

DRAFT

AN EVEN BETTER PLACE TO LIVE

Planning Nelson's future

Consultation Document for Nelson's Long Term Plan 2015-25



Nelson City Council

te kaunihera o whakatū

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What Does This Document Contain?

Foreword from the Mayor.....	4
About the Plan.....	6
Nelson's Future.....	7
Finding the Balance.....	7
Working Together	8
Key Issues Where We Need Your Feedback	9
1. Financial Reality.....	9
• Rates/debt	9
2. City Infrastructure	10
• Stormwater and Flood Protection	10
• Upgrade of Neale and Corder Park Pump Stations	11
• Maitai pipeline	12
• Footpaths.....	12
3. Developing the City	13
• Connections	13
• Housing	14
• Stoke and Greenmeadows.....	15
• Rutherford Park Development	16
• Marina	17
4. Partnerships	18
• Nelson Nature.....	18
• Gondola	19
• Community Assistance	20
• Nelson School of Music	21
• Nelson Arts Festival.....	21
• Community Art	22
• Light Nelson	23
5. Strong Economy	23
• Business Friendly Council	23
• Lions Tour	23
• Economic Development Services	24
• Central Business District Enhancement	24
• Waimea Community Dam.....	25
Key Relationships.....	26
Your Rates	27
Council's Finances.....	30
Development Contributions	35

Infrastructure Strategy	36
Audit Opinion	39
Submissions.....	40

* All funding amounts shown in this document include inflation unless otherwise stated

Foreword from the Mayor

This document sets out Nelson City Council's plans for the city's future. It summarises the principles and key issues that have influenced our decision making. The key projects from Council's draft 10 year plan are described. We need your feedback to understand if we have it right.

We are indeed fortunate to live in an attractive, growing region that people are proud to call home. Our beautiful environment and creative spirit keeps us here, and continually attract new residents and visitors. We want to know how, together, we can chart the course to making this an even better city.

Nelson is the main urban centre at the heart of Te Tau Ihu (Top-of-the-South) but with our current population and despite strong population growth we are a long way from being a major centre. Our Achilles' heel is that 50,000 Nelsonians have the aspirations of a city of 200,000 people.

I am not surprised that the number of projects we would like exceeds our ability to pay. I'd like them too. But we must balance the investment needed to make Nelson an even better place with affordability for ratepayers. Our first review of the 10 year forecast rates increases and debt projections told us we had to cut our cloth a little differently. We've asked our partner agencies to reduce their funding needs also.

This Plan outlines significant investment in core infrastructure. That's important to all of us. We propose an extra \$30 million for stormwater and flood protection. We can't stop the extreme weather events hitting us – but we can be better prepared. We're spending \$9.2 million on wastewater pump stations at Corder and Neale Parks to keep the network in good shape. There's also \$5.6 million on footpaths – an investment you've already told us matters to you.

As a unitary authority, Nelson has a wider range of functions than most councils. In the Plan, our regional council functions get a much higher priority with the introduction of our environmental programme, Nelson Nature. The review of our Nelson Plan and its resource management functions provides an opportunity to look for a more integrated approach to how our city develops. This will include reviewing how our central business district works. We will look for opportunities to encourage more business and residential activity there.

Meanwhile, the reassessment of our economic development services (including tourism, marketing and events) brings the opportunity for integrated delivery out of a single agency. We know from looking at Auckland Tourism Events and Economic Development (ATEED) that there are more benefits from integration than there are in separation. Growing our economy is a critical success factor for Nelson. I am committed to leading a business-friendly Council that is an enabler, cutting red-tape and supporting local business.

One way Council already helps our entrepreneurs is by facilitating links to important trading partners. This year, after a Council-led business delegation to China is completed, we'll be initiating China Week, when we can all share in this flourishing relationship. Look out for an exciting week celebrating our growing cultural, business and tourism links with that vast economy.

Partnerships help stretch resources further. For that reason, they are a cornerstone of this Plan. The contribution of willing partners in funding, or time, or other support for projects, makes it possible for Council to justify committing your hard-earned rates dollars.

Last year, the Nelson Gigatown campaign demonstrated we have some really innovative thinkers who are passionate about our future. As Mayor, I am keen for Council to partner with these people over the long term via a Mayoral Taskforce on City Futures. This group will look to identify opportunities for enhancing the city's economic and social vibrancy. They will meet quarterly, with their work informing future Annual Plans, Long Term Plans and Council work programmes.

Such fresh approaches will be key in achieving what we want for our city.

As we have put the Plan together, we have also recognised there are gaps. I had hoped the review of Council's property holdings that was commissioned last year would have informed this Plan. That work is taking longer than expected but it is important to get it right. We will give effect to any priorities through future Annual Plans.

Similarly, some of the estimates in the Plan are just that: estimates. The preparation of a business case for each major project is a new step in our process, and there has not been time to move all projects through this process in preparation of this Plan. Council will consider each business case as it comes to hand and before any major projects are approved.

This Plan makes provision for a number of initiatives in Stoke, the most exciting of which may be the construction of a community facility at Greenmeadows. Stoke is the fastest growing area in Nelson, and I am pleased Council has allocated funds for this facility, along with proposing an extension to the Stoke library and a youth park.

Whatever the projects and plans Nelson City makes, we have to take the broader regional view. The divisions between Nelson City and Tasman District Councils only make sense on paper, and not to our people who move across that 'dividing line' every day. To create the future both Nelson and Tasman needs, we must think, work and plan as one region. That connected approach will evolve further over the life of this Plan.

Right now we need to focus on delivering the programme of work that improves Nelson, but I believe that council amalgamation is a given at some future time. I suggest that 2017/18 would be the right time to consider amalgamation again – it is important that we hear from you on this issue.

I'd like to end by thanking you for taking the time to read about our city's Plan and for any feedback you may give. This Plan will only come to life if it truly reflects the wishes of its community.

Kaua e rangiruatia te hāpai o te hoe; e kore tō tātou waka e ū ki uta - do not lift the paddle out of unison or our canoe will never reach the shore.

Rachel Reese
Mayor of Nelson

About the Plan

The draft 2015-2025 Long Term Plan ("Plan") has been put together after many hours of reviewing budgets and projects, checking data and information, talking with the community and drawing on what you have told us is important. It has not been easy to keep the final package of projects and services affordable.

We believe this Plan has the essentials needed: a balance of core infrastructure to keep Nelson safe and functioning well, along with projects that enhance the city and make it exciting and welcoming. It has a long term rather than a short term focus.

This plan spends time explaining the financial choices. Inevitably there are gaps and uncertainties within the Plan: projects that need more analysis, property holdings that need examining, major central government projects (eg the Nelson Southern Link) or further legislative reform. As these projects mature you can expect to see necessary adjustments in coming Annual Plans. Rest assured that we will engage with you early on any changes that are needed and keep you informed of how you might be affected.

We want you to tell us if we've got the Plan right. We have put together this document so you can see the key decisions we face, the options for dealing with them and what Council's approach will be. Are there particular things you support or would add, remove or change in the Plan?

Written submissions from the public will be read by the Mayor and Councillors. Hearings will be held for those who want to speak directly to Council about their submission. By June this year, Council will have considered every submission and amended the Long Term Plan as appropriate to take into account your feedback ready for the financial year starting on 1 July 2015.

For information on ways to have your say, and how to find out more about proposed projects and their different options, go to the very back of this document.

Nelson's Future

Nelson is blessed with a wonderful climate, an enviable location, a positive economic outlook, a foundation of good local facilities and a growing population. It's a city that lots of people want to visit or settle in.

The demographics of our community are changing as New Zealand's population ages. The median age of Nelson's population is expected to increase to 48 years over the next two decades and by then almost a third of us will be over 65 years old. Most of Nelson's growth in the next two decades is predicted to be from migration as our city bucks the trend of declining growth in many areas around New Zealand.

So we need to be planning now to make sure our community has the facilities and services it needs as it changes, to ensure we are attractive to all generations. Our commitment to being a welcoming city for all ages extends from building youth events into our Festival programmes to the work we are collaborating on to make Nelson an age-friendly city.

To keep Nelson a great place to bring up future generations of children we want to make sure our city is a safe and fun place for youth to be. Thinking of those future generations, we have taken a long term perspective to many decisions, a perspective that exceeds a 10 year planning horizon.

That long view has led to Council stepping up its commitment to important regional council responsibilities that protect our natural resources. You will see issues such as flood protection, biodiversity and water management all receiving higher priority from this Council. The review of the Nelson Plan will be an opportunity to look for a more integrated approach to how our city develops and our natural resources are managed.

This Council accepts the responsibility to protect what is already great about our city as well as bring on projects and facilities that will take Nelson's lifestyle to the next level. We want to create a positive legacy for future generations - which means not burdening them with unsustainable amounts of debt. We also need to invest in the assets and services that will help Nelson reach its potential, and this is a careful balancing act.

Finding the Balance

One area that demonstrates most clearly the difficult decisions Council has had to balance in the Plan is flood protection. Severe weather events this decade have adversely affected many residents and we are all still paying for the repairs needed to private and city assets.

With a city built on a floodplain, development close to streams and rivers and the prospect of changes to weather patterns bringing more severe weather events, we have to accept as a community that flood risk is part of our future.

A review of stormwater and flood protection has identified a shortfall. We have a backlog of upgrade work to address. Deciding what works to

undertake to protect different parts of the city is a three-way balancing act between reducing risk to property and people, affordability and the need to preserve the natural values of streams and rivers. Doing nothing is not an option – the risk in every part is too great. Doing everything in the next 10 years to upgrade our systems would increase our debt level to a point that is unaffordable.

Another example of the balance Council has aimed for is in our creative sector. One of the special things about Nelson, part of our “brand story” if you like, is our creative culture. You will see in the mix of projects Council wants to support that our focus on protecting core infrastructure is balanced with a careful and targeted investment in events and the arts to support and build our creative credentials. Changes to our much-loved Arts Festival to refresh it and grow it to a new level are set out. There is secure funding to develop Light Nelson as a key part of our cultural calendar and identity, and support for Arts Council Nelson to develop the Refinery as a community art space.

