

AGENDA

RĀRANGI TAKE

NOTICE OF AN EXTRAORDINARY MEETING OF

COUNCIL

to be held on **Friday, 17 April 2026**, commencing at **10:30am** in the Council Chambers,
36 Weld Street, Hokitika and via Zoom

Chairperson	Her Worship the Mayor
Deputy and Northern Ward Member:	Cr Burden
Northern Ward Members:	Cr Mackenzie, Cr Maitland
Hokitika Ward Members:	Cr Gillett, Cr Martin, Cr Walker
Southern Ward Members:	Cr Manera, Cr Munns
Iwi Representatives:	Kw Madgwick, Kw Tumahai



In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audio-visual link.

Council Vision

By investing in our people, caring for the environment, respecting the Mana Whenua Cultural heritage, and enabling investment, growth, and development we will enrich our district and the people that reside here.

Purpose

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

1. KARAKIA TĪMATANGA OPENING KARAKIA

*Kia hora te marino
Kia whakapapa pounamu te moana
Hei hurahai mā tātou
I te rangi nei
Aroha atu, aroha mai
Tātou i a tātou katoa
Hui e! Tāiki e!*

*May peace be widespread
May the sea be like greenstone
A pathway for us all this day
Give love, received love
Let us show respect for each other
Bind us all together!*

2. NGĀ WHAKAPAAHA APOLOGIES

3. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

4. PŪRONGO KAIMAHI STAFF REPORTS

- **Hokitika Swimming Pool**
General Manager Regulatory and Compliance to speak to the report.

**DATE OF NEXT ORDINARY COUNCIL MEETING
ON 23 APRIL 2026 AT 1.00 PM
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**

Report to Council



DATE: 17 April 2026

TO: Mayor and Councillors

FROM: General Manager Regulatory and Compliance

Hokitika Swimming Pool

1. Summary

- 1.1. The purpose of this report is to update Council on the current increased operational costs of diesel for the Hokitika Swimming Pool, to ensure clear visibility to Council and fiscal prudence for all rate payers.
- 1.2. This issue arises from the significant increase in the cost of diesel to heat the pool water as a result of the middle east conflict.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2025, which are set out in the Long Term Plan 2025–2034.
- 1.4. This report concludes by recommending that Council closes the Hokitika Swimming Pool until the costs of diesel significantly reduce, as well as the acceleration of the capital project to upgrade the heating system.

2. Background

- 2.1 The reason the report has come before the Council is due to the significant cost increase of diesel, as a result of the middle east conflict.
- 2.2 The Hokitika pool water is heated using a diesel boiler, which has a 3,000 litre tank, with around 1,500 litres of diesel used per week currently, which only increases during the colder months.
- 2.3 The operational costs for diesel are increasing at a rate that is not sustainable in the current economic climate, with a 135% increase per litre since January 2026.
- 2.4 Council has recognised the need to upgrade the current heating system, with an existing capital project to change to an electrical system, to reduce the reliance on fossil fuels. This was scheduled in the next financial year.
- 2.5 This project is projected to reduce the annual operational costs of approximately \$130,000 for diesel based on fuel prices at that time.
- 2.6 Electricity costs are estimated to increase from \$30,000 currently to \$80,000 at the completion of the project.

3. Current Situation

Fuel Costs

- 3.1. Nationally due to the middle east conflict diesel fuel prices have increased by 104% since January 2026.
- 3.2. The current situation is the cost of diesel is rising at a rate that is unsustainable to continue the current level of service at the Hokitika Swimming Pool.
- 3.3. Historically, during the summer period the operational diesel costs to heat the pool water are generally \$6,000 per month, which increases monthly to a peak of approximately \$21,000 per month in winter. This is based on fuel costs more than half of today's prices.
- 3.4. The current cost of diesel means the monthly operational costs are likely to increase to \$30,000 to \$40,000 and more based on previous years usage and current fuel prices.
- 3.5. Council has been closely monitoring the national fuel costs and predictions are that it is unlikely for fuel costs to stabilise within the foreseeable future.
- 3.6. There are no financial benefits to closing the pool for an hour or two per day, or shutting the facility for a day or two, as the pool water needs to be heated constantly.
- 3.7. Reducing the pool temperature slightly e.g. 1 or 2 degrees, will save a little in fuel costs, however, also leads to increased customer complaints and a reduction in the use of the facility.
- 3.8. During the wintertime, there is a seasonal reduction in the number of users of the facility, resulting in a lower income coinciding with these increasing fuel costs.
- 3.9. Any decision that effects the level of service will affect staff, customers and wider stake holders e.g. Swim School and Aqua fitness classes.
- 3.10. The Swim Club has currently ceased operating until September and the schools don't resume the use of the facility until term 4, October 2026.

