

Long-Term Plan 2024-34 Council Briefing

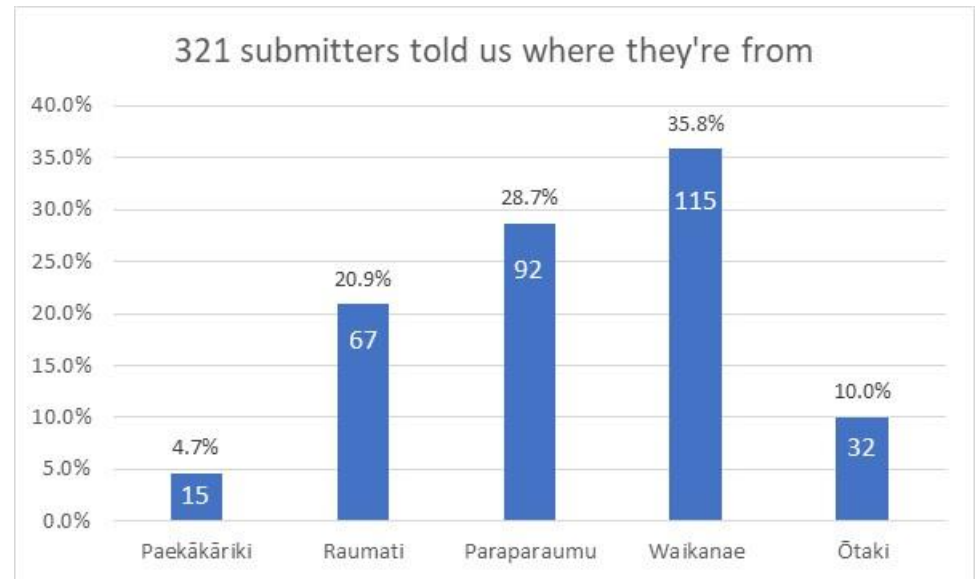
16 May 2024

Discussion Outline

- What we consulted on - analysis of submissions
- Additional requests received
- Summary of officer recommended changes
- Officer Recommendations
- Next Steps

Consultation overview

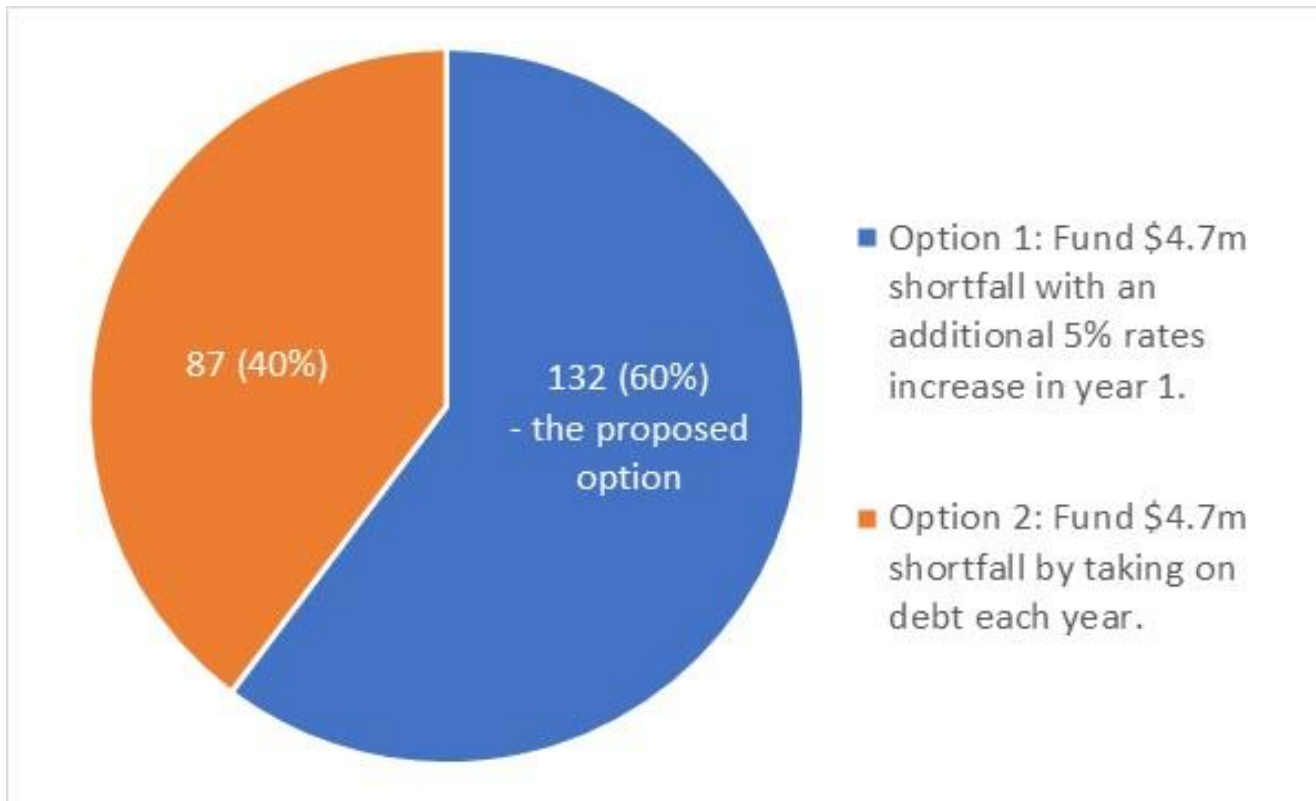
- 28 March – 28 April 2024
- 371 submissions
- 51 submissions spoken to at hearings on 2 and 7 May



