



**ROTORUA  
LAKES COUNCIL**

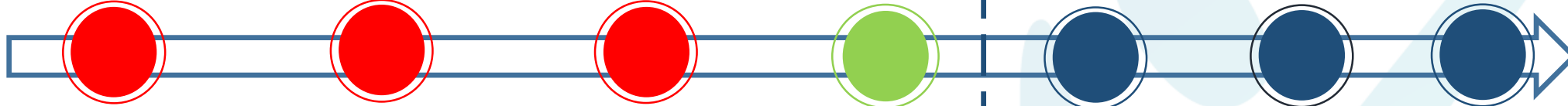
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# **LONG-TERM PLAN 2024 - 2034**

10 year delivery programme - 15 December 2023

# TIMELINE - SO FAR

- LTP Introduction
- Priority areas - what we are currently doing



- Community Outcomes development
- Councillors identified potential projects

- Community boards and Te Tatau o Te Arawa workshops

- Presentation of draft CD financial modelling - following draft 1 and 2 on 21 Nov 23 and 11 Dec 23

- CD Draft created
- Information packs for Elected members

- Adoption of critical pieces, Audit

- Consultation

- Deliberations

Adoption  
30 June 24

# WORKSHOP AGENDA

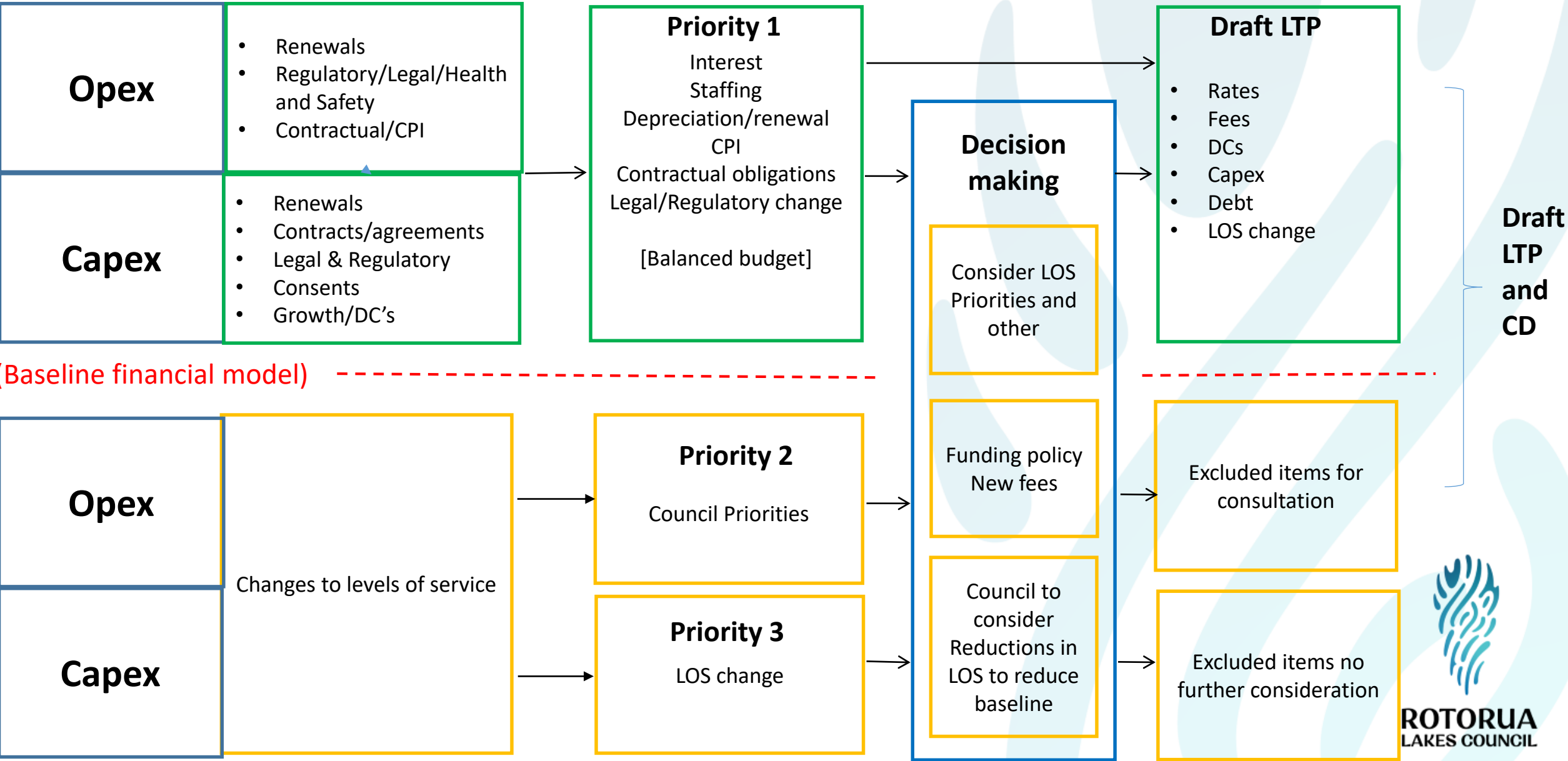
Focus of this workshop

- Financial model for the Draft Consultation Document
- Capex Programme – What is included and what is excluded
- Forecast Debt profile
- Next Steps



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# 2024 – 2034 Long Term Plan Decision Making process towards Consultation



# CHALLENGE SET BY ELECTED MEMBERS

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Financial framework to support delivery and investment into our core services while balancing cost and regulatory pressures with affordability.

