

Napier City Council Pre-election Report

July 2016



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About this report

This Pre-election Report provides voters and candidates with information about the key issues facing Napier City Council. Its purpose is to promote public discussion in the lead up to the local body elections to be held on 8 October 2016.

What it includes

The Pre-election Report has a particular focus on how the Council is performing financially, including the current financial position and key spending issues over the coming years.

It provides historic information for the past three years, an overview of the current election year and the Council's planned financial position for the next three years. It also outlines Council's broader financial goals, which are included in its 2015-25 Long Term Plan.

How it has been prepared

All councils must prepare a Pre-election Report. Section 99a of the Local Government Act 2002 sets out the information that must be included in the report and its timing.

It includes information previously published in other Council documents including the 2015-25 Long Term Plan, Annual Plans and Annual Reports.

As such the information reflects the policy and service delivery direction of the current Council.

As required by law, the report is prepared by the Chief Executive independently of the Mayor and Councillors.

Audit of information

While the Pre-election Report has not been audited, much of the information in it has already been audited by independent auditors.

The information looking back on the most recent financial year (2015/16) has not been audited as this process is still underway.

Where to find out more

Our website www.napier.govt.nz contains a wealth of detailed information about Council.

It also includes copies of the following documents:

- 2015-25 Long Term Plan
- 2016/17 Annual Plan
- 2014/15 Annual Report

You can find these documents at: www.napier.govt.nz/our-council/publications

Strategic direction

Our Mission

To provide the facilities and services and the environment, leadership, encouragement and economic opportunity to make Napier the best city in New Zealand in which to live, work, raise a family, and enjoy a safe and satisfying life.

Our Vision

Over the coming years we will continue to grow and maintain a vibrant Napier which surpasses expectations and embraces new opportunities for all aspects of the city.

From the Chief Executive

Welcome to Napier City Council's Pre-election Report

It should be read in conjunction with other Council documents including our Long Term Plan, our Annual Plan, and our Annual Report, which is due to be published in October.

As a Council, we consistently receive a good amount of positive feedback (as shown in the table on page 12) while continuing to strive to do better. Napier City Council is a strong supporter of the Local Government Excellence Programme and is one of the foundation councils to helping to establish criteria for assessing, improving and demonstrating council performance in a transparent way to our community.

Over the last three years the Council has completed a number of key projects to enhance the city. One of the most significant projects in 2014 was the building of our new waste water treatment plant in Awatoto. The \$32.7 million state-of-the-art facility was project-managed by Napier City Council, saving ratepayers millions of dollars.

We have also worked on, and continue to work on, extending the community's facilities including pump track on Marine Parade, a new dog agility track at Park Island, Park Island's sportsgrounds, upgrading our city's stormwater network, the re-development of Hastings Street in our Central Business District and the four-laning of Prebensen Drive.

We've won a few significant awards too. In April 2014, the redevelopment of MTG Hawke's Bay won the award for 'Best Project' at the New Zealand Museum Awards, and last year, won 'Best Exhibition'. In May 2014, Council's website won a top accolade at the Association of Local Government Information Management (ALGIM) Web and Digital Symposium awards ceremony.

Our support of Art Deco Weekend saw us take home the award for 'Best Community Event' at the Local Government New Zealand (LGNZ) Excellence Awards in Nelson in July 2014. We also received an outstanding commendation from the LGNZ Excellence Awards for the delivery of the waste water treatment plant.

This year we were nominated in the LGNZ Excellence Awards for our Sea Walls ('Best Creative Place'), and received a Highly Commended for the Marine Parade Outfall and Viewing Platform ('Best Practice in Infrastructure Management Project').

Over the last three years we've hosted some wonderful events, including Art Deco Weekends, an All Blacks test match, and three ICC Cricket World Cup matches, the Air New Zealand Hawke's Bay International Marathon, the NZ Elite Road National Cycling Championships, and the match between Australian NRL teams Melbourne Storm and St George Illawarra.

Council is also currently undertaking a restructuring across the organisation to better align staff so that we are more streamlined. This is so we have the capability and capacity to deliver valuable services to our customers and wider community.

Work is currently underway on a Parks, Reserves and Sportgrounds Strategy, and on a review of the HPUDS (Heretaunga Plains Urban Development Strategy). In the near future, we will review McLean Park to confirm a plan for its staged upgrade and discuss how it can become a true multi-use facility that provides social and economic benefits to our community.

Other projects that are underway and will be considered by Council in the near future are the options for the Napier Aquatic Centre and the development of a masterplan for the aquatic facility that aligns with the Aquatic Strategy. We are also in the process of developing a detailed business case for a Multi-Use Sports Facility which would extend the current facility at Pettigrew.Green Arena. This is to be considered by the new Council. Initial design and concept work is also being undertaken for an upgrade of the Civic Building which is no longer fit for purpose.

We will be starting work on a rethink of our CBD and consider what an appropriate urban design that aligns with our City Vision strategy.

Other exciting projects edging closer to completion are the Napier Conference Centre, former Marineland site redevelopment and Destination Playground.

Besides our own work, we're also working through a range of significant issues with the other Hawke's Bay Councils. These include a regionwide review of economic development strategies and delivery, rubbish and recycling collection and disposal (Waste Futures), and coastal erosion, inundation and tsunami threat (Coastal Hazards). Where we can, we continue to look at how we can share and collaborate through Hawke's Bay Local Authority Shared Services (HB LASS Ltd) with some significant progress made over the past two years and more opportunities being explored.

Please take the time to read this report fully, as it should provide you with plenty of useful information about how your Council is performing.



