

Wanganui District Council Extraordinary Meeting – 17 October 2011

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Minutes of the Extraordinary meeting of the Wanganui District Council held at 3.05PM on Monday, 17 October 2011, in the Council Chamber, Municipal Office Building, 101 Guyton Street, Wanganui

Present: Ms Annette Main – the Mayor – in the Chair, Cr RM Wills – Deputy Mayor, Crs AR Anderson, PJ Baker-Hogan, JT Bullock, R Dahya, NA Higgie, MB Laws, RM Stevens RV Vinsen and SM Westwood.

Apologies: Cr HCS McDouall, Cr C Solomon, Mr AR Taylor (Chair, Wanganui Rural Community Board), and Cr SM Westwood (apology for lateness).

Officers in Attendance: Mr KW Ross (Chief Executive), Mr J Harkness (Deputy Chief Executive), Ms S Patrick (Community and Cultural Manager), Mr G Anderson (Senior Curator), Ms C Almond (Strategy and Development Manager), Ms M Heron (Customer Services Manager), Ms N Rodgers (Finance Manager), Mr G Morris (Deputy Property Manager), Mr D Boothway (Deputy Infrastructure Manager) and Mr P Gray (Deputy Community and Cultural Manager). Secretary: Mr MH Hunt (Governance Services Manager).

Council's Resolution

Proposed by Cr Higgie, seconded by Cr Stevens:

THAT the apologies of Crs McDouall and Solomon, and Alan Taylor (Chairman, Wanganui Rural Community Board), and the apology for lateness by Cr Westwood be accepted.

CARRIED

1. Late Item: Section 274 of Resource Management Act 1991 – Interested Parties to Appeal Proceedings – Open Country Dairy – Discharge of condensate water to Whanganui River

The Council's decision on whether it will lodge a notice with the Environment Court to be party to the Legal Proceedings – Open Country Dairy – discharge of condensate water to Whanganui River is required by 23 October 2011. As this is the only meeting of the Council before that date this matter should be decided at this meeting.

Council's Resolution

Proposed by Cr Higgie, seconded by Cr Vinsen:

1.1 THAT the Late Item: Section 274 of Resource Management Act 1991 – Interested parties to Appeal Proceedings – Open Country Dairy – Discharge of condensate water to Whanganui River be added to the Council's agenda.

CARRIED

2. Late Item: Section 274 of Resource Management Act 1991 – Interested Parties to Appeal Proceedings – Open Country Dairy – Discharge of condensate water to Whanganui River

<p>Policy on Determining Significance – In terms of the Policy the recommended decision is not significant.</p>
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Rachelle Voice, Senior Resource Management Planner, reports:

“Background

Open Country Dairy applied to Horizons Regional Council (Horizons) to discharge up to 900 cubic metres per day of condensate water from a milk processing plant, via an existing stormwater outfall, onto or into land in circumstances which will result in that contaminant entering water within the Coastal Marine Area.

Wanganui District Council lodged a submission on this application in November 2010 giving conditional support to the proposal. The Council supported in principle ‘*all economic development initiatives that benefit the people of Wanganui*’ but opposed the application for the following reasons:

- *The discharge should be to the waste water system, with the diversion being discharged to the Whanganui River. This configuration will ensure that any failure of the system would not result in unintended discharges to the Whanganui River.*
- *Opposed Horizons setting the ‘predetermined’ threshold as this was not identified in the application. The threshold should be decided in consultation with Wanganui District Council and other interested parties.*

Horizons heard the application and evidence at a hearing held in September 2011, and determined that the proposal if granted consent would be contrary with the sustainable management purpose of the Resource Management Act, and subsequently **declined** resource consent to Open Country Dairy.

Appeal Against Decision

The Council was served notice on 23 September 2011 that Open Country Dairy lodged a Notice of Appeal with the Environment Court. Notice was served on the Council as a party that may be interested in the application and pursuant to Section 274 of the Resource Management Act may lodge a notice with the Courts to become party to the Appeal proceedings.

A decision must be made as to whether the Council wishes to become a party to the Appeal proceedings, so that documents may be written and lodged with the Environment Court.

