

# Annual Plan 2019/20: Deliberations



Council Meeting – 13 June 2019



# Purpose of today

## Seek final Council direction for Annual Plan 2019/20

- Update Council on 2019/20 draft budget
- Request direction on Deliberations Issues papers and financial implications
- Discuss rates and the use of reserves to help keep rates affordable

# Today's process

## Council to confirm two step process

- Deliberations papers in Council Agenda grouped on their alignment to the LTP 2018-2028 Strategic Framework
- Step 1 - Council make in-principle decisions on all recommendations in deliberations papers
- Step 2 - At the end of today's meeting, Council reviews the in-principle decisions, confirms or amends

# 2019/20 Budget Overview

## 2019/20 Budget updated since public consultation

Changes to financial estimates since consultation due to Council decisions and better information

- **Increase in operating expenditure \$2.2 million**; impacting mainly on Passenger Transport rates forecasts for Tauranga and Rotorua
- **Increase in capital expenditure \$6.7 million** due to forecast carry forwards from 2018/19 to 2019/20
- Revised **total rates increase 7.4%**, 1.2% higher than CD 6.5%
- No changes to forecast **general rates increase of 3.8%** per CD

# 2019/20 Deliberations Overview

## Additional funding requested via Deliberations Papers

- Additional operating funding recommended for Passenger Transport initiatives – additional targeted rates revenue of \$1 million in 2019/20 and \$1.1 million in 2020/21 required
- Additional capital funding recommended in 2019/20 \$5.3 million of which \$5.2 million is for Flood Protection and Control (major project \$4.34 million for Rangitāiki Floodway widening)

# 2019/20 Deliberations Overview

## Staff also recommend the following:

- Consider use of available PT targeted rates reserves for Tauranga, Western Bay of Plenty and Whakatāne Districts (reserve deficit for Rotorua Urban)
- Consider use of Equalisation Reserve to lower rates increases in 2019/20 \$1.3 million forecast available from 2018/19 forecast of revenue / expenditure

# Development of Annual Plan 2019/20

We are here

**31 Oct workshop:**  
Overview and direction on Transport

**22 Nov workshop:**  
Direction on issues papers

**13 Dec Meeting:**  
Agreed to formal consultation, and budget changes

**1 February workshop:**  
Feedback on draft CD and community engagement plan

**7 Mar Meeting**  
Adopt consultation document

**18 Mar to 6 May:**  
Community engagement

**13 Jun meeting:**  
Deliberations and decisions

**27 June:**  
Final Annual Plan adopted

# Draft Budget 2019/20 Update



# Statement of Proposal (SOP) to amend the Revenue and Finance Policy (RFP)

Recommend the RFP is amended to enable future options for target rating for:

- Community engagement activity (eg. establishing a targeted rate for RSRF); and
- Regional Infrastructure Activity (eg. including a targeted rate to cost-recover specific projects).

*Note: Council is not setting a targeted rate for either of these activities for 2019/20*



# Minor Rivers and Drainage Schemes

**37 Minor R&D Schemes; funded 100% by targeted rates**

**Submission received on behalf of Minor R&D Schemes by ICM:**

- Draft AP19/20 Budget includes cost estimates based on 2018/19 figures which included extraordinary costs relating to 2017 flood event
- 2019/20 costs estimates can be lowered in final budget for adoption
- Resulting in lower than forecast targeted rates in 2019/20

# Recommendations approval in principle sought

## 2019/20 Budget changes since consultation

- Increase in operating expenditure of \$2.2 million and capital expenditure of \$7.7 million
- Total rates increase of 7.4%, 0.9% higher than CD (due to increase in PT TR) and no change to general rates increase of 3.8%

## Amendments to Revenue and Financing Policy

## Amendments to Minor Rivers and Drainage targeted rates

**Note treasury management activities – investing and borrowings (A&R recommend to Council for approval on 27 June)**

# Recommendations sought **at end** **of this meeting**

## **Confirm use of reserves – options for use**

- Passenger Transport TR reserves – recommended to lower forecast rates increases in 2019/20 in Tauranga, Western Bay of Plenty and Whakatāne Districts
- Equalisation Reserve \$1.3 million – various options available for use

**Confirm overall funding approach for Annual Plan 2019/20 including rates increases (LTP financial strategy - principles of equity, fairness and affordability)**

# A Vibrant Region

## Transport

# Transport - Outline

- PT & funding principles
- PT 2018/19 financial position (BAU) and impact on 2019/20 updated budget figures
- AP 2019/20 deliberation matters

# Core Principles

## Core principles:

1. Blueprint investment benefits are realised to achieve **modal shift**.
2. Collaborate to deliver an integrated strategic approach.
3. Continue to focus on delivering a frequent, reliable and direct Blueprint service.
4. Implement the GPS.

# BAU Decisions – Tauranga PT





# 2018/19 Financial Position and impact on forecast PT TR in 2019/20

As a result of BAU decisions and changes in legislation in 2018/19, the draft Annual Plan 2019/20 budget includes

- Tauranga PT targeted rate of \$168 per rating unit including GST (\$157 proposed in the CD).
- Rotorua PT targeted rate will be \$77 including GST (\$67 proposed in the CD).

