

1. Report: Whangarei District Council Briefing Thursday 1 June 2017

Report of a Briefing to the Whangarei District Council held in the Council Chamber, Forum North on Thursday 1 June 2017 at 9.00am

Present:

Her Worship the Mayor Sheryl Mai, Crs Stu Bell, Crichton Christie, Vince Cocurullo, Tricia Cutforth, Shelley Deeming, Sue Glen, Jayne Golightly, Cherry Hermon, Phil Halse, Greg Innes, Greg Martin, Sharon Morgan and Anna Murphy

Apologies/Absent

In Attendance:

Chief Executive (Rob Forlong), General Manager Infrastructure (Simon Weston), General Manager Corporate (Alan Adcock), General Manager Planning and Development (Alison Geddes), Financial Services Manager (Rich Kerr), Governance Manager (Jason Marris), Senior Communications Adviser (Rachel Pascoe), Media Relations Advisor (Ann Midson), Legal Counsel Governance (Kathryn Candy), Rooding Manager (Jeff Devine), Senior Asset Engineer Rooding (Greg Monteith), Senior Rooding Engineer – Traffic & Parking Rooding (Nick Marshall), Resource Consents Manager (Murray McDonald) Development Contributions Officer (Lynne Dahl), Post Approval and Development Contributions Officer (Ricardo Zucchetto), Rooding Consultant (Mark Seakins), Projects and Support Manager (Dominic Kula), Management Accountant (Nicole Butturini), Senior Meeting Co-ordinator (Jennie Thomas)

Her Worship the Mayor, Sheryl Mai, convened the meeting.

Facilitators: Rachel Pascoe
Simon Weston
Greg Monteith
Jeff Devine

LTP 2018-2028 Early Engagement Communications

Rachel Pascoe covered the content of the briefing as outlined in the agenda report and attached presentation on the latest information on the Communications to support the Engagement Plan.

Ms Pascoe advised that a range of material will be available from next week. Displays and posters will be placed in the library, customer services, retailers in the CBD and possibly post shops.

Print advertising will commence next week through Council News. Radio advertising the week of 12th of June - Ngate Hine FM and Mediaworks. Communications will be drip fed throughout June and July in the Whangarei Leader. A scheduled media briefing with the Northern Advocate will be used to communicate information on the process.

Community events such as the YAG youth day at the Library event Saturday 3 June and the Whanau Festival on 28 June will be used to engage the community and demonstrate the new LTP website.

Most public meetings are being held at Ratepayers' Association meetings but Council will be using other media to reach further areas of the community. Next week meeting dates will be advised

through Council's website, Facebook, Neighbourly and in newspapers. Three additional public meetings will be scheduled at the Pulse in Raumanga, Maungakaramea and Tikipunga.

The public meetings are to be a two-way conversation. There will be a short introduction at the meetings then open discussions to encourage feedback on what the priorities are.

Have Your Say Events (HYSE) will be round table discussions with Elected Members in attendance and staff facilitating.

Engagement with Maori has been undertaken with Te Kārearea. We are awaiting feedback from Te Huinga from this meeting. Council staff are contacting marae to see what can be set up in terms of huis.

Ms Pascoe then provided an overview on the new LTP website entitled "From Here to Where" which will be going live next week.

Comments/feedback/queries included:

Note: comment/feedback is generally the opinion of individual elected members and does not necessarily reflect the wider view of council.

There were requests from Elected Members for further meetings. Mr Adcock addressed the meeting and explained that staff can't support as many meetings as have been requested. The public meetings are being used to get a representation of views from across the community. Delivering more meetings may have more people attending but this does not equate to getting wider views from the communities. We are using other avenues apart from meetings to connect with the community. We would like to receive diverse views from across the whole community.

There was a suggestion that staff could attend other prearranged community meetings. Elected Members were reminded that this process is for early engagement and that there will be further meetings for public consultation on the draft LTP. This should be made clear at the public meetings as well.

Elected Members would like to see the term "Quick and Dirty," from the feedback section, replaced. There were views expressed that the website was monolingual and a wish for Te Reo to be included, not all agreed though.

A suggestion was made that the LTP website would reflect the "Here to Where" concept more accurately with additional illustrations portraying the current situation.

Development Contribution Policy

Simon Weston covered the content of the briefing as outlined in the agenda report and attached presentation to discuss the review of the Development Contributions (DCs) Policy in support of the 2018-2028 Long Term Plan.

The session covered:

- The use of DCs as a funding source
- The current Policy
- Some of the changes implemented through the last policy review
- Potential changes to be considered should Council continue with DCs

Development Contributions replaced the Financial Contributions under the Resource Management Act (RMA). DC's recognise the cost of growth to infrastructure.

