PALMERSTON NORTH CITY COUNCIL

AGENDA

COMMITTEE OF COUNCIL

9AM, WEDNESDAY 4 MARCH 2020

COUNCIL CHAMBER, FIRST FLOOR, CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH

MEMBERSHIP

Grant Smith (Chairperson)
Tangi Utikere (Deputy Chairperson)

Brent Barrett
Susan Baty
Rachel Bowen
Billy Meehan
Vaughan Dennison
Lew Findlay QSM
Leonie Hapeta
Lorna Johnson
Karen Naylor
Bruno Petrenas
Aleisha Rutherford

Agenda items, if not attached, can be viewed at:

pncc.govt.nz | Civic Administration Building, 32 The Square
City Library | Ashhurst Community Library | Linton Library

Heather Shotter

Chief Executive, Palmerston North City Council

Palmerston North City Council

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PALMERSTON NORTH CITY COUNCIL

COMMITTEE OF COUNCIL MEETING

4 March 2020

ORDER OF BUSINESS

NOTE: The Committee of Council meeting coincides with the ordinary meeting of the Arts, Culture & Heritage Committee meeting and the Infrastructure Committee meeting. The Committees will conduct business in the following order:

- Committee of Council
- Arts, Culture & Heritage Committee
- Infrastructure Committee

1. Apologies

2. Notification of Additional Items

Pursuant to Sections 46A(7) and 46A(7A) of the Local Government Official Information and Meetings Act 1987, to receive the Chairperson's explanation that specified item(s), which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded, will be discussed.

Any additions in accordance with Section 46A(7) must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

Any additions in accordance with Section 46A(7A) may be received or referred to a subsequent meeting for further discussion. No resolution, decision or recommendation can be made in respect of a minor item.

3. Declarations of Interest (if any)

Members are reminded of their duty to give a general notice of any interest of items to be considered on this agenda and the need to declare these interests.

4. Annual Budget (Plan) 2020/21 - Adopting Supporting Information and the Consultation Document Page 5

Memorandum, presented by Steve Paterson, Strategy Manager - Finance.

5. Exclusion of Public

To be moved:

"That the public be excluded from the following parts of the proceedings of this meeting listed in the table below.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered		Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing this resolution

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public as stated in the above table.

Also that the persons listed below be permitted to remain after the public has been excluded for the reasons stated.

[Add Third Parties], because of their knowledge and ability to assist the meeting in speaking to their report/s [or other matters as specified] and answering questions, noting that such person/s will be present at the meeting only for the items that relate to their respective report/s [or matters as specified].

MEMORANDUM

TO: **Committee of Council**

MEETING DATE: **4 March 2020**

TITLE: **Annual Budget (Plan) 2020/21 - Adopting Supporting Information and the Consultation Document**

PRESENTED BY: **Steve Paterson, Strategy Manager - Finance**

APPROVED BY: **Stuart McKinnon, Chief Financial Officer**

RECOMMENDATION(S) TO COUNCIL

1. **That the Chief Executive incorporate the following amendments (if any) to the draft of the supporting information and the Consultation Document for the 2020/21 Annual Budget.**
2. **That the following (amended to incorporate amendments in recommendation 1) be adopted as supporting information that has been relied upon to prepare the Consultation Document for the 2020/21 Annual Budget (Plan):**
   - **Financial overview and forecast financial statements**
   - **Annual Budget (Plan) Disclosure Statement**
   - **Groups of Activities information, including financial forecasts and programme schedules**
   - **Significant forecasting assumptions**
   - **Descriptions of the proposed rating system, rates and funding impact statements**
   - **Descriptions of proposed levels of service for Council activities and performance measures**
3. **That the Consultation Document (amended to incorporate amendments in recommendation 1) for the 2020/21 Annual Budget (Plan) be adopted.**
4. **That the Mayor and Chief Executive be delegated authority to make minor amendments to the Consultation Document.**
5. **That the objectives of the rates remission policy be reviewed as part of the wider review of financial policies during the preparation of the 10 Year Plan 2021-31.**

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1. ISSUE

1.1 The Council is required to adopt an Annual Budget[1] for 2020/21. A draft of the budget has been prepared for consideration by the Council. The Local Government Act 2002 (LGA) requires Councils to consult with the public before adopting the Annual Budget. This requirement does not apply if there are no material or significant differences between year 3 of the 2018-28 10 Year Plan and what is now proposed in the budget.

1.2 Whether to formally consult or not is a decision for the Council to determine.

1.3 In preparing this report it has been assumed the Council will wish to consult so a draft of the supporting information and consultation document has been prepared for Committee consideration.

1.4 The Committee's recommendations will be presented to a Council meeting on 18 March for adoption.

2. BACKGROUND

2.1 Under Local Government legislation, the Council is not required to consult on an Annual Budget unless there is significant change to levels or service, funding issues, strategic assets by comparison with the particular year of the 10 Year Plan. The Council must still adopt an annual plan prior to 30 June 2020.

2.2 There are no significant changes to year 3 (2020/21) of the 10 Year Plan in terms of the proposed outcomes and service deliverables. However, there are some proposed changes to the timing of a number of programmes.

2.3 The **proposed Consultation Document (attached)** highlights what changes there are from year 3 of the 10 Year Plan, primarily due to changed circumstances and updated timelines for some programmes.

2.4 The legislative intent is that the Council no longer publishes a full draft of the Annual Plan. However, much of the information that would have been in the draft plan is still required to be adopted as supporting information and made publicly available, particularly through Council's website.

2.5 Preparation of the material for consideration at this meeting has been assisted by direction received from elected members at a workshop/briefing held in February.

[1] 'Annual Budget' is the term chosen by the Council to represent the 'Annual Plan' required under the Local Government Act 2002

2.6 A strategy for public engagement has been developed. This will include provision of the final Consultation Document and Supporting Information on Council's website and at the Council office and City and branch libraries, from 20 March.

2.7 Given there is no material change to the direction it is proposed that there be an annual budget component to the planned sector group meetings being arranged for the development of the 2021-31 10 Year Plan.

2.8 It is intended that the proposed rates for each property will be able to be viewed on the Council's website.

2.9 As usual the public will have the option of making a submission and speaking to a Council Hearings' Committee.

2.10 Following the consultation period and hearings, the Council will be required to adopt its final Annual Budget (Plan) prior to 30 June 2020.

2.11 A presentation, highlighting the key features of the proposed budget, will be made at the meeting.

2.12 In addition, attached as **Appendix One**, are a series of brief explanations of some of the matters to be covered in the presentation and in particular:

Schedule A – Operating programmes – variations between year 3 of the 10 Year Plan and the draft of the 2020/21 Annual Budget

Schedule B – Capital renewal programmes – variations between year 3 of the 10 Year Plan and the draft of the 2020/21 Annual Budget

Schedule C – Capital new programmes – variations between year 3 of the 10 Year Plan and the draft of the 2020/21 Annual Budget

Schedule D – Schedule of assumed carry forwards of incomplete 2019/20 programmes for completion in 2020/21 – these assumptions will be reviewed again in May.

Schedule E – Budgeted increase in operating expenses for 2020/21 compared with the 2019/20 annual budget (excluding interest and depreciation)

Schedule F – Comparisons of rating incidence assuming varying levels of UAGC – the draft supporting material includes an assumption the UAGC will be $525.