In addition to cultural benefits, Council sees real potential for these and similar events to contribute even more to our economy. We are also reviewing the operation of several key agencies involved in promoting Nelson (Nelson Tasman Tourism, the Nelson Regional Economic Development Agency and Uniquely Nelson) with the aim of boosting the economic development and marketing of Nelson.

Working Together

He waka kōtuaia kāhore e tukutukua ngā mimira (A canoe that is interlaced will not become separated at the bow).

This Council wants a partnership with the community; a ‘no surprises’ approach that allows the community and Council to understand each others’ thinking before decisions are made. As part of developing the Plan, Council met with many stakeholder groups. Hearing directly from different sectors of the community about their key challenges and aspirations for the future was hugely helpful in deciding what Council’s priorities should be. We intend to continue that level of engagement and look for genuine partnerships with sectors of the community on projects that affect them. This is in keeping with the goals of Nelson 2060.

Council management has also adopted this approach, working in partnership with elected members. Asset management plans have been developed from good information, identifying gaps and leading to tighter maintenance budgets and better timing on replacing some assets. Budgets have been examined to ensure the rates are set as low as possible whilst being prudent.

Everyone involved with Council is enthusiastic about making Nelson an even better place.

In 2012 the community came together to develop the Nelson 2060 strategy. The strategy reflects the aspirations of our people for a sustainable future and

as a partner to the strategy we reflect its intent in the decisions we make and the work we undertake. This plan takes some significant steps to achieving the goals of Nelson 2060. More than half a million dollars a year is being invested in biodiversity through new Nelson Nature projects. A more effective approach to funding community projects frees up \$100,000 in the first year of the plan to help residents improve their home heating and insulation.

Council has had a strong relationship with iwi in recent years. It's appropriate for us to grow that to a partnership, where we work together to contribute to each others' aspirations.

In this post-settlement era, iwi are looking for opportunities for investment both locally and nationally; equally, their investment stands to benefit us all.

In its Annual Plan 2014/15, Council commenced a property assets review. Council is about to consider this and will prioritise the required actions to ensure the community receives optimal value from the properties it holds. As we look for ways to balance community value and rationalising property, there may be exciting opportunities to work more closely with iwi.

Similarly, iwi will be important partners in developing our approach to infrastructure; we need to work together to achieve resolution to resource management issues.

The future is bright for Nelson but it is not without some significant challenges. If we, as a community, can come together to plan and collaborate then the future we build for our very special part of the world is assured.

Key Issues Where We Need Your Feedback

The following are significant issues Council is proposing to tackle over the next 10 years where we want your feedback. They cover decisions that are likely to cost the most, be of most interest to the community or have the most impact. At the end of each section you will see any alternative options that the Council may have considered.

1. Financial Reality

Rates/debt

Affordability has been a key concern for Council throughout the Plan's development. The first iteration of the budget considered by Council detailed a lot of infrastructural and other projects. We had to adjust the timing and scope of these to bring rates and debt levels to a point we were comfortable with.

Managing debt levels is a priority for Council. These are assessed by a credit rating agency and by retaining our existing credit rating, we attract lower interest rates on our borrowings which saves significant sums of money. It is also important to avoid burdening future generations with unsustainable levels of debt which limit their choices.

Efficiencies in how projects are delivered, spreading projects over longer timeframes, developing partnerships to spread the load from ratepayers and removing the "I might need it" budget lines are all strategies that have been used to keep costs manageable. Over the 10 years of the Plan our debt levels remain within the cap Council has set itself, of never exceeding 150% of our revenue.

Rates rises average 2.7% (including growth) over the 10 years of the Plan. Council has a capped limit of rates rises never being more than 2% higher than the local government cost index. One important element in achieving reasonable levels of rating is Council's commitment to more rigorous budgeting. We only want to take from you in rates each year the amount for a realistic work programme that we can deliver.

Options: We want feedback on the approach we have taken. Council believes it delivers a good balance of maintaining existing assets while continuing to develop the new projects we agree together are needed. A more liberal approach to budgeting would require Council to change its policy and set new, higher rates and debt caps. Alternatively if you would prefer more to be shaved off the proposed work programme please let us know which projects or services you believe should be a lower priority for the city.

2. City Infrastructure

Stormwater and Flood Protection

Recent years have seen several extreme rainfalls, ranging from the city-wide long duration event of December 2011 to the short, high intensity rain events that impacted on quite narrow bands of the city in April 2013 and June 2014. These events led to gravel being deposited in stream and river beds, blocking stormwater pipes and intake structures and general property damage from slips and flooding.

The anticipated cost to Council of recovering from recent storms is \$11.5 million after insurance and other cost recoveries. Council had to borrow for the cost of recovery works following the December 2011 severe rainfall event and then again for the April 2013 event. This borrowing is shown against a new Disaster Recovery Fund that is still in deficit. Projections showed the Disaster Recovery Fund would not have a positive balance until 2023, so an additional \$0.8 million was added last year to reduce that period. This Council remains committed to reducing the deficit in this Fund at a faster rate so funds can be accumulated to respond appropriately to future events. We believe this is important given the proven trend towards an increasing number of extreme weather events.

There is a careful balance to be struck in providing an adequate stormwater network to the city, while ensuring the work scheduled is affordable and appropriate. How much work should ratepayers fund to reduce the flood risk to city assets and private property? \$82 million is the amount estimated, based on Council's Infrastructure Strategy, to undertake an appropriate level

of flood risk mitigation works (to protect against 1 in 100 year events for waterways and 1 in 20 for the piped network). Much of our piped network and waterways are well below this standard. Unfortunately, undertaking all of this work in a 10 year period would result in Council breaching its debt and rates caps¹.

We are also changing the way we rate for stormwater and flood protection so that those who have higher value assets contribute more. This will mainly impact on properties with high capital value, such as utilities like power companies, commercial properties and Council itself.

Options: Council considered continuing with current levels of mitigation and design and dealing with the aftermath of events when they happen. However this would not be financially prudent or meet all of our statutory requirements. Alternatively we could significantly increase protection by doing more of the \$82 million work identified in the Infrastructure Strategy but this would take us over the total debt limit Council has set itself.

What Council proposes is to focus works in the areas already extensively modelled and where the risk to people and assets is high. There is an extra \$30 million² above what was forecast in the last LTP in the draft 10 year Plan prioritised for works in the central city (including works on the Maitai River and the Brook, York and Little Go streams), Saxton Creek and other areas, including for minor works and interim risk reduction. There is also funding to cover modelling work on the flood risk for a number of less well-researched waterways outside the centre of the city to help design appropriate flood risk mitigation in the future. This is a managed response to risk reduction within the finances available to Council.

Upgrade of Neale and Corder Park Pump Stations

These two projects are part of critical Council functions, protecting the health of the community and environment. Sewerage from Bishopdale eastwards is piped to the Neale Park pump station and then pumped to the Nelson Wastewater Treatment Plant along the state highway north of the city. Due to the distance of Neale Park pump station from the treatment plant, the pumps have to pump at higher pressure to get the flows to the plant.

Neale Park pump station was constructed in the 1960s and identified as earthquake prone with a site layout that has contributed to ongoing odour issues in the immediate vicinity. All the original pumps have now been replaced, rather than repaired, as parts are no longer available. A new pump station is proposed for the site, incorporating modern odour control and some wastewater pre-treatment.

¹ See the tables on pages 34 and 35 for graphs

² Funded by development contributions, cash surpluses from funded depreciation, and debt which is serviced from the Stormwater and Flood Protection rate

Corder Park pump station upgrade has begun (and will be completed in 2015/16) as part of replacing the existing pump station and in response to recent pipe failures that saw sewerage leaking out into Tasman Bay. This pump station is located mid-way between Neale Park and the Nelson Wastewater Treatment Plant and has been identified as the ideal location for a new inline pump station.

Options: These are significant projects which add a total of \$9.2 million³ to the draft Plan and thus substantially add to our debt. Council could do a reduced amount of work by limiting the upgrade to Corder Park and deferring some of the major work on Neale Park (at an estimated saving of just over \$2 million). However the planned upgrade will reduce pressure in the pipeline between Neale Park and Corder Park, reducing the risk of further pipe bursts and sewerage leaks. There have been four outflows over the past two years and Council considers it necessary to invest in a solution to avoid polluting Tasman Bay.

Maitai pipeline

A safe and reliable water supply is essential. A multi-stage project to improve water pipeline security from the dam to the city is being undertaken over many years. The pipeline from the dam to the treatment plant has been duplicated over the last three years to provide a more secure supply line to the treatment plant.

It is proposed to complete the link to the city with a duplicate line from the treatment plant to Westbrook Terrace. This section of pipeline was damaged in the 2008 wind storm and Council considered this to be a priority project, following on from completing the duplicate pipe from the dam to the treatment plant. This work was originally programmed for 2020/21 but was brought forward as a result of the Christchurch earthquakes and after in-house assessment of options for proposed routes allowed the detailed design to proceed in 2014/15. The likely cost is \$4.2 million⁴ and it will go ahead in 2015/16 and 2016/17.

Options: Delaying the project to reduce costs is an option but until it is complete the benefits of the duplication will not be achieved. Council considers the city's resilience to natural hazards will be enhanced by completion of this project.

Footpaths

As part of our objective for a walkable city Council aims to provide a network of footpaths that is suitable, accessible, safe and well maintained. It may seem like a fairly routine issue to be highlighting in a Long Term Plan but

³ Funded from development contributions, depreciation, and debt which is serviced from the Wastewater rate

⁴ Funded from development contributions, cash surpluses from funded depreciation, and debt which is serviced from the Water rates

good footpaths are important for maintaining a healthy active community, particularly for our growing number of older residents. Council proposes to make improving the surface condition of footpaths one of its priorities over the next five years.

