

HUTT CITY COUNCILKOMITI ITI MAHERE Ā-NGAHURUTANGA / MAHERE Ā-TAU
LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Minutes of a meeting held in the Council Chambers,
2nd Floor, 30 Laings Road, Lower Hutt on
Monday 26 August 2024 commencing at 9:00 am

PRESENT:

| | |
|-------------------------------------|----------------------|
| Mayor C Barry (Chair) | Deputy Mayor T Lewis |
| Cr G Barratt | Cr J Briggs |
| Cr K Brown | Cr B Dyer |
| Cr S Edwards | Cr A Mitchell |
| Cr K Morgan (via audio-visual link) | Cr C Parkin |
| Cr N Shaw | Cr T Stallinger |
| Cr G Tupou (via audio-visual link) | |

APOLOGIES:

There were no apologies.

IN ATTENDANCE:

J Miller, Chief Executive
A Blackshaw, Director Neighbourhoods and Communities
J Griffiths, Director Strategy and Engagement
J Kingsbury, Director, Economy and Development (part meeting)
B Hodgins, Acting Director Environment and Sustainability
J Livschitz, Group Chief Financial Officer
D Nunnian, Manager Financial Strategy and Planning
C Parish, Head of Mayor's Office (part meeting)
R Hardie, Head of Strategy and Policy
A Andrews, Finance Transaction Services Manager
K Glanville, Senior Democracy Advisor
H Clegg, Minute Taker

PUBLIC BUSINESS

1. **OPENING FORMALITIES - KARAKIA TIMATANGA**

Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atakura
He tio, he huka, he hau hū
Tihei mauri ora.

*Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with
a sharpened air.
A touch of frost, a promise of a
glorious day.*

2. **APOLOGIES**

There were no apologies.

3. **PUBLIC COMMENT**

Comments are recorded under the item to which they relate.

4. **CONFLICT OF INTEREST DECLARATIONS**

There were no conflict of interest declarations.

5. **RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI
COUNCIL - 6 September 2024**

a) Draft Annual Plan 2025-26 initial direction setting

Speaking under public comment, **Nik Zangouropoulos, Chair of Jackson Street Programme (JSP)**, spoke to the history and establishment of the JSP. He believed Petone was again facing threats with rates, insurance and interest rate rises, the lowering of discretionary spending, and the introduction of paid parking. He added that JSP wished to work collaboratively with Council to navigate the economic downturn.

Speaking under public comment, **Robbie Schneider, a Board Member of JSP**, spoke to the importance of JSP for all of Lower Hutt. He said the JSP had become a conduit and trusted advisor for the businesses in Petone. He added that JSP was involved in grassroots activities for the area and managed the history of the Petone region. He thanked Council for its support to date.

Speaking under public comment, **Hellen Swales, Co-ordinator of the Jackson Street Programme**, discussed JSP's five pou. She said Petone had become a heritage destination and shared that the vacancy rates in the Jackson Street shopping precinct were very low. She highlighted that JSP regularly organised meetings with its members to discuss issues and provide advice. She advised that JSP had established strong partnerships and relationships with Council and had acted as a liaison and advocate for its members. She acknowledged the rates increase for new businesses within the expanded footprint area, stating that she believed the added value would be worth it.

In response to questions from members, Hellen Swales advised that at least 50% of the businesses in the proposed extended footprint area had been approached. She said that a formal survey would be undertaken if Council agreed in principle to the proposal.

In response to questions about where the additional revenue would be spent, Hellen Swales mentioned that JSP needed help to pay a living wage. She highlighted that if they received additional revenue, they would rectify that. She noted that they would reinstate a Barrowman to keep the streets clean, increase promotional and heritage-related staff working hours, tell more Petone stories, and undertake more innovative projects. She emphasised that JSP was an essential operation, not just a 'nice to have'.

The Group Chief Financial Officer elaborated on the report and shared a presentation that can be viewed here: [Annual Plan 2025-2026 presentation](#).

In response to questions from members, the Chief Executive advised that the wage and salary figures included in the Annual Plan were accurate. She said officers would continue to monitor and report back to Council if any changes were required.

In response to questions from members regarding the water services transition budget, the Group Chief Financial Officer advised that the modelling undertaken had used the most up-to-date data and figures. She said the dollar rate of any proposed rates increases should be referred to rather than the

percentage amount. She confirmed that in the Long Term Plan's later years, the rates increased from water-related items to other items, including other infrastructure requirements. She added that clear transparency was required to ensure the public understood the issues well. She noted it needed to be clarified how the new water entity would be financially viable without government assistance.

