

### WORKSHOP MATERIAL

Workshop: Long Term Plan 2024-2034 – Financials and LTP Programme

Date: Wednesday, 1 November 2023

ltem	Released Information
	LTP Workshop Presentation – 1-2 November 2023 – Overall Financials and
	LTP Programme



# LTP 2024-2034 1-2 November 2023





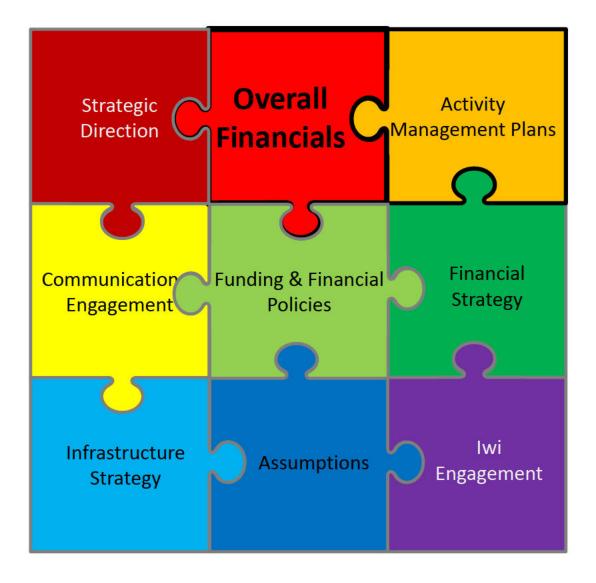
Thriving and resilient Tasman communities



## Purpose

Respond to requests for information at recent workshops

Further develop the overall programme and financials





# **Councillor Direction Required**

Provide direction about changes to the LTP working budget:

- Items to include in the working budget
- Items to substitute in the working budget
- Items to take out of the working budget

# Workshop content

Introduction and recap

**Updated Financials** 

Support Services

17 October workshop follow up

- Emergency funds
- Depreciation funding
- Capex programme further analysis and timing
- ETS sales and selling some IHL shares options 24-25 October workshop follow up
- Transport
- Rivers
- Coastal

### 24-25 October workshop follow up (cont)

- Water Supply
- Reserves and Facilities
- Waste Management and Minimisation
- Council Enterprises
- Libraries
- Environmental Management
- Public Health & Safety
- Governance

Direction on budget changes Next steps



## **Updated Financials**







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## Outstanding

The following are still to be confirmed but estimates have been included:

- New NRSBU figure
- PWC advice re Interest Rates
- Saxton Field expenditure
- Port Tarakohe use of general rates
- Industrial/NCC Water Loop
- Review of Capital projects for growth %
- Development Contributions annual charge

Further Info Requests:

- RFC updated (9 Nov)
- Community Facilities (9 Nov)
- 5 years actual for Activities (16 Nov)
- 10 years forward by expense type (16 Nov)



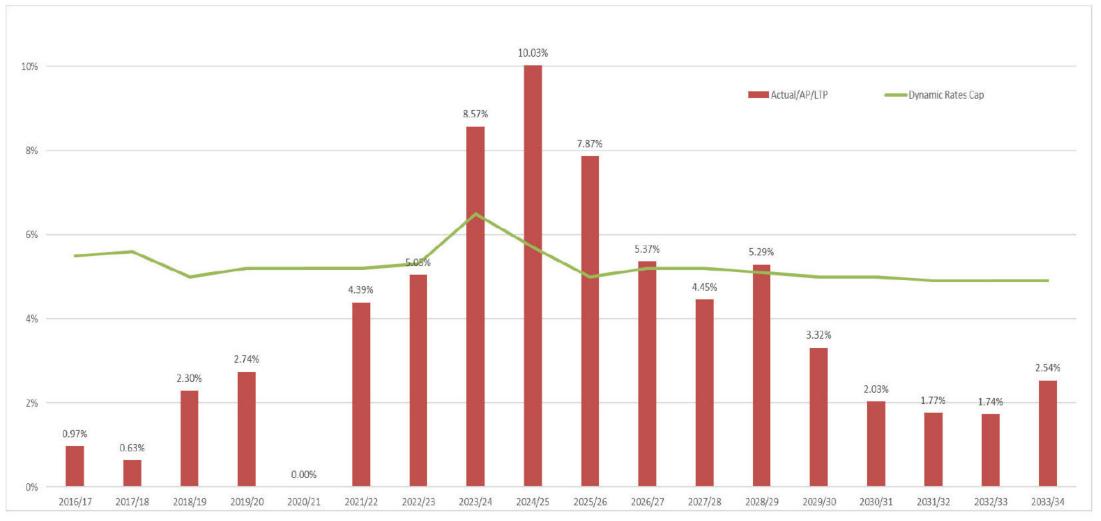
## Financial Model – re-run

The financial model has been re-run following 24-25 October 2023 workshops to reflect the following changes:

- \$630k pa Reserves and Facilities maintenance added back
- Food scraps kerbside collection removed
- \$550k opex committed for the Mapua Boat Ramp (this was always there and funded from RFC's)
- General rates contribution to waste management removed mostly funded by fees and charges.
- BERL Inflation adjustors updated
- Updated Capital to reflect changed programme indicatively \$70m plus inflation

