



NOTICE OF MEETING

Notice is hereby given of the Extraordinary Meeting of the Performance, Policy and Partnerships Committee to be held in the Council Chamber, First Floor, Civic Administration Building, 101 Esk Street, Invercargill on Tuesday 22 February 2022 at 9.00 am

Cr D J Ludlow (Chair)
Cr R R Amundsen (Deputy Chair)
His Worship the Mayor, Sir T R Shadbolt
Cr R L Abbott
Cr A J Arnold
Cr W S Clark
Cr A H Crackett
Cr P W Kett
Cr G D Lewis
Cr M Lush
Cr I R Pottinger
Cr N D Skelt
Cr L F Soper
Ms E Cook – Māngai – Waihōpai
Mrs P Coote – Kaikaunihera Māori – Awarua

CLARE HADLEY
CHIEF EXECUTIVE

Extraordinary Performance, Policy and Partnerships Committee - Public

Invercargill City Council

22 February 2022 09:00 AM

Agenda Topic	Page
1. Apologies	
2. Declaration of Interest	
a. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
b. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.	
3. Next Steps for City Block and City Streets Deliberations (A3777022)	4
4. Targeted Consultation - Northwood Avenue and Richfield Drive (A3808335)	10
5. Grants Funding - Annual Plan (A3811098)	14
6. Public Excluded Session	

Public Excluded Session

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting; with the exception of the external appointees, Mr Jeff Grant and Mr Lindsay McKenzie, namely,

(a) *Great South Draft Statement of Intent*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
(a) Great South Draft Statement of Intent	Section 7(2)(b)(ii) Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	Section 48(1)(a) That the public conduct of this item would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

NEXT STEPS FOR CITY BLOCK AND CITY STREETS DELIBERATIONS

To: Performance, Policy and Partnerships Committee

Meeting Date: Tuesday 22 February 2022

From: Rhiannon Suter, Manager – Strategy and Policy and Hayden Powell, Policy Advisor

Approved: Michael Day - Group Manager - Finance and Assurance

Approved Date: Thursday 17 February 2022

Open Agenda: Yes

Purpose and Summary

This report provides a summary of submissions to the Next Steps for City Block consultation and provides recommendations for deliberation.

Recommendations

That the Committee:

1. Receive the report "Next Steps for City Block and City Streets Deliberations".
2. Note the submissions which have been received (17 February Hearings Agenda A3804974).
3. Consider and determine the community wellbeing outcomes do / do not outweigh the risks identified for further investment in City Block.
4. Consider whether to increase Council's investment into City Block by up to \$7.5M to be funded through loan funding, noting that there is no anticipated impact on rates.
5. Consider whether to provide a \$22.75M short-term loan to City Block developers to be funded through loan funding, noting that there is no anticipated impact on rates.
6. Determine to / to not increase funding through the Annual Plan into City Centre Streets by \$13.6M (Preferred option) to be loan funded, noting the forecast 1.3% increase in rates.

Implications and Risks

Strategic Consistency

Council has made significant investment in City Block and City Centre Streets as a core part of its vision to create "Our City with Heart." The original investment proposal noted the social, cultural and economic wellbeing benefits of the project and the importance of creating vitality in the city centre.

Although the development is not complete Council can be satisfied that it is having a positive impact on the areas identified. At this stage Council can be satisfied that there is broad community support for the project and its completion.

Financial Implications

City Block and City Centre Streets are both included within the Long-term Plan. However the additional funding required for City Block and for City Centre Streets, which is the focus of this consultation, is not. The Long-term Plan indicated that further funding would be required for City Centre Streets Stage 2 and that further funding may be required for City Block. Dependent on the outcome of this consultation, the additional funding will be included within the 2022/2023 Annual Plan.

Council need to be aware that there are different implications for the Annual Plan and subsequent years of the Long-term Plan arising from debt funding to replace the bank (\$45M) and debt funding to cover additional project costs above and beyond the original budget (\$10M). Council can have a higher level of confidence that the funding to replace the bank will be recovered in 18-24 months. Council would have a lower level of confidence with respect to the timing for recovery of the portion associated with cost increase. Allocating additional funding may have implications for the debt ceiling which will need to be reviewed as part of the Annual Plan process. There may also be implications on Council's credit rating and/or ability to fund other projects.

Legal Implications

The Performance, Policy and Partnerships Committee has delegations to discuss and deliberate on this matter.

Council will make the final decision on funding for ICHL for ICL for City Block. Council has obligations as a shareholder of the project to ensure that funding requirements are met.

