



PALMERSTON NORTH CITY COUNCIL

AGENDA

FINANCE AND PERFORMANCE

COMMITTEE

9AM, MONDAY 19 AUGUST 2019
COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH



MEMBERSHIP

Susan Baty (Chairperson)

Jim Jefferies (Deputy Chairperson)

Grant Smith (The Mayor)

Adrian Broad

Gabrielle Bundy-Cooke

Vaughan Dennison

Lew Findlay QSM

Leonie Hapeta

Lorna Johnson

Karen Naylor

Bruno Petrenas

Agenda items, if not attached, can be viewed at:

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

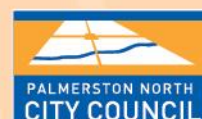
Heather Shotter

Chief Executive, Palmerston North City Council

Palmerston North City Council

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Private Bag 11034, 32 The Square, Palmerston North



FINANCE AND PERFORMANCE COMMITTEE MEETING

19 August 2019

ORDER OF BUSINESS

NOTE: The Finance and Performance Committee meeting coincides with the ordinary meeting of the Audit and Risk Committee. The Committees will conduct business in the following order:

- Finance and Performance Committee
- Audit and Risk Committee

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

4. Public Comment

To receive comments from members of the public on matters specified on this Agenda or, if time permits, on other Committee matters.

(NOTE: If the Committee wishes to consider or discuss any issue raised that is not specified on the Agenda, other than to receive the comment made or refer it to the Chief Executive, then a resolution will need to be made in accordance with clause 2 above.)

5. Deputation - Cycling Plan Delays/Changes Page 7

6. Confirmation of Minutes Page 9

“That the minutes of the Finance and Performance Committee meeting of 17 June 2019 Part I Public be confirmed as a true and correct record.”

7. Quarterly Performance and Financial Report - Quarter Ending 30 June 2019 Page 17

Memorandum, presented by Stuart McKinnon, Finance Manager.

8. Treasury Report - 12 months ending 30 June 2019 Page 105

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

9. Local Impact Procurement Policy Page 115

Memorandum, presented by Julie Pedley, Procurement Manager.

10. Sound System Replacement - The Regent Theatre Page 127

Memorandum, presented by Bryce Hosking, Manager - Property.

11. Whakarongo Residential Subdivision Update Page 133

Memorandum, dated 23 July 2019 from Bryce Hosking, Manager – Property.

12. E-Waste recycling reduced fees update Page 143

Memorandum, presented by Stewart Hay, Waste Management Manager.

13. Update on Infill Lighting Required to Achieve Compliance in P and V Categories Page 149

Memorandum, presented by Robert van Bentum, Manager - Transport and Infrastructure.

14. Review of Rating System - Terms of Reference Page 157

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

15. Committee Work Schedule Page 169

16. Exclusion of Public

To be moved:

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

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 passing this resolution
17.	Minutes of the Finance and Performance Committee meeting - Part II Confidential - 17 June 2019	For the reasons setout in the Finance and Performance Committee minutes of 17 June 2019, held in public present.	

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings

of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), Chief Infrastructure Officer (Tom Williams), Acting General Manager – Strategy and Planning (David Murphy), General Manager - Community (Debbie Duncan), Chief Customer and Operating Officer (Chris Dyhrberg), General Manager - Marketing and Communications (Sacha Haskell), Sandra King (Executive Officer) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Executive Leadership Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Democracy Administrators (Carly Chang, Natalya Kushnirenko, and Penny Odell), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

[Add Council Officers], because of their knowledge and ability to assist the meeting in speaking to their report and answering questions, noting that such officer will be present at the meeting only for the item that relate to their respective report.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

DEPUTATION

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Deputation - Cycling Plan Delays/Changes

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Finance and Performance Committee receive the deputation for information.
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SUMMARY

Mr Steve Stannard will present a deputation to the Committee raising the concerns of many people in the city with continued delay and changes to the plan to make cycling a safe mode of transport.

ATTACHMENTS

Nil

PALMERSTON NORTH CITY COUNCIL

Minutes of the Finance and Performance Committee Meeting Part I Public, held in the Council Chamber, First Floor, Civic Administration Building, 32 The Square, Palmerston North on 17 June 2019, commencing at 9.02am

Members Present: Councillor Susan Baty (in the Chair) and Councillors Adrian Broad, Gabrielle Bundy-Cooke, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Karen Naylor and Bruno Petrenas.

Non Members: Councillors Brent Barrett, Rachel Bowen, Duncan McCann and Tangi Utikere.

Apologies: The Mayor (Grant Smith) and Councillor Aleisha Rutherford.

Councillor Vaughan Dennison entered the meeting at 9.05am during consideration of clause 32. He was not present for clause 31.

32-19 Apologies

Moved Susan Baty, seconded Tangi Utikere.

The COMMITTEE RESOLVED

1. That the Committee receive the apologies.

Clause 32-19 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Councillor Vaughan Dennison entered the meeting at 9.05am

33-19 Deputation - Traffic Management – Awapuni

A number of representatives from the Awapuni Community made a deputation regarding the proposed loss of parking in the Awapuni shopping area. A document was tabled outlining the key concerns.

Prior to March 2019 there had been no consultation with businesses in the area. On street parking was essential and if parking was lost it would create a large economic loss for the local businesses.

The shopping area was well-used by the community and the business owners were keen to be part of the solution, noting that proper process and trials were needed.

The desired outcome for the community representatives was to postpone current action so that further consultation could be undertaken with business owners.

Moved Brent Barrett, seconded Gabrielle Bundy-Cooke.

The **COMMITTEE RESOLVED**

1. That the Finance and Performance Committee receive the deputation for information.

Clause 33-19 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Did not Vote:

Councillor Jim Jefferies.

34-19 Confirmation of Minutes

Moved Susan Baty, seconded Leonie Hapeta.

The **COMMITTEE RESOLVED**

1. That the minutes of the Finance and Performance Committee meeting of 15 April 2019 Part I Public be confirmed as a true and correct record.

Clause 34-19 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Did not Vote:

Councillor Adrian Broad.

35-19 Update on College Street Transport Upgrade

Memorandum, dated 7 June 2019 presented by the Transport & Infrastructure Manager, Robert van Bentum.

Elected Members agreed that no further work on the shopping area should be undertaken until the relevant businesses were consulted and the outcome reported to Council.

Moved Susan Baty, seconded Lorna Johnson.

The **COMMITTEE RECOMMENDS**

1. That the memorandum titled 'Update on College Street Transport Upgrade' dated 7 June 2019 be received.
2. That no further work on the College Street Transport Upgrade (Awapuni shopping area) progress until the relevant businesses have been consulted and the outcome of this to be reported back to Council.

Clause 35-19 above was carried 13 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Did not Vote:

Councillor Susan Baty.

The meeting adjourned at 10.17am

The meeting resumed at 10.35am

36-19 Camp Kilsby Scouting NZ: Application for Grant from Council to fund Development Contribution Fee

Memorandum, dated 31 May 2019 presented by the City Planning Manager, David Murphy.

Moved Vaughan Dennison, seconded Karen Naylor.

The **COMMITTEE RECOMMENDS**

1. That the Council approve the application by the Camp Kilsby - Scouting NZ for a grant to fund Development Contribution fees, to the value of \$4,136.25 (GST inclusive), associated with the establishment of a community and leisure facility scouting hall at 315 Hewitts Road, Palmerston North.

Clause 36-19 above was carried 12 votes to 0, with 2 abstentions, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Jim Jefferies, Lorna Johnson, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Abstained:

Councillors Leonie Hapeta and Duncan McCann.

37-19 BPO Quarterly Report

Report, dated 6 May 2019 presented by the Transport & Infrastructure Manager, Robert van Bentum.

Moved Lorna Johnson, seconded Tangi Utikere.

The **COMMITTEE RESOLVED**

1. That the Committee receive the update for the Wastewater BPO Project as detailed in the report titled 'BPO Quarterly Report' dated 6 May 2019.

Clause 37-19 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

38-19 Amendment to Fees and Charges

Memorandum, dated 30 April 2019 presented by the Strategy Manager Finance, Steve Paterson.

Moved Karen Naylor, seconded Jim Jefferies.

The **COMMITTEE RECOMMENDS**

1. That it be noted that at the Finance and Performance Committee meeting on 15 April 2019 oral advice was given that the fees and charges for online service consenting (Building Services) as identified on page 79 of the Finance and Performance Committee agenda dated 15 April 2019 should be amended with the following:

Value of work less than \$125,000	\$86
Value of work more than \$125,000 up to \$2.5m	0.0748%
Value of work more than \$2.5m	\$1,868

2. That the fees and charges for Building Services effective from 1 July 2019 include the fees and charges for online consenting services at the levels outlined in recommendation 1.

Clause 38-19 above was carried 13 votes to 1, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

Against:

Councillor Vaughan Dennison.

39-19 Palmerston North Airport Ltd - Final Statement of Intent for 2019/20

Memorandum, dated 5 June 2019 presented by the Strategy Manager Finance, Steve Paterson.

Moved Susan Baty, seconded Jim Jefferies.

The **COMMITTEE RECOMMENDS**

1. That the Palmerston North Airport Ltd Statement of Intent for 2019/20 be endorsed.

Clause 39-19 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

40-19 Fees and Charges - Confirmation Following Public Consultation

Memorandum, dated 5 June 2019 presented by the Strategy Manager Finance, Steve Paterson.

Moved Lorna Johnson, seconded Jim Jefferies.

The **COMMITTEE RECOMMENDS**

1. That the fees and charges for Planning & Miscellaneous Services, as scheduled in Attachments A and B of the memorandum titled 'Fees and Charges – Confirmation Following Public Consultation' dated 5 June 2019, be approved, effective from 1 July 2019.
2. That the fees and charges for Trade Waste Services, as scheduled in Attachment C of the memorandum titled 'Fees and Charges – Confirmation Following Public Consultation' dated 5 June 2019, be approved, effective from 1 July 2019.

Clause 40-19 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

41-19 Papaioea Place Redevelopment Quarterly Update

Memorandum, dated 8 May 2019 presented by the Property Manager, Bryce Hosking.

Moved Susan Baty, seconded Gabrielle Bundy-Cooke.

The **COMMITTEE RESOLVED**

1. That the memorandum dated 8 May 2019 and titled 'Papaioea Place Redevelopment Quarterly Update' be received for information.

Clause 41-19 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

42-19 Committee Work Schedule

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

1. That the Finance and Performance Committee receive its Work Schedule dated June 2019.

Clause 42-19 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

EXCLUSION OF PUBLIC

43-19 Recommendation to Exclude Public

Moved Susan Baty, seconded Vaughan Dennison.

The **COMMITTEE RESOLVED**

“That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

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 passing this resolution
16.	Minutes of the Finance and Performance Committee meeting - Part II Confidential - 15 April 2019	For the reasons set out in the Finance and Performance Committee minutes of 15 April 2019, held in public present.	
17.	Pioneer City West Private District Plan Change Request	Negotiations	s7(2)(i)

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

Chief Executive (Heather Shotter), Chief Financial Officer (Grant Elliott), Chief Infrastructure Officer (Tom Williams), General Manager – Strategy and Planning (Sheryl Bryant), General Manager - Community (Debbie Duncan), Chief Customer and Operating Officer (Chris Dyhrberg), General Manager - Marketing and Communications (Sacha Haskell), Sandra King (Executive Officer) because of their knowledge and ability to provide the meeting with advice on matters both from an organisation-wide context (being members of the Council's Executive Leadership Team) and also from their specific role within the Council.

Legal Counsel (John Annabell), because of his knowledge and ability to provide the meeting with legal and procedural advice.

Committee Administrators (Penny Odell, Rachel Corser and Natalya Kushnirenko), because of their knowledge and ability to provide the meeting with procedural advice and record the proceedings of the meeting.

City Planning Manager (David Murphy), because of his knowledge and ability to assist the meeting in speaking to his report and answering questions, noting that such officer will be present at the meeting only for the item that relates to his report.

Clause 43-19 above was carried 14 votes to 0, the voting being as follows:

For:

Councillors Brent Barrett, Susan Baty, Rachel Bowen, Adrian Broad, Gabrielle Bundy-Cooke, Vaughan Dennison, Lew Findlay QSM, Leonie Hapeta, Jim Jefferies, Lorna Johnson, Duncan McCann, Karen Naylor, Bruno Petrenas and Tangi Utikere.

The public part of the meeting finished at 11.00am

Confirmed 19 August 2019

Chairperson

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Quarterly Performance and Financial Report - Quarter Ending 30 June 2019

PRESENTED BY: Stuart McKinnon, Finance Manager

APPROVED BY: Grant Elliott, Chief Financial Officer
David Murphy, Acting General Manager - Strategy & Planning

RECOMMENDATION(S) TO COUNCIL

1. That the Committee receive the June 2019 Quarterly Performance and Financial Report and note:
 - a. The June 2019 financial performance and operating performance.
 - b. The June 2019 capital expenditure programme progress together with those programmes identified as unable to be completed this financial year.
2. That the Committee note that the capital expenditure carry forward values in the 2019/20 Annual Budget will be increased by a net \$4,065,000 to the amount of remaining programme budgets.

1. ISSUE

To provide a quarterly update on the performance and financial achievements of the Council for the period ending 30 June 2019. This is the fourth quarterly report for the year.



2. BACKGROUND



Details of operating and financial performance are included in the following sections. Reports are against the goals as detailed in the 10 Year Plan 2018-28.

3. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide? If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A driven and enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in a plan under the Driven and Enabling Council Strategy The action is: to enable Council to exercise governance by reviewing financial performance and operating performance and provide accountability for these to the public.	
Contribution to strategic direction	As above

ATTACHMENTS

1. June 2019 Quarterly Performance and Finance Report (Summary) [↓](#) 
2. June 2019 Quarterly Performance and Finance Report (Performance Measures) [↓](#) 

3. June 2019 Quarterly Performance and Finance Report (Supplementary materials) [↓](#) 
4. June 2019 Quarterly Performance and Finance Report (2019/20 carry forward adjustment request) [↓](#) 

Quarterly Report to Council – June 2019

Chief Executive's Quarterly Report to Council

For June 2019

Introduction

Over the final quarter of the year, the city's vision, goals and guiding principles both inspired and challenged our organisation to be 'driven and enabling'. I am delighted to highlight the successes we have achieved in this quarterly report, a significant achievement for the organisation during a time of transformation as we strive to change our culture and the way we deliver services to our customers and communities.

The city continues to grow and the future significant investment in the region is starting to be realised. Empowering our organisation to deliver great services and infrastructure will enhance our city's prosperity, enable us to achieve the city's vision (*Small city benefits, Big city ambition*), and create the great lifestyle, education and business opportunities that we envisage for our residents and visitors alike.

10 Year Plan & Key Performance Indicators

The Council's 10 Year Plan outlines 94* key performance measures (KPI) that indicate achievement towards the city's vision, goals and guiding principles. A total of 84 measures (92%) have been achieved at the end of the final quarter, with 7 measures not achieved and 3 that were either unable to be measured or have not yet been measured. Of the 7 measures not achieved:

- Two relate to resourcing issues associated with processing a high number of resource consent applications, and contract conditions associated with managing requests for service, both of which were difficult to address over the quarter,
- One reflects the optimised and targeted approach for road resurfacing investment in line with NZTA expectations to prioritise funding based on condition and need rather than age (commonly called 'birthday seals'),
- Two relate to carry forward of capital programmes not delivered this financial year (Streets for People-Plaza to Broadway Stage 1b and Corridor Tree Planting), and
- Two relate to complaint numbers associated with three waters delivery exceeding targeted levels. Increases related to higher number of storm events identified capacity issues across the city, and high number of water supply complaints not related to council service were received.

**Note: The previous quarter identified 99 measures which included budget measures that were accounted for in other measures. These have since been excluded.*

Residents Survey

Our performance is also measured through an Annual Residents Survey. Our recently received 2019 results identified that from 800 randomly selected residents more than half (59 per cent) are satisfied or very satisfied with Council's overall performance. Another 30 per cent said they were neutral and only 11 per cent were dissatisfied or very dissatisfied. Residents are most pleased with our water, recycling, playgrounds and libraries, where satisfaction ratings of 75 per cent or above were received. I was very heartened by this feedback as we continue to be focused on being a Driven and Enabling Council. We will use the survey results to develop simpler, faster and better ways to deliver customer-centric services in everything that we do.

Financial

It is pleasing to report that the end of financial year result is a favourable operating controllable surplus against budget of \$2.93M. Of this amount, \$2.3M is due to budgeted operating expenditure relating to the Council's Whakarongo development, which was not funded from rates. An additional \$0.4M of the favourable variance relates to the carry forward of two operating programmes.

The capital new programme continued to progress well in the fourth quarter with a total of \$35.0M completed, from which \$11.2M of work was undertaken during the fourth quarter. This is a significant achievement for a team undergoing transformation when compared to \$27.3M completed in 2017/18 and \$15.2M completed in 2016/17. Overall, 73% of capital new expenditure was completed against budget. Significant programmes contributing to the underspend include CET Arena Speedway Relocation & Artificial Pitch, Library Upgrade programmes, City Centre Streetscape Plan-Square East (Plaza to ANZ) and Undergrounding of Power and Telecom Cables. Of the carry forward programmes, unfortunately an additional \$4.1M net above that approved through the 2019/20 Annual Budget has been realised due to a mixture of unforeseen circumstances with expected delivery and issues not being raised. It is acknowledged that the magnitude of this is significant and I am disappointed that these issues were not highlighted earlier. We are reviewing our system and processes to ensure this type of oversight does not occur again.

Renewal expenditure totalled \$23.3M for the financial year, from which \$7.9M of work was completed during the fourth quarter. Overall renewal expenditure completed was 89% of the total budget. The major programmes contributing to being under budget were Library Upgrade programmes, Changing Room Refurbishments and Replacement of Inlet Pumps. Excluding the renewal programmes associated with the Library Upgrade works associated with the Library Upgrade works, 95% of renewal capital was completed.

External Fundraising

In total \$870,000 of external funding has been successfully raised during the 2018/19 financial year towards the He Ara Kotahi Bridge Lighting and the Central Energy Trust Arena Artificial Pitch. This includes successful funding applications during the last quarter totalling \$170,000 for the artificial pitch, however, as construction has commenced, no further fundraising can be undertaken for that project.

In June, external funding requests were also made for \$20,000 towards the Memorial Park Splash Pad and for \$20,000 per annum over the next five years towards scoreboards at CET Arena. The outcome of those requests is not yet known.

Please see the appendix for further detail about the status of external fundraising at the end of the financial year.

Catalyst projects

Highlights on some of the City's catalyst projects over the last quarter, and associated future actions, are outlined as follows:

- **'Streets for People' (City Centre Streetscape Plan and Redesign)** – Physical construction of Stage 1 (Square side of Square East - Plaza to Broadway) has been completed and looks fantastic. Detailed design of Stage 1b (Business side of Square East – Plaza to Broadway) is completed and procurement of contractor is being finalised. Ongoing engagement with businesses and property owners, and on time delivery of individual stages are a crucial focus for the programme going forward.
- **Central Energy Trust Arena Masterplan and projects** – Masterplan heritage design stakeholder meetings have started. Designs for both the Entrance Plaza and Pits Relocation are well advanced with cost estimates being finalised. Design work is also progressing for the Southern and Western Embankments. A milestone was reached with the completion of the Artificial Turf including significant external funding obtained (\$520,000

raised). Grandstand trust funding sources continue to be explored, with the project heavily reliant on external funding. Since then, significant funding applications towards the programme have been made, and a decision in August from Sport Manawatu to withdraw from the project will see feasibility work being undertaken by the Property division on the commercial options for the Administration building.

- **Central Energy Trust Wildbase Recovery Centre** – Operations have been fine-tuned with a range of operating procedures established based on key findings and observations. During the quarter the centre reached a total of 42,000 visitors with over 2,100 students through the education programmes. A volunteer team of nearly 60 members heavily supplement the back of house roles at both the centre and the Victoria Esplanade Aviaries.
- **He Ara Kotahi & Shared Pathway** – The new bridge, plaza and river pathway are practically completed and are proving to be very popular for our residents and visitors to the city. The final bridge lighting is being installed, with plaza light tree sculptures due for arrival and installation in August. Funding from third parties for the lighting costs continues to be sourced, and additional co-funding from NZTA for increased pathway costs are yet to be secured.
- **Manawatu River Shared Pathway (Ashhurst to City)** – Negotiations are underway with landowners impacted by the pathway location and construction activity. Draft specifications for construction are being reviewed in preparation for tender documents to be prepared.
- **Te Apiti Biodiversity and Recreation** – The new state highway 'Te Ahu a Turanga' connecting Manawatu with Tararua designation has been approved. Three appeals to the designation have subsequently been received. A Provincial Growth Fund feasibility study is also underway to investigate tourism opportunities that will be unlocked through the new highway route.
- **Manawatu River Framework (including Ahimate Park)** – Ahimate Dog Park has seen high usage since opening last quarter, with the area now fenced and fully planted. Ahimate Reserve natural play features are complete, and a new fort is under construction. Three new Pou have also been completed at key Waharoa. The Urban Eels project is fully designed, a draft agreement has been prepared with Massey University, and a resource consent application has been applied for. Finishing works along He Ara Kotahi is underway, and operational guidelines for the care of He Ara Kotahi and Manawatu River Framework developments will go into effect next financial year.
- **Te Motu o Poutoa** – The formation of the new PNCC / Rangitāne Co-Management Committee of Council will occur following elections to Council in October.
- **Wastewater Treatment Plant Upgrade** – A workshop with Council was undertaken to seek feedback and endorsement of the proposed shortlist options. All river investigations have now been completed and a trade waste tool presented to customers. Over the next quarter an initial desktop exercise will identify discharge locations for all shortlisted options, and engagement with neighbouring councils will occur to determine any opportunities for a regional scheme.
- **Regional Ringroad, Rail, Airport and multi-modal infrastructure to enable Longburn and NEIZ industrial growth** – The PN Integrated Transport Initiative (PNITI) business case is advancing and options are being prepared for assessment. A preferred option is likely early to mid-2020. The process is awaiting KiwiRail's confirmation of their preferred site for the integrated rail freight transport hub. Discussions are also ongoing with NZTA on the Tennent Drive business case, with potential solutions identified to separate the State Highway component and link this to the PNITI business case. An overall plan for Tennent Drive is being developed before proceeding with any interim improvements.

- **Infrastructure for Regional Growth** – Finalisation of stormwater designs for Council's Whakarongo subdivision have delayed the lodgement of consent application. Hearings for the plan change proposal for Kikiwhenua (Racecourse) are being prepared for. The draft Aokautere structure plan is being finalised with consultation programmed next quarter.
- **City-wide Stormwater Management** – The stormwater model for the city has been updated and extended to include future urban growth areas. The framework for stormwater management is being revised to better reflect requirements for Palmerston North and will be provided next month. Stormwater renewal works have progressed, and a plan is being drafted for maintenance of open drain and channel networks based on approved budgets.
- **Digital Transformation** – A draft digital transformation plan was presented to the executive leadership team, and endorsement of the final plan and prioritisation process will occur next quarter. Agile practices are being developed within the organisation. The successful launch of the Manawatū Heritage mobile tours app was celebrated, and opportunities for wider adoption for city tours were explored. A new video and image library has been created and is in use by both Community and Marketing and Communications Units.
- **Three Waters Model** – Service delivery options were analysed, regional proposals explored, and consensus is being formed on the preferred option by Council Chief Executives across the region. Since then, a report and briefing paper are being finalised and will include consideration of the government's recent announcement for a new water regulator. Once complete, these will be circulated for information to Mayors and Elected Members across the region, the Minister of Local Government and Department of Internal Affairs. The region aims to proactively contribute to the Central Government three waters review.

Organisational Transformation

The senior executive leadership team continued its focus this quarter on the finalisation of a variety of plans including our Capability and Capacity Plan, Culture Plan, Digital Plan, Organisation Performance Plan alongside a review of structure of individual units. Implementation of these plans are now programmed for the new financial year, and once in place will enable us to shape a strategically-driven and focused organisation that improves delivery and builds capability and capacity towards delivering on Council's goal to become a *Driven and Enabling Council*.

Heather Shotter
CEO

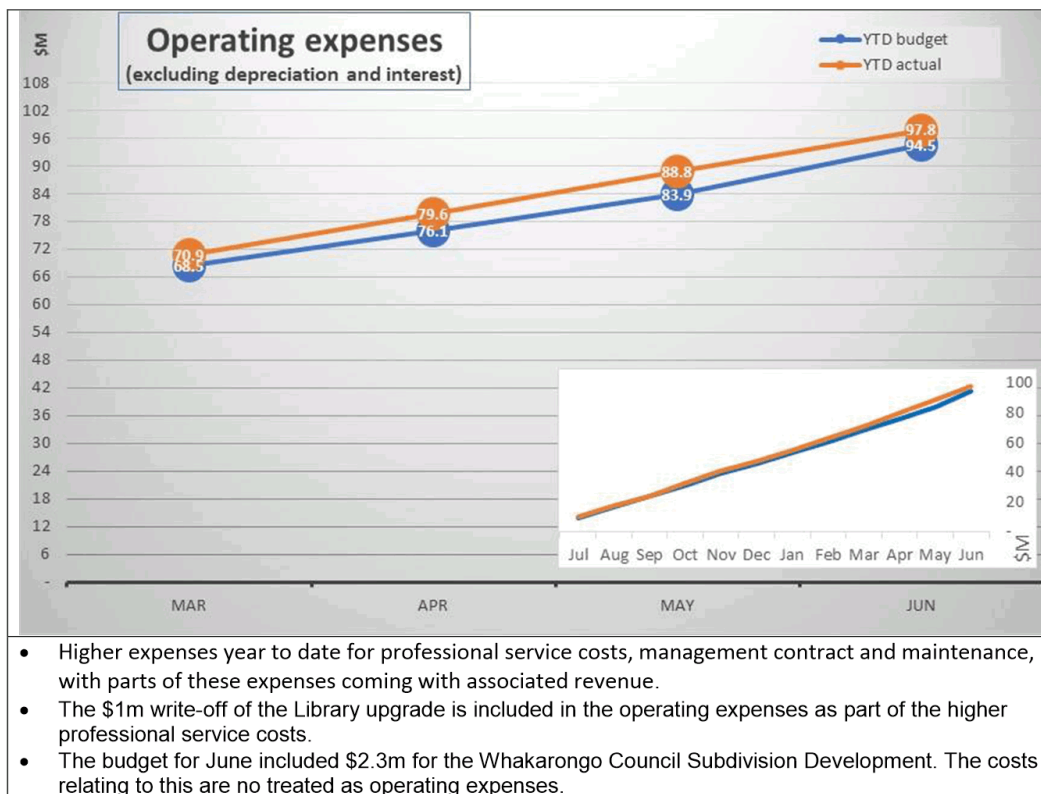
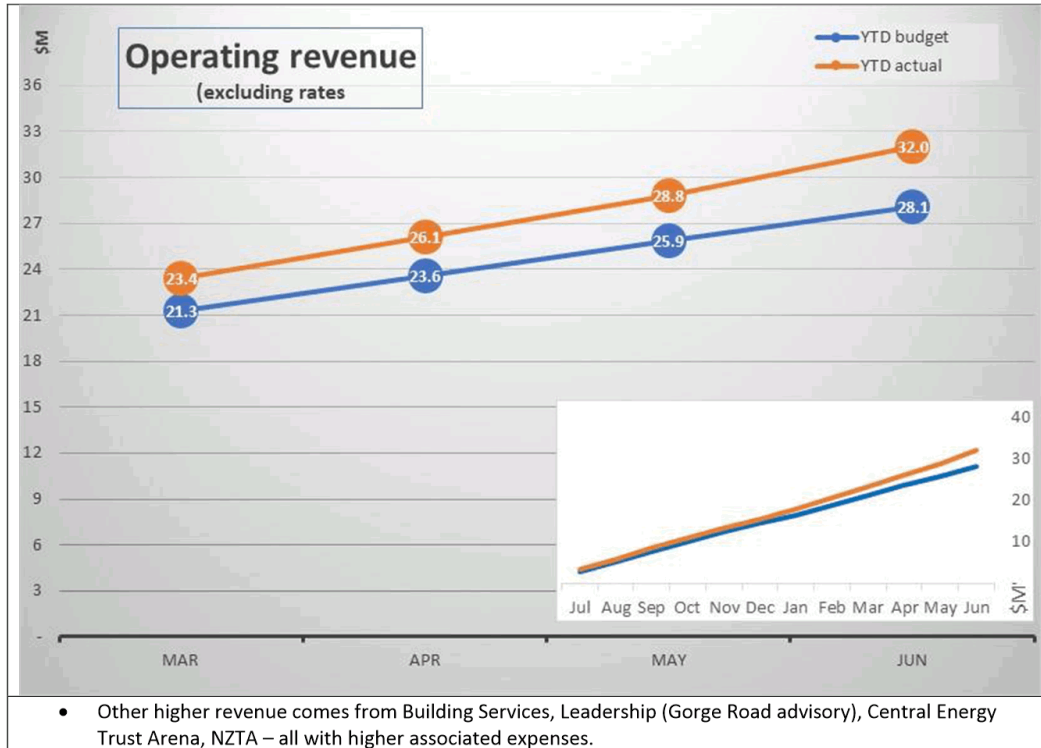
Financial Summary to Budget

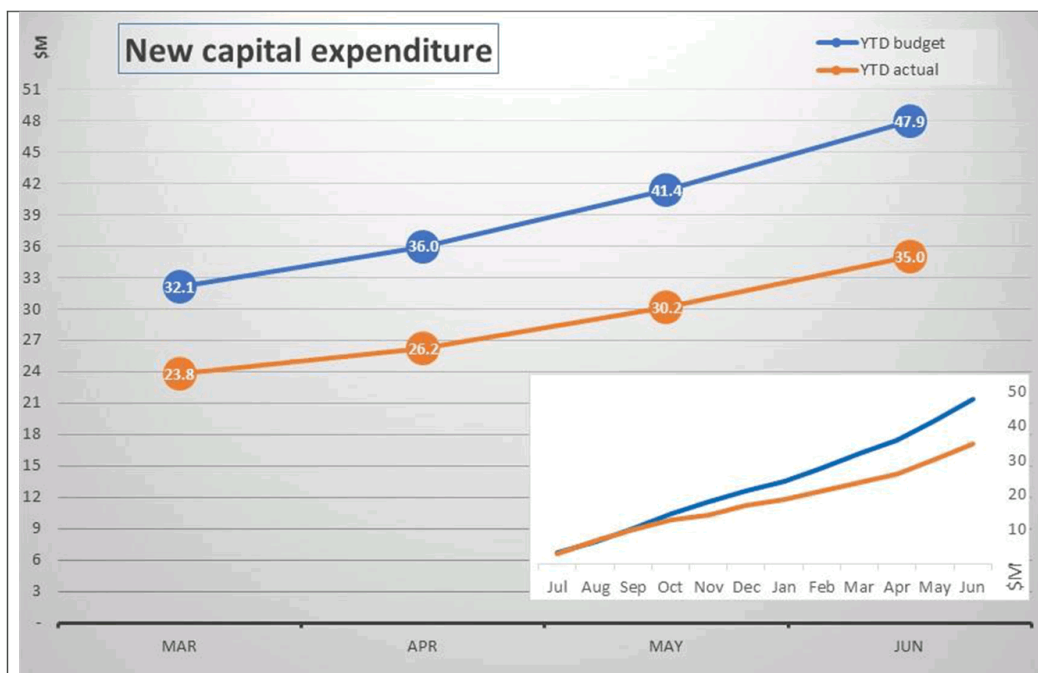
The following table of operating financial performance and graphs are compared to annual budget.

