



ANNUAL PLAN ²⁰¹⁷/₂₀₁₈

CONSULTATION DOCUMENT



Pānui mai, Kōrero mai ki ngā taketake, ki ngā kaupapa e whai ake nei
Nō reira, Piki Mai, Kake Mai, Piki Mai, Kake Mai

Warm greetings to you all from Council staff and elected representatives
to all of you, our unique and special community
We invite you to read and comment on the report that follows.



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Welcome

Message from the Mayor

This discussion document outlines what Council proposes to include in its annual plan for the coming financial year and I invite you to consider it and provide feedback to help guide us in our final decision-making.

However it is important to note that this document focuses on exceptions or changes to year three of our Long-term Plan. There is far more in the proposed Annual Plan and we will be providing additional information online and in local newspapers detailing the other works and plans to be undertaken. While we focus on this year we must not lose sight of the future we want to create for this district.

Rotorua's progress in recent years has been significant. During the past few years we've focused on matters that required urgent attention, including ensuring we have an efficient, effective, sustainable council organisation.

As a district we are now seeing sustained growth and the challenge for Council is to build on the momentum that has been gained, to be bold and to continue to drive progress while still being financially sustainable. To achieve this, a general total rate increase of 3.8% is being proposed and Council expects to need to borrow \$5.5million in the 2017/18 financial year to deliver on what's proposed.

This enables Council to manage debt prudently, account for the museum closure and fund future growth projects.

This is your opportunity to have a say in decisions that impact on you and your community and you'll have until 12 May to give us your feedback.

The 2017/18 year is year three of our 2015-25 Long-term Plan and this document outlines some proposed changes to the Long-term Plan, proposals that will mean changes to our financial policies and planned projects we'd like your feedback on. The document also outlines some decisions made to support what needs to be done.

In the 2015-25 Long-term Plan we identified some key challenges including funding of services, balancing the budget, wastewater, rubbish and recycling services and progressing towards the district's 2030 aspirations. These challenges remain the same and are considerations for our annual planning, requiring prudent decisions that respond to need.

Decisions and proposals agreed for the 2017/18 Annual Plan follow a series of workshops which were held during the past few months. Elected members have carefully considered each aspect and after receiving your feedback will make final decisions, with a view to adopting the finalised plan at the end of June, ahead of the new financial year which starts 1 July 2017.

We want to know what you think about some key matters before making final decisions and we've outlined these in this discussion document.

VISION 2030: This is our home, we are its people. We're the heart of Māori culture and expression. We're innovative and we share what we learn. We're driving opportunity, enterprise and diversity. We're supporting a legacy of sustainability for our environment. Rotorua is a place for everyone. Tatau tatau – We together.

They include:

- Funding for the proposed East Rotoiti/Rotomā sewerage scheme;
- Proposed change to waste services funding by moving to a 100% targeted rate;
- Future direction and development of Sir Howard Morrison Performing Arts Centre;
- Proposed introduction of a Museum recovery targeted rate to cover revenue shortfalls during its closure;
- Proposed removal of the targeted rate for funding the Lakes Community Board.

These are additional to, or enhancements of, core council services. This document takes you through each of these and also includes, for your feedback, discussion around short-term rentals to guide future consideration. We want to know how you think Council should proceed.

You'll be able to provide input in a number of ways (see details on page 28) and those who make formal submissions will have the opportunity to be heard by Council if they wish.

I hope you will take the opportunity to let us know what you think and on behalf of all our elected members, thank you in advance for participating in this important process as we work together towards a better future for our district and its people.

Together we can, and do, make a difference.

Tatau tatau – We together



Rotorua Mayor Steve Chadwick



Conversation #1

East Rotoiti/Rotomā sewerage scheme

Council has committed through its Long-term plan to a sewerage reticulation scheme at East Rotoiti/Rotomā.

A significant number of properties in lakes communities draw water from the lakes and contamination from failed septic tanks degrades water quality and can pose a health risk.

Part of Rotorua Lakes Council's role as a partner in the Rotorua Te Arawa Lakes Programme is to provide and maintain sewerage and stormwater infrastructure.

To date sewerage schemes for Mourea/Okawa Bay, Hinemoa Point, Brunswick/Rotokawa, Okareka/Tikitapu, Okere Falls/Otaramarae, and Hamurana have been provided for under this programme.

East Rotoiti/Rotomā is the next priority lake area identified by the overall programme and has been an ongoing project since 2013.

Subsidies from lakes programme partners and government agencies will fund a large portion of the estimated cost of the proposed scheme.

Other communities have also expressed a desire for reticulated sewerage schemes and have community-led steering committees established to consider options and funding sources.

If reticulated systems are not provided for, the regional council's OSET (on-site effluent treatment system) rules will apply. This will require installation of on-site systems on all properties which cannot connect to a sewerage system. The costs of OSET are carried by individual property owners.

A challenge for Council relates to the long-term sustainability of introducing reticulated systems. At this point any new systems (other than Rotoiti/Rotomā) are unlikely to be funded by other partners. This will be an issue that Council and the community will need to consider in subsequent long-term plans.



The proposed scheme at East Rotoiti/Rotomā has been progressed by a community-led steering committee which worked with Council and considered a number of options. These included a system utilising low pressure grinder pumps, pumping back to the main Rotorua Wastewater Treatment Plant or to a new stand alone plant at Rotoiti. The sewerage scheme will help protect the mauri of the lake (keep it clean), and protect public health. Cultural factors and costs have been taken into consideration and the communities wish to avoid compliance with the regional rule.

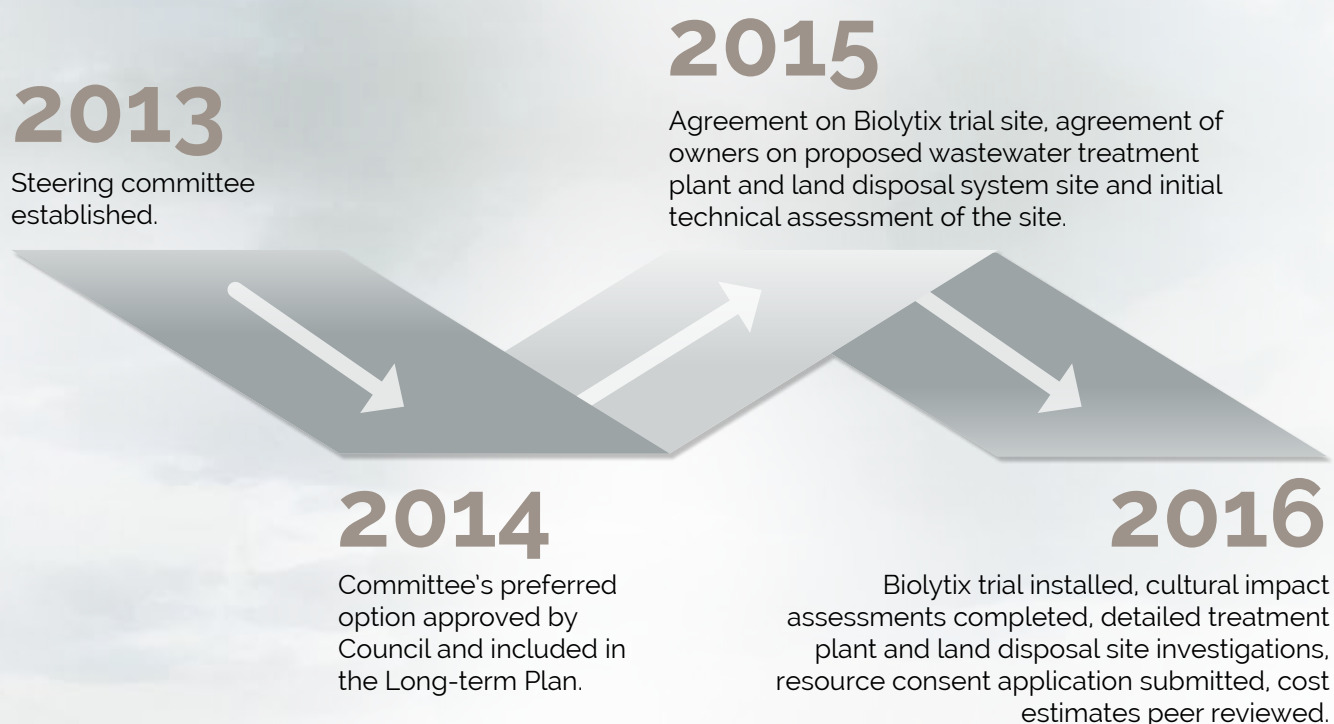
There are about 770 properties in the proposed service area for this scheme. Allowance has been made for some future growth within the proposed service area.