These figures are before consideration of deliberations issues and financial implications

# Deliberation Matters

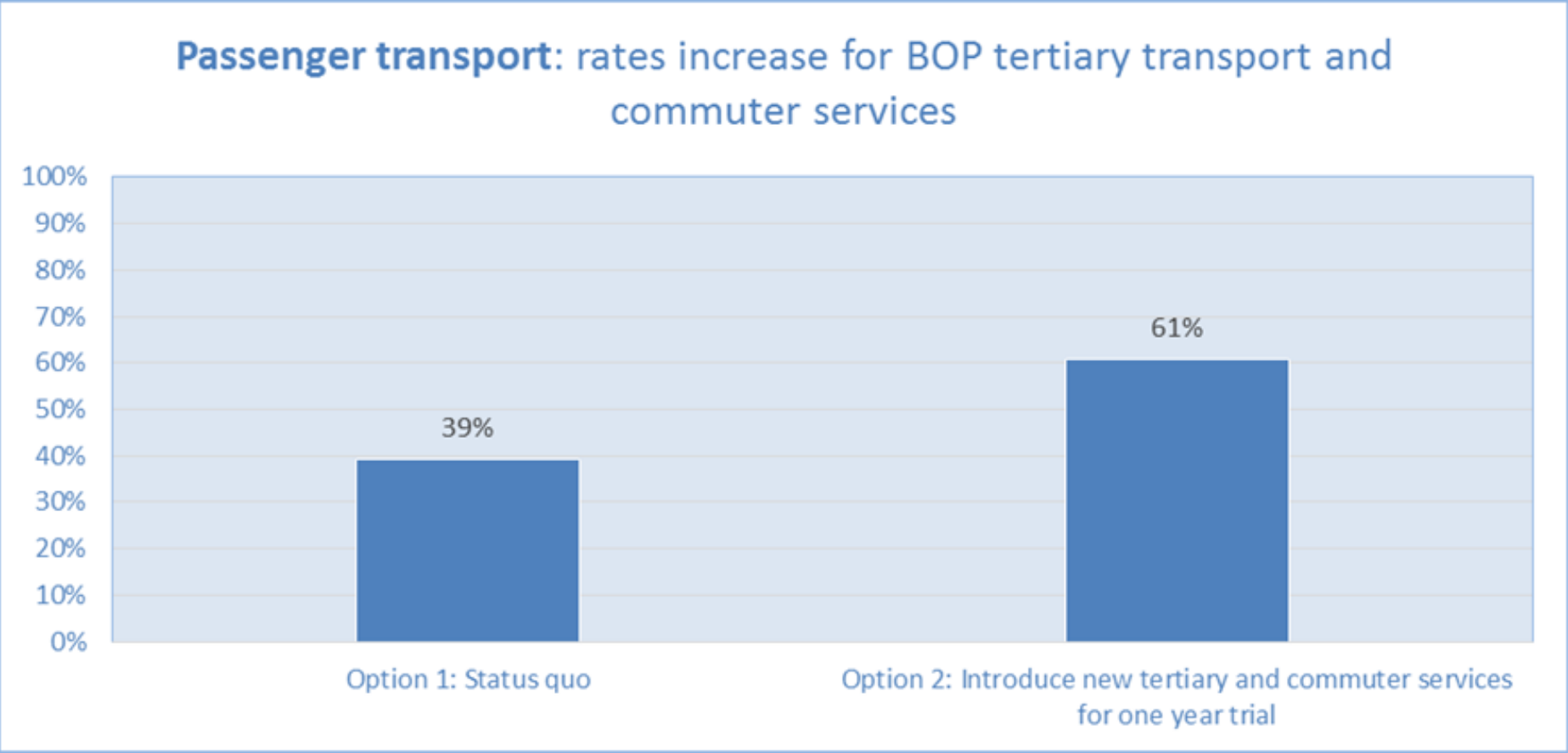
## **Staff consider public feedback and recommend**

- Trial additional bus services to improve access to tertiary education and for commuters.
- Trial fare-free bus travel for Tauranga school students to help reduce congestion.
- Trial extending the SuperGold Card free travel concession.
- Use of Targeted Rate Reserves to lower rates for Tauranga, Western Bay of Plenty and Whakatāne Districts.

## **Staff consider public feedback but do not recommend**

- New bus services in Rotorua District.
- Extending the Living Wage.
- New/better bus services for Kawerau.

# Improving Access to Tertiary Education Across the Region – Feedback on CD Question 3



# Improving Access to Tertiary Education Across the Region - Options

- 1 - status quo;
- 2 - introduce new tertiary and commuter services for a one year trial.

