

Appendix C: Staff submission



30 April 2018

Hauraki District Council
PO Box 17
Paeroa

Mayor and councillors,

Feedback submission on the draft 2018-28 long term plan – ‘We need to talk’

The following submission has been prepared by the staff of the Hauraki District Council in order to add to or correct a number of points contained within the 2018-28 consultation document – ‘We need to talk’ – and/or supporting information.

In summary, the points cover proposals to:

1. Add some community recreation capital projects
2. Tidy up other capital schedule projects/dates
3. Address Audit financial misstatements
4. Make some changes to fees and charges.
5. Correct minor errors.

Collectively, the points total \$38,000 of additional annual costs and \$130,000 of additional subsidy income. The net effect of this is a 0.41% reduction in the rate requirement.

Staff recommend that no change be made as a result of the staff submission, to the rates increase of 6.49% forecast in the draft LTP. The additional forecast income is in the Rooding Activity and this activity needs high rates increases (between 10% and 7%) for each of the 10 years of the plan to remain in a financially prudent position. Some additional rooding expenditure that is not included in the LTP forecasts, may also be required beyond 2018/19.

Please see the following pages for details of all feedback points to the 2018-28 consultation document – ‘We need to talk’ – and/or supporting information.

Regards

Langley Cavers
Chief Executive

1. Addition of community recreation capital projects

The following projects are requested to be added to the capital programme and relevant activity sections. Each project is explained in the tables below.

Ngatea Pool Cover system and Dive blocks relocation

Comment:	The current covers are to be moved to the opposite end of the pool while installing and an under bench unit to house the covers. Also the current dive blocks are to be replaced and installed at the opposite end of the covers and a concrete plinth is to be installed. This has been identified as a health and safety issue as the current position of the dive blocks are on the shallow end of the pool. We have had a number of pool users hit the bottom when diving in.
Recommendation:	It is recommended that \$55,000 be included in the LTP for the relocation of the Ngatea pool covers and dive blocks. This is a capital project and increase in level of service
Financial impact	\$5,500 annual impact. 0.03% non-water rates impact

Paeroa Pool upgrades

Comment:	Additional works on various items at the Paeroa pool have been identified that need to be done prior to the start of the season.
Recommendation:	It is recommended that \$9,000 to be included in the LTP for the various works to be additional for year 1 only at the Paeroa Pool. This is an operational cost increase
Financial impact	\$9,000 annual impact. 0.04% non-water rates impact

Ngatea Pool upgrades

Comment:	Additional works on various items at the Ngatea pool that have been identified that need to be done prior to the start of the season..
Recommendation:	It is recommended that \$7,500 to be included in the LTP for the various works to be additional for year 1 only at the Ngatea Pool. This is an operational cost increase to budget 05675.0312.0900.
Financial impact	\$7,500 annual impact. 0.03% non-water rates impact

Subject:	Waihi Pool upgrades
Comment:	Additional works on various items at the Waihi pool that have been identified that need to be done prior to the start of the season.
Recommendation:	It is recommended that \$11,000 to be included in the LTP for the various works to be additional for year 1 only at the Waihi Pool (budget code 05675.0312.0900).
Financial impact	\$11,000 annual impact. 0.05% non-water rates impact

2. Other capital schedule changes

Staff request that the changes in the table below are made to the capital schedule – these changes were reflected in the consultation document and supporting information prior to publication, however were not amended in the capital schedule and rating impacts.

Recommendation

That the capital schedule is amended as per the recommendations below **Error! Reference source not found.**, and

That it be noted that the financial implications of these are already included in the 6.49% rates increase included in the CD.

Turua walkway	
Comment:	The current draft capital works schedule forecasts a budget of \$20,000 in 2018/19. The consultation document was corrected to note that this project will cost \$40,000 (but only \$20,000 of that to be funded from rates).
Recommendation:	That the Turua walkway capital works budget be amended to \$40,000 in 2018/19.
Hugh Hayward Domain walk/cycleway	
Comment:	The current draft capital works schedule does not include a budget for the Hugh Hayward Domain walk/cycleway. The consultation document was corrected to note that this project will cost \$20,000.
Recommendation:	That the Hugh Hayward Domain walk/cycleway budget of \$20,000 in 2018/19 be added to the capital works schedule, and that the operating budgets be revised as needed.
Dudding Reserve developments	

Comment: The current draft capital works schedule does not include a budget for the Dudding Reserve developments. The consultation document was corrected to note that this project will cost \$20,000.

Recommendation: That the Dudding Reserve development budget of \$20,000 in 2018/19 be added to the capital works schedule.

Waihi dump station upgrade

Comment: The current draft capital works schedule forecasts a budget of \$30,000 in 2018/19 for a Waihi dump station upgrade. The consultation document was corrected to withdraw this item.

Recommendation: That the Waihi dump station upgrade budget of \$30,000 in 2018/19 be removed from the capital works schedule.

Stormwater Catchment Management plan

Comment: The current draft capital works schedule forecasts a budget of \$107,794 in 2021/22 for stormwater catchment management plan. The consultation document was corrected to withdraw this item.

Recommendation: That the stormwater catchment management plan budget of \$107,794 in 2021/22 be removed from the capital works schedule.

3. Additional operational budget items

Running of Election 2019

Comment: There is \$45,000 in the LTP for 2020/ 21 for the running of the local government election.