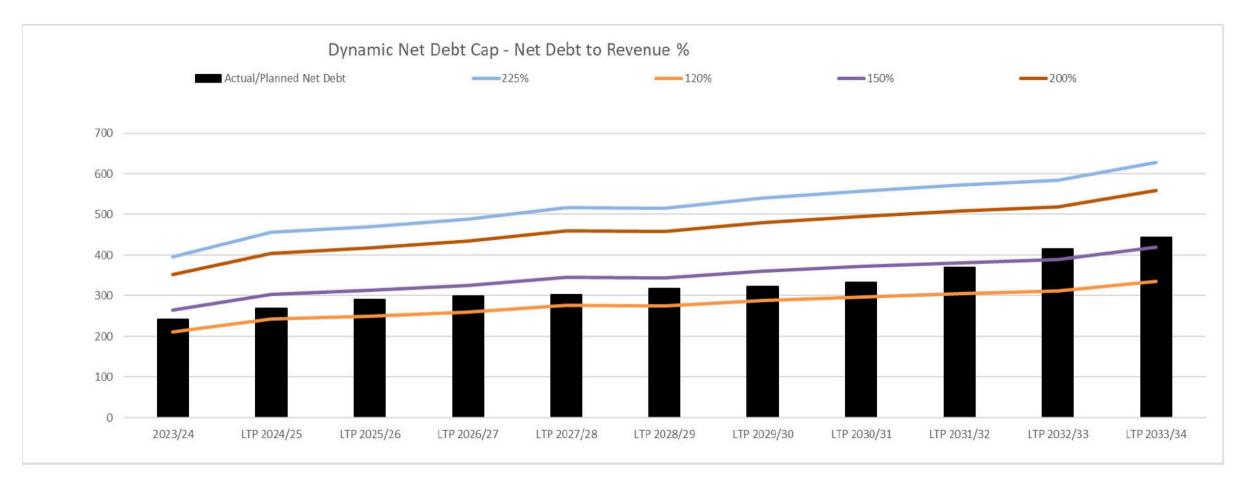


## Rates









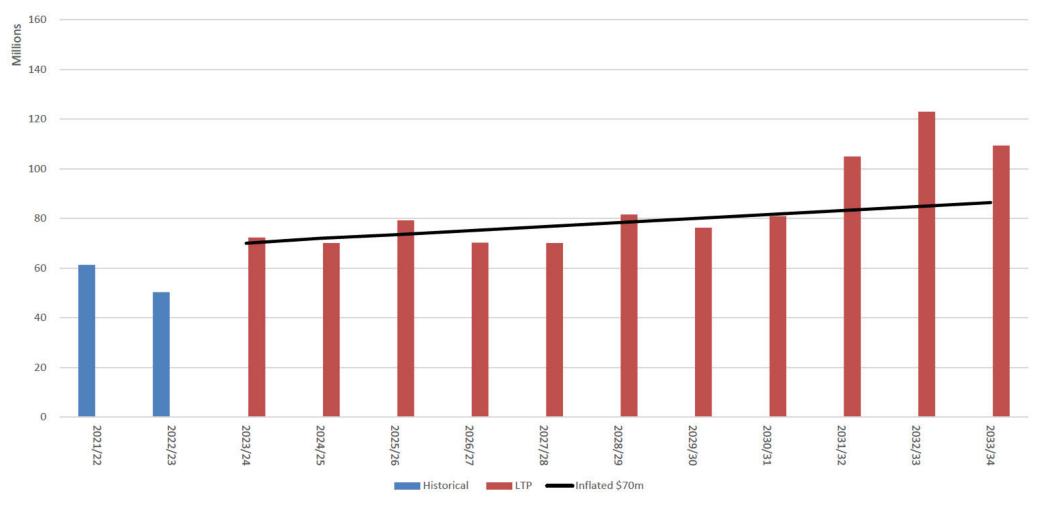


## **Support Services**

- Increase in LTP audit budget from current \$150k to \$300k Audit
- Increased budgets for the resident survey to accommodate increasing cost
- Increase in budget from \$30k now to \$60k











## 17 October workshop follow up







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## **Emergency Funds**

No funding has been assigned to emergency funds over the 10 years of the Long Term Plan.

Our current Debt profile does provide headroom to cover costs associated with an emergency event.

Revenue	175,965	202,476	208,435	216,911	230,056	229,059	239,908	247,799	254,223	259,471	279,128
Not Dobt to Dovonuo	2022/24	170 2024/25	LTD 2025 /26	LTP 2026/27	170 2027/20	170 2029/20	LTP 2029/30	LTD 2020/21	LTD 2021/22	LTP 2032/33	ITD 2022/24
Net Debt to Revenue	2023/24	LTP 2024/25	LTP 2025/26	LIP 2020/2/	LTP 2027/28	LTP 2028/29	LTP 2029/30	LTP 2030/31	LTP 2031/32	LIP 2032/33	LTP 2033/34
225%	395,922	455,572	468,978	488,050	517,625	515,382	539,793	557,549	572,002	583,809	628,037
120%	211,158	242,972	250,122	260,294	276,067	274,870	287,890	297,359	305,068	311,365	334,953
150%	263,948	303,715	312,652	325,367	345,084	343,588	359,862	371,699	381,335	389,206	418,691
200%	351,931	404,953	416,869	433,823	460,111	458,117	479,816	495,599	508,446	518,942	558,255
Actual/Planned Net Debt	242,024	268,210	290,692	299,172	303,167	318,463	322,026	333,502	369,650	415,436	443,226
Head Room v LGFA Limit	153,898	187,362	178,286	188,878	214,458	196,919	217,767	224,046	202,352	168,373	184,811