2.13 In the context of the legislation the following are being considered in the supporting information to be adopted by the Council:

- Financial overview and forecast financial statements
- Annual Budget (Plan) Disclosure Statement

- Groups of Activities information, including financial forecasts and programme schedules
- Significant forecasting assumptions
- Descriptions of the proposed rating system, rates and funding impact statements
- Levels of service and performance measures

These are attached as **Appendix Two**.

2.14 In August 2019 the Council resolved that the objective of the Rates Remission Policy be reviewed during the 2020/21 annual plan process. It is recommended that it would be more appropriate to do this as part of the overall review of financial policies that is part of the preparation of the 2021-31 10 Year Plan.

3. NEXT STEPS

3.1 Officers will make any changes resulting from the Committee of Council's decisions.

3.2 An updated final Consultation Document will be presented to the Council for adoption at its meeting on 18 March 2020.

4. COMPLIANCE AND ADMINISTRATION

Does the Committee have delegated authority to decide?	**No**
Are the decisions significant?	**No**
If they are significant do they affect land or a body of water?	**No**
Can this decision only be made through a 10 Year Plan?	**No**
Does this decision require consultation through the Special Consultative procedure?	**Yes**
Is there funding in the current Annual Plan for these actions?	**Yes**
Are the recommendations inconsistent with any of Council's policies or plans?	**No**
The recommendations contribute to Goal 5: A Driven and Enabling Council	
The recommendations contribute to the outcomes of the Driven and Enabling Council Strategy	
The recommendations contribute to the achievement of action/actions in a plan under the Driven and Enabling Council Strategy	
Contribution to	Adopting an annual budget/plan each year is a fundamental legislative

strategic direction and to social, economic, environmental and cultural well-being	requirement and without this in place the Council will not be able to set rates for the year and therefore fund any of its actions, plans or strategies. Determining a draft of the annual budget and the nature of public engagement is also a fundamental part of the process.

ATTACHMENTS

1. Appendix 1 Sch A - operating programmes - variations between year 3 of 10YP and draft of 2020/21 AB
2. Appendix 1 Sch B - capital renewal programmes - variations between year 3 of 10YP and draft of 2020/21 AB
3. Appendix 1 Sch C - capital new programmes - variations between year 3 of 10YP and draft of 2020/21
4. Appendix 1 Sch D - schedule of assumed carry forward programmes
5. Appendix 1 Sch E - budgeted increase in operating expenses compared with 2019/20
6. Appendix 1 Sch F - Examples of rates with varying levels of UAGC
7. Appendix 2 - Draft Consultation Document 2020/21
8. Appendix 2 - Draft supporting information for 2020/21 CD (attached separately)

Operating programmes - Variations between year 3 of 10 Year Plan and draft of 2020/21 Annual Budget

A

		$000's	$000's	$000's	
Activity	Prog ID-Desc	Yr 3 10YP 2018-28	Annual Budget 20/21	Variance	Change
Active Community	1430-Sport Manawatu Sports House Contribution	$782	-	($782)	Transferred from OPEX to CAPEX then deleted.
Active Community	1611-Free Swimming for Under 5 Year Olds	-	$60	$60	New programme. Trial approved by Council with assumed impact for 2019/20 of $60k. Latest assessment of impact is more like $100k pa. At this stage only $60k included in draft budget.
Active Public Space	1157-Military Heritage Commemorations (Events)	$47	$38	($9)	$8,000 transferred to programme 1554-Military Heritage Commemorations.
Arts, Culture & Heritage	1501-Public Sculptures Trust Funding	-	$50	$50	Transferred from CAPEX to OPEX as from 2019/20.
Arts, Culture & Heritage	1554-Military Heritage Commemorations	-	$8	$8	Transferred from prog 1157-Military Heritage Commemorations (Events), flow on decision from 2019/20 Annual Budget.
Arts, Culture & Heritage	1573-Arts Event Fund	-	$50	$50	New programme, flow on decision from 2019/20 Annual Budget.
Biodiversity & Sustainable Practices	764-City-wide - Council Facility Energy Use Monitoring	$26	$57	$31	Budgeted understated. Re-budgeted to represent actual costs.
Commercial or Strategic Investments	1485-Whakarongo Council Subdivision Development - Layout 1	($36)	-	$36	Change in accounting treatment.
Connected Communities	1448-Welcoming Communities	$75	$97	$22	Increasing opportunities and costs.
Connected Communities	1493-Highbury Community Hub	$120	$41	($79)	Deferred to 2021/22. Remainder to undertake feasibility study.
Connected Communities	1574-Additional Hancock Community House Management Fund	-	$60	$60	New programme, flow on decision from 2019/20 Annual Budget.

		$000's	$000's	$000's	
Activity	Prog ID-Desc	Yr 3 10YP 2018-28	Annual Budget 20/21	Variance	Change
Corporate Support	1521-Civic Administration Building Refurbishment (Workplace Transformation)	$208	$100	($108)	Correction to accounting treatment with amounts transferred to programme 86 - Council Wide - Furniture Replacements.
Corporate Support	1572-Enterprise Resource Planning (ERP) System Replacement	-	$2,600	$2,600	New programme. Funded from rates over five years.
Economic Development	1268-International Relations	$156	$173	$17	Additional administrative support due to additional sister city relationships.
Leadership	1613-Kakatangiata District Plan Change	-	$125	$125	New programme, flow on decision from Council in June 2019.
Safe Communities	1458-New MPI Code of Welfare compliance	$36	$57	$21	As per 2019/20 Annual Budget.
Stormwater	1614-Stormwater - Open channels and drains - maintenance	-	$350	$350	New programme, flow on decision from 2019/20 Annual Budget when core budget was increased by $200k without being identified as a separate programme.
Wastewater	1319-Totara Road Wastewater Treatment Plant - Consent Renewal Upgrade Options Analysis	$891	$1,210	$319	Increase in costs. Now at level slightly higher than 2019/20 Annual budget provision of $1.12m.

Capital Renewal programmes - Variations between year 3 of 10 Year Plan and draft of 2020/21 Annual Budget

B

		$000's	$000's	$000's	
Activity	Prog ID-Desc	Yr 3 10YP 2018-28	Annual Budget 20/21	Variance	Change
Active and Public Transport	64-City-wide - Footpath Renewals and Replacements	$752	$1,023	$271	Increased requirements as from 2019/20 Annual Budget.
Active and Public Transport	181-City-wide - Bus Shelter Upgrades and Replacements	$36	-	($36)	No renewals required for year.
Active Community	98-Citywide Reserves - Renewals (Victoria Esplanade, Memorial Park, Ashhurst Domain and The Square)	$250	$450	$200	Brought forward renewals for Memorial Park to align with Splashpad development.
Arts, Culture & Heritage	213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services	$563	$450	($113)	Focus on Globe toilet upgrade, Regent carpet, minor library renewals.
Commercial or Strategic Investments	63-Council's Plant and Vehicles - Replacements	$1,121	$1,479	$359	Replacement of recycling trucks
Commercial or Strategic Investments	85-Council's Depot Buildings and Structures	$60	$90	$30	Revised costs.
Connected Communities	178-Central Library Replacement of Shelving, Furniture and equipment	$94	$75	($19)	Reduced requirement.
Connected Communities	188-City Library Replacement and Purchase of Library Materials	$885	$800	($85)	Reassessed requirement.
Connected Communities	202-Central Library Interior Design Renewals	$52	$85	$33	Revision of budget over 3 years.
Connected Communities	203-Interior Design of Community Libraries, Youth Space, and Mobile Library	$33	$50	$17	Reassessed requirement.
Connected Communities	265-Citywide - Community Centre Refurbishments	$373	$200	($173)	Milson community centre delayed

