

HUTT CITY COUNCILLONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
Lower Hutt on

Monday 30 November 2020 commencing at 2.00pm

PRESENT:

Mayor C Barry (Chair)	Deputy Mayor T Lewis
Cr S Edwards	Cr J Briggs
Cr A Mitchell	Cr B Dyer
Cr L Sutton	Cr D Hislop
	Cr N Shaw

APOLOGIES: Crs D Bassett, S Rasheed and C Milne. Cr K Brown for lateness.

IN ATTENDANCE:

Ms J Miller, Chief Executive
 Ms A Blackshaw, Director Neighbourhoods and Communities
 Mr K Puketapu-Dentice Director, Economy and Development (part meeting)
 Mr M Boggs, Director Strategy and Engagement (part meeting)
 Ms J Livschitz, Chief Financial Officer
 Ms W Moore, Head of Strategy and Planning (part meeting)
 Mr B Hodgins, Acting Director Environment and Sustainability (part meeting)
 Mr M Sherwood, Head of Parks and Recreation (part meeting)
 Mr D Koenders, Manager, Financial Strategy and Planning
 Mr J Pritchard, Principal Research and Policy Advisor
 Ms H Stringer, Financial Transaction Services Manager (part meeting)
 Ms J Randall, Programme Lead - Planning and Reporting (part meeting)
 Mr D Newth, Financial Accounting Manager (part meeting)
 Ms S Page, Senior Management Accountant (part meeting)
 Ms A Andrews, Business Analyst - Rates and Finance
 Ms K Stannard, Head of Democratic Services
 Ms H Clegg, Minute Taker

PUBLIC BUSINESS**1. APOLOGIES**

RESOLVED: (Mayor Barry/Cr Briggs)

Minute No. LTPAP 20601

"That the apologies received from Crs Bassett, Milne and Rasheed be accepted and leave of absence be granted and the apology for lateness from Cr Brown be accepted."

2. **PUBLIC COMMENT**

There was no public comment.

3. **CONFLICT OF INTEREST DECLARATIONS**

Cr Hislop declared a conflict of interest in relation to Fraser Park Sportsville for the reason that the firm she was employed by was a sponsor of the organisation.

Cr Shaw declared a conflict of interest Fraser Park Sportsville for the reason that she was Council's representative on the Fraser Park Working Group.

The Chief Executive advised that it was important for the two members to declare the interests. However, it did not prevent the members, in the context of those interests, from taking part in discussion or voting on the matter.

4. **RECOMMENDATIONS TO COUNCIL - 8 December 2020**

- i) Fraser Park Sportsville (recommendation from the Community and Environment Committee – 19 November 2020) (20/1475)

Deputy Mayor Lewis advised that the officer's report and presentation to the Community and Environment Committee had provided thorough and valuable information.

RECOMMENDED:(Deputy Mayor Lewis/Cr Shaw) **Minute No. LTPAP 20602**

"That the Subcommittee recommends that Council:

- (i) notes and receives the report;*
- (ii) notes the report from the Working Group attached as Appendix 1 to the report;*
- (iii) notes that, on balance, officers support the option put forward by the Fraser Park Sportsville Board (FPS) of entering a new agreement for three years with increased funding allocations;*
- (iv) notes the request for funding from FPS attached as Appendix 3 to the report;*
- (v) agrees to an increase of \$134,814 in the funding grant payable to FPS in the current financial year 2020/21 (making the total for the year \$234,814);*
- (vi) agrees funding for FPS over the next three years of:*
 - (a) 2021/22 - \$201,388;*
 - (b) 2022/23 - \$156,154; and*
 - (c) 2023/24 - \$124,147;*
- (vii) agrees that any funding request for 2024/25 and beyond is reviewed in 2023;*
- (viii) agrees to forgive the current debt of \$75,309.11 owed to Council by FPS;*
- (ix) agrees to a possible additional payment to FPS of up to \$57,402 (reduced by any end of year surplus), to enable payment of outstanding debts to other parties;*
- (x) notes that funding recommendations in the report are supported by Hutt City Community Facilities Trust (CFT);*
- (xi) notes that additionally CFT is proposing to forgive \$45K outstanding from the FPS founding member clubs fundraising contribution to the facility build; and*
- (xii) agrees that officers work with FPS and CFT on a formal funding agreement which incorporates clauses on improved governance, outcomes and financial reporting requirements and regular review periods including an annual review of financial grants."*

For the reasons that the proposed option provides the best opportunity to achieve the strategic intent of the Ricoh Sports Centre, the centre is still in a settling in period and has been faced with numerous challenges during this time, and the centre has shown improved operating performance over recent months.

ii) Hutt City Community Facilities Trust - options for the future (20/1467)

Mr Phil Fisher representing PricewaterhouseCoopers was in attendance for the item.