This is in the incorrect year and should be in 2019/20. The Council is contracting all electoral services to an outside provider, this has not been allowed for in the \$45,000 (budget code 01000.0548.0402).

Recommendation: It is estimated and recommended that an additional \$15,000 be required to cover the potential extra cost for the tendered contractors and that this be included in year 1 of the LTP.

Financial impact \$5,000 annual impact.

0.02% non-water rates impact

4. Financial misstatements

Ngatea mainstreet funding

Comment:	In the consultation document, the rates impact of the Ngatea main street upgrade was the same across all business properties in the Plains. This has since been corrected. The impact on Ngatea businesses is an extra \$663 per property for Option 2, and \$2,495 for Option 3 as per the consultation document. The impact on Non-Ngatea Plains businesses is half the impact of Ngatea businesses, i.e. \$331.50 per property for Option 2 and \$1,247.50 for Option 3. Non-Ngatea Plains businesses includes all properties that pay a Commercial/Industrial rate that aren't in Ngatea, e.g. businesses properties in Kerepehi, Waitakaruru, Kaiaua, Turua, or in the rural area.
Recommendation:	Ensure submitters are made aware of the difference in rates for Ngatea and non-Ngatea businesses. Ensure the final LTP documentation reflects the correct funding allocation.
Financial impact	No impact

NZTA subsidy

Comment:	<p>The audit process resulted in the following misstatement being identified: apply the correct NZTA subsidy rate of 59-60% to the financial forecasts (an incorrect rate of 58% was applied to the draft budgets).</p> <p>Since then, the NZTA has advised that the subsidy will increase to 60% in year one.</p>
Recommendation:	<p>Correct the values shown for subsidy income in the final LTP financial forecasts.</p> <p>Amend the LTP and asset management plan forecasting assumptions.</p>
Financial impact	<p>-\$130,000 annual impact.</p> <p>-0.59% non-water rates impact</p>

Land drainage depreciation/renewals graph

Comment:	The audit process resulted in the following misstatement being identified: the land drainage depreciation/renewals graph as it stands indicates depreciation is too low. The Council will consider revising the rated depreciation received against the forecast renewals programme in the final LTP or
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document that this will be looked into as part of the Improvement Programme in the final LTP.

Recommendation: That staff investigate and make changes where necessary.

Financial impact No measure of impact currently able to be determined.

Asset lives and depreciation assumptions

Comment: The audit management report suggested that the useful lives and depreciation assumptions be incorporated in the final AMPs. They are included in the overall significant forecasting assumptions.

Recommendation: Incorporate the depreciation assumptions in the AMPs

Financial impact No Impact

5. Fees and charges

Dog registration fees

Staff request that an error correction be made to the penalty fee for dogs in excess of three, changing the fee from \$13.50 to \$17.50. This amendment had already been adopted by Council at the Council meeting on 28 March 2018.

Recommendation

That the penalty fee for dogs in excess of three be changed from \$13.50 to \$17.50.

Building consent fees

Staff request that the following changes be made to building consent fees that were included in the draft fees and charges schedule. These fees are lower than they should be. The fees were increased to accommodate online consenting costs. The provider for online consenting has recently increased their costs in the following two areas and those fees need to change to accommodate this. The actual change to what was consulted on is in the following table:

Project Value	Fee Change
Up to 4,999	\$10 increase
5,000 - 9,999	\$10 increase
10,000 - 19,999	\$10 increase
20,000 - 49,999	\$20 Increase
50,000 - 99,999	No Change
100,000 - 249,999	\$50 Increase
250,000 - 499,999	No Change

500,000+

\$100 Increase

Recommendation

Staff recommend changing the 2018/19 fees to those in highlighted text in Table 1.

Table 1: Requested changes to building fees

Project Value	PIM/TAI	Admin	Processing	Code of Compliance (CCC)	Total lodgement fee
Up to 4,999	\$90.00	\$90.00 \$165.00	\$110.00 \$120.00	\$100.00	\$390.00 \$475.00
5,000 - 9,999	\$90.00	\$90.00 \$165.00	\$265.00 \$275.00	\$100.00	\$545.00 \$630.00
10,000 - 19,999	\$90.00	\$90.00 \$165.00	\$370.00 \$380.00	\$100.00	\$650.00 \$735.00
20,000 - 49,999	\$110.00	\$90.00 \$165.00	\$410.00 \$505.00	\$140.00	\$750.00 \$920.00
50,000 - 99,999	\$110.00	\$90.00 \$165.00	\$540.00 \$685.00	\$140.00	\$880.00 \$1100.00
100,000 - 249,999	\$110.00	\$90.00 \$165.00	\$1060.00 \$1285.00	\$140.00	\$1,400.00 \$1,700.00
250,000 - 499,999	\$110.00	\$90.00 \$165.00	\$1510.00 \$1735.00	\$140.00	\$1,850.00 \$2,150.00
500,000+	\$110.00	\$90.00 \$165.00	\$1860.00 \$2235.00	\$140.00	\$2,200.00 \$2,650.00

There will be no effect on revenue budget as it is already allowed for with the increase to BC income; and these increases are to cover outgoing costs for the online consents.

6. Various grammatical and typing errors

Staff request that a number of minor typo errors, not affecting the meaning of content, be corrected, and note an error in the consultation document regarding the Victoria Park playground project date.

Recommendation

That minor grammatical errors be corrected by staff, and

That it be noted that the Victoria Park playground development will be completed in 2018/19 rather than 2019/20 as incorrectly stated in the consultation document.