Priority areas include replacing the sections of the existing footpath network that are in the worst condition, including regrading steep vehicle crossings. To determine which areas should be done first, footpaths across the city have been assessed and prioritised, with \$300,000 allowed per year to repair substandard footpaths.

There is also \$200,000 allocated per year from 2016/17 for new footpaths, connectivity between footpaths, and safer road crossings, especially around schools and across busy roads.

Options: The cost of work on footpaths is \$5.6 million⁵ across the 10 years of the Plan. It would be possible to spread this work over a longer period to reduce costs in the Plan but given the amount of feedback from residents on footpaths during pre-consultation, we consider this is a high priority for the city.

3. Developing the City

Connections

Nelsonians love their waterfront. Last year Council consulted widely on a proposal for better provision for walkers and cyclists along Rocks Road. Council has worked hard with the NZ Transport Agency to identify a solution for this section of road. This is a partnership project (as this is a State Highway) that involves a ratepayer contribution estimated at around \$3 million⁶ and a funding contribution of more than \$14 million from the NZ Transport Agency.

Feedback from community engagement on various options showed strong support for a walking and cycling facility that increased the number of users, increased safety, and made the area more attractive. However, there was a real concern about possible conflict between faster cyclists and other users on a shared path, and also the loss of parking. Further analysis is currently being undertaken on the Steering Committee's recommended option. Feedback from the detailed analysis will inform negotiations with the NZ Transport Agency.

The City to Sea network – from Maitai to Tahunanui - is a project which Council wishes to complete. The Maitai Walkway and Rutherford Park are important nodes in this network, along with linkages to the marina area (Akersten Street). Previous councils made strategic property purchases in the

⁵ Funded from development contributions, cash surpluses from funded depreciation, and debt which is serviced from the general rate

⁶ Funded from development contributions, cash surpluses from funded depreciation, and debt which is serviced from the general rate

Haven area to provide options for these links. Resources have been included in the first year of the Plan for integrating the property and transport components of this development. Once the planning is complete, budgets and physical works will follow. The Government's announcement of the Urban Cycleways Fund appears a good fit with this programme.

The impact of the NZ Transport Agency's investigation of a third arterial route between Nelson and Stoke – the Nelson Southern Link – on Council's transport programme is not yet known. Current Council policy is to protect the potential corridor, and no change is proposed.

Council's investment in transport programmes is supported by funding from the NZ Transport Agency. This is subject to a separate consultation process to develop the Regional Land Transport Programme which was begun late last year.

Housing

Nelson shares much in common with the national discussion around housing affordability. Nelson and Tasman councils are in discussions with the Government on a housing accord. Government has changed the criteria for support to social housing (previously known as community housing) and new opportunities have been provided for Community Housing Providers to access rental subsidies. Later in 2015 Council intends to look at this option in more detail.

Inner city living is another aspect of the housing issue that has long been identified as something that Council should be supporting and encouraging. This was a key component of the 2009 Heart of Nelson Strategy. Last year Council revisited the Heart of Nelson Strategy and also considered if there were other opportunities for the central business district (CBD); this again confirmed that inner city living is a priority. There are many benefits for the city and individuals: making use of existing facilities, busier and safer city streets at night, more customers for hospitality and other city businesses, and an increased choice of housing in the region. One and two person households are on the rise and the real estate industry reports high levels of enquiries, including from outside Nelson, about town houses and apartments in the inner city.

Council plays a key role in assisting and encouraging development of inner city living. We are currently:

- Investigating any constraints in infrastructure capacity to accommodate more residents within or close to the CBD;
- Working on planning rules in the Nelson Plan to ensure inner city living is supported;
- Actively working with developers and industry professionals whenever a proposal for inner city living is put forward.

Stoke and Greenmeadows

It is important that Stoke has appropriate facilities and services to support the growth forecast to occur in this suburb. Projects to revitalise Stoke and provide for growth are overdue for funding. Recognition that Stoke is a great place to live has made it Nelson's fastest growing suburb. It will be home to three quarters of Nelson's population growth and half its new housing over the next thirty years.

A new facility at Greenmeadows reserve had been discussed for some years and in 2013/14 a needs analysis was undertaken to better understand the suburb's community and recreation needs. This included a community survey, stakeholder meetings, focus groups and other consultation.

Council received a very strong and consistent response which was used to develop a brief for the project. An external project manager has been appointed, with \$5.6 million⁷ set aside in 2015/16 and 2016/17 to build the facility. Council recognises that the new facility is not a project in isolation and wider issues raised through the survey will be tackled in close partnership with the community. The future of Stoke Hall will be considered after further discussion with the community on how it can best fit with the new Greenmeadows facility.

The needs analysis consultation also supported a youth park in Stoke. Funding of \$539,000⁸ has been allocated in 2017/18 and 2018/19 for further consultation, planning and physical works.

At the heart of the Stoke precinct, the library is the suburb's community living room. Along with providing traditional library services and facilities, as well as community education classes and outreach activities, it has become an important social and cultural hub for the people of Stoke. Many of the qualitative responses to the recent Stoke survey noted the library was too small for the numbers of people it serves and their developing and varied needs. The 2011 refurbishment was undertaken within the current floor space. To address the need for more space, an extension is proposed in 2020/21 and \$2.3 million⁹ is set aside to achieve this work. As we work through the next stages of the Stoke revitalisation work around the commercial area, this project may be brought forward.

A Parking Survey for central Stoke has recently been completed and a number of parking and transport issues identified for attention. Several projects have been prioritised for the early part of the Long Term Plan including improvements to traffic flows in central Stoke and some analysis of safety and traffic volumes to inform future projects.

⁷ Funded by debt which is serviced from the general rate

⁸ Funded by cash surpluses from funded depreciation, and debt which is serviced from the general rate

⁹ Funded by cash surpluses from funded depreciation, and debt which is serviced from the general rate

The Stoke bus service will also be reviewed including the option of better links between the commercial and residential areas of Stoke. This is subject to a separate consultation process, which began late last year, to develop the Regional Public Transport Plan.

Options: Council has the option of waiting until more comprehensive investigations of the Stoke centre are undertaken before some of these works are begun but feedback from residents has been that a start on improvements is needed now.

Rutherford Park Development

A plan for the development of Rutherford and Trafalgar Parks was adopted by Council in mid 2013 and outlined a programme of possible future works to realise Council's vision of an active urban park. The remedial works required for the Trafalgar Centre has led to the wider enhancement projects being placed on hold.

We have reviewed the programme of works planned for Rutherford Park in light of the need to reduce our debt level and found the total budget allocated previously to be unaffordable. The revised programme focuses on improving the structure and connections of areas of the Park. In the Plan there is now \$1.9 million in 2015/16 for roading, carparking and landscaping; \$308,000 for walk/cycle connections in 2016/17; \$527,000 for public toilets and landscaping in 2017/18 and \$445,000 for landscaping and connections to support city to sea links in 2019/20¹⁰.

These projects are important to support the reopening of the Trafalgar Centre which is planned for 2016 if it can be completed within the \$9.5 million budget¹¹ allowed in the LTP (analysis of options is ongoing). They will also create a good framework for future development.

However one project which Council feels is a priority, and goes beyond the access and landscaping works above, is provision of a play space near the Maitai shared path. This would attract families into the Park and assist with the aim of increasing activity levels in the Park. Council has allowed \$614,000 of additional funding in 2016/17¹², half as new funding and half through transfer of funding from its budget for new playgrounds. Understanding that high quality play spaces require a significant investment, Council will be looking for partners to help create an exciting and unique facility which appeals to a wide range of ages.

¹⁰ All funded from cash surpluses from funded depreciation, and debt which is serviced from the general rate

¹¹ Funded by cash surpluses from funded depreciation, and debt which is serviced from the general rate

¹² Funded by cash surpluses from funded depreciation, and debt which is serviced from the general rate

Options: Council could reduce the investment in Rutherford Park over the 10 years of the Plan but much of the work is considered necessary to support the Trafalgar Centre when it reopens. Removal of the funding for the playground would reduce debt in the Plan but with completion of the Maitai Walkway it is an ideal time to begin increasing use of the Park. Council is looking to share the funding for the playground with other partners to reduce the cost to ratepayers.

Marina

The marina provides permanent and casual berths and associated marine facilities to support boating. The marina returns economic benefits by attracting visitors to Nelson. It provides good, safe facilities, reasonable fees, and a central location with good access to the city for visitors and residents alike. It also allows an efficient use of scarce water space and protects marine environments by concentrating moorings in one area.

The day to day expenses of the marina are funded by revenue from berth-holders and debt is used to fund development. Although the marina is a 'ring fenced' account, any debt in the marina account contributes to Council's overall debt.

Fees for Nelson's marina are much lower than other facilities around the country, even allowing for differences in service provision (a table of comparative charges is available at nelson.govt.nz search = marina fees). It is proposed to increase fees by 4% per year over the Plan and to use that income to assist with debt reduction.

Hardstand provision at the marina is an issue that has remained unresolved for many years. The hardstand and its management has, until now, been provided by a private operator. Creating a new hardstand at the marina was scheduled for completion in 2013/14 but was delayed because Council wanted to take a more comprehensive approach to developments in this area. The potential for land around Akersten Street to be developed to make more of the marina precinct for the city has long been recognised.

Providing adequate area for hardstand is important to the successful functioning of the marina. A total of \$1.54 million¹³ has been provided in 2016/17 to allow this project to proceed in a way that integrates with surrounding land development opportunities.

Another project in the marina is a new sea sports facility to house a range of water users from kayakers to sea cadets. The shared area around the marina and boat ramp is becoming a bottleneck and there is need for safe storage of

¹³ Funded by debt but repaid by user fees

equipment. Changing facilities and a space for clubs to socialise have also been requested. The Nelson Sea Sports Alliance (representing 12 sea sport groups) has put together a proposal for a shared facility. Council has set aside \$578,000 of funding in years 2016/17 and 2017/18¹⁴ to support a sea sports facility with the expectation the Alliance would fundraise for the remainder.