A preferred option has been put forward by the steering committee which the Council endorsed.

It proposes houses at Rotomā be connected to a sewerage system by low pressure grinder pumps and that those at East Rotoiti install a Biolytix (or similar) system, subject to the success of a one-year trial currently underway. Both communities would, through these systems, connect to a stand alone wastewater treatment plant and land disposal system, a site for which has been found.

The reticulated scheme would replace existing septic tanks and would treat sewage to very high quality before discharge to land.

What's happened so far:



Project costs and subsidy:

Capital Costs (GST excl)

	Cost	Number of dwellings
Rotomā	\$11,214,000	277
Rotoiti	\$23,294,000	493
Total Capital Cost	\$34,508,000	770*

* includes growth factor

The cost for each property to install the system is on average \$52,000. Subsidies will greatly reduce the per property cost.

Subsidies (GST excl)

Ministry of Health	\$4,460,000
Bay of Plenty Regional Council	\$8,619,000
Ministry for the Environment	\$11,647,000
Total	\$24,726,000

The difference in the total project cost and the subsidies will be incurred up front by Council resulting in a total of \$9.8 million in additional borrowing. This is expected to come in the 2018/19 and 2019/20 years.

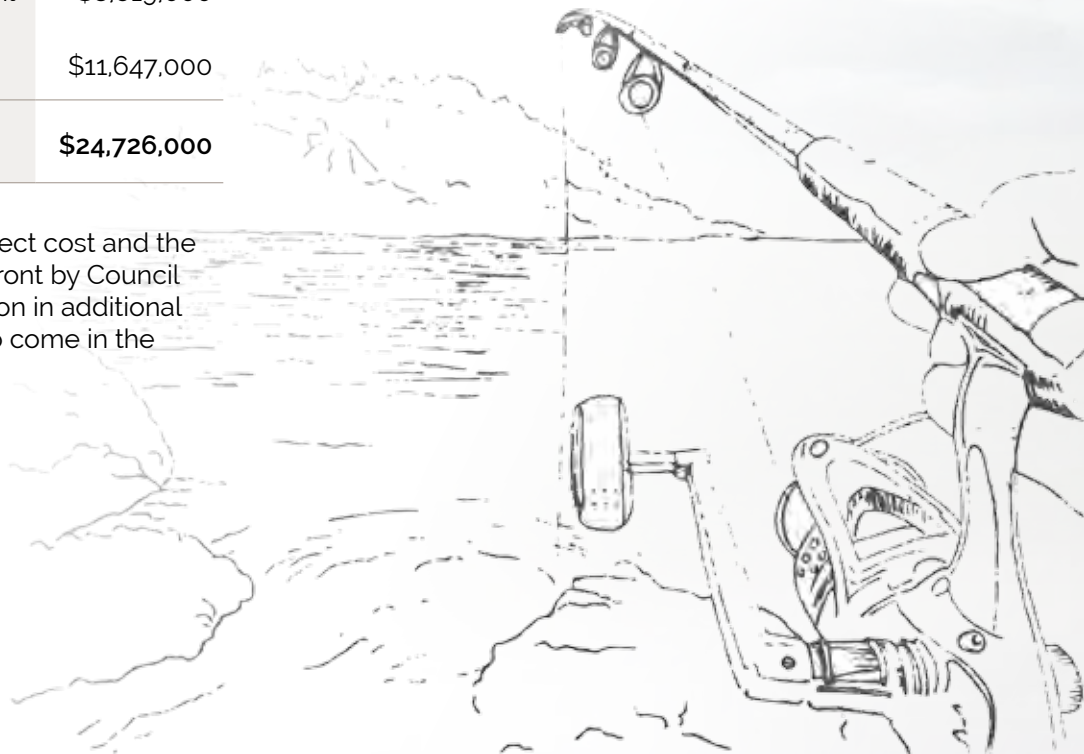
In line with other sewerage schemes that have been implemented Council contributes \$1500 per property. After subsidy each property will be required to pay a capital contribution of \$12,900 (GST incl) or an annual amount over 25 years of \$994 (GST incl).

Ongoing cost to operate the scheme:

Following construction of the scheme there will be an ongoing annual operational cost as there is with any asset. Council needs to consider how these operational costs will be funded.

It is estimated the total operating cost of the scheme will be approximately \$1.4 million per year. The scheme can expect to recover \$300,000 per year from property owners, leaving \$1.1 million to be funded from the remainder of the community.

This would mean each property in the district will receive an additional pan charge of 8% or \$37 (GST incl).



Considerations:

There are a number of considerations that need to be taken into account in proceeding with this scheme.

- This is a complex scheme because Biolytix (which is more expensive than options like low pressure grinder pumps) is being used for part of the scheme area. Negotiations with the steering committee and Council have resulted in a decision to equalise the costs of the new scheme across communities.
- Each property at East Rotoiti/Rotomā will have to pay \$12,900 up front or \$994 per year for 25 years. If this is not paid, the shortfall will need to be picked by other ratepayers across the district. This could lead to increased borrowing over time.
- Annual operating costs of the scheme to Council would be \$1.4 million which, taking into account operating revenue from targeted rates, would leave a shortfall of \$1.1 million. If that shortfall were to be covered by all ratepayers it would require an 8% (\$37) per charge increase across the Rotorua district.
- Council believes it appropriate to start the rate immediately to help fund some of the initial costs of setting up the scheme.
- The capital contribution is higher due to the fact marae are exempt from paying towards the cost of the scheme.
- The project is under time constraints. The Ministry of Health has funding deadlines. This means the Rotomā treatment and disposal systems would need to be completed by June 2018, impacting on the 2017/18 financial year budgets. It is proposed the Rotoiti part of the scheme be completed by August 2019 which would need to be included in the 2019/20 budget.
- The current resource consent process has highlighted an additional consideration. This could provide partial treatment for Rotomā properties before pumping it to the treatment plant. If pursued, this could add another \$1.5 million to the capital cost.

What Council proposes:

1. The preferred option endorsed by Council proposes that houses at Rotomā be connected to a sewerage system by low pressure grinder pumps and that those at East Rotoiti install a Biolytix (or similar) system, subject to the success of a one-year trial currently underway. The reticulated scheme would replace existing septic tanks and would treat sewage to very high quality before discharge to land.

To implement this scheme Council would borrow the difference between the total cost of the project and the total subsidies. This will add \$9.8 million to Council's borrowing. This borrowing would be repaid by the ratepayers at East Rotoiti/Rotomā by either a one-off capital contribution or repaid over 25 years.

2. Council proposes to introduce a targeted rate in East Rotoiti/Rotomā in 2017/18. Introducing the targeted rate at the start of the implementation helps reduce the overall cost of the scheme. Ongoing maintenance of the plant will mean that every dwelling in the district will require an increase to the pan charge of 8% or \$37 (incl GST).

- **Preferred option – Continue the scheme**

Total cost \$34.5 million

Introduce a targeted rate from the 2017/18 financial year. The ratepayers of East Rotoiti/Rotomā would either pay the upfront payment of \$12,900 in July 2017 or enter into a 25-year payment plan of \$994 (incl GST) per annum.

Alternatively, Council could delay the introduction of the capital targeted rate, which would increase the cost of the scheme, but delay initial payments by property owners.

If the scheme did not proceed, local ratepayers would have to install an OSET system that meets the Bay of Plenty Regional Council rules. This will be at their own cost.

HOW DO YOU THINK COUNCIL SHOULD PROCEED?

Conversation #2

Waste management services

Challenge three in the Long-term Plan was waste management and the development and implementation of Council's new waste strategy. New waste services for Rotorua came into effect 31 October 2016, introducing wheelie bins for kerbside rubbish and recycling collection to more than 28,000 properties. Other service changes included upgrades of transfer stations in rural and lakes areas and a new way to manage the district landfill. This facility is likely to be mothballed until future long term solutions are finalised.