**Recommended - Option 2.**

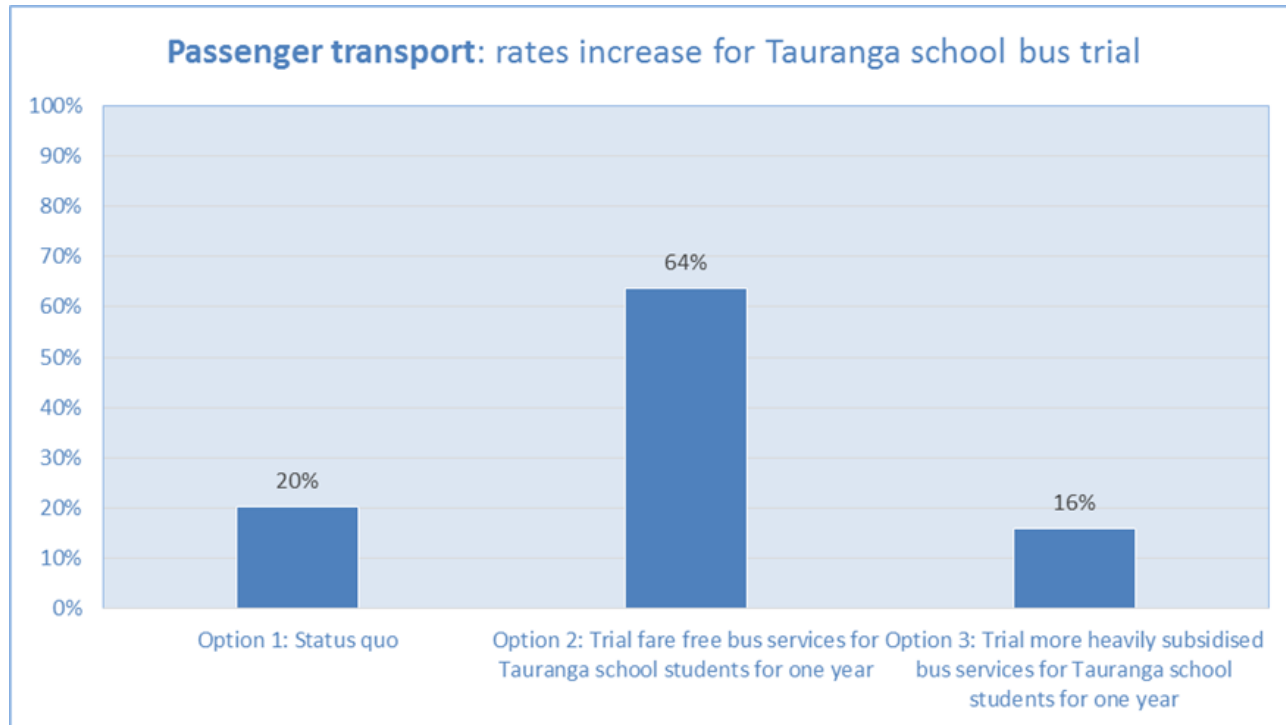
# Improving Access to Tertiary Education Across the Region - Analysis

	<b>Option 1 - Status Quo</b>	<b>Option 2 - New Services</b>
<b>Increased spatial service coverage</b>	x	✓ ✓ ✓
<b>Community responsiveness</b>	✓	✓ ✓
<b>Cost</b>	✓	x
<b>NZTA co-investment</b>	-	✓ ✓
<b>3rd party co-investment</b>	-	x
<b>Final score</b>	✓	✓ ✓ ✓ ✓ ✓

# Improving Access to Tertiary Education Across the Region - Analysis

- **Recommended - Option 2.**
- NZTA appears to have approved its share (51%). No funding commitment from tertiary providers as yet.
- Tauranga City – additional \$1 per rating unit in 2019/20 and \$1 in 2021/21.
- Rotorua Urban - additional \$2 in 2019/20 and \$2 in 2020/21.
- Western Bay - additional \$3 in 2019/20 and \$3 in 2020/21.
- Whakatāne - additional \$2 in 2019/20 and \$2 in 2020/21.

# Trial Fare-free Bus Travel for Tauranga School Students – Feedback on CD Question 4



Option 2 was the most commonly selected option, but feedback included:

- *make it free all day every day for school students; and/or,*
- *include tertiary students.*

# Trial Fare-free Bus Travel for Tauranga School Students - Options

- 1 – status quo;
- 2 – fare free bus services for Tauranga school students in weekday peaks (12 month trial); and
- 3 – fare free bus services for Tauranga school and tertiary students (12 month trial).

**Recommended - Option 2.** Tauranga City – additional \$17 per rating unit in 2019/20 and \$18 in 2020/21.



# Trial Fare-free Bus Travel for Tauranga School Students - Analysis

	<b>Option 1 - Status Quo</b>	<b>Option 2 - fare-free for school students</b>	<b>Option 3 - fare-free for school &amp; tertiary students</b>
<b>Community responsiveness</b>	✓	✓✓✓	✓✓
<b>Reduces financial barrier to education</b>	x	✓✓✓	✓✓✓
<b>Encourages short term modal shift</b>	x	✓	✓
<b>Reduction in emissions</b>	-	✓	✓✓
<b>Integrated solution</b>	✓	x	x
<b>Cost</b>	✓	xx	xxx
<b>NZTA co-investment</b>	-	xx	xxx
<b>3rd party co-investment</b>	-	x	x
<b>Final score</b>	✓	✓✓	-

# Option 2 will ...

- reduce the financial burden for Tauranga families with children of school age; **but**,
- have some risks around the ability to resource the initiative;
- do little to change travel behaviour in the long term;
- be at Council's cost as NZTA unlikely to co-invest (preliminary BC ~ 1); and
- be unlikely to have a significant impact on traffic congestion.