B

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Connected Communities	1139-Radio Frequency Identification (RFID) Materials Management	$26	-	($26)	Deferred by one year.
Connected Communities	1151-City Libraries - Building Security System Renewal	-	$31	$31	Reassessment of urgency.
Corporate Support	77-Core Financial and Regulatory System - Replacement or Upgrade	$52	-	($52)	Change of accounting treatment. Transferred to operating programme 1572.
Corporate Support	86-Council Wide - Furniture Replacements	$11	$260	$250	Major refresh
Corporate Support	281-Operational Property -Civic Administration Building - Refurbishments	$519	$719	$201	Increase in costs for stage 4 fire upgrades and installation of HVAC chiller.
Economic Development	270-Investment Properties - Holiday Park - Renewals	$147	$180	$33	Increased costs of 2 cabins per annum.
Roading	162-City-wide - Vehicle Crossing Replacements	$574	$450	($124)	Reassessment of sum required.
Roading	742-Campbells Road - Bridge Renewal	$1,375	-	($1,375)	Delayed awaiting confirmation of plans for rural ring roads
Roading	744-Kairanga Bunnythorpe Road (Mangaone Stream) - Bridge Renewal	$53	-	($53)	Delayed awaiting confirmation of plans for rural ring roads
Roading	828-City-wide - Parking Meter Replacement	$117	-	($117)	No longer required
Rubbish and Recycling	612-Recycling - City Wide Wheelie Bin and Crate Renewals	$139	$60	($79)	Rate of renewal not required
Rubbish and Recycling	649-Recycling - Materials Recovery Facility Renewals	$144	-	($144)	Brought forward to previous year

B

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Rubbish and Recycling	1374-City Wide Public Recycling Facilitites Renewals	$2	$8	$6	Two years of additional renewals required over and above what was forecasted in the 10YP.
Stormwater	20-City-wide - Stormwater Pump Station Renewals	$73	$230	$157	Revised assessment of urgency.
Stormwater	1062-City-wide - Stormwater Renewal Works	$537	$630	$93	Reassessment of urgency.
Wastewater	65-City-wide - Wastewater Pump Station Renewal	$144	$255	$111	Revised assessment of requirements.
Wastewater	179-Totara Road Wastewater Treatment Plant - Minor Equipment Renewals	$105	$260	$155	Revised assessment of costs.
Wastewater	1378-Bennett Street 525 Trunkmain Renewal	$178	-	($178)	Dalayed by one year. Waste water trunk upgrades currently being scoped following completion of a city wide waste water model. This is expected to identify a different sequence and priority for upgrades. A comprehensive trunk main renewal programme will be added to the next LTP.
Wastewater	1620-Totara Road Wastewater Treatment Plant - High Voltage Power renewals	-	$300	$300	New programme - reassessment of risk
Water	199-City-wide - Water Bore Headworks and stations Renewal	$137	$153	$16	Budget increases required to renew urgent components and based on firm prices for the work.
Water	207-Turitea Water Treatment Plant - Equipment and Facility Renewals	$204	$257	$53	Updated assessment of priority works and confirmed prices.
Water	214-City-wide - Water Toby and Meter Replacements	$179	$350	$171	Faster rate of renewal

		$000's	$000's	$000's	
Activity	Prog ID-Desc	Yr 3 10YP 2018-28	Annual Budget 20/21	Variance	Change
Water	1058-City-wide - Groundwater Bores Renewal	$682	$60	($622)	Revised bore renewal prioritisation.

Capital New programmes - Variations between year 3 of 10 Year Plan and draft of 2020/21 Annual Budget

C

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Active and Public Transport	732-Summerhill Drive - Pedestrian and	$961	-	($961)	Delayed to enable consultation
Active and Public Transport	1039-Shared Path Connection - Riverside Drive to Railway Road	$758	-	($758)	Delayed - landowner negotiations.
Active and Public Transport	1095-Palmerston North to Bunnythorpe - Cycle/Pedestrian Pathway	-	$102	$102	Brought forward from 2021/22 so design linked with MDC timing.
Active and Public Transport	1352-Napier Road - Roberts Line to BUPA - Footpath link	$345	-	($345)	Delayed. Awaiting NZTA decisions re road safety
Active and Public Transport	1559-Urban Cycle Network Development	$1,462	$715	($747)	Delayed due to time required to resolve conflicting views about what approach is best.
Active Community	717-Urban Growth - Whakarongo - Walkways Land Development	$32	-	($32)	Delayed by one year. Rate of growth assumptions different from the 10YP.
Active Community	752-City Reserves - Manawatu River - Framework Implementation	$1,300	$1,078	($222)	Change in timing from original 10YP.
Active Community	990-Central Energy Trust Arena - Southern Grandstand (subject to part external funding)	$745	-	($745)	Change in timing/assumptions

C

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Active Community	1082-Central Energy Trust Arena Manawatu - Speedway Relocation & Artificial Pitch	-	$3,638	$3,638	Revised timing & budget as per Council resolution December 2019
Active Community	1082-Central Energy Trust Arena Manawatu - Speedway Relocation & Artificial Pitch (as carry forward prog 1502)	-	$402	$402	Revised timing & budget as per Council resolution December 2019
Active Community	1083-Central Energy Trust Arena Manawatu - Entrance Plaza	$4,171	$2,362	($1,809)	Revised timing & budget as per Council resolution December 2019
Active Community	1083-Central Energy Trust Arena Manawatu - Entrance Plaza (restated as prog 1599 Land purchase)	-	$987	$987	Revised timing & budget as per Council resolution December 2019
Active Community	1534-Central Energy Trust Arena Manawatu - Embankment Redevelopment	-	$2,481	$2,481	Revised timing & budget as per Council resolution December 2019
Active Community	1622-Central Energy Trust Arena Manawatu - New Truss	-	$100	$100	New programme to enable more hireage possibilities.
Active Community	704-Urban Growth - City West - Reserves Development	$77	-	($77)	Deferred by one year - land purchase not completed.

Activity	Prog ID-Desc	Yr 3 10YP 2018-28 $000's	Annual Budget 20/21 $000's	Variance $000's	Change	C
Active Community	1487-Walkways and Shared Paths - Manganoe Stream Shared Path enhancement - Harness Racing Club planting strip purchase and	$177	-	($177)	Deferred by one year to allow for further design.	
Arts, Culture & Heritage	367-Public Sculptures/Art Funding	$52	-	($52)	Converted to OPEX as for 2019/20 Annual Budget.	
Connected Communities	1196-Cemeteries - Kelvin Grove - New Staff Facility	-	$5	$5	Originally not seen as a priority in the 10YP.	
Connected Communities	1219-Social Housing - Papaioea Stage 2	-	$3,384	$3,384	Brought forward. Council decision in adopting the Annual Budget 2019/20 and Finance & Performance Committee September 2019.	
Connected Communities	1503-Highbury Community Hub Fitout	-	$255	$255	Deferred from 2019/20 when adopting 2019/20 Annual budget	
Connected Communities	1518-Central Library Building Upgrade - Capital New	$3,385	-	($3,385)	Programme deleted by Council following receipt of updated earthquake assessments of building.	
Connected Communities	1459-Social housing - Citywide - Additional Social Housing Units	$588	-	($588)	Defered to review following completion of Papaioea Place housing development.	