Options: Marina fees could be kept at current levels but given how low they are compared to other facilities a 4% rise is considered reasonable to assist with debt reduction.

The hardstand could be addressed earlier in the Plan, however Council would not recommend an ad hoc approach which has the potential to lose development return to ratepayers from this scarce and highly valued land resource.

Council could choose not to support the Nelson Sea Sports Alliance proposal but it appreciates the growth in the clubs in recent times and the demand for a facility to support them. When a large number of groups can collaborate and share facilities, as in this example, the case for ratepayer support is much stronger.

4. Partnerships

Nelson Nature

Our natural environment is very important to us. It is part of our identity and attracts many people to visit and live in our region.

The Nelson Biodiversity Strategy 2014 aims to create an ecologically rich and sustainable future for Nelson through aligned action on biodiversity by responsible agencies and the community. Council provides administrative support to, and participates in, the Nelson Biodiversity Forum, which was established in 2007 to help develop and implement the Nelson Biodiversity Strategy. The Biodiversity Forum comprises a good cross section of 26 partners with common interests who bring a range of skills and knowledge to the table. The Forum is a strong example of how Council can better assist the community it serves when it does so in partnership.

Nelson Nature is the Biodiversity Management Programme initiated by the Nelson Biodiversity Forum and Council. It will provide for and implement a much more extensive and targeted approach to ensure habitats in our region are protected and enhanced. There are 10 initial projects making up Nelson Nature, including working with Nelson's Significant Natural Areas, terrestrial environments, coastal (cliffs, dunes and estuaries) and freshwater ecosystems. These projects are being proposed to protect and enhance Nelson's biodiversity by implementing targeted 'actions on the ground'. The

¹⁴ Funded by cash surpluses from funded depreciation, and debt which is serviced from the general rate

Brook Waimarama Sanctuary is supported well through Nelson Nature as its implementation will provide a managed buffer around the Sanctuary to minimise pest pressures on the fence, and also provide a safer environment for any biodiversity overflow coming from the Sanctuary itself.

Comprehensive baseline data will determine the current condition of ecosystems so we can see progress being made and help target future efforts.

Enhanced animal pest and weed control, particularly in areas with high biodiversity values, is important. The major threat to these areas are weeds and pests which are, in some areas, causing loss of biodiversity and increasing costs to manage. Weed control is an important first step when planting trees to enhance biodiversity and allows us to help support the important biodiversity protection work undertaken by community groups, partners and rural landowners. The implementation of the Regional Pest Management Strategy aligns closely to the Nelson Nature programme and its intended outcomes.

Council proposes to contribute new funding in the Long Term Plan towards implementing Nelson Nature (\$500,000 in 2015/16 rising to \$717,893 in 2019/20 and increasing by inflation thereafter)¹⁵.

Options: This is a significant amount of operational funding (as opposed to capital projects which are funded over time through loans) and thus has an immediate upward pressure on rates. This council function has had limited budget previously and requires a solid ongoing investment to prevent further loss of precious biodiversity. Council has reduced the first two years of funding from initial proposals, but ultimately decided that managing and enhancing biodiversity is an important intergenerational responsibility of a regional council.

Gondola

In 2013/14 Council provided funding for the Nelson Cycle Lift Society to examine the feasibility of constructing a gondola that would take people and mountain bikes to the top of Fringed Hill. The study suggests the concept is feasible and the Society is now preparing a detailed business case.

Council supports, in principle, the development of the gondola lift and is open to the idea of leasing council owned land if this was identified as the preferred site. It would complement existing recreational activities, including cycling and walking. The project has the potential to develop into a significant tourist attraction alongside neighbouring Brook Sanctuary.

Council acknowledges the voluntary efforts of the Society to date and looks forward to future discussions. The final location of the gondola will be

¹⁵ Funded from the general rate

confirmed through the resource consent process and will be subject to the outcome of the Brook Recreation Reserve Management Plan process.

Community Assistance

Community Assistance is the range of support Council provides to not-for-profit groups in our community and includes rates remission, funding agreements, one-off grants, discounted leases and licenses and intermediary loans. In 2013/14 the value of that support to community groups was over \$1million per year.

The Community Assistance Fund has been an important component of that overall support, funding a range of projects that fit with Council's community outcomes, through an annual application round. The Fund received a boost in funding in 2011/12, however, the value of the outcomes delivered to the city for that investment has not increased proportionately.

One of the identified problems has been the large number of small grants that Council approves. In 2013/14 there were 59 contracts and 18 one-off grants. Not only are they expensive in the time they take to administer (both for Council and recipients) but spreading the funds so thinly means groups do not have enough funding to make a significant difference.

Given the significant funding involved, which would be over \$4 million in the life of the Plan, Council has decided a more financially viable and sustainable model is needed that better supports community groups to achieve tangible outcomes. It believes fewer but more significant projects will cost less and deliver more. In future there will not be single, annual funding rounds. Instead, where groups are delivering against key Council priorities, officers will work alongside them to help build cross community partnerships, provide support and guidance, identify funding and sponsorship opportunities and, where appropriate, recommend that Council provides financial support. These recommendations will be ratified by a panel of Councillors.

This approach fits with the outcomes Nelson 2060 is seeking of people-centred development that builds resilience and a connected community. These changes will see Council officers working out in the community alongside groups delivering tangible outcomes for the city's residents. We want to build stronger relationships with our community and we can do that best when we're out in the community alongside you.

The Community Assistance Fund will be reduced over the next three years to \$150,000 per annum (a staged approach is necessary to allow existing contracts to conclude). This more targeted approach will also release \$100,000 in the first year of the Plan for Council to work in partnership with Canterbury Community Trust assisting homeowners to improve insulation and heating¹⁶.

¹⁶ And be a saving to rates thereafter

Options: Council could retain the existing Community Assistance Fund process and funding but the administrative costs and lack of targeted outcomes suggest a change of approach is needed.

Nelson School of Music

The Nelson School of Music is a key piece of the city's arts infrastructure and has a long association with the internationally regarded Adam Chamber Music Festival. The School is valued by our community for the music training it provides to our young people, as a music performance venue and as a significant heritage building with a world class auditorium. The main auditorium has excellent acoustics and is considered to be one of the best in the Southern Hemisphere for chamber music. However the building was identified as earthquake prone more than two years ago and the Nelson School of Music Trust closed its auditorium to manage this risk.

While Council is not anticipating the transfer of assets from the School of Music it is committed to supporting the Trust with its redevelopment of the School of Music building by way of a capital grant. Up to \$3 million¹⁷ has been set aside in the draft Plan to support the Trust, on the basis that it raises at least an equal amount from other funders, sponsorship and community fundraising. This replicates the successful partnership model used for the Suter redevelopment, where Nelson's community has shown itself quick to support projects important to it.

This is a significant commitment from ratepayers but Council considers the reopening of the auditorium a priority for its cultural and economic value to Nelson, and the Trust should be able to leverage off Council's commitment to deliver the other funding necessary.

Options: Lesser amounts of funding were considered but for a project of this size it could be difficult for a voluntary trust to raise more than half of the \$6 million it envisages the project will cost.

Nelson Arts Festival

Council will give consideration to the mix of council-produced and council-supported events and festivals with a view to ensuring Nelson has a good mix and range in its calendar. Council proposes that the Nelson Arts Festival would focus on high calibre national and international acts one year and have a more local flavour the next year, with more community produced acts. The aim of focussing on local content in alternate years would be to make the Arts Festival accessible to an even wider audience.

In this Plan Council intends to move to an independent governance structure for the Nelson Arts Festival with a view that a new entity would produce the festival in 2017 and thereafter. Council funding would remain at current levels but be reviewed once the Trust is established. Most other centres with arts

¹⁷ Funded from debt which is serviced from the general rate

festivals have such a structure and find that artistic control, community ownership and private sponsorship all grow in such an environment. In fact a comparison with similar festivals elsewhere shows that the proportion of funding from Council is more than five times higher in Nelson than in other centres where other forms of support are far more significant.

While it is planned to move the Arts Festival outside Council, we would continue to operate a festival and events team that will produce a wide range of vibrant community events including the much loved Masked Parade and Opera in the Park.

Options: The main advantage of retaining the status quo would be that there are efficiencies in provision of financial, information technology and other support to the Arts Festival and a greater degree of certainty about delivery and funding.

Community Art

The Refinery Art Space building on Halifax Street is owned by Council but has been run as a contemporary art space since 2003, supporting local emerging artists, providing a space for community art exhibitions and highlighting Nelson's wealth of artistic talent.

Council believes there is value in an art space focused on the community and proposes to work with Arts Council Nelson to maintain and expand the use of the building as a gallery and performance venue. New funding of \$30,000 per year over two years¹⁸ is provided to allow the Arts Council to manage the art space on a trial basis. Council will evaluate the community outcomes delivered and the sustainability of the investment during this period.

Management of Council's Arts Fund is also changing with the Fund being reduced to \$75,000 per year¹⁹ from \$125,000 and match funding of community projects being encouraged. Previously the Fund had been only available for Council public art projects but, in keeping with the focus on partnership, Council has opened it up to help fund creative projects driven by the community. In making this change, Council hopes to emulate other cities which have attracted private sector support for its public art.

Options: Council has the option of saving the \$60,000 but this would see the Refinery close its doors and Nelson would have one less community venue at a time when the city's venues, such as the Suter, Trafalgar Centre and Nelson School of Music, are under particular pressure. Providing the funding on a trial basis allows the value of the investment to be reassessed before any ongoing funding is committed.

¹⁸ Funded from the general rate

¹⁹ Funded from cash surpluses from funded depreciation, and debt which is serviced from the general rate

Council can consider both greater and lesser allocations for the Arts Fund but believes \$75,000 is an appropriate amount to support our city's creative culture while encouraging match funding from other sources.