Risk

The funding requirements of City Block provided for consultation are correct at this time. However, this is a complex commercial development and the funding requirements have the potential to change again. Further consultation would be required if significantly more funding were required. The risk of this is assessed as medium and low after mitigations. A commercial report has been commissioned into the financial and timeframe delivery of the project to assist in mitigation. The results were used to inform the consultation.

The majority of the additional funding is required for short term loan arrangements during the development phase. It is expected that this funding will be returned to Council within the next eighteen months, however if there are significant changes to the finance market in the

interim Council may not receive some or all of this funding within the timeframe expected. The risk of this not occurring is assessed as low. This confidence is based on the current arrangements with the bank and the leasing programme status at this time.

Any funds beyond that currently noted in the bank funding proposal carries a slightly different risk. The bank funding is currently limited by the valuation. As discussed previously there is little downside risk to the valuation, with some potential upside based on the purchase of Readings Cinema land. Council cannot assess the risk or opportunity for increased bank funding until the valuation is finally completed prior to drawing down the bank funding. In the interim the risk that this portion of the funding will not be recovered in the short term would be assessed as medium to high. Council will review the project budgets to provide advice on the recovery of the funds in the longer term however it is possible that the capital comprising the loan will not be returned within 10 years although this will change over time.

The risk of further funding being required for City Centre Streets is assessed as medium as the appropriate level of contingency is built into the project. The project is being managed through the Project Management Office, however there is still a risk of unforeseen in ground contamination. Stage One of the City Centre Streets project although delayed because of the material found in Esk Street is currently on budget.

There are reputational risks to Council and its commercial partners from this consultation which are being actively managed.

Background

Consultation took place on Next Steps for City Block and City Streets between 13 January and 11 February 2021.

The consultation was promoted widely in media and social media, including a submission form appearing in the Southland Express. Details were sent to all ratepayers through rates notices and to organisations and individuals which have asked to be kept up to date on Council consultations. A business breakfast for retailers and other city centre businesses, a public drop in event in the city centre and a successful Facebook Live event, provided an opportunity for people to ask questions of Councillors and officers.

While submission numbers (79) were considerably lower than earlier consultations (462 in 2020 and 673 in 2019) Councillors can be confident that this is a reflection of sentiment in the public that they are fully informed about the project and support Council enabling the work to continue, rather than due to lack of awareness.

The Options

Funding City Block

Preferred option: Council will provide its share of the required \$60M (\$30M – incorporating up to \$7.5M increased investment and \$22.75M short term loan) by way of loan at commercial rates to ICL to enable completion of the City Block Development (Stages 1- 3) bringing the total Council investment to \$70.74M (\$48.2M total investment and \$22.75M short term loan). HWR Limited will fund the remainder. This option has been assessed as a lower financial risk,

because the terms of the short term loan would mean Council and HWR would receive priority in repayment over other longer term loans for the greater proportion of the funding. This will increase Council's debt by \$30M but will have no increase on rates as funding costs will be recovered from ICL.

Another option: Provide \$10.07M loan to ICL, the minimum required by the current shareholder agreement. Developers would have to manage the implications of the shortfall which they indicate would put the completion of the project at risk and may trigger further obligations on Council as a shareholder of the project. This option has been assessed as a higher financial risk because the terms of the loan would mean Council and HWR would not receive priority in repayment over other loans and significant delay in repayment could impact on Council's ability to borrow for other Council projects. This will increase Council's debt by \$10.07M but will have no increase on rates as funding costs will be recovered from ICL.

City Centre Streets Stage 2

Preferred Option: Invest an additional \$13.6M to upgrade Kelvin Street between Don Street and the Kelvin Street Hotel and Esk St between Kelvin St and Te Rau O Te Huia (new SIT Esk St Campus). The impact on Council's debt would be an increase of \$13.6M. Rates would increase by 1.3%.

Another Option: Investment an additional \$15.5M to upgrade Kelvin Street between Don Street and Tay St and Esk Street between Don Street and Deveron Street. The impact on Council's debt will be \$15.5M. Rates would increase by 1.5%.

Option 1 for Funding City Block and Option 1 for City Centre Streets Stage 2 would increase Council's total investment into City Block to \$45.5M plus a short term loan of \$22.75M and City Centre Streets work to \$32.2M. The combined impact on Council's debt will be \$36.35M. Rates will increase by 1.3%.

Further information on the options is included in the consultation document.

Consideration of Submissions

79 submissions were received.

City Block

74.7% submissions were in support of Council's preferred option.

Of the submissions that were in support of Council's preferred option, the majority provided simple one-line statements such as, "get it done" or "finish it and finish it properly". Some submitters provided more in-depth comments, which highlighted how important they believed the project was for the future of Invercargill.