Summary of Financial Performance For the period to 30 June 2019	2018/19		\$000's	
	Full Year Actual	Annual Budget	Variance \$000's	%
Operating revenue	32,178	28,128	4,050	14.4%
Rates	95,309	94,537	772	0.8%
Total Revenue	127,487	122,665	4,822	3.9%
Operating Expenses	97,889	94,469	(3,420)	(3.6%)
Interest	5,737	7,267	1,529	21.0%
Total Expenses	103,626	101,735	(1,891)	(1.9%)
Operating Controllable Surplus / (Deficit)	23,861	20,930	2,931	14.0%
Depreciation	(33,183)	(34,627)	1,444	
Non-operating revenue	15,009	16,436	(1,427)	
Non-operating expenses	(3,357)	-	(3,357)	
Net Result	2,331	2,739	(408)	

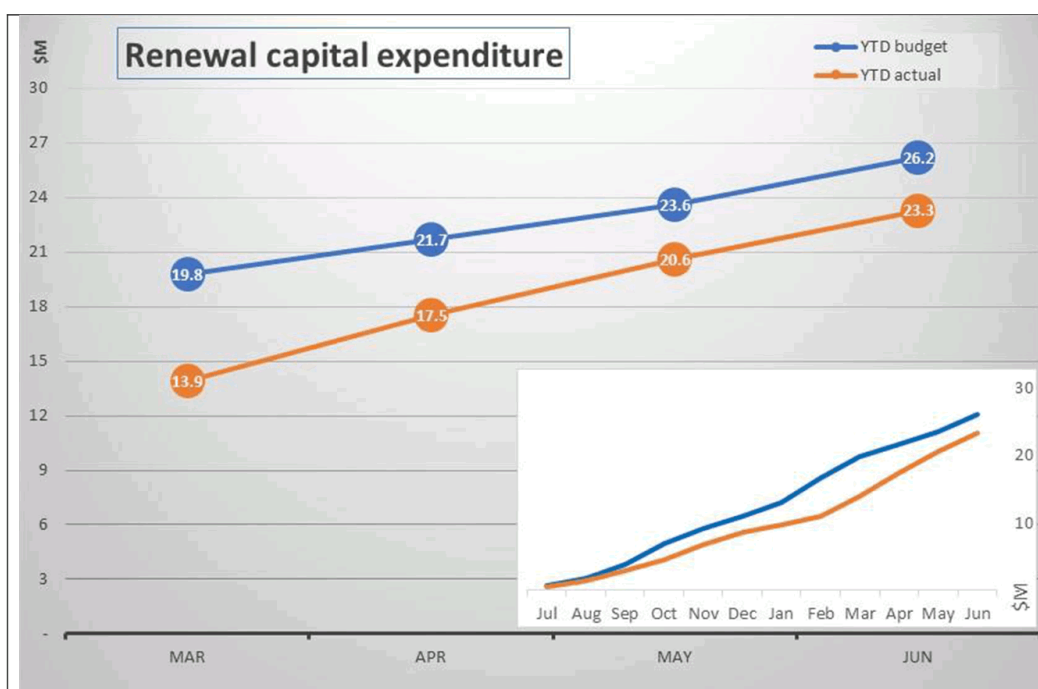
Highlights:

- Overall operating controllable surplus was 2.93m favourable.
- Revenue includes higher rates revenue from water by meter, penalties and general rates.
- Other higher revenue comes from Building Services, Leadership (Gorge Road advisory), Central Energy Trust Arena, NZTA – all with higher associated expenses.
- Net interest for the year was lower due to the capital new programme for the year being lower than budget.
- Higher expenses in the year professional service costs, management contract, maintenance and restructure costs, with parts of these expenses coming with associated revenue. In addition, the write-off of the Library capital expenses of \$1m is included in the expenses.
- These expenses were offset by a change in the treatment of the Whakarongo development (2,300k) and an allowance being made for operational programmes to be carried forward to 2019/20 (400k).





- Includes reduction in capital due to write-off of Library capital expenses of \$1m.
- 73% of the capital new budget was completed for the 2018/19 financial year
- Programmes contributing to this include CET Arena Speedway Relocation & Artificial Pitch, Library Upgrade programmes, City Centre Streetscape Plan-Square East (Plaza to ANZ), and Undergrounding of Power and Telecom Cables.



- 89% of the capital renewal budget was completed for the 2018/19 financial year
- The major programmes contributing to being under budget were Library Upgrade programmes, Changing Room Refurbishments and Replacement of Inlet Pumps.

QUADRANT REPORT – CAPITAL NEW

(Note – this is compared to Annual Budget plus changes approved through Council. See attachment 6 for details)

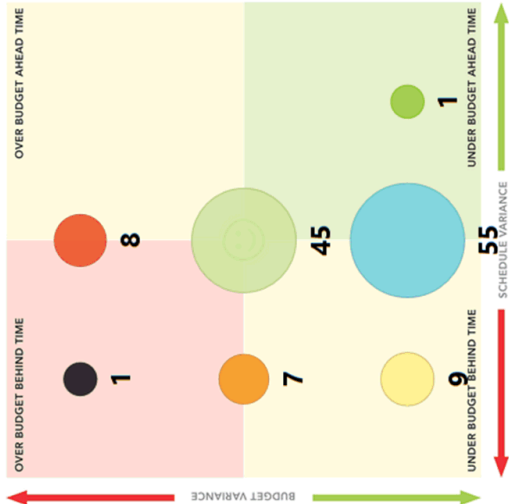
Capital New Work Summary for JUNE 2018/19

Financial Period

JUNE 2018/19



Capital Work Progress and Budget Summary



Description	Programme Count	Budget Health	Schedule Health	YTD Actuals	YTD Budget	Variance	Total Budget
On Budget Behind Schedule	7	●	●	\$715,553	\$717,782	\$2,229	\$736,782
On Track	45	●	●	\$27,970,149	\$29,007,854	\$1,037,705	\$28,968,851
Over Budget Behind Schedule	1	●	●	\$46,329	\$22,000	(\$24,329)	\$22,000
Over Budget On Schedule	8	●	●	\$517,557	\$400,152	(\$117,405)	\$400,152
Under Budget Ahead of Schedule	1	●	●	\$25,624	\$50,000	\$24,376	\$50,000
Under Budget Behind Schedule	9	●	●	\$616,517	\$1,986,704	\$1,370,187	\$1,954,704
Under Budget On Schedule	55	●	●	\$6,011,017	\$22,250,840	\$16,249,823	\$22,312,840
Total	126			\$35,902,746	\$54,445,332	\$18,542,586	\$54,445,329

Description	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
Not Started							18	15	12	12	12
On Budget Ahead of Schedule	1	5	7	7	5	4	6	4	1	2	
On Budget Behind Schedule	3	2	1	2	2	7	7	8	3	3	6
On Track	69	48	33	40	41	18	18	14	19	20	30
Over Budget Ahead of Schedule	4	5	7	6	6	5	7	4	1		
Over Budget Behind Schedule				1	1	3	9	4	7	7	
Under Budget On Schedule	10	15	13	12	16	14	14	8	12	11	12
Under Budget Ahead of Schedule	3	4	4	4	3	2					
Under Budget Behind Schedule	1	8	8	16	21	31	31	36	43	40	27
Under Budget On Schedule	18	33	37	38	33	26	28	29	29	30	32
Total	102	108	109	126	127	127	127	127	127	126	126

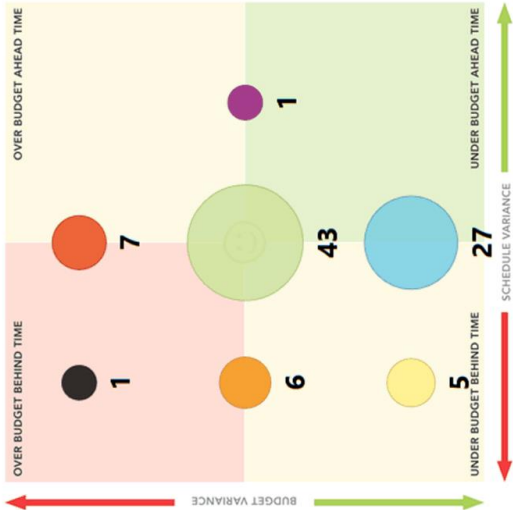
QUADRANT REPORT – CAPITAL RENEWAL

(Note – this is compared to Annual Budget plus changes approved through Council. See attachment 6 for details)

Financial Period
JUNE 2018/19

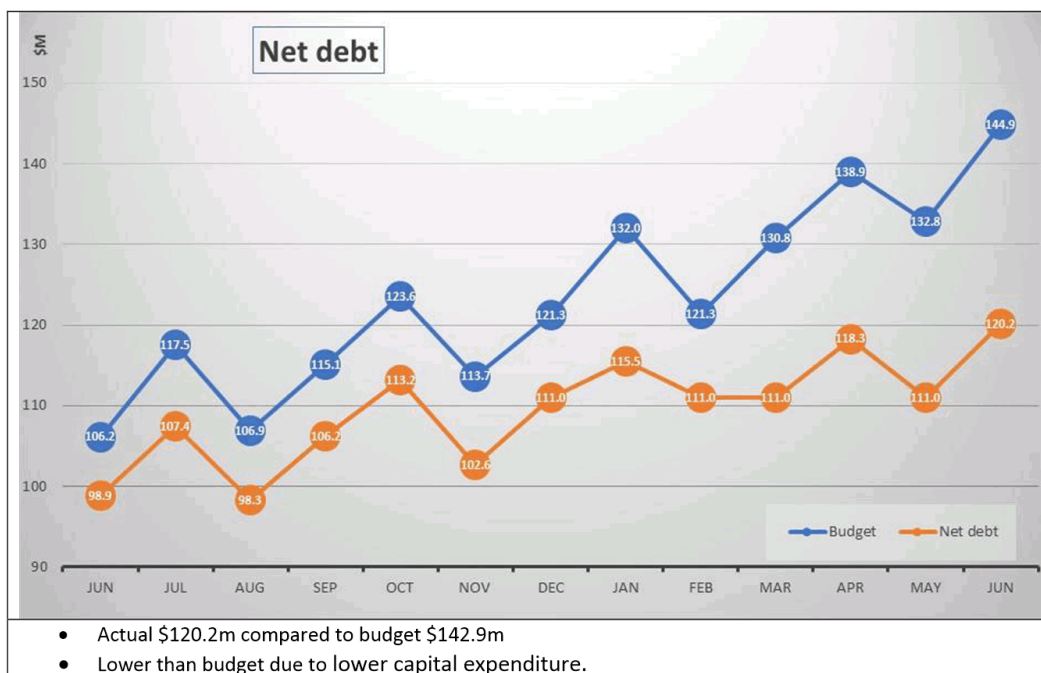
Capital Renewal Work Summary for JUNE 2018/19

Capital Work Progress and Budget Summary



Description	Programme Count	Budget Health	Schedule Health	YTD Actuals	YTD Budget	Variance	Total Budget
On Budget Ahead of Schedule	1	●	●	\$342,123	\$415,489	\$73,366	\$415,489
On Budget Behind Schedule	6	●	●	\$1,503,608	\$1,491,647	(\$11,961)	\$1,491,647
On Track	43	●	●	\$16,248,560	\$16,500,037	\$251,477	\$16,527,037
Over Budget Behind Schedule	1	●	●	\$14,534	\$10,000	(\$4,534)	\$10,000
Over Budget On Schedule	7	●	●	\$2,822,370	\$1,904,908	(\$917,462)	\$1,904,908
Under Budget Behind Schedule	5	●	●	\$761,123	\$1,301,288	\$540,165	\$1,274,000
Under Budget On Schedule	27	●	●	\$1,622,173	\$3,409,425	\$5,031,598	\$5,031,598
Total	90			\$23,314,489	\$26,654,967	\$3,340,478	\$26,654,679

Description	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY
Not Started							16	12	10	6	3
On Budget Ahead of Schedule	1			1			1	1	2	1	
On Budget Behind Schedule	1			1			4	4	2	4	3
On Track	36	26	23	31	28	15	16	16	20	24	27
Over Budget Ahead of Schedule				1	3	10	8	9	7	4	2
Over Budget Behind Schedule				1	1	1	1	1	2	1	2
Over Budget On Schedule	11	16	13	15	11	11	11	11	11	14	18
Under Budget Ahead of Schedule				1	2	4	2				1
Under Budget Behind Schedule	3	3	6	12	16	20	16	25	22	25	15
Under Budget On Schedule	15	17	18	22	21	14	20	15	18	16	20
Total	65	65	65	89	89	90	90	90	90	90	90



Borrowing	2018/19		\$000's	
	Full Year		Variance	
For the period to 30 June 2019	Actual	Budget	\$000's	%
Gross debt	121.2	144.9	23.7	16.3%
Cash investments	1.0	-	1.0	
Net Debt	120.2	144.9	24.7	17.0%

Highlights

- Weighted average cost of borrowing forecast at 5.2% (budget cost of borrowing 5.7%)
- Net debt is lower than budget due to lower capital expenditure than budgeted.

10 Year Plan Catalyst Projects Quarterly Updates (as at 30 June 2019)

City Centre Transformation Catalyst Projects			
	What happened during the June Quarter	Alerts (if any)	What's Next
'Streets for People' (City Centre Streetscape Plan and Redesign)	<p>Construction of Stage 1 of Square East was completed. Construction contract was on budget.</p> <p>Detailed Design for Stage 2 of Square East completed. Procurement for the construction contract was held. Early contractor engagement with preferred contractor supported design.</p> <p>Ongoing engagement with businesses and property owners.</p>	<p>Contractor's tender programme indicate that Council's timeframe expectations are unachievable. Construction programme to avoid the busiest times for businesses (Nov / Dec) has been developed. This worked well last year.</p>	<p>Finalise construction contract. Will be reported to Finance and Performance Committee in August 2019.</p> <p>Commence implementation of Square East Stage 2.</p>
Te Manawa 2025 Redevelopment	The workshop with stakeholders has been completed.		A community process will take place in September to provide further key inputs into the business case.
Central Library Upgrade	Initial scoping work has begun to provide for an in-depth analysis of existing use data to not only understand what is being used, but how and why. Work is also beginning on the seismic bracing of fixtures and fittings, as one of the risk mitigations identified for continued occupancy.		Work will commence on the seismic restraint of fixtures and fittings. This is expected to be completed by the end of November.
Central Energy Trust Arena Masterplan and projects	<p>Entrance Plaza: The design of the Entrance Plaza is well advanced and now being cost estimated to ensure alignment with budget.</p> <p>Sports House/ Administration Building: Sport Manawatu Board are yet to respond with feedback on proposed commercial administration building and whether they are interested in being a tenant. Feasibility work is being undertaken by the Property division. (Note: Sport Manawatu has since withdrawn from the project.)</p> <p>Artificial Turf: Construction continues and all product is now on site. (Weather depending, this project will be completed in August).</p>	<p>Budgets: As detailed design progresses, accurate budget projections will be developed. Unclear without detailed design whether current budgets are sufficient.</p> <p>Resource Consent for Pits Relocation/ Entrance Plaza: Unlikely to have any issues with Resource Consent however remains on the risk register.</p> <p>Grandstand Funding: Grandstand trust funding sources continue to be explored. Heavily reliant on external funding.</p>	<p>Resource Consent for Pits Relocation/ Entrance Plaza: Resource consent lodgement has been delayed a few weeks as minor adjustments and checks are made in relation to the application. This will occur in July.</p> <p>Marketing & Communications: Develop plan for opening of new Artificial Turf for August subject to completion date confirmation.</p> <p>Culture and Heritage input Selection of external agency to manage this component and design with stakeholder engagement.</p>

	<p>Culture and Heritage input Masterplan heritage design palette stakeholder meetings have started.</p> <p>Pits Relocation: The design of the Pits is well advanced and now being cost estimated to ensure alignment with budget.</p> <p>Southern & Western Embankment: The design of the embankment is progressing and will be cost estimated when at design freeze stage to ensure alignment with budget.</p> <p>Grandstand: The design of the Grandstand is progressing and will be cost estimated when at design freeze stage to ensure alignment with budget.</p>		
Heritage Protection Package	Allocated heritage fund. Updated guidelines to reflect new budget.		Prepare for 19/20 allocation.

Manawatu River Network Catalyst Projects			
	What happened during the June Quarter	Alerts (if any)	What's Next
Central Energy Trust Wildbase Recovery Centre	<p>The April – June quarter has been a fantastic opportunity for the team at the Centre to fine tune operations. We have established a range of operating procedures based on key findings and observations.</p> <p>The Centre hit over 42,000 visitors total with over 2100 students through our education programmes.</p> <p>Our volunteer team is reaching 60 people. The team act as visitor hosts and also provide some back of house support.</p>		<p>With an increase in resource, the Centre will be working towards reaching a 7 day per week offering to the general public.</p> <p>Programmes will continue to be developed to ensure they stay relevant and fresh.</p>
Victoria Esplanade Masterplan and projects	Second User Group Forum held – preliminary work to begin on new entrance way from Park Rd		Preparing consultant brief for new Park Rd entrance and stakeholder management.
He Ara Kotahi & Shared Pathway	Both the new He Ara Kotahi bridge, plaza and river pathway project are practically completed. The final bridge lighting is presently being installed, with the plaza light		Installation of the plaza public toilet is scheduled in August 2019, the plaza tree lights will arrive and be installed. The plaza carpark needs to be programmed for resealing.

	<p>tree sculptures due for arrival and installation in August.</p> <p>The pathways are now open to public and being well utilised.</p> <p>Remedial maintenance has been completed on the bridge stainless steel surfaces.</p>		<p>Extra hand railing for the Massey end of the bridge and the plaza is due to be completed and installed.</p> <p>The cycle / pedestrian eco counter is due for installation in August.</p>
Manawatu River Shared Pathway (Ashhurst to City)	<p>Contact has been made with the landowners who will be impacted by the construction of the shared pathway and negotiations are underway.</p> <p>The draft specifications for the pathway have been produced and are currently being internally reviewed.</p>		<p>Any issues raised with the landowners being impacted by the pathway will be investigated and resolved as they are identified.</p> <p>From the draft specifications a detailed design will be produced in-house by September, and will include an engineer's estimate. This will allow for a more accurate budget to be determined. We can then produce the tender documents and seek contractors to conduct the work.</p>
Te Apiti Biodiversity and Recreation	<p>NZTA Te Ahu a Turanga (new road) designation approved. Three appeals have been received. Provincial Growth Fund feasibility study underway for tourism.</p>		<p>Waiting on PGF report to be completed.</p>
Manawatu River Framework (incl Ahimate Park)	<p>Ahimate Reserve – completed natural play features and 50% complete build on new fort.</p> <p>Car park fully planted out with community.</p> <p>Dog Park continues to see high numbers and has proven successful. Fenced area now fully planted out.</p> <p>Waharoa completed – 3 new pou.</p> <p>Gym equipment has proven difficult – had to send parts back for re-fabrication.</p> <p>Bridge Lights still in transit and due to arrive anytime now. Tree lights still 2-3 weeks away.</p> <p>Urban Eels fully designed, agreement drafted and with Massey, priced and resource consent applied for.</p> <p>Golf Club land purchase looking very positive.</p> <p>Developed operational guidelines to care for He Ara</p>		<p>Ahimate: Complete the large fort.</p> <p>Fall nets installed at Albert St forest.</p> <p>Begin carving the large Rangitāne Guardian sculpture for Marae Atea this year.</p> <p>Expand Massey He Ara Kotahi Agreement to include Turitea Pa and Urban Eels – prior to construction in November – Feb.</p> <p>Complete new bridge lighting install. Detailed lighting solutions this year for Fitzherbert Bridge lighting.</p> <p>Detailed design for Victoria Esplanade river entranceway this year.</p> <p>Build Urban Eels – when stream is low. Nov – Feb.</p> <p>Report to Council on Golf Club land purchase – Sept-Oct – due to requiring Reserves Act land swap as part of purchase.</p>

	<p>Kotahi and Manawatu River Framework developments. Will go into effect this year.</p> <p>Assessing He Ara Kotahi for finishing works – signage, plantings, bio-diversity and restoration initiatives, cultural representation, rest stops, wayfinding, etc. Implementing and testing new wayfinding strategy.</p>		<p>Albert Street Pattern and glow pattern completed by October 2019.</p> <p>Now beginning investigations into developing the new Manawatu River Park.</p> <p>Transformation Culture: Developing new cross-unit (including Rangitāne) Manawatu River Framework Implementation Team – will expand ability to deliver programme. Up and running by August.</p>
Te Motu o Poutoa	Currently waiting to form co-management committee of Council. This is due to occur post 2019 election.	We need to push the capital spend for Te Motu o Poutoa out 1 year, until the new co-governance committee has had time to consider the planning framework.	Establish co-governance committee. Begin the planning framework for Te Motu o Poutoa.

Sustainable Growth Projects Catalyst Projects			
	What happened during the June Quarter	Alerts (if any)	What's Next
Wastewater Treatment Plant Upgrade	<p>Workshop with the full Council was undertaken to seek feedback and endorsement for the proposed shortlist options.</p> <p>Recommendation of the Report was presented to Council for adoption of the Shortlist (24th of June).</p> <p>Separate workshops were held with the Chamber of Commerce, Trade Waste customers about the shortlisting process and overall project progress.</p> <p>Ongoing engagement with Rangitāne and neighbouring Iwi has occurred.</p> <p>All river investigations have been completed and reports submitted to the Project Steering Group.</p> <p>Trade Waste Tool completed and presented to trade waste customers.</p>	Following the development of work package tasks and associated costs, the 2019/20 budget will be reviewed to determine if sufficient funding is available to complete all essential tasks before the end of the financial year.	<p>Confirming the methodology for development of the shortlist options, including work package scope and cost of technical consultants. Development of a detailed Programme for all tasks through to the end of 2020 (Preferred Option).</p> <p>Commence the desktop exercise to identify discharge locations for all shortlisted options.</p> <p>Engagement with neighbouring councils and Horizons Regional Council to determine if there are opportunities for a regional scheme.</p> <p>Development of a stakeholder engagement strategy and marketing and communications plan.</p> <p>Ongoing engagement with Rangitāne. Commence a heightened level of engagement with neighbouring Iwi about the shortlist development.</p>

Regional Ringroad, Rail, Airport and multi-modal infrastructure to enable Longburn and NEIZ industrial growth	<p>NZTA's Joint Working Group, on which PNCC is represented, is still working on a Business Case for the PN Integrated Transport Initiative. The process is now awaiting KiwiRail confirmation of their preferred site for integrated rail freight transport hub but NZTA have now committed to advancing the business case based on best available information. Options are being prepared for assessment.</p> <p>Developing an overall plan for Tennent Drive before proceeding with any interim improvements.</p>	<p>The PN Integrated Transport Initiative is likely to have a preferred option in early to mid 2020.</p> <p>The KiwiRail project is underway but there is yet to be any engagement opportunities for PNCC.</p>	<p>Continue to collaborate with both NZTA and KiwiRail on the PN Integrated Transport Initiative and KiwiRail Hub.</p>
Infrastructure for Residential Growth: Whakarongo, Aokautere, City West Urban Intensification, Ashhurst	<p>Whakarongo: Awaiting results of stormwater designs for Whakarongo Growth Area.</p> <p>Preparing for Plan Change C Kikiwhenua Hearing.</p> <p>Finalising draft structure plan for Aokautere.</p>	<p>The stormwater work is delaying the lodging of Resource Consent.</p>	<p>Stormwater plans to be completed.</p> <p>Plan Change C hearing.</p> <p>Consult on Aokautere Structure Plan.</p>
City-wide Stormwater Management	<p>The Tuflow model has been updated from a 2-dimensional only to now using a coupled 1-D and 2-D. The model domain is extended from that previously used to include a future urban growth area and an updated datum.</p> <p>The Phase 2 and 3 of the stormwater management Framework are revised to better reflect the requirement for Palmerston North. A draft skeleton framework upon reviewing all the relevant guidelines and best practices will be provided by 9th August 2019.</p> <p>Stormwater Renewal works for Manchester-Aberdeen and Forbury is in progress.</p> <p>A plan is being drafted for the maintenance of open drain and channel network based on the approved budget for 2019/2020.</p>		<p>The city-wide model will be extended to include Ashhurst. Scoping works in progress.</p> <p>To advance into the Skeleton of the Framework and come to an agreement with other streams of work. Final document to be ready by November 2019.</p> <p>Detailed Design for identified Stormwater Renewal and Improvement works for 2019/2020 is in progress. Stormwater improvements to Nikau, Florence Avenue and Flint St and Fairs Rd, awaiting construction in August.</p> <p>Undertake the maintenance and cleaning of open channel according to priority list.</p>
City-wide Water Supply, Source and Storage Development	<p>Takaro Park Bore was completed and commissioned supplying water again to the network.</p>		<p>Award the contracts for the final elements of the Railway Road bore including pipework, building and chemical treatment.</p>

	<p>Railway Road Reservoir has been completed, and the tender for the electrical and building contract issued to the market.</p> <p>Pipe supply contract for the Turitea WTP duplicate main has been awarded and the detailed design for the pipeline finalised ahead of tender.</p>		<p>Confirm timing for building and UV installation work at Papaioea Park.</p> <p>Issue tender for Turitea duplicate water main project to the two pre-selected tenderers.</p>
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Major Internal Projects			
	What happened during the June Quarter	Alerts (if any)	What's Next
Digital Transformation	<p>Draft digital transformation plan was presented to ELT.</p> <p>Ongoing workshops with Nomad8 to support the development of an agile practice inside Council.</p> <p>ELT workshop with Nomad8 to develop agile mindset and practices.</p> <p>Endorsement of plan to roll out agile workshops with WLT (wider leadership team)</p> <p>Innovation showcase celebrated the success of the Manawātū Heritage mobile tours app. Opportunities for wider adoption for city tours were explored.</p> <p>Video and Image Library delivered and in use by Community and Marketing and Communications</p>	<p>The intranet 'refresh' project launch (1 July) has been delayed.</p>	<p>Seeking ELT endorsement of the revised digital transformation plan.</p> <p>Seeking ELT endorsement of digital governance and prioritisation process.</p> <p>RFP for ERP system starts.</p> <p>Transformation Champions programme launch.</p>
Three Waters Model	<p>Council Chief Executives in the Region undertook a multi-criteria analysis of delivery options and explored regional proposals.</p> <p>Regional consensus of Chief Executives is being formed on a preferred option for a staged approach to increasing regional coordination to build a strong alliance and maximise benefits for the region's communities.</p>		<p>Finalise report and briefing paper, including consideration of governments recent announcement for new water regulator and associated priorities. Circulate for information to Mayors, Elected Members, Minister and DIA</p>

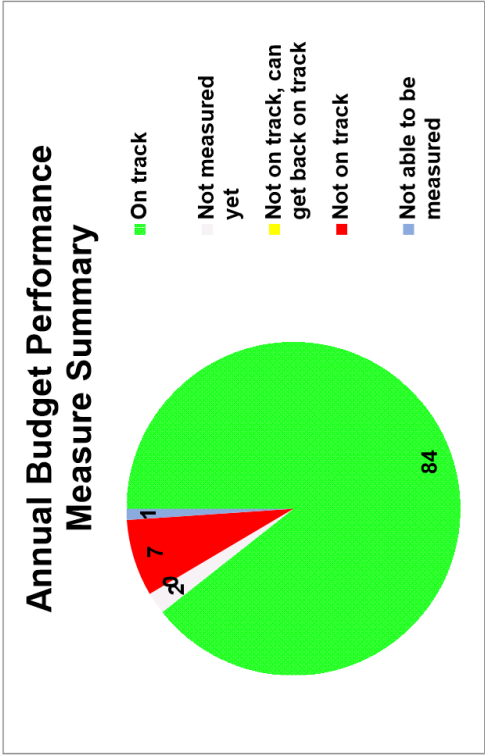
Quarterly Performance and Financial Report - June 2019

10 Year Plan KPIs

This part of the report looks at how well the Council is delivering on the performance measures, and whether services and projects are being provided within budget.

The performance measures have been updated in accordance with the 10 Year Plan 2018-28. The report is organised by Activities. Each Activity page has "traffic lights" to show progress towards the 10 Year Plan:

W	Not measured yet
G	On track
Y	Not on track, can get back on track
R	Not on track, unlikely to get back on track
B	Not able to be measured or completed, due to circumstances outside of Council's control



Synopsis and common themes

- There are 94 10 Year Plan performance measures and the majority of these are green. That means Council is on track to achieve a significant number of its objectives.
- There are 84 measures, or 92%, that are being achieved of those that have been measured.
- There are currently 7 red measures meaning the objective is unlikely to be achieved. There are 2 unable to be measured and 1 that cannot be measured yet.