# Extending SuperGold Card Travel Hours

## Options:

- 1 - Not Extend SuperGold Card Concession Hours;
  - 2 - Extend SuperGold Card Concession Hours (12 month trial)
- **Recommended - Option 2.**
    - Estimated net revenue foregone by Council is \$78,000 in 2019/20.
    - Tauranga City - additional \$1 per rating unit in 2019/20.
    - Rotorua Urban - additional \$1 in 2019/20.

# Rotorua Additional Services

## Options:

- 1 – introduce new Rotorua CBD Orbiter and Hamurana services;
- 2 - defer introducing the new services pending a review of the Rotorua network.



- Recommended - Option 2.

# Extending the Living Wage

## Options:

- 1 - Not Extend the Living Wage to Rotorua & Eastern Bay bus contractors.
- 2 - Extend the Living Wage (additional cost of \$210,000 - \$260,000).
- **Recommended - Option 1.**
- If Option 2:
  - Rotorua Urban - additional \$11 per rating unit;
  - Western Bay - additional \$1;
  - Whakatāne - additional \$1;
  - Ōpōtiki - additional \$6,000 of General Funds.

# Additional Kawerau Public Transport Services

Submissions have been received seeking:

- a change in operating days;
- an additional weekly trip;
- establishment of a small, regular passenger transport service within Kawerau;
- establishment of a commuter service.



# Additional Kawerau (cont'd)

## Options:

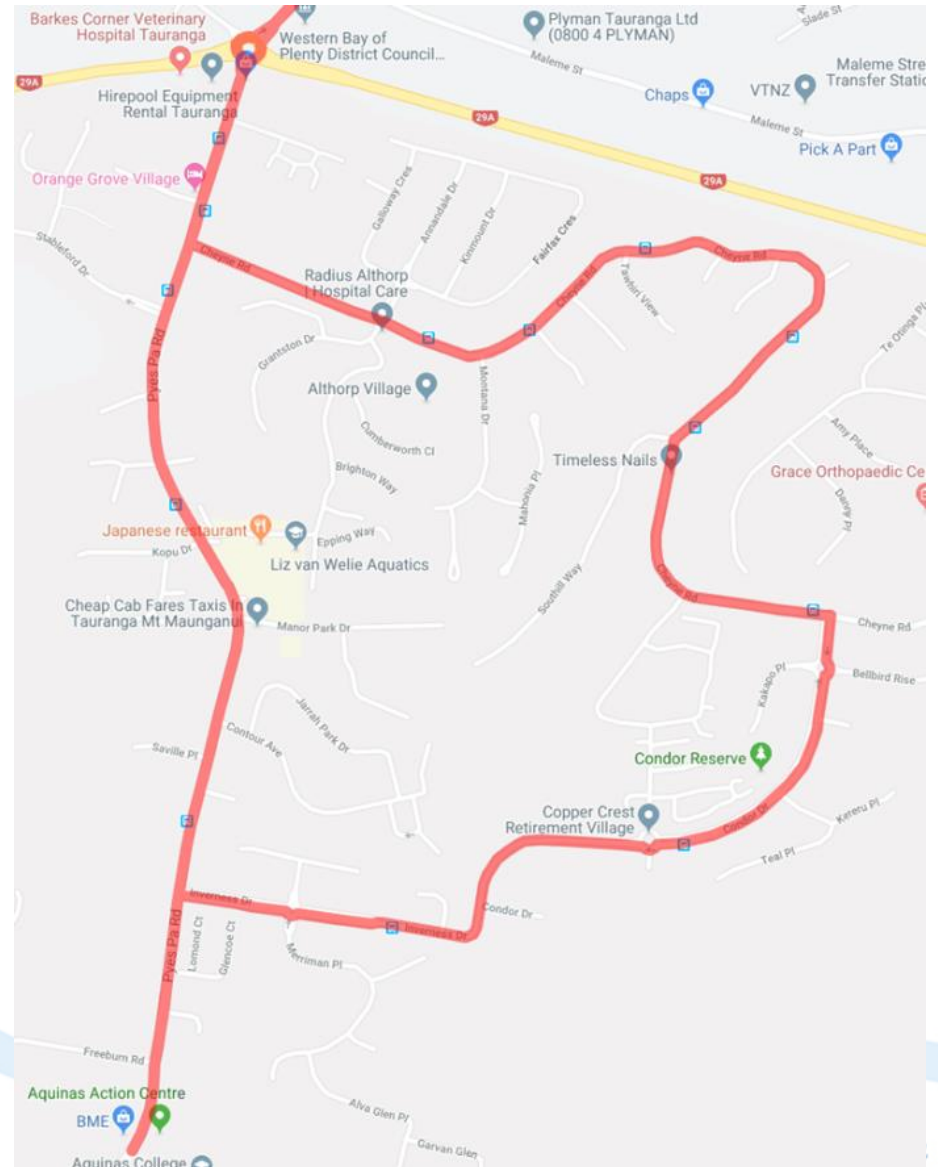
- 1 – no change;
  - 2 – change operating days, but defer other changes pending further engagement.
  - 3 – change operating days, add additional weekly trip and additional internal service.
- **Recommended - Option 2.**
  - On the face of it, it would seem there is a need for better public transport services for Kawerau.

# Tauranga Phase 3

## Acknowledging Public Support and Rebuilding Trust

- Such as free fare days, reduced fare periods, etc.
- Initiatives are currently unbudgeted.