The Council has until 23 October 2011 to lodge a notice with the Environment Court. ”

Discussion

In response to a Councillor’s question, Kevin Ross, Chief Executive, said the Council’s preferred option for the discharge of condensate water by Open Country Dairy was to the Council’s wastewater treatment plant. He said the Company was disposing to the treatment plant now and the resource consent application was an alternative discharge option.

Cr Westwood said it was important, in view of the major work undertaken by the Council to clean up the Whanganui River, that the Council objected to this application. David Boothway confirmed Cr Anderson's belief that the analysis of the condensate showed it was above the pollution standard for the Whanganui River.

Mr Ross explained that as the matter was being appealed by Open Country Dairy, court costs for the Council would not be great and only Council officers needed to attend.

Council's Resolution

Proposed by Cr Westwood, seconded by Cr Higgle:

- 2.1 THAT the Chief Executive be delegated authority to lodge a notice with the Environment Court to become party to the legal appeal proceedings in relation to the Open Country Dairy's declined resource consent application to discharge condensate water to the coastal marine area via stormwater outfall.

CARRIED

ACTION: Rachelle Voice

3. Sarjeant Gallery Development

<p>Policy on Determining Significance – In terms of the Policy the recommended decision is not significant.</p>
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Sally Patrick, Community and Cultural Manager, reports:

“The Council, at its meeting held on 3 October 2011, discussed a report about the Sarjeant Gallery Redevelopment. Noting that the matter would be discussed in greater detail at the Queens Park – 10-Year Plan Review Workshop to be held on Thursday, 6 October 2011, the Council resolved that ‘The matter lie on the table’.

The Queens Park 10-Year Plan Review Workshop on Thursday, 6 October 2011 was repeated on Wednesday, 12 October 2011. Elected Members were provided the information about the proposed application for Government funding for Sarjeant Gallery future improvements.

Mayor Annette Main has convened an Extraordinary Meeting of Wanganui District Council on Monday, 17 October 2011 to make a decision to submit an application for Government funding for future improvements to the Sarjeant Gallery.

Further information and a report on the workshop discussion will distributed to Elected Members prior to the meeting and tabled.”

Sally Patrick, Community and Cultural Manager, further reports:

“Purpose

The purpose of this report is to seek the Council's approval to proceed with preparing an application for funding for the development of the Sarjeant Gallery.

Background

As part of the 10-Year Plan process the Council has to consider all of Queens Park, particularly those buildings affected by earthquake risk, of which the Sarjeant Gallery is one. This matter was discussed at the Council's meeting held on 3 October 2011 and at two Council workshops held on 6 October 2011 and 12 October 2011.

The Gallery building, while being Category 1 listed and an iconic emblem of Wanganui:

- Is Earthquake-prone and would require around \$5.7M to bring it up to 67% of code.
- Requires an estimated \$1.8M to complete repairs to the stonework and parapets.
- Currently lacks environmental control to provide the right conditions for the storage and display of either its nationally-significant artworks or those which have been entrusted to it. A sum of \$500,000 is included in the Annual Plan for 2011/2012 for this work.

The Council owns a number of earthquake prone buildings which will need to be attended to over the next ten years, at substantial cost. The Regional Museum's fund is not guaranteed to continue beyond the current financial year.

The Minister of Arts, Culture and Heritage, Hon. Chris Finlayson, has repeatedly reaffirmed his support for an extension to the Sarjeant Gallery. He proposed that the importance of the Gallery, as a national institution, was such that he would like to see the extension built solely using a combination of funding from Central Government and philanthropic sources, and indicated his willingness to personally support this approach.

Funding sources

The principal funding sources could be:

- Ministry of Culture and Heritage Regional Museums Fund.
- Lottery Environment and Heritage Fund.
- Corporate and individual philanthropy.

While more work requires to be done to determine the final capital funding mix, any mix that reduces the Council's \$8M cost of not proceeding will be favourable to the Council.

Timeframe

- 30 January 2012: The Council signs off an application.
- 24 February 2012: submission deadline.
- June 2012: award announced.
- 23 October 2012: final design approval by the Council.
- Note that the timing of the decision to finally proceed to construction will depend on the speed of the fundraising effort.