Goal 1: An Innovative and Growing City

City Development Activity

2

Performance Measures (Page 44 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. There is a continual supply of land for at least 1,900 greenfield residential sections.	Working on zone changes at Aokautere, Kikiwhenua, Ashhurst, Napier Road, Roxburgh Crescent and Kakatangiata.	G	G	G	G
02. Ratio of lower quartile home price to median household income. (This measures whether a household that is renting can afford to buy a home. It is part of the MBIE set of indicators and will allow comparisons with other Councils. It is a new measure so Council has no target set yet.)	In March 2018 79.4% of Palmerston North renting households were below the 2013 National Affordability Benchmark. This was unchanged from March 2017. (Note: March 2018 is the latest quarter available)	B	G	W	G
03. At least 95% of resource consent applications are processed within statutory timeframes.	435 consents were processed in 18/19 with 371 (85%) within statutory timeframes. Reasons for the target not being achieved included, high numbers of consents were lodged, continuing staff shortages and hold ups in receiving assessments and feedback from infrastructure and other technical experts. Planning Services have tried to recruit additional staff however hiring additional planners to the team has been unsuccessful to date in a market where there is a shortage of Planners. Efforts to recruit additional staff will continue in the 19/20 year, as well as a review of planning and building consent processes to identify efficiencies to be able to deal with the demand, which is expected to continue to grow.	Y	Y	R	R
04. At least 95% of building consent applications are processed within statutory timeframes.	For this quarter, of the 345 building consent applications processed, 326 (95%) were processed within statutory timeframes. FY total processed: 1198 out of 1248. FY average processed within statutory timeframes: 96%	G	G	G	G
05. Council keeps its status as an accredited building consent authority.	Likely to be maintained. Last assessment was conducted in April 2019. We are waiting to be notified of clearance and re-accreditation.	G	G	G	G
06. At least three years of housing and business land with services is immediately available.	Housing and Business Needs Assessment confirmed this availability	G	G	G	G

Performance Measures (Page 44 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
07. Council development projects reflect principles of good urban design. (Narrative measure)	Master planning and design review process in place for catalyst projects. Refined urban design working group established.	Y	G	G	G
08. Major services and projects are provided within budget for City Development Activity.	Building Services: Building Services results are favourable, although exceed budget due to higher than expected revenue, partly offset by corresponding expenses. Planning Services - Private: A high usage of Consultants was required to process consents which increased private expenditure. This is mostly off set by the consultants charges being on charged to customers. Planning Services - Public: On budget. Urban Design: On budget. Heritage Management: On budget.	G	G	G	G

Strategic Transport (Roading) Activity

Performance Measures (Page 48 of the 10 Year Plan)		Sept	Dec	Mar	June
01. Percentage of requests for service relating to roads and footpaths responded to (with at least an initial formal response) within three working days. (greater than 95%)	1490 RFSs relating to the roading activity were received during the quarter. For 86.98% (1296) of these responses were provided to the caller within three working days. Total for the year: 8665 RFS, 4762 responded within 3 working days (84.06% therefore target not met for the year) Officers are working with external consultants to amend requirements in the contract with the roading maintenance contractor to improve performance in this area and meet the KPI in the coming financial year.	Y	Y	R	R
02. The average quality of ride on the sealed local road network, measured by smooth travel exposure. (STE greater than 80%)	The quality of ride on the sealed road network is measured every two years. Data from the latest drive over in late 2018, confirms an average of 84% of the network meets or exceeds the target. While the low volume residential portion of the network exceeds the 80% target standard, the arterial and collector road portion of the network is below the 80% standard. On average 95% of rural roads meet or exceed the standard.	W	W	G	G
03. The change in the number of fatal and serious injury crashes from the previous financial year on the city's local roading network. (Reduction in five-yearly rolling average)	The five year rolling average indicates a decrease of 3 (2%) in serious and fatal crashes (154 from 157) in Palmerston North City for the period ending June 2019 compared to June 2018. The decrease is largely due to the lower serious and fatal crashes occurring in 2018/19 which recorded 21 serious crashes and 3 fatal crashes. This is the lowest number of (serious and fatal) crashes to occur in a financial year for the last 20 years.- The number of fatal and serious injuries has decreased from 40 crashes in 17/18 to 24 in 18/19. This is a reduction of 16 crashes from the previous financial year.-Please note Crashes which may have occurred towards the end of the financial may yet to be recorded in NZTA's Crash Analysis System. Therefore, there may be other crashes which have occurred but yet accounted for in CAS.	W	W	B	G

Performance Measures (Page 48 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
04. Percentage of sealed roads that are resurfaced each year. (Greater than 3.5%)	For the 2018/19 financial year, 11.4 km of the 515 km or 2.3% of the road network was resealed. Lower reseal lengths reflect an optimised and targeted approach to renewals investment. Reseal cycles have been extended to 18 to 20 years for low volume roads, to enable funding to be redirected to investment in pavement renewal of the arterial roads. Lower linear reseal lengths also reflects wider treatment widths with kerb to kerb treatments used rather than concentrating on the traffic lanes. The target KPI will not be met in the current year or in the foreseeable future. The approach being taken is in line with NZTA expectations to prioritise funding based on condition and need.	W	W	R	R
05. The percentage of footpaths that meet Council standard. (Note: Council is developing an improved system for monitoring footpath standards. It is based on IPWEA (Institute of Public Works Engineering Australasia). Footpath Condition Rating Standard, and will be a much more robust way of measuring and prioritizing footpath maintenance and renewals. The results in the first year of its use will be used to set new targets for subsequent years.)	Council completed a city wide footpath condition survey. The raw fault data indicates 90.7% of footpaths met Council's standard (Grade 1 to 3) while 9.3% of the footpaths are very poor (2% - Grade 5) or poor (7.3 - Grade 4). The grade 4 and 5 faults have been assessed and treatment lengths and work quantum confirmed. Packages of work to undertake repairs will be issued to a panel of contractors to remedy the defects over the next two years.	G	G	W	G
06. A 30-year Asset Management Plan is in place for strategic transport and roading, and major AMP projects approved in the 10 Year Plan are achieved. [Specific projects will be listed in the Plan] (Renewals as a group: see note in 10 Year Plan pg. 48)	The Roading Asset Management Plan was completed and adopted by Council prior to adoption of the current 2018-28 LTP. Work has been progressing on improvements particularly in condition assessment of critical assets to better inform future programmes of work.	G	G	G	G

Performance Measures (Page 48 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
07. Strategic Transport (Roading) and Active and Public Transport: Major services and projects provided within budget.	<p>The new pedestrian cycle bridge (He Ara Kotahi) and associated 7km of shared pathway has been commissioned and opened, with only minor safety and lighting components incomplete. The programme of work was delivered within the increased budget approved by Council during the year. The full programme of area widens and reseals, including seal extension of Forest Hill Road was completed. Lighting upgrades including LED luminaire renewals are also 98% complete, along with a range of minor safety improvements. Work associated with the College Street Transport Upgrade and Massey and Food HQ is delayed by further community consultation and on-going negotiations with NZTA on funding approval. Major upgrades of James Line and Cuba Street were also completed during the year.</p>	G	Y	G	B

Economic Development Activity

Performance Measures (Page 58 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Funding is distributed and the contract deliverables achieved with the funding will be described. (Narrative measure)	<p>Council funding distributed as per contract. CEDA was involved in many activities. It launched Te Aho Tamaka in December 2018, the first programme of its kind in New Zealand. Eight leaders from multiple industries were acknowledged for their role in building a network of leaders and ambassadors for the region. Opportunities for these leaders included mentoring or investments in projects that will contribute to the region's economic growth. CEDA helped showcase the region's education and lifestyle - international student numbers grew by 11% compared to a national decline of 4%. CEDA lead the development of a Destination Management Plan to grow visitor activity and value in the Region. CEDA worked closely with key stakeholders to develop our regional identity in order to attract and retain business and talent. It was another successful year for CEDA's flagship events: a record 5000 people attended the Sort It Careers Expo, including 3,000 students; and NZ AgriFood Week had many of its 15 events sell out. CEDA provided start-up and on online Start-up Guide for those starting their business journey. In the first two weeks people downloaded 90 copies. CEDA also worked with conference organisers to bring conferences and business events to the Region. PNCC and Manawatu District Council expectations for CEDA in 2019/20 are for more focus on inward investment, business retention and growth, and developing a talent pipeline.</p>	G	G	G	G

Performance Measures (Page 58 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
02. Major services and projects are provided within budget for the Economic Development Activity.		<p>Conference and Function Centre:</p> <p>Asset renewal works planned have been undertaken such as replacing sound proof dividing doors in the Conference Room and upgrade of the main switchboard located in the basement of the CAB building as expected. There were no other major projects planned for the Conference & Function Centre during this current financial year. The type of events held at the centre has altered YOY. Exhibitions and conference bookings have reduced, while meetings and dinners have increased. Net revenue effect +7% YOY vs 2017/18 for the similar number of bookings. A high level of regular enquiries and bookings for the centre continues with profile increasing with the PM and several Ministers recently attending recently for a significant Union meeting.</p> <p>International Relations:</p> <p>On budget.</p>	G	G	G	G

Goal 2: Creative and Exciting City

Active Public Space Activity

9

Performance Measures (Pages 65-66 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Projects from the City Centre Streetscape Plan are implemented on time and budget. (Narrative measure)	Some projects behind schedule. The Square East portion of Streets for People is progressing. Stage 1 of Square East was completed in early April 2019. Design, material procurement and contractor procurement for Stage 2 occurred during the 2018/19 financial year. The preferred contractor has been engaged in an Early Contractor Involvement process, providing inputs to the final design to explore cost and time efficiencies. The construction contract will be reported to the Finance and Performance Committee during August 2019 with construction planned to commence early September 2019. Due to the quantum of work involved with the next stage, and through ongoing engagement with stakeholders, the construction works will now be split to avoid the November / December Christmas shopping period.	G	R	Y	R
02. Projects from the Manawatu River Framework are implemented on time and budget. (Narrative measure)	All projects within the Manawatu River Framework programme for 2018/2019 were implemented on time and budget. This includes: Development and installation of a mobile gym; Installation of a star path and redevelopment of a mountain bike jumps park at the end of Albert Street; Rock-lining and bank reinstatement alongside the State highway bridge; Signage, lighting, pathing and wayfinding associated with the He Ara Kotahi bridge; Finalisation of the design for the Turitea Stream/ Urban eels project; Ahimate reserve carpark, dog park, bike rhythm course, planting and the carving of a waharoa.	G	G	G	G

Performance Measures (Pages 65-66 of the 10 Year Plan)		Sept	Dec	Mar	June
Comments Council ran – often in partnership with Iwi, Linton Camp, business, community groups, students, and local communities - two dozen open space projects. Benefits of these included opportunities for people to be more active in outdoor spaces; enhanced connections with the River, the CBD and neighbourhoods; helping people develop kaitiaki opportunities at the River, encouraging walking and cycling, improved safety; creating business connections, more public art; and helping restore urban environments. These projects included He Ara Kotahi: Reinforces the river for both commuter and recreational active transport. Enable the relationship between Rangitane and the awa to be strengthened through physical connection, artistic expression, tikanga, and environmental restoration. Creation of a landmark to better connect and attract people to the river. Streets for People: Increase the level of service provided to pedestrians through enhanced access, surface treatment, amenity, and green space. Enhanced coordination with and between city centre businesses through achieving a common public space outcome. UCOL Laneway Mural: Enhance the sense of ownership that UCOL has with the Grey/Queen St alleyway. Use public spaces around the UCOL campus as a learning experience for students. Provide an opportunity for students to contribute to public spaces using their skills. Increases the perception of safety in the lane through softening the physical space with art.		G	G	G	G

Performance Measures (Pages 65-66 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
	<p>Ahimate Dog Park/Doggy Day Out: More reasons to visit the river.</p> <p>Increases the connection that dog owners have with Ahimate Park.</p> <p>Provide an opportunity for Cahill Animal Hospital to contribute to the attachment that people have with Ahimate Park.</p> <p>Manawatu Heritage Tours App: More reasons to visit significant places in the city. Utilising digital tools to enhance people's understanding and attachment to a place. Increased exposure of other public spaces through heritage.</p> <p>Ashhurst Business Association Mural: Provide an opportunity for Te Putatahi a Toi students to contribute to public spaces. Reinforce the identity of Te Apiti. Increase the visibility of the Village's creativity.</p> <p>Reinforce the role of local businesses in shaping their town centre.</p>				

Performance Measures (Pages 65-66 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
04. Description of the range of community events and initiatives. (Narrative measure)		<p>Winter months of April to June sees the number of events held start to decline. With the WW100 commemorations drawing to a close, Palmerston North was due to host The NZ Tattoo, however, due to the Christchurch tragic events a decision was made to postpone the event to April 2020. The wrap around event, Battle of the Bridges, continued as planned and was successful becoming a permanent feature of the event calendar. Other events in the quarter included: Anzac Day Services (Dawn and Civic) where we had the largest crowds ever attended, The Reel Earth Environmental Film Festival (May), the official opening of Moturimu Whare and He Ara Kotahi Bridge (June). Puanga Matariki was also organised for a celebration in early July. Indications are positive for this event and is likely to be the largest celebration of Matariki held in the region. Planning for Palmy Unleashed Spring events well underway, key features are building community capability through training workshops and targeting engagement by Student communities.</p>	G	G	G	G
05. Funding for economic events is distributed and the contract deliverables achieved with the funding are described. (Narrative measure)		<p>Event budget for 2018/19 is fully allocated, future funding for 2019/20 has been communicated to the significant economic events partners. Funded events delivered during the period include Reel Earth Environmental Film Festival (May), and the Jazz Festival (May). Contract deliverables (KPIs) for these events are due to be reviewed and assessed in the following quarter.</p>	G	G	G	G
06. Active and Public Space: Major services and projects are provided within budget.		All services and projects within budget.	G	G	G	G

Arts, Culture & Heritage Activity

Performance Measures (Page 71 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Funding is distributed and the key objectives achieved with the funding are described. (Narrative measure)	New sculpture grant paid to Palmerston North Public Sculpture Trust to support the purchase of a public sculpture in 2018-19 year. Seed funding provided to Toa o Manawatū project. Creative Communities Scheme 2018-2019 Round Two completed with twenty successful applicants granted funding for arts projects and events.	G	G	G	G
02. Sites of significance to Rangitāne are identified, protected or acknowledged. (Narrative measure)	Kikiwhenua identified and protected as part of Plan Change C	G	G	G	G
03. Increase in the number of scheduled heritage features contained in the District Plan. (Current numbers are 7 Sites of Significance to Tangata Whenua, 89 Buildings & Objects, 2 Heritage Areas, 117 Notable Tree and Groups of Tree, and 15 Habitats of Local Significance).	No Plan Change scheduled for this year	G	G	G	W
04. Increase in investment in earthquake-prone heritage buildings. (Narrative measure)	Working with a variety of owners via the heritage fund	G	G	G	G

Performance Measures (Page 71 of the 10 Year Plan)		Sept	Dec	Mar	June
05. Major services and projects are provided within budget for the Arts, Culture & Heritage Activity	Comments	G	G	G	G
	<p>Other Cultural Facilities:</p> <p>Projects delivered in 2018/19 year, all within budgets: - Toilet Replacement - Square Edge Building - LED Light Replacement - The Regent - New Heating/Cooling System - The Globe - Deck Replacement - Te Manawa School Hall</p> <p>Support to arts, culture & heritage groups:</p> <p>The Globe has had a strong quarter with a full programme and a number of sold out events: Charlie Parker with Strings, Graeme James, One Night in Africa and two shows for the D-Day Dedication. The Jazz festival, Reel Earth Film Festival, 2 touring shows and locally produced The Wedding Singer from Manawatu Theatre Society were highlights. An activation strategy for implementing the Arts Plan has been commissioned and will guide the activity of the Art Powerhouse advisory group in the 19/20 year.</p> <p>Te Manawa:</p> <p>Notable events this quarter included the Palmy Plastic Pollution Challenge (11,163 pieces of rubbish collected, sorted and counted - 800 people were engaged); Central Robotics Great Ball Contraption Challenge and Steam Punk themed tea pot racing at the Gallery on Queens Birthday. Cash donations received this quarter included a Lottery grant towards the extraction, crating and 3d virtual tour photography of the St Paul's Methodist Church stained glass windows. Other donations for the collection this quarter included a Samurui suit and a collection of works by artist Rebecca Swan. Other significant activities include Te Manawa becoming the first museum ever to be Dementia Friendly accredited and the Muslim community basing themselves at and running International Race Relations day as planned in Te Manawa immediately after the Christchurch attacks.</p>				

Active Community Activity

Performance Measures (Page 76 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. A 30-year Asset Management Plan is in place for sports facilities and major AMP projects approved in the 10 Year Plan are achieved. [Specific projects will be listed in the Plan.] (Renewals as a group and Central Energy Trust Arena projects.)	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10 Year Plan. A programme is currently being developed for the review of the AMP	G	G	G	G
02. Sports fields are available for weekend organised use. (At least 85%)	Last financial year the grounds were closed for one weekend, i.e. 95% availability on weekends.	G	G	G	G
03. Swimming pool annual usage: Lido - more than 330,000 people Freyberg - more than 110,000 people	The number of users of the Lido was 379,376. The number using the Freyberg pool was 178,501. Splashhurst which opened 22 June 2019 is at 255 users	G	G	G	G
04. Funding is distributed (for external recreation organisations to help increase levels of participation in sport and active recreation) and the key objectives achieved with the funding are described. (Narrative measure)	Sport Manawatu are granted funds from Council to assist participation in sport and recreation through operational activities and through allocating funds on Council's behalf through the Active Community Fund that targets people on low incomes. The three year service contract ended on 30 June 2019, and a new funding agreement and strategic partnership plan has recently been entered into for the next three year period. Sport Manawatu's 12 month report to 30 June 2019 will be reported to the Sport and Recreation Committee in September 2019. Based on previous reporting against outcomes, there is likely to be continued progress on increasing levels of participation through a range of initiatives and activities. This aligns with Council's Active Community Plan priority for the City to be the most active in NZ.	G	G	G	G

Performance Measures (Page 76 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
05. Major services and projects are provided within budget for the Active Community Activity	<p>Central Energy Trust Arena:</p> <p>With no change to net budgets, the Arena Masterplan projects have now been realigned to allow progress on elements less reliant on external funding and allocated to more appropriate scheduling. A full design team is now in place and working efficiently with good progress and support by the Arena Steering Group. The design team consists of Project Management, Pits Relocation, Entrance Plaza and the Grandstand works covering structural, civil, building services, landscape, architectural and fire engineering. Demonstrable progress has been achieved with old buildings on the corner of Waldegrave and Cuba Street now demolished, fenced and chip sealed in readiness for the Entrance Plaza. Resource consent will be lodged in June for the Entrance Plaza and Pits Relocation. The Artificial Turf construction is well underway with the base work being completed and on schedule for project completion end of July. Arena asset renewal projects that were scheduled for Fly Palmy Arena such as the LED light and acoustic tile replacement and fire protection enhancement have been rescheduled to the next financial year due to the operational requirements to complete replacement of the floor following flooding. This renewal work has been moved between December and March 2020 while other asset renewal projects were brought forward for completion this financial year. Delivery of services has been challenging due to the Fly Palmy Arena floor issue - having to juggle and in some cases cancel bookings; but this has been managed as best as possible under the circumstances and forward bookings are strong for the venue. No negative press was incurred during the floor replacement from community or stakeholders, so was managed very well.</p>	G	G	B	G

Performance Measures (Page 76 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
	<p>City-Wide Reserves:</p> <p>City Reserves were maintained within budget. Heavy rainfall in late December caused significant damage to walkway tracks within the Aokautere area. Resources were redirected towards repairs, from the overall City Reserves budget provision. The Esplanade Framework was completed and adopted by Council. The user group has been convened, with two meetings held during the year. Business cases are being developed for projects proposed to be part of the Esplanade developments. The Memorial Park redevelopment has commenced with the placement of the old 22lb gun. The splash pad project has been delayed to 2019/20 due to need to first secure external funding. Developments at the Linklater Reserve have included the installation of a flying fox, a log scramble, disk golf nets, a dog agility course, tree planting and further extensions to the network of paths.</p> <p>Local Reserves:</p> <p>Local reserves were maintained within budget and to the agreed service standards. The renewals programme was completed within budget and included furniture, signage, hard surface, garden and playground replacements.</p> <p>Sportsfields:</p> <p>Sportsfield maintenance has been provided to the agreed standard and within budget. Major projects completed during the year include: Upgrade to the cricket pavilion and grandstand and Fitzherbert Park Drainage at Ongley Park. Resurfacing of Awapuni and Vautier Park tennis courts. Planning is well underway for the sportsfield and pavilion upgrades at Colquhoun Park, ahead of the Men's Junior Softball World Cup</p>				

Performance Measures (Page 76 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
	<p><u>Support to Recreation Groups:</u> The 12 month report from the community athletics track shows that participation remains high despite the track being unavailable for part of the year. The shade and shelter project at the track was completed within budget. The artificial hockey turf project at Massey University has advanced during the year, and with the majority of the external funding now secured, the construction contract has been let and work is due to begin in August 2019.</p> <p><u>Swimming Pools:</u> The refurbishment of the Ashhurst pool - now known as Splashhurst Community Pool, was completed, enabling the pool to open to the public on the 22nd June. Work included repairing pool leaks, upgrading the changing rooms, new signage and painting the exterior, pools, interior walls and floor. The Lido and Freyberg pools operated within the conditions of the contract within CLM, and all performance KPIs were met. Renewal projects were completed within budget.</p>				

Goal 3: Connected & Safe Community

Connected Communities Activity

19

Performance Measures (Pages 93-94 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Library visitor numbers. (More than 800,000 connections a year)	904,182 physical visits this year to the seven City Library locations. (An increase of 64,372 visits over last year). 482,949 Library website sessions. 53,154 Manawatū Heritage website sessions. 100,329 PC sessions. 203,149 WIFI sessions.	G	G	G	G
02. Use of physical collections. (Average use per item per year is at least 4)	Physical item use is holding steady. Items are used an average of 5.21 times per year. For comparison, the national average is 3.42 times per year.	G	G	G	G
03. Use of digital collections. (Narrative measure)	eBook and eAudiobook use continues to increase as the collections and offerings are increased. (Use has increased 30% over last year). Use of the digital databases and eResources continues to strengthen. A highlight for this quarter was the development and launch of the Manawatū Heritage Tours App. This app allows the community to explore themed tours around the Manawatū such as Women's places and Military Heritage. Additional tours are in development.	G	G	G	G

Performance Measures (Pages 93-94 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
04. Description of the range of programmes and events. (Narrative measure)	Programmes delivered are aligned to the following categories: Creative Expression, Cultural Expression, Digital Inclusion, Heritage, Informational Literacy, Lifelong Learning, Literacy, Social Connectivity, Employment, Health & Wellbeing. Some key programmes with positive outcomes this year: Summer Reading and iReads programmes centred on encouraging the joy of reading continued to grow this year with 764 total children and youth participating in 14 different languages. Collect-A-Comic-Book card programme for World Comic Book Day created a buzz with 5 unique comic cards designed by local UCOL artists. Children and teens collected over 1,000 comic cards from the City Library. The City Library incubated a number of projection mapping projects including Local History Week projections across Broadway, The Firing Line Massey University drama production (for which we won a Manawatu Theatre Award for Best Visual Production), and several modular synthesizer music events. Off the Page, a City Library, Massey University collaboration over ten years strong, was once again a success. Over 400 people attended the author talks and workshops delivered by 6 influential authors. Youth Council Scholarships had a record breaking number of applicants as well as an increase in the diversity of applications. Awards were given across the arts (theatre and dance), community development with refugee rangatahi and sports (softball, and basketball).	G	G	G	G

Performance Measures (Pages 93-94 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
05. Public toilets are accessible, appropriately located and gender neutral. (Narrative measure)	All toilet renewals and new installations are accessible and gender neutral, and located in areas of need and were delivered on time and to budget. There were 2 exceptions to this: the new toilets at the He Ara Kotahi Bridge and the Colquhoun Park Public Toilet. These toilets are designed and ready for construction, but were held up by the lead developments not being completed. These will instead be delivered in the 2019/20 year.	G	G	G	G
06. A 30-year Asset Management Plan is in place for community centres and hubs and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10 Year Plan.	G	G	G	G
07. Levels of community centre use. (Narrative measure, including use of at least 1400 hours per centre per year)	All community centres were well used this year exceeding the annual target of 1,400 hours of use each per annum. The quarterly get together was well attended with a focus on creating a welcoming and inclusive service. This was a collaboration between the Community, Infrastructure and Planning Units. Participants discussed and brainstormed how this approach may be applied to the community centre buildings, processes and activities. All centres completed an Adopting Communities Practices template to take to their boards. An online booking solution for Community Centres has been developed in conjunction with representatives from several community centres and will be trialled in July. Bunnythorpe has been busy again with an Easter Celebration at the Owen St playground and the opening of the new Pump bike track called: "Mugby Junction BMX" – by public vote.	G	G	G	G
08. A 30-year Asset Management Plan is in place for the cemeteries and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10 Year Plan. A programme is currently being developed for the review of the AMP	G	G	G	G

Performance Measures (Pages 93-94 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
09. Cemetery provision meets legislative requirements.	The Council has operated the cremator throughout the year in full compliance with the conditions of its consent. The cemetery has been administered in accordance with the provisions of the Burial and Cremation Act	G	G	G	G
10. Council housing is tenanted. (At least 95%, excluding units not available due to renovations)	An average of 98% Occupancy.	G	G	G	G
11. Council tenants are satisfied with the standard of housing (two-yearly survey). (At least 90%)	Tenant satisfaction survey results show 96% of our tenants are satisfied with the standard of council housing.	G	G	G	G
12. Units meet the Otago Medical School He Kainga Oranga Rental Warrant of Fitness Standard.	On track and meeting requirements of the WOF standards.	G	G	G	G

Performance Measures (Pages 93-94 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
13. A 30-year Asset Management Plan is in place for community housing and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group, see note in 10 Year Plan, pg 94)	Asset Management Plans were adopted by Council in June 2018 and are being implemented as per 2018-2028 10 Year Plan.	G	G	G	G
14. Funding is distributed according to Council's Community Funding Policy and the key objectives achieved with the funding are described. (Narrative measure)	The Local Initiatives fund was allocated this quarter to 3 groups. Maori Community Development funds were allocated and a final tranche of funding for training workshops to develop community group capacity and capability has been released.	G	G	G	G
15. Positive feedback from residents on Council's community engagement. (Narrative measure)	The Annual Residents' Survey shows that around half of all residents are satisfied with the quality and availability of information from the Council. Around 40% are satisfied with their opportunities and ease of having a say in Council decisions. Most of the remaining people are neutral, with only around 15% dissatisfied with information or involvement in decision making.	G	W	W	G
16. Description of the range of engagement techniques used by Council. (Narrative measure)	Council uses a wide range of techniques to encourage people to have their say: face to face, eg on site drop-in sessions for playground developments; online and social media, eg pinning comments to an interactive online map for the speed limits review; formal submissions, eg on the Annual Budget; Mayoral and Councillor meetings, eg a wide range of formal and informal opportunities; for residents to talk with elected members; and surveys, eg getting feedback on Council's services through the Annual Residents' Survey.	G	G	G	G

Performance Measures (Pages 93-94 of the 10 Year Plan)		Sept	Dec	Mar	June
<p>17. Major services and projects are provided within budget for the Connected Community Activity.</p>		<p>Comments</p> <p>Cemeteries: Cemeteries have been managed and maintained throughout the year to the agreed service standards and within budget. Cemetery projects (beams and roads), were delayed by the availability of resources, but are committed to be completed within budget early in the new year.</p> <p>Community Centres: Planned works at the community centre portfolio for 2018/10 were completed as planned. Planning and design for the new Bunnythorpe Community Centre is almost complete, however, there is a significant risk of delay for physical works starting in the 2019/20 year for this project due to significant external funding still being required by the community trust.</p> <p>Libraries: All planned CAPEX works are on track for completion by June 2019. This also includes the resealing of the pools and replacing the filtration ring, as well as the level 3 roof repair works. Design and planning for the seismic bracing of the fixtures and fittings within the Central Library is also underway with physical bracing work to begin early next year.</p>			

Performance Measures (Pages 93-94 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
	<p>Public Toilets: All toilet renewals and new installations are accessible and gender neutral, and located in areas of need and were delivered on time and to budget. There were 2 exceptions to this: the new toilets at the He Ara Kotahi Bridge and the Colquhoun Park Public Toilet. These toilets are designed and ready for construction, but were held up by the lead developments not being completed. These will instead be delivered in the 2019/20 year.</p> <p>Social Housing: First 30 units of Stage 1 at Papaioea Place development are complete. The second 20 units are due for completion in December 2019 and are currently on track and to budget.</p> <p>Support to Community Groups: A major research activity this quarter was surveying the community sector boards to ascertain their capability and capacity in terms of governance, management and operations. This work has informed the development of the Community Development team's workplan for 2019/2010. The Social Wellbeing Forum was run on a different format this year and recorded a record attendance. The forum focussed on rapid identification of potential solutions to 8 community issues and then the development of 1 of those per issue into the outline of a potential pilot project to address community issues.</p>				

Safe Communities Activity

Performance Measures (Page 101 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. The range of SAB initiatives and the outcomes they achieve. (Narrative measure)	The Safety Advisory Board have contributed to a review by the Trust and ACC of the way the Safe Communities project operates. Data continued to be collected. Work has commenced on the work programme for the 19/20 year.	G	G	G	G
02. Palmerston North retains its accreditation as a Safe City.	Achieved in 3rd quarter. Work continues tracking activity towards the next reaccreditation in 5 years.	G	G	G	G
03. Council works with local communities to get people prepared for emergencies. (Narrative measure)	Council is currently preparing Community Response Plans for Linton and Ashhurst. This is being done in conjunction with the community. It is also planned for similar plans for Longburn, Bunnythorpe and Aokautere to be completed in 2019. Testing of some of these plans is to be completed in 2019.	G	G	G	G
04. Three dog education campaigns and / or community events attended.	Animal Control Officer (ACO) presentation to Linton community with 30 attendees. ACOs attended two days of Rural Games, the unofficial opening of Ahimate Dog Park and Esplanade Day.	G	G	G	G
05. Council is an accredited Food Act verifier. (99% of verifications are conducted within statutory timeframes)	Satisfactory surveillance assessment by MPI assessor in March 2019. 100% of verifications completed within statutory timeframe.	G	G	G	G
06. 99% of verifications are conducted within statutory timeframes.	All verifications completed within statutory timeframes	G	G	G	G
07. Description of healthy lifestyle initiatives. (Narrative measure)	Smokefree Outdoors Policy and Sugar Sweetened Beverages Policy: PNCC Events Team is actively promoting smokefree events and encouraging event food trucks to make non-sugary drinks available.	G	G	G	G

Performance Measures (Page 101 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
08. Major services and projects are provided within budget for the Safe Communities Activity.	Animal Control: Services and projects on budget.	Y	G	G	G
	Civil Defence: All current service delivery is within budget. The Emergency Operation Centre project in Victoria Avenue, due for completion in November 2019, is meeting the CAPEX budget.				
	Public Health: Projected revenue for alcohol licensing and food verifications not achieved. These are demand driven outside Council's control. Service and projects provided with operating budgets.				
	Safer Community Initiatives Reaccreditation achieved, with planning commenced on the development of a new work programme.				

Goal 4: Eco-City

Rubbish & Recycling Activity

28

Performance Measures (Page 108 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Rubbish and recycling placed in Council's official bags or bins are collected on the stated day. (At least 98%)	99.96% Rubbish and recycling placed in Council's official bags and bins were collected on the stated day. There were total of 492 missed Recycling Bins and Crate and 217 Total Missed Rubbish Collection.	G	G	G	G
02. Compliance with resource consents for the Rubbish and Recycling Activity measures by the number of:- Abatement notices (zero)- Infringement notices (zero)- Enforcement orders (zero)- Convictions (zero)	Complete compliance with resource consent conditions during the period	G	G	G	G
03. A 30-year Asset Management Plan is in place for rubbish and recycling and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)	AMP in place for Rubbish and Recycling Service and Major AMP projects approved in the 10 Year Plan on schedule.	G	G	G	G
04. Major services and projects are provided within budget for the Rubbish & Recycling Activity.	All services provided within operational budgets. However, not all capital projects have been completed this year due to change in scope, contractor availability and earlier replacement than originally anticipated of a baler. Where requested Capital budgets have been carried forward into 19/20 to complete which include: Capital New \$40k – Complete security improvements at Awapuni (Work due to be completed in Aug/Sep)Capital New \$49K – Standardisation of RDOP's (Recycling Drop of Points)Capital Renewal \$72K – Added to 19/20 budget to replace baler at Materials Recovery Facility.	G	G	G	G

Biodiversity and Sustainable Practices Activity

29

Performance Measures (Page 113 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
01. 15,000 green corridors trees planted per year.		10,000 this year. Weather postponed one of the scheduled planting days. Growing 20,000 for next year	G	G	G	R
02. Number and description of sustainable practices campaigns. (Narrative measure)		A second hazardous waste drop-off day resulting in diversion of over one tonne of hazardous material and two tonnes of motor oil. Filming is complete for a range of educational videos in the three waters and recycling space, with release planned for Q1 of 2019-20. Additional mini videos were created to promote behaviour change to support a water conservation campaign. Work is on-going with external agencies to establish waste minimisation practices in large organisations, community groups and businesses, particularly focussed on separating waste streams to capture recycling and food waste. World clean up day and several associated community clean ups were supported through provision of clean up equipment. Social media messaging raising awareness and promoting refuse and reuse over recycling is underway to the global Plastic Free July initiative.	G	G	G	G
03. Number and description of Eco Design home consultations. (Narrative measure)		During the 4th quarter, the Eco Design Adviser (EDA) service conducted 39 in-home consultations, 11 community presentations, and attended nine government industry based workshops/meetings. In addition, there were three engagements with media. For the 12 months to 30 June 2019, totals were: 190 in-home consultations, 26 community presentations, 26 attendances at government industry based workshops/meetings, 15 engagements with media.	G	G	G	G

Performance Measures (Page 113 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
04. Major services and projects are provided within budget for the Biodiversity and Sustainable Practices Activity		<p>Biodiversity: The predator control programme has continued within Arapuke and Kahuterawa Forest Parks. The design for the urban eels project has been completed and construction of the habitat and viewing platform is part of the next stage of the River Framework programme, at the area of cultural significance where the Turitea Stream meets the Manawatu River.</p> <p>Support to Environmental Groups: 5 groups awarded Strategic Priority Grants totalling over \$200k pa for the next 3 years. Officers supported the annual environmental film festival Reel Earth, by providing guidance, connecting with partners and funders.</p> <p>Sustainable Practices: The EOFY position of the EDA service is favourable to budget and forecast. A council wide sustainability programme has been introduced to coordinate efforts to achieve greater sustainable outcomes across the organisation and the city. A subsequent action plan will be developed to identify a set of prioritised actions to further drive sustainable outcomes in the areas of biodiversity, water, waste, energy and carbon.</p>	G	G	G	G

Stormwater Activity

Performance Measures (Page 117 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. The number of flood events per year resulting in stormwater from Council's stormwater system entering a habitable floor in an urban area. (No more than 5)	During the year there were three recorded rainfall events on December 13th, 20th and 25th 2018 which resulted in flooding of habitable buildings. A fourth event on June 4th 2019, following failure of pumps at the Birmingham St pump station is suspected to have resulted in flooding of several habitable dwellings, however this has yet to be confirmed to Council.	G	G	G	G
02. The number of habitable floors per 1,000 properties within urban stormwater service areas affected by a flood event. (No more than 2)	Council have received advice of stormwater flooding of habitable floors in 9 properties for the year to date. This is equivalent of 0.12 habitable floors per 1000 properties. The data represents only those property flooding events reported to Council.	G	G	G	G
03. Median time to attend a flooding event. (Less than 2 hours) (Note: A flooding event is one resulting in stormwater entering a habitable building.)	In all cases of stormwater flooding of habitable floors in buildings, notification to Council occurred after the response period for the event had elapsed. In addition, Council's policy is to respond to events only when there is a public safety or health risk rather than flood damage impacts.	G	G	W	W
04. The number of complaints received about the performance of Council's stormwater system per 1,000 properties connected. (No more than 15)	To date a total of 607 complaints have been received for the year or 18.24 complaints per 1000 properties connected. The complaints to date include 68 related to sump/grate problems, 125 associated with pipe/underground services damage, 26 cases of property flooding or drainage problems; 346 cases related to roadside ponding and 23 complaints related to waterway or open drain problems.	G	G	Y	R
05. Compliance with resource consents for discharge from Council's stormwater system measured by the number of:- Abatement notices (zero)- Infringement notices (zero)- Enforcement orders (zero)- Convictions (zero)in relation to stormwater resource consents	All Stormwater consents have been fully complied with such that no convictions, abatement, infringement or enforcement orders have been received.	G	G	G	G

Performance Measures (Page 117 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
06. A 30-year Asset Management Plan is in place for stormwater and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group. City-wide Stormwater Improvement Works (programme 1060))		A 30 year AMP for Stormwater was adopted by Council in June 2018 prior to adopting the 2018-28 LTP. Work is on-going with the development of 5 year detailed renewal and capital new programmes. Work is continuing with collecting improved information on the condition and performance of the piped stormwater network. A condition and performance assessment of around 50% of the open drains and streams network has been completed. Information collected to date is being used to inform planning and budgeting for maintenance and renewals for years 2 and 3 of the LTP.	G	G	G	G
			G	Y	G	G
07. Major services and projects are provided within budget for the Stormwater Activity		Renewal and capital renewal programmes of work were fully expensed during the year to address defects and deliver a range of improvements in the stormwater network. Significant work has occurred in Vernon St, Foote's Lane, Linklater Reserve, Manuka St, Meremere St, Cambridge St - Ashhurst, Tweed St, Paisley, Sutton and Birmingham Pump Stations, as well as Kairanga, Parata, Karina and Fergusson Streets.				