Light Nelson

Many of you will have visited the hugely popular Light Nelson and its illuminated artworks in Queens Gardens in the winter of 2013 and 2014. Light Nelson Trust has approached Council to work in partnership to help them consolidate their success and establish this as a biennial event on the Nelson arts calendar. It wishes to recognise and build on its past success in receiving funding from Council via the Events Fund.

We are proposing to allocate \$150,000²⁰ (reducing the Events Fund by this amount) as partnership funding for every two year period in the Long Term Plan which would provide the Trust with funding certainty to run the event every two years. Confirming Council's partnership approach we expect additional funding to come from other sources to support the event.

Options: This is a significant new investment in the Nelson arts brand and while Council has the option of not supporting the event, we consider this highly successful event will continue to meet the criteria of the Events Fund. Funding this way gives both certainty to organisers and transparency to ratepayers. In pre-consultation the Light Nelson Trust did ask for more funding but Council did not consider this appropriate for affordability reasons.

5. Strong Economy

Business Friendly Council

Council is committed to being an enabler for business opportunities that contribute to our region's sustainable economic development. We will do this by demonstrating leadership and by minimising unnecessary bureaucracy. The development of the Nelson Plan is a key opportunity for Council to engage with businesses on these issues – developers need certainty over where and how Council will provide services, and clarity about the rules that will apply when development is proposed. Council's proposed investment in infrastructural assets will provide the necessary critical services that support the business community. The Council-funded Nelson Regional Economic Development Agency will continue to proactively work with existing businesses and potential investors to identify opportunities for business growth, whilst Council's plans for revitalising our central business district will enhance Nelson as a destination to live and work.

Lions Tour

Council decided in December 2014 to pursue an opportunity for Nelson to host a match in the 2017 British and Irish Lions Tour. The New Zealand Rugby Union has been advised that Council is willing to consider a capped

²⁰ Of general rates funding

contribution (including cost of staff time) of \$500,000²¹ to secure a fixture and a response is expected by late April. Council recognises the valuable support to the local economy significant events bring to the city. We are continuing to invest in events that bring tourists to our region and build our identity as an exciting place to be.

Options: Council could choose not to bid for a rugby match but it believes putting Nelson on the map with events such as these has many spin-offs for the city.

Economic Development Services

There is a review underway of the structure and funding of several agencies delivering economic development services to Council: Nelson Tasman Tourism (NTT), the Nelson Regional Economic Development Agency (EDA) and Uniquely Nelson. Recent changes saw Tasman District Council's shareholding in Nelson Tasman Tourism transferred to Nelson City Council with base funding to be provided by Nelson City Council (an amount of \$464,838²² in 2015/16). Tasman District Council has indicated that it wishes to continue to provide financial support for economic development and regional marketing services, but that it will now contract for these directly with this Council.

With Nelson City Council now the 100% shareholder of EDA and NTT and the sole funder of Uniquely Nelson there is an opportunity to look at different, more effective ways of doing business in this area. One model that we will be considering is a single tourism, events and economic development agency to provide services in a more integrated way. Council's aim is to achieve a service which better supports our community to do business, grow the regional economy and develop a culture of innovation and entrepreneurship.

Some cost efficiencies in the order of \$200,000 per year²³ have been factored into the combined funding of the three agencies from 2016/17, the second year of the Plan.

Options: Council could continue to deliver the services much as they have been but considers the review has great potential to improve regional economic outcomes.

Central Business District Enhancement

The economic health and vitality of the central city is a priority for Council. We know that the success of the CBD depends on the quality of the shopping experience, the range of interesting events, the design of the buildings and streetscape. Despite recent and planned big box developments elsewhere, the Nelson CBD continues to hold its place as the economic and social hub of the region. However we cannot afford to be complacent about CBD quality and

²¹ Funded from general rates

²² Funded from general rates

²³ Saving to general rate

Council has set aside \$894,000²⁴ in the years 2015/16 to 2018/19 for capital projects to enhance the CBD. The Council deliberately does not have a set of proposed projects to put forward in the Long Term Plan as it wishes the work to be a collaboration with business and other key CBD stakeholders. A CBD panel will be established to advise which projects should be top priority for ratepayer support.

Parking in the CBD is an issue that has attracted attention over many years. Council has trialled some new approaches over the last 12 months to support a dynamic, competitive CBD. All parking systems come at a cost and Council must ensure its system is equitably managed.

Budget is proposed in 2017/18 to 2018/19 for all off-street parking meters to be replaced with modern technology that includes more ways to pay and the ability to extend your stay remotely through a smart phone app. Council will continue to monitor technology changes to ensure we have a well functioning and affordable parking system.

Council proposes to continue to fund its current "first hour free" parking scheme all year round. This will result in a reduction of revenue of \$475,000 excluding GST per year²⁵ that will be met in part through an adjustment to the inner city commercial differential rate and the remainder from general rates.

Options: An alternative would be to return to previous paid parking rules, however feedback from both businesses in the CBD and residents is that the parking trial changes have been positive. Council also has the option of not setting aside specific funding for central city projects but believes it is important to continue to enhance the CBD environment.

Waimea Community Dam

As a response to the over-allocation of ground water on the Waimea Plains, Tasman District Council facilitated the establishment of the Waimea Water Augmentation Committee in 2003. The committee comprises representatives from the irrigators, iwi, Tasman District Council, Nelson City Council, Fish & Game and Department Of Conservation. The recommendation of the committee is to construct a water detention dam on the Lee River in the foothills behind Brightwater. The dam would hold winter flows and release them to the river throughout the year, allowing the underground aquifers to recharge and ensuring there is a good minimum flow in the river for the wider regional environmental and recreational benefits. Following consultation at the end of 2014 Tasman District Council decided that it would include up to a maximum of \$25 million dollars in its Long Term Plan 2015-2025 budget for the community reticulated water supply networks and environmental flows

²⁴ Funded by cash surpluses from funded depreciation, and debt which is serviced from the general rates

²⁵ Cost to general rates

only. The cost of the irrigation benefits of the dam is proposed to be externally funded.

The main reasons for a Nelson City contribution towards construction costs would be: the economic benefit Nelson City receives from activities on the Waimea Plains; the environmental and recreational benefits from healthy rivers in the region and the direct benefit a small number of South Nelson City homes and businesses receive from the water that is supplied to them by Tasman District Council. Putting a price on the value of the Waimea Plains and the Lee and Waimea Rivers is a difficult task. The New Zealand Institute for Economic Research has recently updated estimates of the economic benefits and impacts on the Nelson-Tasman Region arising from the dam and no-dam scenarios. They conclude that the difference between having, and not having a dam, would affect regional Gross Domestic Product by between \$71 and \$89 million per annum.

At this stage no specific allocation has been made in the draft Plan but headroom for the debt associated with a possible contribution has been allowed for in 2018/19 to align with construction phases should the dam proceed.

Key Relationships

Iwi Māori

Council continues to uphold the values and principles under The Treaty of Waitangi Te Tau Ihu settlement acts and associated legislation. We accept these as the minimum requirement for the relationship with iwi but we work together to achieve more.

We understand responsibilities around delivering relevant redress under any Treaty Settlement in terms of the Local Government Act 2002 and associated legislation.

Treaty of Waitangi Settlement legislation for Te Tau Ihu was enacted in August 2014 and outlines the Council's obligations and relationship with iwi. This was hugely significant for the Council iwi relationship.

Council continues to uphold the principles in the Memorandum of Understanding (MOU) with Tangata Whenua o Whakatū and mata waka, Māori from other tribal areas. It believes that working in partnership with Māori will create benefits for the whole community.

For many years, Council has worked with iwi and Māori to ensure there are a range of opportunities to contribute to Council decision making. In 2015/16 work will be done to define how the governance and operational relationship between Nelson City Council, iwi and the wider community will be developed. Opportunities will be enhanced and processes adapted to ensure they work well for all the Whakatū (Nelson) communities.

Nelson City Council and iwi have agreed that the spirit of the partnership is based on the following shared values:

- To respect one another's customs, social expectations, beliefs and values;
- To enter into the relationship with openness and honesty, focusing on developing a better understanding of one another;
- To come together with the common aim of taking care of Nelson City and its resources for present and future generations, as guardians of the rohe (area);
- To provide opportunities to further the involvement of iwi of Te Tau Ihu in the decision-making processes of Nelson City Council.

Tasman District Council

Nelson City Council works closely with its neighbouring Council on a range of regional issues and shared services such as joint ownership of facilities like the airport or joint planning such as through the Regional Land Transport Plan. Collaboration between the two councils benefits the wider region and results in better provision of services to ratepayers.

Council considers that within the next three years, another look at the possibilities of amalgamation would be appropriate. We need to examine how our two neighbouring councils do business and whether there are compelling benefits from a joint operation.

Your Rates

If Council implements the draft Plan, as outlined through the key projects above, what would that mean for your rates? We have put together a few examples showing the effect on rates on properties with different land values across the city.

You can also check what your 2015/16 rates would be under this proposed Plan by going to the rates search link at www.nelson.govt.nz (search = my rates) and typing in your address.

Proposed rates increases based on 2012 valuations

It is important to note that these properties are a sample and do not cover all situations across the rating base.

