

Review Financial figures for inclusion in the draft Long Term Plan

Meeting: Council Briefing
Date of meeting: 9 December 2020
Reporting officer: Sue Davidson, GM Sustainable Growth & Investment

Purpose/Ngā whāinga

To revise where Council discussion has led us for inclusion of financial figures in the Draft Long Term Plan which will go out for consultation.

Executive summary/Whakarāpopototanga

The key message is that rates will increase, and this is a result of Council wanting to catch up on its renewal programmes and invest in infrastructure so the community can rely on its services without risk of failure.

Context/Horopaki

The LTP is the blueprint for our community's future. It is the strategic document for future projects that are going to occur, sets service levels and outlines the financial budgets for the 10 years. The LTP needs to balance the 'needs' of the community alongside what it can 'afford'. Based on feedback from previous briefings, budgets have been refined and the rates for the first years of the DLTP are based on the desire to have some plans being developed to go forward with, coupled with the need to support investment in our aging infrastructure. In future years investment occurs for growth. This will impact on our debt and the development contributions we will charge per subdivision.

Revised rate increases from 2020-2021 Annual Plan.

The rates change for the first years of the DLTP is estimated as follows:

	Current 20/21	LTP 21/22	% change 21/22	% change 22/23	% change 23/24
Rates General	25,479,897	26,999,573	5.96%	4.81%	2.32%
Rates Targeted	9,154,835	9,841,535	7.50%	2.88%	3.50%
Total	\$34,634,732	\$36,841,108	6.37%	4.29%	2.63%
Water by Meter	\$3,145,071	\$4,154,150	32.08%	6.80%	10.34%

The key drivers of the water and other targeted rates increases is the increased maintenance.

Discussion/Ngā kōrerorero

The principles adopted in updating the Draft Long Term Plan (DLTP) agreed with Elected Members are as follows:

- The LTP consultation document should clearly set out our approach – Council will focus on delivery and maintenance of our core infrastructure and statutory services.
- We want to provide for new projects and enhancements to services, but they should be user pays. Therefore, we will engage with our community in the consultation document on these projects.
- We should make the consultation document clear on what the potential cost per week of the new projects / additional investment areas, to help our community give informed feedback.
- There is some willingness to increase debt but not to exceed \$60m to ensure we retain some capacity.
- We support growth (enabler), not lead growth (facilitator) – staff will review the current assumptions and if necessary, scale back projects to reflect this.
- We will remove premier park funding for the first 3 years and look to reduce expenditure on parks and reserves by \$200k p.a. Funding for parks and reserves will firstly be from financial contributions, then loan and general rates for BAU expenditure.
- We will investigate opportunities / risk in scaling back the transport capital budget by \$300k – staff will respond on the options available and the impact of these.
- We will investigate the options and costs associated with the Water Trust – staff will explore options e.g. incorporate the cost of the infrastructure to access the water for Dargaville and have a commercial agreement for the water take (min commitment).
- We will include the minimum investment required to meet legislative requirements for climate change in the budgets and consult on the cost of enhanced options in the LTP.
- We will exclude waste/recycling from the draft budget but consult on these in the LTP as a user pays service

Changes to be implemented subsequent to the figures provided above

- 5% of wastewater costs will be charged as a general rate rather than a targeted rate to recognise the benefits to the public
- Costs of Dargaville Civic Buildings strategy and impact on Council to be added
- Changes to classification of capital where it doesn't meet growth definition for development contributions
- Interest rate reviewed for future years-may mean slight decrease in general rates
- Development contribution and financial contribution income updated but no impact on rates
- Capital projects carried forward
 - Council has forecast a total of \$33m completion of projects plus the additional shovel ready and 3 waters reform projects of the year ended 30 June 2021. To the end of October 2020 only \$4.6m of capital works has been completed. There could be around \$10m to carry forward to the LTP in addition to the projects detailed in the LTP.

Staff are updating figures to encompass these changes and may be able to present updated figures at the briefing meeting itself.

Potential changes to provide guidance today

- Septic tank 75% charge to those able to connect
- Forestry rate change if made will shift the burden to the general rate
- Harmonising the rates as a result of revaluation (not recommended)

Proposed for Consultation

- Recycling as a targeted rate as new crates service for recycling being introduced. This would be additional costs but would also then reduce the general rate. Weekly costs of yellow bags would also be eliminated (not included in figures above).
- Safer Communities additional targeted rate collected on behalf of the Dargaville Community Development Board to support the Safer Dargaville campaign (not included in the figures).
- One bucket system for Wastewater (Equalisation).

Indicative impacts:

	Connections 20/21	Separate schemes increase on 20/21	Impact of Equalised charge to \$1094
Dargaville	2131	-299	173
Glinks Gully	25	1560	-205
Kaiwaka	176	409	-56
Mangawhai	2219	118	-263
Maungaturoto	392	131	-164
Te Kopuru	198	119	425
District	5141		

- One bucket system for Water (Equalisation)

Indicative impacts

	Connections 20/21	20/21 First Then subsequent m3 \$	21/22 separate systems	21/22 equalised
Dargaville	2636	124 2.96	560 1.85	380 3.20
Glinks Gully	83	365 1.55	252 17.42	380 3.20
Mangawhai	14	124 3.67	964 11.99	380 3.20
Maungaturoto	463	285 4.24	916 4.24	380 3.20
Ruawai	246	228 5.45	461 7.11	380 3.20

- Proposed CCO
- Base or increased contribution climate change strategy

Proposed Additional Staff

Adequate resourcing of functions continues to be a focus with the sustained growth, development and various central government reforms, and project's we are delivering and managing. Council balances this need against funding, however we also have obligations under health and safety legislation to ensure we look after our staff as a PCBU and provide adequate resourcing.

In Attachment A, we have provided a list of proposed new roles for this LTP, and the reason for the role. These are a combination of frontline roles dealing directly with our communities, delivery roles to ensure projects are managed well, and district leadership roles to ensure we have adequate back office resourcing to deliver well.

Policy and planning implications

The figures and policies need to be finalised for the draft Long Term Plan as required to be produced by the Local Government Act 2002.

Financial implications

The new financial projections and capital projects will impact on the rates. The impact of the revaluation of the Districts properties will not be known until next year. It is anticipated QV will make a presentation to council in January/February 2021.

Risks and mitigations

There is a likelihood that forecasts can change however the financial projections will be the best we have at this point in time.

Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

Consultation will occur as part of the draft Long Term Plan consultation.

Next steps/E whaiake nei

- These changes and specific consultation issues will be included in the draft Long Term Plan.

Attachments/Ngā tapiritanga

	Title
A	Proposed new roles

Sue Davidson, 24 November 2020