Wastewater Activity

Performance Measures (Page 123 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Number of dry weather wastewater overflows from Council's wastewater system per 1,000 connections per year. (No more than 1)	There have been 7 incidents of dry weather wastewater overflows to the environment or to stormwater network in the last year, which is an average of 0.21 overflows per 1000 connections. This takes the total wastewater overflow to 37 for the reporting year. The majority of overflows have occurred during wet weather events and have been due to stormwater inflows to the network resulting in surcharging in the wastewater network.	G	G	G	G
02. Complaints per 1,000 connections about:- Wastewater odour (No more than 1)- Wastewater system faults (No more than 3)- Wastewater system blockages (No more than 10)- Council's response to issues with the wastewater system. (No more than 1). (total target: no more than 15)	A total of 396 complaints have been received for the year to date, or an average of 12.25 complaints per 1000 connections. Of this total 190 complaints (48%) were attributable to service issues and resulted in a work order being issued and work being undertaken. Complaints included 13 for wastewater odour (0.4 per 1000 connections), 102 manhole faults (3.2 per 1000 connections) and 270 related to network blocks or leaks (8.35 per 1000 connections). Complaints attributable to the performance of Council assets and systems are tracking at around 50% of the total and well below the target.	G	G	G	G
03. Median time for attending to overflows resulting from blockages or other faults. (Less than 1.5 hours)	Median time for attending to an overflow resulting from a blockage is 0.485 hours. Maximum time for attending to an overflow resulting from a blockage is 89.43 hours. The current system does not separately record the time taken to attend a fault (response time). Changes were made in October 2018 to enable the period taken to attend an overflow incident to be recorded, however the changes were too late to influence current year monitoring data. Response time data will be available in the next financial year. There is however no evidence that the response time targets will not be met.	G	G	G	G

Performance Measures (Page 123 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
04. Median time for resolution of overflows resulting from blockages or other faults. (Less than 8 hours) (Attendance and resolution is less than 9.5 in total)		The median time for resolution of an overflow resulting from blockages or other faults is 3.33 hours. The maximum time for resolution of overflows resulting from blockages or other faults 183.5 hours. Note that in the absence of specific data on the period taken to attend a blockage incident, it is not possible to detail the time to attend an incident separately from resolution. There is no evidence that that response times will not be achieved.	G	G	G	G
05. Compliance with resource consents for discharge from Council's wastewater system as measured by the number of:- Abatement notices (zero)- Infringement notices (zero)- Enforcement notices (zero)- Convictions received by Council in relation to resource consents (zero)		No further non-compliances were recorded during the period, however a decision is still awaited on the potential non-compliance associated with missed Dissolved Oxygen measurements required for the Ashhurst Wastewater Storage Pond consent.	G	Y	Y	G
06. A 30-year Asset Management Plan is in place for wastewater and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)		A 30 year Asset Management Plan was adopted by Council in June 2018 ahead of approval of the 2018-28 LTP. Major upgrade projects at the Wastewater Treatment Plant such as screen replacement, grit removal systems and inlet pump replacement are substantially complete or well advanced through design. Some work will now not occur until the next financial year due to construction and procurement delays not previously anticipated.	G	G	G	G
07. Major services and projects are provided within budget for the Wastewater Activity.		All wastewater network and pump station renewals projects have been delivered or advanced in line with the schedule and budget. Key screen and pumping capital and renewal programmes at the WWTP, have been commenced however completion has been deferred pending resolution of technical performance issues, contractor availability, funding and to coincide with lower flows later in the year. Several capital new programmes to cater for growth have been delayed due to on-going landowner discussions and pending decisions by developers. Several capital programmes have experienced significant increases in cost associated with unforeseen variations or change in scope and additional budget will be required to complete.	Y	G	G	G

Water Supply Activity

Performance Measures (Pages 130-131 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Compliance with Part 4 (bacteria compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100%)	All PNCC bore sources and the Turitea surface water supply are currently compliant with bore security and drinking water quality requirements of the legislation.	W	W	G	G
02. Compliance with Part 5 (protozoal compliance criteria) of the Public Health Act 1956 (as amended by the Health (Drinking Water) Amendment Act 2007). (100%)	All monitoring data received to date indicates full compliance with all legislative requirements including the Drinking Water Standards of New Zealand. Final compliance cannot be confirmed until Mid-Central Public Health have completed final reporting in September 2019.	W	W	G	G
03. The number of complaints per 1,000 connections relating to clarity, taste, odour, continuity of water supply, drinking water pressure or flow, and Council's response to any of these issues (no more than 40).	Total of 1545 complaints received for the year or 51 complaints per 1000 connections (YTD to 27th of March). These included 82 burst mains, 36 low pressure issues, 98 for continuity of water supply, 67 for meter faults, 736 toby faults, 12 for bad smell, 81 for discoloured water, 6 water taste issues, and 425 other issues. A significant number of complaints relate to matters not related to Council service performance.	G	G	Y	R
04. Average consumption of drinking water per day per resident. (no more than 360 litres per person per day)	Average consumption of drinking water per day per resident is at 207.3L, well below 360 litre target.	W	W	G	G
05. Median response time for urgent call-out attendance. (2 hours or less)	The median response time for the 16 of the 98 call-outs for which resolution is recorded is 0.24 hours. The maximum response time is 0.5 hours. Although earlier this year some effort has been made to improve response time recording, we have yet to see the results. Further effort is required to improve recording of response time.	W	G	G	G

Performance Measures (Pages 130-131 of the 10 Year Plan)		Comments	Sept	Dec	Mar	June
06. Median response time for resolution of urgent call-outs. (7 hours or less)		The median resolution time for the 58 of the 98 call-outs for which resolution is recorded is 0.93 hours. The maximum resolution time for the 58 call outs is 16 hours.	G	G	G	G
07. Median response time for non-urgent call-out attendance. (10 hours or less)		The median response time for the 738 of 1558 non-urgent call outs for which a response time is recorded is 1.52 hours. The maximum recorded response time for the same 738 call outs is 266.6 hours.	G	G	G	G
08. Median response time for resolution of non-urgent call-outs. (75 hours or less)		Median resolution time for non-urgent call out is 4.23 hours for the 1346 out of 1558 call outs for which response time is recorded. Maximum recorded response time is 474 hours.	G	G	G	G
09. Percentage of real water loss from the water reticulation network. (Less than 20%)		Real water loss from the water reticulation network is calculated at 18%, less than the targeted 20%. (last year the real loss was calculated at 15%)	W	W	W	G
10. A 30-year Asset Management Plan is in place for water and major AMP projects approved in the 10 Year Plan are achieved. (Renewals as a group)		An Asset Management Plan was adopted by Council in June 2018 following approval of the 2018-28 LTP. Work is on-going to develop more robust and strategic pipe renewal, bore and treatment plant renewal programmes. All renewal programmes of work were completed by year end. Some unforeseen pipe and valve condition issues have emerged which has required reallocation of budgets between the renewal programmes of work.	G	G	G	G
11. Major services and projects are provided within budget for the Water Supply Activity		All water network, treatment plant, bores and pump station renewal projects have been completed within scope and to budget following some reallocation of budgets. Major capital new programmes of work associated with new bores at Papaioea Park and Railway Road have progressed but will not be completed until Q2 of the 2019-20 FY. Detailed design work has been completed for the major 2019-20 programmes including the Turitea WTP duplicate main, Turitea WTP earthquake strengthening and Ashhurst falling and rising main projects, enabling an early start to construction.	Y	G	R	G

Goal 5: Driven & Enabling Council

Leadership Activity

37

Performance Measures (Page 138 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
01. Positive feedback from residents on Council's community engagement. (Narrative measure)	The Annual Residents' Survey shows that around half of all residents are satisfied with the quality and availability of information from the Council. Around 40% are satisfied with their opportunities and ease of having a say in Council decisions. Most of the remaining people are neutral, with only around 15% dissatisfied with information or involvement in decision making.	G	W	W	G
02. Description of the range of engagement techniques used by Council. (Narrative measure)	Council uses a wide range of techniques to encourage people to have their say: face to face, eg on site drop-in sessions for playground developments; online and social media, eg pinning comments to an interactive online map for the speed limits review; formal submissions, eg on the Annual Budget; Mayoral and Councillor meetings, eg a wide range of formal and informal opportunities for residents to talk with elected members; and surveys, eg getting feedback on Council's services through the Annual Residents' Survey.	G	G	G	G
03. Strategies, Plans and Policies are in place, monitored and reviewed. (Narrative measure)	The new strategic framework was adopted for the three years beginning 2018/2019. Data to report the measures of success identified in the five council strategies is being gathered and will be reported to the Council in September. This material will also be made available to the public through Envisio. Strategic forum are being organised (one per goal) for staff to discuss progress achieving each of the plans. Each council policy is being reviewed according to the schedule established in the plans.	G	G	G	G

Performance Measures (Page 138 of the 10 Year Plan)	Comments	Sept	Dec	Mar	June
04. Major services and projectes are provided within budget for the Leadership Activity.	<p>Councillor Meetings and Administration: Services provided on budget.</p> <p>Direction Setting: Services provided on budget.</p> <p>Elections: Services provided on budget.</p> <p>Mayor and Chief Executive's Office: Services provided on budget.</p>	G	G	G	G

Supplementary Material

1. Groups of activities net result statement
2. Capital expenditure and funding source
3. Capital expenditure by groups of activities
4. Detailed capital expenditure report
5. Financial Statements
 - a. Summary of financial performance
 - b. Statement of financial position
 - c. Statement of cash flows
6. Approved variations to Annual Budget
7. Personnel
8. External fundraising

Note: Unless otherwise stated, the results shown are compared to the Annual Budget. This is to retain consistency when comparing to the Annual Report 2018/19.

Attachment 1 – Groups of Activities Net Result Statement

Group of Activities Net Result Statement	2018/19		\$000's	
	Year to Date		Bud. Var.	
For the period to 30 June 2019	Actual	Budget	\$000's	%
Operating Result by Group of Activities				
<i>Innovative & Growing City</i>	(5,817)	(5,640)	(177)	-3%
Revenue	5,956	5,100	855	17%
Expenses	11,772	10,741	(1,032)	-10%
<i>Creative & Exciting City</i>	(19,683)	(19,651)	(32)	0%
Revenue	3,190	2,097	1,093	52%
Expenses	22,873	21,748	(1,125)	-5%
<i>Connected & Safe Community</i>	(12,860)	(11,309)	(1,551)	-14%
Revenue	4,804	5,039	(235)	-5%
Expenses	17,664	16,348	(1,316)	-8%
<i>Eco-City</i>	(3,832)	(4,225)	393	9%
Revenue	3,260	2,955	305	10%
Expenses	7,092	7,180	88	1%
<i>Transport</i>	(7,248)	(7,249)	0	0%
Revenue	7,826	7,391	435	6%
Expenses	15,075	14,640	(434)	-3%
<i>Water</i>	(4,408)	(4,272)	(137)	-3%
Revenue	129	36	93	262%
Expenses	4,537	4,307	(230)	-5%
<i>Wastewater</i>	(5,523)	(5,060)	(462)	-9%
Revenue	1,064	1,151	(87)	-8%
Expenses	6,587	6,212	(375)	-6%
<i>Stormwater</i>	(1,966)	(1,747)	(219)	-13%
Revenue	14	2	12	534%
Expenses	1,980	1,749	(231)	-13%
<i>Driven & Enabling Council</i>	(4,373)	(7,187)	2,813	39%
Revenue	5,935	4,356	1,579	36%
Expenses	10,308	11,543	1,234	11%
Group of Activities Controllable Surplus/ (Deficit)	(65,711)	(66,340)	630	1%
Rates	95,309	94,537	772	1%
Net Interest	(5,737)	(7,267)	1,529	21%
Operating Controllable Surplus / (Deficit)	23,861	20,930	2,931	14%
Depreciation	(33,183)	(34,627)	1,444	4%
Non-operating revenue	15,009	16,436	(1,427)	-9%
Non-operating expenses	(3,357)	0	(3,357)	-100%
Net Result	2,331	2,739	(408)	-15%

Attachment 2 – Capital expenditure and funding source

Capital Expenditure and Funding Source	2018/19		\$000's	
	Year to Date		Variance	
For the period to 30 June 2019	Actual	Budget	\$000's	%
Capital New	35,014	47,890	(12,876)	(26.9%)
Funded by:				
Borrowing	24,479	36,330	(11,851)	(32.6%)
External revenue	10,535	11,560	(1,025)	(8.9%)
Capital Renewal	23,309	26,186	(2,877)	(11.0%)
Funded by:				
Rates	17,482	19,731	(2,249)	(11.4%)
External revenue	2,248	2,876	(628)	(21.8%)
Three year averaging	3,579	3,579	-	-
Borrowing				
TOTAL CAPITAL	58,323	74,076	(15,753)	(21.3%)

Attachment 3 – Capital Expenditure by Group of Activities

Group of Activities - Capital Expenditure	2018/19		\$000's	
	Full Year		Variance	
For the period to 30 June 2019	Actual	Budget	\$000's	%
Capital New	35,014	47,890	(12,876)	(26.9%)
Innovative & Growing City	7	7	-	-
Creative & Exciting City	6,447	11,242	(4,795)	(42.7%)
Connected & Safe Community	4,895	10,406	(5,511)	(53.0%)
Eco-City	462	645	(183)	(28.4%)
Transport	18,669	19,588	(919)	(4.7%)
Water	2,717	3,011	(294)	(9.8%)
Wastewater	559	1,183	(624)	(52.8%)
Stormwater	835	1,013	(178)	(17.6%)
Driven & Enabling Council	424	795	(371)	(46.7%)
Capital Renewal	23,309	26,186	(2,877)	(11.0%)
Innovative & Growing City	461	330	132	39.9%
Creative & Exciting City	3,921	4,530	(610)	(13.5%)
Connected & Safe Community	1,837	3,802	(1,966)	(51.7%)
Eco-City	275	362	(86)	(23.9%)
Transport	5,858	6,341	(483)	(7.6%)
Water	3,608	3,415	192	5.6%
Wastewater	3,457	4,112	(655)	(15.9%)
Stormwater	578	635	(57)	(9.0%)
Driven & Enabling Council	3,315	2,659	656	24.7%

Attachment 4 – Detailed capital expenditure report

The following details the capital expenditure by programme, broken down into new and renewal against each activity.

Note – capital works are based on the Annual Budget with the Council and Chief Executive approved variations outlined in attachment 6

Quadrant Position				
	Work Not Started		Under Budget Ahead of Schedule	
	On Track		Under Budget Behind Schedule	
	On Budget Ahead of Schedule		Over Budget On Schedule	
	On Budget Behind Schedule		Over Budget Ahead of Schedule	
	Under Budget On Schedule		Over Budget Behind Schedule	

The colours depicted here match those used in the Quadrant Diagram

	Actual Spend to Date	Actual Physical Progress	Savings
	Forecast Overbudget by more than 10%	Unlikely to be Complete by Year End	
		This Year's Programme Complete	Saving Identified

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
PNCC Total Capital Works Programme	81,100,300	59,957,870	58,323,216		6,084,935		
Capital New	54,445,333	36,256,510	35,014,124		5,132,004		
<i>Connected & Safe Community</i>	<i>10,221,614</i>	<i>5,168,920</i>	<i>4,898,116</i>		<i>4,609,818</i>		
107-Cemeteries - Kelvin Grove - Ash Plot developments and Childrens area extension	37,528	22,500	29,531	48%	-		Work not completed due to resource shortages - given higher priority in 19/20
147-Cemeteries - Kelvin Grove, Ashhurst and Bunnythorpe - New Burial Berns	122,880	122,880	148,053	65%	-		
161-Public Toilets - Citywide programme	299,031	69,614	65,838	19%	-		Colquhoun Park to be constructed in 19/20 with main renovations.
357-Social Housing - Papaloa Place Redevelopment(1277-C/fwd - Papaloa Place Community Ho)	4,631,640	4,631,640	5,295,336	100%	-		Project ahead of programme, funds expended 18/19 does not affect overall project estimates.
1101-The Library of the Future	3,522,797	717	605,770	0%	3,522,080		Council has abandoned project in this form and will fund future work separately
1137-Digital Technology to Support 21st Century Citizens and Serv	285,565	-	-	0%	285,565		See Programme 1101 Above.
1150-City Libraries - Building Security System Replacement	52,173	-	-	0%	52,173		See Programme 1101 Above.
1306-Library HVAC Upgrade		-	351,550	100%			Accounting adjustment to account for capital recatogised as opex in 17/18
1413-Bunnythorpe Community Facility	240,000	152,608	130,009	64%	-		Design Underway, Community Group still Undertaking fundraising
1437-Dog Pound Quarantine Extension	60,000	60,000	80,247	100%	-		
1484-Purchase of wearable cameras for parking and animal contro	20,000	20,000	17,462	0%	-		
1513-New Emergency Operations Centre(EOC) Fit Out	200,000	88,961	88,961	44%	-		Design on revised schedule, but will still be complete as per original deadline. As this is a multi-agency project the timing was uncertain, residual budget will be needed next year.
1518-Central Library Building Upgrade - Capital New	750,000	-	-	0%	750,000		See Programme 1101 Above.
<i>Creative & Exciting City</i>	<i>11,973,106</i>	<i>6,080,140</i>	<i>6,433,013</i>		<i>7,500</i>		
93-City Reserves - Memorial Park Reserve Development Plan Implementation	537,000	37,000	54,202	7%	-		Splash pad is subject to external funding contribution, which has not been secured for this year.
94-Walkways and Shared Path - Purchase of Land to Extend Network	395,000	135,000	135,000	34%	-		Proposed Aokautere Property did not come onto the market during 18/19
95-Walkways and Shared Path - Construction	70,885	70,885	71,273	100%	-		
111-Neighbourhood Reserves - Roslyn - Edwards Pit Park Development	32,315	32,315	30,000	100%	-		
158-Citywide - Safety Improvements to Reserves	34,400	34,400	41,858	100%	-		
160-Citywide - Improved Access to Reserves for Persons with Disabilities	37,528	37,528	26,921	100%	-		
165-Outdoor Adventure Reserves - Arapuke Forest Park/Kahuterawa Development	38,049	38,049	38,202	100%	-		

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
<i>Creative & Exciting City - cont.</i>							
368-Central Energy Trust Wildbase Recovery Centre (subject to part external funding)	1,886,491	1,886,491	2,081,181	100%	-		Commissioning variations improving windows and hide wall resulted in budget overrun.
560-Te Motu o Poutoa / ANZAC Park Reserve Development			151	100%	-		
568-City Reserves - Manawatu River Framework - Waitoetoe Park Development	237,693	237,693	265,752	100%	-		
587-Neighbourhood Reserves - Kelvin Grove - Linklater Reserve Development	275,942	275,942	285,064	98%	-		
697-Clearview Reserve Development	30,927	-	-	0%	-		Developer must complete earthworks before Council can execute project. This did not happen during 18/19 year.
752-City Reserves - Manawatu River - Framework Implementation	282,135	282,135	266,866	99%	-		Mountain Bike Rhythm section complete.
902-Property - Seismic Strengthening of Council Owned Buildings	170,887	65,786	111,161	39%	-		Part of the overall review of seismic performance of Council buildings. Any further work will form part of an overall programme.
967-Citywide - Edibles Planting	5,212	5,212	5,191	100%	-		
1082-Central Energy Trust Arena Manawatu - Speedway Relocation & Artificial Pitch	4,789,000	1,405,277	1,405,276	28%	-		Construction of artificial pitch almost complete. Pit relocation has significant RMA component which is looking likely to delay construction into 19/20 year.
1083-Central Energy Trust Arena Manawatu - Entrance Plaza & Western Concourse	1,100,000	137,684	137,684	13%	-		
1084-Central Energy Trust Arena - 17/18 Masterplan Projects			78,312	0%			Project completed last year, final charges in this year.
1097-Sportsfields - Drainage to Increased Capacity	174,080	174,080	175,310	100%	-		
1099-Parks and Reserves - Shade Development	26,240	26,240	26,898	100%	-		
1127-City Reserves - Victoria Esplanade - Bonsai House	8,000	-	-	0%	-		Design brief under preparation, may combine with Lath House to improve outcomes
1131-City Boundary Entrance Treatments	438,699	148,699	142,138	28%	-		Project was on hold while review carried out. Now back underway and should be complete in Q1 19/20.
1174-Citywide - Outdoor Gyms (locations to be determined)	125,000	125,000	140,054	100%	-		
1175-Citywide - Shade Trees	10,000	10,000	5,600	100%	-		
1181-Sportsfields - Hokowhitu Lagoon Improvements	50,922	50,922	51,238	17%	-		
1182-Citywide - Recreation spaces - Improved Lighting	20,849	20,849	17,087	100%	-		
1282-Panieri Park - Purchase of Adjacent Land	40,000	-	-	0%	-		
1320-Sportsfields - Hokowhitu Lagoon Supplementary Water	181,265	181,265	172,799	100%	-		
1330-Placemaking Co-created Project	15,000	7,500	8,004	50%	7,500		

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
<i>Creative & Exciting City - cont.</i>							
1342-Fitzherbert Park - Cricket Ground Enhancements (subject to part external funding)	265,854	129,854	91,255	100%	-		Manawatu Cricket still fundraising their share of this project. Construction now likely to be during 19/20.
1391-Urban Growth - City West South of Pioneer Highway - Walkways Development	74,400	-	-	0%	-		Project on hold while awaiting Racecourse to carry out sub-division of land.
1411-Sportsfields - Skogland park Irrigation	6,000	6,000	4,855	100%	-		
1414-Vautier Park Power Supply	100,000	100,000	112,476	100%	-		Easement gained and a Contract signed with Scanpower. Netball Manawatu seeking funding for their share. Expect completion early 19/20.
1439-Culture/Heritage - Urban Eels Project Contribution	22,000	22,000	46,329	84%	-		
1446-City Centre Flagtrax installation on street light columns	178,000	178,000	180,397	84%	-		
1449-Events and Festivals equipment purchase	15,000	15,000	15,503	0%	-		
1468-Heritage Archive Shelving	10,000	10,000	10,000	0%	-		
1476-City Centre Laneways Programme	20,000	20,000	24,302	100%	-		
1523-Ashhurst Pool Enhancements	83,333	83,333	85,407	100%	-		
1534-Central Energy Trust Arena - South Grandstand Stage 1(1540-C/fwd - Central Energy Trust Arena)	165,000	70,001	66,780	42%	-		RFP has been issued for design work for south Stand and Western Concourse.
1566-Railway wheels for Railway land	20,000	20,000	22,553	100%	-		
<i>Driven and Enabling Council</i>	820,679	820,679	423,799		-		
60-Information Management Strategic Plan Project - New Software Applications	104,140	104,140	30,500	40%	-		
99-Council's Service Development - New Technology and Programmes	289,000	289,000	287,434	100%	-		
245-Gordon Kear Forest - Development of Internal Roading	45,939	45,939	45,837	100%	-		
1185-Non-Financial Reporting System	205,000	205,000	-	0%	-		
1187-PNCC Website Customisation	101,600	101,600	60,028	60%	-		
1188-Land Use Monitoring	75,000	75,000	-	0%	-		

ITEM 7 - ATTACHMENT 3

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
Eco-city	602,944	440,944	461,935		13,000		
506-City Wide Public Space Rubbish & Recycling Bins	50,000	37,000	34,854	100%	13,000		
657-Recycling - City Wide Wheelie Bins and Crates to Additional Properties	55,945	55,945	60,713	100%	-		
721-Awapuni Landfill - Landscaping	17,000	17,000	21,449	100%	-		This project is demand driven by the needs of the landfill. Budget will not be overspent at year end.
1077-Citywide - Biodiversity Enhancement Through Native Planting	20,372	20,372	42,085	98%	-		This project will be on budget at year end
1106-Recycling - Install RFID Tags on Existing Recycling Wheelie Bins	230,127	230,127	213,527	100%	-		Report being prepared to reallocate savings for this overspend from other Capital New programmes in Waste.
1109-Awapuni Resource Recovery Park - Safety Improvements to Materials Recovery Facility and Landfill Site			622				
1217-City-wide Shared Pathways - New Rubbish/Recycling Bins	25,500	25,500	32,555	100%	-		
1371-Closed Landfills and Transfer Stations - Site Infrastructure	55,000	15,000	15,000	27%	-		
1373-City Wide Public Recycling Facilities	49,000	-	6,090	0%	-		
1451-Council Facilities LED Lighting Upgrades	60,000	-	-	0%	-		
1533-Materials Recovery Facility - Air Quality Improvements	40,000	40,000	35,041	100%	-		
Innovative & Growing City	7,000	7,000	7,000		-		
1535-City-Wide - Campervan Dump Stations	7,000	7,000	7,000	100%	-		
Stormwater	961,000	781,000	835,059		-		
51-City-wide - Stormwater Subdivision Contributions	50,000	-	-	0%	-		
197-Urban Growth - North East Industrial Park Stormwater	20,000	-	-	0%	-		
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems(1284-C/fwd - Urban Growth - Whakarongo -)	328,000	218,000	218,569	71%	-		Complex design and consenting issues have slowed progress.
1060-City-wide - Stormwater Improvement Works	563,000	563,000	616,490	98%	-		

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
<i>Public Transport</i>	23,711,079	19,715,458	18,679,643		462,360		
25-Forest Hill Road - Seal Extension	363,087	363,087	397,445	100%	-		
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding)(1275-C/fwd - Manawatu River - Downstream)	8,599,629	8,112,934	7,402,681	93%	-		Council has approved additional funding to complete lighting which will occur in Q1 19/20.
114-City-wide - New Cycle Stands and Shelters	30,000	30,000	18,849	87%	-		
148-City-wide - Bus Stop Improvements	63,000	50,326	51,319	46%	-		Additional consultation has proven to be time consuming
163-City-wide - New Street Tree Planting(1542-C/fwd - City-wide - New Street Tree)	88,959	88,959	80,463	100%	-		
167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4(1287-C/fwd - Urban Growth - Whakarongo -)	1,255,350	1,237,409	1,255,050	100%	17,941		
201-City-wide - Roading Subdivision Contributions	166,000	35,277	35,276	21%	130,723		
243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies)	137,856	-	-	100%	137,856		Work in this programme was also budgeted in Prog. 244 - Budget declared surplus.
244-City Centre Streetscape Plan - Square East (Plaza to ANZ)(900 C/fwd - The Square East Side - Street)	2,852,719	1,516,330	1,475,775	52%	-		Programme delayed and now 2 months behind original programme. Should not materially delay final completion of multi-year programme.
279-City-wide - Minor Road Safety Improvements	830,000	734,767	753,387	78%	95,233		
636-Aokautere Drive Pedestrian Cycle Improvements	50,000	26,000	21,750	52%	-		Unexpectedly complex design and consultation has delayed project.
732-Summerhill Drive - Pedestrian and Cycle Improvements	181,492	11,013	4,478	1%	-		Unexpectedly complex design and consultation has delayed project.
829-City-wide - Undergrounding of Power and Telecom Cables(713-C/fwd - City-wide - Undergrounding o)	285,607	205,000	188,138	62%	80,607		Powerco & Chorus have committed to \$190K, Council approved a reduction in this budget to reflect the agencies reluctance to partner in this programme.
977-Manawatu River (Fitzherbert Bridge to Linton) - Cycle/Pedestrian Pathway (subject to part external funding)(3,297,371	3,297,371	3,089,544	100%	-		
1003-Urban Growth - Whakarongo - Intersection Upgrades	184,775	184,775	188,991	100%	-		
1007-Urban Growth - Whakarongo - Internal Roads	30,420	30,420	30,420	100%	-		Project delayed while Council approved additional funding, project complete in Q1 19/20.
1086-City-wide - Street Lighting Upgrade to Current LEDs	2,393,989	1,949,427	1,993,637	78%	-		
1089-Industrial Growth - NEIZ - Richardsons Line Upgrade	100,000	25,000	-	4%	-		There was no requirement from the developers in 18/19, work should ramp up in 19/20.
1090-Industrial Growth - NEIZ - Roberts/Richardsons Line Intersection Upgrades	46,000	13,000	-	4%	-		
1121-Massey and Research Institutes Development (Food HQ) (subject to part external funding)	500,000	100,000	74,704	20%	-		The multi-year NZTA funding is still subject to approval, but they have just approved some minor preparatory work.
1155-City-wide - Street Seats	11,000	11,000	10,977	95%	-		
1183-Stoney Creek Road (School) Safety Upgrade	80,000	80,000	19,266	29%	-		Behind Schedule, Construction will now occur in 19/20.
1216-City-wide - Additional Cycle Lanes	102,000	102,000	100,215	11%	-		

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
<i>Public Transport - cont.</i>							
1260-Ashhurst - Footpath Improvements	-	-	11,420	100%			
1315-Walker's Road - New Shared Pathway	122,700	122,700	87,714	100%	-		
1354-Walkways and Shared Paths - City Loop Wayfinding	2,500	2,500	1,800	49%	-		
1358-Footpath extensions city wide	350,000	159,600	162,599	14%	-		This project requires more extensive design which delayed design.
1362-Roberts/Railway Road North Intersection Safety Realignment	350,625	21,563	14,749	2%	-		Evolving Scope changes resulted in delays on getting design completed which will defer completion into 19/20.
1363-Turitea Road Drainage Improvements (above Water Works Rd)	100,000	100,000	127,008	100%	-		
1367-Street Light Infill Improvements	446,000	446,000	506,675	100%	-		
1440-Cuba Street urban streetscape improvements - Rangitikei to George Street	40,000	9,000	6,990	23%	-		On Track for construction in 19/20.
1444-Shared path resilience improvements - Limestone to concrete	150,000	150,000	128,964	100%	-		Project is being delayed to co-ordinate in with the construction of the pedestrian/cycle bridge.
1488-Seal extension Rural Unsealed Road	500,000	500,000	462,200	100%	-		
<i>Wastewater</i>							
73-City-wide - Wastewater Subdivision Contributions	1,168,007	568,217	558,554		-		
210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area	100,000	39,229	22,224	39%	-		
630-City-wide - Seismic Strengthening to Wastewater Structures	116,007	116,007	133,773	51%	-		
570-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Growth)	64,538	64,538	61,574	17%	-		
906-Bunnythorpe Wastewater Connection to Palmerston North	-	-	71	100%			Project completed last year, final charges in this year.
1000-Urban Growth - Whakarongo - Installation of Wastewater Systems(1307-C/fwd - Urban Growth - Whakarongo -)	1		1,029	100%			Project completed last year, final charges in this year.
1043-Totara Road Wastewater Treatment Plant - Inlet Main Duplication	257,179	104,009	97,392	30%	-		construction delayed while location agreed with owner - should be completed in Q1 19/20.
1048-Totara Road Wastewater Treatment Plant - Construction of New Food Waste Facilities	69,000	69,000	70,162	86%	-		
1055-Urban Growth - City West - Installation of Wastewater Systems	206,282	120,282	117,177	15%	-		Redesign being undertaken to lower cost so project can be completed on budget.
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures	50,000	-	-	0%	-		No call on funds in 18/19
1381-Totara Rd WWTP - Biogas Generator Exhaust Heat Recovery	112,000	55,152	55,152	29%	-		
	193,000	-	-	0%	-		Project Tendered but offers thought to be excessive. Officers seeking to find more cost effective solutions.

