



EXTRAORDINARY COUNCIL MINUTES

MINUTES OF THE EXTRAORDINARY COUNCIL MEETING OF WESTLAND DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM ON WEDNESDAY 12 APRIL 2023 COMMENCING AT 3:00 PM

The Council Meeting was live streamed to the Westland District Council YouTube Channel and presentations are made available on the council website.

1. MEMBERS PRESENT AND APOLOGIES

Chairperson	Her Worship the Mayor	
Members		
	Cr Gillett	Cr Burden
	Cr Neale	Cr Davidson
	Cr Baird	Cr Manera
	Cr Cassin	Kw Madgwick

NGĀ WHAKAPAAHA APOLOGIES

Cr Phelps

Moved Cr Neale, seconded Cr Baird and **Resolved** that the apology from Cr Phelps be received and accepted.

ABSENT

Kw Tumahai

STAFF PRESENT

S.R. Bastion, Chief Executive; S. Baxendale, Group Manager District Assets; D. Maitland; Executive Assistant, S. Johnston; Governance Administrator.

Also in attendance:

Tony Joseph – Joseph & Associates
Euan Gutteridge – Joseph & Associates

2. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

The Interest Register had been circulated via Microsoft Teams and available on the Council table. There were no changes to the Interest Register noted.

3. PŪRONGO KAIMAHI STAFF REPORTS

- Reallocation of Better Off Funding to Hokitika Swimming Pool – Stage 2 Development

Scott Baxendale, Group Manager, District Assets spoke to this report and advised that the purpose of this report is to provide an update to Council on the current Hokitika Swimming Pool cost inflations being experienced resulting in further funds to be allocated.

Mr Tony Joseph and Mr Euan Gutteridge from Joseph and Associates were also present in the room and were invited to present alongside the Group Manager District Assets if required.

The Group Manager, District Assets gave a brief outline and context of the history of the work done at the pool, advising that initial shovel ready funding for seismic strengthening & further works was requested a couple of years ago. The project has progressed (originally set up into 3 phases) – Phase 3 being subject to further Council approval (currently in the Long-Term-Plan, but not yet given approved funds).

Phase 1 and Phase 2 of the project is what is currently being looked at, and after detailed costings had been done and the first analysis based on architects' drawings, it became clear that some cost re-engineering needed to be done to bring down the cost of the work which was done. During that process it also required re-consenting, which shifted the time table from 2022 to 2023.

More detailed cost evaluation and detailed pricing has since been completed and it is apparent that there is not enough money in the current budgets to deliver phase 1 and phase 2 within the original plan, hence the report before Council today with a number of options and recommendations.

Councillors were invited to ask questions:

Cr Cassin asked if Option 3 was to be approved, what is and what is not included in this option?

The Chief Executive advised that Option 3 wouldn't deliver the new redesigned front of house or changing rooms.

The Group Manager, District Assets also advised that if Option 3 was considered, not only would there be no front of house and no changing rooms, but costs would go up if deferred till later.

Mr Joseph spoke to the Hokitika Pool Redevelopment Picture on the screen and advised that Option 3 would be a new plant room, new treatment plant, new pool lining and seismic strengthening that was not done in Stage 1.

Her Worship the Mayor queried the deficits and the \$700k consultant fees, and asked for an explanation as to why these things were not covered initially?

The Group Manager District Assets advised that the initial estimates of the pool did not include that scale of fees, as the initial funding approval was based on a very short timeframe and the amount of provision that was put into the budget at that time was not at the level that it should have been.

Mr Joseph also commented that to start with, Joseph & Associates were not involved in the initial process, the initial figures were not their figures or costings. During the last couple of months, Joseph & Associates and Council staff have gone through a process of looking at the work that had been committed and paid for. The design changes and the amendments to them have been looked at as well as the pricing that had been brought forward by the contractor and looking at the overall availability of funding, and there is a discrepancy.

Mr Joseph advised that the factors that come into it are:

- Stage 1 deficit of consultant's fees of \$65k.
- The value engineering exercise.

- From there stage 1 preliminary costs that weren't accounted for. Consents, hydraulics, all amount to additional costs – 10% contingency (\$71.5k), national supply chain and labour issues all which have had a direct impact on this project.
- 3 months has been added onto the project as well, as well as additional costs of monitoring of the consultants through that process. – which is approximately \$48k per month. If construction period is reduced, then that cost could be reduced.

Cr Gillett queried how the consultants and project managers from Council did not see the consultant's fees and commented that it will be a hard sell to the public that to finish this job it is all for consultant fees, and not actual project work.

The Group Manager, District Assets commented that the key issue being discussed today is the issue of the understatement of professional fees. If you look back to the inception of project when funding was requested in 2020, at that time it was imperative to get as much funding as possible and be as accurate as possible at that time. Clearly that element was understated.