## **Funded Depreciation**

	2024/25	2025/26	2026/27	2027/28	2028/29
Water	55%	70%	85%	95%	100%
Wastewater	55%	70%	85%	95%	100%
Stormwater	55%	70%	85%	95%	100%
Roading	13%	18%	24%	31%	49%
Community Facilities	90%	100%	100%	100%	100%
Solid Waste	55%	70%	85%	95%	100%

All other areas are fully Funded

The table reflects how the funded depreciation has been extended to phase in the impact of additional depreciation.

These may be further changed as other areas of the plan settle.



### **Direction Required from Councillors**

Are you comfortable for there to be no funds set aside for Emergencies?

To note depreciation phasing.

Both will be listed in the forecasting assumptions contained with the LTP supporting documentation.



### **ETS Credit and IHL Shares Sale - Options**

- Under current agreements NCC has the first option to buy any shares in IHL sold by TDC. NCC has only to buy one share to gain a controlling interest in IHL (and port and airport)
- Council would become a minority shareholder with limited influence
- There would be sale costs including the costs of valuing councils' shares and legal costs
- IHL provides a good regular income stream to offset rates. That would be lost on sale replaced with a one-off cash injection.
- The market for ETS is volatile. The scheme will likely change with the change in government.
- If sold ETS credits should be realised in tranches over time to reduce market pricing risks.
- ETS credit could be sold internally to the Regional Land fill activity (who buy credits on the open market).
- Sale of credits will provide a one-off cash injection and if used to offset rates will create a funding hole in future years.
- The sale of any credits may be requested to pay off unsupportable legacy debt at Port Tarakohe.





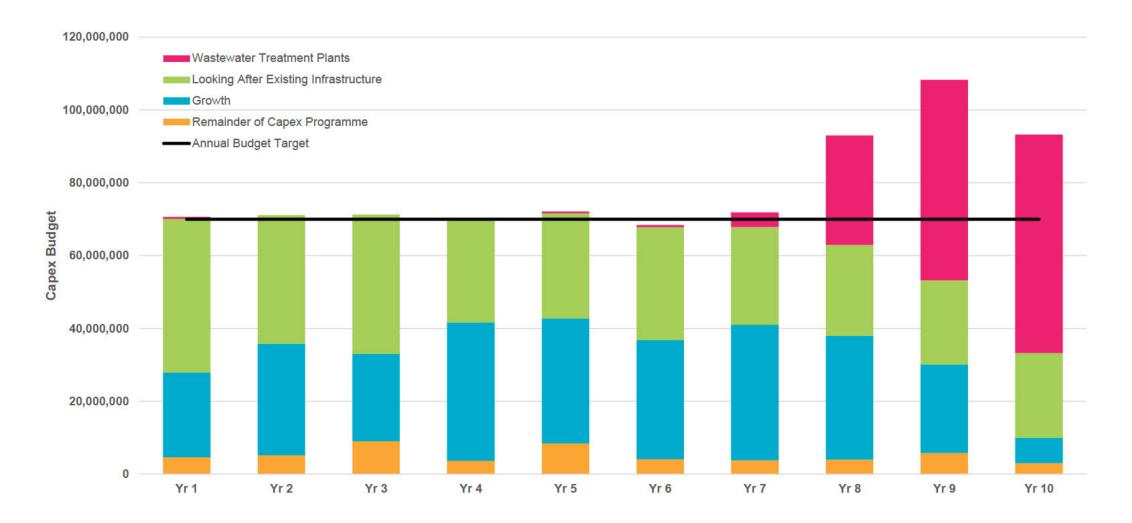
# **Capex Programme** Further Analysis and Timing



