Christchurch City Council
ATTACHMENTS UNDER SEPARATE COVER

Date: Tuesday 25 June 2019
Time: 9.30am
Venue: Council Chambers, Civic Offices,
53 Hereford Street, Christchurch

TABLE OF CONTENTS

5  Annual Plan 2019/20
   B. Mayor’s Recommendation ......................................................... 3
Attachment B: Mayor’s Recommendations

Foreword

Ko te poenga tāwhiti, whāio kia tata.
Ko Mangōrua e kōpae pū ana
Seek the distant horizon and pursue it more closely.
The Milky Way shines.
(As we make our way through these times, the goal is always there)

In my Introduction to the Draft Annual Plan I stressed how this was Year 2 of the Long Term Plan 2018-28 and that the Draft only made a few adjustments based on things that had occurred since the LTP was finalised.

Consultation

We received almost 250 submissions, of which Councillors directly heard around 95. A large number of submitters talked about the need to plan for the impacts of climate change and the move to net zero carbon emissions, protecting our drinking water and our waterways and the need to make routine maintenance and repairs a higher priority.

Specific concerns were raised about local facilities and amenities, the Arts, heritage, the Canterbury Museum funding and the Robert McDougall Gallery. In terms of feedback, a major positive was our progress on the major cycle routes, but this needed to be matched with improved public transport solutions. Upkeep of local parks and sports grounds and more social, affordable housing were also called for.

Any call for additional expenditure was more than balanced by calls for savings and efficiencies in the Council operational expenditure, reducing costs to businesses, and minimising rates increases.

At the same time we have been presented with immediate pressures that we must address - our ongoing programme of water supply improvements to enable the removal of chlorine; our global storm water consent conditions and a potential reduction in subsidies from the New Zealand Transport Agency (NZTA).

It should also be remembered that the Draft Annual Plan was released for consultation on the 1st March just 2 weeks prior to the 15th March extremist attacks on our Muslim communities, who had gathered for prayer at Al Noor Mosque and Linwood Islamic Centre. Fifty one people were killed, many more were injured — and over a hundred more bore witness to the horror that unfolded before their eyes. The response required within the organisation was significant, from supporting the family and community hubs, preparing for and providing support for the burials, organising and providing security at the range of events from the Call to Prayer to the National Remembrance Service, supporting community vigils, hosting international delegations, supporting access by national and international media… the list goes on. There may have been a cost, however it has been an investment in supporting all of our communities, in the wake of atrocity.

Multi-cultural Recreation and Community Centre

During public submissions on the Draft Annual Plan leaders of Christchurch’s ethnic communities advocated that a multicultural centre is needed more than ever in the wake of the 15 March terror attack and we have taken that on board.
We have agreed to put money on budget towards the development of a multicultural recreation and community centre for Christchurch. We need to look at what options exist, and we need to work with other funding bodies about making up the shortfall.

**Regeneration Funding**
The other substantial change from the Draft Annual Plan relates to how much we fund Regenerate Christchurch. There have been ongoing conversations between the Council and Crown (as shareholders) and Regenerate Christchurch as to the scope of the agency’s work over its remaining life to 30 June 2021.

We originally budgeted $4 million, (over each of the next 2 years), as Council’s share of joint funding for Regenerate Christchurch, however we have made the decision to reallocate $3 million of that funding to other regeneration projects as we transition back to local leadership in this space.

The Council will use $1 million to continue the Southshore and South New Brighton work that was started by Regenerate Christchurch, and it will be recommended that the balance be split between regeneration projects including funding Council’s ongoing programme of work in urban development and regeneration. We have also listened to the concerns expressed by submitters who wanted more money spent on maintaining our parks, roads and footpaths, and we have re-allocated $900,000 for this work.

**Climate Change**
By declaring a global climate and ecological emergency at our Council meeting of 23 May, Council has acted to raise awareness about the urgency of the need for everyone to take action to reduce carbon emissions to net zero.

“Climate change leadership” has been a Council Strategic Priority since 2017, the full list being:

- Enabling active citizenship and connected communities
- Safe and sustainable water supply and improved waterways
- Maximising opportunities to develop a vibrant, prosperous and sustainable 21st century city
- Climate change leadership
- Informed and proactive approaches to natural hazard risks
- Increasing active, public and shared transport opportunities and use

Lifting Climate Change Leadership to the top of the list with safe and sustainable water supply and improved waterways, enables us to consider priorities within the work programme. We all need to better prepare ourselves for the impacts of climate change, and Council needs to work with our communities to increase understanding of risk, develop appropriate mitigation measures, while co-creating adaptive planning tools for the future.

Council has set itself the target of becoming carbon neutral by 2030 as an organisation. We are now working towards setting a carbon neutral target for the city as a whole in consultation with our communities and with other organisations that influence carbon emissions.