C

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Roading	167-Urban Growth - Whakarongo - James Line Upgrade - Stage 4	-	$922	$922	Deferred from 2019/20 when adopting 2019/20 Annual budget
Roading	228-Upgraded Strategic Routes to HPMV Standard	$4,387	$500	($3,887)	Third party support from NZTA depends on business case preparation and approval by NZTA.
Roading	243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies)	$1,559	-	($1,559)	Delayed. Bus terminal fundng support depends on a business case preparation and approval by NZTA.
Roading	244-City Centre Streetscape Plan - Square East (Plaza to ANZ)	-	$800	$800	Deferred from 2019/20 when adopting 2019/20 Annual budget
Roading	829-City-wide - Undergrounding of Power and Telecom Cables	$372	-	($372)	Delayed - problems getting co-operation of other service providers
Roading	1003-Urban Growth - Whakarongo - Intersection Upgrades	$1,297	$435	($863)	Delayed by one year. Rate of growth assumptions different from the 10YP. Budget retained for preliminary and detailed design phases.
Roading	1044-Urban Growth - City West - Internal Roads	$468	$100	($368)	City West development still to occur and will require plan change such that roading upgrades will not be required for 2 years. Budget retained for preliminary and detailed design phases.

C

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Roading	1072-Urban Growth - City West - Pioneer Highway/Te Wanaka Road Intersection - New Intersection	$2,611	-	($2,611)	Requirements for these improvements may be avoided as a result of speed and traffic priority changes arising from the PNITI business case.
Roading	1121-Massey and Research Institutes Development (Food HQ) (subject to part external funding)	$2,126	$500	($1,626)	Third party support from NZTA depends on business case preparation and approval by NZTA. Approval subject to PNITI and next NZTA funding round so major expenditure deferred to next RLTP.
Roading	1615-City Wide - Parking and Traffic Signs and Marking	-	$75	$75	New programme as per report to Finance & Audit Committee December 2019.
Rubbish and Recycling	506-City Wide Public Space Rubbish & Recycling Bins	$73	$40	($33)	Requirement changed
Safe Communities	1552-Council Pound Development	-	$300	$300	New programme to enable design and scoping in order to meet higher standards required.
Stormwater	1060-City-wide - Stormwater Improvement Works	$483	$1,770	$1,287	Significant backlog programme of work requiring additional budget to address.
Stormwater	1372-City-Wide SW Pump Stations	$105	$310	$205	Revised assessment of urgency to reduce flooding risk.
Wastewater	1383-Totara Rd WWTP - Emergency Overflow Structure Totara Rd	$262	-	($262)	No longer required
Wastewater	1579-WWTP - Health and Safety Upgrades	-	$200	$200	New programme - follow on from 2019/20 Annual budget
Wastewater	1616-City Wide Wastewater Pump Stations - Capacity Upgrade	-	$250	$250	New programme - Capacity upgrades for Critical pump stations - college street

C

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Wastewater	1617-Totara Road Wastewater Treatment Plant - Biogas System Improvements	-	$150	$150	New programme - New gas bladder and carbon filter.Installing a gas bladder (LP gas holder) to store biogas for improved process along with installing larger diameter pipework.
Wastewater	1618-Totara Road Wastewater Treatment Plant - High Voltage Power resilience upgrades	-	$700	$700	New programme to address plant load above safe levels.
Wastewater	1619-Totara Road Wastewater Treatment Plant - Inlet Screens	-	$500	$500	New programme - Additional works, attributed to optimisation.
Wastewater	1621-Totara Road Wastewater Treatment Plant - New Storage Shed for critical equipment.	-	$150	$150	New programme to store critical equipment centrally.
Water	124-Turitea Water Treatment Plant - Upgrade to Respond to Review of Drinking Water Standards	$839	$200	($639)	Change in timing
Water	1004-Urban Growth - Whakarongo - Installation of Water Supply Systems	$836	$539	($297)	Delayed by one year. Rate of growth assumptions different from the 10YP. Budget retained for preliminary and detailed design phases.
Water	1054-Ashhurst Water Treatment to Address the Discoloured Water Issues	$881	-	($881)	Programme delayed for one year to provide more time to re-confirm the business case and scope.
Water	1170-Urban Growth - City West - Installation of Water Supply Systems	$453	$520	$67	Change in assumptions from the 10YP.

C

Activity	Prog ID-Desc	$000's Yr 3 10YP 2018-28	$000's Annual Budget 20/21	$000's Variance	Change
Water	1384-Citywide - New water supply reservoirs to replace an earthquake prone reservoir and enhance supply storage through out the city	$1,783	$1,200	($583)	Change in assumptions
Water	1386-Ashhurst water supply upgrade to address fire fighting shortfalls and cater for growth	$357	-	($357)	Will only happen if North St/ Oxford rezoning happens and development proceeds - assumed to be 2021/22. Assume the developer will construct the pipe and PNCC make contribution.
Water	1389-City Wide - Second River Crossing and Emergency Supply	$445	$100	($345)	Currently the preferred option to be advance is an emergency connection to the Massey uni water supply. Massey have yet to confirm seismic condition of revisor and water tower and have delayed a decision on collaborating with PNCC. Officers are assessing other options to provide resilience eastern side of the Manawatu River.
Water	1404-Turitea Water Treatment Plant - New Retaining walls on Access Road	$210	-	($210)	No evidence of any issues along the road which require provision of funding for a retaining wall in the 2020/21 year.

AB 2020/21 Schedule of Assumed Carry Forward Programmes

D

Programme ID-Name	Type	2019/20 Revised Budget ($000s)	Assumed Gross Amount to Carry Forward ($000s)	Assumed External funding to Carry Forward ($000s)
235-Manawatu River (Ashhurst to Riverside Drive) - Cycle/Pedestrian Pathway	CN	$656	$460	$234
636-Aokautere Drive Pedestrian Cycle Improvements	CN	$331	$200	$102
1349-Dittmer Drive Shared Path Permanent Surface - New Bridge to Buick Crescent	CN	$736	$155	$79
1559-Urban Cycle Network Development	CN	$1,465	$643	$0
94-Walkways and Shared Path - Purchase of Land to Extend Network	CN	$515	$50	$0
558-Neighbourhood Reserves - Takaro - Oriana Reserve Development	CN	$15	$15	$0
560-Cultural/Heritage Reserves - Te Motu o Poutoa / Anzac Park Reserve Development	CN	$332	$332	$0
697-Clearview Reserve Development	CN	$31	$31	$0
1133-Sportsfields - Artificial Football Field (subject to part external funding)	CN	$82	$82	$55
1357-Urban Growth - Ashhurst - Reserve Land Purchase	CN	$771	$396	$0
1391-Urban Growth - City West South of Pioneer Highway - Walkways Development	CN	$74	$74	$0
1514-Central Energy Trust Arena Manawatu - Commercial Building	CN	$1,500	$1,500	$0
1473-City Centre Lighting and Projection Demonstration Project	CN	$204	$99	$50
902-Property - Seismic Strengthening of Council Owned Buildings	CN	$595	$378	$0
1219-Social Housing - Papaioea Stage 2	CN	$2,553	$1,474	$0
1413-Bunnythorpe Community Facility	CN	$1,005	$921	$582
243-City Centre Streetscape Plan - Main Street East (Bus Terminal & Canopies)	CN	$759	$756	$0
244-City Centre Streetscape Plan - Square East (Plaza to ANZ)	CN	$4,180	$969	$0
1003-Urban Growth - Whakarongo - Intersection Upgrades	CN	$200	$87	$0
1007-Urban Growth - Whakarongo - Internal Roads	CN	$153	$153	$0
1089-Industrial Growth - NEIZ - Richardsons Line Upgrade	CN	$1,199	$1,199	$0
1090-Industrial Growth - NEIZ - Roberts/Richardsons Line Intersection Upgrades	CN	$456	$456	$0
1440-Cuba Street urban streetscape improvements - Rangitikei to George Street	CN	$650	$601	$0
1623-College Street Upgrade Parking Mitigation	CN	$480	$180	$0
197-Urban Growth - North East Industrial Park Stormwater	CN	$276	$276	$0