The aim is for the Council to source all the funding externally rather than from rates.

Benefits

The extension will:

- Ensure greater protection of our nationally important art collection from natural hazards such as earthquakes and provide the Council with an operations centre in the event of a major civil defence emergency which disables other Council buildings (as was seen in Christchurch recently).

- Reinforce Wanganui’s status as a centre of excellence for the arts, and thus its ability to attract arts events.
- Create more arts tourism, increasing the Gross Domestic Product (GDP) of Wanganui and New Zealand.
- House and show the Gallery’s collections in excellent environmental conditions for decades to come.
- Allow for more of the collection to be on view at any one time and for greater lengths of time.
- Be able to house other nationally-important collections from the museum and archives.
- Allow for greater, safer and more efficient physical access to the collections.

Application preparation

Giblin Group is a professional fundraising group with a proven track record in preparing successful funding applications to both Central Government and major private funders – including, for example, the Len Lye Centre at the Govett Brewster Art Gallery in New Plymouth (\$10M) and the Hawkes Bay Museum and Art Gallery in Napier (\$18M).

Costs of not proceeding

- If the Council decides not to proceed with the application to the Ministry of Culture and Heritage, then funding for earthquake strengthening of the Sarjeant Gallery, completion of the repair works and the installation of the environmental control will need to be met by the Council at a cost to the ratepayer of around \$8M.
- The cost of earthquake strengthening for the Municipal Building in Guyton Street to maintain its role as an emergency operations centre (a category A building) is estimated at \$6.1M.
- The storage problems will still need to be solved to preserve the nationally-important collections in the Gallery, the Regional Museum and the Archives.
- The opportunity cost of lost GDP and a declining arts status for Wanganui.

Capital costs

	\$M
Earthquake strengthening of original building (estimate)	5.7
Completion of repairs to stonework and parapets (estimate)	1.8
Environmental control (in Annual Plan 2011/2012)	0.5
Extension based on existing plans	11.5
Total	19.5

Prior to the application being submitted a more detailed analysis of the future operating and capital costs. This information will form part of the application and will be presented to the Council. The following table shows some of the expected cost changes.

Operating costs (annual)

	New costs \$	Savings \$
1.25 FTE Front of House staff	50,000	
Cleaning (based on current costs)	12,000	
Energy costs (based on current costs)	22,000	
Insurance (estimate)	36,000	
Repairs and maintenance	16,000	

Offsite storage rental		25,000
Repayment of \$500,000 loan (interest costs @ 7.5%)		37,000
Total	136,000	62,000

* Additional revenue opportunities through the enhanced shop, café and venue hireage have not been included.

The cost of contracting the fundraiser (Giblin Group) will come from a combination of existing budgets and funds held by the Sarjeant Gallery Trust.”

Attached documents

Sarjeant Gallery plans
 Workshop PowerPoint Presentation
 Letter from Giblin Group Ltd dated 6 September 2011
 Giblin Group Company Profile

Discussion

Mayor Main introduced the report noting that Council officers had held two workshops for Councillors to consider the proposal to develop the Sarjeant Gallery. She advised that Councillors who had not attended a workshop had been provided the information presented at the workshops.

Mayor Main welcomed Jenni Giblin of the Giblin Group Ltd, to the meeting. Mayor Main, tabling Sally Patrick’s additional information, invited questions from Councillors.

Cr Laws, referring the officer’s report, asked several questions:

- By whom and where was it published that the Sarjeant Gallery was listed one of the top four art galleries in New Zealand?
 Greg Anderson replied this was stated by the Minister of Arts, Culture and Heritage when he spoke recently about the Sarjeant Gallery. Cr Laws was not satisfied with this response.
- Was the extension, presently being discussed with the Council, the extension rejected by the Wanganui community in Referendum ’05?
 Greg Morris, Deputy Property Manager, explained the basis of the extension was the same design, but it was open to debate whether it was the building or the required funding that was rejected through Referendum ’05.
- At what Council meeting was it decided that the Warren and Mahoney design for the Gallery extension would be signed off?
 Sally Patrick explained the Council had not signed off the Warren and Mahoney design. The design had been discussed at workshops and more detailed work would be undertaken as the Minister had on occasions spoken approvingly of the Warren and Mahoney design. Ms Patrick said the Council would have over a year to fully develop extension plans, noting the timeframe identified in her additional report. Kevin Ross advised that the earthquake strengthening requirements for the Gallery would need to be incorporated in the extension design.
- Have all Elected members received the Regional Museums’ Policy for Capital Construction Projects?