The Chief Executive advised that the original \$3M was a **cost estimate** from Council Staff – not based on any quoted price and very much a guesstimate at the time. It has progressed to detailed design in terms of finalising proper costs - which is where Council finds itself now and advised that there will always be a reliance from external consultants for these types of projects. The Chief Executive advised that Council have had \$4.4M of non-ratepayer money to fund this pool, and currently it will cost the rate payer \$400k.

The Chief Executive commented that at the end of the day Council takes responsibility for the shortfall, and as the Chief Executive would be responsible for the overspend. The original person who did the application for funding was a staff member, which was understated by a considerable amount.

Her Worship the Mayor asked why the extra costs have only been seen now?

The Group Manager, District Assets advised that the main focus had been on delivery.

Cr Burden asked if Option 1 or Option 3 were to be proceeded with, what would the life of the pool be?

The Group Manager, District Assets commented that the key elements in terms of functionality of the pool are important. If Council said stop as is now it would have an impact on the longevity of the pool, remembering that phase 1 was about earthquake strengthening, and advised that professional engineering advice would need to be obtained as to the life of the pool after upgrades.

The Chief Executive advised that a report was done in 2015 regarding the swimming pool which raised a number of non-compliance issues, building consent standards and ventilation etc which is why Council applied for shovel ready money. The project target was to bring the pool up to standard.

Cr Cassin queried the certainty of being within budget if Option 3 was proceeded with.

Mr Gutteridge from Joseph & Associates advised that contractors' costs have not been broken down, however, was very confident that this work would be completed within budget, and all aspects would be checked before going ahead.

Her Worship the Mayor asked if Council was to proceed with the funding options recommended, is contingency built into this and what is the risk in proceeding with that?

Mr Gutteridge from Joseph & Associates advised that 10% contingency is built into it, and on top of that there are other allowances that have been built into the budget also for unforeseen issues.

Cr Manera asked why Council is not going back to the government for further funding?

The Chief Executive advised that Council had gone back to the government and asked for more funding, however there is no further funding available.

Her Worship the Mayor sought clarification on taking the money from Better Off Funding and loan funding the rest, would the ability to replace that Better Off Funding money in the future be high? Or will the projects that were going to be covered with that \$690k be left?

The Chief Executive advised that the proposal requested that the money gets taken out of Tranche 2 Better Off Funding and lessens the impact on the ratepayer.

The Chief Executive advised that based on the verbal feedback received from the Department of Internal Affairs the money can be reprioritised. Whilst it has verbally been agreed, Council need to supply them with the written variation for sign off.

Kw Madgwick commented that there is no risk if Council proceeds with Option 3 and advised that the community would still end up with a very good pool with a longevity of 20-25 years and new changing rooms and front of house was unnecessary.

Cr Baird commented that the changing rooms are not up to standard. If Option 3 was proceeded, then in a couple of years' time when this is revisited – it is going to cost Council/Ratepayers more down the track.

Cr Manera queried who will miss out on receiving funding if Option 1 is proceeded with.

Cr Baird advised that the \$690k (Better off Funding) was for footpaths/wheelchair/pram crossings – which are all Hokitika based.

Her Worship the Mayor advised that a decision needs to be made on the information that has presented today.

Cr Davidson asked that the options be put to vote with a show of hands.

The Mayor read through the following 4 options provided and asked for Councillors to vote:

Option 1: To reallocate Three Waters Reform, “Better off Funding”, Tranche 1, (Township Development funding- \$690,000) to Hokitika Swimming Pool Project and approve an unbudgeted spend of \$420,317. WDC to cover cost of remaining project deficit. The Township Development funding- \$690,000 to be included as part of Tranche 2 funding allocation.

Option 2: Council loan fund the full deficit.

Option 3: Reduce the scope of the project to only implement the new plant room, new treatment plant, new pool lining, and deferred strengthening works from Stage 1.

Option 4: Do not proceed with Stage 2.

Votes:

Option 1: Cr Neale, Cr Davidson, Cr Baird, Cr Manera, Cr Burden (5 votes)

Option 2: no votes

Option 3: Cr Cassin, Cr Gillett (2 vote)

Option 4: no votes

Moved Cr Baird seconded Cr Davidson and **Resolved** that:

1. That the report be received.
2. Option 1 is the preferred option - that Council reallocate \$690,000 of "Better off Funding" (Tranche 1 - Township Development funds).
3. Council resolve to approve an unbudgeted loan funded spend of \$420,317 to the Hokitika Swimming Pool Project.

Cr Cassin and Cr Gillett requested their votes be recorded against the motion

Her Worship the Mayor advised that she does not have the casting vote and therefore would not be voting.