Assumed Carry Forwards from 2019/20

D

Programme ID-Name	Type	2019/20 Revised Budget ($000s)	Assumed Gross Amount to Carry Forward ($000s)	Assumed External funding to Carry Forward ($000s)
1001-Urban Growth - Whakarongo - Installation of Stormwater Systems	CN	$468	$408	$0
210-Urban Growth - Installation of Wastewater Systems for New Industrial Areas - NEIZ Extension Area	CN	$231	$226	$0
1043-Totara Road Wastewater Treatment Plant - Inlet Main Duplication	CN	$1,300	$1,283	$0
1055-Urban Growth - City West - Installation of Wastewater Systems	CN	$50	$50	$0
1074-Totara Road Wastewater Treatment Plant - Earthquake Strengthening of Civil Structures	CN	$1,287	$1,209	$0
1412-Urban Growth - Ashhurst - Wastewater - North St Network Upgrade	CN	$267	$267	$0
91-Turitea Water Treatment Plant - Construction of Duplicate Water Pipeline from Lower Dam to Harts Road Reservoirs	CN	$2,725	$740	$0
651-City-wide - Seismic Strengthening of Water Structures	CN	$553	$465	$0
1004-Urban Growth - Whakarongo - Installation of Water Supply Systems	CN	$437	$437	$0
1005-Industrial Growth - Installation of Water Supply Systems to an Expanded North East Industrial Zone	CN	$411	$411	$0
1054-Ashhurst Water Treatment to Address the Discoloured Water Issues	CN	$103	$72	$0
1170-Urban Growth - City West - Installation of Water Supply Systems	CN	$100	$100	$0
1389-City Wide - Second River Crossing and Emergency Supply	CN	$610	$610	$0
207-Turitea Water Treatment Plant - Equipment and Facility Renewals	CR	$270	$40	$0
1059-Totara Road Wastewater Treatment Plant - Replacement of Grit Removal Systems	CR	$316	$273	$0
213-Cultural Facilities - Replacement of Structures, Internal Fit Out and Services	CR	$331	$81	$0
234-Sportsfields and Outdoor Courts - Changing Room Refurbishments	CR	$1,707	$200	$0
1108-Cultural/Heritage Reserve - Hokowhitu Lagoon - Bank Renewal	CR	$481	$168	$0
1188-Land Use Monitoring	CN	$75	$75	$0

Assumed Carry Forwards from 2019/20

Budgeted increase in Operating Expenses for 2020/21 compared with 2019/20 budget (excluding interest and depreciation)

E

	$k	$k	Comment
Total budget for 2019/20		98,471	
Plus Inflation allowance & other minor alterations (approx 2.2%)		2,304	
		100,774	
Reductions for operating programmes that were for 2019/20 only			
1493-Highbury community hub	(77)		
1504-Preliminary planning of Kelvin Grove community hub	(102)		
1515-Culture transformation	(270)		
1526-Low carbon road map development	(82)		
1571-Investigation into central library options	(200)		
1549-C/fwd - Te Manawa - Investigations and planning for option A and B	(259)		
1550-C/fwd - Hockey Turf - Grant for Share of Construction	(350)	(1,339)	
		99,435	
Additions for items that were provided for in year 3 of 10 Year Plan			
225-PNCC Website Upgrade	226		
1472-Accelerate 25 Business Case work for strategic roads	512	738	Partially funded by NZTA
		100,173	
Additions for items that have had specific Council approval			
1572-Enterprise Resource Planning (ERP) System Replacement	2,600		Approved in Dec 2019 - Plan to fund from rates over 5 years
1613-Kakatangiata District Plan Change	125		Approved in June 2019
1614-Stormwater - Open channels and drains - maintenance	150	2,875	Increased by $200k for 2019/20 & a further $150k for 2020/21
		103,048	
Additional sums provided for			
Additional resources for processing planning and building consents	575		Offset by additional income
Additional resources for operating expanding contact centre	292		Offset by additional income
Resources to enable Wildbase Centre to operate for extended hours	152		
Additional resources to position the organisation for enhanced performance	500		
Additional resources to cope with enhanced performance in infrastructure delivery	168		Increased investment in asset management & programme delivery

Additional costs of maintaining sports fields & city-wide reserves	463		Includes additional maintenance for extended walkway network ($70k), increased sportfields renovation programme to improve durability of grounds ($250k), increased level of service at regional sportfields such as Fitzherbert Ave, Colquhoun Park & Memorial Park ($143k)
Higher costs of software licence fees for current software	396		Previous budgets understated these costs
Provision for additional licence costs for new ERP system	300		New enhanced system & will be hosted offsite
Additional costs for Active Transport (cycle lanes painting etc)	121		
Providing a budget for costs relating to private plan changes	998	3,965	Offset by additional income
		107,013	
Total budget for 2020/21		107,013	

Examples of rates for 2020/21 (including varying levels of UAGC)

	LV	Actual Rates 2019/20	Examples for 2020/21 incl $500 UAGC $	% incr	incl $520 UAGC $	% incr	incl $525 UAGC $	% incr	incl $530 UAGC $	% incr
Single Unit Residential										
R1 Average	243,000	2,609	2,699	3.4	2,706	3.7	2,708	3.8	2,710	3.9
R1 Median	230,000	2,534	2,619	3.4	2,627	3.7	2,629	3.8	2,631	3.8
R1 Quartile 1	185,000	2,275	2,344	3.0	2,354	3.5	2,357	3.6	2,359	3.7
R1 Quartile 3	280,000	2,822	2,925	3.6	2,930	3.8	2,932	3.9	2,933	3.9
Two Unit Residential										
R2 Average	273,000	4,230	4,372	3.4	4,371	3.3	4,371	3.3	4,371	3.3
R2 Median	255,000	4,077	4,211	3.3	4,211	3.3	4,211	3.3	4,211	3.3
R2 Quartile 1	220,000	3,781	3,897	3.1	3,900	3.1	3,901	3.2	3,901	3.2
R2 Quartile 3	300,000	4,459	4,614	3.5	4,611	3.4	4,610	3.4	4,610	3.4
Non-Residential										
CI Average	708,000	14,652	15,451	5.5	15,343	4.7	15,318	4.5	15,291	4.4
CI Median	400,000	8,636	9,086	5.2	9,034	4.6	9,022	4.5	9,009	4.3
CI Quartile 1	230,000	5,316	5,573	4.8	5,552	4.4	5,547	4.3	5,541	4.2
CI Quartile 3	790,000	16,253	17,145	5.5	17,023	4.7	16,994	4.6	16,964	4.4
Rural/ Semi-serviced (>5 ha)										
FL Average	829,000	1,794	1,862	3.8	1,871	4.3	1,873	4.4	1,875	4.5
FL Median	475,000	1,272	1,310	3.0	1,323	4.0	1,327	4.3	1,330	4.5
FL Quartile 1	320,000	1,044	1,068	2.3	1,084	3.8	1,088	4.2	1,091	4.6
FL Quartile 3	840,000	1,810	1,879	3.8	1,888	4.3	1,890	4.4	1,892	4.5
Rural/ Semi-serviced (>0.2 & <5 ha)										
FM Average	316,000	1,620	1,678	3.6	1,688	4.2	1,691	4.4	1,694	4.5
FM Median	315,000	1,617	1,674	3.6	1,685	4.2	1,687	4.4	1,690	4.5
FM Quartile 1	250,000	1,401	1,446	3.2	1,459	4.1	1,462	4.3	1,465	4.5
FM Quartile 3	365,000	1,783	1,850	3.8	1,859	4.3	1,861	4.4	1,863	4.5
Miscellaneous										
MS Average	594,000	4,950	5,201	5.1	5,181	4.7	5,176	4.6	5,171	4.5
MS Median	315,000	2,894	3,025	4.6	3,024	4.5	3,024	4.5	3,024	4.5
MS Quartile 1	145,000	1,641	1,700	3.6	1,710	4.2	1,713	4.4	1,715	4.5
MS Quartile 3	630,000	5,215	5,482	5.1	5,459	4.7	5,454	4.6	5,448	4.5

