

Kauri Coast Community Pool Funding Agreement

Meeting: Kaipara District Council
Date of meeting: 27 July 2022
Reporting officer: Darlene Lang, GM Customer Experience

Purpose | Ngā whāinga

To seek approval for additional funding for the Kauri Coast Community Pool (Pool) due to the increase in the Consumer Price Index (CPI) rate.

Executive summary | Whakarāpopototanga

Council and Sport Northland signed a grant agreement to contribute to the operations and repairs and maintenance for the Dargaville Pool for three (3) years commencing 1 March 2019 to 30 June 2022.

A new funding agreement for the next 3 years has been drawn up with \$340,000 per annum as budgeted in the LTP for this purpose.

In the last three years the CPI has been 1.5% and we have budgeted for that. This years CPI is likely to be 7% which takes us over the Long Term Plan (LTP) budget, each year of the agreement.

As this is for further budget and the fact that the new amount is over the CE's delegations we have brought this to Council for approval.

The budget for the Pool needs to be increased due to CPI. The current budget is \$340,000 per year and this will not cover for high CPI's in the coming years. CPI has previously been 1.5%, however indications show an increase to 7% this year.

This report asks that Council approves the increase to cover these extra costs or the CPI part of the agreement is removed.

This has been brought to this Council meeting as increased budget is required and with this new total amount is over the CE's delegations.

The extra costs would be funded by retained earnings.

Sport Northland have expressed that they need extra money for the increasing costs of running the pool. This will assist them to cover these extra costs.

Recommendation | Ngā tūtohunga

That Kaipara District Council:

- a) Approves that the new funding agreement with Sport Northland to operate the Kauri Coast Community Pool for a further 3 years from 1 July 2022, includes Consumer Price Index (CPI) for each year
- b) Notes that that additional unbudgeted funding required to include the Consumer Price Index (CPI) would come from retained earnings, as outlined in this report.
- c) Delegates authority for the Chief Executive to finalise the funding agreement.

Discussion | Ngā kōrerorero

The original three-year funding agreement was approved by Council in 2018. This agreement has now finished, and this report is about the new three year funding agreement.

The original terms and conditions of the funding agreement was:

- \$321,000.00 plus GST (if applicable) per annum for three years payable annually in advance

Breakdown is as follows:

- \$279,000 Operations; including \$22,000 for water rates
- \$42,000 Repairs and Maintenance

The operations figure will be adjusted annually by the published national Consumer Price Index (CPI) figure for the 12 months ended 30 June of the year preceding.

Due to the CPI of 1.5% each year of the last three years the new arrangement would be:

- \$334,319.00 plus GST (if applicable) per annum for three years payable annually in advance

Breakdown is as follows:

- \$292,319 Operations; including \$22,000 for water rates
- \$42,000 Repairs and Maintenance

The operations figure will be adjusted annually by the published national Consumer Price Index (CPI) figure for the 12 months ended 30 June of the year preceding.

With this years CPI likely to be 7% it will take us over budget for the remaining years of the LTP.

This is the projection for the next three years based on approximate figures. We can't predict what the CPI will be over the next three years however the table below has made the assumption that eventually it will come down again.

Year	\$	CPI %	CPI \$	Total \$	Over \$340,000 budget
2022/2023	\$334,319	7%	\$23,402	\$357,721	\$17,721
2023/2024	\$357,721	5%	\$17,886	\$375,607	\$35,607
2024/2024	\$375,607	5%	\$18,780	\$394,387	\$54,387

NB: Estimated costs and CPI %

Options

Option 1:

Approve the increase in budget of approximately \$20,000 - \$30,000 each year due to CPI increases. This is the recommended option as an increase in funding will support Sport Northland with their increasing costs.

Option 2:

Take the CPI clause out of the agreement and it would be an annual amount of \$334,319.00 plus GST (if applicable) per annum for three years, which is within budget.

Financial implications

Financial implications are detailed in the report.

Risks and mitigations

The pool is owned by Sport Northland but if they were to walk away from the Pool it becomes Councils asset as it is on a Council Park with an LTO in place.

Significance and engagement | Hirahira me ngā whakapāpā

This report does not trigger the significance and engagement policy.

Next steps | E whaiake nei

A funding agreement for Sport Northland to contribute to the Kauri Coast Community Pool operations will be drawn up based on the decision of this report.

Attachments | Ngā tapiritanga

	Title
A	Kauri Coast Community Pool Funding Agreement