

STAFF REPORT

TO: The Chairperson and Members of the Community Services Committee

FROM: Manager Community Services

DATE: 9 March 2005

SUBJECT: Annual Plan 2005/06 – Community Services Draft Budgets

PURPOSE

This report provides the Community Services proposed budgets for 2005/06 for the Committee's consideration and approval.

BACKGROUND

The budgets are split into various outputs as has been the case in past years. However, the format has been changed to tie in with the format of the LTCCP. Each output shows the 2004/05 budget, the 2005/06 LTCCP figures and the draft 2005/06 Annual Plan figures.

DISCUSSION ON EACH OUTPUT

Output 13 – Library Services

The increase requested is largely to accommodate expected increases in staff costs associated with annual increments and negotiated wage adjustments. The 2004/05 salaries budget was also below the required level which necessitates an extra increase in 2005/06. Total increases in wages and overheads is \$114,000.00 of the net increase of \$99,665.00 in General Rate requirement. Some of the increased costs have been absorbed by an increase in Fees and Recoveries.

Output 14 – Recreation Advisory Service

The following charges have been made to this activity:

- (a) A new item "Community Activities" has been added for events such as Last of the Summer Fare. However, this is for accounting purposes only as the income meets the expenditure.

- (b) Recreation Youth Initiatives has been increased to allow for the Late Late Bus which has previously been funded from another account.
- (c) Youth Link in Motueka has been added (\$6,000.00 expenditure) with an estimated grant income of \$2,000.00.

The General Rate increase proposed is \$40,269.00 which in the main is made up of Recreation Youth Strategies and the Late Late Bus of \$14,000.00.

Output 15 – Community Housing

Total expenditure proposed for 2005/06 is \$407,682.00 and the total income is \$457,652.00.

The estimated opening balance as at 1 July 2005 is \$230,000.00CR.

Last year the Committee increased the rents by \$2.00 per week and this increase took effect from 1 November 2004 and provided an increased rental income of \$5,885.00 for the balance of the year. This equates to \$10,088.00 over a full year.

The budget allows for the 5% dividend as per Council policy.

Output 16 – Camping Grounds

This account opened the 2004/05 financial year with a \$194,000.00 credit balance and based on the budget this would have decreased to a \$106,000.00 credit by 30 June 2005.

However, income for 2004/05 is up on budget which will increase the balance at 30 June 2005 by approximately \$20,000.00. On top of this, the sale of the Pohara lease netted a further \$375,000.00 of which \$120,000.00 has been allocated for the under-grounding of the electrical services and other related costs.

It was also agreed that the Pohara Camp loans be repaid from these funds. Staff would suggest that consideration be given to paying off all Camping Ground loans which would save over \$50,000.00 annually.

The outstanding balances of the loans are \$323,000.00 of which Poharas are \$164,000.00.

The estimated credit balance as at 30 June 2005 with all the loans repaid would be \$40,000.00. With the increased income (up over \$60,000.00) and reduced expenditure (down over \$50,000.00) the balance as at 30 June 2006 is estimated to be \$160,000.00.

This is based on the current dividend payment of \$80,000.00. Staff would recommend increasing the dividend to \$150,000.00 which would leave a credit balance of approximately \$90,000.00 as at 30 June 2006.

Recommendation

- 1 That all outstanding Camping Ground loans be repaid.
- 2 That the dividend be increased from \$80,000.00 to \$150,000.00.

Note: The attached budgets show the increased dividend but does not make allowance for the loan repayments.

Output 17 – Parks and Reserves

The Parks and Reserves budget has increased this year by \$134,424.00. This is due to provision for:

- Contract cost fluctuation payments approximately - \$45,000.00.
- Increase in rubbish disposal costs - \$10,000.00.
- Pan charge increase approximately 7%, allowance for septic tank cleaning increases and water charge increases \$8,000.00.
- Allowance for new toilets in Murchison and proposed new toilets in Thorp Bush, Decks Reserve, Motueka Skate Park, Waitapu Bridge and Collingwood approximately \$19,000.00.
- Increased Principle and interest charges for Public Conveniences loans \$17,000.00.
- General increase for new reserves and walkway areas - \$67,000.00.
- Increased fees and recoveries.

Output 18 – Grants

The main changes from the 2004/05 budget is an increase in expenditure from \$157,000.00 to \$162,000.00 in Council Grants. The other change is an expenditure of \$45,000.00 under the heading Physical Activity Initiatives with an income from SPARC of \$40,000.00. This is a new activity which will be governed by any grants from SPARC. An application has already been submitted for a figure well in excess of the \$40,000.00 shown and hopefully the result of this will be known before the draft Annual Plan is finalised.