Wayne Jack
CHIEF EXECUTIVE



Financial Strategy

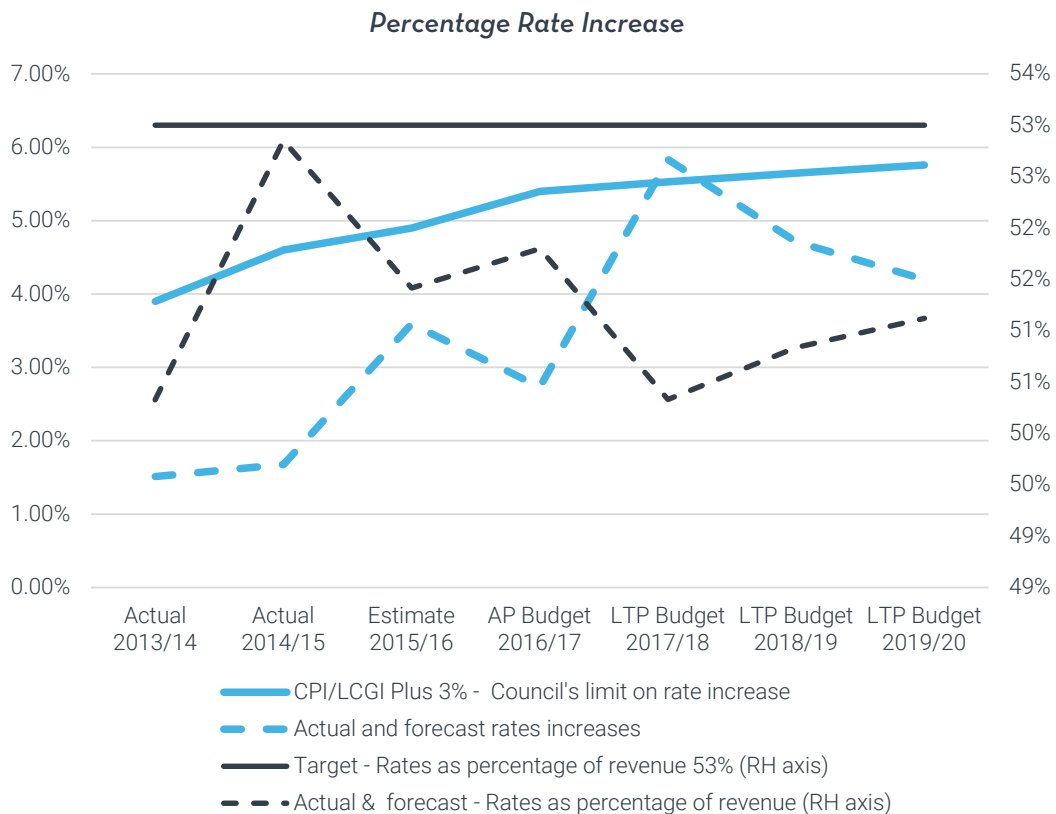
Council has a financial strategy in which there are limits and targets. The details of the financial strategies can be found in Council's long-term plans, and these are updated every three years. The key limits and targets of the Council's financial strategies are set out below:

2012-22 Long Term Plan

- ✓ Rates increases – excluding growth – will be limited to inflation (CPI plus up to 3% each year)
- ✓ Total rates will be approximately 53% of our total income
- ✓ Net rate funded debt per capita will not exceed \$1,000
- ✓ Debt serving limited to 16% of rates
- ✓ Net External Debt 100% of total income
- ✓ Return on investments 4.5%