Sally Patrick replied 'No' but noted that the document, which had not been updated since December 2008, was available on the Ministry for Culture and Heritage website. Cr Laws was concerned that Councillors had not received a copy of the Regional Museums' Capital Development Policy on which the officer's report was based. He referred to the clause about the Government endorsing a project to gain funds from other sources, for example, the Lottery Board, before making a formal submission to Central Government. Ms Patrick said that the Council had applied to the fund two years ago for funding for the Sarjeant Gallery's storage area. Ms Giblin explained that if the Council decided to apply to the fund it must also make the approaches referred to by Cr Laws, noting the Lottery application should be made by March 2012. Ms Giblin said, however, that Central Government understood that these types of projects required a long period in which to gain funding. Cr Laws said that for both the Hawke's Bay Museum and Art Gallery in Napier, and the Len Lye Centre in New Plymouth, for which the Giblin Group had acted, the respective councils had already pledged funding. Ms Giblin agreed, noting that Napier City Council had funded \$6M for the Hawke's Bay Museum and Art Gallery, and that New Plymouth Council contributions were factored into the application for the Len Lye Centre funding.

- Did the Giblin Group approach Wanganui District Council to assist fundraising? Mayor Main explained that the Giblin Group had been recommended to the Council by the Minister who was aware of their work with the Hawke's Bay Museum and Art Gallery and the Len Lye Centre. In turn the Giblin Group had approached the Chairman of Local Government New Zealand about the matter and the Chairman of Local Government New Zealand had passed on the interest of the Giblin Group to Ms Patrick.
- The \$105,000 fee, the Giblin Group's fee, seemed a lot of money for work that the Council's own staff could do. What would the Giblin Group provide for that \$105,000 that the Council's senior managers could not give?
Ms Patrick explained that the documentation requirement for an application was vast and the Council had learned from the CCOE application project that it would be remiss for a project of this significance not to rely on outside expertise as there would probably be only one chance to gain this funding. Ms Giblin said her Group had been successful in the last two funding rounds through the Ministry with the two biggest applications being funded. The Group had an established working relationship with the Ministry's staff.
- Is the decision the Council will make today on this issue of significance within the Council's policy on determining significance? If significant it should go out to public consultation.
Kevin Ross explained that the resolution was considered in terms of the Significance Policy. Today's recommendation, if the adopted resolution, was to make an application for funding extensions. The Significance Policy would be triggered if the Council decided that the extension to the Sarjeant Gallery should proceed. Cr Laws said he would like a legal opinion on the matter of significance as, in his view, if the Council resolved today to proceed as recommended in the report it would be committing to the Sarjeant Gallery extension. He said this matter had not been discussed during the 2011/12 Annual Plan process and he believed the matter was of local significance.

Mayor Main said she would be happy to add to the first recommendation ‘– provided this does not trigger the Council’s Significance Policy’.

- To Ms Giblin, ‘Have you ever dealt with an application to the Ministry for Culture and Heritage where the Council has committed to spending no money on its project?’ Ms Giblin replied, ‘No’. To a further question Ms Giblin said that the \$105,000 did not include fundraising from corporate bodies. The Giblin Group had a charge out rate of \$250.00 per hour to approach corporate bodies.

Councillors discussed the proposed funding sources for the Giblin Group fee. It was noted that the Council was being requested to approve the reallocation of \$63,000, presently held in a special fund, that had been allocated in the Annual Plan for Sarjeant Gallery storage development.