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
Water	4,979,904	2,674,152	2,717,005		39,326		
	646,654	257,040	260,097	36%	-		Design and procurement phases complete. Lower than estimated pipe costs have resulted in carry forward which will offset construction costs, if needed.
	50,000	10,674	25,624	51%	39,326		
	54,304	36,980	36,833	68%	-		This is potentially a saving, which will be declared when project fully complete
	264,449	211,173	213,504	76%	-		
	413,789	277,338	287,764	64%	-		Detail design completed as planned, surplus carry forward to offset construction costs, if needed.
	886,922	282,465	221,073	11%	-		Shortage of Specialist Contractors has hampered progress.
	516,786	280,000	279,690	54%	-		No call for work by developers
	284,000	284,000	300,820	93%	-		
	750,000	607,000	649,712	81%	-		Delays in designing and constructing the chemical treatment plant associated with Railway Road Bore has delayed progress.
203,000	41,000	39,450	4%	-		Tower Contract awarded, civil construction complete, but the rest of the work is being retendered to try and get realistic offers.	
160,000	160,000	167,242	100%	-			
200,000	-	-	0%	-			Project delay while Massey finishes seismic assessment of reservoir.
550,000	226,482	235,196	41%	-			Contract awarded, but earlier difficulties in finding a tenderer has meant completion of this work will be completed in 19/20.

ITEM 7 - ATTACHMENT 3

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual Physical Progress			
<i>Creative & Exciting City</i>	4,713,448	3,544,890	3,921,152		6,006		
98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial	240,000	240,000	281,527	94%	-		
173-Citywide - Playground Renewals	269,000	269,000	269,715	75%	-		
174-Citywide - Replacement of Furniture on Reserves	124,000	124,000	128,819	83%	-		
177-Citywide - Replacement of Gardens on Reserves	31,273	31,273	32,479	100%	-		
184-Walkways and Shared Paths - Refurbishments and	45,867	39,861	82,254	87%	6,006		
190-Citywide - Replacement of Trees on Reserves	13,030	13,030	13,881	100%	-		
194-Citywide - Renewal of Bridges on Reserves			6,176	100%			
195-Citywide - Renewal of Hardsurface Areas on Reserves	139,000	139,000	154,884	88%	-		
213-Cultural Facilities - Replacement of Structures, Internal Fit	404,999	374,055	363,772	94%	-		
Out and Services							
234-Sportsfields and Outdoor Courts - Changing Room	965,588	101,664	158,928	5%	-		Colquhoun Park proceeding to link in with Softball Junior World Cup. Design and Tenders completed 18/19, Construction early 19/20.
254-City-wide - Sportsfield Carpark and Hardsurface Area			1,056	100%			
Resurfacing							
258-Citywide - Refurbishment and Replacement of Boundary	45,867	45,867	60,521	100%	-		
Fences on Reserves							
267-Sportsfields and Outdoor Courts -	12,288	12,288	-	0%	-		
Fitzherbert/Manawaroa/Ongley Parks - Cricket Wicket							
269-Sportsfields and Outdoor Courts - Vautier Park - Synthetic	45,000	45,000	44,985	100%	-		
271-Sportsfields and Outdoor courts - Awapuni Tennis Court	52,000	52,000	62,694	96%	-		
596-Aquatics - Lido Pool - Asset Renewals	349,381	349,381	374,306	90%	-		
598-Aquatics - Freyberg Community Pool - Asset Renewals	70,000	70,000	37,388	100%	-		
819-Central Energy Trust Arena - Replacement of Equipment	44,151	44,151	44,876	15%	-		
826-BC - Bunnythorpe Sports Domain - Renewals	31,765	31,765	11,952	100%	-		
1051-Central Energy Trust Arena Manawatu - Combined Asset	1,105,000	1,105,000	1,417,750	100%	-		Work from next year brought forward and will be completed. This will enable previously unplanned sprinkler work to be designed, along with the scheduled lights and ceiling work for construction in 19/20 yr.
Refurbishment							
1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank	401,739	134,055	103,791	11%	-		Design & consents achieved in 18/19, construction will proceed in 19/20
Renewal(1531-C/fwd - Cultural/Heritage Reserve -)							
1144-Manawatu Heritage (Archives Digital Repository) Renewal	10,000	10,000	10,000	100%	-		
1406-City Reserves - The Square - Te Marae O Hine - Pouwhenua	186,500	186,500	170,000	100%	-		
1474-City-wide - Renewal of park buildings and structures	50,000	50,000	51,873	100%	-		
1490-i-Site LED screen renewal	54,000	54,000	51,989	100%	-		
1496-Replacement of Street Flags	23,000	23,000	-	0%	-		

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual physical Progress			
<i>Driven & Enabling Council</i>	3,190,308	3,165,454	3,411,649		-		
53-Computer Replacement - Rolling Replacements	475,000	475,000	854,025	100%	-		This was as a result of a decision five years ago to move from separate servers to one \$550K "box". This has proven to be economical from both an operational and capital viewpoint, but the LTP did not aggregate the last five years funding for servers into 18/19.
58-Network Additions and Upgrades	40,707	40,707	31,250	100%	-		
63-Council's Plant and Vehicles - Replacements	1,075,000	1,075,000	1,063,838	100%	-		
68-Aerial Photography	27,729	27,729	21,874	98%	-		
80-Council's Plant and Equipment - Replacement	166,368	166,368	179,537	100%	-		
85-Council's Depot Buildings and Structures(1532-C/fwd - Council's Depot Buildings a)	42,000	17,146	17,146	41%	-		
86-Council Wide - Furniture Replacements	10,270	10,270	58,704	100%	-		
221-Print Synergy - Replacement of Print Synergy Machinery	4,000	4,000	2,599	50%	-		
272-Staff Cafeteria - Replacement of Equipment	5,690	5,690	4,751	40%	-		
281-Operational Property -Civic Administration Building - Refurbishments	1,067,544	1,067,544	1,087,650	97%	-		
318-Telecommunications Replacement - Council Buildings	91,000	91,000	45,672	35%	-		
755- Replacement of Parking Enforcement Hand Helds and iPhone	55,000	55,000	-	0%	-		
784- Replacement of Council's Photocopiers/Printers	130,000	130,000	44,604	20%	-		
<i>Eco-City</i>	361,650	248,786	275,315		42,566		
185-Closed Landfills and Transfer Stations - Site Infrastructure Renewals	160,684	145,684	147,643	91%	15,000		
612-Recycling - City Wide Wheelie Bin and Crate Renewals	53,566	26,000	50,981	100%	27,566		Forecast annual bin replacements should not require the full budget.
649-Recycling - Materials Recovery Facility Renewals	131,400	61,102	61,102	47%	-		
1368-City Wide Public Space Rubbish & Recycling Bins Renewals	15,000	15,000	14,682	100%	-		
1374-City Wide Public Recycling Facilities Renewals	1,000	1,000	907	100%	-		

ITEM 7 - ATTACHMENT 3

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual physical Progress			
<i>Innovative & Growing City</i>	379,939	379,939	363,012		-		
251-Convention Centre - Replacement of Equipment	34,958	34,958	34,040	100%	-		
270-Investment Properties - Holiday Park - Renewals	191,231	191,231	193,399	100%	-		
664-Convention Centre - Renewals	153,750	153,750	135,573	97%	-		
<i>Stormwater</i>	634,647	634,647	577,716		-		
20-City-wide - Stormwater Pump Station Renewals	70,000	70,000	8,071	11%	-		Identified work did not proceed as planned
1062-City-wide - Stormwater Renewal Works	564,647	564,647	569,645	76%	-		
<i>Transport</i>	6,496,909	6,086,881	5,859,324		358,263		
64-City-wide - Footpath Renewals and Replacements(1546-	961,767	889,897	900,915	78%	71,870		
74-City-wide - Street Light Replacements	135,000	135,000	129,900	100%	-		
82-City-wide - Off Street Parking Resurfacing, Remarking and Signage Replacement	10,000	10,000	14,534	100%	-		
115-City-wide - Sealed Pavement Renewals	2,514,897	2,346,271	2,312,487	99%	168,626		
122-City-wide - Road Drainage Replacements	374,007	374,007	246,110	94%	-		
139-City-wide - Sealed Road Resurfacing	1,756,392	1,756,392	1,711,164	100%	-		
155-City-wide - Street Tree Replacements	60,000	60,000	58,580	100%	-		
162-City-wide - Vehicle Crossing Replacements(1547-C/fwd - City-wide - Vehicle Crossin)	476,081	465,314	443,288	88%	10,767		
175-City-wide - Traffic Signals Renewals		-	2,125	100%			
181-City-wide - Bus Shelter Upgrades and Replacements	34,000	34,000	36,728	100%	-		
742-Campbells Road - Bridge Renewal	51,765	-	-	0%	-		Currently on hold while ring road is finalised. Council disagrees with NZTA that the replacement bridge should only be 70% of class One
648-City-wide - Replacement of Deteriorating Cycle Stands	11,000	11,000	5,000	65%	-		
828-City-wide - Parking Meter Replacement	112,000	5,000	2,743	4%	107,000		Asset condition leads officers to conclude only a small number require replacement.

Programme	2018/19 Budget	Able to Complete			Savings	Quadrant Position	Comments
		Full Year Forecast Spend	Actual Spend to date	Actual physical Progress			
Wastewater	3,993,922	3,514,992	3,459,061		65,435		
54-City-wide - Wastewater Pipe Renewal	1,515,000	1,515,000	1,534,450	95%	-		Work on Schedule, estimate full budget not required
65-City-wide - Wastewater Pump Station Renewal	150,000	150,000	156,812	100%	-		
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	155,000	155,000	154,310	99%	-		
621-Totara Road Wastewater Treatment Plant - Digester Lids Refurbishment	17,433	17,433	18,356	100%	-		
1050-Totara Road Wastewater Treatment Plant - Replacement of PLCs and SCADA	-	-	3,960				
1056-Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal)(1555-C/fwd - Totara Road Wastewater Trea)	415,489	355,598	342,123	81%	-		Council has approved additional budget, but this is currently phased into the later months, hence the continued "Over Budget" warning in the quadrant report.
1059-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems	635,000	318,381	303,925	24%	-		Proposed solution proved to be too expensive, considering alternatives to ensure project value meets project objectives.
1067-Totara Road Wastewater Treatment Plant - Replacement of Security Fence and Gate	350,000	300,000	341,888	51%	50,000		
1068-Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps	573,000	536,015	444,127	33%	-		Project originally delayed to ensure it met objectives, pumps purchased but cannot be installed until summer low flow conditions
1380-Totara Rd WWTP - Biogas Generator Major Overhauls	183,000	167,565	159,110	86%	15,435		Contractor has been commissioned
Water	3,415,447	3,415,447	3,605,799		-		
199-City-wide - Water Bore Headworks and stations Renewal	362,902	362,902	361,551	100%	-		
207-Turitea Water Treatment Plant - Equipment and Facility Renewals	196,641	196,641	190,885	100%	-		
214-City-wide - Water Toby and Meter Replacements	170,904	170,904	286,421	100%	-		
218-City-wide - Water Pipe Replacements	1,935,000	1,935,000	1,952,424	99%	-		Work and finance on track, estimate all tasks will be completed with a surplus.
663-Ashhurst - Bore to Reservoir Pipe Replacement	600,000	600,000	660,743	100%	-		
1058-City-wide - Groundwater Bores Renewal	150,000	150,000	153,775	97%	-		Keith Street Bore connection delayed to allow 3 months of clear water tests.

Attachment 5 – Financial Statements

Palmerston North City Council
 Summary of Financial Performance
 Year to Date Period Ended June 2019

	Year to Date		
	Actual	Budget	Actual
	\$000	\$000	Prior Year \$000
OPERATING REVENUE			
Rates revenue	95,309	94,537	90,630
Interest and dividends	930	517	804
Other revenue	28,570	24,421	25,601
Operating subsidies and grants	3,761	3,207	2,870
TOTAL OPERATING REVENUE	128,570	122,682	119,905
CAPITAL REVENUE			
Capital subsidies and grants	11,007	13,373	13,552
Development contributions	1,776	1,063	2,151
Vested assets	1,714	2,000	6,134
TOTAL CAPITAL REVENUE	14,497	16,436	21,837
TOTAL REVENUE	143,068	139,119	141,742
EXPENSES			
Employee and elected member remuneration	(44,674)	(42,743)	(42,472)
Depreciation and amortisation	(33,183)	(34,627)	(31,779)
Interest	(6,019)	(7,284)	(5,892)
Professional service costs	(13,500)	(9,650)	(8,829)
Other expenses	(43,361)	(42,076)	(50,701)
TOTAL EXPENSES	(140,736)	(136,379)	(139,674)
NET SURPLUS/(DEFICIT) BEFORE TAX	2,331	2,739	2,068

Palmerston North City Council
Statement of Financial Position
as at 30 June 2019

	2018/19		2017/18
	as at 30 June 2019	Full Year	As at 30 June 2018
	Actual \$000s	Annual Budget \$000s	Actual \$000s
Current Assets			
Cash & Short Term Deposits	2,671	1,279	1,643
Trade and other receivables	9,845	6,432	11,051
Inventory	348	528	512
Derivative financial instruments	-	-	-
Non-current assets held for sale	-	-	-
Total Current Assets	12,863	8,240	13,206
Non-Current Assets			
Property, plant and equipment	1,669,822	1,613,231	1,558,609
Intangible Assets	1,337	1,498	1,572
Biological Assets	1,300	1,248	1,432
Investment Properties	5,335	18,711	5,515
Investments & Advance	12,876	-	13,409
Inventory (non-current)	4,984	-	-
Derivative financial instruments	-	-	-
Total Non-Current Assets	1,695,654	1,634,688	1,580,537
Total Assets	1,708,517	1,642,928	1,593,743
Current Liabilities			
Bank overdraft	-	-	-
Trade and other payables	21,335	6,667	21,910
Provisions	1,258	-	1,491
Current Employee Entitlements	5,534	-	5,071
Current Portion - Term Liab	10,000	-	25,000
Derivative financial instruments	2,551	20,592	346
Total Current Liabilities	40,678	27,258	53,818
Non-Current Liabilities			
Provisions	665	2,244	665
Term Employee Entitlements	1,131	1,311	1,368
Term Liabilities	111,200	144,863	74,875
Derivative financial instruments	9,416	-	8,075
Total Non-Current Liabilities	122,412	148,418	84,983
Total Liabilities	163,090	175,677	138,801
Assets less Liabilities	1,545,427	1,467,251	1,454,942
Public Equity			
Retained earnings	1,049,414	1,044,842	1,043,437
Other reserves	496,013	422,409	411,505
Total Public Equity	1,545,427	1,467,251	1,454,942

Palmerston North City Council
Statement of Cash Flows
for the year ended 30 June 2019 - Palmerston North City Council

	Actual 2019 \$000	Budget 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from rates revenues	95,456	94,537
Interest received	291	17
Dividends received	649	500
Operating subsidies and grants	3,740	3,207
Receipts from other revenue	27,713	24,421
Capital subsidies and grants	13,388	13,373
Development contributions	2,203	1,063
Receipts from tax losses	0	0
Payments to suppliers and employees	(99,221)	(94,468)
Interest paid	(6,019)	(7,284)
Income tax paid (net)	0	0
Goods and Services Tax (net)	(78)	0
NET CASH FROM OPERATING ACTIVITIES	38,122	35,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	202	0
Proceeds from sale of biological assets	781	0
Purchase of intangible assets	(84)	0
Purchase of property, plant and equipment	(59,151)	(74,076)
Purchase of investment property	(46)	0
Other advances made, repayment received	(121)	0
Reduction in investment fund	0	0
Repayment, acquisition of investments	0	0
NET CASH FROM INVESTMENT ACTIVITIES	(58,419)	(74,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	36,325	38,710
Repayment of borrowings	(15,000)	0
NET CASH FROM FINANCING ACTIVITIES	21,325	38,710
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	1,028	0
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,643	1,279
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE AT THE END OF THE YEAR	2,671	1,279

Attachment 6 – Approved variations to Annual Budget

After the 2018/19 Annual Budget was approved, the following changes were authorised by Council. These also impacted the debt levels.

Operating	\$000
Annual budget Net Result	2,739
Changes authorised by Council:	
1086-City-wide Street Lighting upgrade increase in external capital revenue	1,200
Public Sculptures changed from capital expenditure to grants expense	(50)
Other changes:	
Inclusion of Warmup Palmy targeted rate	(14)
Revised Budget Net Result	3,875

Capital Expenditure	Programme	\$000
Annual Budget total capital expenditure		74,076
Changes authorised by Council:		
Adjust budget carry forwards to actual		674
Pedestrian/cycle bridge (To be offset by reallocations from other programmes)		1,210
Water source and security (to be added)	985, 592, 1005, 246, 1404, 1384, 593, 1570	1,412
Walkways purchase of land (amend to carryforward)	94	145
Emergency operations centre	1513	200
Replacement community signage options	1490	54
GK forest new roads	245	26
He Ara Kotahi - Downstream Pedestrian/Cycle Bridget Construction	57	1,248
Manawatu River(Fitzherbert Bridge to Linton) Cycle Pedestrian Pathway	977	1,767
City Wide Undergrounding of Power and Telecom Cables	829	(900)
City Wide Street Lighting Upgrade to Current LEDs	1086	889
Operational Property - Civic Administration Building - Refurbishments	281	260
Public Sculptures/Arts Funding	367	(50)
Annual Budget total capital expenditure		81,011

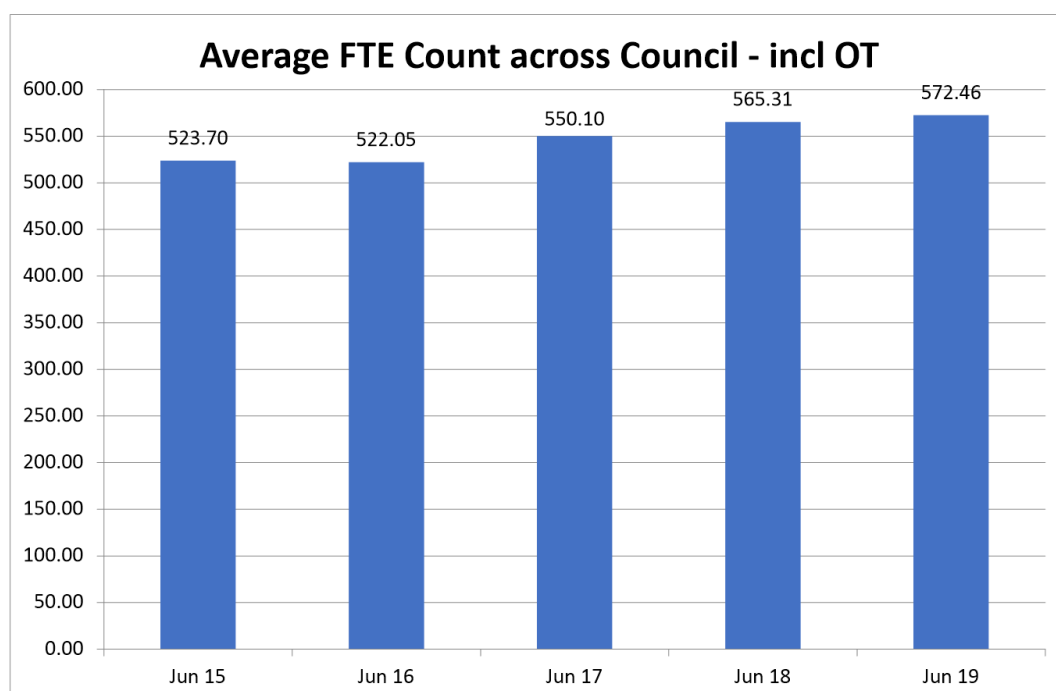
Variations of Budgets approved by Chief Executive

The Delegations Manual provides that the Chief Executive may approve transfers of budgets where this will best achieve the outcome intended and savings can be made to offset the authorised increase. Amounts authorised are required to be reported quarterly to the Finance and Performance Committee.

Operating	Budget	Variation	
Activity	\$000	\$000	%
Sculptures maintenance (internal transfer of programme across activities)	5	-	
1480 Sponsorship opportunities with economic benefits (internal transfer of programme)	50	-	
Maori advisory (internal transfer of operating costs across activity)	45		
Turitea Forest harvest brought forward, cash beneficial (net of capital revenue and write-off)	Capital Rev 26 Write off (40)	(14)	

Capital Expenditure	Programme	Type	Budget	Variation	
			\$000	\$000	%
Investment Properties - Holiday Park	270	Renewal	141	50	35
Public toilets	186	Renewal	100	(12)	(12)
Council's depot and buildings	85	Renewal	80	(38)	(48)
Public sculptures (internal transfer of programme across activities)	367	New	50	-	
'Seismic strengthening of wastewater structures	630	New	177	(112)	(63)
'Totara Rd - seismic strengthening of civil structures	1074	New	100	12	12
'City Centre Flagtrax installation	1446	New	150	60	40
Water telemetry disaster resilience microwave link	1385	New	163	40	25
City Wide Public Space Rubbish and Recycling	506	New	68	(18)	(26)
Materials Recovery Facility - Air Quality Improvements	1533	New	50	(10)	(20)
Install RFID Tags on Existing Recycling Wheelie Bins	1106	New	202	28	14
City Wide - Water Pipe Replacements	218	Renewal	2,015	(80)	(4)
Recycling - City Wide Wheel Bin and Crate Renewals	612	Renewal	74	(20)	(27)
City Wide - Water Bore Headworks and Station Renewals	199	Renewal	283	80	28

Closed Landfills and Transfer Stations - Site Infrastructure Renewals	185	Renewal	141	20	14
Totara Road Wastewater treatment Plant - Construction of new food waste facilities	1048	New	174	32	18
Totara Road Wastewater treatment plant - Inlet Main Duplication	1043	New	50	19	38
Urban Growth-Whakarongo-James Line Upgrade Stage 4	167	New	1,203	52	4
City Centre Flagtrax installation	1446	New	210	(32)	(15)
Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area	210	New	135	(19)	(14)
Urban Growth-Whakarongo-Installation of Stormwater Systems	1001	New	380	(52)	(14)
Totara Road WWTP Minor Equipment Renewals	179	Renewal	130	25	19
Ashhurst Bore to Reservoir Pipe Replacement	663	Renewal	600	60	10
Totara Road WWTP Replacement of Inlet Pumps	1068	Renewal	546	27	5
Totara Road WWTP Biogas Generator Major Overhauls	1380	Renewal	150	33	22
Citywide Wastewater Pipe Renewal	54	Renewal	1,600	(85)	(5)
Citywide Water Pipe Replacement	218	Renewal	1,935	(60)	(3)

Attachment 7 – Personnel**FTE Count Across Council – As at June 2019**

Attachment 8 - External Fundraising

An external funding update was presented to the Finance and Performance Committee in mid-April and a request was made to provide a regular update on the status of external fundraising as part of the quarterly report.

External fundraising expectations are taken from Council's 10 Year Plan as amended by the Annual Budget where applicable and from Council resolutions. The Chief Executive operates with a panel of senior managers from across the organisation to coordinate and prioritise fundraising efforts and monitor progress.

In the last quarter, a revised application was submitted for funding of \$150,000 towards the artificial pitch at Central Energy Trust Arena and Council was successful in obtaining the full amount of funding applied for. In addition, another \$20,000 was received for the same project from a separate funder. With those two successful applications, the total amount of external funding raised for the artificial pitch is \$520,000.

External funding requests have also been made for \$20,000 towards the Memorial Park Splash Pad and for \$20,000 per annum over the next five years towards scoreboards at Central Energy Trust Arena to replace the current outdated scoreboards and time clocks.

The status of external fundraising at the end of the financial year is shown in the table below:

Project	Total Fundraising Component (from 10 YP)	Confirmed Funding Raised	Remainder Left to Fundraise	Funding Applied For (Not Confirmed)
He Ara Kotahi Bridge Lighting	\$700,000	\$350,000	Note 1	-
Arena Artificial Pitch	\$700,000	\$520,000	Note 1	-
Arena Speedway Pits move	\$1 Million	-	\$1 Million	See below
Arena South Grand Stand	\$6 Million	-	\$6 Million	-
Bunnythorpe Community Centre	\$700,000	-	\$700,000	See below
Memorial Park Splash Pad	\$250,000	-	\$250,000	\$20,000
Arena Scoreboards	-	-	-	\$20,000 pa

Note 1. No further external funding is being pursued as construction has commenced and/or is nearing completion. Further funding towards the He Ara Kotahi Bridge may be forthcoming from NZTA depending on the final cost of the overall project.

Since financial year end, an external funding application has been submitted for the full external funding component of the Central Energy Trust Arena speedway pits. The funder has requested further information before considering the application.

In addition, Council Officers have assisted the Bunnythorpe Community Centre Trust with two funding applications. One has been submitted for \$50,000 and the second is due to be submitted by the end of August for \$600,000.

Revision to capital programme carry forward budgets requested

Carry forward programmes to 2019/20 have been reviewed and are to be adjusted to the lower of the budget available, or carry forward requested as in the 2019/20 Annual Budget.

In determining the programme carry forward amounts, an estimate was made of the value of expenditure anticipated to be completed by 30 June 2019. The 2019/20 budget then included the estimated remaining budget as the "balance of programme".

For programmes summarised in table one below, the value of work completed overall by 30 June 2019 was less than what was anticipated with the remaining budget balance being more than estimated. For these programmes we are requesting a revised budget increase to reflect the actual remaining budget balance.

For programmes in table two below, the reverse is true, and more money had been spent by 30 June than estimated. We are again requesting that the budget be revised down to reflect the actual remaining unspent budgets.

Table three below contains a list of programmes that were not put forward as carry forward requests in the annual budget process, for which we are now seeking approval to carry forward budgets to this financial year. These are programmes where the budget was not spent by 30 June for which we still wish to carry forward to 2019/20.

Council is requested to note that for these programmes the carry forwards in the 2019/20 Annual Budget need to be increased by a net \$4,065k. This is not immediately visible variance between the 2019/20 opening debt and the 30 June 2019 actual. The table below summarises what makes up the variance.

Impact on 2019/20 opening cash position

\$000s	Actual 2018/19	Budget 2019/20	Variance
Debt balance	121,200	122,041	
Less cash balance	(2,671)	(1,279)	
Net debt position	118,529	120,762	2,233
Cash received in July expected in June	1,080		1,080
Total cash position variance			3,313
Proposed carry forward	15,247	11,182	4,065
Possible additional borrowing required (assuming all budgeted capex in 2019/20 is achieved)			752

	New \$000	Renewal \$000	Total \$000
Carry forward capital included in 2019/20 Annual Budget	9,477	1,705	11,182
Adjustment to actual carry forward available for those programmes included in the 2019/20 Annual Budget:			
- Increases to budget	1,839	65	1,904
- Reductions to budget	-158	-213	-371
Additional carry forward required for programmes unable to be completed by 30 June 2019	1,431	1,101	2,532
Total to be carried forward to 2019/20	12,589	2,658	15,247

Table one

Increase in existing carry forward budgets		Carry forward in 2019/20 budget \$000	Required carry forward to complete \$000	Adjustment require to 2019/20 budget \$000
Capital New		6,648	8,487	1,839
1082-Central Energy Trust Arena Manawatu - Speedway Relocation & Artificial Pitch		2,876	3,384	507
1086-City-wide - Street Lighting Upgrade to Current LEDs		105	400	296
1121-Massey and Research Institutes Development (Food HQ) (subject to part external funding)		200	400	200
1362-Roberts/Railway Road North Intersection Safety Realignment		100	329	229
1570-UV Treatment for Papaloa Park Bore 3		113	315	202
161-Public Toilets - Citywide programme		207	229	22
244-City Centre Streetscape Plan - Square East (Plaza to ANZ)		1,295	1,337	42
651-City-wide - Seismic Strengthening of Water Structures		91	126	35
902-Property - Seismic Strengthening of Council Owned Buildings		56	60	4
91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs		287	387	100
94-Walkways and Shared Path - Purchase of Land to Extend Network		125	260	135
985-Kelvin Grove Water Supply Zone - New Bore		537	605	68
Capital Renewal		\$60	125	65
202-Central Library Interior Design Renewals		\$60	125	65
Total		6,708	8,612	1,904

Table two

Reduction in existing carry forward budgets	Carry forward in 2019/20 budget \$000	Required carry forward to complete \$000	Adjustment require to 2019/20 budget \$000
Capital New	2,829	2,671	-158
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems	160	109	- 51
1004-Urban Growth - Whakarongo - Installation of Water Supply Systems	237	237	-
1055-Urban Growth - City West - Installation of Wastewater Systems	50	50	-
1089-Industrial Growth - NEIZ - Richardsons Line Upgrade	75	75	-
1090-Industrial Growth - NEIZ - Roberts/Richardsons Line Intersection Upgrades	33	33	-
1185-Non-Financial Reporting System	205	205	-
1188-Land Use Monitoring	75	75	-
1282-Panieri Park - Purchase of Adjacent Land	40	40	-
1342-Fitzherbert Park - Cricket Ground Enhancements (subject to part external funding)	136	136	-
1358-Footpath extensions city wide	188	187	- 1
1371-Closed Landfills and Transfer Stations - Site Infrastructure	40	40	-
1373-City Wide Public Recycling Facilities	49	43	- 6
1381-Totara Rd WWTP - Biogas Generator Exhaust Heat Recovery	193	193	-
1384-Citywide - New water supply reservoirs to replace an earthquake prone reservoir and enhance supply storage through out the city	130	100	- 30
1389-City Wide - Second River Crossing and Emergency Supply	200	200	-
1391-Urban Growth - City West South of Pioneer Highway - Walkways Development	74	74	-
1413-Bunnythorpe Community Facility	112	87	- 25
1451-Council Facilities LED Lighting Upgrades	60	60	-
1513-New emergency operations centre (EOC) Fit Out	140	111	- 29
197-Urban Growth - North East Industrial Park Stormwater	20	20	-
697-Clearview Reserve Development	31	31	-
829-City-wide - Undergrounding of Power and Telecom Cables	81	81	-
93-City Reserves - Memorial Park Reserve Development Plan Implementation	500	483	- 17

Capital Renewal	1,644	1,431	-213
1067-Totara Road Wastewater Treatment Plant - Replacement of Security Fence and Gate	50	0	- 50
1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal	280	268	- 12
1151-City Libraries - Building Security System Renewal	50	50	-
1291-Library Roof and HVAC Replacement	200	168	- 32
1380-Totara Rd WWTP - Biogas Generator Major Overhauls	15	13	- 2
179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	63	0	- 63
234-Sportsfields and Outdoor Courts - Changing Room Refurbishments	858	807	- 51
649-Recycling - Materials Recovery Facility Renewals	73	70	- 2
755-Replacement of Parking Enforcement Hand Helds and iPhones	55	55	-
			- 50
Total	4,473	4,102	-371

Table three

New carry forward budgets requested		Carry forward in 2019/20 budget \$000	Required carry forward to complete \$000	Adjustment require to 2018/19 budget \$000
Capital New		0	1,431	1,431
1187-PNCC Website Customisation		0	42	42
107-Cemeteries - Kelvin Grove - Ash Plot developments and Childrens area extension		0	8	8
1127-City Reserves - Victoria Esplanade - Bonsai House		0	8	8
57-Manawatu River - Downstream Pedestrian/Cycle Bridge Construction (subject to part external funding)		0	200	200
114-City-wide - New Cycle Stands and Shelters		0	4	4
148-City-wide - Bus Stop Improvements		0	12	12
243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies)		0	138	138
592-Turitea Water Treatment Plant - Sludge Handling and Disposal Improvements		0	17	17
593-Water Safety and Security Mitigation		0	51	51
636-Aokautere Drive Pedestrian Cycle Improvements		0	24	24
732-Summerhill Drive - Pedestrian and Cycle Improvements		0	170	170
1000-Urban Growth - Whakarongo - Installation of Wastewater Systems		0	153	153
1048-Totara Road Wastewater Treatment Plant - Construction of New Food Waste Facilities		0	86	86
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures		0	57	57
1131-City Boundary Entrance Treatments		0	290	290
1330-Placemaking Co-created Project		0	7	7
1385-Water Telemetry Disaster Resilience Additional Microwave Link		0	164	164

Capital Renewal		0	1,101	1,101
784- Replacement of Council's Photocopiers/Printers		0	85	85
1496- Replacement of Street Flags		0	23	23
85- Council's Depot Buildings and Structures		0	25	25
180- Social Housing - Citywide - Community Housing Refurbishments		0	13	13
213- Cultural Facilities - Replacement of Structures, Internal Fit Out and Services		0	30	30
265- Citywide - Community Centre Refurbishments		0	102	102
664- Convention Centre - Renewals		0	5	5
1120- Ashhurst and Te Patikitiki Community Library Renewals		0	73	73
278- Cemeteries - Kelvin Grove - Roading and Footpath Refurbishment		0	51	51
185- Closed Landfills and Transfer Stations - Site Infrastructure Renewals		0	13	13
115- City-wide - Sealed Pavement Renewals		0	168	168
1056- Totara Road Wastewater Treatment Plant - Replacement of Inlet Screens (Renewal)		0	60	60
1059- Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems		0	316	316
1068- Totara Road Wastewater Treatment Plant - Replacement of Inlet Pumps		0	37	37
178- Central Library Replacement of Shelving, Furniture and Fittings		0	100	100
Total	0	2,532		2,532

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Treasury Report - 12 months ending 30 June 2019

PRESENTED BY: Steve Paterson, Strategy Manager Finance

APPROVED BY: Grant Elliott, Chief Financial Officer

RECOMMENDATION(S) TO COUNCIL

1. That the performance of the treasury activity for the 12 months ended 30 June 2019 be noted.
-

1. ISSUE

To provide an update on the Council's treasury activity for the 12 months ended 30 June 2019.

