

Mayor and Councillors
COUNCIL

7 JUNE 2012

Meeting Status: **Public**

Purpose of Report: For Decision

YOUTH CENTRE - CONSIDERATION OF SUBMISSIONS TO THE DRAFT LONG TERM PLAN AND DECISION ON FUNDING

PURPOSE OF REPORT

- 1 This report presents options relating to funding of a Youth Centre through the Long Term Plan.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger the Council's Significance Policy.

BACKGROUND

- 3 The Draft LTP provides funding of \$1.777 million to build a youth centre over Years 11 and 12 – 2022/23 and 2023/24. Cost of capital (interest and loan repayments) has been included from 2023/24 onwards but operating costs post construction have not been included.
- 4 The 2010 Youth Survey identified that young people feel connected with community but are frustrated by a lack of activities and spaces for youth in the district. Goal three of the subsequent Youth2U Action Plan is “a District which has youth friendly spaces and places”. A Council action for 2011/12 was to support an initial study on the feasibility of youth centres in the District.
- 5 The Youth Council has investigated the establishment of a youth centre by visiting other centres in the lower North Island; investigating possible sites in the District; working out what resources are required to establish a youth centre and how it could operate; garnering community support for a youth centre; and presenting a number of ideas to the Council.
- 6 The Council, through draft LTP deliberations, agreed to consult on a proposal in the LTP to bring forward the establishment of a youth centre to 2013/14. The project was costed at a maximum of \$258,000 per annum (based on a loan or lease payment of \$58,000 and operating costs of \$200,000). This equates to a 0.6% rates increase in 2013/14. The current provision for a youth centre was left in the draft LTP in Years 11 and 12.
- 7 Through the LTP consultation, submitters were asked to indicate the following:
 - Should Council fund a youth centre?
 - If yes should Council:

- establish the youth centre in 2020/22¹ as currently planned; or
- bring forward the establishment of the youth centre to 2013/14 by increasing rates by 0.6%; or
- bring forward the establishment of the youth centre to 2013/14 by reducing services (tell us what services you want to reduce).

¹ This is the wording used on the submission form

- 8 The Youth Council has undertaken a number of activities to encourage feedback on the proposal including circulating a petition; seeking letters of support; and providing information to the community about the youth centre.

CONSIDERATIONS

Draft LTP submissions

- 9 Around 400 submissions were received in relation to the youth centre. The following table is an indicative summary of responses. A finalised summary will be provided at the meeting.

	Yes	No
Should Council fund a youth centre?	348 1 x neutral	53
If yes should Council ¹		
• Establish the youth centre in 2020/22 as currently planned; or	13	
• Bring forward the establishment of the youth centre to 2013/14 by increasing rates by 0.6%; or	163	
• Bring forward the establishment of the youth centre to 2013/14 by reducing services (tell us what services you want to reduce ²).	84	
• Bring forward the establishment of the youth centre to 2013/14 by increasing rates and/or reducing services	25	
• Bring forward the establishment of the youth centre to 2013/14 – neither chosen	14	

¹ Note some submitters only answered the first question

² Sixty four submitters did not indicate what services to reduce

Twenty submitters nominated a range of services including:

Libraries Arts and Museums – some specifically Mahara Gallery (4)

Parks/open space (4)

Roading, transport, drains (3)

Organisational spending – eg new building, salaries (9)

Aquatic Centre (1)

¹ This is the wording used on the submission form – it should have read 2022-2024 as per the 20 year budget.

- 10 In addition a number of organisations and individuals provided letters of support (some as submissions). These included:
- Kapiti Coast Older Persons Council
 - Tony Kane, Principal Kapiti College
 - Richard Campbell, Principal Paraparaumu College
 - Radio Network
 - Coastlands
 - Alasdair Macmillan, Kapiti Police
 - The Hon Nathan Guy
 - Betty van Gaalen
 - Tanemahuta Gray
 - Justine Duckworth
 - OK Principals Association
 - Kris Faafoi MP
 - Sir Noel Robinson
 - Regional Police Inspector John Price
 - Chair of Regional Wellington Youth Worker Trust
 - Chief Executive, Ara Taiohi (National Youth Organisations Peak Body)
 - Safer Community Trust
- 11 Key points raised by submitters who support a youth centre include:
- provides opportunities for young people to connect to wider community
 - provides a safe, youth focused space for activities, socialising and support
 - will contribute to reducing youth related vandalism and crime
 - meets the needs of growing population of young people.
- 12 Key points raised by submitters who oppose a youth centre include:
- other organisations can provide service
 - there is already a range of activities for young people in the District
 - not affordable and/or not essential service
 - investment should be made in building capability of existing groups to engage with and involve young people.
- 13 At the draft LTP hearings, some submitters raised concerns about the lack of consultation about the proposal with Kapiti Youth Support and other agencies

involved with young people. The Youth Council acknowledge that, given the submission timeframe, they may not have discussed the proposal with all those who might be interested. They have discussed the concept with Kapiti Youth Support and many other agencies. The Youth Council has indicated that they need to continue to engage with community groups and other stakeholders to talk about youth centre proposal. This will form part of the further feasibility work that needs to be undertaken.

