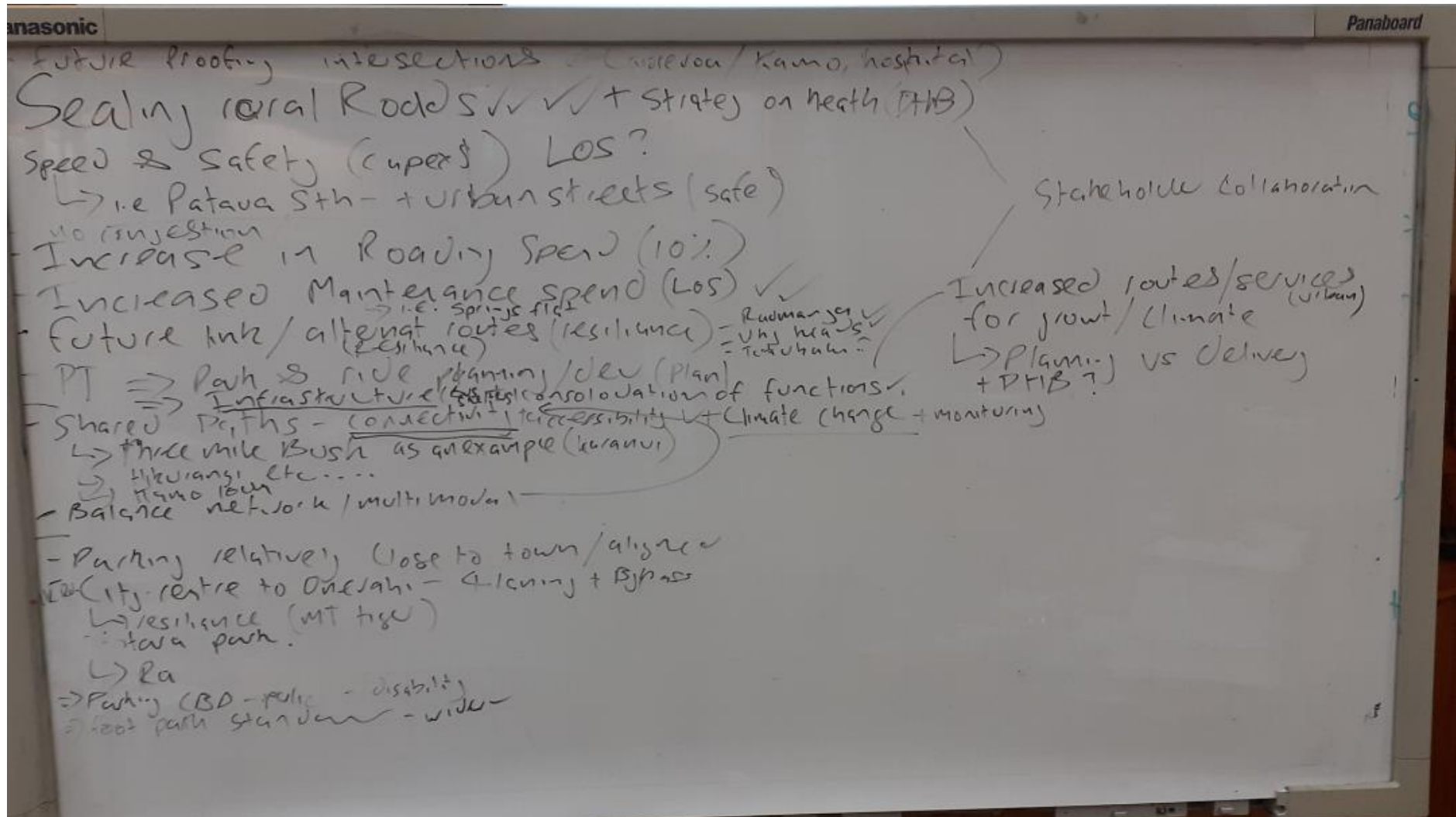
- Navy separate from Northport
- Port Nlkau also needs to be considered ✓✓
- Dry dock advocacy ✓

Sustainability (including waste minimization)

- Blue Green network ✓✓
- Putrescible waste ✓✓
- Climate change adaption and mitigation ✓ – targeted rates – who has to do work?
- Resource Recovery and education
- SW Sustainability – CBD – clean Streams and catchment management – enviro pods
- Infrastructure providing in a way sustainable
- Education on litter and plastic free areas
- Waste minimization ✓ – need a broader focus, need to minimize waste in everything we do
- Seal level, tenancy, how far – counter view – how far do we go
-

Housing – do after strategy session

Annexure 1: Photo's - whiteboard exercise



Panasonic

- Implement plans - fund \$\$ \Rightarrow focus/consolidate spend ✓✓✓
- Parking (in plan) ✓ (maximise + target to need)
what have
- Inner city living
- Accessibility -
- Demolition & rebuild as shopping complex (PPP)
- Amenity \Rightarrow for residents as opposed to shoppers (catering for all needs)
 \rightarrow capturing/extending use

North port expansion

- Strategic Plan - how, what we will do & kinetics
- Enviro protection... monitoring reqs \Rightarrow outside ✓ + Antifouling etc...
- Spatial planning - be involved & drive - growth planning
- Support Northport expansion through workers group \Rightarrow respond & support
- Navy
- Port N. Harbour ✓
- Dry dock advocacy ✓

one

- Sealevel, tenancy, how far \Rightarrow counter view - how far do we go
- Blue Green network ✓
- Potresible waste ✓✓
- Climate change Adaption + mitigation ✓ \Rightarrow targeted rates.
- Resource Recovery & education \nearrow \hookrightarrow Who has to do with ...
- SW - Sustainability - CBD
- Clean Streams & catchment man \rightarrow enviro pods.
- \rightarrow Infrastructure provision in a very sust
- Education on litter + plastic free areas?
- Waste Min ✓ focus
- Housing \Rightarrow do after Strategy session