F

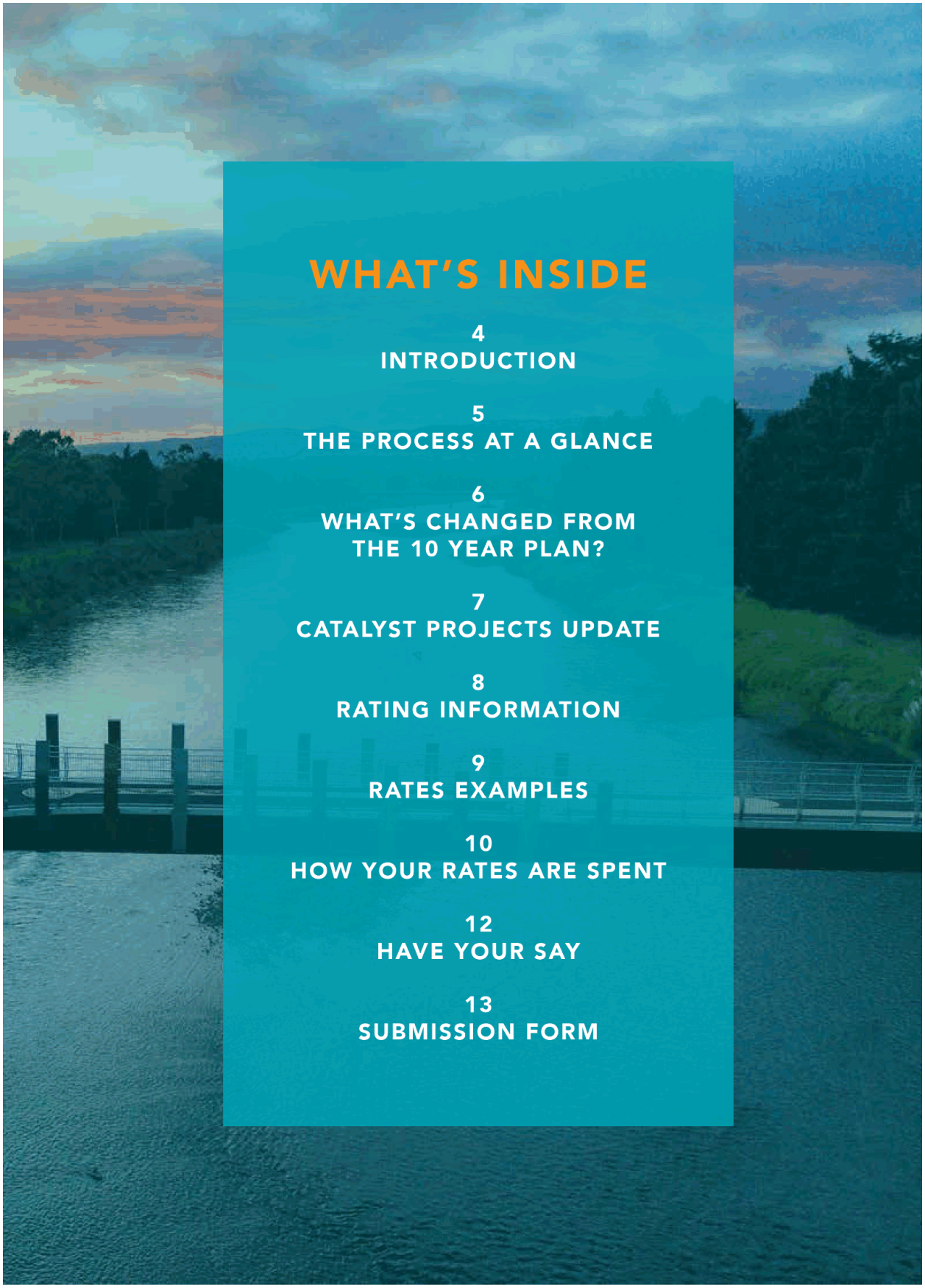
Although the assumed increase in total rates required is 4% the general rates component of this needs to increase by 4.9%

A 5% increase in the UAGC would mean a UAGC of $525

For the purposes of the draft Annual Budget it is recommended a UAGC of $525 be assumed

AB 2020/21
MAHERE PŪTEA Ā-TAU
ANNUAL BUDGET
PAPAIOEA
PALMERSTON NORTH CITY
Your City Your Say
Share your thoughts by 20 April 2020
Consultation Document
for the proposed Annual Budget (Annual Plan)
YEAR THREE
OF THE 10 YEAR PLAN 2018 – 2028
He iti rā, he iti pounamu
Small city benefits, big city ambition
pncc.govt.nz
Te Kaunihera o Papaioea
Palmerston North City Council

ONE VISION
Palmerston North
SMALL CITY BENEFITS
BIG CITY AMBITION
Five Strategic Goals
1. AN INNOVATIVE AND GROWING CITY
2. A CREATIVE AND EXCITING CITY
3. A CONNECTED AND SAFE COMMUNITY
4. AN ECO CITY
5. A DRIVEN AND ENABLING COUNCIL.



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INTRODUCTION

Council set its 'Small city benefits, big city ambition' vision in 2018 in the 10 Year Plan. This is our second budget since then and the last budget before we begin our 2021 - 2031 10 Year Plan. It's how we check if we're still on target to deliver on that plan and is updated to reflect changed circumstances and to revise timing where necessary of our programmes.

This proposed budget confirms our priorities for the next twelve months and projected revenue and costs. It's also how we determine rates. This document also highlights changes to our 10 Year Plan and confirms how our catalyst projects are progressing. Our full and detailed proposed budget is available online on pncc.govt.nz/annual-budget

We'd like your feedback on our proposed budget for this year. We'd also like to hear what we should consider in our next 10 Year Plan (2021 - 2031).

MESSAGE FROM THE MAYOR

Palmerston North is set to experience significant growth with more than $3billion being invested in the region over the next ten years - primarily in Palmerston North. Our 10 Year Plan took a 'Big Picture' approach and we need to continue with that framework and take advantage of the huge opportunities these investments will create for our city and the region.