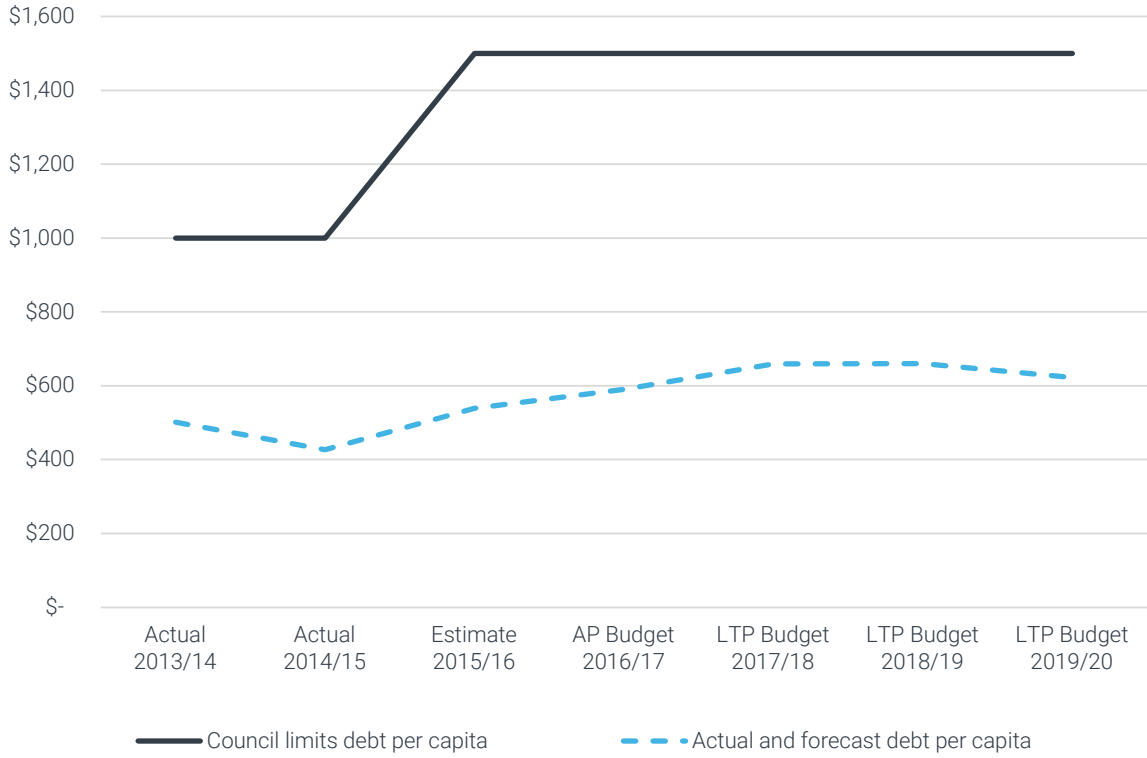
2015-25 Long Term Plan

- ✓ The overall rates increases will be limited to inflation based on the Local Government Cost Index (LGCI) plus up to 3.0% each year
- ✓ Total rates will be approximately 53% of our total income
- ✓ Net rate funded debt per capita will not exceed \$1,500
- ✓ Debt serving limited to 16% of rates
- ✓ Net External Debt 100% of total income
- ✓ Return on investments 4.5%



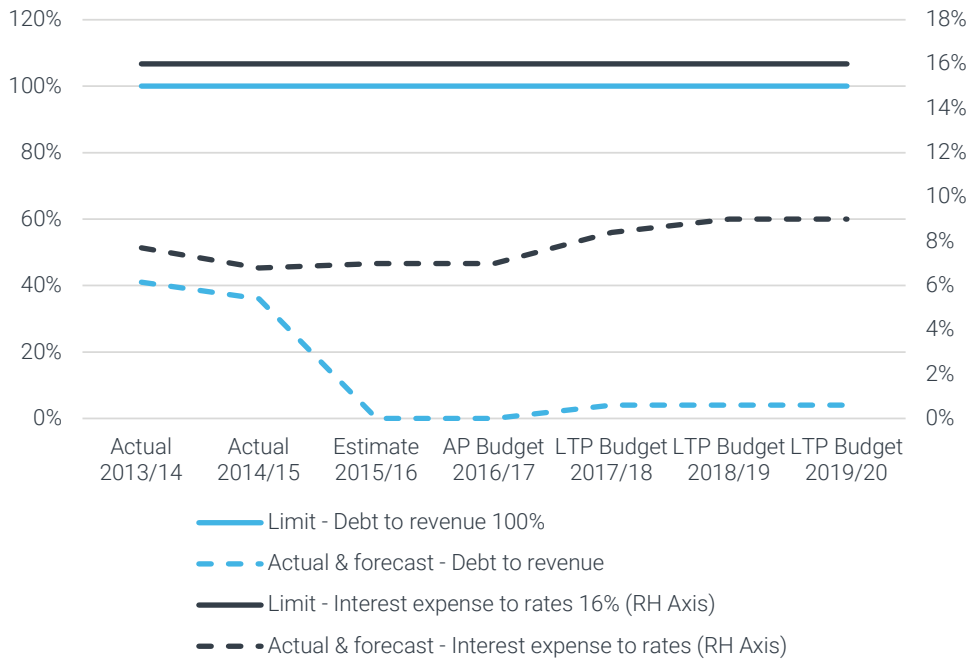
Council has remained within its limits on rate increases except as forecast for the 2017/18 year. The reason for this variance is that since the 2015-25 Long Term Plan has been prepared inflation forecasts are less than at the time the plan was prepared.