When the new service was initially rolled out only existing properties that were paying the current waste targeted rate received the new kerbside services. Since then many people have opted in to the services and were invoiced at that time.

This has raised questions about whether Council should continue to allow an opt-out option to property owners or should remove the option and charge everyone the same rate regardless of whether they use the service or not. The benefit of charging all properties the same is simplicity and full transparency of the system. A full targeted rate also recognises that effective waste management services benefit everyone in the community regardless of where they live.

What Council proposes

Council proposes to ensure that, where it can be done, everyone in the district will be able to receive the kerbside collection or equivalent service. To do this and to ensure services continue to be self-sustaining (ie pay for themselves), it is proposed that:

1. Everyone in the district where the service can be provided will pay the rate. Properties in the urban and rural areas will be charged the same rate. This will also remove the option to "opt out" of the waste services. Business and vacant land will be charged accordingly. Businesses in the CBD will be charged a rate equivalent to double the residential rate because they are provided with a larger capacity waste bin. Vacant land on the other hand will receive a partial charge until such time as a building is constructed.
2. Council also proposes that the provision of the service be completely funded through a 100% targeted rate. Council's current funding policy is that waste management, after external revenue has been accounted for, is funded 80% through a targeted rate and 20% through the general rate. The 20% general rate covers waste minimisation education, general litter collection, the monitoring and recovery of illegal dumping etc. The benefit to moving the whole service to 100% targeted rate is to make the service fully cost transparent and to more readily enable the costing of future service additions if required.

In the past any shortfall in funding for kerbside and other waste services has had to be covered through the general rate.

Options being considered (and costs):

- **Option 1 – Introduce 100% targeted rate** (PREFERRED OPTION)

Introduce 100% targeted rate for waste services for all ratepayers regardless of whether they use the kerbside services. This includes those who previously had the option to opt out. This will remove the risk of a funding shortfall and ensure all residents are able to receive the service.

Rate payer category	Capital Value	Total Rates 2016/2017	Inc. Targeted to 100%	Reduction in Gen Rate	Net Change in Rates	% Change
Lower CV	\$204,000	\$1,229	\$43	\$(14)	\$29	2.33%
Medium CV	\$445,000	\$1,666	\$43	\$(31)	\$12	0.70%
Upper CV	\$1,590,000	\$4,830	\$43	\$(112)	\$(69)	-1.43%

- **Option 2 – 90% targeted rate**

90% from targeted rate and 10% from general rate.

Rate payer category	Capital Value	Total Rates 2016/2017	Inc. Targeted to 90%	Reduction in Gen Rate	Net Change in Rates	% Change
Lower CV	\$204,000	\$1,229	\$24	\$(7)	\$17	1.39%
Medium CV	\$445,000	\$1,666	\$24	\$(15)	\$9	0.54%
Upper CV	\$1,590,000	\$4,830	\$24	\$(54)	\$(30)	-0.62%

- **Option 3 – 80% targeted rate**

80% of waste services paid for through a targeted rate and 20% from the general rate (as occurs now) and removal of the "opt out" option.

DO YOU SUPPORT the proposed introduction of a full targeted rate for all ratepayers for waste services or should a component stay within the general rate to fund education, litter collection etc?

Extending the rural waste management service

There are 1400 rural properties, predominantly farms, which still receive no direct waste services. Waste is disposed of in various ways – some bury or burn it while others take it to the landfill or to a transfer station.

The Rural Community Board is keen to explore an extension of Council-provided waste services to these properties where practicable.

This follows some initial engagement undertaken by Council to gauge the level of support for extending waste services to currently unserved properties. Support differed in the various communities and further engagement is planned to re-assess support and discuss local options.

What Council proposes

- Extend where possible, the district's kerbside waste collections service.
- Upgrade the Reporoa transfer station to provide 24/7 access.
- Establish collection points at key locations.

This will require the introduction of a waste targeted rate for those ratepayers not previously receiving a service.

Options being considered (and costs):

- **Option 1 – Extended service** (PREFERRED OPTION)

Extend the district's kerbside waste collection and management service to 1400 new service properties. In some areas the collection options will be designed as appropriate for the local conditions. This would introduce a targeted rate of \$187.50 to these properties which they have not previously had.

- **Option 2 – Do nothing**

Do not extend the service to these properties. This puts the responsibility to manage waste generated in these areas directly onto the property owner.

Conversation#3

Performing Arts Centre

The Performing Arts Centre is linked to challenge four in the Long-term Plan, ie: maintaining our community infrastructure and challenge five, keeping pace with priorities.

The project has two major outcomes. One is the assessment and upgrade to strengthen the building for earthquake stability. The second is to address opportunities to strengthen the cultural and performing arts offering by providing a venue that can showcase theatre, dance, kapa haka, opera, musicals, etc and bring vibrancy and use back to the centre.

Low usage of the centre and the need for theatre groups to consider their needs prompted community engagement in 2014 on current and potential use of the centre. Feedback received showed a clear desire by performing arts groups for improvements and greater access to the centre.

Other feedback stated that the current pricing structure was limiting for community groups. The existing configuration of spaces, and the support and technical services available were also seen as barriers to community groups using the centre.

The design

The proposed concept would involve modifications to the Concert Chamber to allow use of the spaces by community and local performing arts groups in and around commercial productions and major public ticketed events. The space would allow for seating for up to 250 people.

There would be redevelopment of the stage, providing a floor surface able to be used for various types of performances. Dressing rooms, new bar facilities and bathrooms would be added.

There may also be the ability to create a permanent art gallery space within the foyer to showcase local theatre and performing arts legends.

It is intended to re-orient the main entrance to fit with the heritage features and connect with plaza like car parking on Haupapa Street.



- **Option 1 – Strengthen and enhance**
(PREFERRED OPTION)

- Option 2 – Strengthen

- Option 3 – Do nothing





Couversation#4

Introducing a Museum recovery targeted rate

Following the Kaikoura earthquake on 14 November 2016, damage was discovered in the historic portion of the iconic Rotorua Museum. In the interests of public safety the museum was closed to the public as a precautionary measure following initial assessments. Damage discovered is limited to inside the historic section of the building which was originally opened in 1908 and includes the main entrance, café and mezzanine floor. Damage included new cracks in walls, ceilings, floor slabs, beams and columns.

Engineers are conducting detailed assessments and will recommend what may need to be done to restore and reopen the museum. It is expected that this will be a long process.



The future delivery of the business has been reviewed by museum management. While the long term goal is to open the museum again, until the damage is fully quantified and agreed solutions for restoration are settled on, the current business and delivery will need to change.

All operations of the museum have been reviewed and a revised business model developed to support museum operations during the shut down period.

Within the business plan it has been agreed to retain essential staff to maintain some services and prepare for the museum's re-opening. The education programme and exhibitions will continue to be delivered from other venues. Museum management have worked very closely with other staff to help them into other employment opportunities.

The revised business plan can not accommodate for the direct loss of revenue generated from visitor admissions (\$2.0 million in the 2016/2017 year). Overall an annual loss of \$400,000 will be incurred during the time the museum is closed.

What Council proposes

To cover the shortfall Council proposes introducing a targeted rate – the museum recovery rate. If this is accepted every rateable property would be charged an additional \$14.20 per year. The rate would be the same for everyone, regardless of property capital values, and would exist only for the time the museum is closed. It would be removed when the museum re-opens.

Options being considered (and costs):

- **Option 1 – Recovery targeted rate**
(PREFERRED OPTION)

Introduction of museum recovery targeted rate. Every household would be charged an additional \$14.20 per year.

- **Option 2 – Fund the shortfall through an increase in the general rate**

Under this option the amount each household would pay would be directly linked to the general rate and based on the capital value of the property. On average, this would mean a 1% increase to the general rate.

TELL US WHAT YOU THINK:
What option do you think is best and why?

Conversation #5

Proposed removal of community board targeted rate

Strong lobbying by the lakes community to the Local Government Commission saw the establishment of the first community board for the district in 2007. The then Council introduced a targeted rate to help towards governance support for the community board.