This year's Annual Budget outlines how we're going to support sustainable growth and ensure our infrastructure and facilities are in their best shape for now and future generations. We recently completed the He Ara Kotahi shared pathway, and this is a great example of what major projects can deliver to the city.

We're making good progress with our other catalyst projects that are shaping our city and we're preparing to soon ask for your feedback on one of our biggest projects ever – Nature Calls.

Council is conscious of delivering value for your rates and continuing to be an innovating, creative and exciting city, with a community that feels safe and connected and continues to grow in a sustainable manner.

This proposed document outlines minor changes from our 10 Year Plan and why they are being made. We'd like your feedback on our plan for the next twelve months, and we're also keen to hear what we should be considering for our next 10 Year Plan.

Grant Smith JP
Mayor

MESSAGE FROM THE CHIEF EXECUTIVE

Creating a better future for Palmerston North requires vision, action and attention to detail. In 2018 – Year 1 of the 10 Year Plan – we set in motion our vision of small city benefits; big city ambition.

Two years on, the city is making tangible progress on the goals that will deliver on this vision and make Palmerston North stand out as an extraordinary place to live. We are seeing this take shape on multiple levels at different stages of progress, from the KiwiRail Regional Freight Hub and Central Energy Trust Arena Masterplan, to the City Centre Streetscape upgrade and progress with Papaioea Place Housing Development.

We are front-footing growth and development to turn exciting opportunities into vibrant realities. This is a considerable challenge and we have to carefully manage the major capital and creative investments being made in our city. To that end, we are now preparing and consulting with you on the annual budget for this year 3 of the 10 year Plan.

Together as a city, every year, we have to strike a prudent balance between achieving our aspirations, and ensuring this is affordable for our community. We are in a rapidly-changing environment and need an Annual Plan that budgets astutely considering all the factors presently in play.

This proposed Annual Budget for 2020/21 (see key points on page 5) checks and calibrates our approach to keep our city on a path for sustainable and exciting growth. Lower-than-projected rates increases and more investment in customer experience are part of an ongoing long term plan adjustment equation. Your say on the approach for the year ahead, and also on things to factor in for the next 10 Year Plan, is important for supporting our positive growth direction.

I look to forward to hearing your recommendations.

Heather Shotter
Chief Executive

OUR BUDGETING PROCESS

YEAR 1 OF THE 10 YEAR PLAN

Our new 10 Year Plan is prepared in consultation with the community. This includes the budget for Year 1 as well as ou plans for the future. By June 2021 we need to have completed the three-yearly review of our 10 Year Plan.

PRE-PLANNING

In Year 3 pre-planning work on the upcoming 10 Year Plan begins.

YEAR 2 OF THE 10 YEAR PLAN

An Annual Budget for the financial year is prepared and highlights any differences from the 10 Year Plan. It will also set the rates for the financial year.

YEAR 3 OF THE 10 YEAR PLAN

We are currently preparing this. It is based on Year 3 of the 10 Year Plan and will set the rates for the financial year.

WHAT IS A 10 YEAR PLAN?

The 10 Year Plan is designed to bring our vision and goals to life, and covers the services we provide, upkeep of the city's infrastructure, and new projects that'll make our city an even better place to live in.

We prepare a new 10 Year Plan in consultation with residents every three years.

WHAT IS AN ANNUAL BUDGET?

Every year we prepare an Annual Budget (called an annual plan) that sets out what we plan to do in the current financial year and how this impacts on your rates and Council's debt. Our Annual Budgets are based on our 10 Year Plan which sets out what Council will do for residents over a ten-year period.

We are now preparing our Annual Budget for 2020/21 and want to hear your thoughts. This will be based on Year 3 of the 10 Year Plan.

KEY POINTS OF THE PROPOSED ANNUAL BUDGET FOR 2020/21

- **Rates:** We're proposing rates to increase by 4% (down from 5.2% projected in the 10 Year Plan). This lower increase has been helped by interest costs being lower than assumed in our 10 Year Plan.
- **Nature Calls:** in the 10 Year Plan we made assumptions about how much the Nature Calls project may cost, however, recent indications are it will cost considerably more (see page 7). Council is conscious of this when making commitments to other programmes. The physical work is programmed for 2024 to 2028.
- **Capital Development:** Our challenging programme of capital development for 2019/20 is making good progress, however, we are assuming around 30% of the budget for planned work will be carried over to 2020/21.
- **Organisational Development:** We need to future proof our organisation for the challenges of a growing city, including building staff capacity, updating our digital capability and improving customer service. This requires investment in our people and systems.

WHAT'S CHANGED FROM THE 10 YEAR PLAN?

PROPOSED CHANGES TO YEAR 3 OF THE 10 YEAR PLAN

The Council has lower interest rates than what we had previously assumed. We also have a lower debt level due to a change in timings for some of our capital projects. This has led to lower interest costs and an ability to cope with other urgent work without such a significant increase in rates.

The main changes to what was assumed in the 10 Year Plan include:

- Removing the provision for a contribution to the construction of a proposed sports house in Cuba St following the withdrawal of the project partner
- Continuing with the provision of $50,000 (first introduced in 2019) for an Arts Event Fund– a contestable fund to support national and regional arts events hosted in Palmerston North
- Continuing with the provision of $60,000 (first introduced in 2019) for the administration of Hancock Community House
- Deferring the programme for constructing additional social housing units so it can be considered once the Papaioea Place project is complete.
- Continuing with the provision of $60,000 (first introduced in 2019 as a trial) to support the provision of free swimming for under 5 year olds – although this sum has been provisionally included the Council has yet to consider whether this programme will be continued into 2020/21
- In the 10 Year Plan, it was assumed the Council would need to replace its aging financial system from 2021 to 2023. As outlined in the 2019/20 budget the Council has determined the replacement is now more urgent and a wider range of enterprise systems need to be addressed. The proposed budget includes provision for $2.6m for this in 2020/21 and that to reduce the impact on rates the costs will be funded from rates over the next five years
- Repeating the decision made for 2019/20 by increasing the sum provided to fund footpath renewal following an audit that showed a need for more upgrades than originally assumed
- Increasing the provision for renewal of recycling trucks that are presently leased
- Deferring provision for renewal of components of some community and cultural centres to better reflect the renewal cycle
- Increasing sums for urgent works required in the Civic Administration building so that it continues to meet health and safety standards
- Adding several programmes to renew key equipment for water, wastewater and stormwater systems to lower the risk of system failure
- Deferral of part or all of a number of transport and city centre streetscape programmes to better reflect the time it takes for proper public engagement, obtaining external funding, negotiating with landowners and meeting resource consent conditions
- Revising the timing of the components of the upgrade of the Central Energy Trust Arena following the update of the centre's development plan
- Following on from the decision made in 2019, bringing forward the construction of stage 2 of the redevelopment of the Council's social housing complex in Papaioea Place
- Providing to undertake the stage 4 upgrade of James Line that was deferred in 2019
- Increasing the sums provided to improve the stormwater network and to increase the resilience of the wastewater treatment plant
- Deferring the programme to address discoloured water issues in Ashhurst to enable enough time for the work to be properly scoped and a business case prepared

Let us know what you think by 20 April 2020

Make a submission – more details on pages 13 - 14.
How to make a submission:

email
submission@pncc.govt.nz

go online
pncc.govt.nz/annualbudget

deliver Customer Services Centre,
Civic Administration Building,
The Square, Palmerston North

freepost
Annual Budget Submissions, PNCC,
FreePost PX33317, Palmerston North DX Sort

CATALYST PROJECTS UPDATE

NATURE CALLS – OUR WASTEWATER TREATMENT PLANT UPGRADE

It will be the largest project this Council has undertaken and is the biggest environmental and financial decision our city needs to make. Our current resource consent was granted in 2003 for 25 years, however, we have agreed to bring forward our next application for consent to 2022.