Debt Limits per Capita

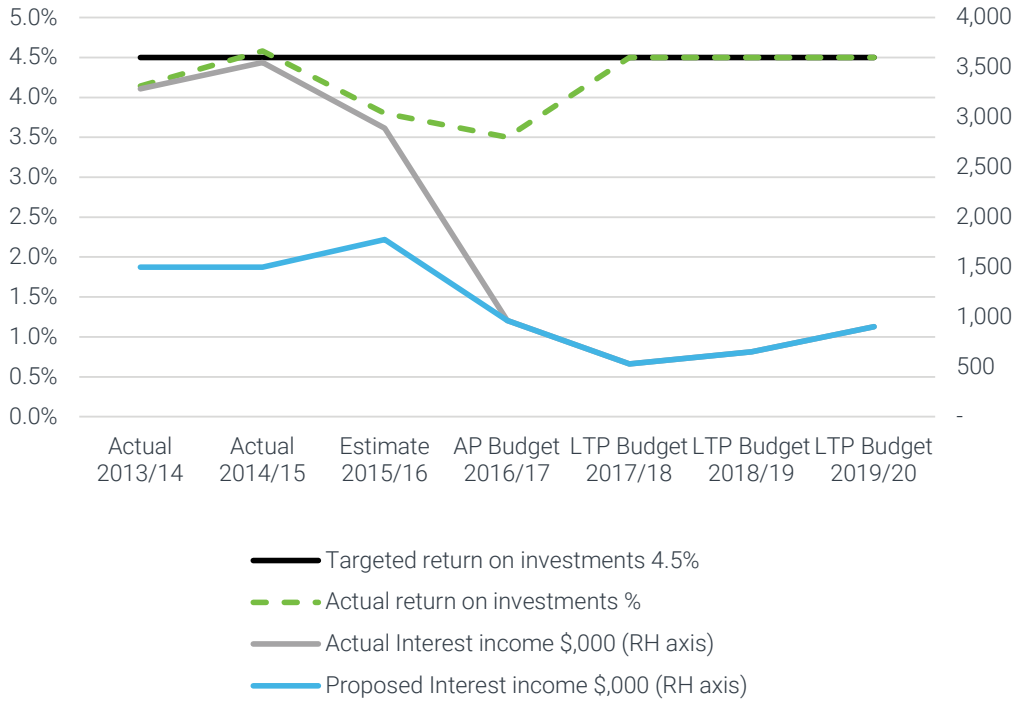


Council has remained and will continue to remain within its debt limits

Debt Limits

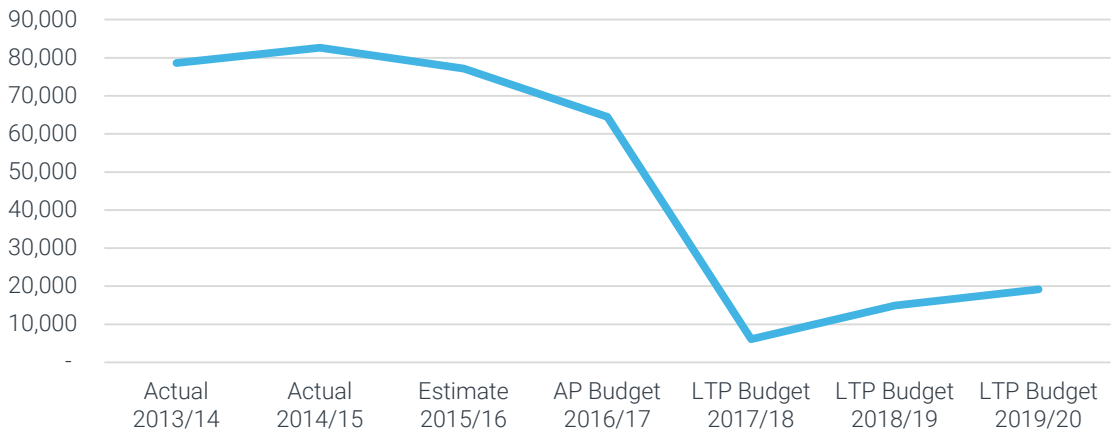


Return on Investments



Because of falling interest rates Council has not achieved its percentage targeted rate of return on investments, however due to increased available cash investments the overall actual income has exceeded the forecasted amounts.

Cash Investments (\$000)



Funding Impact Statement - Whole of Council

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Sources of operating funding							
General rates, uniform annual general charges, rates penalties	34,397	34,450	35,736	36,957	38,802	40,989	43,293
Targeted rates (other than targeted rates for water supply)	12,235	12,964	13,382	13,502	14,602	14,929	14,974
Subsidies and grants for operating purposes	4,084	4,157	4,262	2,618	2,669	2,736	2,827
Fees, charges and targeted rates from water supply	17,879	18,912	18,829	18,037	19,682	20,153	20,664
Interest and dividends from investments	3,285	3,555	2,891	966	530	649	901
Local authorities fuel tax, fines, infringement fees, and other receipts	13,554	14,876	18,143	16,918	18,971	19,395	19,851
Total operating funding (A)	85,434	88,914	93,243	88,998	95,256	98,851	102,510
Applications of operating funding							
Payments to staff and suppliers	59,370	62,450	64,857	66,045	69,278	70,423	72,311
Finance costs	108	-	-	-	-	248	248
Other operating funding applications	237	277	305	219	221	221	221
Total applications of operating funding (B)	59,715	62,727	65,162	66,264	69,499	70,892	72,780
Surplus/(deficit) of operating funding (A - B)	25,719	26,187	28,081	22,734	25,757	27,959	29,730
Sources of capital funding							
Subsidies and grants for capital expenditure	697	289	1,528	17,979	2,533	2,622	2,714
Development and financial contributions	1,860	1,779	2,778	2,764	5,448	5,580	5,724
Increase/(decrease) in debt	(2,008)	(8)	-	-	4,000	-	-
Gross proceeds from sale of assets	1,276	913	688	120	126	115	119
Lump sum contributions	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,825	2,973	4,994	20,863	12,107	8,317	8,557
Application of capital funding							
Capital expenditure							
- to meet additional demand	685	1,132	7,876	8,702	11,503	2,809	4,466
- to improve the level of service	22,105	13,834	17,080	27,747	17,629	4,675	14,406
- to replace existing assets	10,412	11,533	15,872	22,910	20,752	19,009	17,644
Increase (decrease) in reserves	(5,644)	182	(7,753)	(15,762)	(12,020)	9,783	1,771
Increase (decrease) of investments	(14)	2,479	-	-	-	-	-
Total application of capital funding (D)	27,544	29,160	33,075	43,597	37,864	36,276	38,287
Surplus/(deficit) of capital funding (C - D)	(25,719)	(26,187)	(28,081)	(22,734)	(25,757)	(27,959)	(29,730)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-

The Funding Impact Statement (FIS) is provided in accordance with Section 95 and Schedule 10 of the Local Government Act. The FIS is intended to make the sources and applications of Council funds more transparent manner than might be the case if only the usual GAAP financial statements were provided.

The FIS includes only transactions involving monetary funding and therefore excludes vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements as it follows the prescribed format required under the Act.

The FIS links the Council's Revenue and Financing Policy, the annual setting of rates, fees, development contributions and annual borrowing requirements. The FIS sets out the revenue and financing mechanisms that will be used in each year along with an indicative level of rates, together with examples of the impact of rating proposals in year 1 of the LTP over a range of different categories of property and a range of different values.