What we consulted on - analysis of submissions

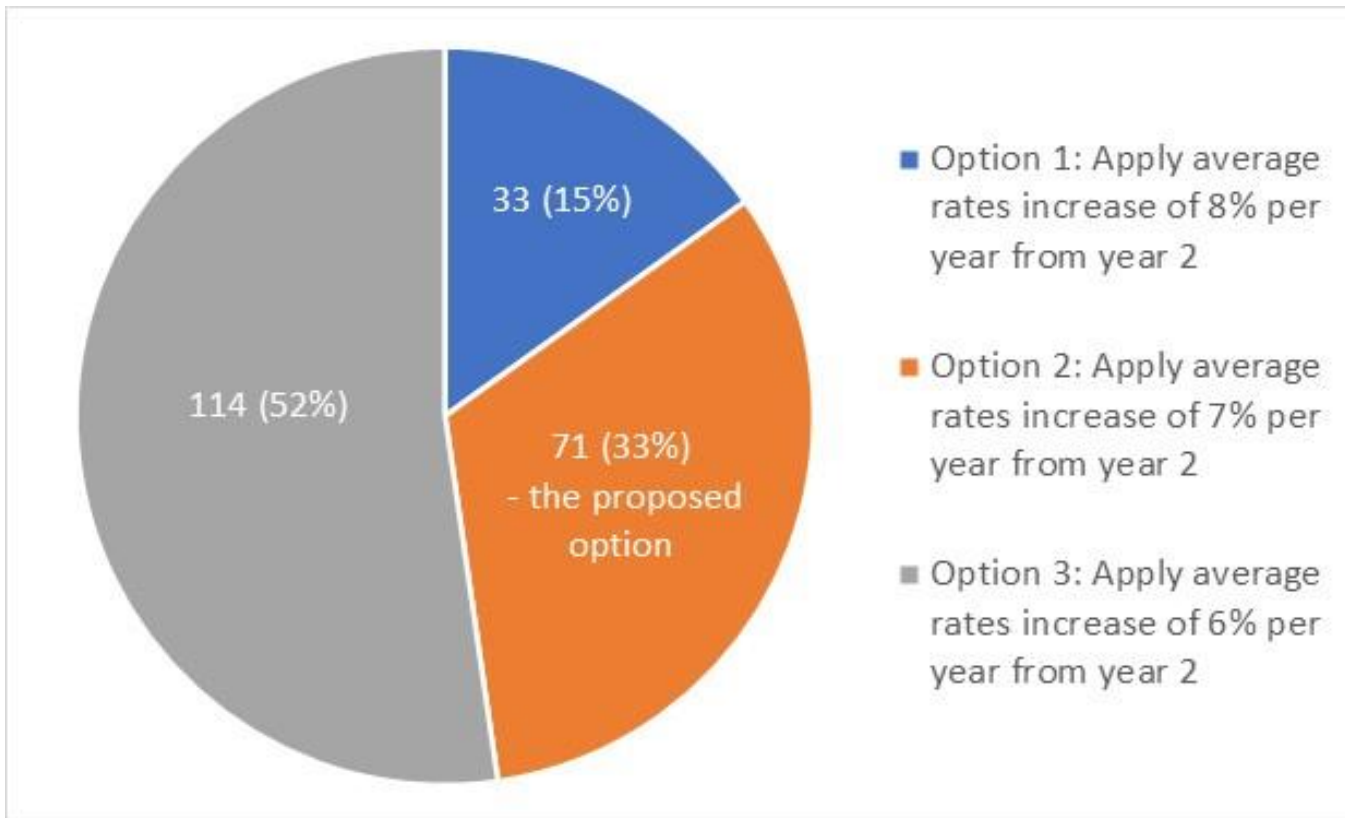
Proposal 1

How should Council fund the increased cost to deliver three waters services?