Since then other boards have been established, Te Tatau o Te Arawa and the Rural Community Board. Both are funded through the general rate. This has created inconsistency in the way the Council's funding policy is applied to these boards.

What Council proposes

For consistency Council proposes to review its funding policy and update it to apply 100% funding for the Lakes Community Board into the general rate. This would remove the current targeted rate for the lakes board. Council is committed to working alongside boards involved in guiding future decision-making.

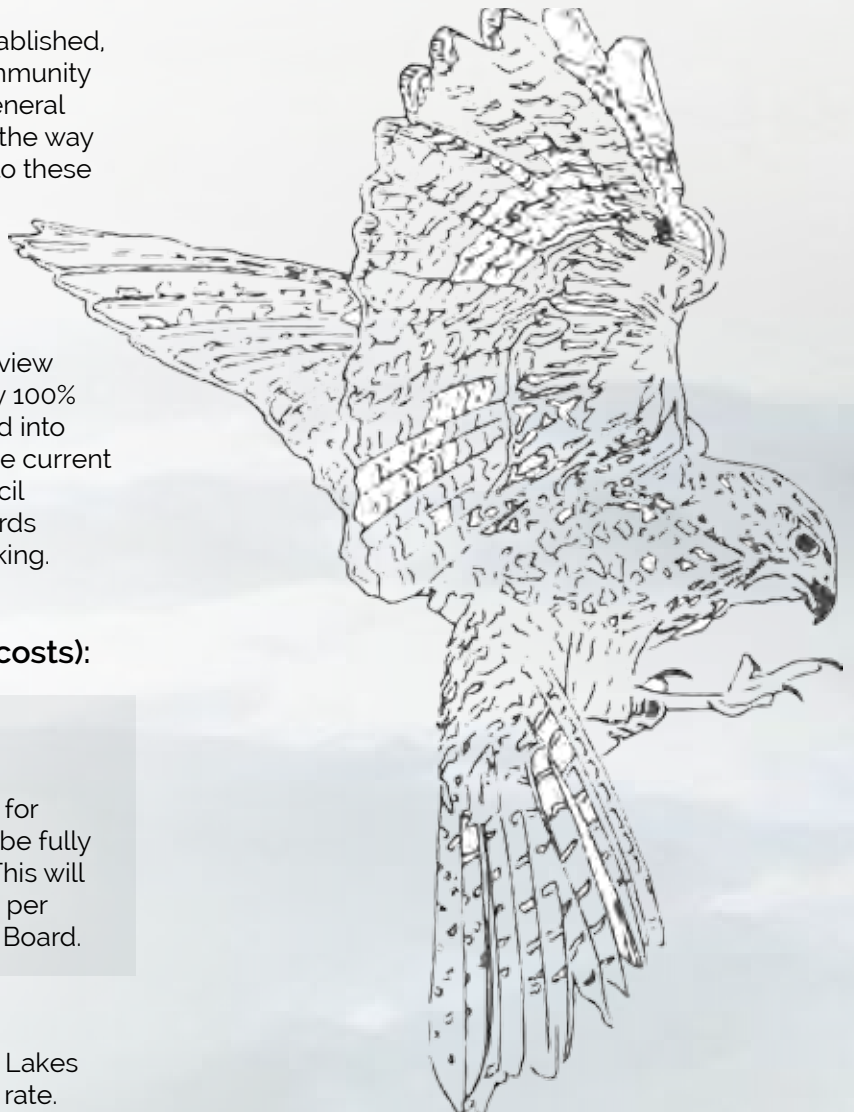
Options being considered (and costs):

- **Option 1 – Update funding policy**
(PREFERRED OPTION)

Update the funding policy to allow for partnership/community boards to be fully funded through the general rate. This will remove the targeted rate of \$21.50 per property for the Lakes Community Board.

- **Option 2 – Status Quo**

Retain the target rate and fund the Lakes Community Board via the targeted rate.



TELL US WHAT YOU THINK: What option do you support and why?

Decisions

Decisions to underpin the annual plan 2017/18



In preparing this consultation document Council has considered the challenges and trade-offs around each challenge while retaining the overall direction and commitments made in the Long-term Plan. Council has made some decisions on which to base preparation of the annual plan.

Rating differentials

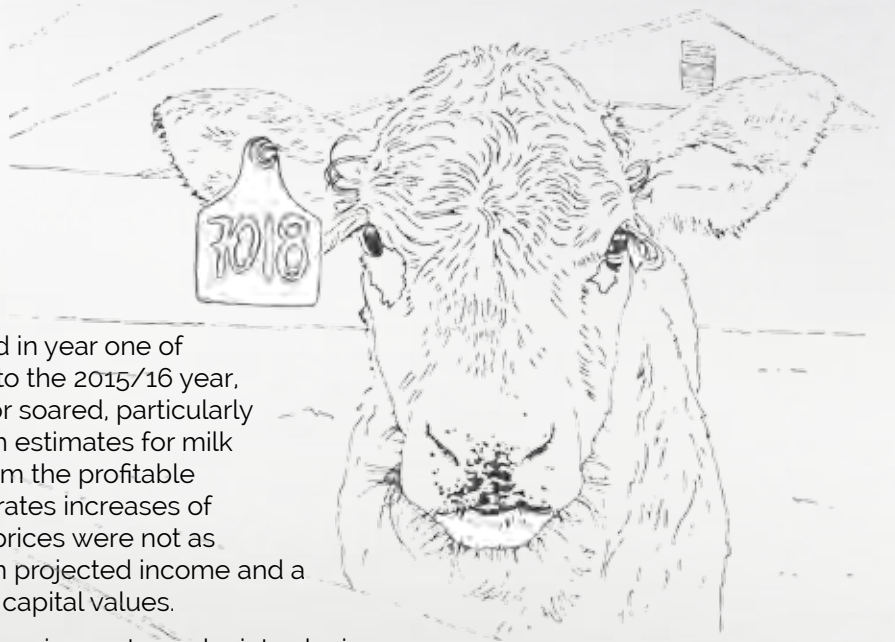
The Long-term Plan set a programme to progressively return rating differentials to 1.0 over the first three years of the plan. The aim was to bring all rating differentials into line with each other, to ensure even distribution across all rating categories.

Alterations to differentials and how they are applied need to be part of a full rating policy review. So Council has decided to pause on any shift in differentials until a full review can be undertaken. This will occur as part of the development of the Long-term Plan 2018-28.

This means Council will hold rural residential differential at 0.93 times the general rate and the business differential at 1.7 times the general rate. Year 3 of the Long-term Plan proposed rural residential differential would move 0.93 to 1.0. The business differential would move 1.7 to 1.6.

What are rating differentials?

Differentials are a factor added to the general rate to achieve a perceived fairness across different rating categories. Differentials assume that some rating categories receive a greater or lesser value than the base rating category which is residential. Application of a differential is less effective when the overall framework is based on the capital value of a property. That is why Council chose to work towards removing them.