Summary of Cash Flows

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Cash Flows from Operating Activities							
Receipts from rates revenue	46,276	47,345	48,941	50,776	53,360	55,877	58,228
Interest received	3,428	3,144	3,418	964	528	647	899
Dividend received	2	5	5	2	-	-	-
Receipts from other revenue	37,411	38,837	45,849	51,824	51,002	49,970	51,186
Goods and services tax (net)	61	156	31	-	-	-	-
Payments to suppliers and employees	(57,062)	(59,797)	(61,889)	(57,412)	(69,124)	(71,183)	(69,553)
Interest paid	(152)	-	-	-	-	(248)	(248)
Net Cash from Operating Activities	29,964	29,690	36,355	46,154	35,766	35,063	40,511
Cash Flows from Investing Activities							
Proceeds from sale of property, plant and equipment	1,276	913	675	116	126	115	119
Proceeds from withdrawal of investments	118,829	95,214	105,137	20,147	165	-	-
Purchase of property, plant and equipment	(32,799)	(26,497)	(39,731)	(64,135)	(49,888)	(26,496)	(36,512)
Purchase of intangible assets	(119)	(199)	(310)	(465)	-	-	-
Acquisition of investments	(115,884)	(99,120)	(102,000)	-	-	(4,836)	(4,836)
Net Cash from Investing Activities	(28,697)	(29,689)	(36,229)	(44,337)	(49,598)	(31,217)	(41,229)
Cash Flows from Financing Activities							
Proceeds from borrowings	-	-	-	-	4,000	-	-
Repayment of borrowings	(2,008)	(8)	(5)	-	-	-	-
Payment of finance lease liabilities	-	-	-	-	-	-	-
Net cash from financing activities	(2,008)	(8)	(5)	-	4,000	-	-
Net (decrease)/increase in cash, cash equivalents & bank overdrafts	(741)	(7)	(121)	1,817	(9,832)	3,846	(718)
Cash, cash equivalents & bank overdrafts at beginning of year	8,003	7,262	7,255	17,652	10,893	1,061	4,907
Cash, cash equivalents & bank overdrafts at year end	7,262	7,255	7,376	19,469	1,061	4,907	4,189

Summary Statement of Financial Position

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Assets							
Current Assets							
Cash and Cash Equivalents	7,262	7,255	7,376	19,469	1,061	4,907	4,189
Debtors and Other Receivables	8,783	9,804	8,635	11,263	14,631	15,003	15,400
Inventories	2,407	2,516	379	3,032	4,640	4,640	4,640
Biological assets	323	315	191	300	300	300	300
Other Financial Assets	70,500	75,000	72,000	45,000	5,000	10,000	15,000
Total Current Assets	89,275	94,890	88,581	79,064	25,632	34,850	39,529
Non-Current Assets							
Property, Plant & Equipment	1,324,124	1,325,517	1,350,256	1,454,923	1,496,587	1,505,183	1,589,890
Intangible assets	332	365	453	465	563	260	60
Inventories	3,207	1,796	2,224	7,403	5,795	4,186	2,578
Investment Property	31,568	32,319	32,814	32,969	32,850	33,178	33,510
Investments in Associates	4,326	6,804	7,293	7,297	5,134	5,374	5,613
Other Financial Assets	848	397	475	348	348	348	348
Total Non-Current Assets	1,364,405	1,367,198	1,393,515	1,503,405	1,541,277	1,548,529	1,631,999
Total Assets	1,453,680	1,462,088	1,482,096	1,582,469	1,566,909	1,583,379	1,671,528
Less Liabilities							
Current Liabilities							
Creditors and other payables	10,086	11,174	12,595	14,087	12,204	9,882	11,162
Employee benefit liabilities	3,306	3,455	3,597	3,988	3,925	4,098	4,314
Borrowings	8	4	-	-	-	-	-
Total Current Liabilities	13,400	14,633	16,192	18,075	16,129	13,980	15,476
Non-Current Liabilities							
Provisions	1,235	3,924	4,523	1,074	1,343	1,406	1,469
Revenue received in advance	1,464	1,462	1,200	17	1,610	1,423	1,184
Employee benefit liabilities	1,040	806	537	1,347	1,347	1,292	1,113
Borrowings	4	-	-	-	4,000	4,000	4,000
Total Non-Current Liabilities	3,743	6,192	6,260	2,439	8,300	8,121	7,766
Total Liabilities	17,143	20,825	22,452	20,514	24,429	22,101	23,242
Total Net Assets	1,436,537	1,441,263	1,459,644	1,561,955	1,542,480	1,561,278	1,648,286
Equity							
Accumulated funds	733,698	750,304	763,896	811,200	793,586	807,247	823,506
Other Reserves	702,839	690,959	695,748	750,755	748,894	754,031	824,780
Total Net Assets / Equity	1,436,537	1,441,263	1,459,644	1,561,955	1,542,480	1,561,278	1,648,286

Financial Condition Indicators

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Rates Revenue	46,632	47,414	49,119	50,460	53,403	55,918	58,266
Net Surplus	7,843	6,688	12,638	9,880	12,245	13,707	16,202
Working Capital	75,875	77,367	72,197	60,988	9,504	20,870	24,054
Net Public Debt (External)	12	4	-	-	4,000	4,000	4,000
Internal Debt	36,783	33,442	41,715	51,097	49,113	48,809	52,856
Total Assets	1,453,680	1,462,088	1,481,800	1,582,469	1,566,910	1,583,379	1,671,529
% Rates Revenue to Total Revenue	52.54%	51.17%	49.9%	51.8%	50.3%	50.8%	51.1%
Net Public Debt as a percentage of Total Assets	0.00%	0.00%	0.0%	0.0%	0.3%	0.3%	0.2%
Proportion of Rates Revenue applied to service Total Debt (%)	7.68%	6.80%	7.0%	7.0%	8.4%	9.0%	9.0%
Rates increase to existing ratepayers year on year *	1.00%	1.80%	2.9%	3.6%	5.0%	4.5%	4.0%

* Excludes expected rating revenue increase arising from growth in the rating base