Greg Morris drew Elected members attention to the ‘do nothing’ option which meant the Wanganui community would face an \$8M bill for earthquake strengthening costs required at the Sarjeant Gallery. Ms Giblin noted that in the event of a funding shortfall, Council officers would take the lead in approaching corporate bodies for funding. Ms Giblin said she had discussed with the Ministry the Council’s intention not to fund the extension itself. This was not a problem but meant the Council would have to secure corporate funds before putting an application in. She emphasised that it took a lot of time to raise corporate funds.

In response to further questions by Cr Laws, Ms Patrick said that officers had begun developing the project timeline. She said sourcing funding needed to start now but noted that a great deal of work had been done over the past two years to re-establish the trust of regional and national supporters of the Sarjeant Gallery following the Council’s decision in 2005 not to proceed with the extension.

In response to Cr Laws’ comment that there was only four and a half months to raise the \$12M externally to make this application viable, Ms Giblin explained that the Council had to demonstrate it had exhausted all possible avenues of funding but noted that the Hawke’s Bay Museum and Art Gallery and Len Lye Centre projects were still fundraising after receiving the Ministry’s funding.

Cr Stevens asked where the Council would show its commitment to earthquake protection of the Sarjeant Gallery? Greg Morris said the Council could choose to commit earthquake protection funding to the extension project. This was a major matter that the Council would still have to consider, the Chief Executive said. Cr Stevens queried the Arts, Culture and Heritage Minister’s commitment to the project. Ms Giblin explained that whilst the Minister could not say he was committed, as the Council was approaching a contestable fund, there had been conversations during which the Minister expressed his support for such a project.

Cr Vinsen commented that it could cost multi-million dollars to bring the Sarjeant Gallery up to an earthquake strengthened standard so that it could be used as Wanganui’s civil defence emergency management headquarters base. Greg Morris agreed there was an opportunity for the Sarjeant Gallery to be strengthened to provide a functional emergency management centre. Provision should be made for communication, power and other emergency services facilities. Developing the Sarjeant Gallery as an emergency

management building would avoid spending funds on the Municipal Office building, the present civil defence headquarters site.

Cr Higgle referred to the \$500,000 budget set aside for environmental climate control development at the Sarjeant Gallery, and asked if this was made available for the extension funding would it make the funding position stronger? Ms Giblin said inclusion of \$500,000 would strengthen the position, as would the inclusion of staff time costs as the Council's contribution within the funding application. Cr Higgle proposed that the \$500,000 in the 2011/12 Annual Plan for environmental control at the Sarjeant Gallery be pledged to the project if the application to the Ministry was successful. To a further question, Ms Giblin explained that the budget allocation for the project would be required in the Council's current financial year. She said the Minister would decide for the next financial year if funding would continue.

Cr Dahya noted that in the officer's report it was stated 'that the aim is for the Council to source all funding externally rather than rates'. He thought the Council was now suggesting it would use Council funds for the project. Mayor Main replied that it was quite clear that the Council would use existing allocations such as the \$500,000 budgeted for the climate control equipment in the Sarjeant Gallery.

Cr Wills observed a \$6,000 shortfall in the proposed budget which he assumed the Council would make up. He believed the Council was taking 'a leap of faith' in Minister Finlayson's assurances about the Gallery and the earthquake proofing of it.

Cr Anderson was frustrated by Councillors asking questions that had been dealt with during the workshops. He said the Council could not afford to pass up this opportunity to gain Government funding for the Sarjeant Gallery's extension. He said ratepayers needed to understand that assuming the earthquake strengthening was done, the Council was up for \$8M. Cr Anderson said it was not a question of transferring \$500,000 as the climate control equipment was an integral part of upgrading the Sarjeant. He suggested that the Council's contribution to the project could be seen in the form of the Sarjeant Gallery itself.

Cr Anderson said that Wanganui's community did not reject the Sarjeant Gallery extension in Referendum '05; rather the community had preferred something else within the Referendum. He believed the proposed project provided no risks to the Council or its ratepayers but that there was a risk in not proceeding.