The Director Neighbourhoods and Communities elaborated on the report. She provided background for the reasons for the initial establishment of the Hutt City Community Facilities Trust (CFT).

In response to a question from a member, Mr Fisher clarified that officers had conducted informal discussions with the Inland Revenue Department (IRD) regarding the transfer of CFT assets to Council ownership. He highlighted that IRD had no issues with the transfer. Mr Fisher advised that a written statement from the IRD would be required due to the quantum of the values of the assets (approximately \$41M).

In response to questions from a member regarding the reasons why the CFT could not continue as it may be useful for the Naenae Pool project, the Director Neighbourhoods and Communities explained that pools were traditionally viewed as a core Council function and it was difficult to obtain funding for them. She added that the CFT could attract funding for new developments, whereas the projects proposed for the next 10 years were replacements or renewals. Mr Fisher added that in future years the CFT could be resurrected. He noted that the process of transferring assets from a trust to local authorities was widely used throughout New Zealand.

In response to a question from a member regarding the possible ease of reinstating the CFT, Mr Fisher advised it was a relatively simple process with a legal opinion being required to ascertain whether the CFT remained fit for purpose for the proposed new use. The Director Neighbourhoods and Communities stated that it was cheaper to wind the CFT down and have it on hold rather than continuing operating the CFT with no work programme.

In response to a question from a member regarding the existing trustees and their futures, the Director Neighbourhoods and Communities advised only high level discussions had taken place to date, that all trustees continued to have a presence in the community through their other memberships and that discussions would be held with them shortly.

In response to a question from a member, Mr Fisher explained that naming rights were considered a supply rather than a donation and that it was more advantageous for a business to obtain a sponsor for naming rights, than it was for a trust to do the same. The Director Neighbourhoods and Communities advised Council could not apply to the same number of funding agencies as a charitable trust could.

In response to a question from a member regarding depreciation of the

assets, the Chief Financial Officer advised depreciation would be ascertained according to the legal requirements. She added that as Council was currently running a deficit budget, not all depreciations were currently funded.

In response to a question from a member regarding communications to the public, the Director Neighbourhoods and Communities explained public consultation would be undertaken as part of the Long Term Plan consultation programme including an explanation of the benefits of transferring the CFT assets to Council ownership.

Cr Shaw acknowledged the work undertaken by the trustees especially the leadership of Mr John Strahl, Chair of CFT. She added the facilities that CFT had helped to fund were world class.

Mayor Barry agreed with Cr Shaw's comments. He added that the current trustees would continue to be involved in the community in other ways.

RECOMMENDED: (Mayor Barry/Cr Mitchell) **Minute No. LTPAP 20603**

"That the Subcommittee recommends that Council:

- (i) receives the report;*
- (ii) notes the advice from PriceWaterhouseCoopers (PWC) in regard to the future of the Hutt City Community Facilities Trust (CFT), refer to Appendix 2 attached to the report;*
- (iii) agrees that option three as detailed in the PWC advice is the preferred option, refer to Appendix 2 to the report;*
- (iv) agrees to include in the Draft Long Term Plan 2021-2031 for consultation a proposed transfer of the assets from CFT to Council, with CFT retained as a non-active Trust for potential future use (being option three in the PWC advice), refer to Appendix 2 to the report; and*
- (v) notes that officers will progress further detailed assessment and planning in relation to option three."*

iii) Development contributions policy review (20/1350)

Mr Dwayne Fletcher representing Vale Consulting was in attendance for the item.

The Head of Strategy and Planning elaborated on the report.

Mr Fletcher advised the proposed charges as outlined in Table 1 of the officer's report would alter by the end of the week (generally dropping by up to 30%) as the table used an outdated funding model. He added the new funding model had the ability to calculate interest costs in a more accurate and robust manner.

In response to a question from a member regarding whether the proposed policy was cognisant of the requirements of the National Policy Statement, Mr Fletcher advised all charges from each division of Council were included in the development contributions charge excluding those from the Transport Division which would be finalised by the end of the week. He further advised that as a consequence, the development contributions charge could easily be altered when final decisions were made on infrastructure projects.

In response to questions from a member, Mr Fletcher advised that if a subdivision development did not connect to a specific Council service, no development contributions would be payable for that service. He added that even though developments were required to reach stormwater neutrality, storm events would still occur in the future. He highlighted that local authorities were required to recover their costs.

In response to a question from a member regarding the timeline for implementation of the Development Contributions Policy (the policy), Mr Fletcher advised the policy would apply to any application made after July 1 2021.

In response to a question from a member regarding potential cost savings to Council which may reduce the rates burden, the Chief Financial Officer advised initially \$45M may be generated by the development contributions over the next 10 years. She noted that would reduce borrowing and related interest costs which could be reflected in the general rates. She confirmed such information would be communicated to the public.

