

TAKING THE LONG-TERM VIEW



Mayor Steve Chadwick

The past 18 months have seen change and progress for the Rotorua district and we now have some decisions to make to ensure we continue on the right track to achieve our shared aspirations.

Council wants your input into what should be in its Long-term Plan (2015-2025), which will set out what needs to be done over the next 10 years.

We face some key challenges in considering

what should be included and we want to know what you think, what you consider Council's priorities should be and whether you agree with what's proposed.

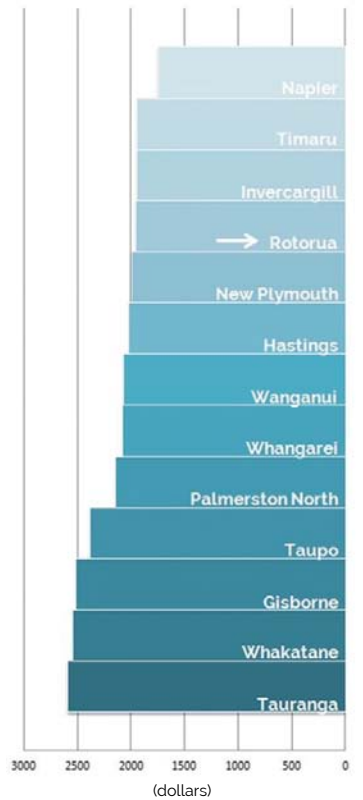
The consultation process for this Long-term Plan is different from what Council has previously done. Instead of presenting a draft plan and asking what you think, we are first asking what you think and will then develop the Long-term Plan, incorporating your views and input.

The consultation document is key in this process, outlining challenges, key projects and proposals and I encourage you to take the opportunity to have your say – this affects everyone in our district.

This issue of Our Rotorua provides an outline of what's in the consultation document and information about how you can have an input into Council's Long-term Plan.

Mayor Steve Chadwick

CITY AND DISTRICT RATES COMPARISONS 2014/15



HAVE YOUR SAY

Submissions on Council's Long-term Plan (2015-2025) are now open and will close on 2 June 2015.

Council wants to know what residents and ratepayers think of proposals being put forward for the next 10 years. These are outlined in the Long-term Plan (LTP) public consultation document with supporting documents relating to some proposals also available.

Remember there is no draft Long-term Plan – feedback from the consultation process will be taken into consideration in developing the Long-term Plan.

Information on how to make a submission is in the 'Briefly' column on page 2.

ROTORUA LAKES COUNCIL
Te Kaunihera o ngāi rōto o Rotorua
2015-2025



LONG-TERM PLAN CONSULTATION DOCUMENT ROTORUA LAKES COUNCIL

Submissions close 2 June

FUNDING COUNCIL SERVICES

A review of Council's financial position following the 2013 elections found revenue had reduced during the previous five years while costs rose.

There was also a pattern of not achieving budget and some activities had become underfunded so Council was borrowing to fund the gap between revenue and costs. The rising debt has impacted on capital works, constraining future projects and proposals.

Council's financial position was further exacerbated by rates increases being kept low to help residents get through challenging economic times.

However, this meant debt increased quite quickly and Council has become

more reliant on rates as a percentage of its revenue.

A new financial framework implemented 18 months ago has seen \$8.3m in costs removed from the organisation and a focus on balancing cash flows to ensure funds going out did not exceed funds coming in.

Council has a number of must-do capital projects, a significant amount of work that is needed to maintain infrastructure and upgrade community facilities. This will require significant investment with Council planning to spend up to \$405m during the next 10 years.

In order to get this work done, Council had to consider

its options – either take on more debt or look at its funding sources.

While Council's current level of debt is within acceptable limits, significantly increasing debt further to fund capital works would be unsustainable.

Council is therefore proposing a one-off 7% overall increase in the amount it collects in rates to correct funding and provide funds for capital works. It would also see Council return to a balanced budget in 2017.

The increase would apply only to the 2015/16 year. It is proposed that rates increases would return to about the rate of inflation after the one-off higher increase in 2015/16.

This one-off increase would see Council collecting \$81.3m in

rates in 2015/16, approximately 73% of its total annual revenue.

The impact on rates on an individual property will also be affected by capital revaluations, the level at which the Uniform Annual General Charge is set and any changes to the business and rural residential differentials.

Taking all these factors into consideration, an overall 7% increase would see an average rates rise for 2015/16 of 11% for businesses, 6% for residential properties, 19% for farms and 8% for rural residential properties. The increases, or otherwise, will vary between properties.

SETTING RATES

Rates for individual properties vary depending on a number of factors including property revaluations, targeted rates that may apply and property use (ie residential, business, farming).

Capital value is the basis of the general rates take for the Rotorua district.

The share of rates paid is largely based on the value of a property so the higher the property value, the

higher the rates charged.