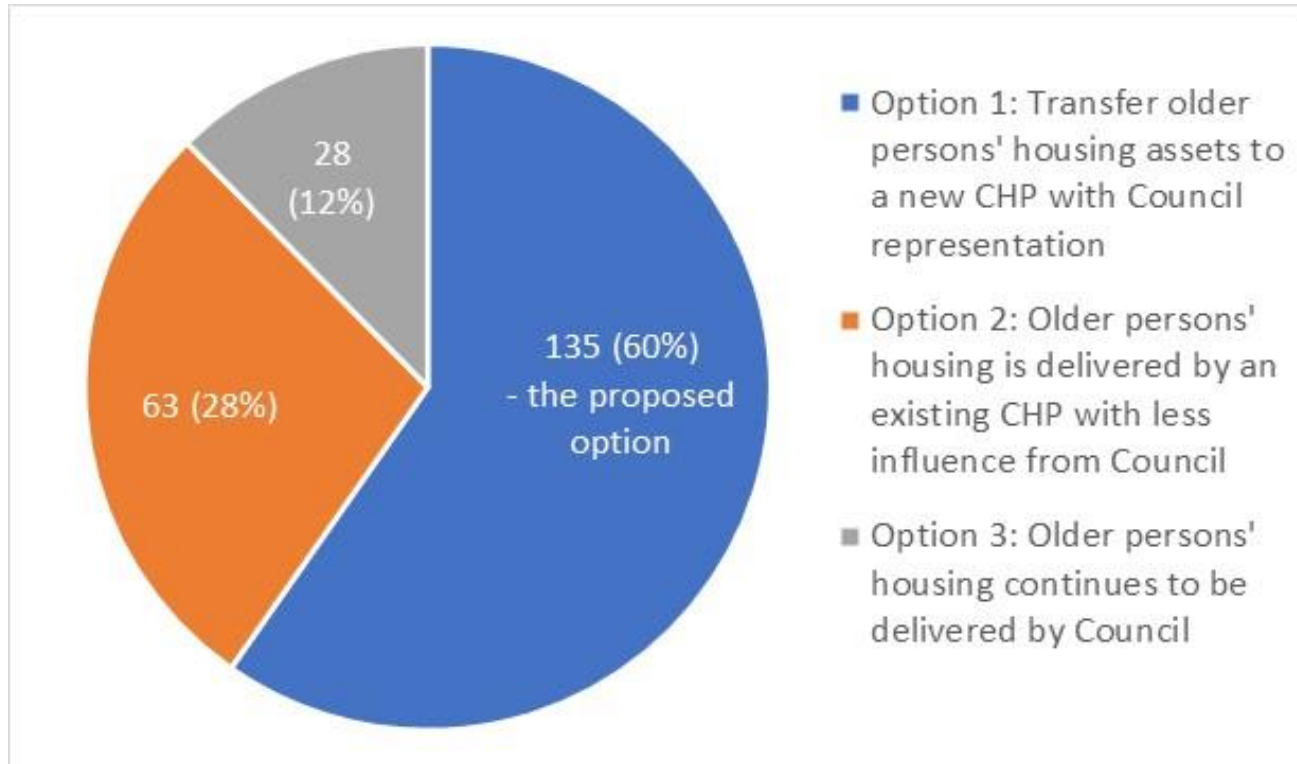
Proposal 2

Pro-actively reduce Council debt



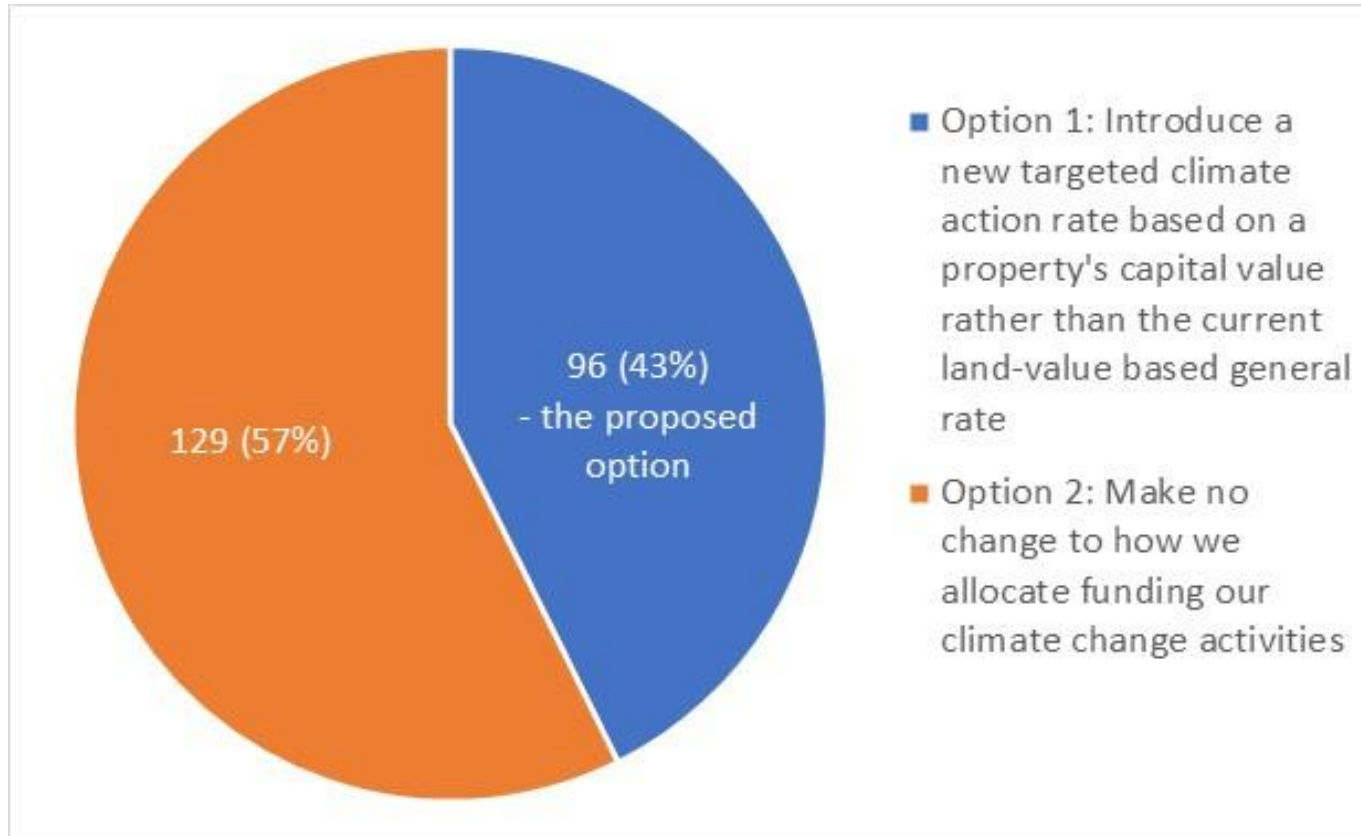
Proposal 3

Providing more sustainable Council housing for our older people



Other things we sought feedback on

Climate Action Rate



Other things we sought feedback on

Rates Remission Policy

Submitter Comments:	Comment
<ul style="list-style-type: none">• Consider further concessions for older residents.• Consider rates postponement (lien, encumbrance or similar instrument)	<ul style="list-style-type: none">• Government rates rebate scheme and financial assistance remission available• We already have a postponement policy• Our remissions are already more than legislative requirements• No further changes to the existing policy recommended.