In response to questions from members, the Strategic Advisor advised there was one outstanding application for the voluntary targeted rate for waterwater and stormwater repairs on private properties. He confirmed the rate would be offered as a last resort after other avenues to fund private maintenance issues had been exhausted. He said it operated at a targeted rate on a specific property until the debt was repaid.

PRECEDENCE OF BUSINESS

RESOLVED: (Mayor Barry/Deputy Mayor Lewis)

Minute No. LTPAP 24401

"In accordance with Standing Order 10.4, that items 5b) 'Jackson Street Three Waters Renewals', 5c) 'Three Waters Capital Carry-Overs' and 5d) 'Micromobility Programme' be accorded precedence."

The items are recorded in the order that they appear on the agenda.

Members discussed the recommendations contained in the officer's report.

Voluntary targeted rate for wastewater and stormwater repairs on private properties

Cr Dyer expressed support for the recommendation. He noted that the voluntary targeted rate would be offered as a last resort. He said it may enable long and complicated projects to be completed more efficiently.

Cr Stallinger supported Cr Dyer's comments.

Potential rating policy changes for Jackson Street targeted rates

The Chair acknowledged that the economic climate had changed since last year when the matter was initially discussed.

Cr Stallinger asked officers for information on whether the affected businesses in the proposed extended area had agreed to the targeted rate before making a decision.

Cr Edwards supported Cr Stallinger's comment, saying that an independent survey should be conducted provided the cost was not too high.

The Chair advised that if a survey was undertaken, only affected businesses would be surveyed and asked if they were prepared to accept an increase in rates of x amount.

In response to questions from members, the Group Chief Financial Officer stated that officers needed time to evaluate the impact on the identified businesses. She mentioned that extending the existing footprint would lower businesses' costs. The Director of Strategy and Engagement emphasised that a direct engagement project would require officer time. He noted that the project was not currently included in the work programme and stressed the need for a comprehensive scope.

In response to a question from a member, the Chief Executive clarified that the JSP was not a contractor or a Council Controlled Organisation and did not have a historical funding agreement with Council.

Cr Briggs expressed concern that the community had yet to be asked if they support an enlarged footprint for the JSP. He noted that the number of voluntary memberships had not increased. He believed that the scope of the JSP had changed over time and that returning to its original core business would reduce its costs.

Cr Dyer believed that a living wage should be paid to all JSP staff

Deputy Mayor Lewis raised concern about expanding JSP's footprint, noting the significant increase in budget from \$58,000 to \$300,000 and a shift from its original core focus.

Members agreed that officers should report to the Subcommittee regarding the cost of conducting an independent survey, including the time spent by officers.

Cr Brown left the meeting at 10.28am.

The Chief Executive emphasised that a significant period of decision making had just concluded with the Long Term Plan and that officers continued scrutinising every dollar spent.

Cr Brown rejoined the meeting at 10.30am.

Deputy Mayor Lewis left the meeting at 10.31am.

Cr Dyer expressed concern that the timeline for achieving a balanced budget was continuously extended. He pointed out that the water reforms could support this financially.

The Chair requested information from officers regarding unfunded mandates. The Chief Executive agreed to provide a report on these matters and added that the region did not support some of them.

Deputy Mayor Lewis rejoined the meeting at 10.34am.

The meeting adjourned at 10.35am and resumed at 10.41am.

RECOMMENDED: (Mayor Barry/Cr Edwards) **Minute No. LTPAP 24402**

"That the Subcommittee recommends that Council:

- (1) notes that there is a range of challenges and opportunities that were considered as part of the Long Term Plan 2024-2034 (LTP) process and that these remain relevant in the preparation of the Draft Annual Plan 2025-26, as detailed in section A of Report No. LTPAP2024/4/231;*
- (2) agrees to the high-level plan and approach to the Draft Annual Plan 2025-26 as outlined in table 1 in Report No. LTPAP2024/4/231;*
- (3) notes that there may be inflationary cost pressures impacting on Council operations and capital investment programme and that officers will undertake work on potential offsetting mechanisms for Council consideration, such as non-rates funding sources, savings, rephasing and reprioritisation of work programmes;*
- (4) notes that the risks relating to a downgrade of Council's Standard and Poors Credit Rating have been highlighted throughout the Annual Plan 2023-24 and the LTP process and that a downgrade would result in higher borrowing costs as outlined in Report No. LTPAP2024/4/231 in paragraphs 16 and 17;*
- (5) notes that the water reform financial modelling was completed to provide early indicative impacts for the Council, as detailed in Appendix 1, which is attached to Report No. LTPAP2024/4/231;*
- (6) notes the potential increase in depreciation costs based on the revaluation of three waters assets as part of the Annual Report 2023-2024 as outlined in section B in the report and that further analysis and officer advice will be presented to the Subcommittee on 25 November 2024;*
- (7) notes the key assumptions detailed in sections C, D, E and F in the report, together with Appendix 2 attached to Report No. LTPAP2024/4/231;*
- (8) agrees with the proposed approach to the inflation assumptions as outlined in paragraphs 29 to 31 and table 2 of Report No. LTPAP2024/4/231;*
- (9) agrees with the proposed approach to the interest cost assumption outlined in paragraphs 33, 34 and table 3 of Report No. LTPAP2024/4/231;*
- (10) notes that the proposed approach to the staff salary increase assumption remains unchanged from the LTP as outlined in paragraphs 35 and table 4 of Report No. LTPAP2024/4/231;*
- (11) notes the rates increases adopted through the Long Term Plan 2024-2034 as outlined in Table 6 in Report No. LTPAP2024/4/231;*
- (12) notes that further officer advice will be considered by the Subcommittee on the long term Financial Strategy considerations on 25 November 2024, including the approach to the balanced operating budget and setting a budget that is financially prudent as required by legislation;*