Revaluations for the Rotorua district last year will impact on rates for the 2015/16 year. The farming sector was most significantly and widely affected with dairy property valuations up 20% but pastoral down 8.4% on average. The flow-on effect on rates is a wide band of variation.

Farms make up 24% of the total capital value of properties in the Rotorua

district. Any increase in rates is tied to Council's cost base and Council has allowed for an appropriate rate of inflation to the rate base so rate increases need to correspond to that.

The average change in valuations for a property category (business, residential, farm, residential rural) is used to calculate the distribution of rates – if property values go up in a property category, so does that category's share of the rates.

KEY ISSUES IN FUNDING COUNCIL SERVICES

Council has removed \$8.3m of costs and is targeting a further \$1m savings, in corporate services. However, any further cost reductions will impact on levels of service and Council believes current levels of service should be maintained.

A capital expenditure programme that maintains infrastructure and resolves wastewater issues is being considered. Reducing capital spend would impact negatively on service levels and increase the risk of asset failure.

Council debt is within Local Government Funding

Agency limits. It could be reduced by selling assets, reducing capital spending, or increasing funding but the latter would mean increasing rates and fees.

Funding is made up of rates and other revenue and the level of rate is the result of operating expenditure minus other revenue (user fees), with the balance funded by rates. These need to be at a level where capital spend and debt are able to deliver the level of service the community wants.

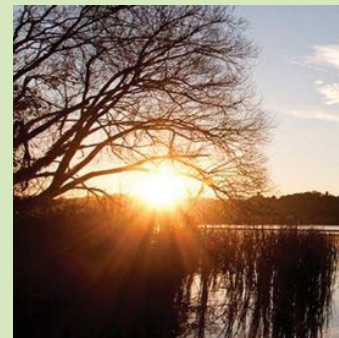
A \$22m ceiling on capital spend in the 2014/15 Annual Plan is not sustainable and

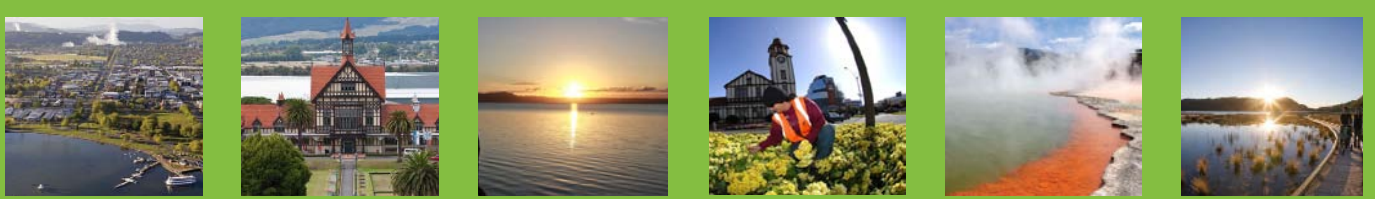
will put services and assets at risk, and 3% rates rises which were proposed are not enough to close the funding gap.

Revenue from fees and charges has declined in the past 6 years (mainly through loss of revenue at the landfill, in parking fees and from events and venues where costs are generally fixed).

Council's financial strategy retains current funding and service cost proportions so if, for example, a service will cost 5% more to provide, the user fee will increase by the same proportion.

Some fees and charges are set by statute and cannot be increased by Council.





KEEPING PACE WITH 2016 PRIORITIES

Change is needed to achieve the Rotorua 2030 goals set by Council in consultation with the community.



Council identified four key priorities to be substantially achieved by the end of 2016 – developing a vibrant city heart; growing Rotorua's economic base; supporting reinvigorated neighbourhoods and the creation of healthy homes; and sustainable infrastructure and affordable, effective council services.

INNER CITY REVITALISATION

Council is considering allocating funds annually to deliver on the draft Inner City Revitalisation Strategy – this would sit mainly within roading and sport and recreation budgets. The strategy also recommends removing City Focus, installing additional toilet and parent facilities in the inner city, extending CCTV coverage, and partnering with the New Zealand Transport Agency to improve traffic flows.

SIR HOWARD MORRISON PERFORMING ARTS CENTRE

Redevelopment is needed if Rotorua wants the centre to become a performing arts hub, able to cater to

various community and local performing arts groups as well as commercial productions and major ticketed events. It is estimated the project would cost about \$2.5m, possibly supported by community fundraising and offset by increased use of the facility

CREATING A NEW COUNCIL CONTROLLED ORGANISATION

An interim board has recommended that Rotorua Contracting become a Council Controlled Organisation (CCO) to drive greater efficiencies and commercial discipline, and increase opportunities for future collaborative regional delivery of services. Rotorua Contracting, currently operates as a business unit of Council, incorporating Castlecorp, the council nursery and fleet management. If a CCO is created no impact on ratepayers is anticipated for the first three to five years and thereafter it is anticipated the level of funding required from Council would reduce as new sources of revenue are established.