## Smaller Buses / Demand Responsive Transit





# PT Targeted Rates Forecast Reserve Balances as at 30 June 2019

Passenger Transport Targeted Rates Reserve	Forecast surplus / (deficit) as at 30 June 2019	Maximum use scenario
Tauranga	\$138,000	\$3 per rating unit
Western Bay	\$269,000	\$14 per rating unit
Whakatāne	\$55,000	\$4 per rating unit

Council direction sought on the use of some or all of the available Targeted Rates Reserves. Rotorua Urban is forecasting a reserve deficit.

# 2019/20 PT Rates Summary - Scenario

Targeted Rates per TA	Per CD	Changes per updated budget	Changes per deliberations	Subtotal	Max use of reserves	REVISED TR
Tauranga	<b>\$157</b>	\$11	\$16	<b>\$184</b>	(\$3)	<b>\$181</b>
Rotorua	<b>\$67</b>	\$10	\$3	<b>\$80</b>	(\$-)	<b>\$80</b>
Western Bay	<b>\$26</b>	\$-	\$3	<b>\$29</b>	(\$14)	<b>\$15</b>
Whakatane	<b>\$11</b>	\$-	\$2	<b>\$13</b>	(\$4)	<b>\$9</b>



# A Vibrant Region

## *Regional Economic Development and General Submissions*

# Update and Summary of Submissions

## Urban and Form Transport Initiative (UFTI) and SmartGrowth funding

- In December 2018, Council confirmed additional budgeted included in AP 2019/20 to support UFTI
- This is in addition to already budgeted funding for SmartGrowth
- Staff recommend no amendment to the draft 2019/20 budget approved for consultation at the December Council meeting.

# General Submissions

## Key themes from 'General' other submissions

- Community Engagement
- Annual Plan Budget 2019/20
  - A number of submissions opposed to rates increases e.g. Ōpōtiki District Council
- BOPRC Staff Association

# A Vibrant Region

## *Funding Requests*

# A Vibrant Region: Funding Requests

12 funding applications have been received

- Two Community Initiatives Fund (CIF) applications seeking a total of \$58,760 in 2019/20
- Nine non-infrastructure applications seeking funding of \$732,000 in 2019/20.
- One infrastructure request totalling \$6.9 million.



# A Vibrant Region: Funding Requests

## Assessment of applications

- All non infrastructure applications assessed using either:
  - the Community Initiatives Framework and/or
  - Activity Managers assessing alignment with work programmes.
- Infrastructure application

# A Vibrant Region: Funding Requests

## Non Infrastructure Funding - recommendations

- Support (or partially support) funding through existing Annual Plan 2019/20 budgets **i.e. no additional financial implications in 2019/20:**
  - a) Te Arawa Lakes Trust \$170,0000
  - b) WBOPDC (development of Tahataharoa) \$25,000-\$50,000
  - c) Edgecumbe Collective up to \$100,000
  - d) Priority One \$60,000
  - e) Lakes Water Quality Society \$10,000
  - f) Tauranga Moana Iwi Partners \$5,000

# A Vibrant Region: Funding Requests

## Infrastructure Funding – Land purchase request Matakana Island

- Request for Regional Council to purchase 149 hectares of coastal land on Matakana Island – \$6.9 million
- Considerations
  - Limited access to site (4 x daily ferry service)
  - Overland access provides for a right of way, however, prohibits use from the general public

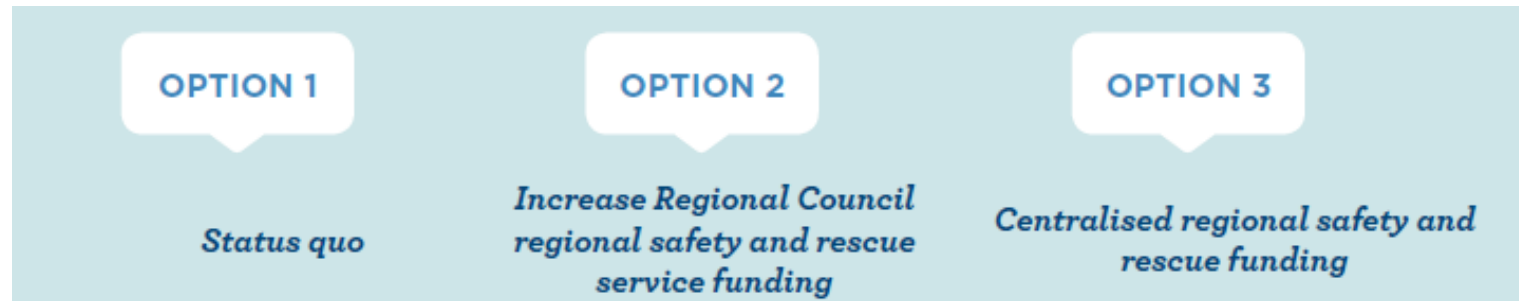
Staff recommendation: Council consider request and provide direction