2. BACKGROUND

The Council's 10 Year Plan Budget for 2018/19 forecast additional debt of \$38.71m would need to be raised during the year to fund the \$47.89m of new capital expenditure programmes (including assumed carry forwards from 2017/18). In June 2018 the Council resolved to specifically authorise the raising of up to \$39m of additional debt.

Council's Financial Strategy (updated version adopted 25 June 2018) contains the following ratios which the Council has determined to be prudent maxima:

- Net debt as a percentage of total assets not exceeding 20%
- Net debt as a percentage of total revenue not exceeding 200%
- Net interest as a percentage of total revenue not exceeding 15%
- Net interest as a percentage of annual rates income not exceeding 20%

The Treasury Policy (embracing the Liability Management and Investment Policy), adopted in December 2017 and updated on 25 June 2018, also contains a number of other criteria regarding debt management.

3. PERFORMANCE

PALMERSTON NORTH CITY COUNCIL

Following the latest annual review published on 29 April 2019 Council's S&P Global Rating's credit rating remained unchanged at AA / A-1+.

Schedule 1 attached shows the details of Council's debt as at 30 June 2019. Debt levels were within the policy parameters outlined in section 2 of this report.

The summarised gross term debt movements are shown in the following table:

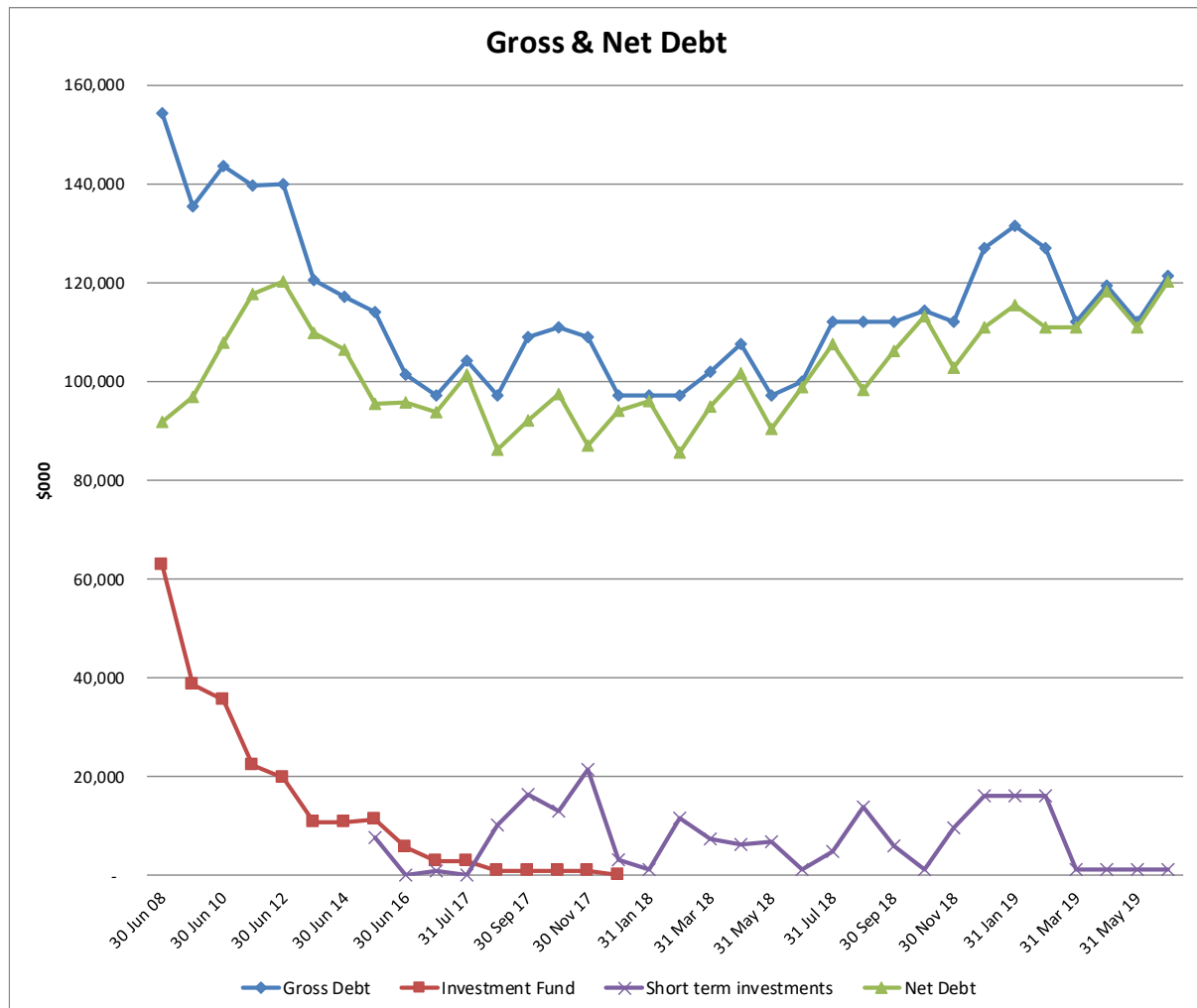
	10 Year Plan Budget for year (2018/19) \$000	Actual – 3 months (2018/19) \$000	Actual – 6 months (2018/19) \$000	Actual – 9 months (2018/19) \$000	Actual – 12 months (2018/19) \$000
Debt Balance at 1 July 2018	106,153	99,875	99,875	99,875	99,875
New Debt #*	38,710	15,000	30,000	30,000	37,000
Debt repayments #		(2,875)	(2,875)	(17,875)	(15,675)
Closing Balance	144,863	112,000	127,000	112,000	121,200
<u>Comprising:</u>					
Bank advance (on call)					2,200
LGFA short term advance		10,000	10,000	10,000	10,000
LGFA & Council stock		102,000	117,000	102,000	109,000

A portion of the Council's debt is drawn on a daily basis – daily drawdowns & repayments are not included in these figures but the net draw or repayment for the year to date is shown as part of new debt or debt repayment as appropriate.

* \$15m new debt was raised in July originally to pre-fund debt maturing in March 2019, however later used to fund capital expenditure undertaken in the latter part of last year and paid for early this year. A further \$15m of new debt was raised in December 2018 to pre-fund maturing debt in March 2019. This sum was placed on short term deposit until March 2019 at an interest rate that more than covered the cost of borrowing.

Net debt at 30 June 2019 was \$120.2m (i.e. gross \$121.2m less short-term deposits of \$1m compared with \$98.875m at 1 July 2018 (i.e. gross \$99.875m less short-term deposits of \$1.0m).

Movements in recent years are shown in the following graph:



Actual finance costs incurred during the 12 months (including interest, line fees & the effects of payments relating to swaps) amounted to \$6.02m compared with the budget for the year of \$7.284m.

The Council has entered financial instruments related to its debt portfolio utilising swap trading lines established with Westpac and ANZ. The details of these are shown in **Schedule 2 attached**.

The value of these instruments is measured in terms of its “mark-to-market” i.e. the difference between the value at which the interest rate was fixed and the current market value of the transaction. Each of these transactions was valued at the date they were fixed and again at the reporting date. Financial reporting standards require the movement in values to be recorded through the Council’s Statement of Comprehensive Income (Profit & Loss Account). They have been revalued as at 30 June 2019 and show a decrease in book value of \$1.07m for the quarter and \$3.55m for the year.

The Council’s Treasury Policy contains guidelines regarding the measurement of treasury risk as follows:

- Interest rate risk is managed by the Council maintaining the ratio of debt that is subject to floating versus fixed interest rates within pre-set limits.
- Funding and liquidity risk is managed by the Council maintaining a pre-set portion of its debt in a range of maturity periods eg < 1 year, 1 – 3 years, 5 years +.

The position compared to the policy is illustrated in the graphs in **Schedule 3**. The overall ratio of fixed v floating interest rate debt is based on the assessed level of total debt in 12 months' time.

As at 30 June 2019 all policy targets had been met.

Council's credit lines with the banks include a \$18m four-year credit facility with Westpac Bank (maturing 31 July 2020) and a revolving \$25m three-year facility with ANZ Bank (maturing 31 March 2022).

4. CONCLUSION & NEXT STEPS

Finance costs for the 12-month period (including interest, line fees & the effect of swaps) was \$6.02m compared with budget for the year of \$7.284m.

In conjunction with Council's treasury advisors hedging instruments are regularly reviewed in an effort to ensure the instruments are being utilised to best advantage as market conditions change. The level of hedging cover is also reviewed as the forecasts of future debt levels are revised.

Council's borrowing strategy is continually reviewed, in conjunction with Council's treasury advisors, to ensure best advantage is taken of Council's quality credit rating.

A further performance report will be provided after the end of the September 2019 quarter.

5. COMPLIANCE AND ADMINISTRATION

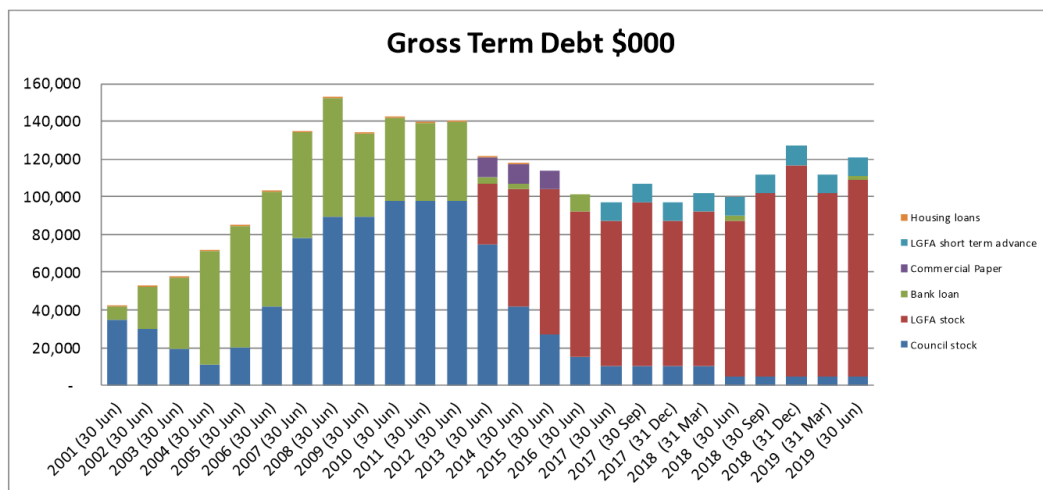
Does the Committee have delegated authority to decide?	Yes
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable This report outlines the outcomes of a fundamental administrative activity of the Council.	
Contribution to strategic direction	Managing the Council's treasury activity is a fundamental component of day to day administration of the Council.

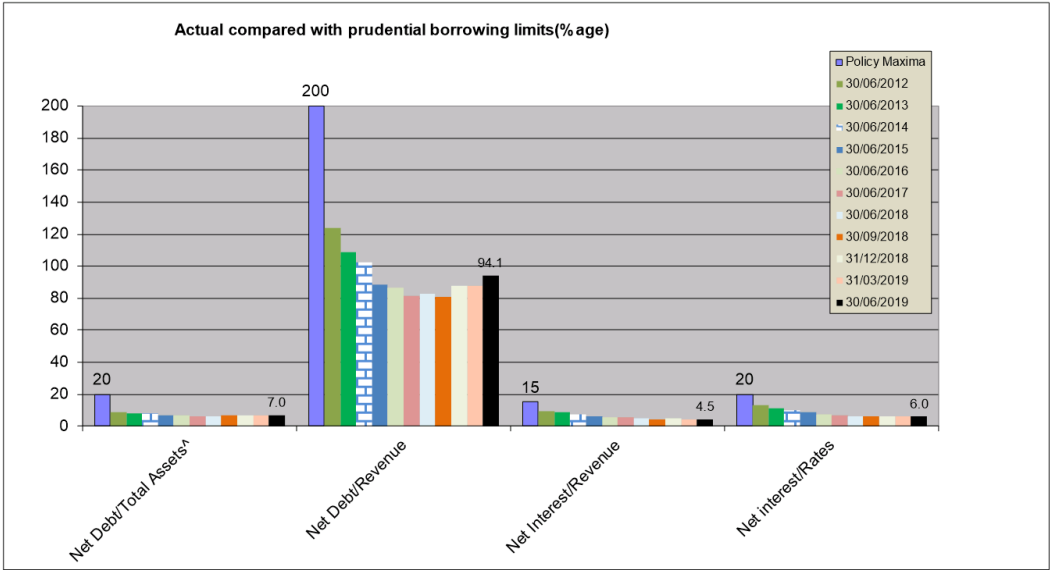
ATTACHMENTS

1. Schedules 1 - 3  

**Schedule 1 - Debt levels & Prudential Borrowing Ratios**

Palmerston North City Council								
Term Debt as at 30 June 2019								
1. Loan Stock on Issue - Council debentures						Current		
Issue Date	Term	Principal	Margin over BKBM	Interest Rate	Maturity Date	as at 30/06/2019	Interest Rate	Reset Date
FRN 5 Aug 16	6	5,000,000	0.6300%	2.4150%	5-Aug-2022		Floating Qtrly	5-Aug-19
		5,000,000						
2. Loan Stock on Issue - Borrowed from LGFA								
LGFA 20 May 13	8	5,000,000	0.6425%	2.3375%	15-May-2021		Floating Qtrly	15-Aug-19
LGFA 24 Feb 14	7	10,000,000	0.5525%	2.2475%	15-May-2021		Floating Qtrly	15-Aug-19
LGFA 19 May 14	7	5,000,000	0.6000%	2.2950%	15-May-2021		Floating Qtrly	15-Aug-19
LGFA 13 Apr 15	7	10,000,000	0.3300%	2.1450%	5-Apr-2022		Floating Qtrly	5-Jul-19
LGFA 18 Aug 14	9	10,000,000	0.6325%	2.4675%	15-Apr-2023		Floating Qtrly	15-Jul-19
LGFA 23 Jul 18	6	15,000,000	0.5525%	2.3875%	15-Apr-2024		Floating Qtrly	15-Jul-19
LGFA 6 Sep 17	7	6,000,000	0.6000%	2.1800%	15-Sep-2024		Floating Qtrly	16-Sep-19
LGFA 6 Sep 17	8	6,000,000	0.6600%	2.4950%	15-Apr-2025		Floating Qtrly	15-Jul-19
LGFA 22 Mar 18	8	5,000,000	0.7250%	2.5600%	15-Apr-2026		Floating Qtrly	15-Jul-19
LGFA 17 Jun 19	7	7,000,000	0.6525%	2.2689%	15-Apr-2026		Floating Qtrly	15-Jul-19
LGFA 16 Mar 15	12	5,000,000	0.4575%	2.2925%	15-Apr-2027		Floating Qtrly	15-Jul-19
LGFA 8 Jun 15	12	5,000,000	0.4525%	2.2875%	15-Apr-2027		Floating Qtrly	15-Jul-19
LGFA 17 Dec 18	10	5,000,000	0.7875%	2.6225%	15-Apr-2028		Floating Qtrly	15-Jul-19
LGFA 17 Dec 18	11	10,000,000	0.8225%	2.6575%	15-Apr-2029		Floating Qtrly	15-Jul-19
		104,000,000						
3. Sums drawn from ANZ								
As required					31-Mar-2022		Reset at any time	
				* plus line fee of 0.22%				
4. Sums drawn from Westpac								
On call - variable amount		2,200,000		2.605%	31-Jul-2020		Reset at any time	
				* plus line fee of 0.27%				
5. Short term facility from LGFA								
LGFA 13 May 19		10,000,000	0.11%	1.810%	12-Aug-2019	10,000,000		
Total as at 30 June 2019		121,200,000				10,000,000		





The Financial Strategy contains a series of ratios that the Council has determined to be prudent maxima. The chart above shows the actual results for since 2011/12 compared to those ratios.

The net debt/revenue policy ratio limit was reduced from 180% to 175% with the adoption of the updated policy on 27 June 2012. The 2018-28 Financial Strategy incorporates a new policy maximum of 200%.

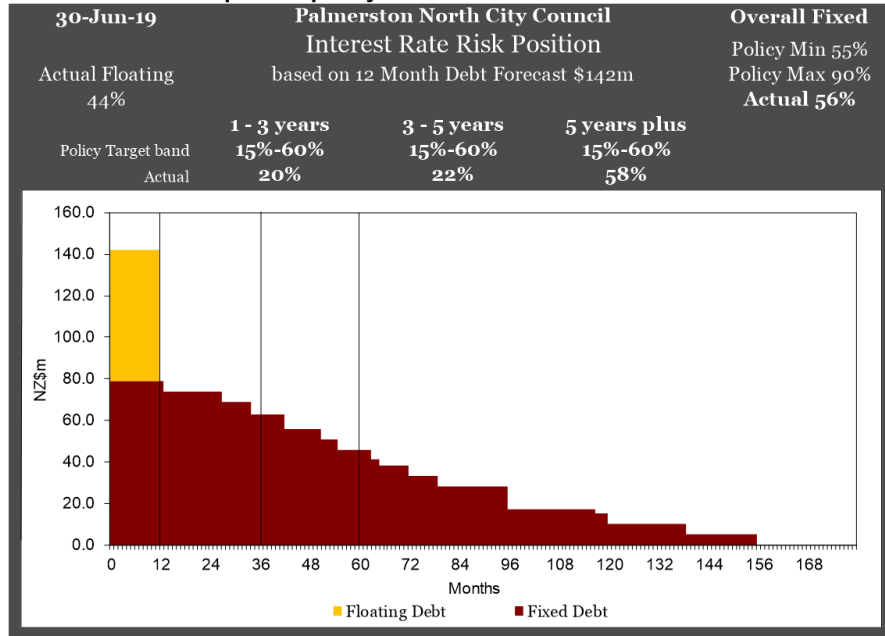
[^] The Net Debt/Total Assets ratio became effective from 1 July 2015. Previously the ratio used was Net Debt/Equity and the actuals for the previous ratio are shown in this report for information.

**Schedule 2 - Interest Rate Swaps**

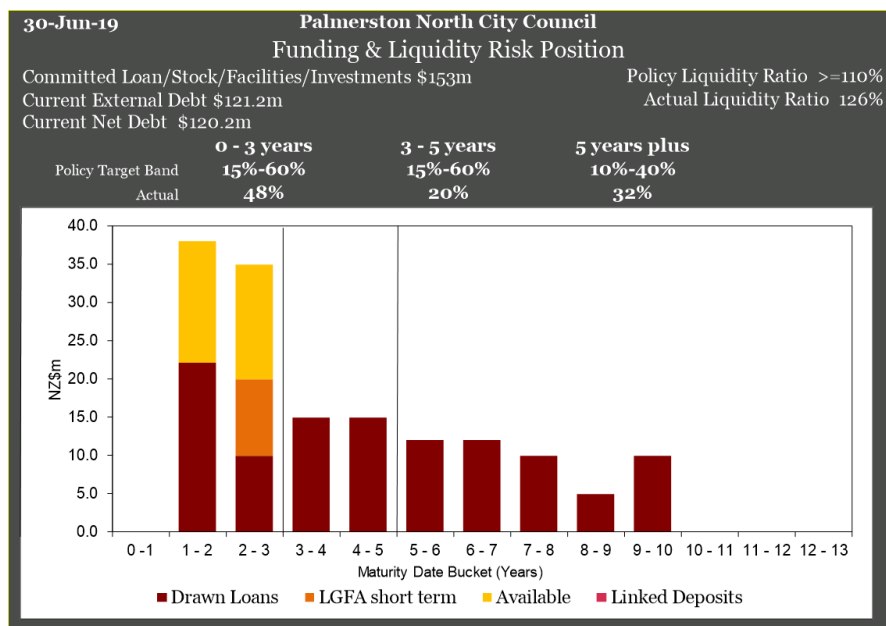
Palmerston North City Council									
Interest Rate Swaps as at 30 June 2019									
Council pays fixed & receives floating on a monthly basis								Current	Hedgebook Value at
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest rate	Floating rate	Reset date	30-Jun-19
			\$m						
Westpac	12-Feb-13	2882838	5.0	11-Mar-13	9-Dec-20	4.61%	1.650%	9-Jul-19	(239,329)
Active total at 30 Jun 19			5.0						(239,329)
								Current	0
								Term	(239,329)
Council pays fixed & receives floating on a quarterly basis								Current	Value at
Bank	Trade Date	Deal No	Amount	Start Date	Maturity	Fixed Interest rate	Floating rate	Reset date	30-Jun-19
			\$m						
Westpac	10-Sep-09	1329748	6.0	21-Oct-09	22-Jul-19	5.8675%	1.770%	22-Jul-19	(60,542)
Westpac	19-Aug-10	1656930	5.0	10-Oct-10	10-Jan-20	5.9375%	1.815%	10-Jul-19	(162,010)
Westpac	19-Aug-10	1656928	5.0	10-Oct-10	10-Jul-20	5.9350%	1.815%	10-Jul-19	(276,102)
Westpac	12-Feb-13	2882855	8.0	8-Mar-13	10-Jun-19	5.54%	matured 10 June 2019		
Westpac	12-Feb-13	2882863	7.0	8-Mar-13	8-Jun-20	5.35%	1.610%	9-Sep-19	(271,362)
ANZ	17-Dec-13	8539285	3.0	17-Feb-14	15-Nov-20	4.92%	1.695%	15-Aug-19	(157,287)
Westpac	21-Feb-14	3540565	5.0	7-Mar-14	7-Sep-20	6.295%	1.620%	9-Sep-19	(303,962)
Westpac	23-Mar-10	3672868	5.0	6-Jun-14	6-Dec-18	6.055%	matured 6 December 2018		
Westpac	8-May-14	3673014	5.0	9-Jun-14	7-Sep-21	6.060%	1.620%	9-Sep-19	(522,557)
Westpac	8-May-14	3672892	5.0	10-Jul-14	11-Apr-22	5.690%	1.815%	10-Jul-19	(634,031)
Westpac	8-May-14	3672895	5.0	6-Jun-14	8-Jun-21	5.820%	1.630%	6-Sep-19	(439,752)
ANZ	20-Jun-14	9572093	5.0	15-Dec-14	15-Jun-23	4.840%	1.580%	16-Sep-19	(672,081)
Westpac	18-Jul-14	3787822	6.0	29-Sep-15	29-Sep-23	4.850%	1.640%	30-Sep-19	(855,832)
Westpac	20-Feb-15	4211117	5.0	8-Mar-17	6-Mar-20	3.810%	1.620%	6-Sep-19	(86,528)
ANZ	28-Nov-14	10730910	5.0	15-Dec-17	15-Jun-24	4.500%	1.580%	16-Sep-19	(741,029)
ANZ	28-Nov-14	10730993	5.0	10-Apr-18	10-Oct-24	4.515%	1.815%	10-Jul-19	(808,548)
Westpac	20-Feb-15	4211119	5.0	6-Dec-18	6-Dec-19	3.875%	1.630%	6-Sep-19	(57,973)
Active total at 30 Jun 19			77.0						(6,049,596)
Westpac	28-Nov-14	4040149	5.0	10-Jan-20	10-Jan-24	4.585%	0	10-Jan-20	(615,698)
Westpac	28-Nov-14	4040489	7.0	8-Jun-20	8-Dec-22	4.5675%	0	8-Jun-20	(547,874)
Westpac	25-Feb-15	4218128	5.0	7-Sep-20	9-Sep-24	3.990%	0	7-Sep-20	(483,714)
Westpac	25-Feb-15	4218131	5.0	8-Jun-21	10-Jun-24	3.990%	0	8-Jun-21	(358,075)
ANZ	25-Feb-15	11281075	3.0	16-Nov-20	15-Nov-24	3.990%	0	16-Nov-20	(286,044)
Westpac	18-Jan-16	4910927	5.0	9-Dec-20	9-Jun-25	3.970%	0	9-Dec-20	(519,148)
Westpac	26-Feb-16	5013577	5.0	11-Apr-22	12-Jan-26	3.635%	0	11-Apr-22	(340,117)
ANZ	3-May-17	15995740	6.0	22-Jul-19	21-Apr-22	3.350%	0	22-Jul-19	(324,817)
ANZ	27-Nov-17	17029213	5.0	15-Jun-23	15-Jun-27	3.7675%	0	15-Jun-23	(336,469)
ANZ	27-Nov-17	17029223	6.0	29-Sep-23	29-Jun-27	3.7875%	0	29-Sep-23	(374,799)
ANZ	27-Mar-18	17670250	5.0	15-Jun-24	15-Jun-29	3.840%	0	15-Jun-24	(372,331)
ANZ	27-Mar-18	17670276	5.0	10-Oct-24	10-Jan-31	3.920%	0	10-Oct-24	(444,917)
ANZ	27-Mar-18	17670295	5.0	10-Jun-24	10-Jun-32	3.935%	0	10-Jun-24	(553,124)
ANZ	29-Nov-18	18984011	5.0	6-Dec-19	6-Sep-23	2.555%	0	6-Dec-19	(214,778)
ANZ	29-Nov-18	18984258	2.0	6-Mar-20	6-Mar-29	3.095%	0	6-Mar-20	(217,530)
Forward start total at 30 Jun 19			74.0						(5,989,435)
									(12,039,031)
								Current	(2,861,987)
								Term	(9,177,044)
									(12,278,360)

Schedule 3 - Risk Exposure Position

Interest Rate Risk Position – proportions of Debt subject to floating versus fixed interest rates within pre-set policy limits



Funding & Liquidity Risk Position – proportions of Debt within pre-set maturity bands



MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Local Impact Procurement Policy

PRESENTED BY: Julie Pedley, Procurement Manager

APPROVED BY: Grant Elliott, Chief Financial Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council approves and implements a Local Impact Procurement Policy.
-

1. ISSUE

Protecting and encouraging local industry is a key component of PNCC's economic and strategic policies. Council recognises there are benefits to the community from purchasing locally and wishes to encourage businesses who support the local community, the local economy and Council's strategic objectives. The Finance and Performance Committee requested a review of Council's procurement strategy and policy as it relates to purchasing from local businesses/suppliers. In addition, there have been questions raised by staff and leadership as to how Council might be able to add criteria in tender evaluations recognising the efforts of businesses/suppliers who make significant contributions to the local community.

Currently, the only method available to analyse "local" supplier spend is by looking at the geographic location (post code billing data) of our suppliers.

Council cannot simply institute a policy of "buying local" by using the geographic location of a supplier as criteria for making purchases and awarding contracts. This practice (e.g. only Palmerston North businesses are provided an advantage in evaluations) would expose Council to risk as we must ensure that all suppliers have a full and fair opportunity to compete for Council business.

However, the Council often has valid business requirements that benefit from suppliers having a local presence or impact. Business needs related to local support, local expertise, local innovation, local development and broader community impacts are "local contribution factors" which have valid business merit. These factors are not associated to a supplier's geographic location and therefore are non-discriminatory.

Council's procurement framework and practices can have a significant positive impact in addressing local economic development objectives and a Local Impact Procurement Policy

will provide Council staff a route to achieving our strategic goals including Goal 1 – An Innovative and Growing City.

2. BACKGROUND

In May 2019, the four aspects of community well-being – social, economic, environmental and cultural – were reinstated into the Local Government Act 2002. The Local Government Act now states that local authorities are “to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach”. These changes to the purpose of local government place emphasis on **achieving public value in the future** rather than just reducing cost in the present. This change recognises that public spending strategies can deliver the goods and services a community needs while also achieving other objectives such as economic and community development for the same or less money.

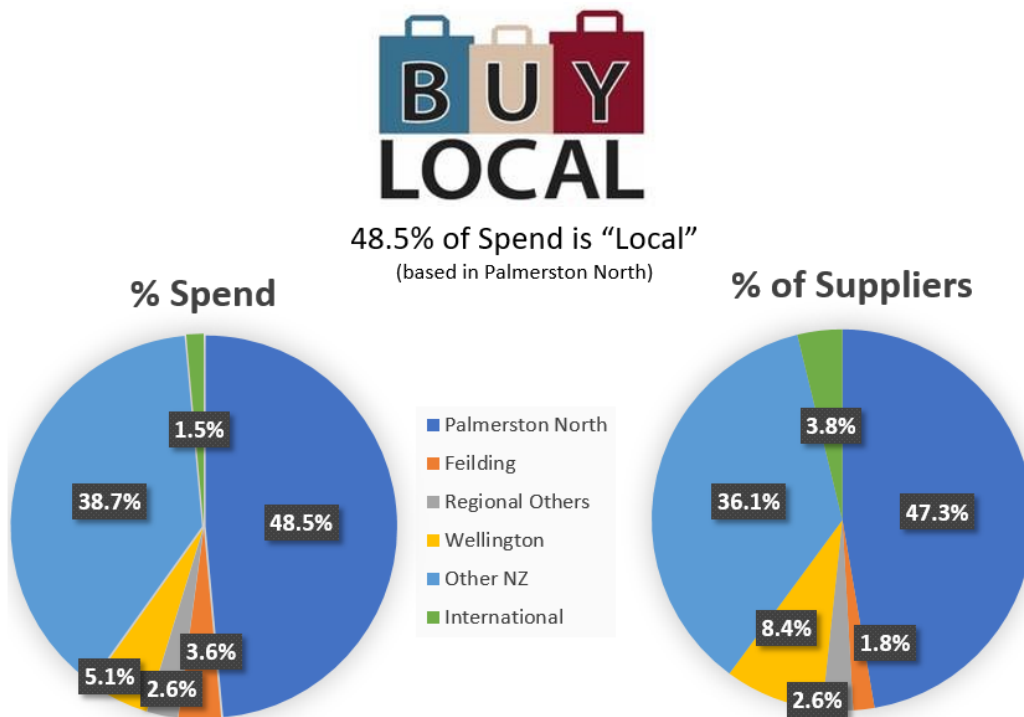
The long-term community impact of awarding contracts to suppliers who make positive contributions to our region and community can, in some cases, outweigh the short-term advantages of a cheaper supplier from out of town.

The potential benefits of supporting “local” suppliers include:

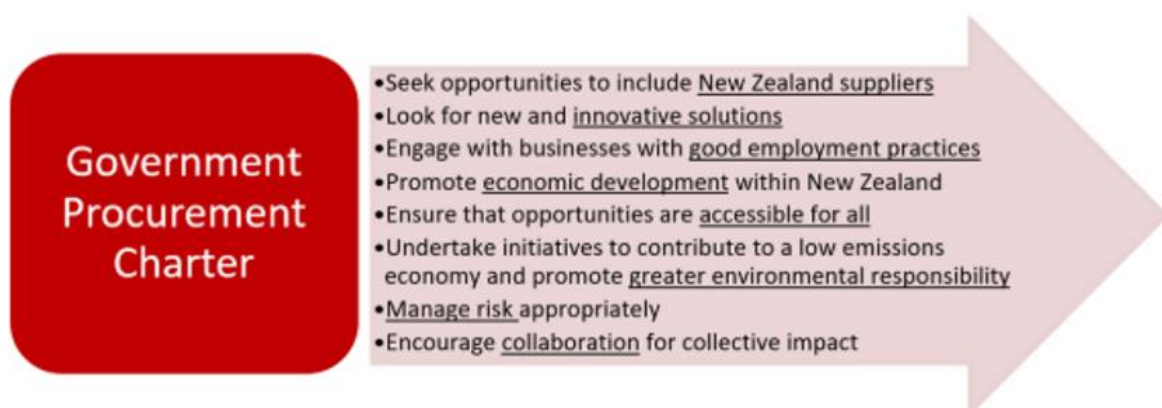
- Businesses and jobs are created/sustained
- Consumer/household spending from employed workers is created/sustained
- Spending on local fees is sustained (business license renewals, utilities, etc.)
- Additional local spending is generated/sustained (business/retail spending, etc.)
- More businesses/residents are drawn to the community
- Local economy diversifies and becomes more competitive (competition lowers costs)
- Local spending raises capacity, expertise and innovation of local people and businesses
- Local solutions support a more inclusive supply chain and can offer opportunities to Pacifica, Maori and Iwi businesses
- Local solutions result in environmental benefits of shorter commutes, less congestion, less pollution and less habitat loss

In many cases, local businesses have an inherent advantage when tendering for contracts as they have local knowledge, local staff and local sub-contractors and suppliers.