Key Statistics

	30 June 2016	30 June 2015
Area and Population		
Area (ha)	10,560	10,560
Population (forecast based from Statistics NZ)	60,400	58,000
Valuation		
Rateable properties (number of)	25,224	25,099
Non-rateable properties (number of)	378	372
Gross capital value	10,585,736,600	10,483,460,350
Net capital value (i.e. capital value of rateable property)	10,103,370,800	10,003,847,150
Gross land value	4,816,812,550	4,798,775,300
Net land value (i.e. land value of rateable property)	4,631,041,250	4,612,531,600
Date of last revision of values	2014	2014
Rates and Rating		
Total rates struck (incl. GST)	55,899,784	54,299,108
System of rating	Land Value	Land Value
Public Debt		
Public Debt (external)	0	4,550
Internal Debt	41,715,000	33,442,000
Loan redemption reserves	0	0
Unexercised loan authorities	78,736,000	82,400,000
Building Consents		
Value of consents for year	144,650,552	85,476,427
Value of consents for residential properties	62,066,405	40,934,525

Borrowing

The Council manages its finances prudently and with consideration for both the current and the future generations of the community. Projected borrowing levels are shown in the Long Term Plan which Council prepares and consults on every three years. Details of actual and projected borrowing levels and performance against key parameters for past and future years are outlined in the tables below.

Borrowing is undertaken, when required, to fund assets with long lives. Borrowing is not the only source of funding for assets. Development of new assets and renewal of existing assets may also be funded by a number of sources other than borrowing. These can include government grants and subsidies, contributions from developers for infrastructure costs required as a consequence of development through development and/or financial contributions, targeted rates and fees and charges.

Capital expenditure through to 2024/25, the funding sources and borrowing levels for the same time frame were reviewed and updated as part of preparing the 2015 - 2025 Long Term Plan. As forecasted in the Long Term Plan all external borrowing has been extinguished during the 2015/16 year.

The practice of retiring external debt and redeploying cash from equity and special funds has worked well in providing fiscal efficiency and strengthening our overall financial position. Internal borrowing is part of Council's financial strategy and is an important factor in ensuring that Council has financial capacity in place to respond to unforeseen circumstances and to support/enable future City growth.

The table below shows the gross debt of Council over past and future budget years.

Debt Levels Internal and External

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
External debt	12	4	-	-	4,000	4,000	4,000
Internal debt	36,783	33,442	41,715	51,097	49,113	48,809	52,856
	36,795	33,446	41,715	51,097	53,113	52,809	56,856

Council's Liability Management Policy is set by Council and details the key parameters used to ensure ratepayers are not exposed to excessive levels of debt and debt servicing. Under this policy Council is able to borrow to fund projects which will benefit several generations of residents or when a project is a 'one-off' or to fund Council's balance sheet. However, the risk to both current and future generations of uncontrolled borrowing is significant, so Council, within its policy, manages these risks within specific borrowing limits. Performance against these limits is measured annually as a part of year end reporting. The measures for past and future years are shown in the tables below.

Debt Servicing

Proportion of Rates Revenue applied to Service Debt (External & Internal Debt)

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Debt Servicing Proportion - actual	7.70%	6.80%	7.00%	7.00%	8.40%	9.00%	9.00%
Policy limit:	16%	16%	16%	16%	16%	16%	16%

Rate Funded Debt per Capita

Net Rate-funded Debt per Capita (External & Internal Debt)

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Rate Funded Debt per Capita - actual	\$501	\$427	\$539	\$590	\$659	\$660	\$622
Policy limit:	\$1,000	\$1,000	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500

Debt/Income

Net External Debt as a % of total income (External & Internal Debt prior to 2015/16)

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Net Debt % of Total Income - actual	41%	36%	0%	0%	4%	4%	4%
Policy limit:	100%	100%	100%	100%	100%	100%	100%

Liquidity

Liquidity to external debt

	Actual 2013/14 \$000	Actual 2014/15 \$000	Estimate 2015/16 \$000	AP Budget 2016/17 \$000	LTP Budget 2017/18 \$000	LTP Budget 2018/19 \$000	LTP Budget 2019/20 \$000
Liquidity % - actual	631%	886%	-	-	252%	473%	580%
Policy minimum	110%	110%	110%	110%	110%	110%	110%

Annual NRB Public Satisfaction Survey

The results of the Annual NRB Survey are one measure of public satisfaction levels of services provided by Council.

The Council commissions this public satisfaction survey where 450 residents throughout the city are interviewed by phone. The results provide useful information on how Council services and facilities are perceived by the community.

Service	2013 Satisfaction %	2014 Satisfaction %	2015 Satisfaction %	2016 Satisfaction %
Public Gardens and Street Beds	95	96	96	96
Water Supply	96	95	95	92
Sportsfields	87	87	89	89
Parks and Reserves	95	96	91	95
Sewerage system	92	92	93	89
Roads	89	93	88	91
Stormwater services	90	92	89	88
Footpaths	86	86	82	84
Parking in Taradale and other suburbs	64	60	70	67
Dog control	84	82	80	76
Noise Control	86	86	85	81
Public Toilets	76	78	72	74
Library service	84	85	84	81
Cemeteries, including maintenance	77	77	77	73
Parking in the City Centre	66	66	68	65
Refuse Collection	94	92	91	94
Control of Litter, Graffiti and Vandalism	92	91	91	91
Swimming pools	56	56	61	50
Civil Defence Organisation	75	72	71	70
Council's Policies to Promote Job Opportunities	31	35	32	38
Tourism Promotion	87	84	87	90
Town Planning	55	59	57	56
MTG Hawke's Bay	0	27	43	50

Major projects planned for the three financial years following the 2016 election

The following includes planned major projects with expenditure occurring in the next three financial years immediately following the 2016 election (2017/18, 2018/19, 2019/20). For full details refer to the Prospective Capital Plan in the 2016/17 Annual Plan, available from the Council or from the website.