**Goal set:** Reduce year 1 proposed increase from 14.1% to below 10% without abnormally high increases in future years financial modelling financial modelling

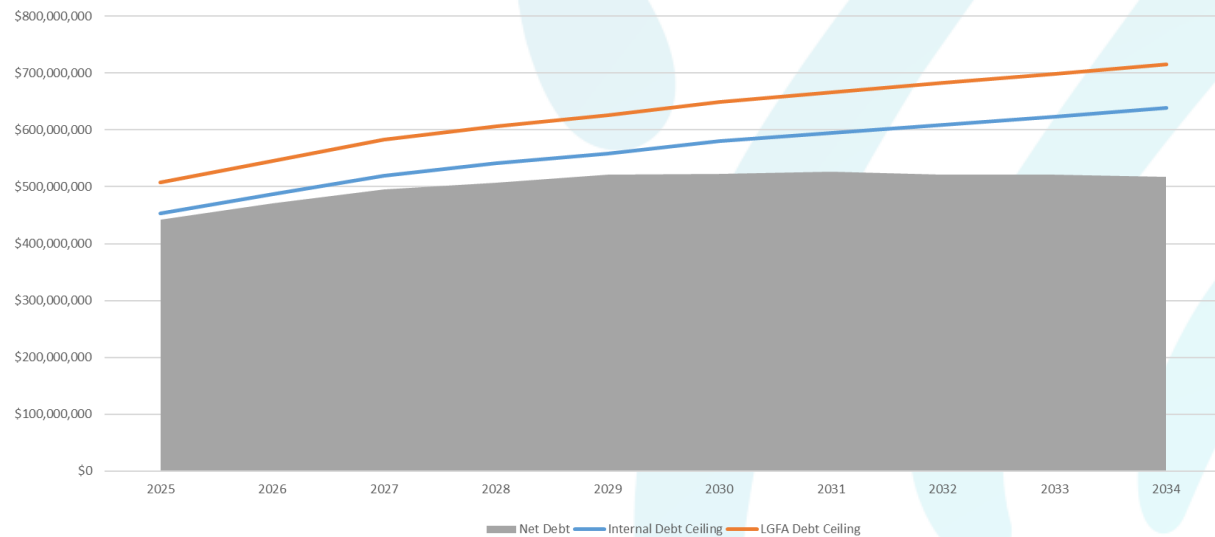
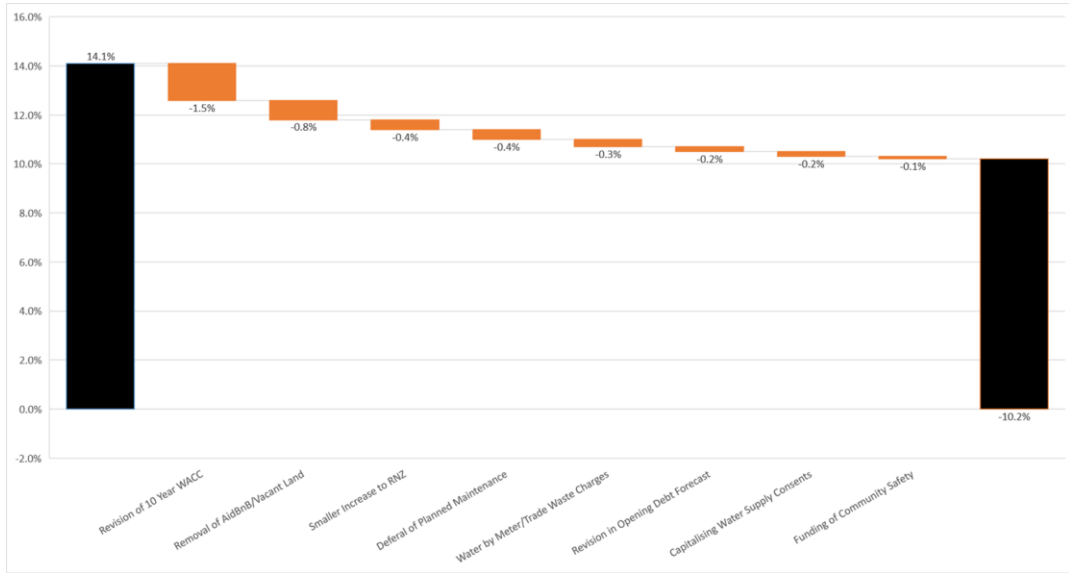
- Focus on delivering essential services
- Provide for borrowing head room

This would be done by reviewing:

- Current year capital works program and future borrowing commitments
- Review of proposed operating cost changes for years 1 to 3
- Review of proposed capital works program for years 1 to 10



# COUNCILLOR DIRECTION



# COUNCILLOR DIRECTION

On 11 December, Council provided further direction on what it would like to see in the draft CD modelling

These are:

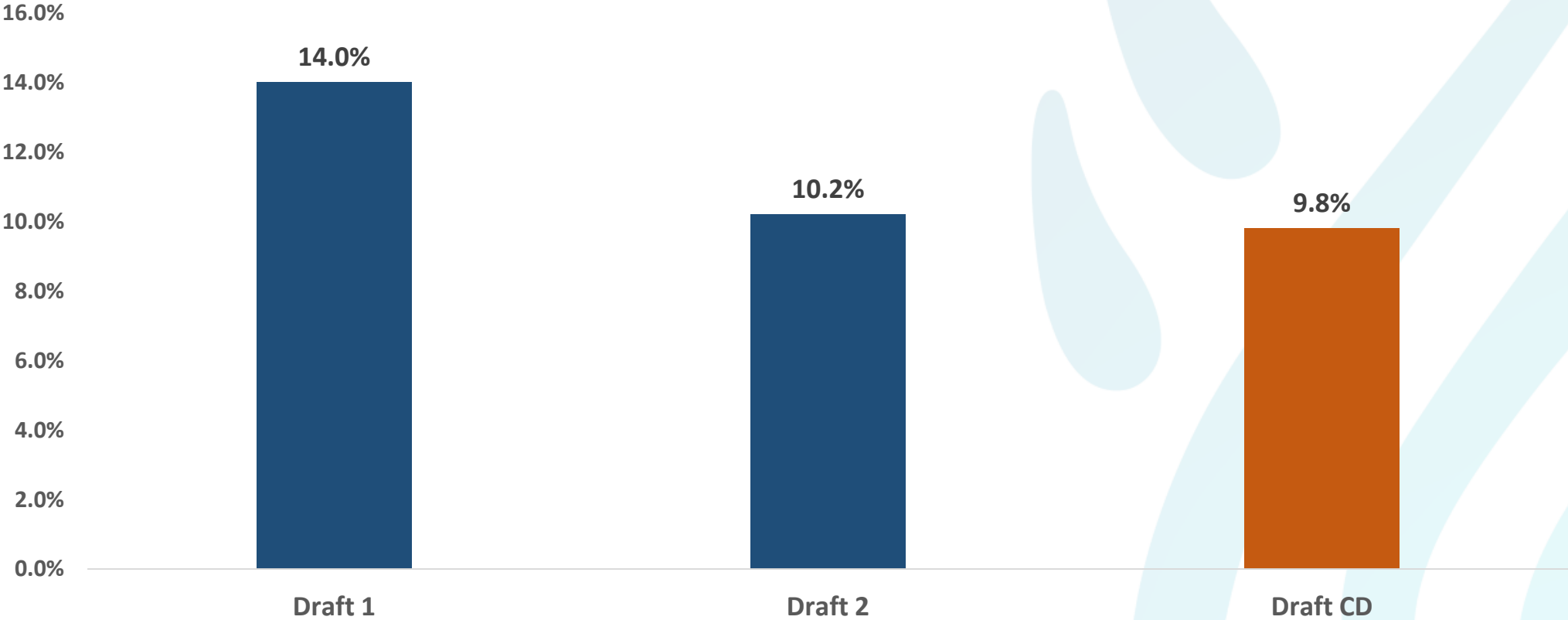
- Support for opex adjustments (slide 14 in the 11 Dec' presentation)
- A \$1 million efficiency savings target be implemented
- Removal of Street Flags capital works
- Include sports fields at Titoki Place
- Investigate re-prioritisation of “Better Off” funding (currently allocated to Aquatic Centre Stage 3)
- Tarawera capital rate modelled on multiple scenarios