Other things we sought feedback on

Revenue & Financing Policy

Submitter Comments:	Comment
<ul style="list-style-type: none">• General concern over the affordability of rates / rates going up all the time• Dissolve the two Waikanae funds• Regulatory services should be 100% user funded.• Reduce DC charges and instead consider targeted rate for first 5 years after development to partially offset opex	<ul style="list-style-type: none">• The policy sets ranges for public/private funding, considering who benefits (the wider public or private users) for each service.• The proposed policy reflects Infrastructure Funding & Financing Act that enables growth-related infrastructure to be recovered from these developments by way of targeted rates. This is subject to strict criteria and scale beyond most developments in Kapiti.• No further changes to the policy recommended.

Other things we sought feedback on

DC Policies

Submitter Comments:	Conclusions
DCs are supported. Developers should be held accountable and pay their fair share, contributions should cover all costs (Capital and ongoing)	Capital works costs are split between LOS, maintenance & renewal, and costs attributable to growth. DCs can only cover the growth portion of the capital expense. All developers pay 100% of the assessed contribution on their development. Only reduction is under Limited Remissions Policy or where the development meets one of the considerations set out in section 199 of the LGA. No change recommended
Submitters request a reduction in DCs for retirement units and aged care rooms	Retirement units DC charges are already discounted (0.6 RUE), recognising they generate a lower demand for some types of infrastructure . No change recommended
Inclusion of open space and reserves contributions in DC policy (currently charges for financial contributions are made under the District Plan)	Recommend that the potential for taking open space and reserves contributions as part of the DC Policy is considered in the next policy review ahead of the 2027-2037 Long term Plan.
Submitters requested alterations to the timing of capital work expenditure.	No changes to the current timing of capital works is proposed but timing and priority of works will be reviewed and reconsidered as part of future LTP/AP Annual Plan processes.
Submitters sought confirmation/ extension of Waikanae water & wastewater Funding Service Area boundaries to include their land	Recommend that the maps for Water and Wastewater Funding Services Areas are extended to include the additional identified properties in the vicinity as requested by submitters.

Other things we sought feedback on

DC Remission Policy

Submitter Comments:	Conclusions
<p>Remove limited remission of development contributions other than capping community housing development contributions at the actual costs incurred by council.</p>	<p>The approach suggested would not provide any remission and be contrary to Council’s policy intent.</p> <p>No change recommended</p>
<p>A query was raised at the Council meeting on 28th March 2024 for including the ability for Council to recover any remissions where there may be change of use with any community housing or papakāinga use.</p>	<p>As an interim step we believe there are sufficient short-term mechanisms in place to manage risk around Papakāinga and Community Housing(CH) and potential misuse of the remission benefits of this policy. Papakāinga must meet the requirements set by the District Plan; and CH related to Community Housing Trusts must meet charitable purposes approved by the Charities Commission. It is unlikely that housing would be on-sold for profitable purposes given these requirements. We will in the short-term monitor and report back to Council on the use of the policy and report-back over this LTP. We will also bring back technical advice to set out the feasibility and implications for introducing firmer requirements on land titles as part of the Policy in the next 12 months.</p>

Other things we sought feedback on

Significance & Engagement Policy

Submitter Comments:	Conclusion
<ul style="list-style-type: none">• Significant decisions should be voted on by affected ratepayers at annual meetings• “Consulting with communities” should be changed to “listening to communities voices and acting on those views”.• Notify people directly on issues that affect them, e.g. LIM report alterations.	<ul style="list-style-type: none">• The policy includes a framework for identifying whether a matter should be consulted on and/or engaged directly with the community.• No further changes to the policy are recommended.