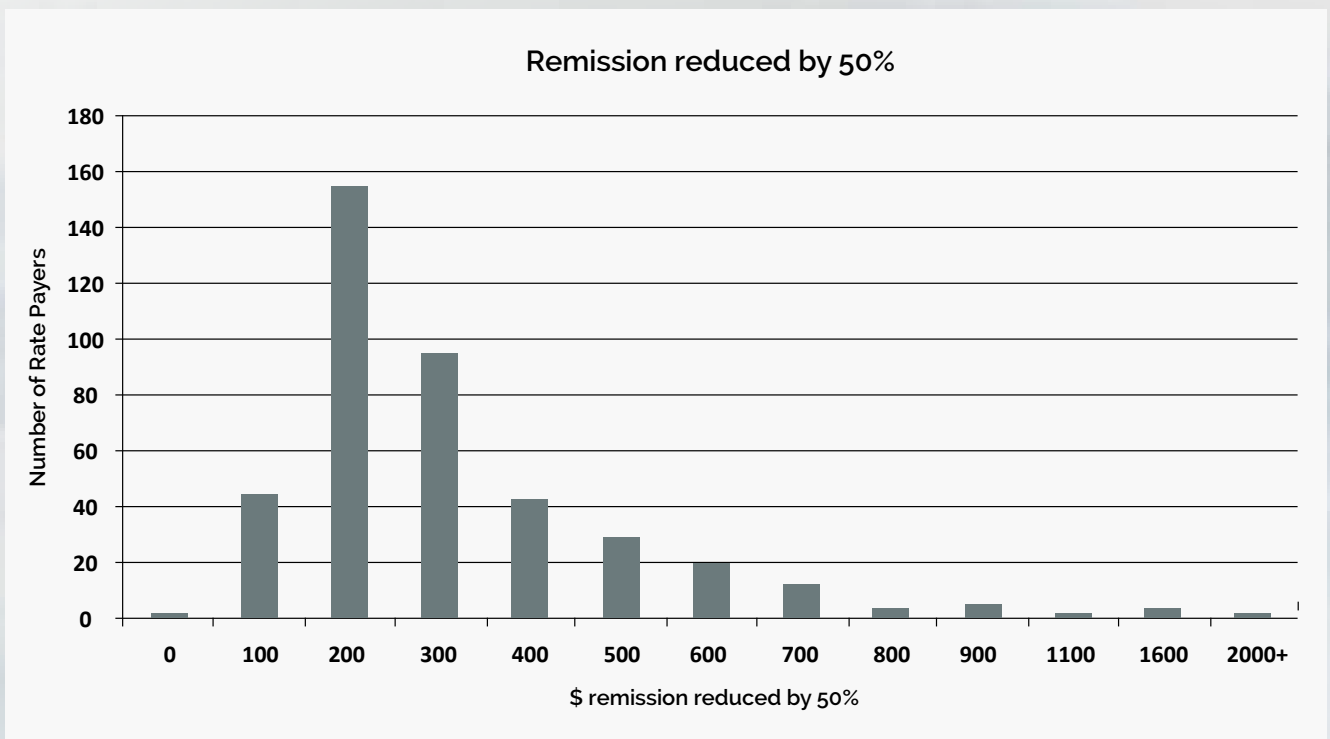


Farming remission

The farming remission was introduced in year one of the Long-term Plan 2015-2025. Prior to the 2015/16 year, capital valuations in the farming sector soared, particularly for dairy farms. This was coupled with estimates for milk solid prices being based on prices from the profitable previous year. Farm properties faced rates increases of between 20 and 30%. In reality, milk prices were not as profitable, creating a big gap between projected income and a huge increase in rates, driven by high capital values.

Council responded to this extraordinary circumstance by introducing a farming remission with 407 properties affected by the shift in capital value. The remission provided for a capping of the rates increase to that of the increase in the capital value. The farming remission cost Council \$260,000.

In 2017 milk prices are returning to more sustainable forecast payouts and with property revaluations on the horizon, Council will soon need to rethink its rating framework. In the meantime, Council has signalled that the remission is likely to be removed in the next Long-term Plan. To prepare the farming community for this, Council will reduce the remission by 50% in the 2017/18 year, saving \$130,000.



DO YOU AGREE? As highlighted in the graph above, the majority of ratepayers who currently receive the farming remission would have an annual rates increase of \$200-\$300.

Discussion

Short term rental accommodation

A recent increase in concerns relating to short term rental accommodation (such as those promoted via Book A Bach, Air BnB and HolidayHomes) in some areas of Rotorua has highlighted broader issues related to this increasing market, which provides short term rental accommodation for commercial gain.

Complaints and concerns have generally been related to noise, parking and behaviour and these issues are dealt with as they arise.

However, there also appears to be growing concern in the community about the fairness and equity of such properties making a commercial gain and not contributing accordingly through their rates.

Is it fair that houses can be run as a commercial venture but do not, unlike other types of accommodation such as hotels and motels, contribute extra for the services they use such as roading and footpaths, refuse, water and sewerage?

Currently properties being used like this are rated residential compared to hotels/motels which are rated commercial and pay the economic development target rate.

Commercially rated properties receive a differential factor of 1.72 times the rate in the dollar.

It is difficult to determine the overall numbers of such accommodation in Rotorua as places can be listed on multiple booking sites.

To determine the overall numbers will take time and resources, potentially requiring additional staff resources or contractors to quantify.

Council traditionally has two mechanisms it can use to address issues like this – regulation via the District Plan or through the rating framework.

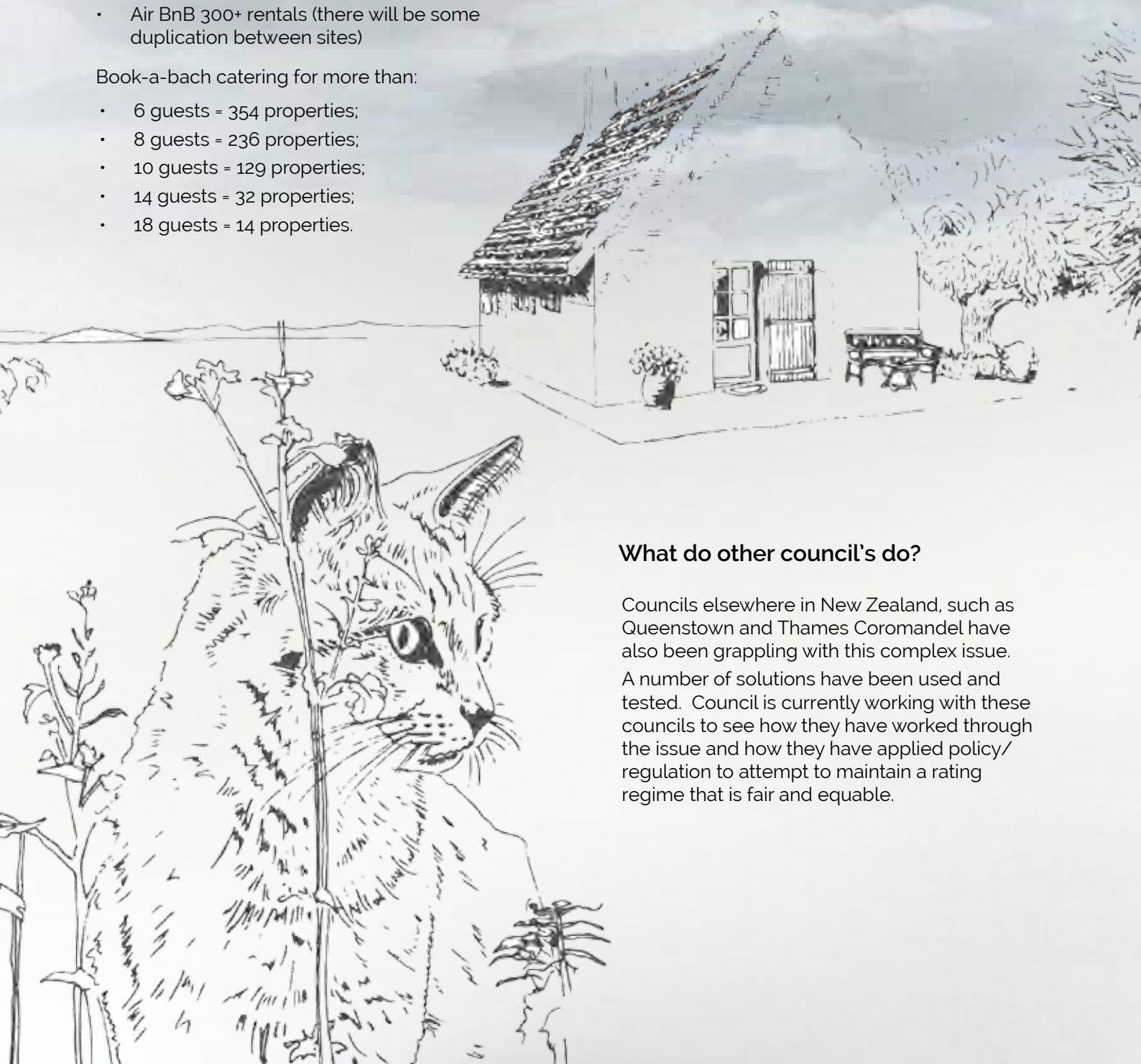


Looking at the numbers

- 443 in Rotorua District on Book-a-Bach
- Air BnB 300+ rentals (there will be some duplication between sites)

Book-a-bach catering for more than:

- 6 guests = 354 properties;
- 8 guests = 236 properties;
- 10 guests = 129 properties;
- 14 guests = 32 properties;
- 18 guests = 14 properties.