8.9% of submissions were in support of the alternative option.

It is difficult to take any trends from the few comments that were submitted for the alternative option. Of the comments made, most were providing suggestions around putting in more green spaces, or ensuring there was easy vehicle access for people with access issues. There was one comment that stated they believed the project was not thought through properly and any development needed to be made on a more realistic scale.

16.5% of submitters either did not select an option or did not support either option.

The issues raised most often by those who did not support either option were centred on not wanting ratepayers to put any further funding towards this project. There were some comments that thought this project had not been scoped or managed well.

One submitter raised their continued concerns that Council had over-capitalised in this project and the commercial viability of the project did not stack up. They also raised concerns of the impact this development will have on other business and building owners within the CBD and wider Invercargill.

Council has been consistent with its reasoning around why it has become involved in this project. "Council does not expect to make a commercial return on its investment in the short to medium term, but neither does it anticipate making a loss. However, there are broader benefits to Invercargill – and Southland – to be realised through developing a vibrant and dynamic city centre."

Council has considered the broader impact the City Block development will have, in noting the risk of significant impact on the balance of the city's retail area, through shoppers parking within the City Block building and then not leaving the complex, which was identified within the earlier consultations. Council is keeping a watching brief on this issue

In summary, there is clear support in the submissions for Council to invest additional funds to enable the project to be completed.

City Centre Street Upgrade

48.1% submissions were in support of Council's preferred option.

For this option most comments simply said they were in support of the option or "*can't stop now*". There were some singular comments making suggestions for more green spaces, changes to more pedestrian or cycle friendly crossings and street scape.

Two submitters who attended the Hearings were supportive on the street upgrades and especially the shared nature of the space that provides for pedestrians, cyclists and vehicles alike. One submitter wanted clarification of bike storage (secure if possible) and if there was going to be provision for recharging e-bikes within the new city block. The other focused on the interdependency of the Public Art Gallery and the City Centre upgrades and requested appropriate bike parking / stands be provisioned close to the art gallery. The Council roading manager highlighted ICHL has already made provision for secure bike storage. There will be multiple sites for cyclists to secure bikes throughout the city centre streets, including Don Street.

29.1% of submissions were in support of the alternative option.

The common theme raised most often in support of the alternative option was that it made sense to extend the street upgrades, or that they wanted the project completed and completed to a high standard. A risk to note with this option is Council's logic for why they chose the preferred option could have been better communicated. Some submitters may not have been aware that the additional roading space that this option would support is at risk of being developed and re-laid in the short to medium term, this may have seen them select the preferred option.

22.8% of submitters did not support either option.

Comments for those which did not support either option were mixed, with some still supportive, however the majority were not. The issues raised most often by those who did not support either option was to not fund the street scape upgrade at all, or not until the City Block is complete. Some of these submitters who chose not to answer this question, went on to comment they were concerned with the rates increases which could result from funding these upgrades.

From the submissions received, a majority were in support of Council's preferred options for both City Block and City Centre Streets Upgrade. There is a clear majority for City Block with over 74% support to commit further funds to the project. The submissions were more spread out for the City Centre Streets Upgrade, however 77% either supported the Council's preferred option or wanted to commit additional funds. Council can have confidence that support from submitters is strong for the City Centre Streets Upgrade.

Next Steps

Following deliberations by the Committee will meet to determine whether to complete the investment into City Block. If this is a favourable decision, Council will make available the loan funding to the developer via ICHL.

The decisions on both City Block and City Centre Streets will then be reflected in the Annual Plan.

Attachments

Nil.

TARGETED CONSULTATION – NORTHWOOD AVENUE AND RICHFIELD DRIVE

To: Performance, Policy and Partnerships Committee

Meeting Date: Tuesday 22 February 2022

From: Rhiannon Suter, Manager – Strategy and Policy and Christine North, Property Database Officer

Approved: Michael Day - Group Manager - Finance and Assurance

Approved Date: Wednesday 16 February 2022

Open Agenda: Yes

Purpose and Summary

This report is to provide Council information on a targeted consultation Council will conduct with homeowners on Northwood Avenue / Richfield Drive regarding proposed address changes for which there are ten affected properties.

Recommendations

That the Performance, Policy and Partnerships Committee:

1. Receive the report "Targeted Consultation – Northwood Avenue and Richfield Drive"
2. Note that Council will receive a paper including results of consultation at the time of making the decision.