Other things we sought feedback on

Fees & Charges

Building files:

- Two submitters concerned at the \$100 increase in the cost of obtaining building files. Cost has gone up from \$19 to \$119. **Recommend no change.**

Hall hire charges:

- Concern at the increase of halls cost from various clubs and community activity providers that they are considered commercial and therefore subject to higher costs that may make it harder to deliver the service.

These groups are higher users of halls than others, hence the proposed increase in hall hire fees to enable us to meet the revenue and financing policy criteria.

Recommended change:

Revert to 2023-24 charges plus inflation.

Other things we sought feedback on

Fees & Charges

Swimming pools

- A small number of submitters request free access to pools for over 65's. Over 65's are a considerable part of our market and account for approximately 35% of our revenue. Over 65's already enjoy significantly discounted admission fees.

Recommend no change.

- Officer initiated recommendation to remove the following Learn to Swim fees due to lack of uptake for this recently reviewed service:
 - Learn to Swim: private lessons \$18 (special needs)
 - Learn to Swim: private lessons (special needs) – 5 concession \$80 (20-minute lesson)

A review of the Learn to Swim programme found this service had become a 'catch all' for a variety of customer needs with no qualifying criteria. A defining criteria of 'requiring 1-1 physical assistance' was applied. The aquatics team is piloting another more targeted product for students with higher needs, it's a slightly different solution and if this works will be proposed for the 25/26 fees and charges.



Other things we sought feedback on

Fees & Charges

Housing for Older Persons – Officer recommended change

- Currently LTP has proposed rent increases of 30%. This is based on a combination of increased maintenance costs and an attempt to move closer to 80% private funding and 20% public split (current policy range is 55% to 80%).
- In attempt to manage the impact of this change it is suggested that we reduce the proposed increase to 15% (see table below).
- This would result in an annualised decrease from LTP rent revenue of \$100k in year 1 because the impact was intended to take effect halfway through the year. In subsequent years the decrease will be \$158k.
- For couples rent reduces from a proposed \$347 to \$305 and for a single occupier from \$234 to \$208, still an increase of 16% and 15% respectively from their previous rates.
- It is proposed that the reduction in revenue would be reflected in a very small increase in rates (just over 0.1%).

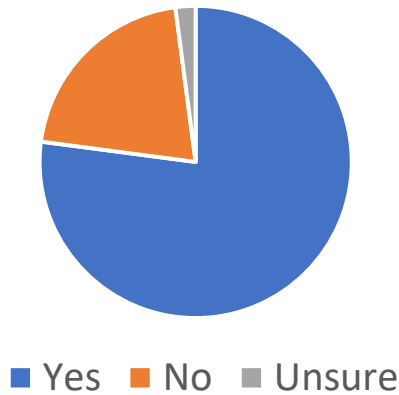
Scenario	Charge		Increase		Affordability (% of income target max 30%) (Average)	Total rental income (@ 97% occupancy)	Cost base	Privately funded (previous LTP target 55%- 80%)	Impact on LTP rental income	Comment
	Couples	Single	Couples	Single						
1 No increase	263	181	0%	0%	27.2%	\$ 1,096,616	\$ 1,776,452	62%	\$ (319,134)	Alternative option
2 10% Gross increase	289	199	10%	10%	28.2%	\$ 1,206,409	\$ 1,776,452	68%	\$ (209,341)	Alternative option
3 15% Gross increase	305	208	16%	15%	28.7%	\$ 1,257,343	\$ 1,776,452	71%	\$ (158,407)	New proposal
4 30% Gross increase	347	234	32%	29%	30.2%	\$ 1,415,750	\$ 1,776,452	80%	\$ -	Current proposal

Units	118
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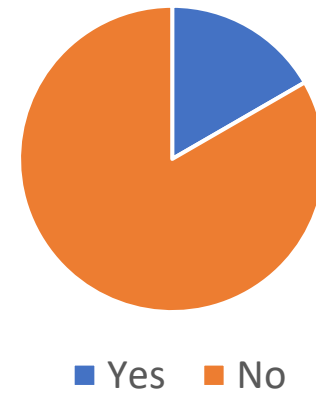
Other things we sought feedback on Alcohol Licensing Fees Bylaw



Do you support the proposed Fees Bylaw?



Do you or your business supply or sell alcohol?



I'm providing a submission...