# SUMMARY OF PROPOSED LTP

Rates, capital program, debt and implications

Rates Increase Year 1

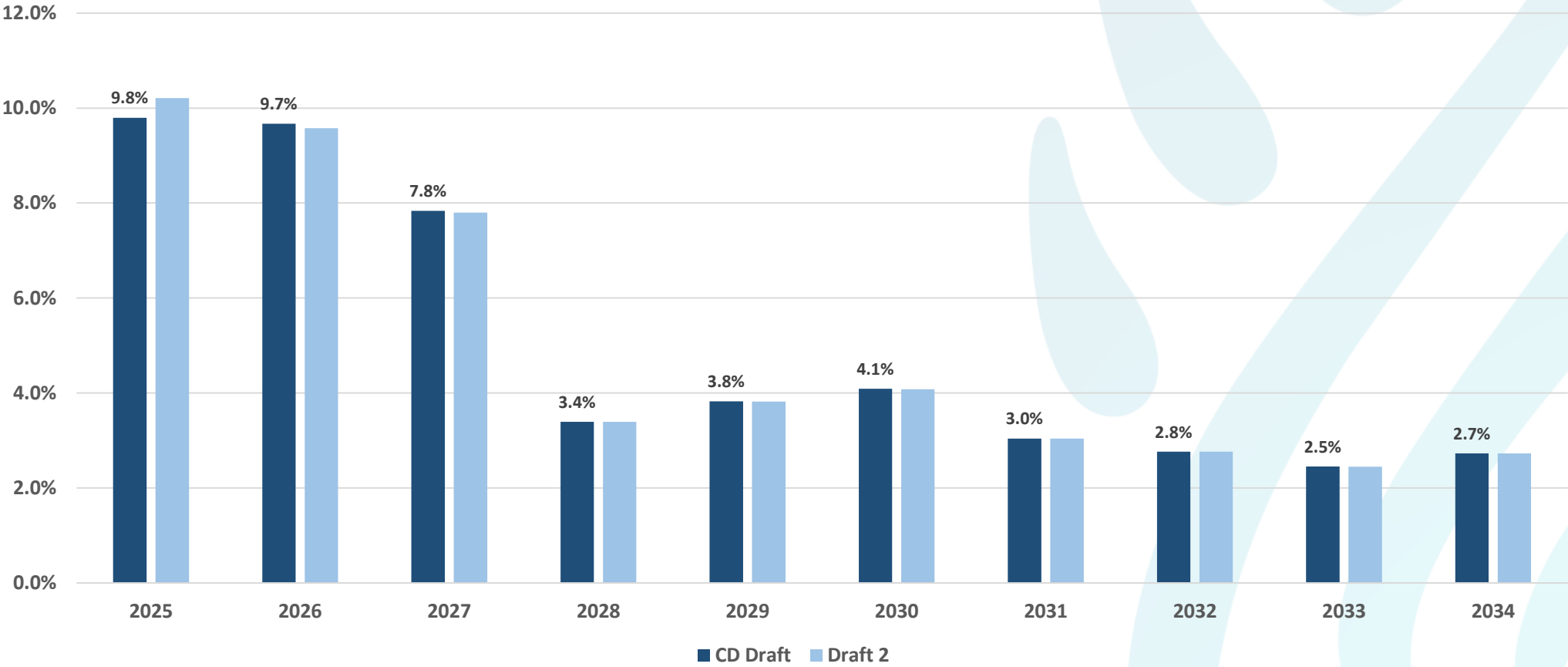




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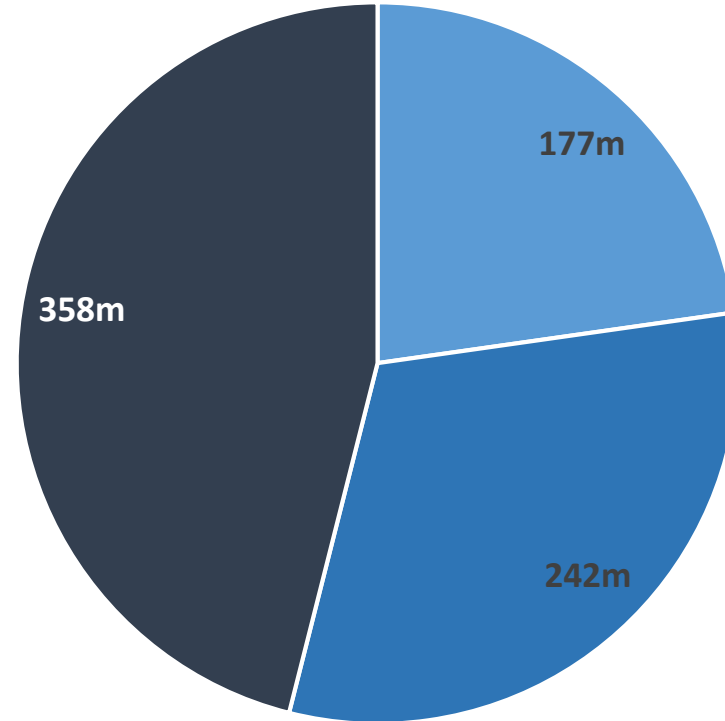
10 year Rates Profile



# CAPITAL WORKS MODELLED (\$M)

\$777m invested over 10 years supporting renewals, infrastructure upgrades and supporting growth