In response to a question from a member, the Head of Strategy and Planning advised discussions had not yet been held with developers. She anticipated that this would occur in the New Year.

Cr Dyer supported the recommendations as they provided for more transparency and would reduce the burden on general rates.

Cr Briggs supported the recommendations as he believed developers

should bear the costs of their developments. He expressed concern that the costs would be passed onto future home buyers and that this may result in unaffordable housing.

Mayor Barry stated that the development contribution charges were a small portion of the overall costs of development. He highlighted that having a robust system for the charges would help to ensure the city could cope with future housing demands. He reminded members the policy was being publically consulted on.

RECOMMENDED: (Mayor Barry/Cr Dyer)

Minute No. LTPAP 20604

"That the Subcommittee recommends that Council:

- (i) notes the following changes have been included in the draft Development Contributions and Financial Contributions Policy referred to in recommendation (v) below;*
 - a. The introduction of clearer information about when development contributions are assessed and paid;*
 - b. The introduction of differentiated assessment rates for residential developments;*
 - c. Refinement of non-residential assessment rates and the introduction of a clear position on how non-residential subdivisions will be assessed;*
 - d. Inclusion of guidance on when it is acceptable to use special assessments;*
 - e. The introduction of more formal processes for reconsiderations, objections, and remissions; and*
 - f. Inclusion of new definitions to support administration of the draft Policy, such as a definition of bedroom to support differentiated assessment rates for residential developments;*
- (ii) notes the indicative charges for development contributions in Table 1 of the officer's report, and that further work is progressing on finalising these charges which may result in changes;*
- (iii) notes that section 197AB(g) of the Local Government Act means that while a district wide catchment is not prohibited, it is strongly discouraged;*
- (iv) notes that district wide charges are proposed in the draft Policy for elements of the infrastructure programme that will serve and benefit all developments and areas in the city, especially the Transport programme and capacity upgrades at the Seaview wastewater treatment plant;*
- (v) agrees in-principle to the draft Development Contributions and Financial Contributions Policy, excluding the charges and schedules, attached as Appendix 1 to the report; and*
- (vi) notes that a complete and final draft of the Development Contributions and Financial Contributions Policy will be submitted to the 21 December 2020 Long Term Plan/Annual Plan Subcommittee for consultation approval."*

- iv) Long Term Plan 2021-2031 - Revenue and Financing Policy update report #3 (20/1417)

The Chief Financial Officer provided a brief background to the policy review. She explained the report was a culmination of a series of reports and work streams over the past year. She added that the rating legislation was very complex with some elements of judgement needing to be made.

The Manager Financial Strategy and Planning presented a slideshow. He explained the two step process undertaken by Council as required by legislation. He added that public consultation for the proposed changes was required.

In response to questions from members concerning the results of the step one calculation being 64%, the Manager Financial Strategy and Planning advised the amount was based upon Council's 2012 decision and analyses of information since that time. He was confident the transparent process to date would ensure there were no grounds for a legal challenge. He added that the Court had set a high bar when questioning Council decisions and that it appeared that only when there were unintended consequences of rates charges there was successful cases made against a local authority.

RECOMMENDED: (Mayor Barry/Cr Briggs)	Minute No. LTPAP 20605
<i>"That the Subcommittee recommends that Council:</i>	
<i>(i) notes the decisions of the Long Term Plan/Annual Plan Subcommittee on 24 September and 27 October 2020 and that this report has been prepared in response to those decisions;</i>	
<i>(ii) endorses the draft Revenue and Financing Policy for consultation as part of the Long Term Plan 2021-2031 attached as Appendix 2 to the report;</i>	
<i>(iii) notes the early draft of the Funding Impact Statement (attached as Appendix 3 to the report) and that this will be further updated as decisions are progressed by Council on the rates increases for consultation;</i>	
<i>(iv) notes that Council will receive further detail rating impact information at the Long Term Plan/Annual Plan Subcommittee meeting on 21 December 2020;</i>	
<i>(v) notes that the draft documents are subject to audit review prior to final approval for consultation; and</i>	
<i>(vi) notes that the draft documents will be reviewed by external legal specialists ahead of publication for consultation."</i>	

- v) Long Term Plan 2021-2031 waste services - fees and charges, rates remission (20/1428)

The Acting Director Environment and Sustainability elaborated on the report. He explained the report detailed circumstances where changes to charges could be applied in special circumstances.

In response to questions from members, the Acting Director Environment and Sustainability advised that it was proposed a three month free period leading up to July 1 each year would be applied such that if a new home became occupied from 1 April onwards no bin fee would be required for that part year. He further advised that the fee for changing a bin size (either up or down a size) during a financial year would remain at \$100 due to the administrative and logistical costs in achieving this. He added that there would be no ability to change a bin size for free during a financial year.