Summary of Rates						
Increases for representative properties within the City	Land Value (2012)	Capital Value (2012)	2014/15 Rates	2015/16 Rates	% Increase on 2014/15	\$ Increase on 2014/15
Residential - Including average water rates of \$540.00 in the 2015/16 year	\$85,000	\$180,000	\$2,099.30	\$2,102.10	0.13	\$2.80
	\$105,000	\$210,000	\$2,222.80	\$2,240.80	0.81	\$18.00
	\$118,000	\$280,000	\$2,303.10	\$2,346.70	1.89	\$43.60
	\$136,000	\$225,000	\$2,414.30	\$2,445.90	1.31	\$31.60
	\$185,000	\$320,000	\$2,716.90	\$2,792.30	2.78	\$75.40
	\$200,000	\$420,000	\$2,809.50	\$2,920.60	3.95	\$111.10
	\$215,000	\$305,000	\$2,902.10	\$2,981.60	2.74	\$79.50
	\$285,000	\$660,000	\$3,334.40	\$3,545.20	6.32	\$210.80
	\$315,000	\$510,000	\$3,519.70	\$3,692.20	4.90	\$172.50
	\$335,000	\$435,000	\$3,643.20	\$3,798.00	4.25	\$154.80
	\$420,000	\$500,000	\$4,168.10	\$4,367.90	4.79	\$199.80
	\$580,000	\$1,275,000	\$5,156.10	\$5,644.70	9.48	\$488.60
Multi Residential (Two flats - Two UAGC & Wastewater Charges as per Council policy)	\$220,000	\$480,000	\$4,400.60	\$4,562.60	3.68	\$162.00
	\$800,000	\$1,700,000	\$8,294.50	\$9,068.60	9.33	\$774.10
Empty Residential Section (No Wastewater and water charge included)	\$77,000	\$77,000	\$1,103.80	\$1,068.20	-3.23	-\$35.60
	\$225,000	\$225,000	\$2,017.80	\$2,071.20	2.65	\$53.40
	\$405,000	\$405,000	\$3,129.30	\$3,291.10	5.17	\$161.80
Small Holding (No Wastewater and water charge included)	\$280,000	\$280,000	\$2,184.50	\$2,262.90	3.59	\$78.40
	\$385,000	\$690,000	\$2,768.10	\$3,002.10	8.45	\$234.00
Rural (No Wastewater, Stormwater/Flood Protection and water charge included)	\$790,000	\$1,275,000	\$3,556.80	\$3,721.20	4.62	\$164.40
	\$2,125,000	\$2,375,000	\$8,915.50	\$9,330.70	4.66	\$415.20

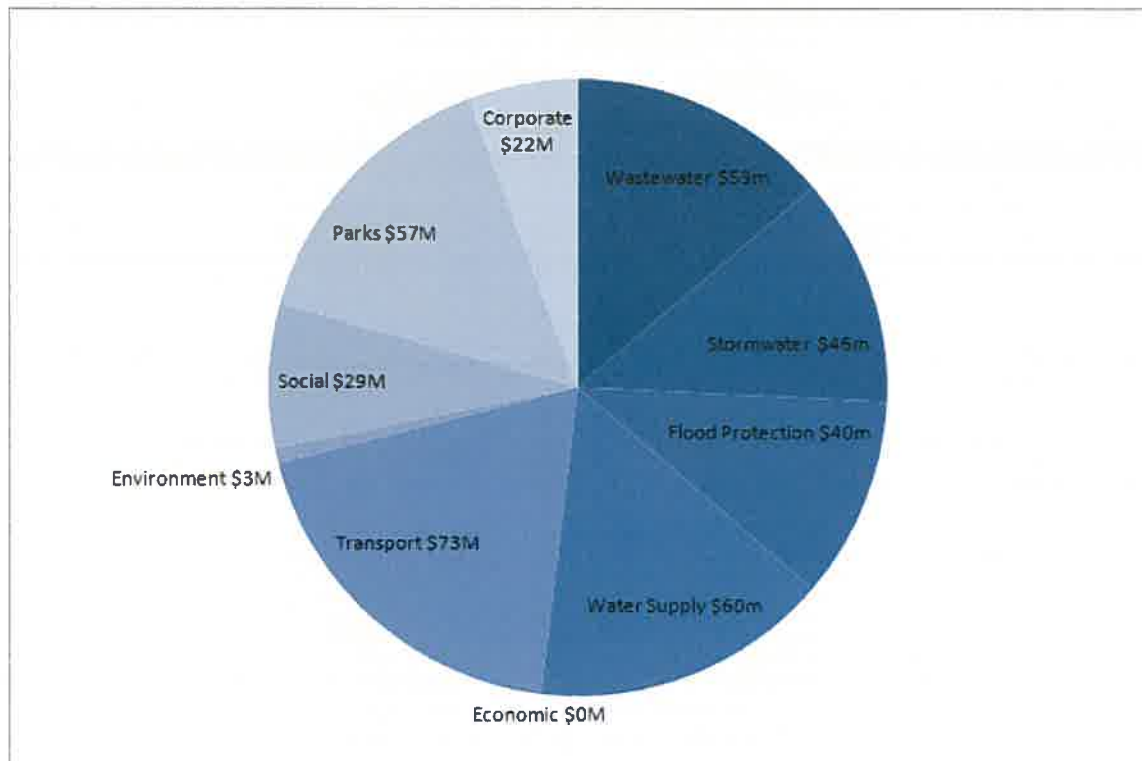
Summary of Rates Increases for representative properties within the City						
	Land Value (2012)	Capital Value (2012)	2014/15 Rates	2015/16 Rates	% Increase on 2014/15	\$ Increase on 2014/15
Commercial - Outside Inner City / Stoke (No water charges included) - 1 Unit	\$365,000	\$710,000	\$6,500.10	\$6,820.30	4.93	\$320.20
Commercial - Outside Inner City / Stoke (No water charges included) - 1 Unit	\$405,000	\$900,000	\$7,132.50	\$7,531.70	5.60	\$399.20
Commercial - Outside Inner City / Stoke (No water charges included) - 2 Units	\$335,000	\$570,000	\$6,513.00	\$6,791.70	4.28	\$278.70
Commercial - Stoke (No water charges included) - 1 Unit	\$35,000	\$85,000	\$1,471.20	\$1,459.30	-0.81	-\$11.90
Commercial - Inner City (No water charges included) - 2 Units	\$290,000	\$620,000	\$7,359.70	\$8,178.70	11.13	\$819.00
Commercial - Inner City (No water charges included) - 2 Units	\$330,000	\$1,075,000	\$8,206.90	\$9,263.40	12.87	\$1,056.50
Commercial - Inner City (No water charges included) - 1 Unit	\$1,150,000	\$2,450,000	\$25,088.60	\$28,506.60	13.62	\$3,418.00

Council's Finances

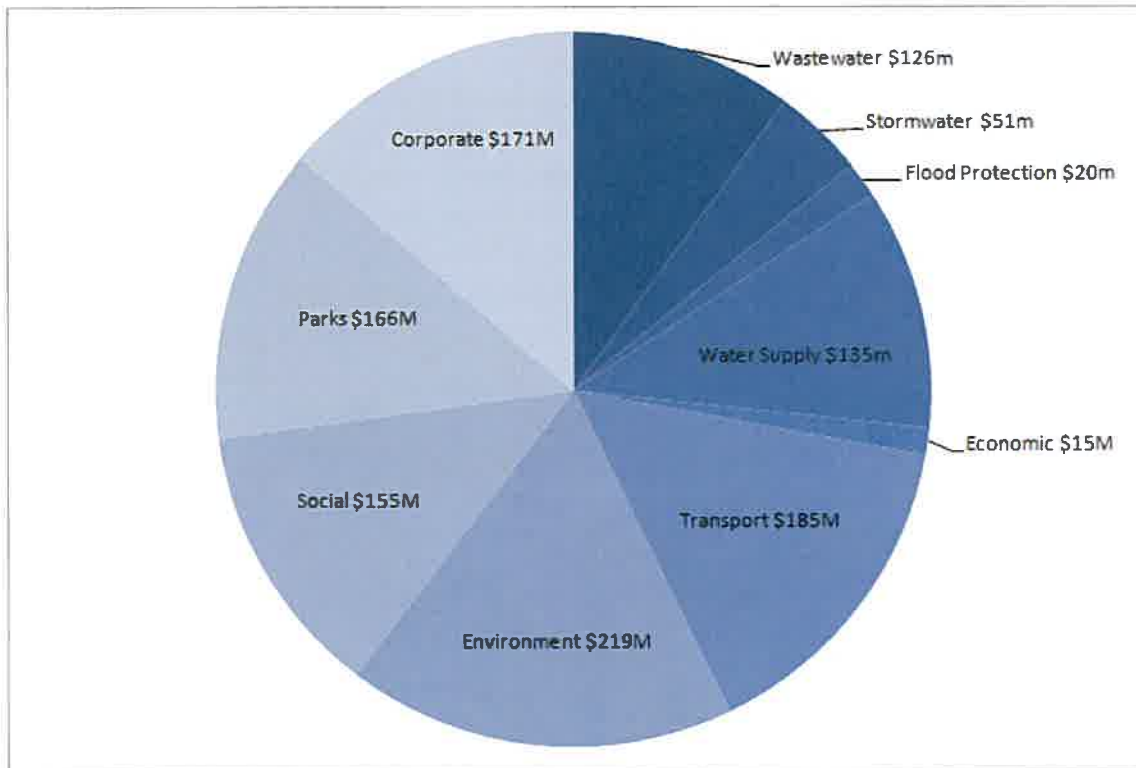
Balancing the budget

The following charts show what we propose to spend over the 10 years of the Plan across Council activities. Council's budget is made up of rates, loans and income from fees and charges.

- utilities (stormwater, flood protection, wastewater, water supply);
- transport;
- environment (eg consents, solid waste, emergency management);
- social (eg museum, heritage, libraries, festivals);
- parks (eg mountain bike trails, Trafalgar Centre, golf course);
- economic (eg tourism, job growth);
- corporate (eg elections, administration, properties).