Background

A new subdivision in the Northwood Avenue / Richfield Drive area was begun in 2010 and is coming to completion now. At the time of the original plans, it was intended that Richfield Drive would be a cul-de-sac. Since then plans have changed and this road now continues from Northside Drive and connects with Northwood Avenue. As a result the addressing and numbering of an area of Northwood Avenue is no longer logical.

Council has powers to change road names and numbering under Section 319 of the Local Government Act 1974. Council will consult with the community directly impacted to ensure it is able to take into account householder views when making the decision. A report on the outcomes of the consultation will be provided to Council at the time of making a decision.

Issues

Council is proposing renaming a section of Northwood Avenue to become part of Richfield Drive (see preferred option below). This would correct the current situation where Northwood Avenue currently stops at a point part way along a section of road with no natural break or corner which then becomes Richfield Drive.



Map 1: Northwood Avenue and Richfield Drive

There are ten impacted properties:

- 43, 45, 46, 49, 51, 52 Northwood Drive
- 81, 85, 89 Richfield Drive (Developer owned)
- 90 Richfield Drive

There are two options about which affected residents will be consulted.

Option 1 (Preferred option)

Richfield Drive will be extended to the location marked on the map which forms a natural break in the road alignment. The properties listed above currently addressed as Northwood Drive would be allocated new numbers on Richfield Drive.

Following a decision by Council, residents would be advised and supported to complete the process of alerting suppliers about their change of address. They will be provided information about this process at the time of consultation.



Map: 2: Northwood Avenue and Richfield Drive showing preferred location of new road naming alignment



Image 1: Site of proposed new divide between Northwood Avenue and Richfield Drive

Option 2 (Status Quo)

The other option is to retain the status quo of Northwood Avenue continuing to its current conclusion, ending before the corner marked on the map. This option is not ideal as it results in an illogical road naming and numbering in an area which already has a complex street layout, making it harder for people visiting to find the correct address.



Both options will require some changes to road signs which will be undertaken from the existing roading budget.

Next Steps

Targeted consultation will commence with the affected properties, some of which are still owned by the developer. This will inform Council's decision making on this matter, including allowing numbering for a corner section, which is close to completion, to be finalised in good time.

Property owners will receive a letter outlining the proposed changes and process for changing address and will be provided the option of a community meeting (likely online) if they would like to discuss the options further.

GRANTS FUNDING – ANNUAL PLAN

To:	Performance, Policy and Partnerships Committee
Meeting Date:	Tuesday 22 February 2022
From:	Rhiannon Suter, Manager – Strategy and Policy
Approved:	Michael Day - Group Manager - Finance and Assurance
Approved Date:	Wednesday 16 February 2022
Open Agenda:	Yes

Purpose and Summary

This report provides Council with an opportunity to consider funding across a number of grants areas in preparation for the 2022/2023 Annual Plan.

Recommendations

That the Performance, Policy and Partnerships Committee:

1. Receive the report "Grants Funding – Annual Plan".
2. Agree to reallocate \$15,000 funding in the Urban Rejuvenation Fund to the Community Wellbeing Fund (Option 1).
3. Agree to increase the Community Wellbeing Fund by \$50,000 (Option 1).
4. Agree to remove \$100,000 allocated for emergency grants (Option 1).

Implications and Risks

Strategic Consistency

The Community Wellbeing Fund utilises Council's strategic priorities which were developed as part of the Long-term Plan to support funding decision making. Reallocating funding to this fund will enable funding decisions to be made in alignment with these priorities.

Financial Implications

The recommendations in this report would result in a reduction of \$100,000 in the Annual Plan budgets. The removal of the funding for emergency grants is in alignment with the Revenue and Financing Policy.

Legal Implications

There are no legal implications. All of the funding is funded through general rates within the perimeters set by Council.

Risk

Risk	Mitigation
Not all the increased funding will be spent by the Community Wellbeing Fund	Analysis has been undertaken to assess how likely the Community Wellbeing Fund Committee are to utilise the funding in this financial year and the advice is provided on this basis. Funding not spent is not taken forward into the next year and is taken into account in annual budgeting to ensure the correct amount is rated for in the next financial year.
Urban rejuvenation projects will not receive the same level of support	The Community Wellbeing Fund has been designed to be flexible in order to allow all projects to be assessed equally against Council priorities
Emergency needs will arise for which funding is not available	It is not appropriate to rate for funds which may not be required. In the circumstance that emergency funds are required this will be addressed in the rates level set for the next Annual Plan.
Existing projects which are funded separately may not receive the same level of support under the Community Wellbeing Fund.	The committee will consider all applications against the same criteria and allows for multi-year applications of up to three years. It is appropriate that all projects, new and old, have the same opportunity to be considered for funding.