Pool Shut Down

- 3.11. The pool does have an annual shut down period of between two to four weeks (usually June) in order to enable maintenance and repairs to the pool that sit outside that of the routine day to day maintenance. This often requires the emptying of the pool to enable a deep clean.
- 3.12. Should the decision be that the facility is closed, these annual maintenance works would be undertaken during this time, to ensure the facility can re-open at the earliest possible time following the completion of the capital project works or a significant reduction in the cost of diesel.

Capital Project

- 3.13. Council has approved \$700,000 in the current LTP to upgrade the diesel boiler with an electrical system which will heat the pool water and the air temperature within the pool facility.
- 3.14. The pool facility has a few uneconomical and ineffective electrical heaters to heat the air temperature. The difference in temperature between the pool water and pool air temperature causes condensation leading to the development of mould on the facility walls requiring frequent cleaning.

3.15. The new heating system will replace these current heaters, to provide a more comfortable air temperature in the pool facility. This also reduces the difference between the air temperature and pool water temperature reducing the condensation issues.

3.16. The new heating system will be electric, and while electricity costs are also increasing, these costs are not increasing at the rate seen for fossil fuels, even before the current fuel crisis.

3.17. To date \$63,582.50 has been spent on the design of the project and the final design package was completed and received on 27 March 2026.

3.18. The design consists of 3 elements:

- Structural – Strengthening the plantroom roof to hold the weight of the new system on top of it;
- Electrical – Upgrading the electrical main board and installing supplies to the new air and water heating systems; and
- Mechanical – Supply and install of the HVAC equipment, with piping to integrate with the current plantroom.

3.15 Costs for the electrical and structural works are anticipated from west coast companies by 17th April 2026. However, no west coast companies will provide costs for the mechanical works as the project exceeds their capabilities.

3.16 Consequently, these works will need to be tendered and will be open on Monday 13 April. This will run for three weeks with a closing date of Monday 4 May 2026. If we do not receive any responses, or have suppliers ask for additional time to prepare tenders, we may need to run it for an additional 2 weeks until 18 May 2026.

3.17 Once the tenders have been received, these will be evaluated and will be reported back to Council on 28 May 2026. Following Council approval of the tender, the contractor can be appointed. At that time the lead time for equipment and the works being undertaken can also be confirmed. This timeframe could be anything from 6 weeks to 3 months.

3.18 The below timelines reflect the best case scenario regarding the capital project and operational times for the facility. However, a watching brief would be undertaken monthly with updates to Council on the situation should the facility be closed.

3.19 Realistically, the closure of the pool as a result of the details within this report may be between 3 and 6 months.

Figure 1 – Pool closure timeline

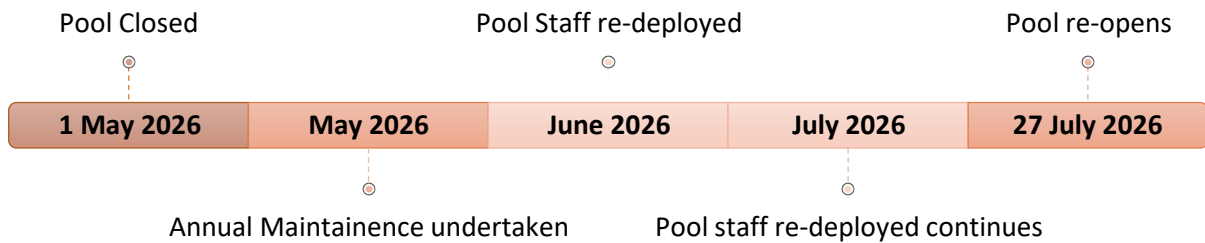


Figure 2 – Capital project timeline



4. Options

- 4.1. Option 1: To close the Hokitika Swimming Pool until the Capital Project is completed.
- 4.2. Option 2: To continue to operate the Hokitika Swimming Pool with existing levels of service.
- 4.3. Option 3: To close the Hokitika Swimming Pool until the fuel prices reduce to \$2 per litre if the Capital project cannot be undertaken.

