

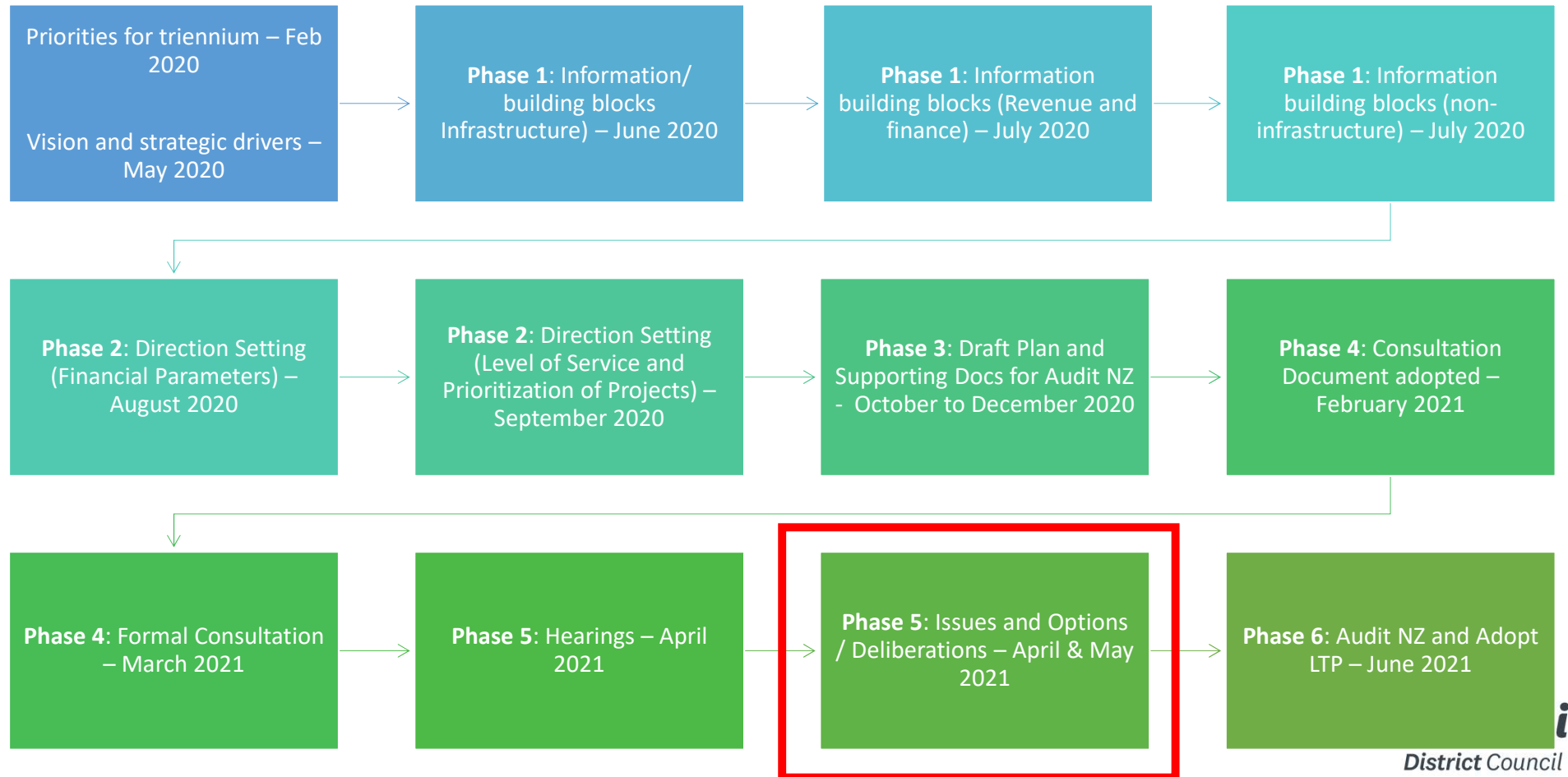
Long Term Plan: Issues & Options

29 April 2021

~~5 outcomes . . .~~ *outcome for today*

To get clear/collective direction so that staff can finalise the
Issues and Options report for Deliberations

LTP Process: Timeline



Increased pressure on operating expenses

We cut our rates during Covid, but not always our cloth . . .

- Establishment of a new trust (\$400k+ quote, undertaken in house)
- Pressure on programmes from staffing freeze (i.e. Te Karearea establishment, Placemaking etc)
- Housing workstream

While we have budgeted for a surplus, we haven't achieved it:

- WRWC
- All Blacks bid
- Compliance/litigation costs
- Storm events

On the horizon 'known unknowns':

- Three waters – impacts unknown but potentially major/sector wide (i.e. debt limits/reserves for WW we have significant investment in years 11 - 21)
- Refinery water use
- Subsidy – potential changes to NZTA subsidies

Subsidy and government funding 'sugar hit'

As highlighted in October the Transportation programme and significant central Govt funding (CIP, Oruku, TIF, 3waters) are having a major impact. These and a 'Covid catchup' up front are driving our ability to Balance:

	LTP year 1 \$000	LTP year 2 \$000	LTP year 3 \$000	LTP year 4 \$000	LTP year 5 \$000	LTP year 6 \$000	LTP year 7 \$000	LTP year 8 \$000	LTP year 9 \$000	LTP year 10 \$000
Balanced budget benchmark per Consultation Document	31,922	28,528	37,583	2,600	8,043	10,621	11,866	9,303	10,249	11,350
Adjust for:										
Oruku capital contribution income	- 10,000	- 30,000	- 34,000	-	-	-	-	-	-	-
CIP	- 12,300	-	-	-	-	-	-	-	-	-
3 waters	- 4,870	-	-	-	-	-	-	-	-	-
TIF	- 3,183	-	-	-	-	-	-	-	-	-
NZTA subsidy at risk	- 5,139	- 812	- 2,818	-	-	-	-	-	-	-
Total adjustments	- 35,492	- 30,812	- 36,818	-	-	-	-	-	-	-
Adjusted Balanced budget benchmark \$000	- 3,570	- 2,284	764	2,600	8,043	10,621	11,866	9,303	10,249	11,350

What has changed?

As reported in April we are tracking well with capital delivery but projected carryforwards have increased (from \$4.8m to \$16.8m). The key impact is in Parks (up to \$18m in yr 1), project timing in Parks will need to be adjusted.

Cost escalation is being experienced across projects and sectors (i.e. QS estimates up 10-20% and the Government's \$12bn Infrastructure programme). Exacerbated by supply issues (i.e. timber and bitumen). Known cost escalations include:

- Ruakaka Carpark – increased from \$735k to \$1m
- Semenoff Stadium roof – additional \$5.9m, \$10.9m total after value engineering
- Old Municipal Building – settlement offer received, additional strengthening and improvements estimated at \$2.15m
- Waipu skate park has come in \$80k above budget. Potential to bring forward funding from yrs1 and 2

What this means

While there is potential for minor capex changes (i.e. timing) we need to manage to carryforwards (particularly in Parks). Council will face some tough decisions in Transportation, potentially via an LTP amendment as early as next year.

Opex is extremely tight and with a number of factors that could impact. As such recommended changes in opex have been kept to an absolute minimum. If Council wants to do more in opex options include:

- Substituting other opex initiatives for those recommended by staff (i.e. up to \$75k p.a.)
- Pulling back on/substituting programmes of work (i.e. strategic planning, grant funding, city safe etc)
- Increase rates further to fund additional initiatives/programmes (a further 0.5% general rates increase in year 1 would result in \$348k additional revenue)

The key exception to this is contestable grant funding for community waste minimization projects which we expect to be able to increase once costs are known and revenue comes on stream.

What was not in the plan

The following were 'not prioritized for inclusion' in October but have been raised in submissions:

- Rose St stage 2 (no change proposed)
- Whangarei Heads Resource Recovery Centre (recommendation to create a \$200k p.a. contestable fund – cost neutral)
- Neighbourhood Parks land purchase – enables Council to collect DCs and/or enter into a PDA (recommendation to take \$1m from the Sportsfield Land Acquisition project – cost neutral)
- New Ruakaka Recreation Centre car park, noted at the time that MBIE funding does not require WDC contribution but Lotteries are seeking one (raised for inclusion - \$1m additional capex)
- New carpark building – feasibility to be covered from BAU but no capex for delivery in this LTP (no change proposed)
- Additional WAMT/HAPT Funding (options highlighted for direction, capex for the air conditioning can be accommodated but opex would require an increase in rates)

Issues and Options Report

Summarizes close to 3000 submissions. Council's decision to shift to flexible/prioritized programmes has been critical in allowing staff to make recommendations that accommodate a number of the issues raised. To do this we have:

- Identified where issues and requests are already provided for within operational programmes/budgets
- identified those requests that are not specifically provided for under existing programmes or budgets, but could be added for consideration/prioritisation (i.e. requests for road sealing, footpaths, slow streets etc)
- Recommended timing changes and minor additions that allow Council to maintain its financial parameters/ability to deliver (i.e. to sportsfields, playgrounds and community projects/maintenance)

We propose to work through all changes as part of the workshop, along with anything we have missed!

Lets workshop . . .

The Plan

Break into three groups to work through recommendations (we have taken timing changes as a given) and 'what we have missed'. Want a collective view from your table . . . but will settle for a compromise!

Will spend 15 – 20 mins on each topic and will provide you with a series of questions/prompts

1. Spaces for Gathering / theatre options
2. Other Key Issues: Rates, Revitalising our City Centre, Climate and Sustainability
3. Capex changes (Ruakaka, escalations and carry forwards)
4. WAMT/Hundertwasser requests/options
5. Hikurangi recommendations
6. Opex recommendations
7. What have we missed!?

And if that fails . . .

. . . Plan B

We will reconvene after lunch, pick up the key issues/themes, provide a staff recommendation and seek a raise of hands on direction (or options) for consideration in the final report

Next Steps.....

- Council Meeting: 12th May – Deliberations
- Council Briefing: 2nd June – Review of Draft Long Term Plan (incl Supporting Documents) Prior to Audit
- Council Meeting: 24th June – Adoption of the Long Term Plan 2021 - 2031