



A G E N D A

Council

Council Chambers
Wednesday
12 March 2014
commencing at 1.00 pm

His Worship the Mayor, M.T. Havill (**Chairperson**)
Deputy Mayor P.M. Cox
Cr. J.H. Butzbach, Cr. M.S. Dawson, Cr. D.G. Hope,
Cr. A.R. Keenan, Cr. L.J. Martin, Cr. M.D. Montagu, Cr. C.A. van Beek



SPECIAL COUNCIL AGENDA

NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING OF THE WESTLAND DISTRICT COUNCIL WILL BE HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON WEDNESDAY 12 MARCH 2014 COMMENCING AT 1.00 PM

Tanya Winter
Chief Executive

7 March 2014

Council Vision

"Westland will, by 2030, be a world class tourist destination and have industries and businesses leading through innovation and service.

This will be achieved by:

- *Involving the community and stakeholders*
- *Having inspirational leadership*
- *Having expanded development opportunities*
- *Having top class infrastructure for all communities*
- *Living the '100% Pure NZ' brand*

"Westland, the last best place"

Purpose:

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- To enable democratic local decision-making and action, by and on behalf of, communities; and
- To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

1. MEMBERS PRESENT AND APOLOGIES:

1.1 Apologies.

1.2 Register of Conflicts of Interest.

2. CONFIRMATION OF MINUTES:

2.1 Council Minutes – 26 February 2014

(Pages 4-7)

3. BUSINESS:

3.1 2014/2015 Draft Annual Plan: Omnibus Report

(Pages 8-13)



Special Council Minutes

MINUTES OF A SPECIAL COUNCIL MEETING OF THE WESTLAND DISTRICT COUNCIL, HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA ON WEDNESDAY 26 FEBRUARY 2014 COMMENCING AT 1.00 PM

1. MEMBERS PRESENT

His Worship the Mayor, M.T. Havill

Deputy Mayor P.M. Cox

Cr. J.H. Butzbach, Cr. M.S. Dawson (from 3.49 pm), Cr. D.G. Hope, Cr. A.R. Keenan (absent from 1.23 pm), Cr. L.J. Martin, Cr. M.D. Montagu (from 1.33 pm), Cr. C.A. van Beek.

1.1 Apologies

Cr. M.S. Dawson for lateness.

Absent

Cr A.R. Keenan from 1.23 pm

Cr M.D. Montagu in attendance from 1.33 pm

Also In Attendance

T.L. Winter, Chief Executive; P.G. Anderson, Operations Manager (from 1.11 pm); V. Goel, Group Manager: District Assets; G. Borg, Group Manager: Corporate Services; J.D. Ebenhoh, Group Manager: Planning, Community and Environment; T. O'Malley, Finance Manager; D.M. Maitland, Executive Assistant.

1.2 Register of Conflicts of Interest

The Conflicts of Interest Register was circulated and no amendments were noted.

2. **BUSINESS:**

Cr Keenan left the meeting at 1.23 pm.

Cr Montagu was in attendance from 1.33 pm.

The meeting adjourned at 1.45 pm for a visit to Westland Milk Products and reconvened at 3.49 pm.

Cr Dawson was in attendance from 3.49 pm.

2.1 **Draft 2014/15 Annual Plan: Omnibus Report**

The Group Manager: Planning, Community and Environment introduced this report.

The Chief Executive advised that a replacement Page 8 relating to Item 8.0 Debt Overview was available on the Council table for the Mayor and Councillors.

The following items were then taken out of order to the Agenda paper.

10.0 **Analysis and Options**

Moved Cr Butzbach, seconded Cr Dawson and **Resolved** that Council continues with the existing austerity depreciation funding policy to ensure that some funding is available for essential asset renewals and to mitigate exposure to further increases in debt.

8.0 **Debt Overview**

Moved Cr Dawson, seconded Cr Hope and **Resolved** that the amended information be received.

Moved Cr Dawson, seconded Cr Martin and **Resolved** that Council ask the Chief Executive to report back to Council on the 12 March 2014, with a range of options for the repayment of the debt related to the investment in Westland Holdings Limited.

11.0 **West Coast Wilderness Trail**

Moved Cr Hope, seconded Cr Dawson and **Resolved** that Council include \$52,542 depreciation in the 2014-2015 Draft Annual Plan for maintaining the West Coast Wilderness Trail.