There has been little appetite from developers to provide and maintain infrastructure. We have had examples of failures with developers providing their own infrastructure in the past, with Council having to pick up the cost associated with rectifying these failures. Financial Contributions are to be removed under the RMA.

DCs are not consistent nationally. The variation comes about as DCs are based on growth and projects being undertaken in the district. This dictates the rate of DCs. It is very hard to compare with other districts.

Alternatives to Development Contributions:

- Targeted rates
- Connection fees
- Infrastructure bonds
- Private development agreements
- Rates

DCs are calculated by the cost of growth infrastructure (proportion) projects being divided by HUEs expected. The calculation process is very complicated and we use a purpose-built software programme. This SPM model software programme is used by seven out of 44. The model is used to substantiate charges.

Council does not recover the full cost of growth for a number of reasons:

- Crown entities are exempt from DCs.
- There is a threshold where it is administratively inefficient to calculate DCs.
- The financial modelling in calculation charges recognises a benefit that accrue to the community from growth
- Council caps waste water contributions
- Historical credits can distort the apparent recovery of DCs

What activity areas do we collect DCs for:

- Water
- Transport and Roothing
- Wastewater
- Reserves and Development on Parks and Reserves on parks
- Libraries (Past Projects)

Catchments

Catchment areas are determined by a range of factors. Catchments are very sensitive if projects are moved or removed from LTP. They provide greater accountability for council to deliver in those catchment areas.

What do developers need and want?

- Consistent and predictable charges
- Certainty charges are based on true cost of growth
- To be able to develop the land as the market requires
- Council to have infrastructure in place
- Pay in alignment with development cash flows – Staged

Council has entered several Private Development Agreements over the years with varying arrangements.

If developers didn't pay DCs, Council would need to raise general rates by 1.9% for every \$1 m of income not received through DCs. Rates and/or debt would increase.

Challenges – Judicial Review

There have been relatively few challenges, though we are at present being challenged through the courts.

Economic impact of DC

DCs are a funding tool for Councils, they are not to provide affordable housing or stimulate economic growth.

No DCs leads to low growth.

Council is required to make decisions that balance the benefits and costs and overall good to the community.

If DCs are reduced there is no guarantee any reduction will be passed on to purchasers.

If funding for infrastructure is reduced through limiting DC charges, rates or debt, growth will be impacted and adversely affect the market.

In summary

Development contributions are growth impact fees

They are one of several funding tools available to Council

Councils with no growth have, very low, if any DCs

If developers don't pay someone must

It is difficult to balance Central Government's desire to reduce DC charges along with limited rate increases and debt levels

Where to from here

- Staff will bring back specific issues from the feedback from the activities briefings including:
 - Any proposed changes to catchment areas
 - The Marsden/Ruakaka HUE rate for water and waste water
 - Potential for 30-year development contribution projects
 - The rate of DCs for Parks land
 - The potential for DCs to applied to stormwater projects
- Amend the Policy and include new charges and schedules of projects
- Charges will be calculated as a result of LTP projects
- Draft policy sign off anticipated before Christmas
- Draft Policy will be presented to Council for adoption with the LTP

Comments/feedback/queries included:

Note: comment/feedback is generally the opinion of individual elected members and does not necessarily reflect the wider view of council.

Developers

Discussion on a development at Ruakaka where the developer wanted to fix into council services but had to pay DCs as well. This resulted in the developer providing some of their own infrastructure.

The question was asked if there is a policy on concessions for developments or is that part of the DCs policy? Staff replied that we don't extend the infrastructure or not charge DCs for developers.

Developers claim at times that they don't see any value from the DCs paid coming back into that area. The 2014 amendment attempted to deal with this with smaller catchments.

Does it inhibit developers? Development Contributions does not seem to be a deterrent to developers. It seems to have more of an influence on commercial projects.

There is a view held by some developers that they are creating more properties that can be rated so Council will receive more income from rates. Staff advised growth is allowed for in the model every year when calculating rates for the year.

DCs are to offset the effect of the development – not to cater for growth. Staff advised that we are recovering our costs to service the development. Growth has its own benefit and is recognised in the model.

Growth

Views were, that our district has seen good growth since Development Contributions were implemented.

There was a personal view expressed that we shouldn't charge DCs on inner city subdivision. Development Contributions were not helping in lowering housing costs. DCs makes it too expensive for "Mum and Dad" to subdivide their own sections. We should be encouraging infill housing rather than developments in rural areas. A differing view was that retirement villages have reduced the demand for these smaller units and if there is call for these smaller sections, prices will increase and these smaller subdivisions will happen.