A purely geographic analysis shows that 48.5% of Council’s spend is associated to businesses based in Palmerston North. This percentage does not vary in any significant way when comparing low-value transactions to medium or high value contracts.



Most City Councils in New Zealand do not currently have a “Buy Local” policy, yet some have implemented strategies that enable those involved within the local community to score higher in the non-price attributes of tender evaluations. Many councils are in the process of evaluating their policies to align with the new Government Procurement Charter. The new Government Procurement Charter emphasises that councils should actively attract an increasingly diverse and localised supplier mix.



As Council considers a “buy local” strategy, it will be important to ensure that the advantages of contracting with local providers are very clear in order to meet the requirement of Section 17A of the Local Government Act and Council’s cost-effective evaluations. Any change to Council’s procurement policies should align with government

procurement principles, the recently amended Community Well-Being Amendment to the Local Government Act, the Government Procurement Charter, the OAG's basic principles of public spending, the Broader Outcomes procurement initiatives of MBIE's New Zealand Government Procurement group, as well as the best practices of the soon to be released Government Procurement Rules which have an emphasis on 'public value'.

Defining "Local"

A local supplier can be defined in various ways - from a neighbourhood, to a city, to a regional district or the entire nation. Obviously, the narrower an area is defined, the harder it becomes to obtain the variety of services and competition. But the larger the area, then the variety of services and ability to deliver can increase.

Defining when a supplier should be considered "local" can be challenging. For example, a "national" business that employs 100 local residents and spends \$10m per year on local services and subcontractors, contributes a significant amount to the local economy. However, a business that has a "local" registered office but subcontracts all the work to others outside the area may contribute only a minor amount to the local economy. Also, major national or international companies may not have headquarters in a local city but have a small business owner running a franchise location.

"Local" could also be defined by the extent to which the business/supplier provides employment to local residents. These people will in turn spend their wages on other local goods and services, and so on – creating a local multiplier effect. A business that predominantly produces locally, employs locally, uses local industries and obtains other local goods and services would generally have a much higher impact on the local economy than say a business that imported products to the area and added little extra value. That is not to say that a service that is over-priced should be accepted just because it is local. At all times, PNCC should be achieving 'public value' for the community. A much more expensive service will cost the users/ratepayers and could have a negative impact on the local economy.

3. NEXT STEPS

A Local Impact Procurement Policy needs to allow for evaluations of what suppliers BRING to our region, rather than focusing on what region suppliers are FROM.

Public spending can produce wider public benefits in multiple ways, but these benefits can vary significantly and be hard to measure in a quantitative manner. Due to the need to balance multiple factors and considerations related to defining "what is local", it is recommended that Council evaluates how businesses/suppliers contribute to the local economy and community relative to others. This can be accomplished by incorporating a "Local Contribution Assessment" into procurement evaluations.

Local Contribution Assessment

The Local Contribution Assessment seeks to determine the resulting local benefits that would be provided to the Palmerston North economy and community if a particular supplier was awarded a contract.

In assessing the “local contribution” of suppliers, Council should take into account the following 10 factors.

Local Contribution Assessment factors

Does the supplier?

- provide local employment
- use local suppliers/subcontractors/services
- manufacture/produce locally
- build local capacity - train and develop local residents
- contribute to local community (cash or kind)
- collaborate with local agencies/communities
- look for local innovative solutions
- provide discounts for locals
- own and/or lease local property
- provide local resources during emergencies

Note: The above intentionally does not incorporate any factor related to the physical address of a supplier’s location(s).

The Local Contribution Assessment approach would provide Council a process that recognises there is a benefit to the wider community in utilising the services of suppliers that are “Local Contributors”. It would provide Council a method to give “Local Contributors” a leg up, not a hand out, and assist in providing ongoing benefits to families by keeping jobs and profits in the local region and keeping the local economy prosperous and competitive. Since this policy is not based on geographic locations, it would not only support the growth of local businesses but could also assist in encouraging regional and international businesses to consider supporting the economic growth of Palmerston North.

The Local Contribution Assessment should be one of many criteria utilised in evaluating and sourcing suppliers. The Local Contribution Assessment criteria would be given a scoring weighting (incorporating the factors of local community and economic impact into the overall qualitative assessment of tenders). Procurement evaluation criteria should also include standard measures such as price, service delivery and fit-for-purpose metrics, along with new broader outcomes initiatives related to social procurement and sustainability factors.

Preferred Suppliers

PNCC will develop supplier panels for specific spend categories and develop a Preferred Supplier Register to enable efficient and effective sourcing for transactions under 15% of the specified sum (currently \$240,000). Suppliers who are approved to be a Preferred Supplier, or those accepted into a supplier panel, will have been evaluated on the Local Contribution Assessment factors in order to evaluate their capability and capacity to benefit the local economy. Preferred Suppliers who are deemed to make significant local contributions to Palmerston North will be designated as “Local Impact Providers”.

Supplier Provided Local Contribution Plans

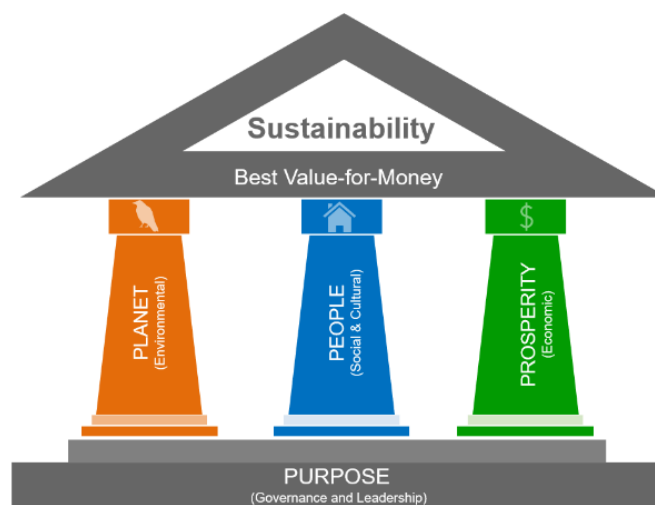
For procurements over 15% of the specified sum (currently \$240,000), suppliers will be required to prepare a Local Impact Plan detailing how they will maximise their contribution to the local economy and community of Palmerston North (as per the dimensions in PNCC’s Local Contribution Assessment).

Suppliers’ Local Impact Plans will be evaluated on the 10 criteria incorporated in the Local Contribution Assessment. The Local Contribution Assessment will be considered a non-price attribute and be given a weighting of 5-15% (to be decided on a procurement-by-procurement basis).

Sustainable Procurement

Palmerston North City Council has an opportunity to be at the forefront of a growing national and global movement for sustainable procurement. The consideration of “local impact” factors addresses the economic component of sustainable procurement. A Local Impact Procurement Policy will work in conjunction with other sustainable procurement initiatives related to the achievement of broad social and environmental outcomes.

Pillars of Sustainable Procurement




4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	Yes
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	
The recommendations contribute to the outcomes of the Economic Development Strategy	
The recommendation contributes to the achievement of action/actions in Not Applicable	
This is a new initiative requested by Council.	
Contribution to strategic direction	<p>A Local Impact Procurement Policy is one component of a broader, more strategic Sustainable Procurement Framework which will provide Council an important lever in driving achievement of strategic goals. This new policy will support Council's strategic objectives while providing an effective operational method for procurement best practices in line with Goal 5 – A Driven and Enabling Council.</p> <p>A Local Impact Procurement Policy will also aid in the achievement of the Economic Development Strategy by 'supporting local businesses and industries to grow and develop', encouraging new opportunities to attract investment to Palmerston North and the Manawatū region and helping entrepreneurs and enterprises, small and large, to compete in our local market.</p> <p>The Local Impact Procurement Policy will also support the City Development Strategy which states that Council 'will drive entrepreneurship and innovation by providing the support,</p>

PALMERSTON NORTH CITY COUNCIL

	infrastructure, opportunities and conditions to enable traditional sectors to diversify and expand, and new industries and new economies to grow to create the employment opportunities that sustain and expand our city's future'.
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ATTACHMENTS

1. Proposed Local Impact Procurement Policy [↓](#) 



Local Impact Procurement Policy	Policy No:
	Page 1 of 3

Policy

Protecting and encouraging local industry is a key component of PNCC's economic and strategic policies. Council recognises there are benefits to the community from purchasing locally and wishes to encourage businesses who support the local community, the local economy and Council's strategic objectives. Council's procurement framework and practices can have a significant positive impact in addressing local economic development objectives.

Staff are required to make financially prudent and balanced decisions when procuring goods or services in keeping with Council policy direction and statutory requirements. This is important because poor procurement practices may lead to increased or unnecessary expense, failure to achieve planned outcomes, risk to reputation or health and safety, and lack of sustainability. Staff will incorporate a Local Contribution Assessment into procurement evaluations to assess how potential suppliers contribute to the local economy and community relative to others.

Context

The Local Government Act 2002 requires Councils to play a broad role in promoting the social, economic, environmental, and cultural well-being of their communities, taking a sustainable development approach.

For local communities to thrive, local government needs to take a holistic planning and placemaking approach that recognises the intertwined nature of physical infrastructure, public services and broader community wellbeing outcomes including economic well-being and the impact suppliers of goods, works and services make on the local economy, community and region.

Procedures

In assessing the "local contribution" of suppliers, Council staff, whenever feasible, shall take into account the following 10 factors.

Local Contribution Assessment factors

Does the supplier?

- provide local employment
- use local suppliers/subcontractors/services
- manufacture/produce locally
- build local capacity - train and develop local residents
- contribute to local community (cash or kind)

Author / Last Reviewed By: Julie Pedley, Procurement Manager	Version: One
Adopted by:	Date: August 2019



Local Impact Procurement Policy	Policy No:
	Page 2 of 3

- collaborate with local agencies/communities
- look for local innovative solutions
- provide discounts for locals
- own and/or lease local property
- provide local resources during emergencies

Note: The above intentionally does not incorporate any factor related to the physical address of a supplier's location(s).

The Local Contribution Assessment should be one of many criteria utilised in evaluating and sourcing suppliers. Procurement evaluation criteria should also include standard measures such as price, service delivery and fit-for-purpose metrics, along with new broader outcomes initiatives related to social procurement and sustainability factors.

Supplier Provided Local Contribution Plans

For procurements over 15% of the specified sum, suppliers are required to prepare a plan to maximise their contribution to the local economy and community of Palmerston North as per the dimensions in PNCC's Local Contribution Assessment. The Local Contribution Assessment will be considered a non-price attribute and be given a weighting of 5-15% (to be decided on a procurement-by-procurement basis).

Exemptions

Procurements involving NZTA funding are exempt from this policy as NZTA sets out specific procurement guidelines for land transport works that are funded by NZTA.

Other relevant information

Applicable legislation:

- Local Government Act 2002
- Well-Being Amendment to Local Government Act (2019)

Policies, Guidelines, and Procedures:

- MT70 Procurement Policy
- PNCC Procurement Process and Procedures Guide
- PNCC Tender Management Manual

Author / Last Reviewed By: Julie Pedley, Procurement Manager	Version: One
Adopted by:	Date: August 2019



Local Impact Procurement Policy	Policy No:
	Page 3 of 3

For further information contact

- Procurement Manager
- Chief Financial Officer

Next Review Date

August 2022

Author / Last Reviewed By: Julie Pedley, Procurement Manager	Version: One
Adopted by:	Date: August 2019

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Sound System Replacement - The Regent Theatre

PRESENTED BY: Bryce Hosking, Manager - Property

APPROVED BY: Tom Williams, Chief Infrastructure Officer

RECOMMENDATION(S) TO COUNCIL

1. That Council provide a one-off capital grant to The Regent Theatre Trust to the value of \$134,300 + GST to replace and upgrade the sound system in the Regent Theatre Building.

OR

2. That Council provide a repayable loan to The Regent Theatre Trust to the value of \$134,300 + GST to replace and upgrade the sound system in the Regent Theatre Building, and that Chief Executive will be given delegated authority to negotiate the specific terms and conditions of this loan if this is the preferred option.

1. ISSUE

- 1.1 The Regent Theatre Trust have advised Council that the sound system in the Regent Theatre building is approaching the end of its economic life and requires replacing and upgrading to meet the requirements of the activities within the Theatre.
- 1.2 The sound system is not fixed to the building and not considered part of the building fabric. It is regarded as a Tenant fitout item and a non-Council-owned, non-fixed asset. This means it is typically the responsibility of the Tenant to install, maintain and service, and replace if, and when, required.
- 1.3 Council has a capital renewal programme for works at all the Council-owned cultural facilities including the Regent Theatre, however, as it is deemed a fitout item, there is no provision in the current 10-year plan for the full replacement or contribution towards replacement of the sound system.

- 1.4 The report titled *'Review of Asset Renewal Process for the Regent Theatre Trust'* was presented to the Arts, Culture and Heritage Committee on 17 June 2019 to discuss the above.
- 1.5 The Arts, Culture and Heritage Committee agreed and confirmed that the sound system in the Regent Theatre was a Tenant fit-out item and a non-Council-owned, non-fixed asset, however, requested the report be "left on the table" until Finance and Performance in September 2019 to be considered with additional information.
- 1.6 In particular Council wanted to consider:
 - Further information, context, and more detail regarding the current system;
 - Costings for the replacement of the sound system;
 - Alternative funding opportunities the Regent Theatre could explore;
 - The Regent Theatre Trust's financial situation around this matter;
 - Council's options in respect to this matter.
- 1.7 This report addresses these items.

2. FURTHER INFORMATION

Background Information

- 2.1 The Regent Theatre is recognised as a key venue for hosting major live entertainment productions, not only for the city of Palmerston North but for the wider central North Island region.
- 2.2 The theatre provides the facility and resources to enable the presentation of all forms of live entertainment as well as hosting conferences, seminars and all forms of meetings and functions from awards ceremonies to weddings. Having a fully functional and reliable sound system is essential to meeting this demand.
- 2.3 At the time of the restoration in the mid-late 1990's, there was limited knowledge as to the theatre's future needs regarding technical resourcing, especially in respect to a sound system.
- 2.4 A reasonably extensive sound system was installed at the time; however, this system was only designed to cater for a small sized concert or an awards ceremony.
- 2.5 Due to the considerable cost for theatre users to hire alternative sound equipment, the theatre's sound system has been used for applications beyond its designed capabilities and has failed on several occasions. The system now requires the Regent Theatre Trust undertake constant and sometimes significant repairs and maintenance.

- 2.6 Local theatre groups undertake large stage productions (Cats, Phantom of the Opera, Wicked etc.) and currently they need to budget for and outlay significant funds to source alternative sound system solutions rather than use the Regent's inadequate and unreliable in-house system. This average additional cost of this is around \$30,000 per production. A cost which is understandably increasing each year.
- 2.7 Commercial stage productions have traditionally toured with their own sound systems. However, this is also becoming cost prohibitive. If a venue has a sound system capable of their requirements and they can eliminate that expense when touring. The Regent Theatre Trust believe the promoter of these productions will consider these venues very favourably.

Costings for Replacement and Funding Opportunities

- 2.8 The Regent Theatre Trust have obtained quotes for the supply and install of the new sound system. The raw cost of this is \$402,808 + GST. This does not include any contingency or project management costs that may be incurred.
- 2.9 The Trust have successfully applied to the New Zealand Lotteries Commission to fund 66% of raw cost of the system. This equates to \$268,508 + GST. The remaining balance of \$134,300 + GST needs to be sourced separately.
- 2.10 Additionally, Council Officers are recommending a 5% contingency be allowed for in addition to the raw cost to allow for any unforeseen costs and add-ons. This equates to \$20,000 + GST. The Trust have taken this on board and are allowing for this contingency through their 'Friends of the Regent' funds. However, this has meant they are unable to factor in contributions from these funds towards the \$134,300 + GST shortfall.
- 2.11 The Regent do not have any other confirmed or pending funding streams to contribute towards this project.
- 2.12 The Regent Theatre Trust is requesting Council's assistance in funding the balance.

The Regent Theatre Trust's Financial Situation

- 2.13 If the Trust was to fund the balance of purchase of the sound system through their cash reserves, it will have a serious impact on the theatre's operational cash flow.
- 2.14 At the time of writing this report, the Trust report to having around \$330,000 in cash reserves. If they funded the balance of the purchase price this would reduce the Trust's current cash reserves to around \$194,830.
- 2.15 The Regent Theatre Trust is committed to a joint venture agreement with Abbey Musical Theatre through Regent on Broadway Promotions. Part of this agreement is to annually provide seeding capital funding which is estimated to be \$100,000.

- 2.16 Although these funds are recovered following presentation of the production, it does mean a substantial portion of the Trust's cash reserve is tied up for 6 – 12 months.
- 2.17 Taking the above into consideration, it is estimated the Trust's cash reserves would be reduced to just \$94,830 which is not enough to comfortably service the theatre's operational commitments. This is especially crucial through the months of limited income; January – March of each year.
- 2.18 For clarity, budgeted monthly expenses for the facility are approx. \$43,000. This does not include any unexpected expenses and is only known operational costs.
- 2.19 An additional consideration is The Regent Theatre Trust's Statement of Intent (SOI) indicates that the Trust will continue to have a small increase to their future year's income. This increase could be used to service repayments of a loan.

3. COUNCIL'S OPTIONS

- 3.1 Despite the sound system being considered a non-Council-owned, non-fixed asset, Council Officers acknowledge the need to, and significant positives of, replacing and upgrading the existing sound system in the theatre.
- 3.2 Council have 4 options at this stage:
 - 1. Provide a capital grant to The Regent Theatre Trust for the full \$134,300 shortfall. This would be additional, unbudgeted expenditure;
 - 2. Provide a loan to the Regent Theatre Trust for the full \$134,300 shortfall. The terms and conditions of this loan will be negotiated by the Chief Executive;
 - 3. Provide partial funding for the \$134,300 shortfall either via Council's preference of a capital grant or loan;
 - 4. Do not provide any funding and instruct The Trust to either obtain additional external funding or pay for the balance via their cash reserves.
- 3.3 Council Officers have considered all information presented in this report, as well as the associated report which was "left on the table" titled '*Review of Asset Renewal Process for the Regent Theatre Trust*' that was presented to the Arts, Culture and Heritage Committee on 17 June 2019.
- 3.4 Council Officers recommend Council proceed with either Option 1 or 2 (in Clause 3.2 above) and provide either a one-off capital grant or a repayable loan to the Trust.

4. NEXT STEPS

- 4.1 If in the case of a loan being granted, the Chief Executive will negotiate terms and conditions of said loan with The Regent Theatre Trust for the replacement of the sound system.
- 4.2 The Regent Theatre Trust accept the quotes for the supply and install of the new sound system and arrange for sound system be replaced as practical.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	No
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 2: A Creative and Exciting City	
The recommendations contribute to the outcomes of the Creative and Liveable Strategy	
The recommendations contribute to the achievement of action/actions in the Arts Plan	
The action is: Develop plans for the seismic strengthening and enhancing the city's existing arts and culture buildings to achieve the Council's aspirations and meet the community's needs.	
Contribution to strategic direction	A robust renewals programme and facilities management model will help ensure the city's existing arts and culture buildings are achieving the Council's aspirations and meet the community's needs.

ATTACHMENTS

Nil

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Whakarongo Residential Subdivision Update

PRESENTED BY: Bryce Hosking, Manager - Property

APPROVED BY: Tom Williams, Chief Infrastructure Officer

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Finance and Performance Committee receives the report titled 'Whakarongo Residential Subdivision Update' dated 23 July 2019.
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1. DEVELOPMENT UPDATE

Overview of the Development

- 1.1 In a broad sense, the project can be split into 3 phases:
 1. Design, Planning and Consenting;
 2. Project Management and Delivery of Physical Works; and
 3. Marketing and Selling of Sections.
- 1.2 Council has engaged Veros Property Services as the lead development consultant to manage delivery the programme on its behalf. 4Sight Consulting and Land Development Engineering (LDE) have been engaged for the overall design and subdivision-specific stormwater design respectively.
- 1.3 It is anticipated that the resource consent application for the development will be submitted in September 2019. The District Plan includes a specific Structure Plan and suite of planning provisions for the Whakarongo Residential Area that will direct the subdivision design and development.
- 1.4 For transparency reasons, an independent commissioner will make the decision on the resource consent application for this development.

Delays due to Stormwater Management

- 1.5 Council's resource consent has been considerably delayed due to a greater than anticipated requirement in the entire Whakarongo growth area for how stormwater is dealt with. This has required Council's stormwater team to work with consultants to develop stormwater management plan and modelling for the entire growth area.
- 1.6 Council, as the developer, need to ensure that whatever individual stormwater management plan and design is put forward was consistent with that of the greater area.
- 1.7 Council's development addresses stormwater in several ways including, but not limited to:
 - Utilisation of the existing stream through the development
 - Catchment reserve pond as seen in the layout plan. This reserve will not be a permanent pond but be a designed basin type reserve in the development, that can act as both a natural aesthetic feature, but also as a pond as required in an extreme weather event.
- 1.8 While the stormwater modelling and plans have been a source of delay in submitting the resource consent, given the importance of a robust solution for the whole growth area, it was important to not do this in isolation.
- 1.9 For clarity, Council was originally anticipating submitting for consent in March 2019, so roughly a 6-month delay.

Subdivision Design and Layout

- 1.10 Once developed the site will create around 115 residential sections. Sections will be of a variety of sizes so to appeal to a wide variety of purchasers by giving options regarding design, build type and purchase price.
- 1.11 Attached is the current proposed layout of the site. While this is close to the final layout of the site which will be submitted for consent approval, it may be subject to minor changes once stormwater planning and designs for the greater Whakarongo growth area are completed.
- 1.12 One of the key goals of this development was to illustrate best practise over all areas of the Design, Planning and Consenting phase. Key considerations are:
 - **Iwi Engagement** – Involving Iwi throughout the process and design.
 - **Urban Design Principles** – The Structure Plan for Whakarongo Residential Area identifies a range of specific urban design ambitions for subdivision development that occurs within the area.

- **Road Hierarchy** – There are three road typologies within the area, these include a Collector Road, Local Road and Laneway.
- **Pedestrian Connectivity and Cycleways** – A key outcome for the subdivision has been the connectivity through and across the site and to existing and future developments adjacent to the site.
- **Sustainability** – Creating places that protect and enhance natural features, ecosystems, water quality, culture and heritage, reduced energy use and waste production.
- **Accessibility** – Creating a safe and accessible place for all including the site's interaction with the rail corridor and acoustics.
- **Legibility** – The layout of a space, the built form, open space, paths, barriers, landmarks and edges that creates an understandable place and are resilient and allow adaptation over time as things change.

2. BACKGROUND

- 2.1 Palmerston North City Council owns an area of 9.63ha within the upper terrace of the Whakarongo residential growth area off James Line.



- 2.2 The land was acquired by Council for cemetery purposes but was no longer required. As obliged under the public works process the land was offered back to the previous owners to purchase, but no offer was received.
- 2.3 Given no offer was received, the parcel of land was subsequently rezoned for residential use.
- 2.4 The Long-Term Plan anticipates that Council will develop this land and funding has been allocated to begin in the 2018/19 financial year through Programme 1485.

District Plan

- 2.5 The District Plan includes a specific Structure Plan and suite of planning provisions for the Whakarongo Residential Area that will direct the subdivision design and development.
- 2.6 Palmerston North City Council views this as an opportunity to initiate development at Whakarongo and deliver a subdivision consistent with the requirements of the recently reviewed District Plan.

3. NEXT STEPS


- 3.1 Submit the resource consent application for approval by the independent commissioner and Council's regulatory team.
- 3.2 Begin procurement of contractors and start physical works on the site once resource consent is granted. Works can begin as soon as practically possible.
- 3.3 Sell the sections in the property marketplace.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 1: An Innovative and Growing City	

The recommendations contribute to the outcomes of the City Development Strategy	
The recommendations contribute to the achievement of action/actions in the Housing and Future Development Plan	
The action is: Housing development is initiated at Whakarongo.	
Contribution to strategic direction	Progressing a Council-led housing development at Whakarongo (2018/19 onwards).

ATTACHMENTS

1. Whakarongo Residential Subdivision Layout [↓](#) 





Concept_Zoom



Figure 28: Landscape Concept Plan Detail 03
Scale: 1:1,000 @ A3



MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: E-Waste recycling reduced fees update

PRESENTED BY: Stewart Hay, Waste Management Manager

APPROVED BY: Tom Williams, Chief Infrastructure Officer

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the information provided in the Memorandum titled 'E-Waste reduced fees update' be received by the Finance and Performance Committee.
2. That the Committee concludes their discussions on a zero fee e-waste trial for a 6 month period.

1. ISSUE

- 1.1 Following consideration of a report titled 'E-Waste Recycling at Ferguson Street – First Six Months of Reduced Fees' at the February 2019 Finance and Performance Committee meeting, the Committee requested a further reduced fees update.

2. BACKGROUND

- 2.1 Council historically provided e-waste recycling services on a full cost recovery basis, whereby the fee charged for items covered the transport and reprocessing costs.
- 2.2 For a majority of items, the cost of responsibly recycling and re-processing items to recover the valuable materials far outweighs any returns achieved. As a result, significant funding is required to support e-waste recycling and recovery.
- 2.3 To encourage an increase in the quantities of e-waste being diverted from landfill to recycling and recovery, Officers recommended a reduction in the fees and charges effective 1 July 2018 (19 March 2018 Finance and Performance Committee Meeting). The proposal was adopted by Committee. However, an additional resolution was adopted as follows:

That fees for household e-waste categories of 'TV and Electronics', 'Consumer Electronics' and 'Other' excluding photocopiers, be set to \$0 on a trial basis, for a 6 month period FY19, subject to a financial analysis report being bought back to Finance and Performance April 2018.

- 2.4 A report was presented to the 23 April 2018 Meeting of the Finance and Performance Committee, presenting information on e-waste recycling and a financial analysis of setting the fee for e-waste to \$0, excluding photocopiers for a period of 6 months in 2018/19. The following recommendation were made at this meeting:

That the decision on zero waste fees be deferred until after the results of the first six months of reduced fees are available.

That the Chief Executive report back on options for Palmerston North City Council to increase e-waste recovery in the city.

That the report, estimating an additional cost of \$300,000 for a six month trial of e-waste charges for \$0 for 'TV and Electronics', 'Consumer Electronics' and 'Other' excluding photocopiers be received.

- 2.5 A report was presented to the 19 November 2018 Meeting of the Finance and Performance Committee, titled 'E-Waste Recovery Options in Palmerston North', presenting information on current actions to increase e-waste diversion and impact on the reduced fees for the period July – September 2018. Potential options to increase e-waste recovery was also included in the report. The following recommendations were made at this meeting:

That the information provided in the Report dated 30 October 2018 and titled 'E-Waste Recovery Options in Palmerston North' be received and used to inform the preparation of a further Report on the results of the first six months of reduced E-Waste Recovery fees to be considered by the Finance and Performance Committee in February 2019.

That the Chief Executive be instructed to lobby Central Government to introduce a mandatory product stewardship for e-waste diversion.

- 2.6 A report was presented to the 18 February 2019 Meeting of the Finance and Performance Committee, titled 'E-Waste Recycling at Ferguson Street – First Six Months of Reduced Fees'. This report was received by the Finance and Performance Committee.

- 2.7 No decision on the trial for zero e-waste fees was concluded at this Committee Meeting.

3. E-WASTE DIVERSION – TWELVE MONTHS 1 JULY 2018 – 30 JUNE 2019

- 3.1 The fees and charges were reduced effective 1 July 2018 as adopted by Council following the fees and charges report presented to the 19 March 2018 Finance and Performance Committee.
- 3.2 The fees and charges for e-waste were unchanged effective 1 July 2019.
- 3.3 A summary of the quantities received in the twelve-month period 1 July 2018 – 30 June 2019 are shown in Table 1 below, along with a comparison of the quantities received in 2017/2018 (1 July 2017 – 30 June 2018).

Table 1: E-Waste – Quantities of items received July 2018 – June 2019

Item	Qty (2018/19)	Qty (2017/18)
TV's and Computers		
Desktop Computers and Servers	90	201
Small Computer Items (e.g. speakers/keyboards/docking stations/hubs/modems/switches/routers)	652	494
Copier Toner (per kg)	13*	-
UPS	45	9
Laptops and Tablets	386	231
Computer Monitors	541	331
Printers/Scanners/Fax Machines	551	442
TV's	1030	464
Photocopiers	12	13
Consumer Electronics		
Mobile Phones/GPS/Digital Camera's	4	1
Stereos/Car Stereos/Gaming Consoles	462	119
Miscellaneous (per kg)	553*	579*
DVD/VCR/CD Players	304	179
Household Appliances		
Small Appliances (e.g. Heaters/fans/toasters/kettles/blenders/alarm clocks/phones/cameras)	797	253
Medium Appliances (e.g. vacuum cleaners/microwaves)	577	287
Large Appliances (e.g. fridges/freezers/washing)	95	30

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machines/dryers/dishwashers)		
TOTAL ITEM COUNT	5,547	3,054

* Not included in total item count as this is a weight figure

- 3.4 Table 1 above shows that in the first twelve months of reduced fees the number of e-waste items bought into Ferguson Street for recycling is almost double the number received in 2017/2018.
- 3.5 A total of approximately 56.5 tonnes of e-waste was recycled in 2018/2019, which is an increase of 23.5 tonnes from 2017/2018, where 33 tonnes of e-waste was recycled.
- 3.6 Prior to the reduced fees effective 1 July 2018, Council provided the E-waste recycling service on a full cost recovery model, whereby the costs for transport and processing of each item were recovered through the fees charged. Council staff costs for managing the E-waste service were not recovered through the e-waste fees, these are recovered as part of the operating costs in running the Ferguson Street Recycling Centre.
- 3.7 Prior to presenting the reduced fees for e-waste, Officers undertook a sensitivity analysis and estimated that at current e-waste levels the reduced fees would require Council funding support of \$15,000 per annum. If e-waste levels increased, the Council funding support would increase, with Officers estimating that if E-waste levels increased by 100% (doubled) then an additional \$32,000 per year would be required.
- 3.8 The reduced fees at Ferguson Street for accepting E-Waste required Council funding support of \$21,400 for 2018-2019. This figure is less than estimated previously by Officers.
- 3.9 Officers have noticed a small decrease in the number of computer related e-waste items since the introduction of the Tech Collect service in October 2018 – this relates to items that Council charge a small fee for but are free through the Tech Collect service. Other items appear to have remained consistent.

4. SUMMARY

- 4.1 The fee reduction effective 1 July 2018 has seen a significant increase in the number of electrical items received at Ferguson Street for recycling.

- 4.2 Officers will work with the communications team to further promote the e-waste service provided at Ferguson Street.
- 4.3 Officers consider that the current pricing structure for e-waste provides a service that enables responsible recycling while still acknowledging that there is a cost for the of end of life disposal of e-waste in the absence of a government mandated product stewardship scheme for e-waste.

5. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
<Enter text>	
The recommendations contribute to Goal 4: An Eco City	
The recommendations contribute to the outcomes of the Eco City Strategy	
The recommendations contribute to the achievement of action/actions in the Waste Plan The action is: Provide a greenwaste drop-off collection service at Ashhurst and Awapuni, for a small fee, and E-Waste, compact fluorescents and batteries collection service at Ferguson St, for a fee<Enter text>	
Contribution to	Contribute to the development of future options to assist with the

strategic direction	planning of the future direction for the Waste Activity
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ATTACHMENTS

Nil

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Update on Infill Lighting Required to Achieve Compliance in P and V Categories

PRESENTED BY: Robert van Bentum, Manager - Transport and Infrastructure

APPROVED BY: Tom Williams, Chief Infrastructure Officer

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Committee receive the report entitled "Update on Infill Lighting Required to Achieve Compliance in P and V Categories".

1. ISSUE

- 1.1 Officers reported to the November 2018 meeting of Council's Finance and Performance Committee on the planning and progress being achieved in year one of the implementation of Programme 1367 – Streetlight Infill Improvements. The Committee received the report and requested an update on project progress be provided following the completion of year one (2018-19) of the programme and included this in the Committee work schedule. This report provides this update.