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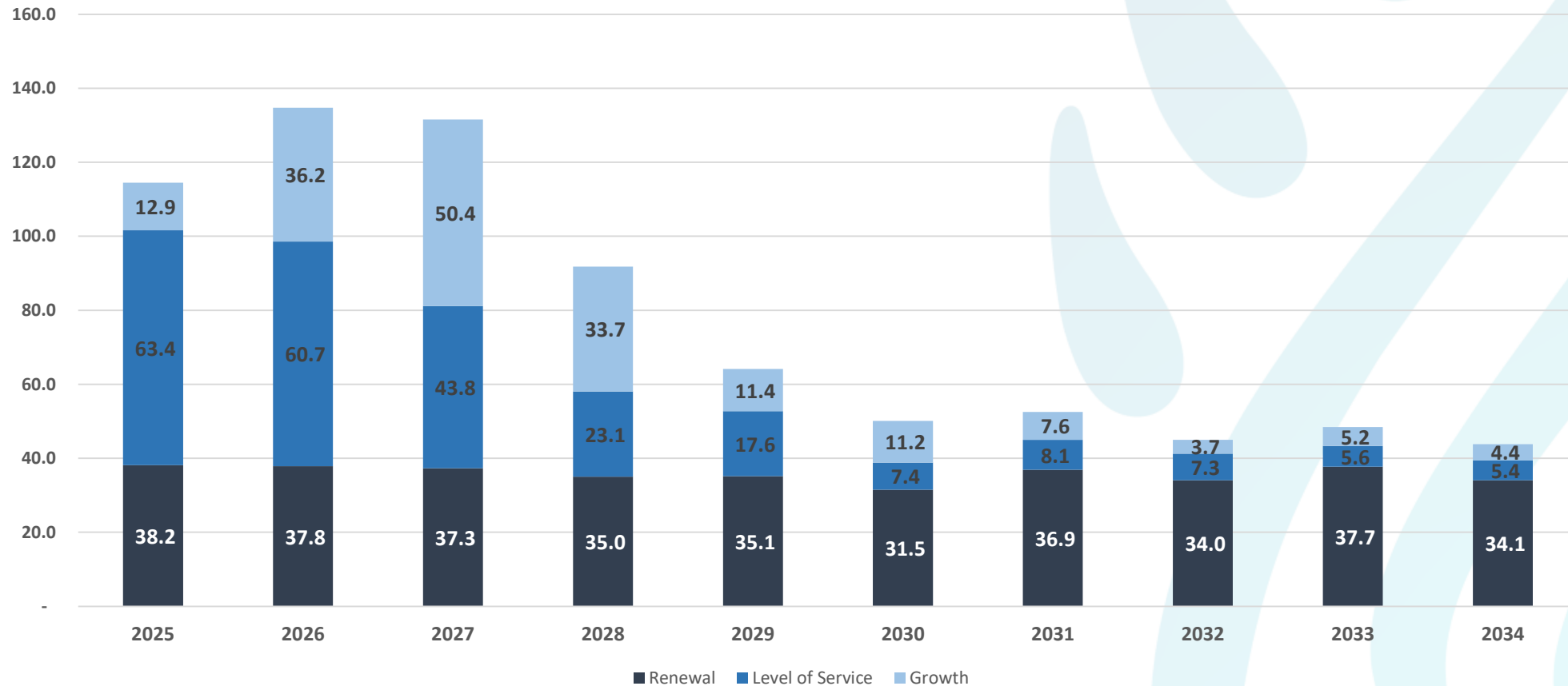
■ Growth ■ Level of Service ■ Renewal



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# CAPITAL WORKS MODELLED (\$M)

\$777m invested over 10 years supporting renewals, infrastructure upgrades and supporting growth



# MODELLED CAPEX – RENEWALS

(10 YEAR PROGRAMME)

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- Renewals included of \$358 million
  - \$234 million for Infrastructure Asset Renewals
  - \$41 million on Parks, Reserves and Cemetery Renewals
  - \$28 million on corporate technology
  - \$26 million on Strategic properties, fleet renewals, community halls
  - \$23 million on facilities renewals such as EEC, SHMC, Stadium, Library, Aq Centre
  - \$6 million on remaining asset renewals

*Colour text indicates programmes that have external funding attached*



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# MODELLED CAPEX – LOS

## (10 YEAR PROGRAMME)

- Level of Service projects included of \$242 million
  - \$136m on Infrastructure related projects
    - \$63m Waste Water Treatment Plant
    - \$12.5m Tarawera Sewerage Scheme
    - \$12m Other Sewerage Scheme enhancements
    - \$19m Subsidised Transport Works
    - \$20m Water Supply enhancements
    - \$8m on Stormwater enhancements
  - \$70.5m on museum and exhibition
  - \$10.6m on Reserve Enhancements
  - \$5.5m Corporate Technology Enhancements
  - \$6.4m Pensioner Housing
  - \$3m Aquatic Centre Stage 3
  - \$1m Devolved Funding (reduced from \$2.5m)
  - \$4m on Erosion Control and Active Recreation
  - \$2m Titoki Sports fields

*Colour text indicates programmes that have external funding attached*



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# MODELLED CAPEX – GROWTH

(10 YEAR PROGRAMME)

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- Infrastructure Growth projects included of \$177 million
  - \$128m Stormwater Growth projects
  - \$7m on unsubsidised Transport projects
  - \$20m Waste Water Expansion projects
  - \$22m on Water Supply Expansion Projects

*Colour text indicates programmes that have external funding attached*



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# EXCLUDED CAPEX (PRIORITY 2)

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- Unsubsidised Roothing Projects
  - \$1.4m Rural Street Improvements
  - \$1.1m Maori Roadlines and Unformed Roads
  - \$2.1m Urban Street Improvements
  - \$6.3m Rural Seal improvements
- \$8.2m Walking and Cycling improvements (57% subsidised)
- \$10m Inner City Masterplan
- \$1.9m Kuirau Park Skate Park
- \$1.9m Lakes Infrastructure Enhancements
- \$16.7m PARSS Implementation (ex Titoki Place)
- \$13.6m Airport/RNZ Capex
- \$18.7m Aquatic Centre Stage 3 remaining improvements