The 23 May resolution noted that Councillors expect in August to workshop a range of initiatives, including the draft Climate change strategy, revised emission targets and how climate change can be prioritised across council, including any potential impact on other activities.
The range of Council activities already being undertaken in terms of climate change leadership are:

- Implementing the Greater Christchurch Resilience Plan.
- Signing the Global Covenant of Mayors, noting we have completed our inventory of Christchurch’s Community Carbon Footprint for 2016/17.
- Climate change impacts are now considered in all Christchurch City Council Reports.
- Some of the City Council’s vehicle fleet has been electrified through a shared fleet.
- The City Council procurement policy has been altered to include sustainability as a high priority.
- Introduction of a carbon calculator tool that assesses the carbon load of various infrastructure options.
- The Major Cycleway Routes are now being built across the city and are encouraging active transport, and the central city has been designed to encourage active transport.
- An eco-designer is available to ensure people can get help with rebuild, or build of housing and has supported commercial buildings to be more sustainable.
- Sustainability is already included as an objective by the Christchurch City Council Holdings Limited (CCHL) group of companies.

Central City
Every successful city, and its immediate surrounds, has a vibrant city centre. It was always at the heart of the Greater Christchurch Urban Development Strategy. We want the businesses which have invested there to thrive in what will remain an evolving environment for some time yet. This requires support. The Central City Action Plan and Project 8011 Housing Programme are vital to our vision of success. We have agreed to provide $100,000 to extend the current provision of advice for Central City residential development projects to facilitate discussions with developers and land owners and remove any roadblocks early in the process.

Beyond Wellheads
We are committed to providing safe drinking water that is good to drink – in Christchurch City that means without a chlorine residual in the network. We consider mandatory chlorine treatment to be an unnecessarily prescriptive approach that is not supported by evidence from drinking water supplies across the world. We are confident that we have identified the key risks to safety of our drinking water and will have appropriate measures in place to manage that risk and ensure good public health outcomes.

Council continues to implement its upgrade programme and monitor the reforms being signalled by Central Government. I am recommending that Council approves the inclusion of $1.5 million capital and $0.5 million operating expenditure to install pressure and acoustic monitoring devices which will detect pressure transience and pinpoint the location of leaks in the water supply network within the Annual Plan.

In addition $0.2 million of operating expenditure is to be included in the Annual Plan for the auditing and inspection of back flow devices, which will focus on high risk commercial connections to help prevent any possible contamination of the water supply network. This funding demonstrates our commitment to providing effective barriers against contamination within the network.
**Robert McDougall Art Gallery**

Council have agreed, subject to certain conditions, to enter into negotiations to grant a lease for the Robert McDougall Gallery. We have requested further staff advice by the end of July on options to base isolate the Robert McDougall Art Gallery, including funding and consultation requirements.

**Global Stormwater Consent**

Council has committed significant resource over the past five years to gaining a global stormwater consent across the city. The details of this consent are still being finalised at the same time that this Annual Plan is being approved. There is however a high level of agreement between the parties over a significant part of the consent and therefore it is recommended that an additional $347,000 of operating expenditure be added into the 2019/20 Annual Plan to cover the imminent conditions of the new consent.

This additional money will supplement the allowance in the Draft Annual Plan and help cover water quality monitoring, water quality reporting, development of stormwater management plans, a technical review panel to look at the various aspects embedded within the consent, contaminated load modelling and the funding of water quality specialists as agreed with Ngāi Tahu.

This additional money will also fund the Ōpāwaho/Heathcote River stormwater management plan which is the first plan that needs to be addressed and which needs to be delivered within 18 months of the commencement of the consent. This plan will be developed in partnership with our key stakeholders, including the community.

**NZ Transport Agency Subsidies**

In May Council received notification that due to national funding constraints the NZ Transport Agency (NZTA) had withdrawn its Targeted Enhanced Funding Assistance Rate (TEFAR) and that NZTA were also unlikely to fund their 51% share on a number of key projects. The transport component of the CCC capital programme was re-phased based on these notifications. There may however be an opportunity to provide further information to NZTA to convince them to fund their share of some projects and the capital programme has been collated with this in mind. Projects which have been signalled as unlikely to be funded remain in the programme, but will not proceed until funding is confirmed (or substitution projects are identified) so there is no impact on rates.

**Capital Re-phasing**

The phasing of the capital programme has been aligned with the latest information regarding its deliverability and as discussed above the impact of NZTA subsidies. Some programmes and projects have been moved out, while others have been brought forward. Details of the final capital programme is found in Attachment D.

The phasing change has enabled projects to be more realistically programmed, taking into account such items as the granting of resource consents, land purchases, funding constraints, consultation periods and detailed design timetables.

**Capital Endowment Fund**

As in every Annual Plan there are a range of projects which Councillors individually or collectively support, but for which funding cannot be found. Council will consider applications to the Capital Endowment Fund in August 2019 and a number of projects deferred from the Annual Plan are likely to be considered subject to meeting the relevant Capital Endowment Fund criteria.
Rates Increase
Taking all of the above into account we are still able to recommend an average expected rate rise of 4.99% (plus the targeted rate in Akaroa) in 2019/20 (noting the average residential rates increase is 4.91%)

Fixed charges normally paid by households for 2019/20 include an increase to the Uniform Annual General Charge to $130. Other Fixed charges of $195.55 include the Waste Minimisation charge, the Active Travel rate, and the Special Heritage (Cathedral) rate.

