

THE WEST COAST REGIONAL COUNCIL

MINUTES OF THE MEETING OF THE COUNCIL HELD ON 9 JULY 2013, AT THE OFFICES OF THE WEST COAST REGIONAL COUNCIL, 388 MAIN SOUTH ROAD, GREYMOUTH, COMMENCING AT 11.08 A.M.

PRESENT:

R. Scarlett (Chairman) (arrived 11.14), B. Chinn, A. Robb, T. Archer, D. Davidson, A. Birchfield, I. Cummings

IN ATTENDANCE:

C. Ingle (Chief Executive Officer), R. Mallinson (Corporate Services Manager), J. Adams (Consents & Compliance Manager), M. Meehan (Planning & Environmental Manager), T. Jellyman (Minutes Clerk)

1. APOLOGIES:

Moved (Robb / Archer) *that an apology for lateness is made for Cr Scarlett.*

2. PUBLIC FORUM

There was no public forum.

3. CONFIRMATION OF MINUTES

Moved (Birchfield / Robb) *that the minutes of the Council Meeting dated 11 June 2013, be confirmed as correct.*

Carried

Matters arising

There were no matters arising.

REPORTS:

4.1 ENGINEERING OPERATIONS REPORT

M. Meehan spoke to this report. He advised that some capital works were carried out in the Wanganui rating district on behalf of some of the farmers in this rating district. M. Meehan reported that the cost of these works was \$29,780 with Westland Contractors Ltd carrying out the work. M. Meehan reported that channel clearance work has been completed in the Blackwater Creek Channel in the Otumahana Estuary. He stated that the excavator work resulted in very little environmental impact to this area.

M. Meehan reporting that erosion protection work is being worked through for the Hokitika Foreshore. He stated that following recent king tides GPS recordings have been made and this information will be used to feed into the design work for this issue. M. Meehan reported that rock from the Camelback Quarry at Kowhitirangi will be used for the Hokitika foreshore.

C. Ingle updated councilors on the current situation with the Hokitika Beach erosion situation. C. Ingle reported that roading was put in on the 22nd and 23rd of June due to the prediction of king tides later that week. C. Ingle stated that the sea flattened and there was no further erosion at that time. However C. Ingle advised that this past weekend, in the absence of any king tides, the high seas caused further erosion. He stated that quarry rubble was placed to mitigate further erosion in this area. C. Ingle advised that these current works are really just temporary, emergency works, pending a decision on whether or not a rating district will be formed, and then the next stage of work will be decided upon. Discussion ensued on the quality and mix of the rock that was used over the weekend. M. Meehan stated that the materials which are being used at the moment are not a permanent solution. He advised that he would email photos of the recent work to councilors.

Cr Chinn asked M. Meehan if the stop bank on the Lower Waiho needs to be raised will this be capital or maintenance works. M. Meehan responded that this would be capital works. He stated that damage has been sustained to the Rubbish Dump stop bank. M. Meehan advised that he was alerted to this by a phone call from a concerned resident. He stated that an aerial inspection was made on Thursday which revealed a gap of around 40 metres in the wall where the channel had cut in. M. Meehan advised that a contractor was brought in straight away to make repairs. He stated that the river was high over the weekend there has been further damage which is now also being repaired. M. Meehan stated that the raising of this stop bank was discussed at last year's annual meeting of the rating district and this would be discussed once again this year.

Moved (Robb / Birchfield) *that this report be received.*

Carried

Cr Chinn vacated the Chair. Cr Scarlett took over the chairing of the meeting.