5. Risk Analysis

5.1. Risk has been considered and the following risks have been identified:

Resourcing

- 5.2. There are three permanent members of staff to be retained for annual maintenance and then to be re-deployed. However, there is a risk that they may seek other employment.
- 5.3. There are a number of casual team members that would not be offered re-deployment, who may also seek alternative employment and also may choose not to return to the facility when the pool reopens.
- 5.4. This may result in not having the necessary staff resources to operate the facility when it re-opens.

Capital Project

- 5.5. Staff have contacted local providers regarding the proposed capital project, who have advised they do not have the technical capability to cost the mechanical aspect of the project.
- 5.6. Staff will need to tender for these works, however there is a risk that we may not receive any tenders for this work given the current fuel crisis, as some contractors are not undertaking work outside of their district.
- 5.7. There is a risk that the cost of these works are inflated and significantly higher than the current budget, resulting in additional rates required to proceed with the project and a delay in the works due to further council consideration for this project.
- 5.8. In addition, if the cost of the project escalates, there is a risk that the viability of the project needs to be re-considered, resulting in further delays.

Re-opening delay

- 5.9. There is a risk that the re-opening the facility would be delayed as a result of the above risk factors or the continuation of high fuel prices, preventing the reopening due to good financial decision making.

Operational costs

- 5.10. If the capital project is unable to proceed as a result of contractor availability or significant increases in the project costs, there are minimal fuel costs within the annual plan as it was anticipated that the project would be completed at the start of the new financial year.

Consequently, if Council determined the facility should re-open, these costs would need to be considered. The additional costs would need to be absorbed by underspends in other Cost Centres, if no underspends were available Council would need to use operational reserves.

6. Health and Safety

- 6.1. Health and Safety has been considered, and no items have been identified.

7. Significance and Engagement

- 7.1. The level of significance has been assessed as being medium to high due to the importance of the pool facility being an integral part of the community and fundamental in wellbeing of all the facility users on a daily basis.

8. Assessment of Options (including Financial Considerations)

- 8.1. Option 1 – To close the Hokitika Swimming Pool until the accelerated Capital Project is completed and fuel prices are assessed.
 - 8.1.1. The following financial implications have been identified.
 - 8.1.2. The fixed overheads and redeployed staff of the Hokitika Swimming Pool would cost Council \$11.5k per month over and above the amounts rated for.
 - 8.1.3. These additional costs would need to be absorbed by underspends in other Cost Centres, if no underspends were available Council would need to use operational reserves.

8.2. Option 2: To continue to operate the Hokitika Swimming Pool with existing levels of service.

8.2.1. The costs of continuing to operate the Hokitika Swimming Pool with existing levels of service at the current diesel costs would result in additional cost to Council of between \$38k and \$48k per month over and above the amounts rated for, assuming that diesel costs remain at the same level.

8.2.2. These additional costs would need to be absorbed by underspends in other Cost Centres, if no underspends were available Council would need to use operational reserves.

8.2.3. For every \$1 increase in the cost of diesel monthly running costs would rise by approximately \$12k per month.

8.3 Option 3: To close the Hokitika Swimming Pool until the fuel prices reduce to \$2 per litre if the Capital project cannot be undertaken.

8.2.4. The fixed overheads and redeployed staff of the Hokitika Swimming Pool would cost Council \$11.5k per month over and above the amounts rated for while the Hokitika Swimming Pool remained closed.

8.2.5. Once diesel costs reduced to \$2 per litre the additional monthly cost would be \$6k per month over and above the amounts rated for.

8.2.6. These additional costs would need to be absorbed by underspends in other Cost Centres, if no underspends were available Council would need to use operational reserves.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1

9.2. The reason that Option 1 has been identified as the preferred option is that it is the most financially prudent approach and allows the Hokitika Swimming Pool to open as soon as the Capital Project is completed and mitigates the exposure to diesel price movements by switching to the electric system.

9.3. There is an opportunity to undertake the annual maintenance works while the pool is closed.

9.4. It is anticipated that if the pool was to be closed as recommended, that as a result of existing overheads and general fuel increases prior to the current fuel crisis an overspend of approximately \$80,000 would exist at the end of the financial year.

9.5. If the pool remains operational at current fuel prices it is anticipated that there would be an overspend of approximately \$250,000 would exist at the end of the financial year.

10. Recommendation(s)

10.1. That the report be received.

10.2. That Council approve the closure of the Hokitika Swimming Pool on 1st May 2026 until the planned capital project works are completed and fuel prices assessed.

10.3. That monthly status updates via the Chief Executives action list updates will be provided, to ensure clear visibility of the situation to inform future decision making regarding the facility.

Lee Webster
General Manager - Regulatory and Compliance