2. BACKGROUND

- 2.1 Council has approved a seven-year programme of work (Programme 1367) within the 2018-28 LTP which provides for upgrading lighting including installing additional lighting infrastructure to address non-compliance in terms of the light levels provided by the current P and V category street lights installed across the city. Programme 1367 – Streetlight Infill Improvements has a total budget of \$5,734,000 with the budget allocated as set out in Table 1 below. The programme has been approved for NZTA funding subsidy under the "Low Cost Low Risk" category and is part of PNCC current roading programme in the Regional Land Transport Plan. NZTA funding of 51% is payable provided the programme of work does not exceed \$1m in any one year.

Table 1. Capital New Programme 1367 - Streetlight Infill Improvements.

2018/2019	2019/2020	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
\$446k	\$865k	\$884k	\$904k	\$951k	\$974k	\$710k

- 2.2 During the previous 2015-25 LTP Council had approved funding for upgrading of existing streetlights throughout the City with LED luminaires to replace less efficient older technology from two programmes:
- Capital Renewal – Programme 74 – Street Light Replacements
 - Capital New Programme - 1274 City Wide Street Lighting Upgrade to Current LEDs
- 2.3 The scope of the LED replacement work comprised replacing luminaires on the existing light poles. The approval of the programme and matching NZTA funding was based on the significant benefits associated with reduced energy costs and reduced maintenance costs due to the longer service life of the luminaires. The scope of work excluded areas of the City where lights were mounted on existing poles carrying above ground power and telecommunications cabling, the assumption being that any LED upgrades could be undertaken when this infrastructure was undergrounded.
- 2.4 While it was already known that in many areas the existing lighting infrastructure did not meet minimum standards for light levels, the installation of LEDs served to highlight these deficiencies. In response to these issues, Council approved a new programme of work (Programme 1367) to invest in upgrading and installing infill lighting.
- 2.5 The scope and budget for the programme was prepared utilising information from an external assessment of the lighting levels on the existing roading network which identified the specific streets requiring remedial action. The assessment proposed a three-level priority ranking as well as providing robust and detailed cost estimates for the remedial work to bring lighting in each street up to the required standard. The original cost estimates for the priority rankings in each of the P and V categories are summarised in Table 2 below.

Table 2. Estimated Costs for Streetlight Infill Improvements.

P category total	Estimated cost
Priority rating 1	\$1,976,400
Priority rating 2	\$1,189,500
Priority rating 3	\$37,000
Sub-total	\$3,202,900
V category total	
Priority rating 1	\$1,730,500*
Priority rating 2	\$559,500
Priority rating 3	\$181,500
Sub-total	\$2,471,500
*Includes \$240,900 State Highway costs	
Total	\$5,674,400**

**Cost difference from Programme 1367 budget relates to cost escalations

3. PROGRESS AND EXPENDITURE UPDATE – 2018-19

- 3.1 The financial year 2018-19 was the first year of implementation of Programme 1367 with an allocated budget of \$446,000. The budget was augmented by funding from Programme 74 – City-wide Street Light Replacement to provide a combined total budget of \$475,000. The work undertaken during the year included construction as well as detailed design work for both 2018-19 and the 2019-20 financial years. The work was undertaken in packages with several adjacent streets in an area being addressed in each package.
- 3.2 Procurement of contract works during 2018-19 utilised the tender process which had been followed for the LED light replacement programme. Three suitably certified contractors were invited to tender but only one tender was received.
- 3.3 The 2018-19 available budget of \$475,000 was fully expensed with \$64,000 spent on detailed design and \$411,000 on physical works. Lighting upgrades were completed in the locations listed below. Design and construction work achievement against budget is summarised in Table 3.
- Chippendale Crescent as well as Gainsborough and Sheraton Groves
 - Apollo Parade, Gemini Ave, Saturn Crescent, Jupiter Street and Venus Way
 - Kentucky Way, Aintree Crescent, Caulfield Place, and Carbine Court

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- 3.4 One issue which emerged during the year and contributed to higher than estimated costs in some areas was the identification of poor quality asbestos cement buried cable ducts. The condition of the ducts required their renewal and replacement which had not been previously anticipated within the scope of work.

Table 3. Programmes 1367 – Progress Summary- as at 30 June 2019

Programme / Street Location	Design costs	Construction Costs	Cost to Date	Current Status
Chippendale Crescent (incl. Gainsborough and Sheraton)	\$10,500	\$59,000	\$69,500	Completed
Apollo Parade (incl Gemini, Saturn, Jupiter & Venus)	\$17,500	\$204,000	\$221,500	Completed
Aintree Crescent (incl. Caulfield, Kentucky and Carbine)	\$14,000	\$148,000	\$162,000	Completed
Sutherland Crescent (incl. Shetland, Waterford & Kimberley)	\$14,000		\$14,000	Contract let 2019/20
Panako Place	\$3,500		\$3,500	Designed
Havelock Avenue	\$3,500		\$3,500	Designed
Totals	\$64,000	\$411,000	\$475,000	

4. WORK PLANNED AND COST ESTIMATES FOR 2019-20

- 4.1 The programme budget for the 2019-20 year is nearly twice that of the 2019-20 budget at \$865,000. Given the capacity constraints in respect of design and construction resources, it is critical that work is advanced as soon as possible. Given that detailed designs for several of the 2019-20 upgrade locations were completed in 2018/19, Officers have taken the opportunity to award construction contracts for two work packages to ensure early progress is achieved.
- 4.2 With the significant investment required over the next 5 years of the programme and the limited contractor capacity, Officers are working through development of a procurement strategy for the construction works which enables delivery of the 2019-20 and 2020-21 work programmes under competitive terms and prices. As there are only five companies registered to undertake work on the Powerco network, a pre-

requisite for completing lighting upgrade work, Officers will be looking to use an invited tender process. Options being considered include establishment of a panel of two or three providers or tendering of the already designed works with the option of further work packages to be priced on a six monthly or annual basis.

- 4.3 The programme of work for the 2019-20 year has been identified and designs are largely completed. The only delay is the preparation of the plans. Once these are completed in the next few weeks the whole of the 2019-20 programme of work can be tendered. Initial estimates for the work have been prepared and are summarised in Table 4 below. The estimates indicate that the budget is enough to enable most of the scheduled work to be completed. However, to enable detailed design of the 2020-21 works to be completed, one of the locations may need to be deferred until next year.

Table 4. Programmes 1367 – Plan and Cost Estimate for 2019-20 Works

Programme / Street	Estimated design costs	Estimated Construction Costs	Total Estimated Cost for 2019-20	Current Status
Sutherland Crescent (incl. Shetland, Waterford & Kimberley)	\$5,000	\$82,000	\$87,000	Contract Let
Milten St, Panako Pl, Frimley St, Alexander St, Dampier Ave, Benbow Pl, Raleigh St, Wyndham St, Oban Pl	\$10,000	\$181,000	\$191,000	Designed
Bendigo St, Rosedale Cres, Geraldine Cres, Herbert Ave, Raglan Ave, Drury St, Hinau Pl, Leslie Ave	\$11,000	\$187,000	\$198,000	Designed
Havelock Ave, Chatsworth Pl, Ashton Pl, Dalwood Gr, Pencarrow St, Chatsworth Pl	\$12,000	\$206,000	\$218,000	Designed
Dittmer Dr, Ruha St	\$6,000	\$98,000	\$104,000	Designed
Additional streets to be determined for design work in 2019-20	\$67,000		\$67,000	To be confirmed

PALMERSTON NORTH CITY COUNCIL

Totals	\$111,000	\$754,000	\$865,000	
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5. NEXT STEPS

- 5.1 Officers are currently focussed on finalising the remaining designs and plans for the 2019-20 year and developing the procurement approach ahead of going to tender on the work for the next one or two years.
- 5.2 While the programme budgets appear to be adequate Officers will continue to monitor the costs against budget. It is intended that the adequacy of the overall programme budget to deliver on the programme outcomes will be reviewed at the end of the 2019-20 financial year, ahead of planning for the 2021-2031 LTP.

6. SUMMARY

- 6.1 The 2018-19 budget for the first year of Programme 1367 – Streetlight Infill Improvements was fully expensed to deliver upgraded lighting in three blocks of the city. Designs were also completed for two further areas to be implemented in 2019-20.
- 6.2 The 2019-20 programme scope of work has been confirmed and designs completed. Physical work is underway in two areas where designs were completed in 2019-20. Following completion of the drawings for the balance of the 2019-20 work areas, Officers will finalise a procurement approach to confirm one or more contractors to complete the work in 2019-20 and potentially into 2020-21.
- 6.3 While 2018-19 costs to complete work in some areas were slightly higher than anticipated, the cost estimates for the scope of work to be completed in 2019-20, indicate that the scope can be completed within the available budget.
- 6.4 Officers will reconfirm the cost to undertake the remaining five years of infill lighting work later in the current financial year, ahead of development of the 2022-2025 LTP to ensure budgets are adequate to complete the next tranche of work.

7. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	Yes
If Yes quote relevant clause(s) from Delegations Manual <Enter clause>	
Are the decisions significant?	No

If they are significant do they affect land or a body of water?		No
Can this decision only be made through a 10 Year Plan?		No
Does this decision require consultation through the Special Consultative procedure?		No
Is there funding in the current Annual Plan for these actions?		Yes
Are the recommendations inconsistent with any of Council's policies or plans?		No
The recommendations contribute to Goal 3: A Connected and Safe Community		
The recommendations contribute to the outcomes of the Connected Community Strategy		
<p>The recommendations contribute to the achievement of action/actions in the Strategic Transport Plan</p> <p>The actions are:</p> <ul style="list-style-type: none"> • To identify and implement a package of safety measures across the network. • Maintain street lighting and energy efficiency across the network. 		
Contribution to strategic direction	Council has a substantial investment in street lighting, which supports safe movement and access for people and goods around the transport system. Programme 1367 contributes to this by raising the standard of existing street lighting to conform with the relevant national standard current today. The benefits to the community are enhanced safety, reduced costs and a more liveable city.	

ATTACHMENTS

Nil

MEMORANDUM

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Review of Rating System - Terms of Reference

PRESENTED BY: Steve Paterson, Strategy Manager - Finance

APPROVED BY: Grant Elliott, Chief Financial Officer

RECOMMENDATION(S) TO COUNCIL

1. That the Terms of Reference for the Rating Review as outlined in Appendix Three of this report be endorsed.

1. ISSUE

The Council has resolved that an independent comprehensive review of the City's rating system be undertaken with a report back in 2020 to allow time for public consultation on any subsequent changes prior to preparation of the 10 Year Plan 2021-31.

To assist with planning, commissioning and timetabling the review it is necessary to determine what is in and out of scope as this will have a significant impact on the time, resources and cost of the review. Some informal polling of elected members was inconclusive hence this report.

2. BACKGROUND

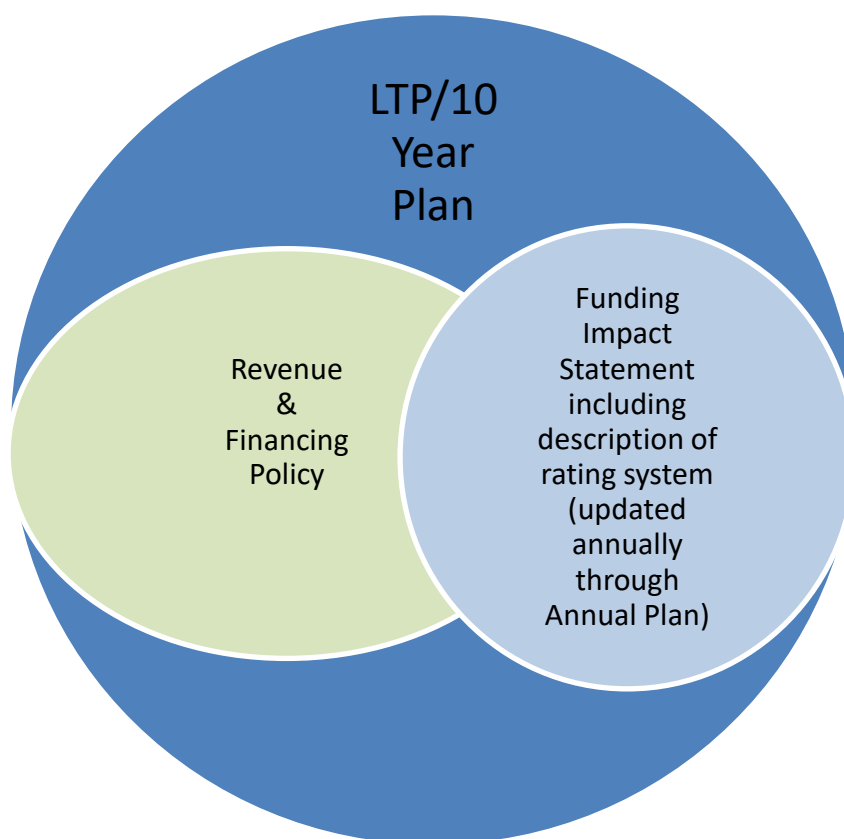
SOLGM (the Society of Local Government Managers) has produced a guide for effective rating reviews.

Amongst other things it cautions about starting a rating review without a clear expectation about what is being sought in terms of an outcome. Rates are principally a form of tax and the basis of allocating the tax in an appropriate and reasonable matter is to an extent a matter of personal opinion. In a sense there is no right or wrong outcome. A rating review can be expensive and time consuming. SOLGM conclude that a rating review is a process for elected members and the community to decide on what is a reasonable and appropriate allocation of rates. Throughout this process the Council's decisions must comply with rating law and the decision-making law. In doing so the Council must meet the administrative standards expected of tax setters.

SOLGM say “a first principles rating review is a big deal. It will need a high level of elected member engagement, extensive modelling, time and resources. If the review results in a proposal to change the rating allocation, it will probably lead to a high level of community interest with groups expressing strong views about the possible result. Often these groups having competing demands and steering a path through these will be challenging. If elected members are not fully committed to a proposed change the entire process can stagnate and undermine any future proposals.”

SOLGM recommend that “If a rating review’s going to work, there needs to be a good reason for it. And councillors need to agree on what that reason is before deciding if a review should go ahead.”

The rating system does not stand alone. It is devised in the context of the legislative framework shown in the following diagram:

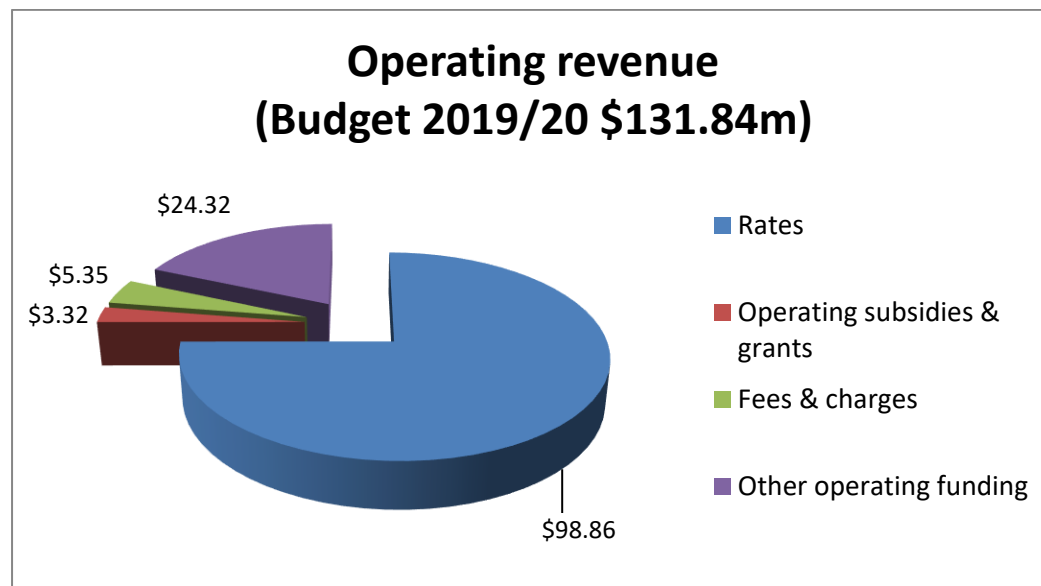


Decisions about what activities will be undertaken by the Council and the level of service of each are included in the 10 Year Plan. The Financial Strategy guides decisions about long term debt and rates levels.

The Revenue and Financing Policy contains the overall policy about how operating costs for each Council activity are to be funded including what share of costs are to be borne directly by identifiable users and the share borne by ratepayers.

Appendix One summarises key elements of the **Revenue and Financing Policy** with respect to the funding of operating costs (ie the principles for deciding the most appropriate funding source for activities depending on the nature of the benefit and the policy for the use of the various funding sources).

The following chart shows, at the summary level, how this has been translated for the 2019/20 Annual Budget.



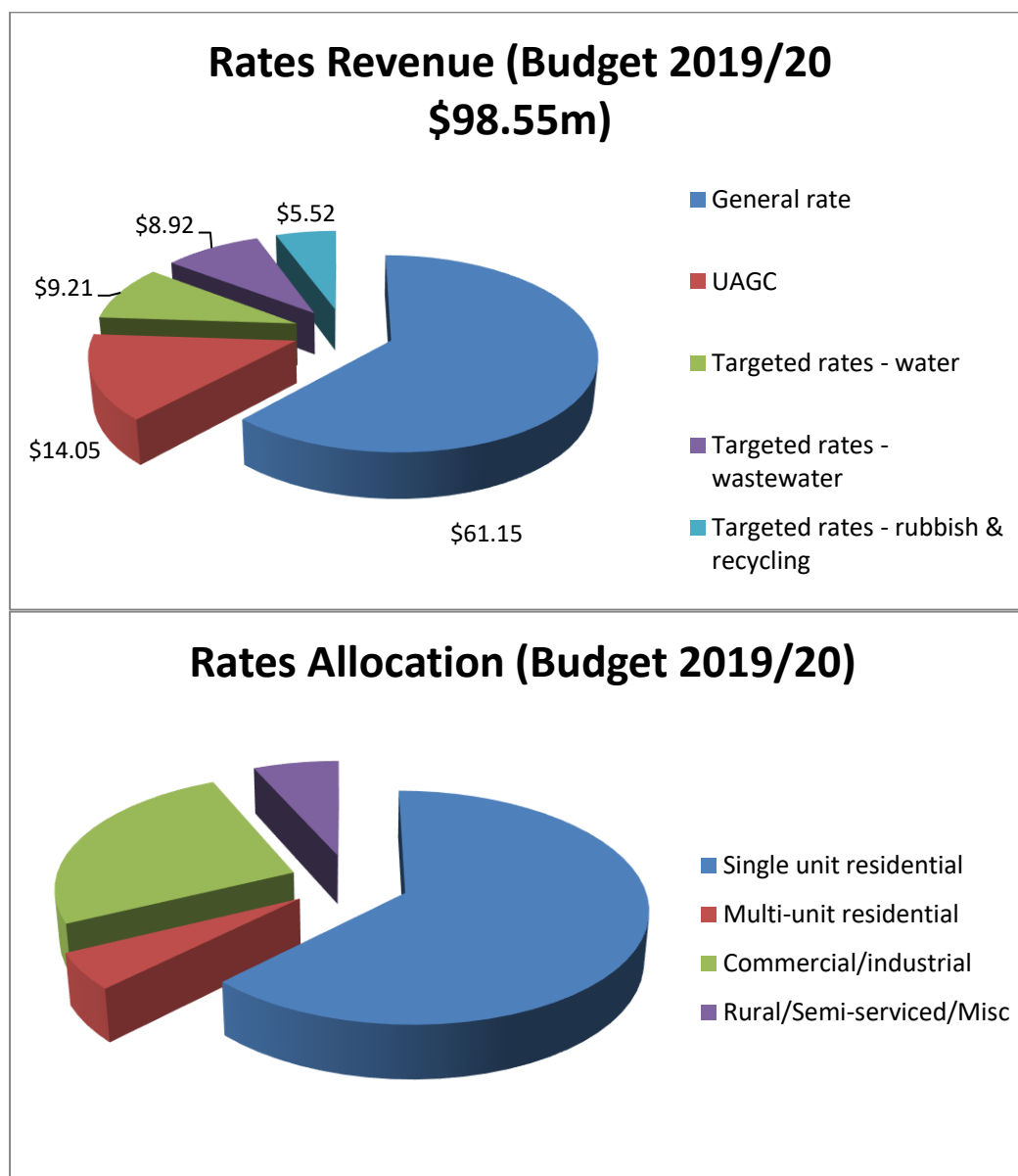
The more detailed rating policy and rating system are contained in the Funding Impact Statement section of the 10 Year Plan and subsequent Annual Budgets (Plans).

The current **Rating objectives** are as follows:

- to encourage growth and confidence in the city by operating a stable, easily understood method of setting rates
- to set rates in a manner which is fair and equitable as between various ratepayers and classes of ratepayer and which is consistent with Council 's planning objectives
- to ensure that all citizens contribute to the cost of providing city services by charging for use on a user pays basis where practicable
- to foster the sense of a single community by operating a common system throughout the city.

Appendix two contains a brief summary of the **present rating system**.

The following two charts show at a summary level the structure of the budgeted rates revenue for 2019/20 by rate type and the allocation between the various differential rating categories.



Council has been provided with numerous reports over recent years that summarise the then current rating information database, the rating system and an analysis of rates incidence at the time. The most recent information of this type has been provided following the 2018 city revaluation. As a consequence the Council decided to change the level of the UAGC and some of the differential surcharges for the general rate, to moderate the impact of the revaluation on rates, especially for the lower valued residential properties.

The focus of the proposed rating review should be on determining whether the present rating system appropriately and reasonably allocates the rating requirement to groups of ratepayers and individual ratepayers. If the conclusion is that it does not, the review should recommend changes to the system that would achieve that outcome.

Appendix Three contains a brief **Terms of Reference** that outlines the proposed focus for the review and the key assumptions to be made during the review.


3. NEXT STEPS

Once the terms of reference for the review are confirmed a more detailed project plan will be developed and an independent facilitator sought.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	No
Are the decisions significant?	No
If they are significant do they affect land or a body of water?	No
Can this decision only be made through a 10 Year Plan?	No
Does this decision require consultation through the Special Consultative procedure?	No
Is there funding in the current Annual Plan for these actions?	Yes
Are the recommendations inconsistent with any of Council's policies or plans?	No
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in Not Applicable	
Contribution to strategic direction	It is a fundamental tenant of government to have an appropriate and reasonable system of setting and assessing taxes. As rates are primarily a tax it is important to review the system from time to time.

ATTACHMENTS

1. Appendix One - Extracts from Revenue & Financing Policy
Appendix Two - Summary of present rating system
Appendix Three - Terms of Reference for Rating Review [↓](#) 

Appendix One

Summary of extracts from Revenue & Financing Policy

Principles for funding operating costs of activities	
Nature of benefit	Funding
Received by broader community without differentiation, in equivalent proportions, cost not easily attributed to individuals or groups (eg civil defence)	General rates
As above but costs can be attributed to individuals or groups (eg parking or animal control infringement)	Exacerbator pays
As above but wider community and costs can be met from other means (eg roading contributions from central gov't)	Grants & subsidies
Exclusive benefits to individuals or groups and costs can be easily attributed to them (eg resource consent for private planning)	User-pays basis
As above but charging fees and charges not practicable (eg residential water, wastewater, rubbish & recycling)	Proxy to user-pays (eg targeted rates)

Each activity is assessed in terms of who benefits (whole community v. identifiable individuals or groups), nature of benefit and over what period. Documented in broad terms.

Funding calculation for operating costs for each activity

Total operating costs (including interest & depreciation)
 Less operating grants & subsidies
 Less exacerbator and/or users fees and charges
 Less depreciation cost
 Plus debt repayment provision
 = Sum to be obtained from targeted or general rates

Summary of extracts from Revenue & Financing Policy

Policy for use of various funding sources	
Fees & charges	<p>Used for services where the benefit is entirely, or in part, to the direct user of the service and where the use of the service is at the discretion of the user. This includes fees for various consents, licences, permits and property information. The user charge may recover all, including a market return on the value of the Council's investment, or part of the cost of the activity.</p> <p>Where the Council needs to ration the use of an activity, it may charge at a level above what would be necessary to recover the costs of the activity (where legislation permits).</p> <p>Fees and charges may be in the form of fines, penalties or similar and used where the Council wishes to modify the behaviours that impose cost, or inconvenience, on other members of the community</p>
Targeted rates	<p>Set in the form of fixed amounts (as proxy user charges) to cover the costs of those services which are identifiable by property (water supply, wastewater disposal, and rubbish and recycling). In addition, significant non-residential and some rural users of water are metered and some non-residential wastewater users are charged on the basis of the number of pans.</p> <p>Also set to cover the costs of the Warm Palmy scheme and may be set to cover the costs of a Business improvement District (BID).</p>
General rates	<p>Primarily used to fund those activities, or parts of activities, that benefit the community in general and where no identifiable individuals or groups benefit in a significantly different way from the rest of the community.</p> <p>May also be used where the use of direct charging would discourage use, when encouraging use of the service is an explicit objective, or important to achieving the community outcomes to which the activity is intended to contribute.</p> <p>May also be used where it is impractical, or too administratively expensive, to fund the activity from other funding sources.</p>
UAGC	<p>A fixed charge per rating unit which the Council treats as a part of the general rate. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high value properties.</p>

Appendix Two

Extract from Annual Budget 2019/20**Components of the present rating system - a summary**

The Council's rating system, designed to meet its rating objectives, is utilised to fund the net cost of operations and programmes outlined in the 10 Year Plan and Annual Plan. It comprises the following components:

- A common system applies throughout the City.
- Targeted rates, in the form of fixed amounts (as proxy user charges) are made to cover the costs of those services which are identifiable by property (water supply, wastewater disposal, and rubbish and recycling). In addition, significant non-residential and some rural users of water are metered and some non-residential wastewater users are charged on the basis of the number of pans.
- A Uniform Annual General Charge (UAGC) is applied as a fixed amount to every rating unit within the City. It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate and also to moderate rates on high land-value properties.
- A General Rate, based on the land value, is applied to each rating unit, with different rates (differentials) applying to each property category.

The categories in the Council's differential rating scheme reflect differing property use and can be broadly grouped as follows:

- Single-unit residential
- Multi-unit residential
- Non-residential
- Rural and semi-serviced
- Miscellaneous.

Differential surcharges (that is, a higher rate in the dollar) are applied to multi-unit residential and non-residential properties whilst lower rates are applied to single unit residential and rural/semi-serviced properties. No surcharge is applied to miscellaneous properties.

Differential Matters and Categories for General Rate

The Council believes that a uniform general rate based on land value would not produce a fair and equitable allocation of rates. For this reason, it operates a system of differentials based on land use.

Descriptions of the land use categories are shown in 5.4.2 of the 2019/20 Funding Impact Statement in the Annual Budget.

The Council describes the relationship between the rates charged to each group in terms of a factor expressed as a percentage of the rate that would apply if there were no differential rating in place – that is, the group described as Miscellaneous (MS). Each year, the Council reviews the differential factors applied to each land use category.

The factors proposed for 2019/20 are outlined in 5.1 and include a number of changes compared with 2018/19. The Council believes these changes are an appropriate way of moderating the effect of the 2018 city revaluation on rating incidence.

The factors have been developed to address the following matters:

- rating units containing more than one residential unit will place an increasing demand on Council services as the number of units increase
- the land value for non-residential property is often driven by different influences from the land value for residential or rural land and therefore is not directly comparable as a rating base
- the Council's Revenue and Financing Policy identifies a number of activities where it believes non-residential users gain a greater benefit than other users and should bear a greater share of the cost
- for large rural rating units a pure land value system would produce rates charges that would be unsustainable
- rural and semi-serviced rating units generally have limited or, in some cases, no access to some Council activities funded through the general rate.

Appendix Three

Review of Rating System**Terms of Reference****Overall Objective**

The focus of the rating review is determine whether the present rating system appropriately and reasonably allocates the rating requirement to groups of ratepayers and individual ratepayers. If the conclusion is that it does not, the review should recommend changes to the system that would achieve that outcome including any transitional arrangements.

In undertaking the review the outcome is to be compared with the following rating objectives:

- to encourage growth and confidence in the city by operating a stable, easily understood method of setting rates
- to set rates in a manner which is fair and equitable as between various ratepayers and classes of ratepayer and which is consistent with Council 's planning objectives
- to ensure that all citizens contribute to the cost of providing city services by charging for use on a user pays basis where practicable
- to foster the sense of a single community by operating a common system throughout the city.

Underlying assumptions

In undertaking the review the following are to be assumed:

- The Council is broadly satisfied that the current Revenue and Financing Policy adequately determines what proportion of the funding of the costs of each activity is to be funded from rates.
- Based on the present 10 Year Plan assumptions and forecasts the total annual rates requirement will grow by approximately 5% pa and that within the overall increase the cost of delivering the wastewater activity will progressively increase very significantly to fund the operating costs and financing costs of the projected upgrade of the wastewater treatment and disposal system.
- The Council's current preference is to retain a rating system that includes fixed annual targeted rates to fund the net operating costs of the core services of water supply, wastewater treatment and disposal and rubbish and recycling. In doing so it is to be assumed that non-residential water supply will be charged on the basis of metered supply, that non-residential properties will be charged for wastewater on a per pan basis, that the rubbish collection service will be funded from the sale of rubbish bags, the kerbside recycling service (mainly residential) will be funded by fixed annual targeted rates by properties on the prevailing recycling route and that the costs of public rubbish and recycling will be funded by fixed annual targeted rates on all ratepayers.

- The Council believes a UAGC is an appropriate part of the rate funding mix as it is able to be used to make sure all ratepayers contribute at least a minimum amount and it can help make sure highly valued residential properties are not charged inappropriately high rates. What level of UAGC is appropriate will depend on valuation spread and the valuation base chosen for the general rate.
- The Council expects the review to particularly consider the pros and cons of using either the land value or the capital value as the base for the general rate and to consider options for both. It recognises that one option could be to have a system where the general rate is based on one valuation type and a targeted rate (on all properties) using the other valuation type – such an arrangement is a common way of transitioning from one system to the other.

Timing of Review

It is expected that the review will be completed during 2020 so that any outcomes of the review can be incorporated in the 10 Year Plan 2021-31.

It is expected that in the first instance the review will involve significant interaction with elected members but as it progresses to develop specific recommendations there will a comprehensive consultation with ratepayers and citizens.

COMMITTEE WORK SCHEDULE

TO: Finance and Performance Committee

MEETING DATE: 19 August 2019

TITLE: Committee Work Schedule

RECOMMENDATION(S) TO FINANCE AND PERFORMANCE COMMITTEE

1. That the Finance and Performance Committee receive its Work Schedule dated August 2019.

ATTACHMENTS

1. Work Schedule [↓](#) 

FINANCE AND PERFORMANCE COMMITTEE

PART I

COMMITTEE WORK SCHEDULE – AUGUST 2019

Item No.	Estimated Report Date	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
1	May August 2019	Investigate a buy local policy	Chief Financial Officer		18 February 2019 clause 9.2 (Part II, subsequently transferred to Part I)
2	August 2019	Update on infill lighting required to achieve compliance in P and V categories	Chief Infrastructure Officer	On track	19 November 2018
3	August 2019	E-Waste recycling reduced fees update	Chief Infrastructure Officer		18 February 2019 (No formal resolution made)
4	August 2019	Quarterly Performance and Finance Report	Chief Financial Officer		
5	TBA September 2019	Whakarongo Residential Development update	Chief Infrastructure Officer		18 March 2019 (No formal resolution made)
6	TBA	Review of charging structure for animal control fees	Chief Customer & Operating Officer	Workshop scheduled for 9 September 2019	15 April 2019 clause 25.10
7	December 2019	Papaioea Place Redevelopment Six Monthly Update	Chief Infrastructure Officer	Agreed at June 2019 meeting that updates could be six monthly instead of quarterly	No formal resolution, see memorandum "Papaioea Place Redevelopment Quarterly Update" dated 29 August 2018 clause 1.2
8	August 2019	Review of Asset Renewal Process for the Regent Theatre Trust, including outlining options for assisting the Regent Theatre in funding a	Chief Infrastructure Officer	Agreed at Arts, Culture & Heritage June 2019 that the item be left to lie on	17 June 2019 Arts, Culture & Heritage

Oasis #10652368

- 2 -

Item No.	Estimated Date	Report	Subject	Officer Responsible	Current Position	Date of Instruction/ Point of Origin
			new sound system (including the option of providing a loan)		the table until the Finance & Performance Committee	clause 19.3 17 June 2019 Arts, Culture & Heritage clause 25.2