When the UAGC was first introduced in 1986/87, it was set at $150. Staff estimate that this charge accounted for around 20 per cent of all rates revenue in 1986/87. This dropped to just over 12% in 1988-89 when the council dropped the amount of the UAGC to $100. The subsequent impact of the UAGC and later fixed charges is set out in the chart below. In 2019/20 the UAGC and other fixed charges total $325.55 and will account for an estimated 9.5 per cent of all rates revenue, which is lower the percentage in 1988/89.

Recommendations

Prior decisions

Recommendation:
1. That the Council notes the following commitments have been incorporated into the Annual Plan:
   Multicultural Recreation and Community Centre [CNCL/2019/00110]
   a. The Council agreed to support in principle the development of a multicultural centre in Christchurch by allocating $2 million in capex over two years and a further grant of $1 million over two years from the Capital Endowment Fund. Council will also be undertaking due diligence on this project and will be working with other partners including funders.
Beyond Wellheads [CNCL/2019/00117]

b. The inclusion of $1.5 million capital and $0.5 million operating expenditure to install pressure and acoustic monitoring devices in the water supply network.

c. $0.2 million of operating expenditure for the auditing and inspection of backflow devices.

Robert McDougall Art Gallery [CNCL/2019/00107]

d. The Council is initiating negotiations to grant a lease for the Robert McDougall Art Gallery.

e. That the Council request staff report back to Council in July regarding providing funding for the base isolation of the Robert McDougall Art Gallery, including advice regarding any consultation requirements.

Christchurch Adventure Park [CNCL/2019/00051]

f. The cost of Council borrowing to support DCL’s further investment in the Christchurch Adventure Park.

Global Storm Water consent

Recommendation:

2. That the Council allocates funding to meet the conditions of the Comprehensive Network Storm Water Discharge Consent as follows [CNCL/2019/00111]:

a. An additional $347,000 of operating expenditure to cover the expected conditions of this new consent.

b. Note that this funding will be used for water quality monitoring, water quality reporting, development of storm water management plans, a technical review panel to look at the various aspects embedded within the consent, contaminated load modelling and the funding of water quality specialists as agreed with Ngāi Tahu.

c. Note that the additional funding will be used in part to develop the Ōpāwaho/Heathcote River storm water management plan.

Reallocation of Regeneration funding

Recommendation:

3. That the Council reallocates funding it had budgeted for Regenerate Christchurch over 2019/20 and 2020/21 to the following regeneration initiatives:

a. $1 million in each year to be retained for Southshore and South New Brighton regeneration (including earthquake legacy issues).

b. $1.1 million in 2019/20 and $1.025 million in 2020/21 for regeneration initiatives, including:

i. $400,000 seed funding in 2019/20 and $725,000 in 2020/21 for activation projects within the Ōtākaro/Avon river corridor.

ii. $300,000 in both years for the operating expenditure component from capital projects in South Shore & South New Brighton.
iii. $100,000 in 2019/20 for a one-year trial to extend the current provision of advice for Central City development on residential development.

iv. $60,000 to Predator Free Banks Peninsula initiative in 2019/20 and 2020/21.

v. The remainder is allocated to regeneration and climate change initiatives.

c. $0.9 million in 2019/20 and $1.0 million in 2020/21 will be allocated to projects within the Urban Development and Regeneration portfolio, which will enable the equivalent sum to be allocated to maintenance budgets for roads, footpaths and parks, details of which will be worked through with the Community Boards before being confirmed by Council.

Rates Growth

Recommendation:

4. That the Council authorise staff to use the increased rates growth from the draft Annual Plan for the following:

a. $850,000 for further reduction in glyphosate use in public areas.

b. $1.17m to be allocated to growth-related operating expenditure and contingencies.

Capital Re-phasing

Recommendation:

That the Council approves:

a. The revised capital programme as outlined in Attachment D.

Transport project funding

Recommendation:

5. That the Council notes that:

a. There is no impact on rates due to the re-phasing of the transport component of the Council’s capital programme to offset the loss of TEFAR funding and reflect uncertainty around normal New Zealand Transport Agency subsidy funding.

b. Projects which have been signalled as unlikely to be funded remain in the programme but will not proceed until funding is confirmed or substitute projects are identified so there is no impact on rates or borrowing.
Post Annual Plan

Recommendation:

6. That the Council requests that staff:
   a. Provide advice on how the implementation of the multi-cultural strategy can be prioritised and links to other strategies.
   b. Undertake a full review of the rating policy.
   c. Hold a workshop with councillors on the Strategy & Policy work programme so climate change work can be prioritised.
   d. Provide advice to enable councillors to consider the use of the Capital Endowment Fund in August 2019.