4.1.2 PROPOSED CHANGES TO RATING DISTRICT PROTOCOLS

C. Ingle spoke to this report and advised that this report follows on from the November councilor workshop when councilors met to discuss the way rating district meetings are run. C. Ingle stated that there are 25 rating districts with Karamea, Greymouth and Wanganui being the larger ones and smaller ones such as Southside and Matanui where only a handful of people attend. C. Ingle stated that each rating district is managed in the same way regardless of whether there are any issues or not. He feels that with some rating districts not having current issues or needing any work done then a meeting may not be necessary some years. In these cases a letter would still be sent to the rating district members advising them that we think a meeting isn't required. C. Ingle stated that this would save the rating district money as venues would not need to be hired and the rating district would not get charged for staff time. C. Ingle stated that the formal process of having the meeting moving and seconding doesn't always work as often there are not enough ratepayers present. C. Ingle stated that Council's obligation under the Local Government Act is to maintain the assets as per the Asset Management Plan for each rating district. C. Ingle stated that this is not negotiable and the rates must be paid for this purpose. C. Ingle would like to see the agenda papers for the rating districts restructured as to whether it is maintenance work or capital work. He feels once this is established then the decision making becomes more logical. C. Ingle drew attention to the proposed timetable for this year's meetings. He noted that Cr Archer requested that the meetings scheduled for the 19th of September be switched with those on the 16th of September. It was agreed that a new schedule of meeting dates would be emailed out to councilors.

Cr Scarlett asked the meeting if they had any comments regarding the new format. Cr Birchfield stated that he fully agrees with the new format. He said that council engineers inspect the structures and make recommendations on what is required and he feels this advice should be followed. Cr Davidson stated that by voting, moving and seconding motions it creates a false impression when these decisions can be made by council. Cr Archer agrees with the proposed changes but he is concerned about how council will relay this back to the community. C. Ingle advised that when the letter is sent out to each rating district advising them of the meetings, the new format will be explained in the letter. C. Ingle stated that if people want to have a meeting then a meeting will be held but most of those in the smaller rating districts will probably be happy that they are saving money by not having a meeting if it is not required. Cr Robb stated that by showing them in the letter how much a meeting costs the rating district then they will decide based on that. Cr Archer stated that any recommendation made at a rating district meeting is a recommendation to council and council makes the final decision. Cr Robb feels that once this is explained to the meeting people are usually quite happy about it. Cr Birchfield stated that at one meeting nobody would move or second any of the recommendations. Cr Chinn feels that the meetings are a good public relations exercise and other questions are often asked of council. Cr Chinn feels there is good value in this. Cr Scarlett agrees with Cr Chinn and stated that sometimes people like to come along and ask questions of council that not necessarily relate to the rating district. M. Meehan stated that last year's meeting at Okuru was six minutes long and three people attended. He stated there was nothing up for discussion, no maintenance had been required during the year and it was a cost to that rating district. C. Ingle stated that most meetings will carry on as usual and there is only a small handful that won't be held.

Moved (Robb / Davidson)

1. *That Council endorses the new rating district meeting format.*
2. *That the timetable for 2013 be approved.*

Carried

4.2 CORPORATE SERVICES MANAGER'S REPORT

R. Mallinson spoke to his report advising that this report is for eleven months to the end of May. He stated that the surplus has increased slightly to \$1.273M compared to the budgeted year to date surplus of \$794,000. R. Mallinson reported that only modest gains were made in May with the investment portfolio income and he is expecting to see some negative returns in June.

R. Mallinson reported that 171 properties have been funded under the Warm West Coast Scheme to date and this has been funded via a \$600,000 draw down from the bank. He advised that these loans will be paid back over a ten year period by the property owners.

R. Mallinson reported that in accordance with Council's Risk Management Policy he has renewed our insurance cover for the 2013 / 14 year. Cr Birchfield commented that the price for the insurance cover is very modest.

Moved (Archer / Birchfield) *that this report be received.*

Carried

4.2.1 SETTING OF RATES FOR 2013 / 14

R. Mallinson spoke to this report and advised that this is a procedural matter as the rates have already been set out in the Annual Plan for 2013 / 14.