# DEBT

Generational impact of supporting  
capital investment

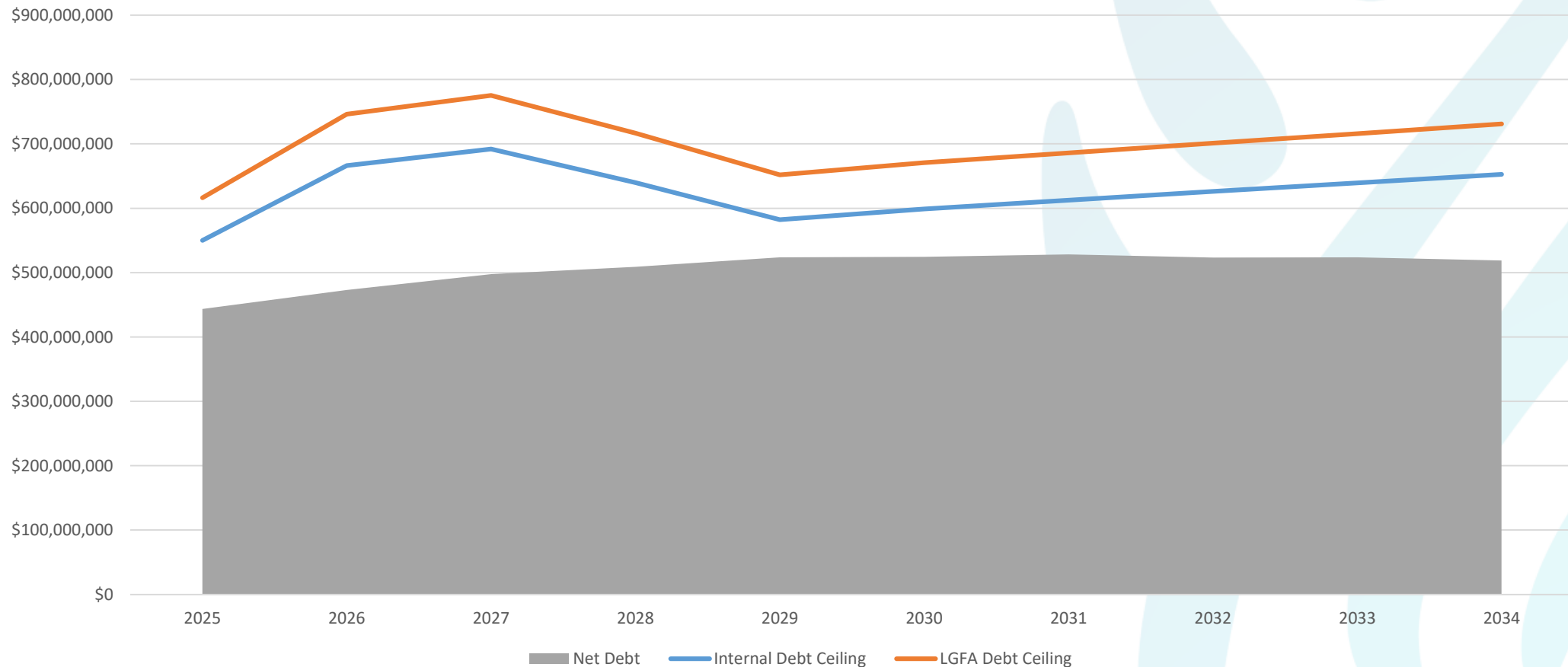


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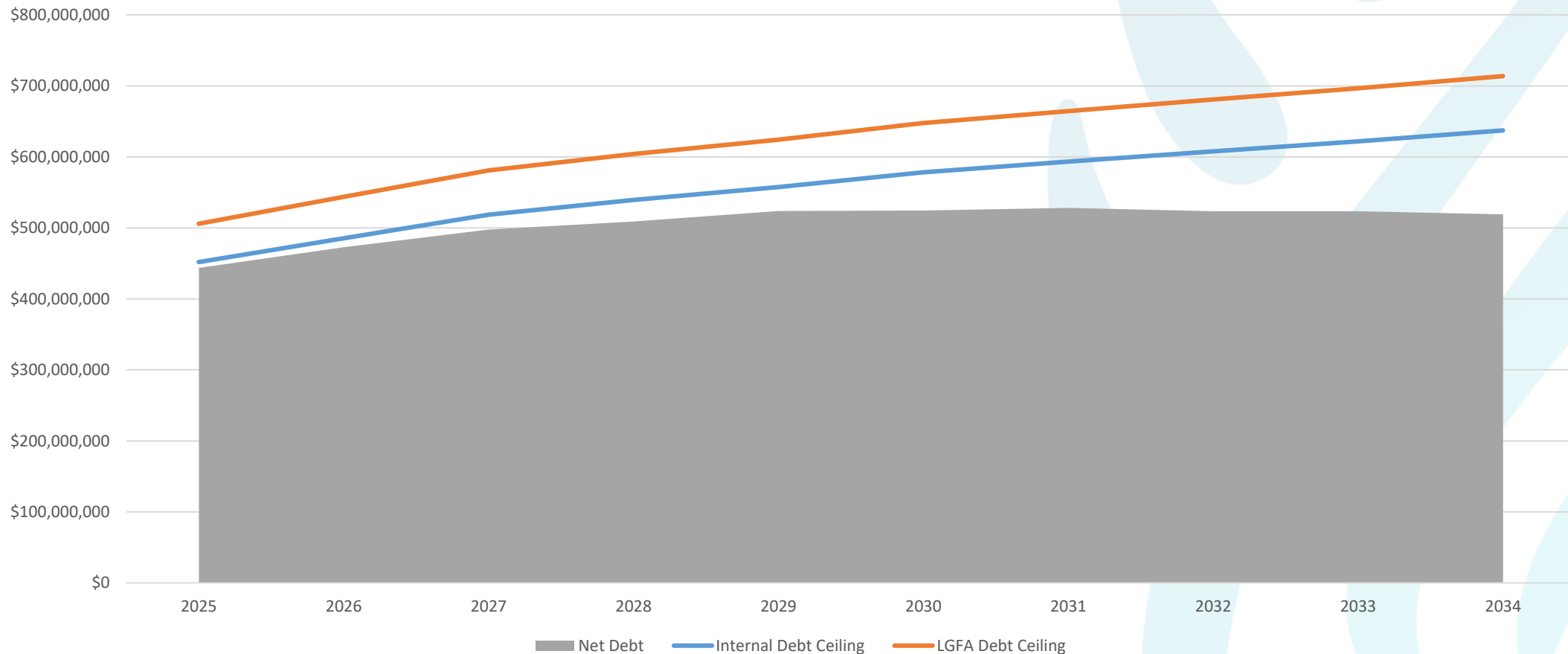
# DEBT BASED ON CD DRAFT- POLICY

