

1. WHAKARIRE REVETMENT - FUNDING DECISION

Type of Report: Operational

Legal Reference: Local Government Act 2002

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Reporting Officer/s & Unit: Jon Kingsford, Director Infrastructure Services

1.1 Purpose of Report

The purpose of this report is to:

- Update Council on recent engagement undertaken in relation to the Whakarire Avenue Revetment project
- Obtain approval to proceed with the project; and
- Confirm direction from Council on the balance on the public / private funding split for the project.

Officer's Recommendation

That Council:

- a. Note the change in scope of the project to now include stormwater conveyance, landscaping and third party supervision.
- b. Resolve to proceed with the project.
- c. Approve the updated project Cost Estimate that now includes additional items, including landscaping, stormwater conveyance and third party supervision and to fund the additional cost from loans.
- d. Approve the private contribution to be held at the same amount as per the 2019/20 consultation, resulting in a change to the public/private split to 2.5% private/ 97.5% public.
- e. Note that Council have committed to further consultation with residents of Whakarire Avenue to development a landscaping plan and that this will be undertaken as the project commences.

Mayor's Recommendation

That the Council resolve that the officer's recommendation be adopted.

1.2 Background Summary

The Whakarire Revetment initiative has been in planning for many years and has been the subject of many discussions and reports. This report seeks to strike a balance between summarising past discussions and reports within the body of the report and appending reports to provide additional information.

The present breakwater was constructed in 1994 and encloses a small lagoon that fills and empties with the tide. The area is frequented by families over the summer season and by surfers at any time there is sufficient swell. However the area is not as popular as

other beach areas as access to the lagoon and along the reserve area in front of the houses is difficult, with private infrastructure encroaching into the reserve.

The original sea wall was constructed of concrete rubble. In 1995 approximately 15,000 cubic metres of fine gravel and sand were placed behind, and adjacent to the sea wall. In 1997 the initial works were dressed with limestone rock armour although this is mainly confined to the leeward side.

In 2003 a BECA report on coastal erosion along Westshore identified that during a significant storm with elevated sea levels it is likely the existing breakwater would fail. (Beca 2003). At that time some of the limestone rock armour has become displaced and can be seen on both the seaward and leeward sides of the existing breakwater. Further displacement of rock has occurred in the intervening years, further compromising the integrity and effectiveness of the breakwater.

It is proposed to rebuild the existing breakwater that fronts properties in Whakarire Avenue. The existing structure also funnels waves into the southern end of Westshore Beach causing northward and seaward movement of sediment and the renourishment material placed there.

A consent application for the construction of a seawall was lodged with the Hawkes Bay Regional Council (HBRC) in 2009, for a significantly larger and more comprehensive structure than that which was finally consented.

The original design of the groynes to remediate the threat of coastal erosion in this area received significant opposition from the surfing community and local residents. As a consequence the resource consent application received many submissions in opposition. Through mediation a new design was introduced to the submitters. The new plans included a reserve area for public access and a revetment which would hug the coastline and not intrude into the surf break as the initial design had done. Residents in the Whakarire area and other submitters including the surfing community signed off on these new plans agreeing to the revetment and the reserve areas.

Consent was granted in October 2016 and is required to be given affect to within 5 years prior to the consent lapsing.

In order for the project to proceed, Council made available capital funding to the value of \$1.737mill in the 2018-28 Long Term Plan.

While funding of the revetment had never been actively discussed with the submitters or the Whakarire Avenue residents, there was an implicit assumption at the time that the costs would be absorbed by all the city's residents. This reflects that Napier (being a city council with relatively small rural land holdings) has not had a strong tradition of using targeted rates (N.B. current targeted rates are listed in the Long Term Plan on page 203).

Subsequent to the resource consent for the works being fully approved for construction, the regional coastal erosion work (Clifton to Tangoio Coastal Hazards Strategy) began to explore and define the beneficiaries from coastal erosion interventions to understand the link between those who benefit and those that are paying. In this way the community good and the private good is identified in particular.

Essentially this work has hypothesised that the immediate property abutting the coastal erosion will benefit significantly if work is done to halt that erosion. There is also a suggestion that there might be secondary beneficiaries, where a public space (reserve or road) lies between the property and the coastal erosion or where the local community might have added benefits of accessing the area under threat from erosion. Both of

these scenarios are over and above the benefits received from doing the work by the rest of the Napier residents.

The work also identified regional and national beneficiaries. This included the Port and Airport and the region and nation as a whole. However it should be noted that these parties are difficult to realise funding from – therefore the while a percentage of benefit/cost can be apportioned it can't be collected using rates for example.

Council held a workshop to discuss and explore how such a funding split (as prescribed by Section 101 (3) of the Local Government Act) would apply to Whakarire revetment.

At Council's finance committee on the 18 of October 2018 the basic steps associated with an assessment under Section 101 (3) LGA applied to the Whakarire revetment project were outlined.