Capital: things we build



Operational: things we do

How your rates \$ is spent

(graphic will be a long strip broken up as follows)

Parks and Active Recreation: 18c

Water Supply: 17c

Social: 16c

Transport: 14c

Wastewater: 11c

Environmental Management: 10c

Stormwater: 7c

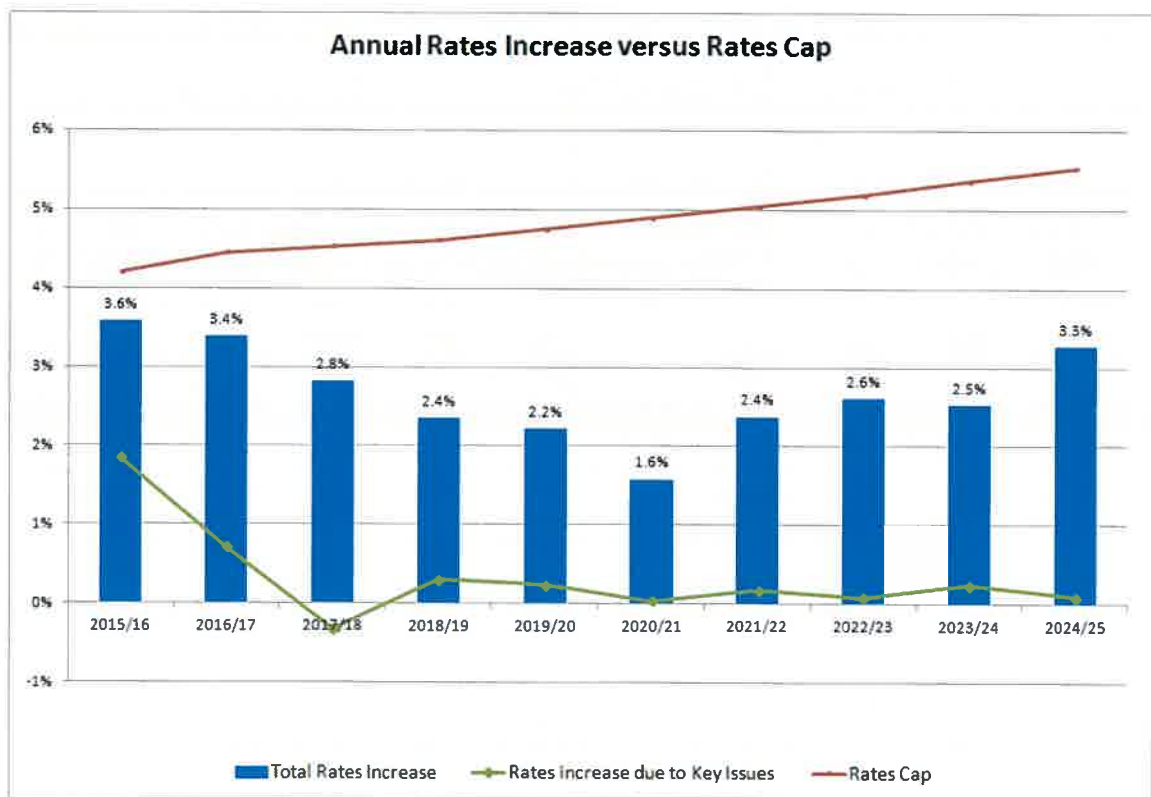
Flood protection: 3c

Economic: 2c

Corporate: 2c

Financial Strategy

Our Long Term Plan includes a detailed financial strategy which describes how we plan to sustainably finance our services and activities over the next ten years. To develop this we have considered the likely future demand for services, what that will cost, the ability and willingness of ratepayers to pay for services and fairness in allocating rates. Council has set itself a cap on rates rises each year of no more than 2% plus the local government cost index and growth. The following graph shows proposed rates increases against the cap.



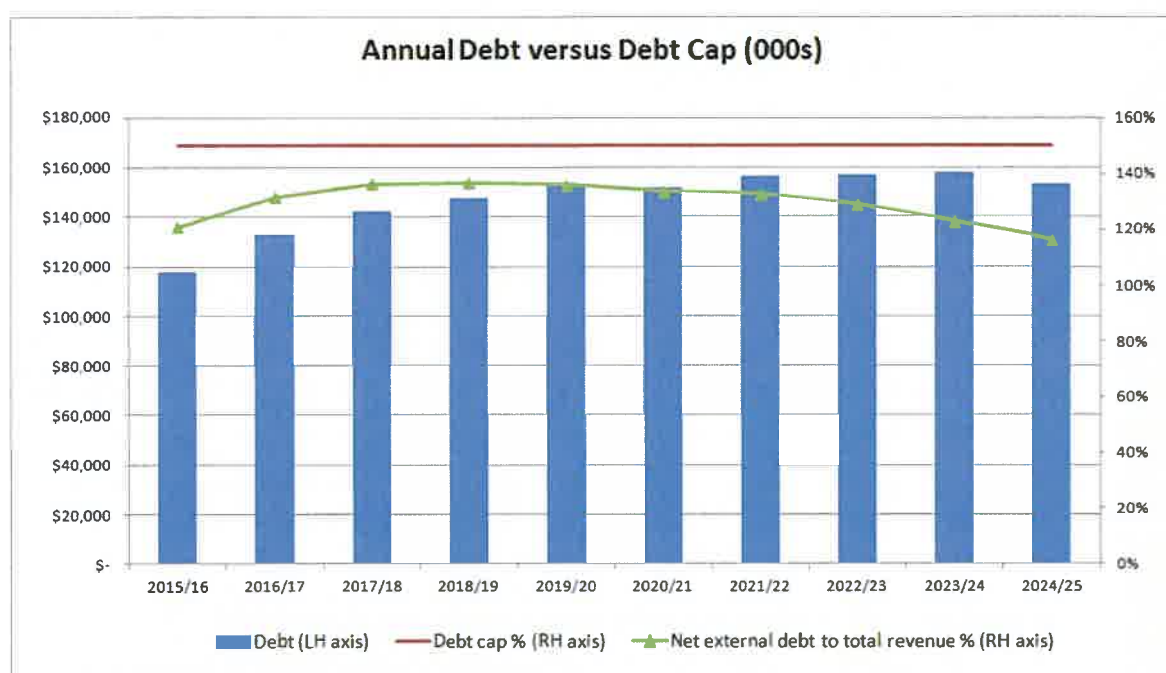
We fund our work programme through a mix of rates and debt. At June 2014, our net debt was \$71.8 million. Initial budget discussions showed levels of debt that Council considered unaffordable and as a result significant reductions were made across the 10 year period.

However, much of the increase in debt is to provide for critical infrastructure and our growing region. Critically important to Council has been staying well under the debt/revenue ratio limit. This is a useful measure comparing how much debt we have to the amount of income Council is receiving each year – our limit is set at 150%.

Capital expenditure is the driver of increases in borrowings, however Council takes on more debt only when other sources of funds are not available.

Council funds capital expenditure in the following priority order:

1. Financial Contributions and Development contributions, if a growth project;
2. Grants and subsidies, for example from New Zealand Transport Agency, Tasman District Council and community groups;
3. Cash surpluses after meeting the costs of renewals spending, which arise from Council's funding of depreciation;
4. Loans.



The Council must, under the Local Government Act 2002, manage its revenues, expenses and assets, liabilities, investments and general financial dealings prudently. It must manage in a manner that sustainably promotes the community's current and future interests.

The Financial Strategy demonstrates how Council will:

- Provide for growth in its region and manage changes in land use;
- Ensure that the level of rates and borrowing are financially sustainable and are kept within pre-set limits;
- Be accountable for maintaining the assets that it owns on behalf of the community;
- Fund network infrastructure and maintain levels of service;
- Obtain pre-set returns on financial investments and equity securities;
- Give securities on borrowing.

In preparing the Long Term Plan and this Financial Strategy, Council considered the balance of:

- Service levels, the costs of these services and the money required to achieve those levels of service;
- Priorities for expenditure across all activities;
- How to minimise rates and charges across the full 10 year period of this Long Term Plan while achieving the targeted levels of service;
- The level of debt that current and future ratepayers would need to fund;
- The level of growth that is expected in the next twenty years and beyond.

Overall, Council considers that it is financially sustainable and able to provide important services to residents, businesses and visitors.

The full Financial Strategy is available at [nelson.govt.nz search = financial strategy](https://nelson.govt.nz/search=financial+strategy).

Changes to Levels of Service

A review of levels of service is proposed in the first three years of the draft Plan which may reveal some areas where reduced levels of service will offer useful savings or efficiencies without impacting on the key outcomes Council seeks to achieve. This is part of Council's continuous improvement approach and will include development of robust business cases for all projects.

There are some areas where levels of service are proposed to increase over the life of the Plan: for stormwater and flood protection, footpaths and for protection of biodiversity through the Nelson Nature project.

Changes to Funding System and Arrangements

Rating carry forward: Council has previously used any operating savings (rating carry forward) from the current year to offset the rates increase in the next year. Council considers it would be more financially prudent to use any savings over \$500,000 in that year to reduce council debt.

Stormwater and flood protection rate: It is proposed to split the Stormwater and Flood Protection Rate into two components: 50% a fixed charge of \$144.60 per rating unit and 50% a variable charge based on the capital value of the rating unit. The rationale for this is the higher the capital value of the rating unit, the more there is to protect, and hence the ratepayer should pay a higher proportion of the rate. One of the consequences of this proposal would be that utilities such as power companies, commercial properties and Council itself, would pay a much higher proportion of this rate than previously. The commercial differential has been increased in response to this.

Rates due date: Rates instalments are currently due on the 27th day of August, November, February, and May (or the first business day after if this falls on a weekend or public holiday). In response to feedback from the community that the current due dates are confusing, Council is proposing to

change the date that instalments are due in each of these instances to the 20th of the month. If the 20th of the month is a weekend or public holiday then the rates instalment would be due the next business day. This change is in line with generally accepted business practice and will result in a net financial benefit to Council as most companies require payment on the 20th of the month. The Council will continue to ensure that it meets the legal requirement of delivering rates invoices to the ratepayer at least 14 days before the due date.

Commercial differential: 25% of the reduced revenue as a result of provision of one hour of free parking in the central business district is proposed to be charged to the businesses that benefit through an adjustment to the inner city commercial differential rate. At the same time the cost of the NBus public transport subsidy is being removed as a charge against the commercial differential.

Water Rates: The annual charge for a water connection is shown on the water invoice as a daily charge. Following legal advice, Council is moving this annual charge onto the rates assessment. You will see it on the quarterly rates invoices from 1 July 2015. This will be an increase of \$198 incl GST on your annual rates assessment. In turn, there will be a decrease on your water invoices. If you pay by direct debit we will be in touch in plenty of time so that you can see the effect of this movement on your regular payments.