Responding to Cr Anderson's comments, Cr Laws said that the 'naivety today' by Cr Anderson 'was stunning'. Cr Laws said that he had told the Council that the NZCCOE application did not stack up and 'it didn't'. He emphasised that under the Regional Museums' Policy there were fundamental problems. He did not think the Council could raise \$12M. Cr Laws said the Council had been set up by its management and officers. He said there would be a shortfall of many millions of dollars in corporate fundraising, then the Council would be told that it would be irresponsible not to proceed with the project. Cr Laws said the Council owned a relatively minor provincial gallery, the Sarjeant was not a leading national gallery. He believed the Council was being set up with the 'earthquake strengthening' proposal being factored in as a Council contribution.

Cr Laws said that the city had a love affair with the architecture of the Sarjeant Gallery but not a love affair with the Sarjeant Gallery's contents. Whilst the community liked the building, it was not as well visited as the Regional Museum or the District Library. Cr Laws observed that there had been no tendering for this project and the assurances by the Minister, particularly during this election year, were similar to those given to every council visited by him. He said he would not support the motion for contracting the Giblin Group as the Council paid its senior management well to undertake such activity. Cr Laws said the Council did not have enough information nor was the matter part of the Annual Plan, nor had it been consulted on with the community and therefore, he believed a motion to proceed would be illegal and ultra vires of the Council's Significance Policy.

Cr Baker-Hogan, responding to Cr Laws' comments, said New Zealand was in the middle of a financial recession and she had some real concerns about the proposal. There was not time, however, to go out to tender on this proposal and an expert fundraiser with proven ability was available. She agreed that Councillors should have been provided with the Regional Museums' Policy for Capital Construction Projects documentation. Cr Baker-Hogan said she had been told that art philanthropy was far stronger than sports philanthropy, and she agreed the earthquake strengthening of the Sarjeant Gallery had to be undertaken by the Council.

Cr Vinsen agreed with Cr Laws that it was the iconic building, rather than the contents of the Sarjeant Gallery, that attracted the Wanganui community. He noted the \$8M required for earthquake strengthening of the building and believed the extension provided an opportunity for the Council to save this cost to the ratepayer. He said the Council could not afford not to go ahead with this application and he supported the proposals.

Cr Westwood said wise stewardship meant the Council's first priority was to protect its building and the building contents. She said the Council could demonstrate to Government that it had an important heritage arts collections. Cr Westwood referred, however, to the Council's Significance Policy section 97 which, she said, supported Cr Laws' view that the proposal today triggered the Significance Policy.

Crs Bullock, Dahya and Higgie also spoke in support of today's proposals.

Council's Resolutions

Proposed by Cr Main, seconded by Cr Anderson:

- 3.1 THAT a full application for funding for the Sarjeant Gallery extension should be prepared for submission to the Ministry of Culture and Heritage by February 2012.

CARRIED

Cr Laws and Cr Stevens recorded their vote against

Proposed by Cr Main, seconded by Cr Anderson:

- 3.2 THAT the Giblin Group be contracted to prepare the application to relevant funding agencies and to prepare a revenue generation strategy and associated collateral; and that the Council's contribution is a maximum of \$65,000 for the preparation of the application.

CARRIED

Cr Laws and Cr Stevens recorded their vote against

Proposed by Cr Higgle, seconded by Cr Vinsen:

- 3.3 THAT the \$500,000 allocated to environmental control improvement in the 2011/12 Annual Plan be redirected into a Council’s contribution to the Sarjeant Gallery extension for the purposes of an application to the Regional Museums Fund, provided that should the application be unsuccessful the \$500,000 would be reallocated to the environmental control improvement project.

CARRIED

Cr Laws and Cr Stevens recorded their vote against

Proposed by Cr Laws, seconded by Cr Stevens:

- 3.4 THAT the Council seeks a legal opinion as to whether this decision is in line with the Significance Policy of this Council.

CARRIED

ACTION: Kevin Ross/Sally Patrick

The meeting closed at 4.58pm.

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CERTIFICATE OF CONFIRMATION OF MINUTES

The minutes of the meeting of the Wanganui District Council held on 17 October 2011 were confirmed as a true and correct record of that meeting at a meeting of the Wanganui District Council held on 14 November 2011.

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Annette Main
Mayor of Wanganui District

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Date