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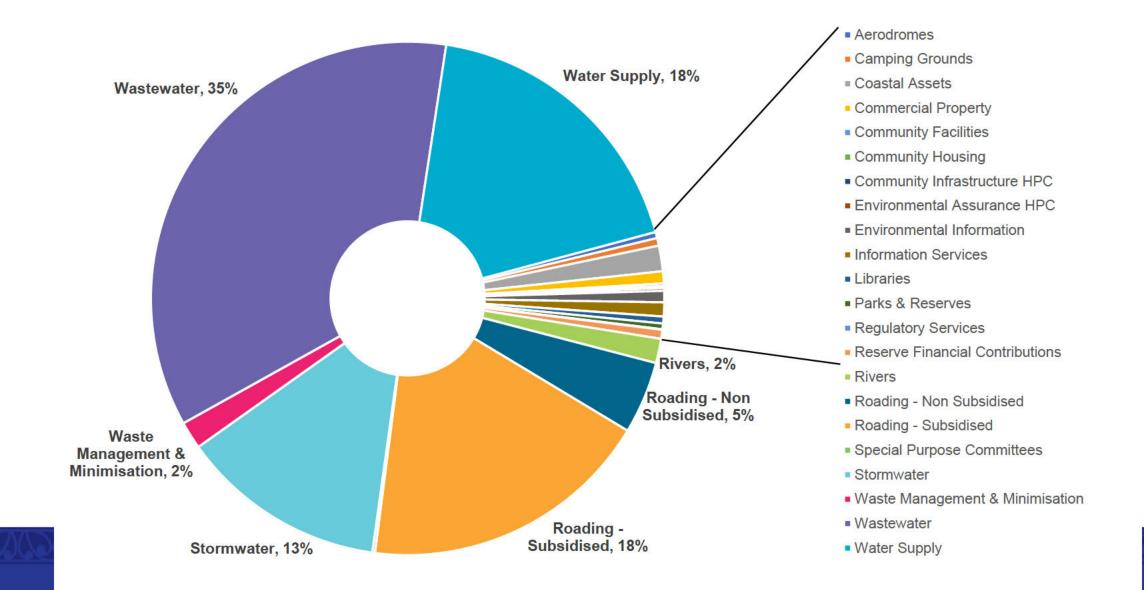


### **Capex Programme Overview (Uninflated)**

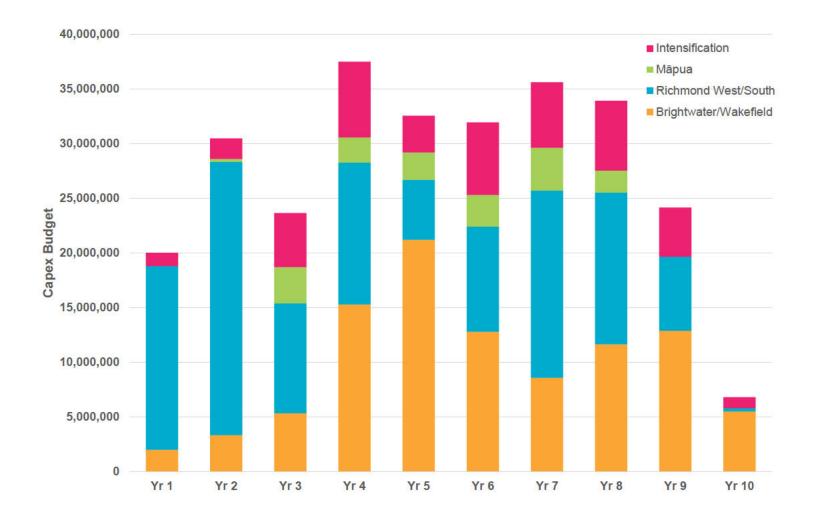




### Capex Programme Overview – by Activity, 10 Year Total



## **Growth Programmes**



- Significant capital investment is required to enable/open up further growth areas.
- Work has been programmed to align with the Future Development Strategy to achieve key 10-year servicing timelines.
- Key programmes:
  - Waimea Water/Wastewater Strategy
  - Richmond West/South
  - Urban area intensification
  - Māpua Seaton Valley





## 24-25 October workshop follow up







Thriving and resilient Tasman communities



### **Reserves and Facilities**

- 40 hectares of new reserves acquired over the past 5 years
- Total Reserve Area approximately 963ha approximately 133ha (16%) of reserve acquired in the past 5yrs
- Approximately 28% of the Reserve areas are under maintenance (mowing or garden maintenance)
- Mowing undertaken in 249ha (26%) of the total Reserve areas
- Shrub Gardens maintained in 19ha (2%) of the total Reserve areas

#### Washbourn Gardens:

Difference in annual maintenance cost approx \$35,000 between annual bedding & conversion to shrub gardens (NB. One-off cost is approximately \$7,500 to purchase shrubs for replacement)

District-wide Annual Bedding cost is approximately \$140,000 per annum

Use of RFCs for Opex to be considered at workshop on 9 November together with RFC funding



## **Reserves and Facilities**

### Community partnership budgets:

- Direct cost of running the activity ie: People and Overheads \$225k
- Rates funded grants distribute: Circa \$282k
- Grants distributed on behalf of others [eg: creative NZ]: \$73k
- Nelson Provincial Museum grant [circa \$1m + inflation] and storage [circa \$68k] per annum + Suter \$88k + local museums \$227k



## **Rivers**

**Response to inquiry:** Affected parties to river rating methodology change from land value to capital value. Table below summarises properties where rate increase would be \$500 or more per year at Annual Plan 23/24 budgets.