Land Development for Growth

The 1999 Napier Urban Growth Strategy identified the need for further housing development in the city. That was confirmed in a review of the strategy in 2008 and also by the adopted Heretaunga Plains Urban Development Strategy 2010 (HPUDS).

The area identified for development covers about 125ha some 3.5km south of the CBD. Te Awa Structure Plan is a wedge of land is bordered by Napier Boys' High School (to the north), Willowbank Avenue (to the west), Te Awa Avenue (to the east) and the Cross Country Drain (to the south).

Included in the Capital Plan over the next three years is \$9.129m of funding for major infrastructure to facilitate development in this area.

The Council is also developing residential sections of the Parklands Residential Estate. This development, together with private residential development will allow for growth across the city.

Sportsgrounds

Park Island Sportsgrounds

The Capital Plan includes \$4.738 million for extensions to the Park Island Sports Complex over the next three years. Council has also allocated \$500,000 as its contribution towards a third artificial hockey turf at Park Island. Planning is underway to build the third turf in 2017.

Multi-Use Sports Facility

There is strong demand for additional court space and for this type of facility in Hawke's Bay. Basketball, volleyball, futsal and netball are key growth sports in the region, needing additional indoor court facilities. A total of \$3.511 million has been set aside over the next three years with expected external funding the total project is estimated to cost \$15.6 million for the construction of a multi-use sports facility. There is also strong support for a velodrome amongst the various cycling entities and schools in the region. So far the process of developing the detailed business case has identified a number of development opportunities including enhanced revenue generation. These opportunities need to be fully investigated and integrated into the detailed business case before it is reviewed by Sport New Zealand and the project steering group.

McLean Park Upgrade

Provision has been made in the sportsground development budget to upgrade the infield lighting and players facilities, and develop new drop in cricket wickets and player practice nets over the next three financial years.

Sportsgrounds renewals

Funding of \$1.275 million has been allocated in the capital programme over the next three years for the planned renewal works identified throughout the city by assessing their current condition.

Reserves

City Wide Reserves and Linkages

Napier City Council will be developing a city wide Parks and Reserves Strategy in 2017. This strategy will identify the suitability of existing parks and reserves, any shortfalls in provision based on community need, and how these shortfalls will be addressed. Any capital work required to address shortfalls will follow the development of the strategy. At present the capital plan includes \$6.956 million over the next three years to fund this work.

Whakarire Avenue Breakwater and Westshore Beach re-profiling

The Whakarire Avenue Breakwater project has been included in the Capital Plan with \$1.174 million in 2016/17 and 2017/18. Westshore Beach re-profiling is planned to follow the construction of the Whakarire Breakwater at a total cost of \$2.745 million.

Ahuriri Water Sports Facility

Funding of \$4.802 million has been provided for the Ahuriri Water Sports Facility (total project funding is \$5.112 million). Council recognises that the Ahuriri Estuary is a magnificent ecological asset and the development of the Ahuriri Management Plan with iwi and other key stakeholders is underway. Council is committed to a business case for the Water Sports Facility project and will not proceed with the next stages if it is shown that significant environmental effects cannot be avoided.

Reserves renewals

Funding of \$1.942 million has been allocated in the capital programme over the next three years, for planned renewal works identified through assessments of their current condition throughout the City.

Roading Projects

Capital Works

The Capital Plan allows for expenditure in 2017/18 of bulk funded capital works of \$1.564 million, funded from rates deferred from earlier years. Works total \$39 million in value and relate to road widening and network upgrade projects that are required to ensure the transport network meets current design standards.

Cycle Strategy

Planning to make Napier a better city for cycling involves a partnership between Council, central government (until 2019) and the community. Council is committed to providing for the safe and convenient movement of cyclists throughout the whole of the city, including Bay View and its links to the Hastings District Council (HDC) network. This is a Strategy that caters for recreational and commuter and competitive cyclists. The project, now known as iWay, sees Council working closely with HDC, which has been receiving targeted cycling funding from central government since 2010. The project commenced in 2015/16 and will continue until 2020/21 with \$6.81m set aside in the capital projects for this project funded from rates, NZTA and external funding.

Stormwater Projects

Upgrading Stormwater Systems

The urban stormwater system is being continually upgraded. The current design standard requires the system to be designed to cater for the type of storm the city might expect to experience once in every 10 years so that only limited surface ponding occurs. Increasing infill and greenfield developments have added more buildings, driveways, roads and sealed surfaces within the city boundaries, resulting in greater volumes of water running off the hard, impermeable surfaces and putting pressure on the existing stormwater and pumping systems. Up until 1996, the system design was based upon catering for a two year return period rainfall event, meaning the city had a 50 per cent chance of stormwater ponding in the streets each year. The current design standard caters for a 10 year return period rainfall event, which equates to a 10 per cent chance of similar ponding in any one year. A total of \$3.044 million has been allocated for upgrade work over the next three years.

Taradale Stormwater Upgrade

Funding of \$2.873 million has been provided over the next three years to reduce the risk of flooding in the Greenmeadows area around the Guppy Road, Osier Road, Gloucester Street and McKeefrey Avenue areas.

Wastewater

Renewal Programme

Funding of \$5.539 million has been allocated in the capital programme over the next three years, for planned renewal works identified through assessments of their current condition throughout the City.

Water Supply

Renewal Programme

Funding of \$3.461 million has been allocated in the capital programme over the next three years, for the planned renewal water supply infrastructure throughout the City.

Parking

CBD Parking Project

Additional parking in the CBD is allowed for in the Capital Plan funded from the various parking special funds. The plan includes provision of \$6.589 million for this purpose; however any future development will be subject to feasibility reviews.

Infrastructural Renewals

Provision of infrastructure is a critical deliverable of all Councils and this requirement is laid out in the purposes of the amended Local Government in the Local Government Act 2012.