Moved (Birchfield / Davidson)

1. *That Council set rates for the period 1 July 2013 to 30 June 2014 as per the Funding Impact statement contained in pages 53 – 57 of the 2013/14 Annual Plan.*
2. *As per the 2013/14 Annual Plan, there will be two instalments:*
 - *The first instalment will be due on 1 September 2013, with a 10% penalty if not paid by 20 October 2013 as per sections 57 and 58 of the LGRA 2002.*
 - *The second instalment will be due on 1 March 2014, with a 10% penalty if not paid by 20 April 2014 as per sections 57 and 58 of the LGRA 2002.*
 - *A further 10% penalty will be charged on all accumulated rate arrears as at 1 July 2014.*

Carried

4.2.2 DECISION ON HOKITIKA SEAWALL & FORMING OF RATING DISTRICT

C. Ingle spoke to this report. He stated that council is well aware of the seriousness of the beach erosion at Hokitika and this level of erosion has not been seen for a long time. C. Ingle stated that the forming of a rating district for a seawall at Hokitika has been discussed and this would be similar to the one council was involved with at Punakaiki in 2005. C. Ingle advised that he has collated the results of the opinion survey which was sent out to the Hokitika community. C. Ingle reported that five options were presented in the opinion survey. The response rate was 44% which was very good. He advised that 6% wanted to do nothing (option 1), 3% want a semi-permanent seawall (option 2), 30% choose option 3 which is a permanent seawall similar to Punakaiki, 33% chose option 4 which is a permanent seawall build 10 – 20 metres out from the erosion line, 27% choose option 5 which is a permanent seawall out to the erosion line but with a 1 metre high bund on top. C. Ingle stated that if options 3, 4 or 5 are looked at together, then this is 90% of the respondents who want a properly engineered seawall. C. Ingle advised that he and Cr Scarlett met with the Westland District Council (WDC) at their meeting on the 27th of June. C. Ingle stated that they are very supportive and have agreed to the formation of a joint working group, which has since met on Sunday. C. Ingle advised that WDC staff are working with NZTA to try to get a contribution from them for preventative maintenance for the road formation at Beach Street. C. Ingle drew attention to appendix 2 of this report which illustrates the comments that respondents have made. He stated that the working group also read through the comments when they met on Sunday. C. Ingle stated that the working group's recommendation to Council today is to go ahead with Option 4 but with modifications as required following

recommendations from engineers. C. Ingle advised that the reasons why the "modifications as required" part was added to the recommendation is because there is some uncertainty as to whether building the seawall too far out into the sea is actually a good idea, from the point of view of ongoing maintenance costs and how the wall will survive with constant wave action on it. C. Ingle advised that the working group did not want to make a call on this but they did want this looked into. For this reason an engineering consultancy firm who are experts in the coastal marine area will review the proposal before it goes ahead.

C. Ingle advised that once Council makes a decision on whether or not to proceed with a rating district, Council can then run a tender process for the works. C. Ingle advised that expressions of interests have already been advertised, and close tomorrow. C. Ingle stated that discussion needs to take place on what other beach front works are needed as the current proposal and survey was only to do with the 650m rock wall. He stated the groynes need to be discussed as to whether they need to be raised and whether or not additional groynes are needed in this area. C. Ingle advised that consideration needs to be given as to whether or not extra rock work is required at Sunset Point and around the Tambo area. C. Ingle stated that at the moment there is a lot of sand in this area which is providing protection. C. Ingle stated that one of the biggest issues to be considered is how to finish the wall at the Stafford Street end given that the erosion is continuing to the north. He stated that ideally the wall would continue all the way up to the Hampden Street groyne then it would tie into a hard rock structure but this would involve another 230m of wall which is beyond what has currently been costed. C. Ingle advised that the District Council already rates their township area a small amount for the groynes but also for the ongoing maintenance of the riverbank that runs on the north side of the Hokitika River between the Dairy Company and the river mouth. C. Ingle advised that the district council has suggested that the regional council might like to assume the management and future maintenance of this river wall as well. C. Ingle stated that he advised the district council that we had not yet looked at this.

C. Ingle spoke of the different rating classes which are class A to Class D, with Class A paying the most and Class D paying the least. C. Ingle advised that Class A & B people of voted in favour of Options 3, 4 and 5. He tabled an analysis of support for each option broken down by the four classifications. He advised that some of the residents north of Stafford Street, on the west side of Revell Street (Class C) did not seem to want to spend as much and this is the only concern he has regarding the rating differentials.