Water charges in Nelson South: There will be some changes to charging for residents in Nelson South near the boundary with Tasman District Council. In this area our neighbouring Council has traditionally provided and charged for water. As a result of the imminent conclusion of a water supply agreement between the councils, Nelson City Council will now purchase water in bulk from Tasman District Council and then supply and charge Nelson residents in that area. Charging will be on the same basis as for all other Nelson residents and will result in a decrease for the affected residents.

Development Contributions

Development contributions are contributions developers are required to make to the council to meet costs associated with growth for infrastructure such as transport, water supply, wastewater and stormwater. The amounts developers are required to pay are found in Council's Development Contributions Policy.

Amendments to the Local Government Act 2002 in 2014 require councils to narrow the range of infrastructure services for which contributions can be collected, introduce measures to improve clarity and transparency so that developers and the community can see the projects that contributions will be applied to, encourage private provision of services through private development agreements, and require councils to have a reconsiderations and objections process. Councils are required to have a revised development contributions policy ready for adoption by 30 June 2015.

The purpose of the revised policy is to:

- Provide predictability and certainty to stakeholders in how infrastructure for growth is to be provided and funded;
- Provide transparency about what is to be funded and what has been delivered;
- Provide for those who create the need for new or upgraded infrastructure to make fair and proportionate payments to Council which reflect the expected demand developments will have on Council infrastructure;
- Support and facilitate the wider outcomes sought by Nelson City Council

Council has decided to use a one catchment approach so that there will be a standard contribution for all development within the city, no matter where it is located. Only projects included in the Long Term Plan 2015-25 will have development contributions collected for them. Other developments may make use of private development agreements between Council and developers over costs.

Consultation on the draft Policy is occurring concurrently with the Consultation Document. Copies of the draft Policy are available online at nelson.govt.nz and from Nelson public libraries and the Council Customer Service Centre on the corner of Trafalgar and Halifax Streets.

Infrastructure Strategy

The Infrastructure Strategy is a synthesis of significant infrastructural issues that are likely to arise over the next 30 years, including their financial and non-financial consequences, and the principal options for managing them. The Strategy is required to cover the five core infrastructure categories of water supply, stormwater, flood protection, wastewater and transport.

The strategy outlines:

- The key infrastructural issues that need addressing over the next 30 years;
- The main options for dealing with these issues;
- The cost and delivery implications of those options.

With the longer timeframe of the Infrastructure Strategy Council will be able to identify at an early stage any issues that will impact on core infrastructure and plan how to address these. The Strategy includes an assessment of the impact that natural disasters and climate change may have on our assets, how quickly we could restore services after an event and the costs of building in the necessary resilience to our networks. It looks at what new infrastructure might be required, any changes that might be needed to levels of service and what would happen if any of the assumptions our planning is based on turn out to be incorrect.

The infrastructure strategy applies asset management practices to the strategic issues and describes how they might be managed during the 30 year period. This includes considering:

- opportunities to reduce costs;
- means to reduce adverse impacts on the environment;
- opportunities to extend the life of the assets;
- risks to the assets related to issues like sea level rise, flooding and earthquakes;
- the effects of population growth (and changing demographics) on the provision of services.

Below are the issues that the Infrastructure Strategy has considered.

Integrating Growth and Infrastructure

Nelson is expected to have an extra 3,680 households over the next 30 years. This can be accommodated by developing new areas or through more comprehensively using land and buildings in existing residential areas. However work is needed to understand the capacity in our existing urban areas to see where current pipes, roads etc are able to take the extra volume of users and where we might have to spend more money to increase capacity. Some of the new areas for development are expensive to deliver infrastructure to so the cost of growing the city into these areas needs to be assessed.

Changes in Levels of Service

Council expects to have to increase its levels of service in a number of areas, either to meet new requirements from central government eg to meet environmental standards, or to meet higher expectations from our residents. The affordability of these changes and our ability to continue delivering existing levels of service needs to be assessed. It may be necessary to trade off an increase in one area with a decrease elsewhere. Regional cooperation and service sharing might bring savings.

Sea Level Rise

It is expected that much of Nelson's coastal area, the Wood, Central City, Tahuna, the airport and Monaco will be affected by sea level rise including erosion, stormwater surge (flooding due to overloading of the stormwater network), wave setup (higher water levels in the surf zone) and wave run up (waves coming further up the beach). Assets likely to be affected include wastewater treatment plants, pump stations and pipelines; low lying roads and bridges; water pipelines.

Continuous monitoring of the trends will be used to check actual sea level rise against predictions. At this stage there is no need for urgent changes to our infrastructure but in the long run we expect to need to move some assets and

retreat out of risk areas and where that is not possible to do our best to protect remaining assets.

Flooding

Climate change is predicted to change rainfall patterns with increased rainfall expected for the region. This in turn is expected to lead to more severe and frequent flooding. This may combine with sea level rise to reduce the flow of water out to sea and result in more sediment being deposited near river mouths, further increasing flood risk.

Much of Nelson's floodplain has been built on and this has reduced the ability of rivers and streams to carry water away during high rainfall. With development close to the edges of rivers and streams there is often a three-way balancing act between reducing risks to nearby properties, the cost of protective works and preserving the natural values of streams and rivers. An ongoing dialogue is needed with the community about where the appropriate balance lies for each situation.

Drought

Climate change is also expected to lead to increases in drought events in the Nelson Tasman region. This is likely to translate to more summer droughts. Current peak daily demand calculations show that Nelson has sufficient water to maintain supply requirements for the projected population increases until at least 2035 as long as current abstraction rates remain in place.

Earthquakes/Liquefaction

Nelson Tasman has a number of regional faultlines and is close to the Southern Alpine faultline. The areas around Tahuna, the Wood, the Port and parts of the central city are expected to be more susceptible to liquefaction. Given the unpredictability of earthquakes the main way to reduce risk is to choose sound locations for infrastructure and use construction methods that are more robust in the face of shaking. Plans to get infrastructure up and running again quickly after an event are important.

Conclusion

Council needs to find a balance between community desires, legislative requirements and affordability when planning its infrastructure. The 30 year Infrastructure Strategy is a useful tool for you to see how we look at core infrastructure in a coordinated way, assessing risks and planning well ahead for ways to reduce them. Collaboration with Tasman District Council will be an important method for delivering more efficient services in some areas, given the reliance our communities have on infrastructure provided by our neighbouring Council.

The Infrastructure Strategy will be updated every three years. The full Infrastructure Strategy can be found on nelson.govt.nz. (search = infrastructure strategy).

Audit Opinion

Insert – allow two pages

Submissions

We want to hear your feedback on this consultation document and encourage you to get involved. The public consultation runs from 24 March to 24 April 2015. You can send in your feedback by:

- providing written feedback using the form attached and send to freepost address provided or email to submissions@ncc.govt.org;
- going online and filling out the form at nelson.govt.nz.

If you have questions about specific issues or how to get involved you can call Council on 03 546 0200 from 8.30am to 5.00pm weekdays and staff will assist. There are supporting documents available to provide additional information online at nelson.govt.nz and in hard copy at Nelson public libraries and the Council Customer Service Centre on the corner of Trafalgar and Halifax Streets.

Nelson City Council Public Consultation Submission form

Please tell us what you think.

Name _____

Daytime phone _____

Address

Organisation represented (if applicable) _____

Do you wish to be heard in support of your submission? ☐ YES ☐ NO # of pages

If you do not tick a box we will assume you do not wish to be heard.

Public information: All submissions (including the names and contact details of submitters) are public information and will be available to the public and media in various reports and formats including on the Nelson City Council website. Personal information will also be used for administration relating to the subject matter of the submissions. Submitters have the right to access and correct any personal information included in any reports, information or submissions.

The consultation/proposal my submission relates to:

My submission is:

This image shows a full page of blank primary-ruled paper. It features multiple sets of horizontal lines designed for handwriting practice. Each set consists of three lines: a solid top line, a dashed middle line, and a solid bottom line. These sets are repeated down the entire page, providing ample space for practicing letter formation and alignment. The paper is otherwise completely blank, with no margins, text, or other markings.

Date _____ Signature _____

Office Use Only			
		Submission Number	
File Ref		INITIALS	



Nelson City Council
te kaunihera o whakatū

PO Box 645 • Nelson 7040
03 546 0200 • nelson.govt.nz

How to make a submission

Remember to have your say – online or in writing. You can make a submission online at the Council's website, nelson.govt.nz, at Civic House, 110 Trafalgar Street, Nelson, or any of the Nelson Public Libraries. More information is available in all these locations, or you can phone 546 0200 to ask for it to be posted.

All submissions will be considered by the Mayor and Councillors before making a decision.

Anyone can make a submission. All submissions, including the names and contact details of submitters, are publicly available, as required by the Local Government Act 2002. Submissions will be used only for the purposes of this consultation process.

Early submissions are appreciated, to help submission processing.

Identify your submission

Please make sure you attach the cover sheet/submission form to any submission you make to assist in tracking submissions. Please number all the pages of your submission and put your name at the bottom of all pages. This will help if any become detached from your cover sheet. If you choose not to use this cover sheet, please include your name, address and contact telephone number. This is so we can contact submitters who wish to speak at the hearings, and so we can reply to you with the result of Council's deliberations on submissions.

Make it readable

Type your submission if possible, or use black ink and write legibly on one side of paper only. This will ensure the photocopies we make of your submission will be easy to read.

Separate headings

Divide your submission into separate points if you want to comment on more than one part, to help Council understand your submission better. For each point, say specifically to which part(s) your submission relates. Say concisely what your concern is OR what you support. Tell us the reasons why you support or oppose this part, and say how you want the Council to respond to your submission.

Send your
submission to:

Freepost 76919
Consultation
Nelson City Council
PO Box 645
Nelson 7040

or deliver to: ground floor
Civic House
110 Trafalgar Street
Nelson

or: By email to
submissions@ncc.govt.nz

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