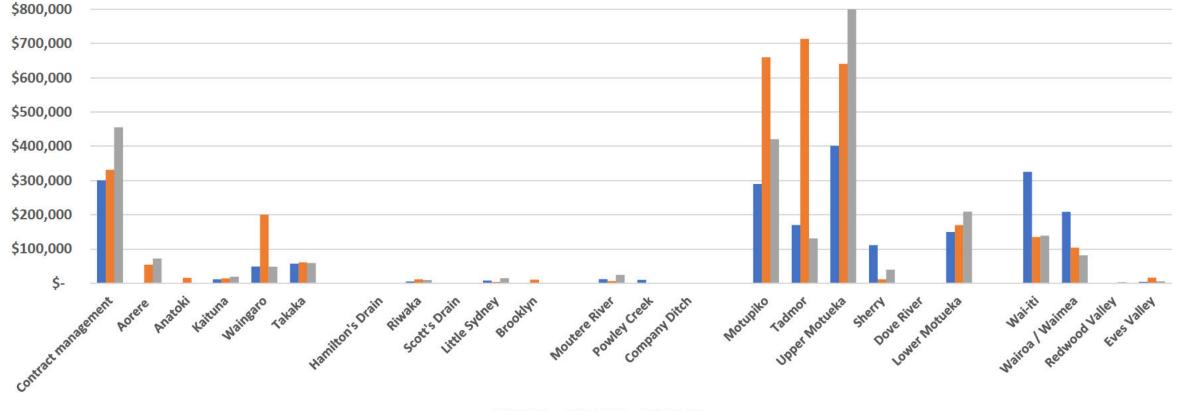
Location	Land Value	Capital Value	Total Rates for This River R Year	Rates - Land Value	River Rates - Capital Value	<b>River Rates Change</b>	% change as portion of rates
Section 7(2)(a) - Protect the priv	acy of natu	iral person	s and inclu	ding tha	at of decea	sed natur	al persons





**Response to inquiry:** Further detail on river activity spend by major catchment.

Annual spend by River



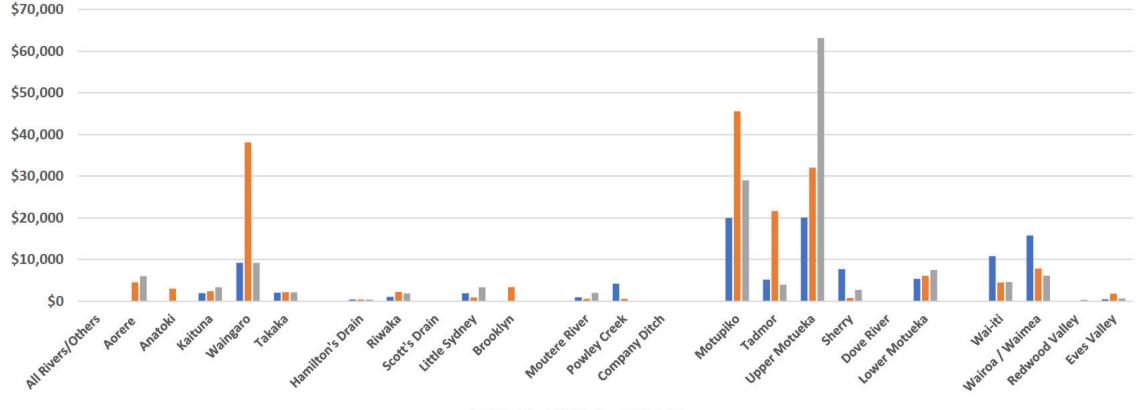
**2020-21 2021-22 2022-23** 





Response to inquiry: Further detail on river activity spend by major catchment.

Annual spend per river (per km)



**2020-21 2021-22 2022-23** 



## Coastal

**Response to inquiry:** What approach is being taken to the proposed coastal protection works in Marahau, and why are we doing this work?



- Concerns were previously raised about end effects of our rock wall
- We obtained consent to relocate sand
- \$15-20k each event
- Normally every 12-18 months



#### **Response to inquiry:** Public transport –costs to extend to weekends and Kaiteriteri in season

- Approximately \$460,000pa to extend Motueka and Wakefield to weekends
- Approximately \$400 per return trip Motueka to Kaiteriteri (\$25/km)

#### **Response to inquiry:** *Outline proposed on-board service*

- On board tracking system to provide information to real time information (Opex)
- Maintenance and operation costs of Bee Card ticketing (Opex)
- Audio and visual information systems ("Next stop is...")

#### **Response to inquiry:** Has deterioration of bus routes been included in costings?

• Yes, is part of overall maintenance programme.

#### **Response to inquiry:** Can we do more to obtain funding from MOE for routes servicing schools?

• National problem. Will be discussed at the South Island Regional Transport Committee Chairs meeting end of November.



#### **Response to inquiry:** Can the Community Trust provide weekend services?

 Yes - Motueka to Richmond service running once on Saturday, but not on Sunday, staff in communication with Wakefield about their plans

#### **Response to inquiry:** What is the total bus subsidy, and how is it made up?

- Overall subsidy of 51%, plus:
  - Child (5-12) 67%
  - Youth (13-18) 34%
  - Under 25 (19-24) 50%
  - Community Services Card 50%

#### **Response to inquiry:** What route gaps remain in the cycleways?

 Assuming Streets For People proceeds as planned, Richmond will be well connected. Motueka will have gaps compared to Walking & Cycling strategy. Other towns unlikely to have projects advance without central govt funding.