Discussion on the National Policy Statement on Urban Development 2016. This legislation was prompted by Auckland's growth. The high growth councils are still working through what the implications are. It increases the requirement to monitor.

DC's Budgeted

Discussion on irregularities in the budget vs actual data provided. Staff advised that every three years the calculations are reviewed, but it is not a perfect science – it is based on the best information we have at the time. A lot of effort is put in by council to see that the growth model is robust, it is used also in asset management plans.

Development Contributions go into a global pot for the activity they are charged on.

Alternatives to DCs

The question was asked, "Have the alternatives to DCs - debt and targeted rates - been explored in any depth and has the administrative cost of this system been investigated?" Staff advised that this is part of the review every three years.

Developer agreements are another alternative but are challenging to work with and have high administration costs associated.

The complexity of DCs estimates means that they are not always precise but we will always be putting forward the best estimate based on the information we have on the day.

Challenges – Judicial Review

The applicant is arguing that the subdivision is not a development within the definition. They have provided the services for the development but they are not recognising the use of roads, parks library etc. The developer's DCs were discounted for services they put in place themselves.

General

A project must be in the LTP to be charged. The library is included as it was a past project but community halls are not. A lot of community structure was removed by the government with the 2014 legislation.

Council would be obligated to refund DCs if a project was removed from the LTP or we don't deliver the project. We are able to replace projects with another alternative as long as we deliver on the whole concept.

In the last 12 years, around \$40m dollars has been collected from DCs for capital works but around \$600 million has been spent. If we hadn't received the income from DCs it would have to be raised in another way.

Assets and Operations Overview – Transportation

Apologies: Cr Tricia Cutforth had to leave the meeting early.

Jeff Devine and Greg Monteith covered the content of the briefing as outlined in the agenda report and attached presentation to discuss the transportation and funding requirements for the district as part of the development of the 2018-28 Long Term Plan.

What is One Network Road Classification (ONRC)

ONRC is the new system developed by local government and NZTA. It is a minimum requirement of the NZTA that the ONRC is embedded in investment decision making for the 2018-21 NLTP. It divides NZ's roads into six categories:

- National
- Regional
- Arterial
- Primary collector
- Secondary collector
- Access to classify roads.

There are six service areas with underlying Level of Service and Measures:

- Safety
- Resilience
- Amenity
- Accessibility
- Travel Time Reliability
- Cost Efficiencies Performances Measures

Through the process five key issues were identified after reviewing feedback from stakeholder engagement workshops, customer service surveys and our knowledge of the roading network. Problem statements were developed for each issue.

Key Issues:

- Sealed Road Renewals
- Unsealed Roads - dust
- Freight and Forestry
- Resilience (flood damage / preventative maintenance)
- Safety

Smaller issues were identified that are to be addressed through the activity management plan which is currently been developed. Tourism is included as an additional issue

Council received a 20% increase in the Maintenance, Operations and Renewals funding in the NZTA subsidised programme at the last LTP. The intention is to maintain this level of funding in the new LTP 2018-2028. This requires Council to show an evidenced based business case to justify this continued level of funding. ONRC must be incorporated into our decision making.

The current LTP funding does not allow for:

- Walking and cycling
- New footpaths
- Public transport
- Seal extension
- Urban intersection upgrades
- Amenity lighting

Subsidies:

Public transport - hope to get subsidy
Seal extension – hope to get subsidy
Bus shelters - attempt to get subsidies
Footpath – unsubsidised
Amenity lights - unsubsidised

Specific Items Requiring Council Direction:

Walking and cycling programme
Seal extensions
New footpaths
Rose Street bus terminal
Bus shelters

Walking and cycling group - We have looked at acquiring further government funding. A workshop will be undertaken with Council to determine if we wish to continue in the programme. There is an opportunity there, but Council need to decide if we wish to and can we afford to continue. Comment was made that a Onerahi cycleway count would be helpful.

NZTA and council programme for the LTP Roding request must be submitted by December. The first draft will be completed by October.

Comments/feedback/queries included:

- NZTA Twin Coast Revitalisation Project - We have developed a working party and are now developing a business case to get funding. It is about promoting tourism and looking at the issues. Same process we have gone through as Puhoi to Wellsford and Whangarei to Ruakaka. Hopefully in the next few months there will be consultation with government. Northland Inc sit on tourist meetings and Twin Coast discovery group.
- Tawera-Porowini intersection is already a priority.
- Road congestion - now looking at hot points after road works on SH1.
- Education and promotion for cycling public transport - cycleway programme have funding for education subsidy. Bus is subsidised. NRC get the subsidy and pass on to us.
- An update on the Procurement maintenance contract alliance will be given at the Infrastructure update meeting on 6th June to include

The meeting closed at 12.02. pm