12.0 Neils Beach Refuse

Moved Cr Butzbach, seconded Cr Hope and **Resolved** that Council undertakes a consultation process with the residents of Neils Beach to assess to the possibility of providing a mobile trailer bin service at a targeted cost to Neils Beach residents.

His Worship the Mayor declared a conflict of interest in this matter and did not take part in the discussion.

Deputy Mayor Cox chaired this part of the meeting.

The Group Manager: District Assets spoke to this item.

13.0 Hokitika Water Supply

Moved Cr van Beek, seconded Cr Hope and **Resolved** that Council gives approval to commence a business case in association with Westland Milk Products for assessing an arrangement for expansion of the Hokitika Water Treatment Plant to meet the future water demand.

His Worship the Mayor resumed chairing the remainder of the meeting.

14.0 MDI Funding

Moved Cr Martin, seconded Cr Hope and **Resolved** that Council not include any of the projects in the Draft Annual Plan and ask the Chief Executive to call for expressions of interest for MDI funding from all Westland communities.

The meeting adjourned for dinner at 6.06 pm and reconvened at 6.32 pm.

7.0 Interest and Dividend

Moved Cr Montagu, seconded Cr Butzbach and **Resolved** that:

- A) The dividend from Westland Holdings Ltd is budgeted at \$497,000 for 2014-2015.
- B) Council loans are retained on current floating interest rates pending a decision on joining the Local Government Funding Agency from 1 July 2014.

5.0 Core Budgets

Moved Cr van Beek, seconded Cr Butzbach and **Resolved** that the core operating budgets be received and an updated version be considered on the 12 March 2014.

6.0 Projects

The Group Manager: District Assets spoke to this item.

Moved Cr van Beek, seconded Cr Dawson and **Resolved** that the operating and capital projects attached at Appendices 2A and 2B be received and reconsidered again on the 12 March 2014.

16.0 Recommendations

Moved Cr Butzbach, seconded Cr Hope and **Resolved** that:

- A) Council instruct the Chief Executive to bring further reports as required by Council to the 12 March 2014 meeting.
- B) Council adopt the recommendations herein for the purposes of giving direction to the Chief Executive.

MEETING CLOSED AT 8.20 PM

NEXT MEETINGS:

THURSDAY 27 FEBRUARY 2014

WEDNESDAY 12 MARCH 2014

THURSDAY 27 MARCH 2014

to be held in the Council Chambers,

Westland District Council, 36 Weld Street, Hokitika.

Confirmed by:

Mike Havill
Mayor

Date

Report



DATE: 10 March 2014

TO: Mayor and Councillors

FROM: Group Manager: Planning, Community and Environment

2014/15 DRAFT ANNUAL PLAN: OMNIBUS REPORT

1.0 SUMMARY

- 1.1 The purpose of this report is to provide Council with further information to enable decisions to be made about what should be included in the Draft Annual Plan 2014-15.
- 1.2 This issue arises from work that has arisen from the Annual Plan workshop held on 17 February 2014 and the Council meeting on 26 February 2014.
- 1.3 The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002 Amendment Act 2012. That purpose is:
- (b) To enable democratic local decision-making and action, by and on behalf of, communities; and
 - (c) To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- 1.4 Council seeks to meet this obligation and the achievement of the district vision set out in the Long Term Plan 2012-22. The matters raised in this report relate to those elements of the vision identified in the following table.

Vision's Objectives	Achieved By
Involving the community and stakeholders Having inspirational leadership Having expanded development	An accurate, timely and readily understood Annual Plan that is subject to a Special Consultative Procedure

opportunities Having top class infrastructure for all communities Living the '100% Pure NZ' brand	
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1.5 Section 95 of the Local Government Act 2002 requires Council to prepare and adopt an Annual Plan each financial year. The purposes of the Annual Plan are provided for in Section 95 (5) of the Act.

1.6 This report concludes by recommending that:

- A) Council adopt the recommendations herein for the purposes of giving direction to the Chief Executive.
- B) The Chief Executive is instructed to prepare a 2014-15 Draft Annual Plan to be adopted on 27 March 2014 for public consultation.

2.0 BACKGROUND

2.1 In January 2014 Council adopted a timetable for producing the 2014-15 Annual Plan.

2.2 A workshop was held on 17 February 2014 in which core operating budgets and projects were reviewed. Out of this meeting a number of requests for further information were made, and officers presented an Omnibus Report to Council on 26 February 2014 at the first public Annual Plan debate.