- (13) *supports in principle and directs officers to provide further advice on the potential inclusion of a voluntary targeted rate for wastewater and stormwater repairs on private properties for the Draft Annual Plan 2025-26 as outlined in section G of Report No. LTPAP2024/4/231;*
- (14) *agrees to only consider an extension of the Jackson Street Programme footprint and not an increase in the targeted rate generally. Before advancing this any further, directs officers to undertake light consultation with ratepayers who would be affected by the extension of the footprint and report back to Council on that engagement for further direction;*
- (15) *notes that light community engagement is proposed for the Draft Annual Plan 2025-26; and*
- (16) *notes the direction and guidance provided to officers in the preparation of the Draft Annual Plan 2025-26."*

b) Jackson Street Three Waters Renewals

The Strategic Advisor elaborated on the report. He advised that the cost of the Western Hills Wastewater Main project was still unknown. He said an update would be provided at the next Subcommittee meeting in November 2024.

In response to questions from members, the Strategic Advisor advised that the Western Hills project was located under the road at Melling Interchange and extended for 400-500m north under State Highway 2.

In response to questions from members, the Group Chief Financial Officer advised that borrowing more to fund the Western Hills project would lead to a higher rates increase. She said the funding announced was intended for growth projects and may not apply to aged infrastructure projects.

The Chair expressed support for recommendation 4b). He said this would allow the evaluation of all options, with more information reported back to Council. He noted that further information would be available over the next 12 months.

Cr Stallinger expressed support for recommendation 4b), stating that it provided officers with a wide range of options.

Cr Edwards expressed concern that the urgency of the work versus the urgency of works in the future was still being determined. He expressed support for bringing forward budgets.

Cr Dyer expressed support for recommendation 4b), stating that Council would consider further information in due course.

RECOMMENDED: (Mayor Barry/Cr Stallinger) **Minute No. LTPAP 24403**

"That the Subcommittee recommends that Council:

- (1) notes the Council resolution of 25 July 2024 that the renewal of three waters infrastructure within a 560-metre stretch of Jackson Street, Petone, be undertaken simultaneously;*
- (2) notes that, apart from a \$3.5M stormwater carry-over from 2023-24 to 2024-25, the cost of these works, estimated to be \$24.35M over a three year period, has not been included as a specific renewal project within the 2024-2034 Long Term Plan;*
- (3) notes the options identified in this report to fund this renewal project;*
- (4) direct officers to provide further advice to the next meeting of the subcommittee on projects, other than within the three waters activity, that might be deferred to offset the cost of this work; and*
- (5) notes the overall financial impact of the bring forward of budget option for three water renewals will result in additional interest cost for debt funding, with a rates impact of approximately 0.7% in 2026-27."*

c) Three Waters Capital Carry-Overs

RECOMMENDED: (Mayor Barry/Cr Dyer) **Minute No. LTPAP 24404**

"That the Subcommittee recommends that Council:

- (1) notes that for the 2023/24 financial year, the three waters CAPEX budget was underspent by \$10.4M;*
- (2) notes that the main items contributing to this variance were:*
 - (a) Jackson Street Stormwater Renewal due to deferral while investigations were carried out into widening the scope of the project;*
 - (b) Naenae stormwater investigations that were not completed;*
 - (c) Pressure Management works as approved by Council in February 2024, which took longer to commence than planned;*
 - (d) Howard Road watermain renewal due to delays with the programme;*
 - (e) Eastern Hills Reservoir required to obtain resource consents from both Hutt City Council and Greater Wellington Regional Council; and*
 - (f) Wastewater works, which include trunk main outfall overflow consent investigations, Petone Collecting sewer and trunk main renewal (Totara Park) and*
- (3) agrees to carry-over to the 2024/25 financial year a sum of \$5.9M and to the 2025/26 financial year \$4.5M in respect of these underspent budgets."*

d) Micromobility Programme

The Director of Economy and Development elaborated on the report.