Revised budget and funding sources

- 14 There is the potential to slightly reduce the estimated new operational budget spend for the youth centre. Twenty three thousand dollars (\$23,000) can be used from the Youth2U Action Plan budget in the Supporting Social Wellbeing activity. This would reduce the estimated operational budget for the youth centre to \$177,000 (excluding property costs).
- 15 There is the potential to gain funding from external agencies for a building purchase, for fitout of a purchased or leased building and for some operational costs. The Lotteries Community Facilities Fund provides grants for the development of community facilities, from feasibility studies to the purchase of buildings for conversion to a community facility. There is no limit to the amount that can be applied for. However applicants must hold at least 33.3% of the 'total remaining cost' of their intended project in reserve at the time the application is submitted. Local government and non government organisations are eligible to apply for funds from this scheme.
- 16 Sources for operational funding include Lotteries Community Fund, philanthropic and gaming trusts, sponsorship and 'in kind' support. Some of this funding is not accessible by local government. The Youth Council is also exploring the establishment of a trust that could initially focus on establishing youth development programmes and fundraising for the youth centre. However it is important to note that this funding is not guaranteed and if received may be time limited. The Council would need to provide for operational funding in the LTP to ensure the sustainability of the centre operation. Experience with other youth centres in the country suggests that the Council needs to be prepared to maintain a significant base level of funding because reliance on sustainable external funding brings risks.

LTP options

- 17 The LTP submissions indicate that there is support in the community for a youth centre. Three options for establishment are described below. The first two years of each option is provided as this has the most significant effect on rates. The full 20 year budgets for each option are at Attachment 1.

- 18 Option 1 Status quo plus operating funding – the youth centre remains in LTP in Years 11 and 12 and now includes operating funding:

Year	11	12	13 onwards
	2022/23	2023/24	2024/25 onwards
Capital expenditure ¹	\$286,000	\$1,479,000	Refer Attachment 1
Cost of capital ²		\$18,940	
Operating costs ³		\$261,816	
Total opex		\$280,756	
Estimated rates impact		0.33%	

¹ based on 2009 Community Plan provision of \$1million in Year 9 indexed

² includes loan interest and loan repayments

³ 2011/12 operating costs of \$177,000 indexed

- 19 Option 2 as per proposal in LTP slightly modified - bring forward the youth centre to year 2 (2013/14) with a revised operating budget of \$177,000 per annum. In 2012/13 the Council and the Youth Council would undertake further feasibility work, pursue external funding, and investigate the establishment of a trust. This would be within existing budgets.

Year	2	3	4 onwards
	13/14	14/15	15/16 onwards
Capital expenditure ¹	\$650,000		Refer Attachment 1
Cost of capital ²	\$19,500	\$60,667	
Operating costs ³	\$187,048	\$193,033	
Total opex	\$206,548	\$253,700	
Estimated rates impact	0.43%	0.09%	

¹ based on purchase of an existing building

² includes loan interest and loan repayments

³ 2011/12 operating costs of \$177,000 indexed

- 20 Option 3 – bring forward the youth centre to year 4 (2015/16). This will provide additional time than option 2 for the Council and the Youth Council to gain external funding and support. If sufficient funds were received the Council could consider bringing the project forward. This is similar to the proposal for Mahara Gallery.

Year	4	5	6 onwards
	15/16	16/17	17/16 onwards
Capital expenditure ¹	\$650,000		Refer Attachment 1
Cost of capital ²	\$22,750	\$67,167	
Operating costs ³	\$199,597	\$206,582	
Total opex	\$222,347	\$273,749	
Estimated rates impact	0.40%	0.09%	

¹ based on purchase of an existing building

² includes loan interest and loan repayments

³ 2011/12 operating costs of \$177,000 indexed

Financial Considerations

- 21 The report outlines options for the funding of the youth centre in the Long Term Plan.

Legal Considerations

- 22 There are no legal considerations.

Delegation

- 23 The Council has the delegation to make this decision.

Consultation

- 24 Consultation on options 1 and 2 has been undertaken as part of the draft LTP. The results of this consultation have been included in this report.