C. Ingle read out the recommendations to the meeting. He reminded councillors that the recommendation from the working group is to go with Option 4 with modifications as required with engineering feedback. Cr Scarlett invited questions and discussion from councillors. Cr Archer stated that this is a very good and comprehensive report and a good analysis of the feedback. Cr Archer stated that the feedback is very clear between options 3 and 4. Cr Scarlett stated that 33% are for option 4 but they are very close to option 3 and either option would be acceptable but the final decision needs to be based around the engineering advice. Cr Scarlett stated that this is an important structure for Hokitika and the working group have looked at this as the regional council being the builders and Westland District Council are the decorators and they will need to do the amenities as the seawall will be a feature. C. Ingle stated that with the erosion that is happening as of this weekend it would be very handy to be able to stretch the seawall to another 50 metres to the north as there is a lot of erosion going on at the northern end. Cr Chinn commented that the ability to extend the work will be dependent on the tender price. Cr Scarlett is hoping that if a good tender price is obtained then this would be very beneficial. Cr Archer stated that this needs to be very clear in the recommendation.

Cr Robb stated that for the Class C residents, they would get more protection from option 4 if the seawall is extended further north. C. Ingle advised that one of the reasons why the Class C residents are paying a higher rate than class D is because Class C is protected by the groynes which have built up sand to protect their property. C. Ingle advised that the rating district would fund the maintenance of the groynes and should Class C residents need other protection works in the future then the rating district would fund this. Cr Robb commented that there is a difference of just \$28 per \$100,000 capital value for annual rates between Option 3 and Option 4 for Class C residents. Cr Scarlett stated that once a permanent seawall is in place then the property valuations will increase. C. Ingle advised that if savings can be made with the tender process then the preference of the working group is to use the savings to gain better protection at the northern end of the proposed seawall.

Moved (Robb / Birchfield)

- 1. That Council adopts Option 4 with modifications by Engineers, as required.*
- 2. That Council instructs staff to put the chosen option out to tender.*

3. That Council agree to an extraordinary meeting on 24 July 2013 at 10.30am to make a decision on the tender process.
4. That Council agree to form a rating district, as set out in the opinion survey document. The rate setting will be the subject of a report presented to the August meeting.

Carried

C. Ingle advised that the rate setting will be reported to councillors at the next meeting. He advised that rating will commence this financial year as an emergency rate.

Cr Davidson expressed concern that those people north of Stafford Street might be expecting work to be done in this area. Cr Davidson feels that this could be stage 2 of the seawall. Cr Scarlett feels that stage 2 could be looked at further down the track. Cr Robb stated that this area is now in the rating district and council will be monitoring this as part of the rating district from now on and if there is any need for further works then the matter will come up at the rating district meetings. Cr Archer asked about the NIWA Report which states that the design would be peer reviewed by a coastal engineer. M. Meehan advised that Council's in house engineer designed the seawall and it will be peer reviewed by a coastal expert from OCEL Ltd who are experts in engineering the coastal marine area.