3.0 CURRENT SITUATION

3.1 At the meeting on 26 February 2014 Council formally received the core operating budgets and project sheets. Two project sheets were presented: one with the original list of projects and the second with a scaled down version including some adjustments to reduce the rates requirement.

3.2 From that meeting further information was requested by elected members on options Council could pursue for reducing debt:

3.3 The purpose of today's meeting is to adopt the core operating budgets and projects, and resolve any further policy changes for inclusion in the Draft Annual Plan which will go out for public consultation in early April.

3.4 Council is reminded that this is the last opportunity to make changes before the draft Annual Plan is adopted for consultation on 27 March 2014.

4.0 OVERALL RATES INCREASE

- 4.1 The overall rates increase for 2014-15 is currently sitting at 9.79%. Of this, 5.2% is the unwinding of the Austerity Depreciation Funding Policy and depreciation associated with new assets that will have been completed at the end of 2013-14. This is against the indication in the “Getting Real” Annual Plan 2013-14 that the overall rates increase would be 5.9%.
- 4.2 This increase will be different for each ratepayer depending on what services are provided.

5.0 CORE OPERATING BUDGETS

- 5.1 A copy of the 2014-15 core operating budgets is attached as **Appendix 1**.
- 5.2 Management advice is that the core operating budgets be adopted for inclusion in the draft Annual Plan.
- 5.3 **Recommendation:**

THAT the core operating budgets attached as **Appendix 1** be approved for inclusion in the draft Annual Plan 2014-15.

6.0 PROJECTS

- 6.1 Attached as **Appendix 2** is the revised projects list. The projects that are no longer on this list for inclusion in the draft Annual Plan, as a result of debate on 26 February, are in the table below:

ACTIVITY	PROJECT
Water Supply	Cement Lead Road upgrade
	Blue Spur Upgrade and Watermain from River
Wastewater	Upgrade Z line Sewell Street
Stormwater	Beach Street upgrade
Community Halls and Buildings	Upgrade display lighting in Carnegie Hall (Museum)
Council Headquarters	Entrance upgrade
Parks and Reserves	Hokitika Beachfront Development
Asset Management	Condition assessments for 3 waters – reduced budget

6.2 Recommendation:

THAT the projects attached as **Appendix 2** be approved for inclusion in the draft Annual Plan 2014-15.

7.0 DEBT REPAYMENT

- 7.1 At the meeting on 26 February 2014, Council asked staff to come back with some options to reduce Council's debt.
- 7.2 One option that was mentioned by elected members for reducing debt was asset sales. Council staff have had limited time to fully investigate this option, and suggest that if Council would like further work undertaken on this a resolution is made to that effect.
- 7.3 What Council staff did focus on was the options for reducing Council's debt more quickly by increasing the repayments.
- 7.4 The following table depicts Council's current and forecast debt position; incorporating funding requirements from the proposed budget. It is assumed that assets under construction for 2013-14 will be completed and capitalised by 30 June 2014.