The Mayor reiterated to the Project Managers that no further funds will be allocated to this project in the future and that they will need to ensure their cloth is cute to fit this budget.

- **Reallocation of Better Off Funding to Carnegie Building Strengthen Project**

Scott Baxendale, Group Manager, District Assets spoke to this report and advised that the purpose of this report is to provide an update to Council on the Carnegie Building strengthening projects current financial situation resulting in further funding being required.

The Group Manager, District Assets also commented that when you start to work with old buildings there are often unforeseen issues. There were key issues with this Building – (photos and videos provided today).

1. Water ingress – Parapet around the outside of the building is actually made out of polystyrene and water was running down the inside walls – which is not conducive for where museum artifacts are going to be stored and it affects things like wiring etc.
2. Once scaffolding was up, other things at the top level of the building are dangerous. If scaffolding was to be taken down, there would be a huge risk to public if they were to walk around the building.
3. Plaster render with fine cracks in it – if left untreated and water gets behind it, there will be frost action, and it starts to come off.

Mr Joseph spoke through the images and videos provided of Carnegie Building and advised that from a heritage perspective, what you can and can't do with a heritage building is detailed and a real process. Fees are in the same range as the pool project.

Mr Joseph also advised that the variations approved were broken down into 4 elements:

1. Parapets and associated works
2. Strengthening
3. External cladding
4. Other items

When you look at the figure for Parapets and associated works this has taken it over the budgeted amount.

The Group Manager, District Assets advised that there are a lot of loose external elements on the Carnegie Building and the only thing holding it onto the building is gravity. If the building shook, or in extreme weather, things could fall, and this is a high risk.

Cr Manera asked about the state of the roof and whether it should be replaced?

The Group Manager, District Assets advised that the roof wasn't in the scope. The original inception of the project was the earthquake strengthening of the building. There was no recommendation to change the roof and did not scope the contractors to look at the roof.

Tony Joseph advised that he also could not comment on the state of the roof.

The Chief Executive advised that an action would be noted to follow up on the state of the roof.

Action:

District Assets to follow up and find out the state of the roof and the age of the roof.

Cr Burden commented that this highlights an issue with the initial conception and overall scope of the project, regarding water tightness. The issues with water tightness have been going on for quite a while, why are the cost increases only being heard about now?

The Group Manager, District Assets commented that Council's position was at the time was that the original project was to earthquake strengthen the building. Matters of water penetration became apparent during the work to strengthen the building.

Cr Burden raised a question around the funding and whether all the affected parties re: projects/halls aware of the reallocation of the money?

The Chief Executive advised that conversations have not been had with the affected parties.

The Mayor read through the following 3 options given in the report:

Option 1: To reallocate part of the Three Waters Reform, Better Off, Tranche one, Community Hall funding (\$260,000) to Carnegie strengthen project. Westland District Council to cover cost of remaining project deficit of \$247,388.24.

Option 2: Council loan fund the full deficit

Option 3: Do nothing

Her Worship the Mayor called for a vote on a show of hands:

Option 1: Cr Baird, Cr Davidson, Cr Burden Cr Neale, Cr Gillett (5 votes)

Option 2: no votes

Option 3: no votes

Cr Cassin & Cr Manera abstained from voting

Moved Cr Baird seconded Cr Davidson and **Resolved** that:

1. The report be received.
2. Council reallocate a partial amount of Three Waters Reform, Better Off, Tranche one, Community Hall funding (\$260,000) to the Carnegie Strengthen Project and;
3. Council resolves to approve an unbudgeted spend of \$247,388 to the Carnegie project

**4. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI
RESOLUTION TO GO INTO PUBLIC EXCLUDED**
(to consider and adopt confidential items)

Moved Cr Neale, seconded Cr Baird and **Resolved** that Council confirm that the public were excluded from the meeting in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 5:00pm

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

The general subject of the matters to be considered while the public are 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 the resolution are as follows:

Item No.	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
1.	Hokitika Pool Redevelopment Stage 2 Main Contract – Contract Number 20-21-08 – Tender Approval	Good reason to withhold exist under Section 7	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
1	Protect information where the making available of the information: (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (Section 7(2)(b)).
1	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(i))
1	Prevent the disclosure or use of official information for improper gain or improper advantage (Schedule 7(2)(j))

Moved Cr Neale, seconded Cr Burden and **Resolved** that the business conducted in the ‘Public Excluded Section’ be confirmed and accordingly, the meeting went back to the open part of the meeting at 5:17pm.

**DATE OF NEXT ORDINARY COUNCIL MEETING –27 APRIL 2023
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

MEETING CLOSED AT 5:17 PM

Confirmed by:

**Deputy Mayor Cassin
Acting Chair**

Date: 25 May 2023