Overall debt for the 10 year period modelled against all forecast revenues (per policy settings)

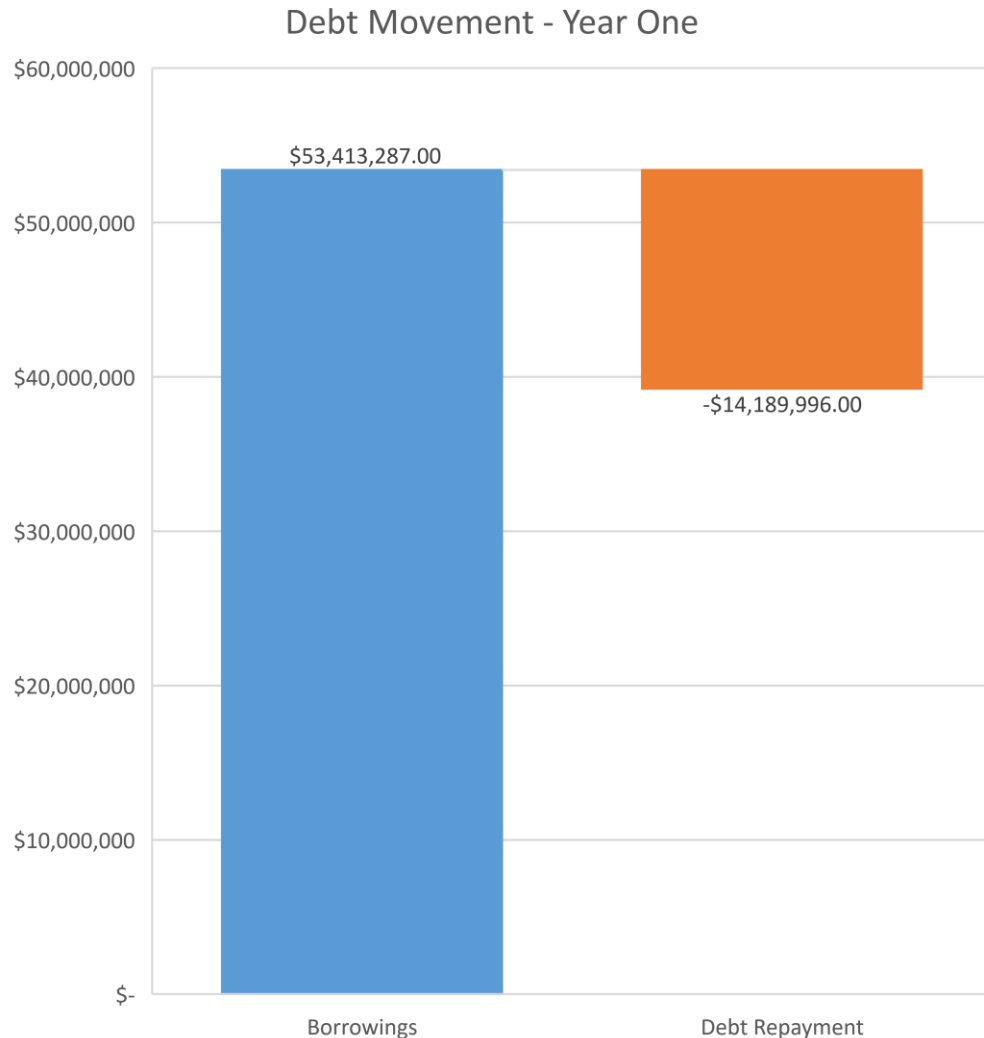


# DEBT BASED ON CD DRAFT- OPERATIONAL REVENUE (EX DCS)

Overall debt for the 10 year period modelled against operational revenues excluding one off subsidies



# CAPEX AND DEBT IN DRAFT (\$M)



## Drivers of Debt - Year One

- Wastewater Treatment Plant Upgrade \$26.0
- IAF Stormwater Projects \$6.2
- Stormwater Network Expansion \$3.8
- Wastewater Treatment - Tarawera \$2.8
- District Water Supply Enhancements \$2.6
- District Water Supply Expansion \$2.1
- Pensioner Housing Renewals \$1.1
- **Titoki Place Enhancements \$1.0**
- Stormwater Network Enhancements \$0.7
- Aquatic Centre Stage 3 \$0.5
- Whakarewarewa Forest Enhancement \$0.5