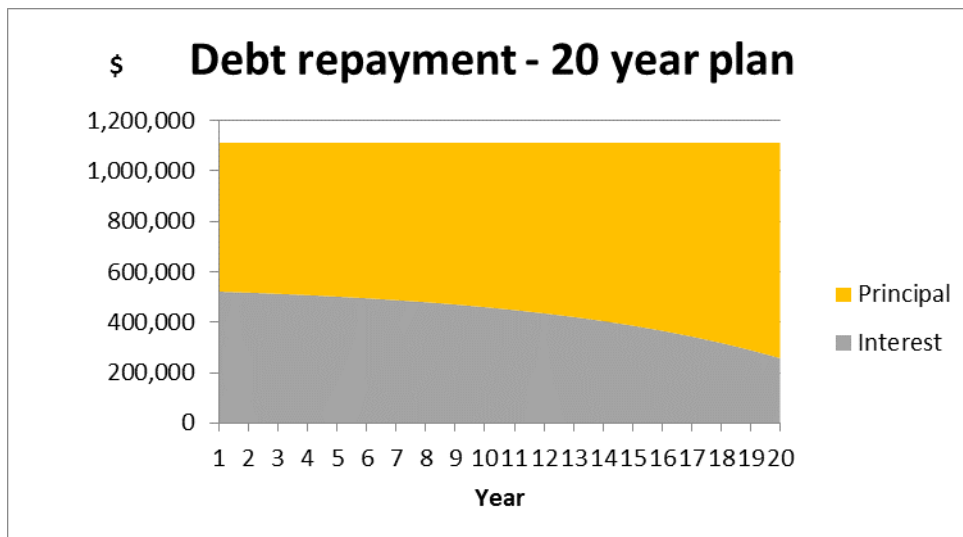
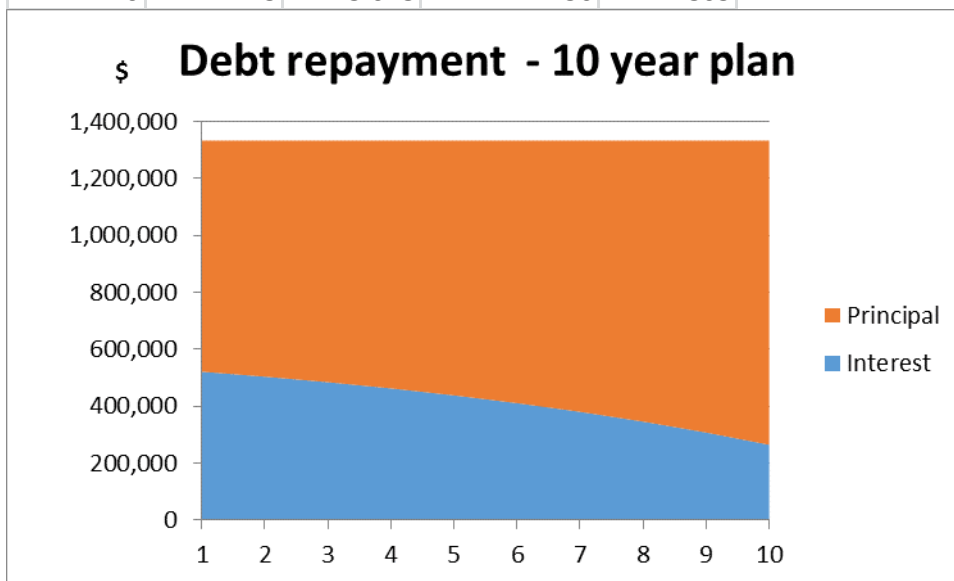
Loan Calculation Sheet for Annual Plan 2014-2015

Debt								
Description	Start Date	Opening	Carrying	Type	Rate	Interest 2014	Principal	
							Repayments	Year End Loans
Westland Holdings		8,695,000	5,000,000	Swap	4.99%	249,500		5,000,000
			3,000,000	Swap	4.52%	135,600		3,000,000
			695,000	Swap	4.55%	31,623		695,000
Waste Management	1/07/2013	3,069,700	1,805,000	Swap	4.55%	82,128	39,703	1,765,297
	1/07/2013		1,166,686	Floating	5.86%	59,972	23,312	1,143,374
Water Supply	1/07/2013	3,223,653	2,500,000	Swap	4.77%	118,095	53,285	2,446,715
			616,074	Floating	5.86%	31,465	12,231	603,843
Operational Debt		510,000	-					
	B/F 1/7/2013							
Projected Debt 30 June 2014		15,498,353	14,782,760			708,382	128,530	14,654,230
Asset Debt (project worksheet)	1/01/2014	1,365,000	1,365,000	Floating	5.86%	39,995	22,549	1,342,451
Possible Debt 30 June 2014		16,863,353	16,147,760			748,377	151,079	15,996,681
Forecast Debt 2014								
Asset Debt (project worksheet)	1/01/2015	985,000	985,000	Floating	5.86%	28,861	22,549	962,451
Forecast Debt 30 June 2015		17,848,353	17,132,760			777,237	173,628	16,959,132

- 7.5 At 1 July 2013 loan finance amounted to \$15.498m. The budget for 2013/14 includes \$1.365m of additional borrowings for asset renewals. Operational debt of \$510k has been repaid with further repayments totalling \$205k forecast. Additional borrowing of \$1.365m will be required to complete current year capital projects. Forecast debt at 30 June 2014 is \$16.148m. The proposed budget for 2014/15 contains \$985k of borrowing for asset renewals, \$777k of interest charges and \$173k of principal repayments. Forecast debt at 30 June 2015 is \$16.959m.