What do other council's do?

Councils elsewhere in New Zealand, such as Queenstown and Thames Coromandel have also been grappling with this complex issue.

A number of solutions have been used and tested. Council is currently working with these councils to see how they have worked through the issue and how they have applied policy/regulation to attempt to maintain a rating regime that is fair and equitable.

Queenstown

- Registration process
- District Plan
- Rating
- New rules withdrawn – concerns re: residential land supply

Thames Coromandel:

- District Plan (12 guests)
- Rating (\$200 fee postponed)

Council's current rating policy provides for up to 100 days use as a holiday home before tipping to the full business rate but there is no real way to monitor or regulate this.

Council relies on property owners to disclose the level of use or members of the public to bring it to Council's attention. The current policy excludes bed and breakfast accommodation which incurs a fixed portion of the business and economic development targeted rate.

Do you want Council to pursue more rigorously a fairer way to regulate and ensure that these properties contribute fairly for the services they use?

Options

1. Continue with the current policy of 100 days use.
2. Revise policy to anything over 100 days available.
3. Consider something different - what are your ideas?

COMMUNITY SAFETY \$000

Animal control asset renewals	6
Total	\$6

GOVERNANCE \$000

Civic Centre Renewals	1,119
Core software and hardware renewals	1,025
Information technology system renewals	2,120
Vaughan Road Depot renewals	70
Vehicle Replacements	255
Total	\$4,589

COMMUNITY FACILITIES \$000

Aquatic Centre building and plant renewals	280
Sir Howard Morrison Performing Arts Centre	● 3,050
International Stadium renewals	7
Library and Children's health hub	● 4,695
Library renewals	180
Ngongotaha Hall renewals	45
Rotorua Energy Events Centre renewals	40
Rotorua Museum building & Government Gardens	675
Sir Howard Morrison Performing Arts Centre renewals	115
Total	\$9,087

INNER CITY SERVICES \$000

CBD Refresh	○ 1,170
Total	\$1,170

Capital Spend

Capital spend 2017/18: Replacing assets and new builds

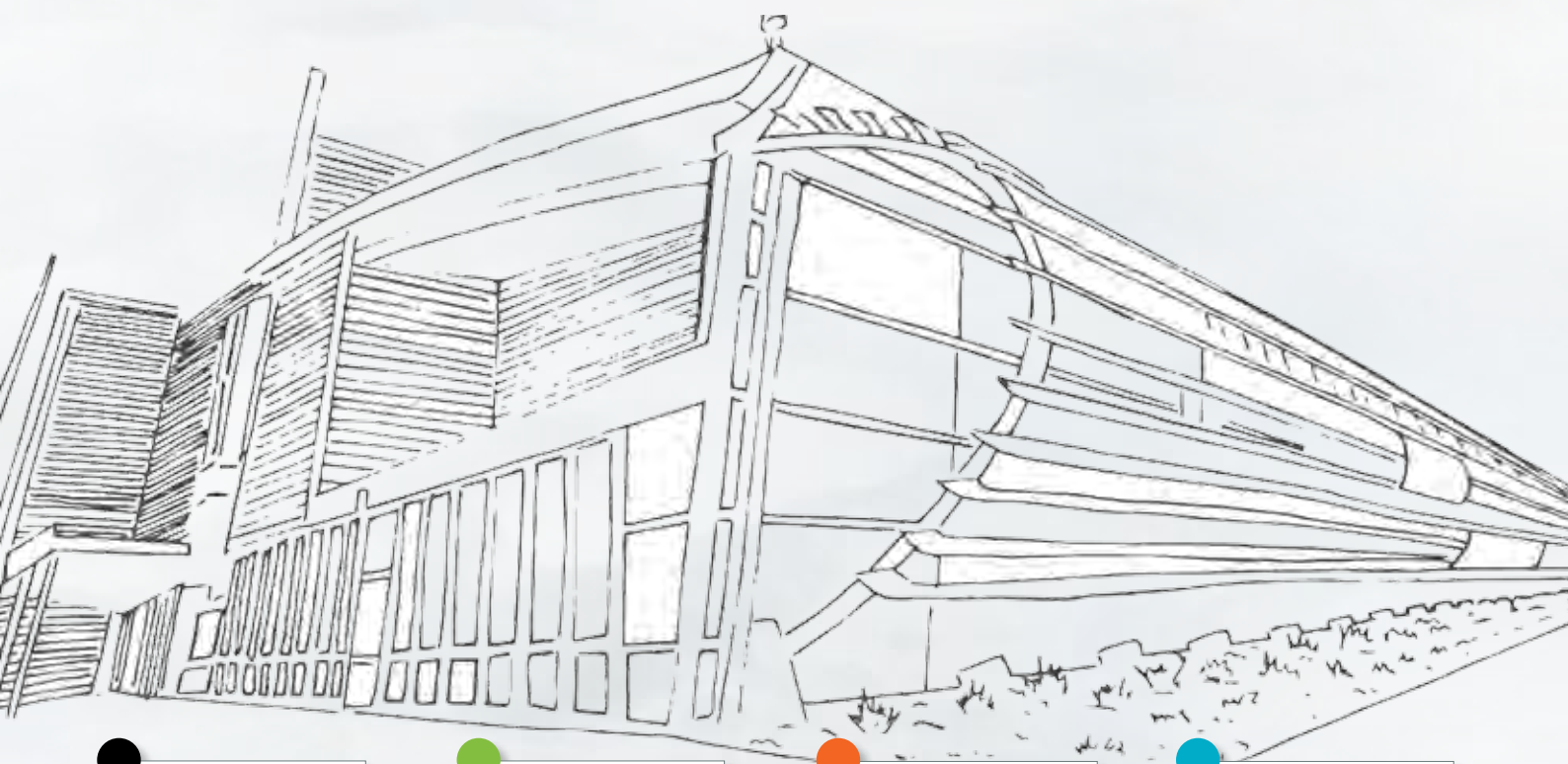
Capital spend is split into two areas – looking after existing assets and creating new ones. Renewals is the expenditure required to replace existing assets that have come to the end of their useful life. The new builds expenditure is investment into the creation of new assets, like when the Energy Events Centre was built and new sewerage schemes constructed.

ROADS AND FOOTPATHS \$000

Devolved funding	● 255
Lighting, safety, other transport network renewals	3,361
Rural seal extensions	595
Transport renewal programme	5,249
Urban street upgrades	210
Total	\$9,670

SEWAGE DISPOSAL \$000

Sewerage renewal programme	2,391
Wastewater treatment and disposal upgrade	1,362
Total	\$3,753

**KEY PROJECT**

See page 12.

KEY PROJECT

Destination management.

KEY PROJECT

Proposal to upgrade facilities for hockey, soccer and rugby to enhance the sporting experience at those venues.

KEY PROJECT

Focus on district revitalisation in lake and rural areas. May include reserve enhancement, jetty/boat ramps, local shopping area beautification, and community entrance ways.

KEY LONG TERM PLAN PROJECT

City Focus.

LONG TERM PLAN PROJECT

Commenced 2016.

Due to open Nov 2017.