Council is acutely aware that the provision of essential infrastructure which meets the needs of its citizens is core to the economic, social and cultural needs of the city. The figures below demonstrate the value Napier has invested in its essential assets.

In addition to the discrete capital projects specifically identified, approximately 64 - 75% of the rate funded capital plan is committed annually to the renewal of existing infrastructure. This ensures continuity of services at current levels.

The citizens of Napier City have invested \$1.326 billion infrastructure over successive generations. Significant components of this are:

<i>Infrastructure</i>	<i>Replacement Value</i>
Roading Network	\$610m
Sewer Management	\$150m
Water Supply Systems	\$81m
Stormwater	\$109m
Sportsgrounds/Reserves	\$189m

These assets comprise 93% of the property, plant and equipment servicing the city.

How are these assets managed?

Napier City has developed Asset Management Plans that identify and define:

- current levels of service provided
- projected future demand for these services
- the timing and cost of renewal needs
- planned improvements to address known capacity issues and future growth
- an improvement plan that identifies how Council intend to improve and refine the plan over time

These Asset Management Plans are the culmination of extensive work undertaken to understand the whole life cycle of Council's infrastructure assets. Asset Management Plans are supported by a detailed inventory of the city's infrastructure assets. This includes the age of the assets and is also supported by condition assessments undertaken periodically.

Asset Management Plans seek to ensure that projects and related expenditure are undertaken in a sustainable manner.

A good example of this approach is the Cross Country Drain project. This put in place infrastructure that was more than 14 years in planning and implementation and provides stormwater infrastructure which incorporates:

- increased capacity to mitigate the effects of increased rainfall (climate change)
- improved robustness of stormwater system by linking catchments
- discharge to Hawke Bay, a less sensitive environment than Ahuriri estuary

Earthquake Prone Buildings

In recent years national awareness and involvement in the processes around determining of earthquake prone buildings under the Building Act, and the resulting strengthening, has grown considerably. The Government has become directly involved and is currently working towards national direction under the determinations made by the Canterbury Earthquake Commission.

While we are currently experiencing some uncertainty around Government policy, owners and developers of buildings in Napier have proactively continued to have their buildings assessed in accordance with the Council's policy. Numerous buildings have now been strengthened in accordance with the Building Act.

Napier still faces a serious conflict with its Art Deco building heritage. The uniqueness of the City is tied to the 1931 earthquake and the Art Deco redevelopment that occurred in the decade following.

The City actively promotes protection of this heritage and in general building owners and developers have a well established record of endorsing and honouring protection and redevelopment of this historic building stock rather than demolition and building new. Because of the age and the building technology of the 1930s, these buildings are becoming difficult if not impossible to insure fully. This in itself will become an issue for future Councils in Napier. There may be future budgetary impacts arising from this conflict for the Council.

Council is continuing with seismic assessments on Council owned buildings. Some budget provision has been made for strengthening of Council owned buildings but there will inevitably be additional funding required as assessments are completed and business cases prepared for strengthening works.

Liquefaction Risk Assessment

Council is currently committed to a joint review (funded by Napier City Council, Hawke's Bay Regional Council and Hastings District Council) of liquefaction risk assessment throughout the Heretaunga Plains.

This review has come from the recommendations of the Canterbury Earthquake Commission which found that general information about land stability was not enough to give communities certainty into the future.

Specific liquefaction assessments are now required by the Council as developments in the City obtain consents but the Councils jointly agreed that a technical review of the previous report was now essential. The Regional Council is the leading authority in this process.

While previous general modelling has provided the background information on liquefaction risk it is clearly possible that the new Council in this next term may be required to review policy related to development around the findings of this review. The review is a budgeted cost, fully funded, but it is possible that additional costs will arise from recommendations yet to be made.

Aquatic Strategy

In August 2015 Council adopted its Aquatic Strategy. The purpose of this Strategy is to set the direction for the provision of aquatic space that will meet the City's needs for the next 30 years.

In addition to meeting the needs of aquatic facility users, the strategy is strongly influenced by the Local Government Act which requires that councils provide good quality local infrastructure and public services to achieve community well-being.

The strategy guides Council's involvement in providing, developing and managing public swimming pools, and public outdoor aquatic recreation area management to maximise accessibility, participation and opportunities for recreation, aquatic sports, learn to swim and other programmes to the community.

The strategy was developed in consultation with key stakeholders including facility managers, Hastings District Council, Sport Hawke's Bay, Hawke's Bay District Health Board, ACC, Water Safety New Zealand surf lifesaving clubs, swim clubs and water sports clubs.

Napier Aquatic Centre, Ocean Spa and the Greendale pool complexes are currently the main providers of public pools in Napier. Significant reinvestment is required for these facilities that focus on the changing needs and demands for pool space. This must take into consideration our ageing population, changing trends in aquatic sports and increased demand resulting from the closure of school pools including Greendale in December 2016.

The strategy identifies key principles and goals that aim to; provide for healthy communities, increase participation in aquatic activities, provide safe opportunities for aquatic interaction, promote financially sustainable and efficient facilities that are well maintained and fit for purpose, and promote partnerships where possible which are mutually beneficial.

The strategy sets out an implementation plan that identifies actions to be carried out to contribute towards achieving these key goals. The plan identifies what Council's role is, potential partners, financial implications and timeframes for when the action is to be completed.

A feasibility study into aquatics provision for the Taradale area has been completed and recommend Council invest in expanding and replacing pool space at the Napier Aquatic Centre.

This financial year a detailed business case on the Napier Aquatic Centre will be commenced. The business case will cover issues such as configuration, construction costs, and funding sources and take into account Napier's other pool providers. A total of \$1.5 million of the 2014/15 year end surplus has been set aside for this project.