MAINTAINING COMMUNITY INFRASTRUCTURE

Funding constraints have been seen only essential repairs undertaken and some asset replacement delayed.

There is now a backlog of repairs and renewals required, so Council proposes spending up to \$405m in the next 10 years to maintain and improve assets. In some cases Council is exploring partnerships for providing services.

COMMUNITY HOUSE

Purchased by Council in 1993 to accommodate community and voluntary services, this building now requires major repairs and improvements and Council's preferred option is to demolish it, relocate tenants and extend Jean Batten Square.

ROTORUA LIBRARY

This building is also in need of significant work and the preferred solution is a partnership with Lakes District Health Board to establish a shared child health and library hub.

The concept is to create a whanau-friendly facility that aligns with Rotorua 2030 goals, catering for a range of child and youth-related services and incorporating

the library, with both partners providing funding.

See more about this project on Council's website, alongside information about the Long-term Plan.

AQUATIC CENTRE

A \$15m refurbishment is proposed, including modernising the entire facility, building a new learn-to-swim pool and upgrading the outdoor pool to national competition standards. Council proposes finding a partner to help fund the project.

KUIRAU PARK

It is proposed that the park be further developed with general upgrades, a boulevard link to the Aquatic Centre and the creation of a communal steam kitchen which, it is envisaged, could be developed with a partner.

EARTHQUAKE-PRONE BUILDINGS

Strengthening work on Council buildings is required to bring them up to Council policy and Government standards. This work is essential and the proposed capital works programme has provided \$16m over the next 10 years for this.

WASTEWATER

The need to improve and protect water quality and public health means wastewater is a hugely important issue.



OUT-OF-THE-FOREST BY 2019

As part of an agreement with iwi, Council needs to find an alternative to the disposal of treated wastewater in Whakarewarewa forest. The current system is considered unsustainable and concerned stakeholders, including iwi, are in collaborating to find a better alternative.

This project is something Council must do and five options are being investigated.

EAST ROTOITI/ROTOMA SEWERAGE SCHEME

Consultation on this scheme is well advanced and subsidies have been approved by the Ministry for the Environment, Ministry of Health, Bay of Plenty Regional Council and Rotorua Lakes Council. Information is available on Rotorua Lakes Council's website – go to 'Our Services', 'Water Services', then 'Lakeside Community Sewerage Schemes'.

OTHER SCHEMES REQUESTED

Communities at Tarawera, Rotoehu and Mamaku also want sewerage schemes but there is no approved subsidy funding as yet, and schemes for these areas are not included in the council's proposed 10-year capital programme.

BRIEFLY

MAKING SUBMISSIONS

You can view the consultation document online (go to rotorualakescouncil.nz and click the link to the LTP document and information).

You can also pick up a copy at Council's customer centre in Haupapa Street or the library.

You can have your say by making a submission to Council and there are several ways you can do this:

Online – go to the council website and complete an online submission form.

Email – enter 'Long-term Plan' in the subject line and email your submission to info@rotorualc.nz.

In writing – fill in the freepost submission form (in the public consultation document) and post or deliver to Rotorua Lakes Council.

You can also provide feedback via Facebook. Although this form of input is informal, comments and suggestions will be considered, discussed and form part of decision-making.

SPEAK TO COUNCIL ABOUT A SUBMISSION

The last day for submissions is 2 June 2015.

If you wish to speak to Council about your submission you will have the opportunity to do so during hearings of submissions, scheduled for 8 and 9 June.

Councillors deliberate mid-June and must adopt a Long-term Plan by 30 June 2015.

VIEW DRAFT WASTE STRATEGY

The draft Waste Strategy and Waste Minimisation Plan can be viewed online alongside information about the Long-term Plan.

Hard copies are also available, from Council or Rotorua Library, both on Haupapa Street.

WASTE STRATEGY

Wheelie bins and kerbside recycling are proposed to help reduce and better manage the district's waste.

Council is considering replacing weekly kerbside rubbish bag collections with wheelie bins, recycling crates and fortnightly pick-up. Waste management costs would be an estimated \$30 per ratepayer less per year if this option, part of a proposed new Waste Management and Minimisation Plan (WMMP), was adopted.

The WMMP is part of a council Waste Strategy, which will be linked to the Long-term Plan.

It is proposed that recyclables (plastics, cans, paper, cardboard and glass) be collected and dealt with by a commercial operator.

FACTORS TO CONSIDER

- Reduced revenue due to significantly less waste going to the landfill has increased the cost of services to an average \$226 per ratepayer per year.
- Transfer station operating costs are high and users are not covering that cost – should these be closed or operated on a user-pays basis?
- 10% of properties don't have kerbside rubbish collection – fortnightly collections could be extended to include more properties.
- Rotorua rubbish contains a lot of recyclables and demand for kerbside recycling is high.

CONTACT THE COUNCIL

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Have your say on Council's 2015-25 Long-term Plan by 2 June