Background

In 2020 Council undertook a review of funding in preparation for the Long-term Plan. As a result the Community Wellbeing Fund was established, replacing four existing funds. One of the principles followed in establishing the Community Wellbeing Fund was to create a more flexible larger funding pool, to simplify the application process for the community and to reduce the number of small inefficient funding pools.

The Community Wellbeing Fund is set at \$500,000. This financial year \$157,338 of the fund is already allocated to multi-year applications, leaving \$342,622 available to be allocated.

Application numbers range between 6 and 13 for each round. The committee are working well together to meet the purposes of the fund and managing the funding available.

At the present time, the Committee is on track to spend the total fund value. This financial year the Committee has received 32 applications to a total value of \$372,493 and they have allocated \$171,189. 15 applications were fully funded, 9 partially funded, 7 declined and 1 deferred for consideration at the next meeting.

During the Long-term plan Council received applications for funding from a range of agencies and where relevant these were redirected to the Community Wellbeing Fund, with the goal of implementing a consistent approach and experience for everyone. Over time the intention is to ensure the majority of applications for funding are considered through this mechanism.

In preparing for the Annual Plan a number of inconsistencies have become clear and options for addressing these are outlined below.

Issues and Options

Analysis

Significance

The proposed budget levels are at a level which means they are not significant in line with the Significance and Engagement Policy. The proposed changes are in line with earlier priorities set for the Community Wellbeing Fund which has been well-received by the community.

Urban Rejuvenation Fund

The urban rejuvenation fund is a funding pool within the Council budget which is set at \$15,000 a year. The purpose of the fund was to enable diverse projects which support the goal of urban rejuvenation. No funding was allocated in 2020/2021. Previously it was utilised by the Urban Rejuvenation Committee which is no longer in existence.

In 2020 a review was undertaken of Council funds and in response the Community Wellbeing Fund was established. At that time the urban rejuvenation fund was overlooked from this process. Options are presented below for consideration.

Options – Urban Rejuvenation Fund Reallocation

There are three options:

- Option 1 Close the fund and transfer the \$15,000 funding to the Community Wellbeing Fund noting the broad and flexible terms of that fund which would encompass the purposes of urban rejuvenation (Recommended option).
- Option 2 Close the fund and transfer the \$15,000 funding to the Built Heritage Fund, noting that the Committee could administer that funding and determine whether to implement a broader criteria which might allow non-heritage building projects to apply.
- Option 3 Reduce the Annual Plan budget by \$15,000.

Annual Plan Reallocation

Under the Long-term Plan the Southern Warm Homes Trust receives support from Council for \$50,000. Due to an administrative oversight this issue was not addressed as part of the 2021 – 2031 Long-term Plan. As a result it is timely to address this as part of the Annual Plan. The \$50,000 funding request has been paid this year but it is recommended that the Trust will be encouraged to make an application to the fund next year so their request can be considered alongside others. Options are presented below for consideration.

Options – Annual Plan reallocation

There are three options:

- Option 1 Reallocate \$50,000 to the Community Wellbeing Fund in reflection of the value of the current support for the Southern Warm Homes Trust (Recommended option).
- Option 2 Remove \$50,000 from the budget, noting that the Community Wellbeing Fund will need to manage its existing funding pool and in considering the needs of the Southern Warm Homes Trust alongside other requests, this carries a higher risk that they may not receive the full level of funding.
- Option 3 Continue to provide \$50,000 for Southern Warm Homes Trust and review this at the time of the Long-term Plan.

Emergency Grant Fund

The Emergency Grant fund is a funding pool within the Council budget which is set at \$100,000 a year. It was previously held within the Mayoral budget. The purpose of the fund is to enable Council to respond to emergency events such as flooding. No funding was allocated in 2020/2021. This fund was not considered as part of the funding review in 2020. Rating against future unknown events is out of line with the Revenue and Finance Policy.

Options – Emergency Grant Fund

There are two options:

- Option 1 Remove \$100,000 from the Annual budget and address requests for emergency funds which arise on a case by case basis (Recommended option)
- Option 2 Retain \$100,000 within the Annual Plan budget noting that this will be out of alignment with the Revenue and Finance Policy.

Community Views

The funding reallocations recommended in this report are in line with the Council's strategic priorities which were included in Long-term plan consultation. Feedback on the Community Wellbeing Fund through a survey undertaken in 2021 was very positive. Those parties directly impacted have been alerted that this issue is being considered by Council.

Next Steps

Following decisions by Council the budget amendments for the Annual Plan will be made ahead of consultation in March.

The decision will be communicated to directly impacted parties.