# 11 DECEMBER WORKSHOP

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Follow up on questions from 11 December Workshop

1. Information on Tikitapu Improvements
2. Aquatic Centre Stage 3
3. Inner City Revitalisation
4. Tarawera Sewerage Scheme Scenarios



# TIKITAPU IMPROVEMENTS

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*What is the work scoped for Tikitapu project?*

- Not currently budgeted in work programme as it is a Priority 2 project
- Scope of work includes:
  - Event Space improvements including power to outside stage areas and parking improvements (\$100k)
  - Event Control office as part of Waterski Rotorua new clubroom upgrade (dependent on matching funding from club) (\$500K)
  - Boardwalk (\$500K)



# AQUATIC CENTRE STAGE 3

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## Principles for Stage 3 priorities:

- Retain levels of service and revenue (not reducing existing operator subsidy)
- Optimise opportunities for additional revenue
- Leverage priorities to attract PPP funding and external funding
- Package components for efficient plant support

\$3m currently provided for in modelling.

This is made up of \$2.5m external (Better Off) funding and \$500k RLC contribution



# AQUATIC CENTRE STAGE 3

Component	Consultant provided cost estimates	Funding opportunities
Spa Pools	Approx \$0.8m	External (Better Off)
Aqua Play	Approx \$1.0m	External (Better Off)
Hydroslides	Approx \$7.0m	RLC + External (PPP)
Plant/Landscaping/Activation	Approx \$1.5m	RLC + ?
Family/Leisure Pool	Approx \$1.2m	RLC + ?
Bombing Pool	Approx \$1.2m	RLC + ?
Learn to Swim	Approx \$9.0m	RLC + ?
<b>Total</b>	<b>Approx \$21.7m</b>	

*“Plant/Landscaping/Activation” refers to plant and equipment such as filtration, pumps etc to bring new facilities online and immediate surround work*

- Option 1: Aquaplay & Spas replace prior offerings. Revenue earning
- Option 2: Added hydroslides attracts PPP funding. Expands offering & revenue earning
- Option 3: Added bombing, learn to swim, family spa attracts external finding and revenue earning



# AQUATIC CENTRE STAGE 3

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- Proposed draft currently limited to \$3m (\$2.5 external Better Off, \$0.5 RLC)
- Replacing spas and Aquaplay would provide best range of offerings and revenue to operator so minimize subsidy impacts. **Option 1**, Cost = \$3m. Can be delivered in Yr 1
- Adding Hydroslices attracts external investment and increases recreation and revenue. **Option 2**, Cost \$9.7m with \$4m external and \$5.7m RLC. Can be delivered in Yr 1-2. Can also be future proofed for plant needs if expanded.
- Adding full Stage 3 components (LTS, Bombing, Family spa) increases recreation offering further, adds revenue, attracts external funding. **Option 3**, cost \$11.7m RLC. Can be delivered Yr 3-5
- Further considerations
  - Option 2 – Push further out into Yr 3 or 4
  - Option 3 – Stage through next LTP and stagger components on external funding timelines





# INNER CITY REVITALISATION

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- Proposed draft includes: Development of Masterplan (opex) and \$60k per year over 10 years for Renewals
- Not included: \$3.3m for 3 years for Inner City Masterplan delivery (Priority 2 Capex) with immediate focus on the Tutānekai Spine upgrades:
  - Public realm upgrades
  - Inner City Lighting
  - Street furniture
  - Eat Street Upgrades
- Further considerations
  - Option 1 – remodel \$3.3.m across year 1,2 and 3
  - Option 2 – remodel and include \$3.3m into 4, 5 and 6
  - Option 3 – consider and include budget in next LTP (2027-2037)



# LAKE TARAWERA CAPITAL RATE

Staff have modelled the forecast rate based on different payment terms.

Loan Term	25 yrs	20 yrs	15 yrs	10 yrs
Up Front Option (Incl GST)	\$ *** 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Annual Charge (Incl GST)	\$ 3,881	\$ 4,317	\$ 5,088	\$ 6,698
Total Interest	\$ 46,938	\$ 36,259	\$ 26,228	\$ 16,885
Total Payments	\$ 97,014	\$ 86,334	\$ 76,300	\$ 66,951

\*\*\*Estimated \$\$ rounded\*\*\*



# TOWARDS A CD – KEY MESSAGES

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This LTP is about holding steady in turbulent times  
Council will ensure a solid foundation which

- Delivers our services well and to expected levels,
- focuses on key essential infrastructure and
- Completes committed projects.

Council will be prudent, working within our means and we will be focused with targeted actions to achieve agreed outcomes.



# CD ELEMENTS

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- We have created a work programme that doubles down on service delivery that seeks to ensure the same level as what is currently being delivered.
- Recognise that to achieve outcomes resourcing is required - RNZ additional funding
- Council have made some assumptions included in the work programme that need to be consulted on:
  - Air BNB
  - Rating Vacant land
  - Future delivery model for Pensioner Housing
  - Aquatic Centre - start of stage 3
- Have considered a number of initiatives but guidance is needed on whether these are affordable at this time (Inner City, PARSS, Aquatic Centre)



# NEXT STEPS

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- Workshop to be set up for end of January – Sewerage Scheme Capital Funding focus
- Finalise consultation key themes
- Preparation for audit