5.0 CHIEF EXECUTIVE'S REPORT

C. Ingle spoke to his report and advised that now that a decision has been made on the Hokitika seawall, Council will now need to make an amendment to its financial strategy contained in the Long Term Plan. He stated that currently there is a cap on debt per capita of \$125 per head of population. C. Ingle advised that this is now too low for the \$1.5M needed for the seawall and especially when the borrowing for the Warm West Coast Scheme has exceeded expectations. C. Ingle advised that a further amendment to the LTP is required regarding the Warm West Coast scheme, assuming that council wishes to carry on with the voluntary targeted rate scheme after September when the EECA grants run out. C. Ingle advised that government policy has changed and they are only going to fund those households who have specific health problems and these will be funded 100%. C. Ingle stated that it would be good if council could still provide finance for the middle income ratepayer after September so that people can still borrow off their rates. C. Ingle advised that the wording in the Long Term Plan states "*At this stage Council's funding scheme will only operate in conjunction with the EECA scheme. Council will continue its scheme only while EECA funding grant continues.*" C. Ingle is recommending that these words are deleted from the Long Term Plan and that would allow Council to continue lending money to ratepayers who want to insulate their homes. C. Ingle advised that there had been a concern that if Council operated without EECA then we would not have the benefit of EECA's audit system which is a quality control system for the contractors who install the insulation. C. Ingle advised that EECA have offered to carry on the audit system free of charge for the first year at least. C. Ingle stated that he and R. Mallinson are now quite happy about this. Cr Scarlett stated that the biggest advantage for homeowners is the lower interest rate that can be had by borrowing from council and not the banks. Cr Birchfield is concerned about borrowing and he feels that council has already borrowed \$600,000 to fund Warm West Coast. Cr Birchfield would like to see council keeping its liability down. Cr Chinn feels homeowners should borrow their own money. Cr Archer asked if the funding for the EECA scheme was dropped, then what impact would this have on the total figure. R. Mallinson responded that the demand for further loans, once the EECA subsidy finishes, will be substantially less and demand could drop to virtually nothing. Cr Archer stated that he is reasonably comfortable about the borrowing as Council is getting good return on investments. Cr Cummings is stated that he is happy for the Warm West Coast scheme to carry on and if in the future it needs to be dropped then council should do so. Cr Davidson stated that he is not concerned about this. Cr Robb feels there will not be a huge uptake once the EECA subsidy finishes and Council still has a call via rates anyway.

A. Page 12, under subheading "Term Liabilities/Total Assets"
Amend: "Cap: Term Liabilities not to exceed 7.5% of Total Assets" to read
"Cap: Term liabilities not to exceed 12.5% of total assets"

B. Page 12, under subheading Term liabilities per head of population
Amend "\$125 per head of population" to read "\$250 per head of population".

C. Page 24:
Delete paragraph 4 under 'Background'; delete the 'EECA Process' section; delete bullets 1 and 5 from below the 'West Coast Regional Council Process' section and delete 'EECA' from bullet 2; finally, delete the 'A Worked Example' section.

Cr Robb stated that this scheme is a big part of the Reefton Airshed, and if Reefton ratepayers wish to come to council to borrow money to warm up their home and simultaneously improve air quality in Reefton then this is where the value of the Warm West Coast scheme is. M. Meehan stated that if the trial in Reefton works with the OEKO tubes then council may look at the scheme to let homeowners borrow to purchase the tubes in order for them to be able to keep using a coal burner.

Moved (Robb / Davidson)

That Council agrees to publicly notify the above amendments to Council's 2012 -22 Long Term Plan, as set out in the attached public notice:

- A. Page 12, under subheading "Term Liabilities/Total Assets"
Amend: "Cap: Term Liabilities not to exceed 7.5% of Total Assets" to read "Cap: Term liabilities not to exceed 12.5% of total assets"
- B. Page 12, under subheading Term liabilities per head of population
Amend "\$125 per head of population" to read "\$250 per head of population".
- C. Page 24:
Delete paragraph 4 under 'Background'; delete the 'EECA Process' section; delete bullets 1 and 5 from below the 'West Coast Regional Council Process' section and delete 'EECA' from bullet 2; finally, delete the 'A Worked Example' section.

*Against section C of the motion
Cr Chinn & Cr Birchfield
Carried*

6.0 CHAIRMANS REPORT (VERBAL)

Cr Scarlett reported that he and C. Ingle met with Dairy NZ on the 25th of June. Cr Scarlett stated that the industry was very concerned that council had not joined as "friends" of the dairy accord. Cr Scarlett stated that this council is the only one that did not join the accord. He reminded councilors of the working together agreement council has with Westland Milk Products. Cr Scarlett stated that our name is now at the bottom of the accord.

Cr Scarlett advised that he attended the meeting of the working group for the Hokitika seawall at the Westland District Council on Sunday.

Moved (Scarlett / Archer) *that this report be received.*

Carried

7.0 GENERAL BUSINESS

There was no general business.

The meeting closed at 12.31 p.m.

.....
Chairman

.....
Date