As a result of some reductions in expenditure the overall impact of these changes is an increase in General Rate of \$6,208.00 over the proposed 2005/06 LTCCP.

Output 19 – Reserve and Hall Management Committees

This actively mainly relates to the dollar for dollar subsidy Council pays to Management Committees to assist with the maintenance costs of the many Council assets managed by these Committees.

Other costs included in this budget are staff costs associated with support of these Committees, subsidies to the Motueka Recreation Centre, rates and charges and loan repayments on the Halls upgrade loans.

An allowance has been made to meet the loan repayments on a \$150,000.00 loan to cover the costs of major roof and condensation repairs to the Motueka Recreation Centre.

Output 24 – Emergency Management

The emergency management budget is essentially the same as for the 2004/2005 financial year although there is a variance between the budget that signalled in the LTCCP. This relates to the Joint Nelson Tasman Emergency Management costs which were not set until after the LTCCP had been released and due to an oversight the 10 year projections not adjusted. The joint costs are not predicted to increase this financial year.

Output 25 – Property

The property budget has again this year shown a reduction of income through rents as a result of the termination of the Wrightson lease at the Richmond Library and the expected termination of the Sicon leases at Takaka and Richmond toward the end of the 2005/06 financial year. On the positive side the expected Tourism Services Development on the current Sicon site should return higher rentals than are presently being paid although this may not be realised until the following financial year.

To comply with the requirements of the Local Government Act we are required to prepare Asset Management Plans for our operational property and provision for this has being included.

A gain on sale of the Pakawau properties following subdivision (if it is approved) has been made of \$400,000.00.

Operational Property

Allowance of \$250,000.00 has been provided for partitions and furnishings following completion of the main office building project. This could be funded by loan if the Council so desired.

An allowance has been made to complete air-conditioning requirements for the Golden Bay Service Centre and to reseal the car park.

It is intended to re-roof the Murchison Service Centre this year.

A \$500,000.00 loan is suggested for funding a new Takaka Library and it is anticipated that this will partially be met by the commercial letting of the existing library space.

A provision of \$500,000.00 has been made to extend the District Library premises and provide for some Queen Street frontage which may be commercially let in conjunction with the first floor premises when the Environment and Planning Department vacate in June 2006.

Output 30 – Reserve DILs Accounts

The following are the estimated account balances as at 1 July 2005 along with projected incomes for 2005/06:

	District wide	Golden Bay	Motueka	Richmond	Waimea Lakes/ Murchison
Est balance 1 July 2005	60,000	280,000	160,000	Nil	650,000
Est income 2005/06	200,000	250,000	200,000	400,000	400,000
Total available funds	260,000	530,000	360,000	400,000	1,050,000

The following are comments about the proposed expenditure within each of these accounts for 2005/06. It should also be noted that the various accounts have been considered by the Community Boards and Ward Councillors and they have recommended the work programmes for inclusion in the draft Annual Plan.

1 District Wide DIL's

These are funded from the Rate Appropriation and the main expenditure items are:

- Staff costs associated with capital works \$34,443.00
- Management plans – consultants costs \$5,000.00
- Library books \$35,000.00
- FSCC overheads for all DIL's accounts \$52,880.00
- Loan repayments – Hall and McKee Reserve loans \$26,980.00
- Consultancy fees \$15,000.00
- Awaroa toilets \$10,000.00
- Future development planning \$20,000.00

2 Golden Bay Reserve DIL's

The attached list of projects have been approved by the Golden Bay Community Board and these total \$347,800.00. Some of the main items included in this list are:

- Walkways (total cost) \$68,000.00
- Pohara Tennis Courts \$60,000.00
- Collingwood Hall/Public Toilets \$50,000.00

3 **Motueka Reserve DIL's**

The attached list of projects have been approved by the Motueka Community Board and these total \$358,280.00. Some of the main items included in this list are:

4 **Richmond Reserve DIL's**

The attached list of projects have been approved by the Richmond Ward Councillors and these total \$309,500.00. Some of the main items included in this list are:

5 **Waimea Lakes/Murchison Reserve DIL's**

The attached list of projects have been approved by the Waimea Ward Councillors and these total \$753,100.00. Some of the main items included in this list are:

Output 32 – Rural Fire

The increase in General Rate appropriate this year is \$24,170.00 which is mainly made up of:

L L Kennedy
Community Services Manager