Other things we sought feedback on

Alcohol Licensing Fees Bylaw

- In support: 36 submissions, points raised:
 - User pays for those who profit from the sale and supply of alcohol, license fees are a cost of doing business, community should not subsidise alcohol which is a harmful product, already subsidise societal costs
- Further supporting comments:
 - could give Council greater control over licensing, make licences harder to get, the industry should contribute more fairly to the true cost of alcohol
- Against: 9 submissions, points raised:
 - Timing is wrong given current economic climate and recent difficulties of hospitality industry, amounts to a 100% increase over 5 years, the impact on small businesses
- Further comments against:
 - 60% increase in first year too steep, what is the justification for a 100% increase, Council need to be more efficient and not just pass on costs, what has changed in the service to warrant the increase in costs.



Other things we sought feedback on

Alcohol Licensing Fees Bylaw

Option	Reason	Impact
<p>Option one: adopt the bylaw as presented in Attachment 1, which includes weighted increases by risk category, introduced in a staged manner at years, 1, 3 and 5.</p> <p>(Recommended)</p>	<p>This approach balances recovery of costs earlier in the process while not impacting business with the full increase immediately.</p> <p>It responds to the very clear message in the majority of submissions that rates funding should reduce, and licensing fees are a legitimate cost of business for alcohol outlets.</p>	<p>Provides an early boost to cost recovery.</p> <p>May be more onerous on small low risk businesses.</p> <p>Reaching cost recovery goals across the five years more quickly</p>
<p>Option two: adopt the bylaw, maintaining the risk weightings, but amending it so that the increases are evenly spread across the five years, with an increase each year.</p>	<p>This approach will lessen the impact of the increases in the first year especially on smaller business and responds to concerns around additional costs in difficult trading times.</p>	<p>Cost recovery delayed, although eventually reaching 90% wanted.</p> <p>Easier on business cashflow, particularly for smaller businesses.</p>
<p>Option 3: adopt the bylaw, without the risk weightings, and amending it so that the increases are evenly spread across the five years, with an increase each year.</p>	<p>This approach more evenly spreads the impact of the increases, between business categories and across years, particularly for the first year, and responds to concerns around additional costs in difficult trading times.</p>	<p>Treats all application as equal in complexity.</p> <p>Significantly higher impact on small business that pose less risk.</p> <p>Cost recovery delayed, although eventually reaching 90% wanted.</p>
<p>Option 4: Do not implement the bylaw</p>	<p>Maintains status quo during an uncertain economic environment.</p>	<p>Cost recovery delayed indefinitely.</p> <p>Easier on business cashflow, particularly for smaller businesses.</p>

Additional requests received



Additional requests received

Request	\$	Impact on rates	Recommendation
<p>Te Ara Korowai (#5626053) Te Ara Korowai is the only mental health community centre in the wider Kapiti area. They have been primarily funded over the last three years by the CARE fund provided by Manatu Taonga and administered by Arts Access Aotearoa. The Manatu Taonga contract ends in June. 24 submissions received in support of the request from people who have accessed the centre.</p>	<p><u>Opex:</u> \$86k p.a.</p>	0.09%	<p>Do not fund Officers to connect with Te Ara Korowai about alternative funding opportunities which may be appropriate (Council and / or other funding organisations).</p>
<p>Kapiti Citizens Advice Bureau (#5633564) CAB Kapiti receives limited funding through grants they must apply for annually, so the funding stream is not guaranteed. They expect to have a deficit of \$35k in 24/25 and request an annual operating grant from Council.</p>	<p><u>Opex:</u> \$35k p.a.</p>	0.04%	<p>Do not fund. Officers to connect with CAB to provide support for investigating other solutions that may be available, such as an alternative space. The potential for any future financial support from Council would need to be part of a wider consideration around shifts in the funding landscape for social and community organisations, and how Council may choose to respond to this.</p>