# Safe and Resilient Communities

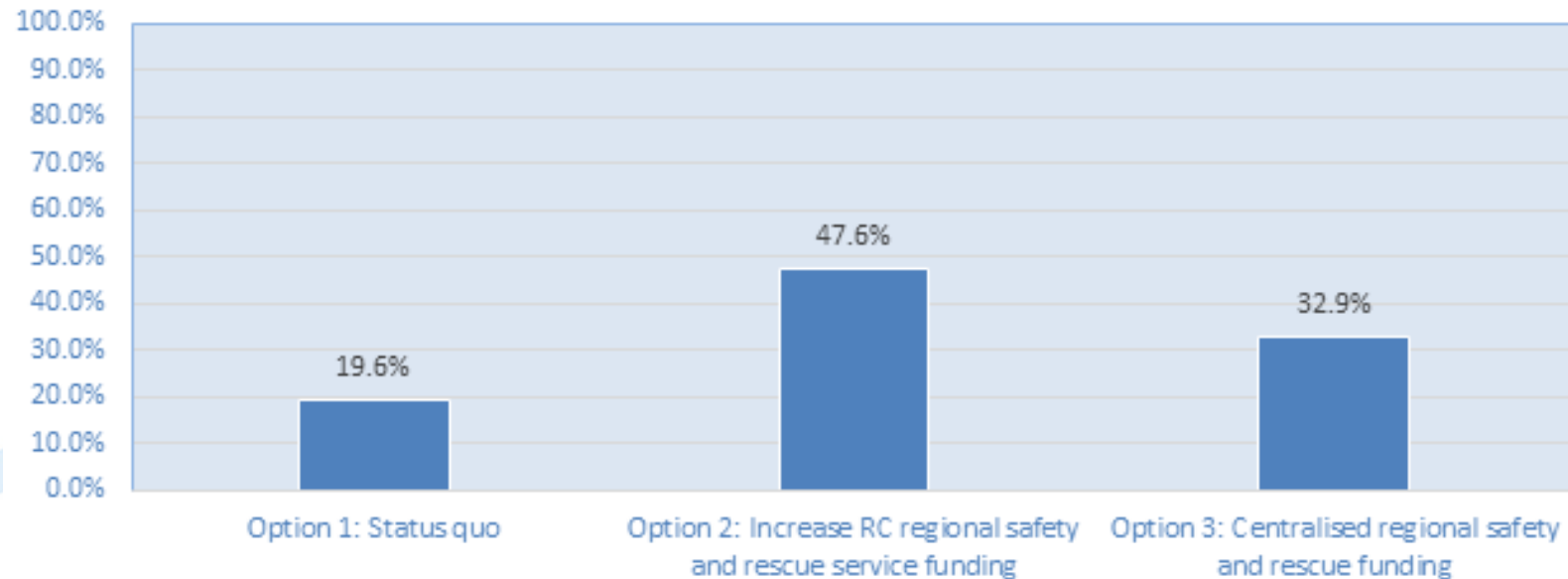
## Regional Safety and Rescue Funding *(Consultation Question Two)*

# Regional Safety and Rescue Services

We gave the community these three options:



The response saw a preference for increasing funding – over 80% of submissions supported both Options 2 and 3



How should we support regional safety and rescue charities?



# Regional Safety and Rescue Funding

## Head to Head: Comparing Option 2 and Option 3

- Option 2 and Option 3 share some similarities and both would likely see increases in funding for safety and rescue services.
- However, Option 3 would centralise the funding which is expected to mitigate many administrative inefficiencies associated with the current method. Option 3 is also more complex – requiring agreement from territorial authorities in the region.
- Work to implement Option 3 will require staff time to develop the policy and work with stakeholders, including territorial authorities and service providers. Estimated Option 3 would take ~0.4 Full Time Equivalent staff member during 2019/20 – resourced from existing budgets
- See pages 125 and 126 of the Council agenda for details.

# Recommendations - Regional Safety and Rescue Funding

- Direct staff to work with key stakeholders, in particular territorial authorities and safety and rescue service providers, with the intention of implementing centralised funding approach for Regional Safety and Rescue funding (Option 3) through the next Annual Plan or Long Term Plan; and
- Note that there are no financial implications for the Annual Plan 2019/20; however, additional staff time is required to develop and implement a policy.

# Safe and Resilient Communities

## Flood Protection and Control



# Flood Control and Protection

## Submissions

- Safe and Resilient Communities – Flood Protection and Control received six submissions through the draft Annual Plan 2019/20 consultation process including one from the Edgecumbe Collective seeking Council support to develop the green space in College Road Edgecumbe.
- The site comprises the ancillary land area following the stopbank rebuild. This is considered in the Annual Plan Funding Request paper. Remaining submissions are covered by existing plans and operations.

# Flood Control and Protection

April 2017 Flood Repair Project – re-phasing incorporated into draft Annual Plan 2019/20 budget estimates

- Despite rock shortages affecting some high priority work, the project is on track
- Whakatāne/Rangitāiki rivers slightly behind however other schemes ahead of programme and budget in 2018/19
- Draft Annual Plan 2019/20 budget re-phased to reflect latest forecast programme of capital works

# Flood Control and Protection

Te Rahu Pump Station Pipeline Replacement – additional \$250,000 capital budget requested

- Programmed work on Te Rahu pump station surge chamber has identified poor condition of discharge pipeline to the river outlet (previously unknown). Staff recommend undertaking pipeline replacement at the same time as the surge chamber repairs, as a cost effective approach
- Additional capital budget of \$250,000 requested in 2019/20, funded by borrowings