**Response to inquiry:** What additional funding is required for maintenance of new cycleways?

- Renewals of Streets For People semi-permanent installations not included as stand-alone activity
- Initial draft LTP assumes that permanent improvement projects may be included
- Need to add renewal of SFP if the permanent improvements are not included in final LTP

**Response to inquiry:** Do we anticipate further central govt funding for walking and cycling?

Not at this stage. Waiting for next GPS

**Response to inquiry:** Is the GTT funding from MBIE dependent on a continuous cycle route (i.e some sort of connection (ferry, bridge) across the Mapua inlet)

• Advice from MBIE to date is YES

**Response to inquiry:** Get Rough Order of Cost comparisons for bridge vs ferry

• Staff will obtain cost comparisons for bridge and pipeline options



**Response to inquiry:** How does mode shift per investment compare for buses vs active travel?

- Not comparing apples with apples
- Buses starting from a very low base
- Walking and cycling comparatively higher
- Bus upgrade largely complete
- Active travel still being worked on
- Quite variable results nationally:
  - Auckland speed changes:
    - Walking 32% increase
    - Cycling 9% increase
  - Christchurch cycle ways
    - Cycling 90% increase
  - Wellington cycle way
    - Cycling 10% increase

Trip to:	Tasman	NZ		
Work by bus	0.3%	4.2%		
Work walk/cycle	8.1%	6.2%		
Education public bus	1%	7.1%		
Education school bus	20.7%	9.9%		
Education walk/cycle	25%	24%		



**Response to inquiry:** What are trends of crash numbers per population and VKT?

- A large spike in 2017 No apparent reason
- Sitting stubbornly at around 6 Fatal & serious crashes/ 100M Vehicle Kilometres Travelled (VKT)
- Drop in 2019/20 included Covid lockdown

### **Response to inquiry:** How many crashes are result of poor driving

vs maintenance vs infrastructure?

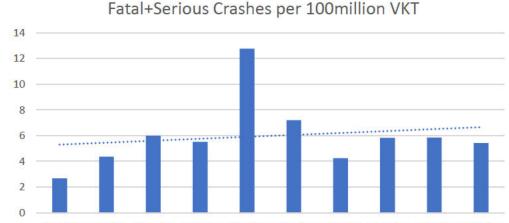
- No specific Tasman data
- National research by AA showed system failure as major causal factor in fatal & serious crashes
- Examples:

#### **Reckless behaviour**

Blood alcohol above limit Unlicensed 20km/h above speed limit

#### System Failure

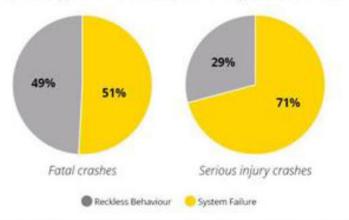
Vehicle with no airbags Hitting roadside pillar Crossing centreline



2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 2022/23

### **RECKLESS BEHAVIOUR VS SYSTEM FAILURE**

Proportion of fatal and serious crashes involving reckless behaviour





#### **Response to inquiry:** What is total safety improvements budget?

- Specific Safety budget:
  - Roadside Hazard
    \$45k pa
  - Reactive Safety \$198k pa
  - Speed Management Implementation \$715k pa
- Other projects include safety component

#### **Response to inquiry:** Road Deterioration – what amount is required to stem it?

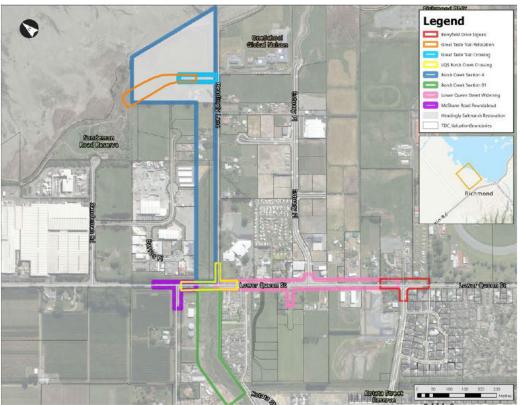
- Budgeting \$10M pa
  - Slight improvement in condition
  - Modelling suggests more required earlier (average \$22Mpa 2024-27)
  - A level of risk remains



#### **Response to inquiry:** Lower Queen Street roading programme outline

A suite of projects including Borck Creek Bridge renewal, McShane Road, and Berryfield Drive intersection, widening Lower Queen Street and construction of cycle facilities on both.

- Co-construction of McShane Intersection and bridge may reduce bridge width by 2-4m,
- Possible cost saving in the range of \$500k to \$1.3M.
- Minimise disruption from a 7 year programme of work to 2-3 years of work
- Give the community certainty
- Maximise project management cost efficiencies
- Integrated design and functionality
- Deliver early programme benefits





## Water Supply – Single Water Club

**Purpose:** To provide information to this LTP workshop and enable Councillors to reach agreement in principle for staff to undertake a more detailed analysis and present options and recommendations to Council at the workshop on 9 December.

### Why Now?

- Taumata Arowai has issued a Protozoa Barrier Compliance Notice to Tasman District Council with regard to the lack of protozoa barriers in place on several schemes.
- Taumata Arowai expect and require a costed financial plan by **30 June 2024** and capital upgrades completed by **31 December 2024** for Dovedale and Eighty Eight Valley.