Additional requests received

Request	\$	Impact on rates	Recommendation
<p>NZ Symphony Orchestra (#5651681)</p> <p>Victoria University & the NZ Symphony Orchestra are asking all councils in the Wellington region to contribute to the fitout of the centre. \$23m has been raised, with another \$10m in the pipeline.</p>	<p><u>Opex:</u></p> <p>\$53k</p>	0.06%	Defer to Y2/Y3 Annual Plan
<p>Wellington Free Ambulance (#5675954)</p> <p>\$26.5k funding from Council currently. Request is for a continuation of funding increased to reflect estimated population increases.</p>	<p><u>Opex:</u></p> <p>\$22.5k 24/25</p> <p>\$23.2 25/26</p> <p>\$24k 26/27</p>	<p>Y1-3</p> <p>0.03% p.a.</p>	<p>Defer to Y2/Y3 Annual Plan</p> <p>Any increase in funding to WFA should be considered through the Y2/Y3 Annual Plan process for discussion with our community, as WFA only services part of Kāpiti (up to Peka Peka).</p>
<p>Kapiti Coast Trails Trust (#5677979)</p> <p>The Trust it requires seed funding for operational costs to build business cases.</p>	<p><u>Opex:</u></p> <p>130k (24/25)</p> <p>100k (25/26)</p> <p>100k (26/27)</p> <p><u>Capex</u></p> <p>\$70k (24/25)</p> <p>\$50k (25/26)</p> <p>\$30k (26/27)</p>	<p>Y1 0.14%</p> <p>Y2 0.11%</p> <p>Y3 0.11%</p>	<p>Do not fund</p> <p>Operational support for the Trails Trust establishment is currently within Parks BAU. Officers recommend we continue to progress through this avenue. Additional funding as requested would not be available at this time.</p>

Additional requests received

Request	\$	Impact on rates	Recommendation
<p>Council request - Waikanae Pool</p> <p>Waikanae CB has requested the Waikanae Pool opening season be extended to end with Daylight Savings for future years (or season shifted to open pool later to align season closure to end with Daylight Savings)</p>	<p>\$230-260k (24/25)</p> <p>\$130-\$160k (ongoing).</p>	<p>Y1 0.3%</p> <p>Y2+ 0.2%</p>	<p>Do not progress</p> <p>Aquatics staffing model is structured to ensure Waikanae Pool can be opened and efficiently resourced through employment opportunities for local students (career pathway from Y12/Y13 and through university) over summer break, this is the typical structure across seasonal pools nationwide. A shift of this model, which utilises students' summer availability, would require a restructure of the Lifeguard team, an increase in FTE as well as some additional one-off expenses</p>

Officer recommendations

Officer recommendations

Item	Officer Recommendation	Y1 Rates impact \$	Y1 Rates Impact %
What we consulted on			17.10%
Three waters funding	Fund the Three Waters shortfall through a 5% rates increase in year 1 (the proposed option)	-	-
Reduction of debt	Rates increases of 6% per annum from year 2	-	-
Housing for older people	Transfer older persons housing assets to a new CHP with Council representation (proposed option)	-	-
Climate Action targeted rate	Do not introduce new rate	-	-
Rates Remission Policy	No change recommended	-	-
Revenue & Financing Policy	No change recommended	-	-
Significance & Engagement Policy	No change recommended	-	-
DC Policies	Water and wastewater funding service areas are extended as identified	-	-
Additional requests			
Te Ara Korowai	Do not fund	-	-
Citizens Advice Bureau	Do not fund	-	-
NZ Symphony Orchestra	Defer to Y2/Y3 Annual Plan	Defer Y2-3	-
Wellington Free Ambulance	Defer to Y2/Y3 Annual Plan	Defer Y2-3	-
Kapiti Coast Trails Trust	Do not fund	-	-
Waikanae Pool	Do not progress	-	-
Fees and Charges			
Building files	No change recommended	-	-
Hall hire charges	Revert to 2023-24 fees + inflation	63,000	0.07%
Pool charges over 65's	No change recommended	-	-
Learn to Swim fees	Remove special needs fees as noted	Negligible	-
Housing for Older Persons	Reduce rents from 30% to 15%	100,000	0.11%
Uplift in assumed growth of rating base (1.09% year to date vs 0.8% budgeted)			-0.29%
Final year 1 rates increase			16.99%

Next steps

Deliberations meeting	23 May
Final LTP to audit team	27 May
Audit opinion due	18 June
Adoption of the LTP	27 June