# Flood Control and Protection

Canal 109 Culvert Renewal – additional \$116,000 capital budget requested

- Canal 109 has existing culvert outlet (with floodgate) into Awaiti Canal and condition assessment inspections have identified structure in poor condition and replacement necessary for integrity of the stopbank system
- \$204,000 included in 2018/19 budget; design included longer culvert and stopbank widening; tender resulted in cost above budget
- Additional \$116,000 capital budget requested for renewal of Canal 109 Culvert in 2019/20; funded through borrowings

# Flood Control and Protection

Kopeopeo Canal Remediation – \$200,000 brought forward requested for bioremediation and additional \$300,000 capital budget requested for containment site

- Bioremediation – cost efficiencies identified to implement some of the bioremediation pre-treatments (e.g. injection of wood pallet materials) as contract work progresses. \$200,000 capital budget requested to be brought forward from later years of LTP.
- Project Closure – dredging likely to be completed in July 2019 with public access available end of 2019. Additional costs to complete remediation works on containment site 3, and reinstate public access not included in current forecasts.
- Additional capital budget requested of \$300,000 in 2019/20.

# Recommendations

- 4 Approves additional capital expenditure \$250,000 in the Annual Plan 2019/20 for the Te Rahu Pump Station pipe renewal.
- 5 Notes that capital expenditure carried forward from 2018/19 to 2019/20 of \$204,000 for the Canal 109 culvert renewal is included in the updated draft Annual Plan 2019/20 budget.
- 6 Approves additional capital expenditure of \$116,000 in the Annual Plan 2019/20 for Canal 109 culvert renewal.
- 7 Approves additional capital expenditure of \$300,000 in the Annual Plan 2019/20 for project closure work for the Kopeopeo Canal Remediation Project.
- 8 Approves bringing forward into the Annual Plan 2019/20 \$200,000 capital expenditure for bioremediation for the Kopeopeo Canal Remediation Project and this will reduce programme estimates for bioremediation in years 2020/21 \$150,000 and 2022/23 \$50,000.
- 9 Approves additional operating expenditure budget for internal loan repayments and interest costs as set out in the financial implications section of this report.
- 10 Notes the re-phasing of LTP funding between river schemes for the April 2017 Flood Repair Project as set out in this report.

# Safe and Resilient Communities

## Flood Protection and Control – Rangitāiki Floodway Project

# **A Healthy Environment**

## **RMA Fees and Charges Policy *(Statement of Proposal)***



# RMA and Building Act Charges Policy

## Overall approach

- Internal Audit of Fees and Charges was followed by a comprehensive review of the RMA Charges Policy as part of LTP 2018-2028
- Through the LTP 2018-2028, Council approved increases in fees and charges, and agreed to a phased approach to introduce the increases
  - eg. cost recoveries in Data Services Activity set at 10% in 2018/19 and increasing to 20% in 2019/20
- The proposed charges are supported by robust calculation basis, and better reflect the costs of provided the services and the necessary levels of recoveries

# RMA and Building Act Charges Policy

## Summary of submissions

- Over 2000 personalised letters provided to Consent Holders
- 6 submissions were received, representing less than 1% of total consent holders
- Submissions largely opposed the proposed charges, but reasons for opposition were often unclear.

# Recommendations - RMA and Building Act Charges Policy

## Staff recommendations:

- Approve amendments to the RMA Charges Policy 2019/20 (Table 1 on page 79 of Council agenda)
- Direct staff to incorporate the changes into the Charges Policy as proposed and prepare this policy for adoption/fixing of charges for 2019/20 on 27 June 2019 at Council meeting.

# A Healthy Environment

## Update and Summary of Submissions

*(includes Biosecurity, Kaimai Mamaku ranges biodiversity, Consents and Regulatory Compliance)*

# Update and Summary of Submissions

## Biosecurity

- Overspend in 2018/19 attributed to more operational work, largely catfish, and offset by underspends across other ICM activities
- Increase in budget in 2019/20 through LTP 2018-2028 sufficient to deliver current Regional Pest Management Plan (RPMP)
- Review of RPMP to be presented to Council in 2019/20, may require additional financial considerations depending on the outcome

# Update and Summary of Submissions

## Kaimai Mamaku Ranges - Pest Control

- A meeting with senior DOC managers was encouraging but budget has not yet been committed
- The new international visitor levy was identified as the most likely source of funding for the project. This money has not yet been allocated
- Minister Sage has been invited to visit the Kaimai Mamaku so that we, together with the Kaimai Mamaku Forum, can show her what we are trying to achieve

# Update and Summary of Submissions

## Consents and Regulatory Compliance

- Increase to the Resource Consent activity budget by \$495,000 as agreed at the December workshop
- 1.0 FTE from Regulatory Compliance year 3 budget brought forward to year 2 to support substantial increase in service requests (particularly through pollution hotline)
- Investigating options for implementing a more comprehensive and structured permitted activity compliance programme in 20/21

# Strategic Challenges

## Climate Change *(Consultation Question One)*



# Consultation Topic 1:

## THE OPTIONS

For 2019/20, we are planning to finalise the development and begin delivery of our climate change action plan and we have four areas of focus. We will be delivering on all four areas over time, but we would like to know which area/s you would like Council to prioritise for the coming year when it comes to our work in this area.