OPEN SPACES + RECREATION**\$000**

Carpark upgrades	360
Cemetery developments and improvements	40
City gateways	300
Tourism lakes pressures	265
Jean Batten park upgrade	200
Parks and reserve development	1,348
Parks and reserves renewal programme	310
Sports facility funding	1,280
Total	\$4,103

WATER SUPPLIES**\$000**

Pipes replacement, backflow prevention, pressure management	2,934
Water supply renewal programme	3,125
Total	\$6,059

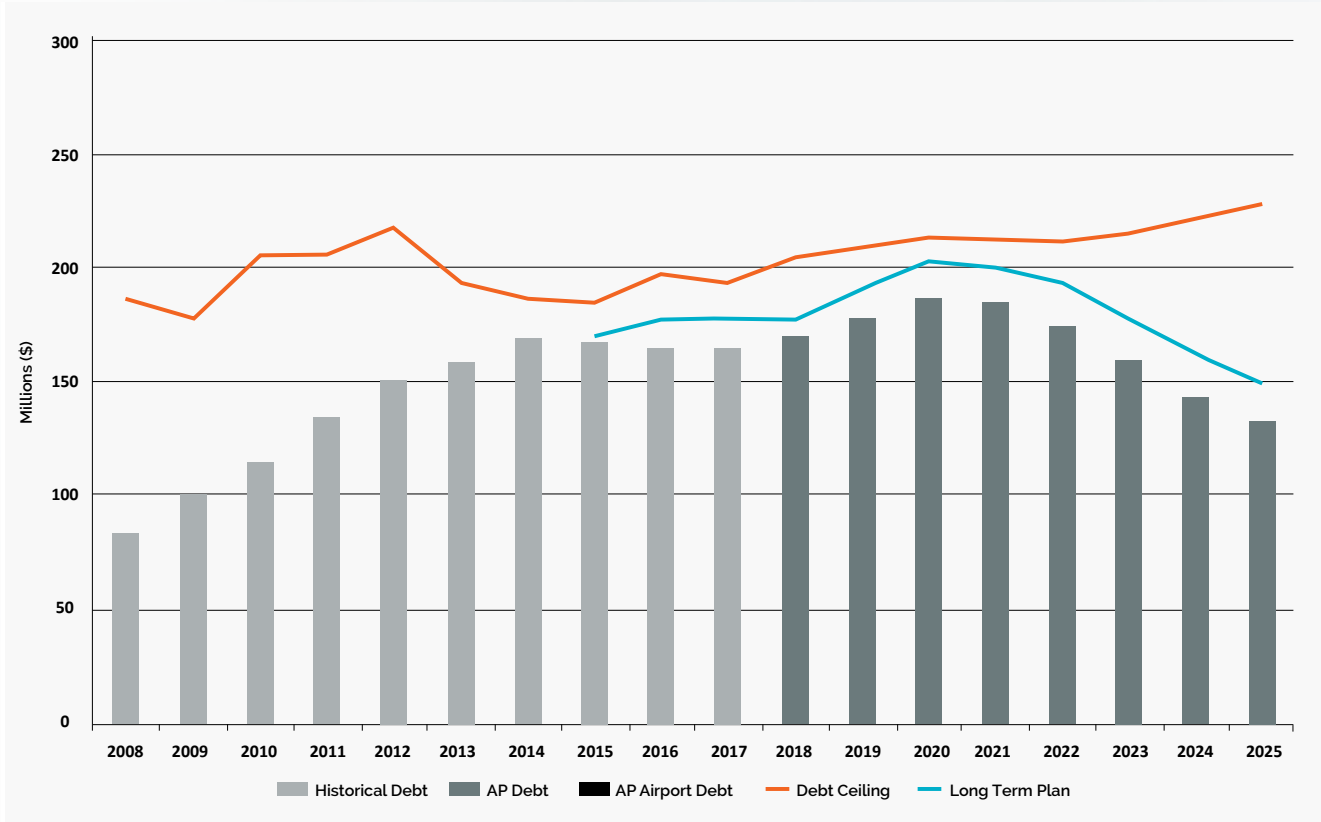
STORMWATER**\$000**

Stormwater renewal programme	1,555
Total	\$1,555

GRAND TOTAL**\$39,992**

Debt

If supported by the community, the initiatives listed throughout this consultation document will mean Council needs to borrow \$5.5 million in the 2017/18 year. This is an increase from the Long-term Plan of \$3.5 million. The increase includes \$3.0 million for earthquake strengthening work and upgrading of the Sir Howard Morrison Performing Arts Centre. The remainder of the increase is for funds required to drive Rotorua’s future progress.



As shown in the graph, borrowing an additional \$5.5million does not impact significantly on the long term financial sustainability.

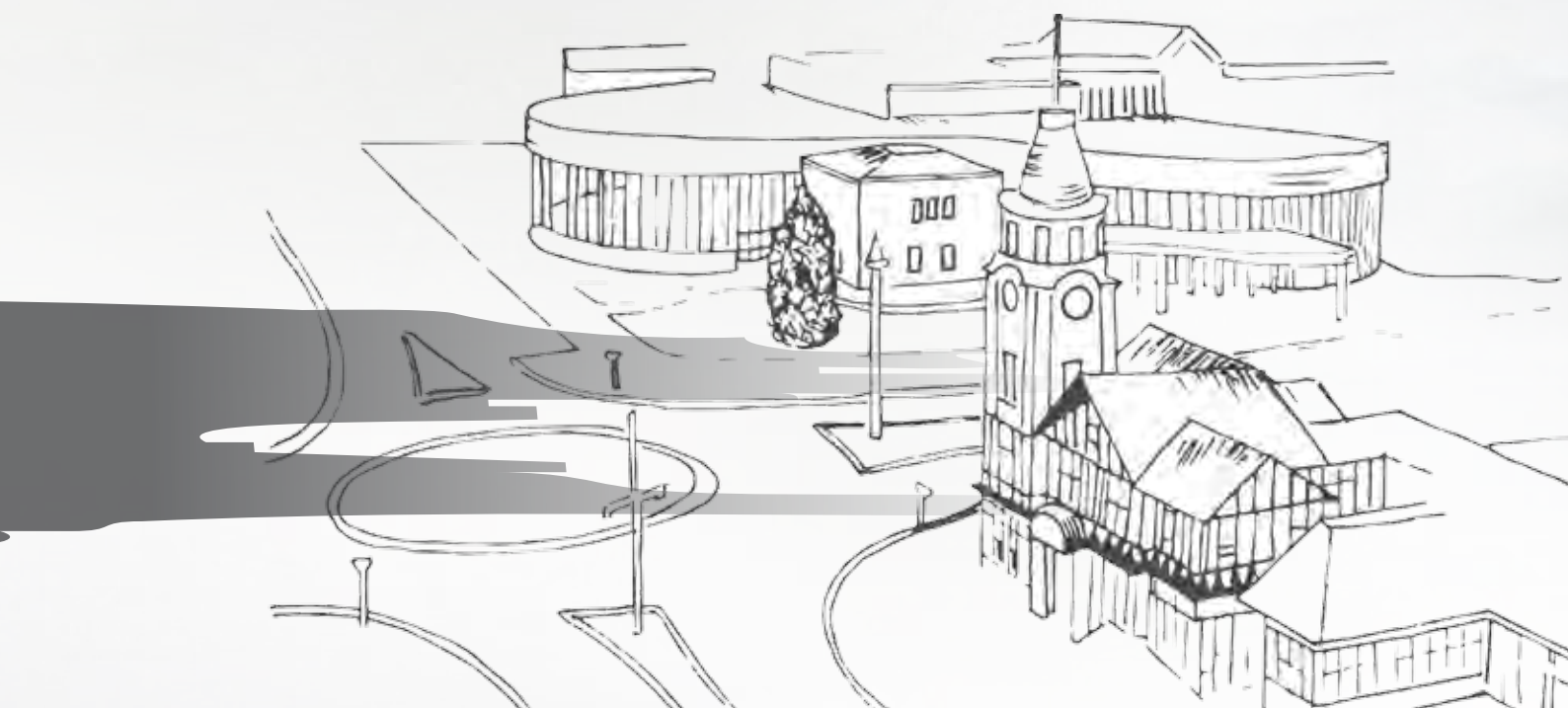
TELL US WHAT YOU THINK: Council is in a good financial position, supported by savings created during the last two years. Should Council raise its borrowings to \$5.5 million?

Council's current level of debt is sustainable - this is endorsed by the Fitch Credit Rating of AA- which was achieved in 2016. Council continues to manage its finances in a prudent manner.

There is much work still to be done to continue progress towards the district's goals and Council therefore does not believe it is prudent to significantly reduce debt at this stage and fore-go work to build a better Rotorua.

Note: The increase in debt level does not allow for the East Rotoiti/Rotomā reticulated sewerage scheme. If this project commences in the 2017/18 year it will mean some of the debt set to peak in outlining years of the Long-term Plan (2020) will need to be incurred in 2018/19.

Council would need to borrow \$9.8 million for this project.



Your Rates

So what does this mean for your rates?