In response to questions from members, the Director of Economy and Development advised that officers were seeking approval to use the non-subsidised Council budget to construct the Avalon and Taitā projects. He acknowledged that while these projects may not be top priorities, they were the only ones that could be completed within the limited budget. He agreed to provide a report detailing the amount of money already spent on the consultation and design stages of the two projects, along with a breakdown of the additional \$400,000 requested. He stated that the final public consultation for the projects would include information about the construction stage.

Cr Mitchell expressed concern that the separate projects were being constructed using a piecemeal approach. He believed that the main connections were not being given focus.

Cr Shaw expressed support for the recommendations, stating the two projects would benefit tamariki school journeys.

Cr Briggs acknowledged Cr Mitchell's concern. He said that with the limited budget, the two proposed projects should proceed as they provided access to main routes to a portion of the city's population.

Cr Dyer expressed support for the recommendations, stating that completing the two projects would be a step forward in achieving the overall goal of micromobility in the city. He also mentioned that preliminary work for the two projects had already been completed.

The Chair expressed support for the recommendations. He said the two projects represented the best way forward under the current government's direction towards micromobility. He noted that costs had already been incurred for the two projects.

RECOMMENDATION: (Cr Stallinger/Cr Shaw) **Minute No. LTPAP 24405**

"That the Subcommittee recommends that Council:

- (1) receives and notes the report;*
- (2) notes the June 2024 report LTPAP2024/3/140 Micromobility Options 2024/25 onwards was considered by the Long Term Plan/Annual Plan Subcommittee; and*
- (3) approves a \$7.28M unsubsidised budget available over the 2024-2027 Long Term Plan period to fund Micromobility projects."*

- e) Proposed budget changes for 2024-25 and later years

The Manager Financial Strategy and Planning elaborated on the report.

In response to questions from members, the Director Economy and Development advised that several options for the Cuba Street Overbridge had been assessed. He said that despite the future Cross Valley Connections Project, it was vital that the bridge be retained and its seismic safety ensured. He confirmed that the bridge would require piling and strengthening works.

In response to a question from a member regarding the proposed Capex carryover for Corporate Services, the Chief Executive advised that this was related to previously scheduled work, which included seismic strengthening of some buildings.

In response to a question from a member about the liability period for defects in the Eastern Hutt Road project, the Director of Economy and Development explained that it is standard practice to withhold full payment for a project. He said this was done in case the contractor needed additional remedial work within a specific timeframe.

In response to a question from a member about the state of the wastewater pipe at Taitā Rock, the Strategic Advisor advised that the pipe was not included in the current budget. He agreed to provide further information to the next Hutt Valley Services Committee.

RECOMMENDED: (Mayor Barry/Cr Parkin) **Minute No. LTPAP 24406**

“That the Subcommittee recommends that Council:

- (1) notes the 2023-24 year-end budget changes to projects as outlined in Report No. LTPAP2024/4/236;*
- (2) agrees to amend the operating and capital budgets for 2024-25 and later years as detailed in this report due to the budget changes identified, refer to Tables 1 and 2 contained in Report No. LTPAP2024/4/236 and Appendix 1 attached to Report No. LTPAP2024/4/236; and*
- (3) agrees to the operating and capital budget changes for 2024-25 and future years as detailed in Table 3 of this report to be included in the Revised budget 2024-2025 and the Draft Annual Plan 2025-2026.”*

6. QUESTIONS

There were no questions.

7. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

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|-----------------------------------|--|
| Unuhia! | <i>Release us from the supreme sacredness</i> |
| Unuhia! | <i>of our tasks</i> |
| Unuhia i te uru-tapu-nui | <i>To be clear and free</i> |
| Kia wātea, kia māmā | <i>in heart, body and soul in our continuing journey</i> |
| Te ngākau, te tinana, te wairua i | <i>Oh Rongo, raise these words up high</i> |
| te ara takatū | <i>so that we be cleansed and be free,</i> |
| Koia rā e Rongo whakairihia ake | <i>Yes indeed, we are free!</i> |
| ki runga | <i>Good and peaceful</i> |
| Kia wātea, kia wātea! | |
| Ae rā, kua wātea! | |
| Hau, pai mārire. | |

There being no further business, the Chair declared the meeting closed at 10.50 am.

C Barry
MAYOR

CONFIRMED as a true and correct record
Dated this 1st day of October 2024