The Business Analyst – Rates and Finance advised the fees reflected the true cost of implementing a change of service.

The Acting Director Environment and Sustainability confirmed the first bin roll out cost would be included in the targeted rate and that there would be no charge if the initial bin was stolen or damaged by trucks. He added if a household had multiple bins stolen or damaged, officer discretion would be used in whether to charge for replacement bins.

The Chief Executive advised that through the initial implementation phase it was expected anomalous would arise and any issues would be worked through.

In response to a question from a member concerning the possibility of the bins being electronically tagged, the Acting Director Environment and Sustainability confirmed that all bins would be tagged.

In response to questions from members, the Acting Director Environment and Sustainability confirmed all residents would receive a new bin, labelled with Council's logo. He noted that additional bins were being ordered to ensure replacement bins required during the year were also new. He clarified that the existing glass crates could not be reused under the new system as they were larger than 45l maximum capacity the contractor could safely handle.

In response to suggestions from members of situations where it may be considered unfair to charge for a bin, the Acting Director Environment and Sustainability advised officers were developing a schedule to cover such situations. He added that communication was very important. He also added that officers were currently assessing building consents being processed and would commence contacting developers in the early New Year.

The Chief Executive advised extra resources had been directed to the Council's Customer Contact Centre to assist with the increased number of telephone calls from the public concerning the new rubbish and recycling system. She added a communications package would be sent to all members for them to distribute via their channels.

Cr Dyer expressed concern that there were no incentives for residents to undertake waste minimisation measures if the cost of reducing a bin size was imposed. He looked forward to the 12 month review report.

Deputy Mayor Lewis expressed concern that numerous residents did not know of the proposed changes to the rubbish and recycling system and asked that robust communication with the public be implemented.

Cr Briggs advised that continual information to the community was vital to ensure anxiety and distrust did not develop. He stated that the communications package needed to be robust.

Mayor Barry agreed with the previous comments made by members. He added that it was difficult to counter misinformation on social media.

RECOMMENDED: (Mayor Barry/Deputy Mayor Lewis) **Minute No. LTPAP 20606**

"That the Subcommittee recommends that Council:

- (i) agrees to the Rates Remission policy being updated to include remission of the new kerbside refuse and recycling targeted rates in certain circumstances as set out in Appendix 1 attached to the report;*
- (ii) agrees to include new waste services fees and charges in the Draft Long Term Plan 2021-2031 to support the new kerbside refuse and recycling collection service as set out in Appendix 2 attached to the report;*
- (iii) agrees to endorse this approach to be included in the Long Term Plan 2021-2031 for public consultation; and*
- (iv) notes that detailed implementation planning is underway and that officers will report regularly to Council as this progresses."*

vi) Bulk Water Levy (20/1538)

The Acting Director Environment and Sustainability elaborated on the report.

In response to questions from members, the Acting Director Environment and Sustainability advised that the amounts detailed in paragraph eight of the officer's report were the proposed increase in levy and not the total levy cost. He added the current bulk water levy total amount was approximately \$9.5M. He clarified that currently water conservation education was undertaken by Wellington Water Limited who had increased its resources in this area.

In response to questions from a member, the Acting Director Environment and Sustainability explained water meters assisted in the management of water usage and that a region wide approach to water meters was required.

Cr Dyer highlighted the large increase in the proposed bulk water levy and finding ways to reduce water usage should be considered within the review of the Lower Hutt District Plan.

Deputy Mayor Lewis noted that the current system of taking water from the environment was not sustainable. She added that she supported any measures which encouraged residents to value and conserve water.

Cr Briggs advised it was imperative that water usage information and context be effectively communicated to the public to ensure the community made active changes to the way they used water.

RECOMMENDED: (Mayor Barry/Deputy Mayor Lewis) **Minute No. LTPAP 20607**

"That the Subcommittee recommends that Council:

- (i) advises Greater Wellington Regional Council that it prefers option 2, to smooth increases over the first few years of the 2021-31 Long Term Plan (LTP);*
- (ii) requests Greater Wellington Regional Council to further consider the smoothing of proposed increases to minimise the impact in the first two years, given the current economic situation;*
- (iii) notes that the proposed increase has yet to be factored into draft budgets and that the commercial metered water charge will be adjusted in line with the proposed increase; and*
- (iv) agrees that Council assume that option 2 be included in the Draft LTP pending further information from Greater Wellington Regional Council."*

5. QUESTIONS

There were no questions.

Cr Briggs closed the meeting with a Karakia.

There being no further business the Chair declared the meeting closed at 3.23pm.

C Barry
MAYOR

CONFIRMED as a true and correct record
Dated this 21st of December 2020