At the heart of rates affordability is the question of how much people can pay to make Rotorua a better place to live.

The proposed total increase in rates for the 2018 financial year is 3.8%. This is generated from a small inflation factor and direct funding for increased services. These are listed below.

Rate Type	Increase \$	Increase as % of Total Rates
Museum	400,000	0.5%
Refuse TR 1.5% Inc + move to fully targeted	1,160,938	14%
Water TR 1.5% Inc	65,000	0.1%
UAGC 1.5% Inc	212,000	0.3%
Economic Dev Rate 1.5% Inc	112,000	0.1%
Other Targeted Rates 1.5% Inc	245,000	0.3%
General Rate	882,312	1.1%
	3,077,250	3.8%

The Long-term Plan anticipated a rate increase of 2.6%.

A 3.8% increase will keep the debt increase to a more prudent level by funding Vision 2030 projects and other key capital projects through operating cash-flow.

The Council's preferred option for the rates increase is shown in the table opposite. This highlights the rates increase by sample ratepayer in each of the sectors.

Ratepayer category	Capital Value at time of revaluation 1 July 14	Total Rates 2016/2017	Rates increase \$	Rates increase %	Sector Average
Business					
Lower CV	265,000	3,329	103	3.1	2.7%
Medium CV	442,000	4,641	132	2.8	
Upper CV	2,020,000	21,443	390	2.3	
Farming General					
Lower CV	413,000	1,751	86	4.5	3.0%
Medium CV	742,000	2,720	112	3.9	
Upper CV	2,880,000	8,589	285	3.1	
Residential Rural General					
Lower CV	204,000	1,229	45	3.7	3.4%
Medium CV	445,000	1,666	63	3.4	
Upper CV	1,590,000	4,830	148	3.1	
Residential Urban General					
Lower CV	178,000	1,769	74	4.2	4.1%
Medium CV	211,000	1,859	77	4.1	
Upper 1 CV	308,000	2,123	85	4.0	
Upper 2 CV	500,000	2,620	100	3.8	

Notes:

- The table assumes the sample ratepayers are all currently receiving the refuse collection service (i.e. the 1400 rural properties not currently receiving the collection service are not represented in the sample ratepayers in the table).
- Excludes the reduction in the remission for the farming sector
- Excludes the \$37 increase in the sewage disposal charge for the East Rotoiti/Rotomā sewerage scheme
- New revaluation to be done later in 2017.

More on rates

Rates for individual properties vary depending on a range of factors including property revaluations, targeted rates that may apply, and whether the property is used for business, residential or farming purposes.

The share paid is largely based on a property's value – the higher the property value (relative to others), the higher the rates bill.

Rates are a combination of a tax and a charge for service. Targeted rates, while not being a true charge for service, are proxy for a user fee, in that the charge is made to people who directly receive the service or benefit from the service. Water, sewage and refuse targeted rates fit this proxy user charge. General rates, a combination of the uniform annual general charge and capital value component, are a tax on property.

Submissions

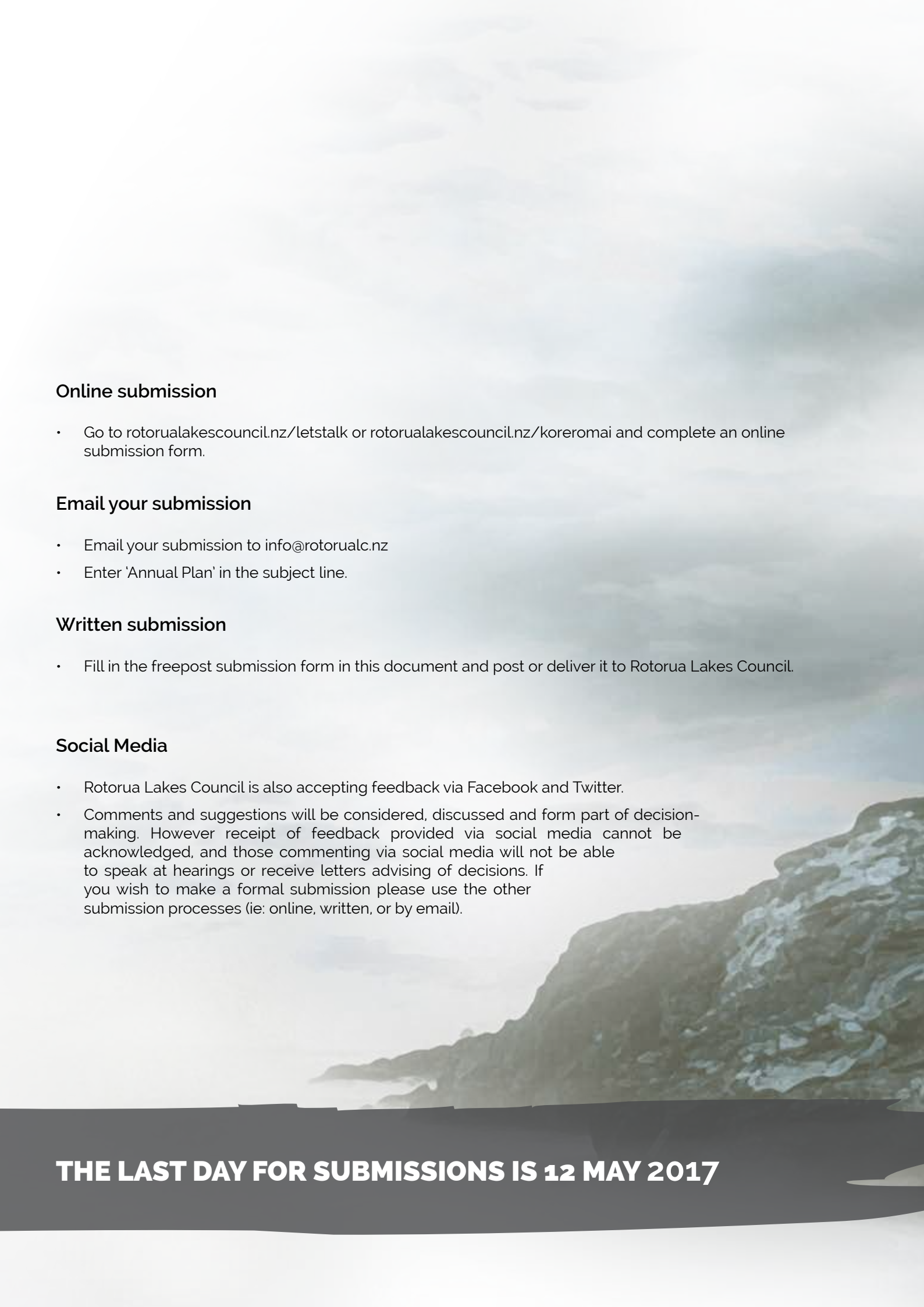
Making your submission is easy

Rotorua Lakes Council (operating name of Rotorua District Council) wants to know what residents and ratepayers think of the proposals being put forward for the next year.

The process from here:

- Submissions received by council.
- Submissions acknowledged and hearing times confirmed (if requested).
- After submissions close, staff compile and analyse submissions.
- Submitters speak to mayor and councillors at hearing (if requested).
- Staff consider all submission information and prepare recommendations for elected members based on all the submissions received.
- Mayor and Councillors consider all submissions and recommendations and make decisions.
- Submitters advised of final decisions in writing.





Online submission

- Go to rotorualakescouncil.nz/letstalk or rotorualakescouncil.nz/koreromai and complete an online submission form.

Email your submission

- Email your submission to info@rotorualc.nz
- Enter 'Annual Plan' in the subject line.

Written submission

- Fill in the freepost submission form in this document and post or deliver it to Rotorua Lakes Council.

Social Media

- Rotorua Lakes Council is also accepting feedback via Facebook and Twitter.
- Comments and suggestions will be considered, discussed and form part of decision-making. However receipt of feedback provided via social media cannot be acknowledged, and those commenting via social media will not be able to speak at hearings or receive letters advising of decisions. If you wish to make a formal submission please use the other submission processes (ie: online, written, or by email).

THE LAST DAY FOR SUBMISSIONS IS 12 MAY 2017



ROTORUA

LAKES COUNCIL

Te kaunihera o ngā roto o Rotorua