At the Council on the 11 of December 2018 the funding split of 97% public and 3% private was approved in Principle, noting that consultation would be undertaken regarding the funding model and that residents would have the opportunity to engage in that process.

In 2019/20 annual plan consultation process, on a targeted rate, feedback from the general community of 107 submitters, was 14% disagreed, 33% agreed, and 53% neutral. Of Whakarire Residents, 86% disagreed, and 14% were neutral.

Since that time, Officers have undertaken further consultation with residents

Annual Plan and post annual plan consultation is detailed in the Consultation report (**Attachment A**). Post Annual plan consultation is summarised below.

All owners and occupiers of the affected properties were invited to a meeting held on the 28th of November 2019 to discuss the project. 14 people attended the meeting which commenced with a presentation (included in the consultation report - **attachment A**) made by Jon Kingsford – Director Infrastructure and was followed by questions and answers.

Residents were asked to consider their support for the revetment project itself and the targeted rate proposal. At the meeting, all those present bar one resident advised they supported the revetment proceeding. Residents were advised that a letter requesting their feedback in writing by 31 January 2020 would be sent all residents including those that did not attend the meeting.

A letter (included in the consultation report - **Attachment A**) was sent on 4 December 2019 summarising the points covered at the meeting and the impacts of proceeding or not proceeding with the revetment project.

A reminder email was sent to those who had not provided written feedback on 22 January 2020.

Residents from 12 of the 14 affected properties responded. The results are as follows:

Revetment Project

- Of the 12 respondents, 11 support the project proceeding (92%)
- Of the residents, 11 support the project proceeding, one is against the project proceeding and two did not respond. A total of **79% of residents support the revetment proceeding**.

Targeted Rate

- Of the 12 respondents, seven agree with the targeted rate (58%), four were against (33%) and one response was inconclusive.
- Of the residents, with seven agreeing, four against, one inconclusive and two with no response, a total of **50% of residents agree to the targeted rate.**

Detail on submissions and responses is available in the consultation report attached.

1.3 Issues

Following several engagement efforts with residents there is now clear majority support for the revetment project proceeding; however, there does not appear to be clear support for the targeted rate.

All consultation to date has been based on the project cost budgeted for in the 2018-28 Long Term Plan of \$1.747mill. The current project estimate, accounting for some changes in scope now place the project cost at \$2.2mill.

Of those that were willing to pay a targeted rate, several residents preferred to pay the full amount in a one-off payment and that the contribution be based on the \$1.747 million originally proposed as the project cost.

1.4 Significance and Engagement

Approval of a funding option will require further consultation through the 2020/21 Annual Plan. This matter has been incorporated into the recent report to Council on draft annual plan consultation items and is further discussed below.

1.5 Implications

Financial

Council Officers have reviewed the timing of the project and project costs, with revised costs of an estimated \$2.2 million.

The increased costs are partly due to expected increases in material costs, however the estimate now also includes items that amount to a change in scope to include stormwater management and landscaping (originally to come post project completion), and also recognises project and contract management costs, fees for the independent Chartered Engineering supervision of the construction and a contingency sum of \$200,000 + GST.

Social & Policy

N/A

Risk

One resident has responded to Council's engagement process through their barrister. This resident has voiced strong opposition to the project and to the proposal of a targeted rate. There is a risk that this resident will choose to further litigate this matter with Council should the decision be made to proceed with the project and/or the targeted rate.

Council do have the choice of not proceeding with the project. Such a decision would recognise that the reserve then performs the role of a buffer to erosion of private property and will eventually be lost. Should the project not proceed the risk of coastal erosion

resides with individual property owners. At this point Council may need to reassess whether protection of Charles Street is required and how it might be provided.

1.6 Options

The options available to Council are as follows:

- a. Not proceed with the project.
- b. Proceed with the project and rescind the resolution to seek a private contribution to the cost of construction, thereby choosing to fund the project from public funding only.
- c. Proceed with the project and proceed with the original 3% private contribution to the current construction estimate of \$2.2mill.
- d. Proceed with the project and resolve to adjust the private contribution to 2.5% of the current construction estimate \$2.2mill.

1.7 Development of Preferred Option

Council have invested a significant level of time and resources into the process to obtain the resource consent for the proposed revetment works. The consent process spanned a period of over five years and went to mediation in order to avoid the environment court.

While Council Officers are neutral as to whether the project proceeds or not, on principle to not realise this level of investment would be disappointing.

It would be very difficult for individual property owners, or a group of property owners to navigate the consent process should Council choose not proceed with the project.

A lot of time and effort has been invested engaging with property owners of Whakarire Avenue to provide further information on the project, understand their concerns and with regard to stormwater adapt the project to reach a better solution for residents. During this time, the discussion on the mooted 3% private share of a project cost of \$1.747mill. to now apply that 3% private share to the updated project cost (\$2.2mill) would likely result in a withdrawal of residents support for the project

The preferred option is therefore to proceed with the project and resolve to adjust the private contribution to 2.5% of the current construction estimate \$2.2mill.

1.8 Attachments

- A Consultation Summary Report