**Goal:** The intended goal of this exercise is to bring all water customers across Tasman District into one 'Water Club' and have the same line charge, unit rate, firefighting charge, and restricted connections charge.



# Water Supply – Single Water Club

### Issues

- Existing fees/charges for the three Rural Water Supply Schemes (Dovedale, Eighty-Eight Valley and Redwoods) are unaffordable and unsustainable into the future.
- Existing fee structures and charging mechanisms are misaligned with the way other Council services are charged and harmonised, for e.g. wastewater, stormwater and solid waste.
- Dovedale, Eighty-Eight Valley and Redwoods schemes require significant infrastructure upgrades to comply with Taumata Arowai rules and regulations.
- Motueka requires a significant quantum of new watermains to improve water distribution and serve areas of the town that are not currently serviced.
- A decision was made in 2019 to subsidise Dovedale rather than reconcile water club issues.
- The significant increase in costs is causing people to leave the rural water schemes or giving up spare units, leaving the remaining users with even higher costs of servicing.



# Water Supply – Single Water Club

### Proposal

 To model the financial implications of creating one District-wide Water Club so that fees and charges will be able to be harmonised to create a more equitable charging regime across Council's water supply networks and reduce the overhead of running multiple models each year.



# Water Supply – Single Water Club

### **Modelling Scenarios**

- All upgrades (Year 6 of proposed LTP) are undertaken with status quo arrangements.
- All upgrades are undertaken with all schemes in a single water club.

### The draft LTP 2024-54 budgets, includes a series of upgrades to meet compliance:

- Redwood single source and combined new WTP;
- Dovedale new source and pipeline to existing WTP;
- Waimea Water Strategy Brightwater to Wakefield trunk water mains, Clover Road new source and WTP, and extension of Wakefield supply to incorporate the majority of existing customers on the 88 Valley Scheme;
- Motueka interconnecting and distribution pipelines to serve areas that are not currently serviced.

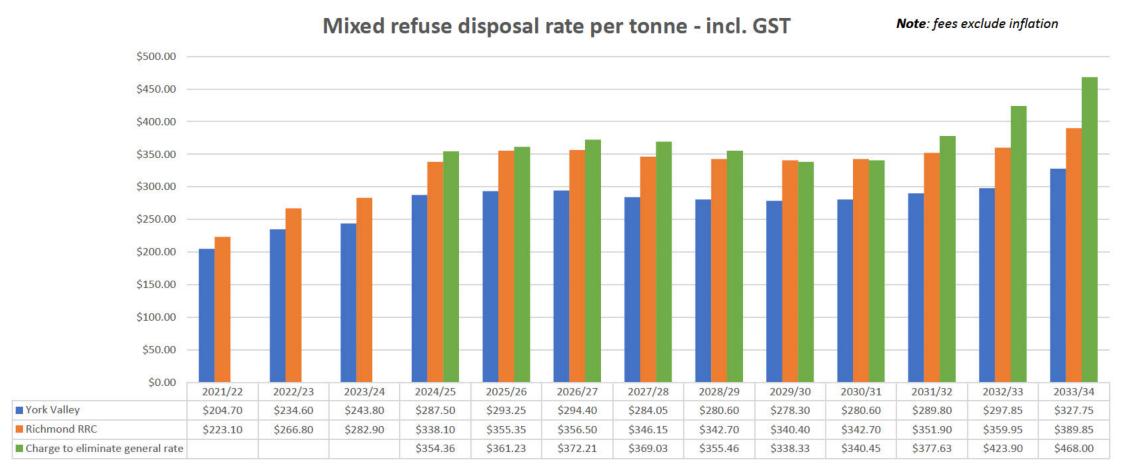


## **Waste Management and Minimisation**

- Collingwood Resource Recovery Centre
  - annual operating cost is \$32k p.a. (excluding fixed interest and maintenance costs)
- General rate support for Resource Recovery Centre operations
- At present we charge an additional \$39 per tonne (incl. GST) above landfill rates
- We would need to lift the margin to \$67 in Year 1, \$68 in Year 2 and \$78 in Year 3 to eliminate general rate for Resource Recovery Centre operations
- Recycling bin replacements
- We have budgeted \$80 per bin in Year 6 for replacement recycling bins (~22,000 bins, \$1.73m)
- Food waste collections
- We are progressing with a detailed business case with funding from MfE and NCC
- Funding could be added in a later LTP