Please **rank** the following focus areas from 1 (high priority) to 4 (low priority):

### FOCUS AREA 1

Reducing Council's own carbon footprint - getting our 'house in order' e.g. waste and energy reduction in our offices.

### FOCUS AREA 2

Incorporating climate change considerations in our decision making.

### FOCUS AREA 3

The services we provide as a regional council e.g. flood protection (adaptation), more electric buses (reducing emissions).

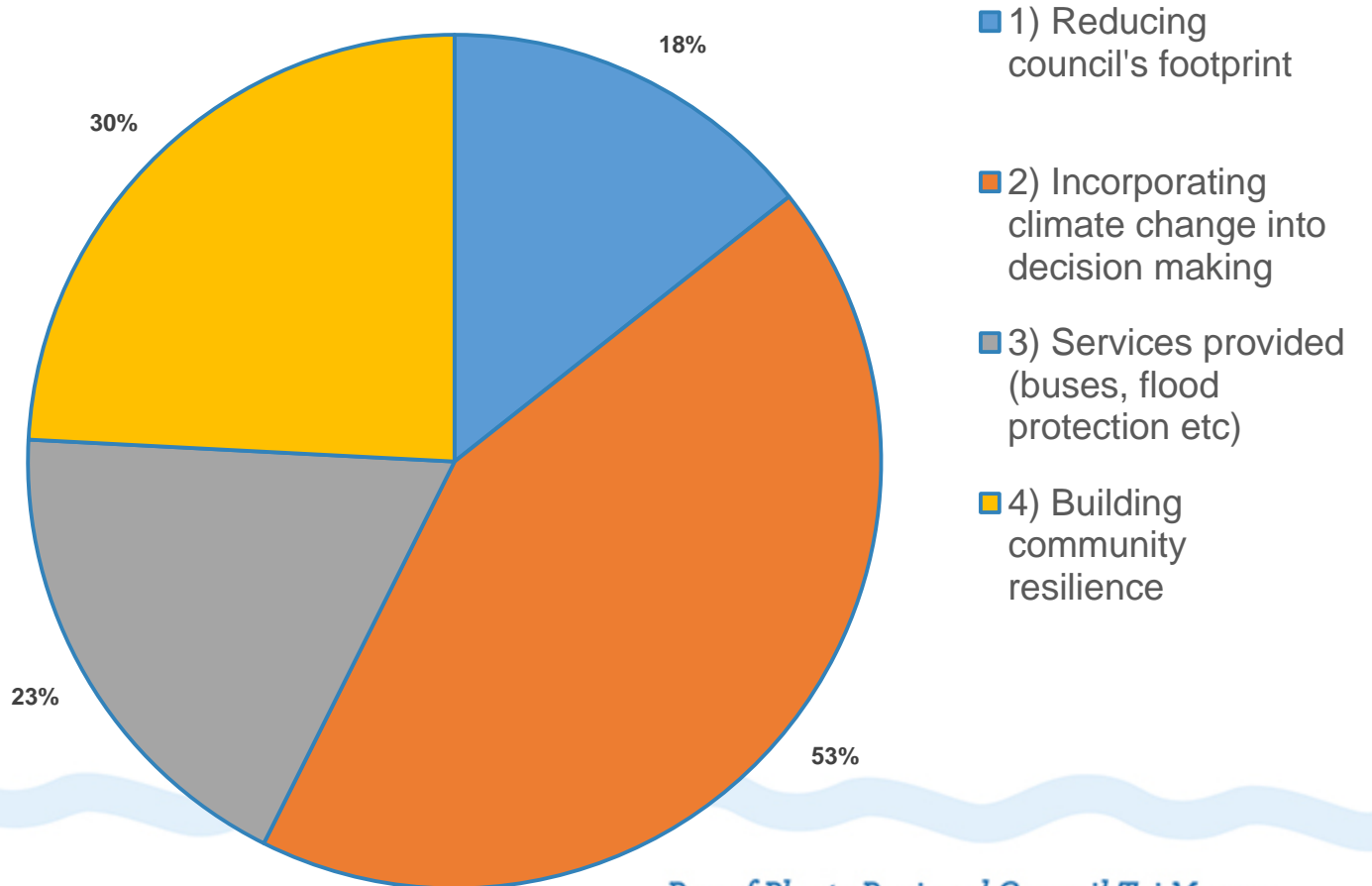
### FOCUS AREA 4

Collaborating with our communities to build resilience and work on the region's response to climate change.

# Overall ranking of focus areas

Community consultation on the Draft Annual Plan 2019/20 show a preference for Council to include climate change in decision making:

Ranking of focus Area



# Submission responses

Category	Response
<b>General statements asking for action</b>	Council will be adopting an action plan.
<b>Specific actions already included in Draft Action Plan</b>	A number of suggested initiatives have already been identified by staff and are included in the action plan.
<b>Specific actions – potential new ideas</b>	The draft action plan also includes an upfront commitment to continue to look at new initiatives as they arise. The small number of submission points in this category can be addressed through this approach as they are explored and shaped further.
<b>Specific actions – not Council’s role</b>	These submission points cannot be addressed by Council. The information can however be shared with city/district council climate change contacts. Examples of this include submissions for Council to take over waste collection or to plant more urban trees.

# Transfer into Confidential Council Agenda