Policy Implications

- 25 There are no policy implications.

Tāngata Whenua Considerations

- 26 There are no tāngata whenua considerations at this stage.

RECOMMENDATIONS

27 That the Council:

- a) Confirms funding for a youth centre in the Long Term Plan from Year 11 onwards as per budget for option 1 in Appendix 1 to report SP-12-577.

or

- b) Approves funding for a youth centre in the Long Term Plan from Year 2 onwards as per budget for option 2 in Appendix 1 to report SP-12-577.

or

- c) Approves funding for a youth centre in the Long Term Plan from Year 4 onwards as per budget for option 2 in Appendix 1 to report SP-12-577, recognising the ability to bring the project forward if meaningful alternative funding is obtained in the interim.

Report prepared by:

Approved for submission by:

Cath Edmondson

Gael Ferguson

Title: Social Wellbeing Manager

Title: Group Manager Strategy and Partnerships

Attachment 1: Youth Centre Options - 20 year budgets

Attachment 1: Youth Centre Options – 20 year budgets

Summary - Youth Hub Options - the first ten years

	12/13 Yr 1	13/14 Yr 2	14/15 Yr 3	15/16 Yr 4	16/17 Yr 5	17/18 Yr 6	18/19 Yr 7	19/20 Yr 8	20/21 Yr 9	21/22 Yr 10
Option 1 - \$ Rating Impact within the Draft LTP										
Operating Costs	-	-	-	-	-	-	-	-	-	-
Cost of Capital	-	-	-	-	-	-	-	-	-	-
% Rating Impact	-	-	-	-	-	-	-	-	-	-
Capital Spend \$1.764m in Year 11/12 Opex Costs \$177k indexed										
Option 2 - \$ Rating Impact Start in Year 2										
Operating Costs	-	187,048	193,033	199,597	206,582	213,606	220,655	227,937	236,143	244,408
Cost of Capital	-	19,500	60,667	60,667	60,667	60,667	60,667	50,917	50,917	50,917
% Rating Impact	-	0.43%	0.09%	0.01%	0.01%	0.01%	0.01%	0.00%	0.01%	0.01%
Capital Spend \$650k in Year 2 Opex Costs \$177k indexed										
Option 3 - \$ Rating Impact Start in Year 4										
Operating Costs	-	-	-	199,597	206,582	213,606	220,655	227,937	236,143	244,408
Cost of Capital	-	-	-	22,750	67,167	67,167	67,167	67,167	67,167	55,792
% Rating Impact	-	-	-	0.40%	0.09%	0.01%	0.01%	0.01%	0.01%	0.00%
Capital Spend \$650k in Year 4 Opex Costs \$177k indexed										

Please note:

The rating impact is a combination of annual operating costs and the cost of capital. The cost of capital includes Loan Interest and Loan Repayments.

Summary - Youth Hub Options - the second ten years

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29'30	30/31	31/32
	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	Yr 17	Yr 18	Yr 19	Yr 20
Option 1 - \$ Rating Impact within the Draft LTP										
Operating Costs	-	261,816	270,979	280,463	290,280	300,439	310,955	321,838	333,103	344,761
Cost of Capital	-	18,940	127,920	178,160	178,160	178,160	178,160	173,440	148,320	129,480
% Rating Impact	-	0.32%	0.13%	0.06%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%
Capital Spend \$1.764m in Year 11/12 Opex Costs \$177k indexed										
Option 2 - \$ Rating Impact Start in Year 2										
Operating Costs	252,962	261,816	270,979	280,463	290,280	300,439	310,955	321,838	333,103	344,761
Cost of Capital	50,917	50,917	43,604	43,604	43,604	43,604	43,604	38,120	38,120	38,120
% Rating Impact	0.01%	0.01%	0.00%	0.01%	0.01%	0.01%	0.01%	0.00%	0.01%	0.01%
Capital Spend \$650k in Year 2 Opex Costs \$177k indexed										
Option 3 - \$ Rating Impact Start in Year 4										
Operating Costs	252,962	261,816	270,979	280,463	290,280	300,439	310,955	321,838	333,103	344,761
Cost of Capital	55,792	55,792	55,792	55,792	47,260	47,260	47,260	47,260	47,260	40,862
% Rating Impact	0.01%	0.01%	0.01%	0.01%	0.00%	0.01%	0.01%	0.01%	0.01%	0.00%
Capital Spend \$650k in Year 4 Opex Costs \$177k indexed										

Please note:

The rating impact is a combination of annual operating costs and the cost of capital. The cost of capital includes Loan Interest and Loan Repayments.