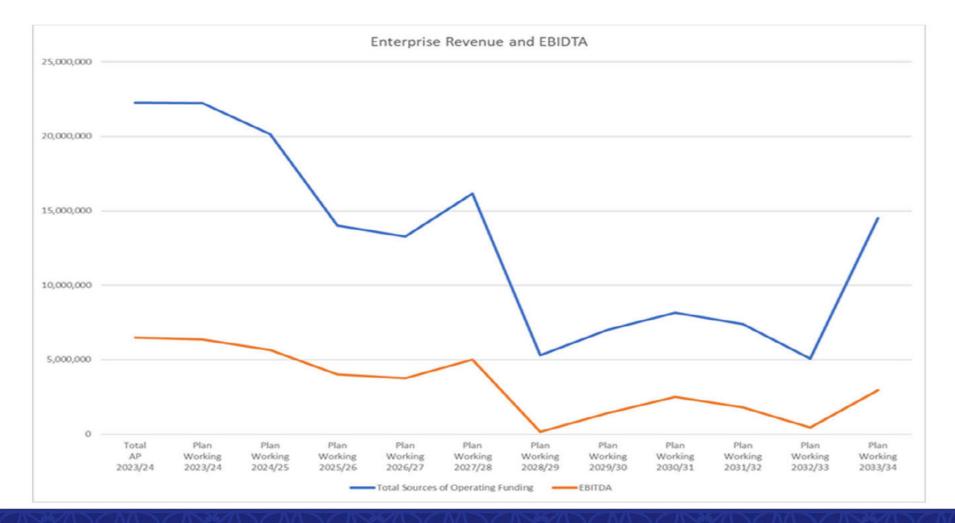


# **Waste Management and Minimisation**





# **Council Enterprises**





### Libraries

### **Response to inquiry:** Level of use of the Tapawera Community Library ?

- 100-120 regular community users, 2-3 community borrowers each day
- Use of the community library is increasing as new people move into Tapawera
- Library is open on demand during school holidays

### Response to inquiry: Which communities are served by community libraries?

Community libraries in Collingwood, Māpua and Wakefield

- Housed in Council-owned buildings with building maintenance and electricity costs paid by Council
- Staffed by volunteers
- Do their own fundraising for book purchases, District Library provides book loans

### School/Community Library in Tapawera

- Housed in School Library, all costs met by the school, Council currently contributes \$8,000 per year to help with costs
- Staffed by school library staff
- District Library provides book loans



## **Environmental Management**

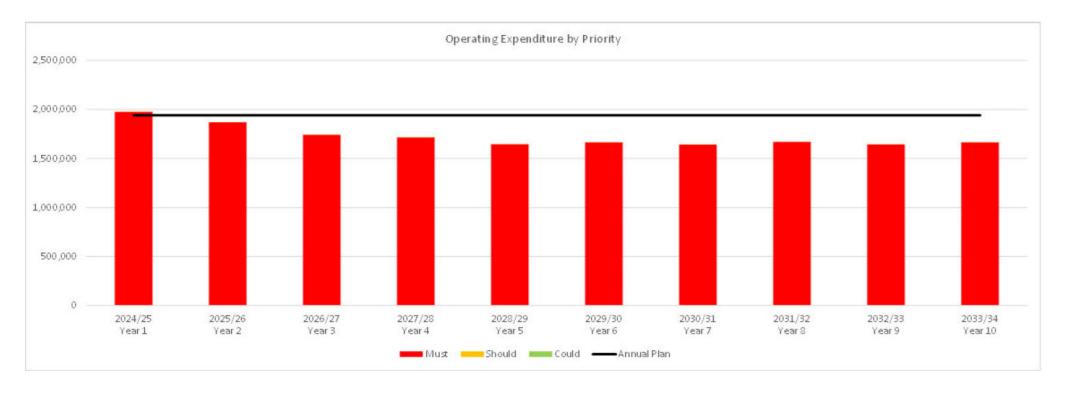
**EI – this FY budget for works in the community space** (excluding Jobs for Nature / MPI / MfE funded grants ) El uses the ability to use funds to leverage information out of the community or to initiate in-kind contributions e.g. the Catchment fund generally leverages 50% from the recipient. A catchment management strategy is being developed at present to ensure consistency and transparency.

Freshwater/land space:	
Catchment fund	\$200k (LTP \$250k of which we are saying \$150k is Must)
Residual fence fund	\$69k (LTP \$0k, we have combined the fence subsidy with the catchment fund for the LTP)
Biodiversity/Biosecurity space:	
Volunteer grant	\$20k (LTP \$15k trap assistance of which \$0 is Must. A further \$25k biodiversity enhancement request dropped out)
Monitoring and reporting	\$10k (LTP \$10k of which \$0 is Must)
Regional pest management initiatives	\$15k (LTP \$30 of which \$0 is Must)



# **Public Health and Safety**

Opex programme provided at the 25 Oct workshop has been updated and is shown below. The earlier version of this activity graph included a version control error. No other graphs were affected.





# Other information yet to be supplied

- Funding the Motueka Pool and Wakefield/Brightwater Facility strawman
- Creative use of RFCs to help fund community facilities
- Last five years actual expenditure for each activity
- More detailed budgets for each AMP
- Proposed FTE number increases
- Rivers free board under bridges
- Reserves and Facilities possible savings from low maintenance plantings
- Governance number of appointees



# **Councillors Direction on Budget Changes**

Are there any other changes to the LTP working budget that councillors want to contemplate?

- Items to include in the working budget
- Items to substitute in the working budget
- Items to take out of the working budget



# What next?

Date	Торіс
9 November	Further refinement of programme and financials
16 November	Further refinement of programme and financials, Māori Participation Statement
30 November	Final direction on programme and financials, Development contributions, Financial Strategy, Assumptions, Te Ture Whenua
13 December	Wash up – various topics
14 December	Agree programme and financials for consultation via Council report