7.6 The schedules below illustrate the options of increasing repayments in order to reduce debt by \$5m over 10 years and 20 years. Further details are provided in **Appendix 3**.

Debt Reduction Payment Schedule				
Target: Reduce 'Holdings' debt by \$5m				
Years	Annual Payment (\$m)	Total interest (\$m)	Total Payments (\$m)	Average interest p.a. (\$k)
10	1.333	4.151	13.332	415
20	1.113	8.628	22.256	863



Recommendation:

- A) **THAT** Council agree on an appropriate level of debt repayment for inclusion in the draft Annual Plan 2014-15.

- B) **THAT** Council instruct officers to bring back options for reducing debt through asset sales and that this work is completed prior to the Hearings and final adoption of the Annual Plan 2014-15.

8.0 SIGNIFICANCE AND CONSULTATION

- 8.1 As Council advances the process of preparing the draft Annual Plan for adoption and consultation, the level of significance increases.

9.0 RECOMMENDATIONS

- A) Council adopt the recommendations herein for the purposes of giving direction to the Chief Executive.
- B) The Chief Executive is instructed to prepare a 2014-15 Draft Annual Plan to be adopted on 27 March 2014 for public consultation.

Jim Ebenhoh

Group Manager: Planning, Community and Environment

Appendix 1: Core Operating Budgets
Appendix 2: Projects
Appendix 3: Debt Repayment Detail

Appendix 1

Annual Plan 2014/15 Core Budgets

ACTIVITIES	2013/14 ANNUAL PLAN BUDGET	2014/15 DRAFT ANNUAL PLAN BUDGET	Change in % from 2013/14 Annual Plan to Draft	Page	% OF Total Rates
Cycletrail	30,000	52,542	75%	6	0%
Events	(447)	(13,245)		8	
Democracy	962,640	834,402	-13%	14	8%
I-Site	140,049	142,751	2%	16	1%
Interest & Dividends	-65,529	-96,985	-48%	18	-1%
Swimming Pool Hokitika	229,000	229,000	0%	24	2%
Ross Swimming Pool	24,653	25,688	4%	24	0%
Community Halls & Buildings	92,054	108,643	18%	26	1%
Parks & Reserves	362,052	326,143	-10%	28	3%
Cemeteries	83,634	110,268	32%	32	1%
Transportation	1,416,143	1,444,100	2%	34	13%
Water Supply	1,978,681	2,245,605	13%	36	21%
Wastewater	674,370	720,443	7%	40	7%
Stormwater	405,565	405,350	0%	42	4%
Solid Waste Management	1,311,116	1,465,254	12%	44	13%
Land & Buildings	106,761	107,425	1%	48	1%
Public Toilets	208,583	213,613	2%	50	2%
Community Township Development	424,087	441,374	4%	52	4%
Emergency Management	103,864	106,348	2%	54	1%
Library	394,817	394,342	0%	58	4%
Museum	238,664	249,228	4%	60	2%
Corporate Planning	0	290,496	100%	62	3%
Community Assistance	231,576	223,500	-3%	64	2%
Community Development	65,546	113,236	73%	66	1%
Inspections & Compliance	236,516	199,416	-16%	68	2%
Resource Management	273,830	353,296	29%	70	3%
Animal Control	21,507	20,883	-3%	72	0%
Safer Community Council	13,615	0		74	
Capital projects		225,500		A	2%
Total	9,963,348	10,938,618	9.79%		100%

OVERHEAD ACTIVITIES	2013/14 ANNUAL PLAN BUDGET	2014/15 DRAFT ANNUAL PLAN BUDGET	Change in % from 2013/14 Annual Plan to Draft	Page
Headquarters	189,843	196,055	3%	4
Chief Executive	541,244	398,284	-26%	4
IT	274,982	270,601	-2%	10
Corporate Services	1,172,454	990,424	-16%	12
Operations Administration	260,031	259,073	0%	20
In House Professional Services	545,169	750,810	38%	22
Planning & Regulatory Manager	161,680	144,311	-11%	56
Total	3,145,403	3,009,558	-4%	

Appendix 2

Capital Projects List

Refer Separate Attachment

Appendix 3

Debt Repayment

Refer Separate Attachment