Before the project started in 2017, a budget of $128 million was set aside in the 10 Year Plan as a placeholder for a new wastewater solution. The exact cost of shortlisted options, as well as funding opportunities, is part of ongoing investigations into each option. But indications are this could cost more than the $128 million. Opportunities to reduce the cost to ratepayers will also be looked at. Consultation on the shortlist of options will begin in early 2020.

CITY CENTRE STREETSCAPE – 'STREETS FOR PEOPLE'

Construction has commenced for Stage 2 of our Streets for People project which is upgrading the area of The Square between Main Street and Church Street. When complete, the footpath in front of the shops will be doubled in width, with more trees, seating and outdoor dining space. A large portion of the construction period and budget is dedicated to improving and maintaining underground services including stormwater pipes.

RURAL RING ROAD AND REGIONAL FREIGHT HUB

The Regional Freight Ring Road project is designed to divert heavy traffic around the city centre and connect with two major new industrial zones we've created. One to the West at Longburn and one in the North East of the city next to the airport.

We have a Memorandum of Understanding with KiwiRail and New Zealand Transport Agency to work together to establish a freight hub in the North East Industrial Zone. KiwiRail will soon announce their preferred option for their location in Palmerston North for their Regional Freight Hub.

LIBRARY OF THE FUTURE

This project is on-hold due to the earthquake-prone building status of the Central Library building. We are now determining how it will be used in the future. This has had an impact on proposed programmes that encompassed this project.

CENTRAL ENERGY TRUST ARENA MASTERPLAN AND PROJECTS

In September 2019, the construction of the artificial turf was completed, delivering a surface that is the first of its kind in the region. The next three projects in the Masterplan are:

- Cuba Street welcoming Entrance Plaza
- Speedway Pits
- Embankment Redevelopment

These three projects will be delivered concurrently by a single contractor. A competitive tender process has been undertaken and the preferred tender will be presented to Council in late March. If the tender is accepted, construction is expected to commence in early April. Central Energy Trust has confirmed a $1.078m grant towards the electrical components of these three projects.

Sport Manawatu have withdrawn their interest in building a 'Sports House' on site. Council had planned to contribute $1.5 million over two years towards this building. This amount remains in the budget as a capital expense. A feasibility study is being carried out on the viability of an administration/commercial building instead.

TE MANAWA 2025 REDEVELOPMENT

Council and Te Manawa Museums Trust are working on a business case study to investigate the proposal further. If the projects go ahead then the bulk of the funds will be raised by the Trust, with a Council contribution.

VICTORIA ESPLANADE MASTERPLAN AND MANAWATU RIVER PROJECTS

The Esplanade Masterplan was approved in December 2018 and is now in the project delivery phase. Two key projects that are to be delivered in the 2020/21 Financial Year are the Park Road Entrance realignment project and the Bonsai House/Lath House project. When completed both developments will improve the visitor experience at the Esplanade.

ACTIVE TRANSPORT: WALKING AND CYCLING

The He Ara Kotahi shared pathway project is now completed and is being well-used. Several projects are delayed enabling consultations or negotiations with other parties, these include the Summerhill Drive improvements, Napier Road and the Urban Cycle Network Development.

RATING INFORMATION

WE ARE PROPOSING AN OVERALL RATES INCREASE OF 4% (IN THE 10 YEAR PLAN WE ESTIMATED 5.2%)

RATES PRINCIPLES

User-pays applies to some Council services. Where this isn't practicable, services are funded from various forms of rates.

The city's rating system is based on a number of principles:

- General rates are based on the land value (as at 1 September 2018) of each property rather than the capital value.
- The level of the rate charged depends on what the property is being used for. Non-residential, rural and semi-serviced and multi-unit residential properties have different rates.
- To foster the sense of a single community, the same rating system applies throughout the city.
- Core council services such as water supply, wastewater, rubbish and recycling are funded by a fixed amount (targeted rate) at the same level for all properties.
- A uniform annual general charge (UAGC) is made to every property – this helps ensure every property contributes at least a minimum amount.

PROPOSED RATES FOR 2020/21

Council's 10 Year Plan assumed that total rates would need to increase by 5.2% to cover the cost of delivering services in 2020/21. Due to changes in circumstances the proposed budget for 2020/21 would require total rates to increase by 4%

Rates are made up of two parts, one fixed and one variable based on the land value.

For 2020/21 the fixed part is proposed to be made up of a UAGC ($525 for each property) and targeted rates for services provided to a property as follows:

Charge type	Charge 2019/20	Charge 2020/21	What it pays for
General (UAGC)	$500	$525	Contributes to paying for all other Council services and acts as a way of ensuring that all properties contribute a more equal share of cost rather than it all being based on the land value
TARGETED RATES FOR SERVICES			
Water	$257	$265	Pays for the cost of providing water
Wastewater	$252	$251	Pays for the cost of treating and disposing of wastewater
Kerbside Recycling	$127	$127	Pays for the cost of kerbside recycling
Rubbish & Public Recycling	$72	$69	Pays for general rubbish & recycling costs including transfer stations, cleaning up fly-tipping, community education

RATES EXAMPLES

EXAMPLES OF PROPOSED RATES FOR 2020/21 ARE SHOWN IN THE FOLLOWING TABLE:

	Single Unit Residential			
	Land value	Land value	Land value	Land value
	$185,000	$230,000	$243,000	$280,000
	Quartile 1	Median	Average	Quartile 3
General Rates $ (including UAGC of $525)	1,645	1,917	1,996	2,220
Targeted Rates $	712	712	712	712
Total Rates $	2,357	2,629	2,708	2,932
Actual $ 2019/20	2,275	2,534	2,609	2,822
Increase $ over 2019/20	82	95	99	110

	Two Unit Residential			
	Land value	Land value	Land value	Land value
	$220,000	$255,000	$273,000	$300,000
	Quartile 1	Median	Average	Quartile 3
General Rates $ (including UAGC of $525)	2,477	2,787	2,947	3,186
Targeted Rates $	1,424	1,424	1,424	1,424
Total Rates $	3,901	4,211	4,371	4,610
Actual $ 2019/20	3,781	4,077	4,230	4,459
Increase $ over 2019/20	120	134	141	151

	Non-Residential (Commercial/Industrial) #			
	Land value	Land value	Land value	Land value
	$230,000	$400,000	$708,000	$790,000
	Quartile 1	Median	Average	Quartile 3
General Rates $ (including UAGC of $525)	5,227	8,702	14,998	16,674
Targeted Rates $	320	320	320	320
Total Rates $	5,547	9,022	15,318	16,994
Actual $ 2019/20	5,316	8,636	14,652	16,253
Increase $ over 2019/20	231	386	666	741

	Miscellaneous			
	Land value	Land value	Land value	Land value
	$145,000	$315,000	$594,000	$630,000
	Quartile 1	Median	Average	Quartile 3
General Rates $ (including UAGC of $525)	1,644	2,955	5,107	5,385
Targeted Rates $	69	69	69	69
Total Rates $	1,713	3,024	5,176	5,454
Actual $ 2019/20	1,641	2,894	4,950	5,215
Increase $ over 2019/20	72	130	226	239

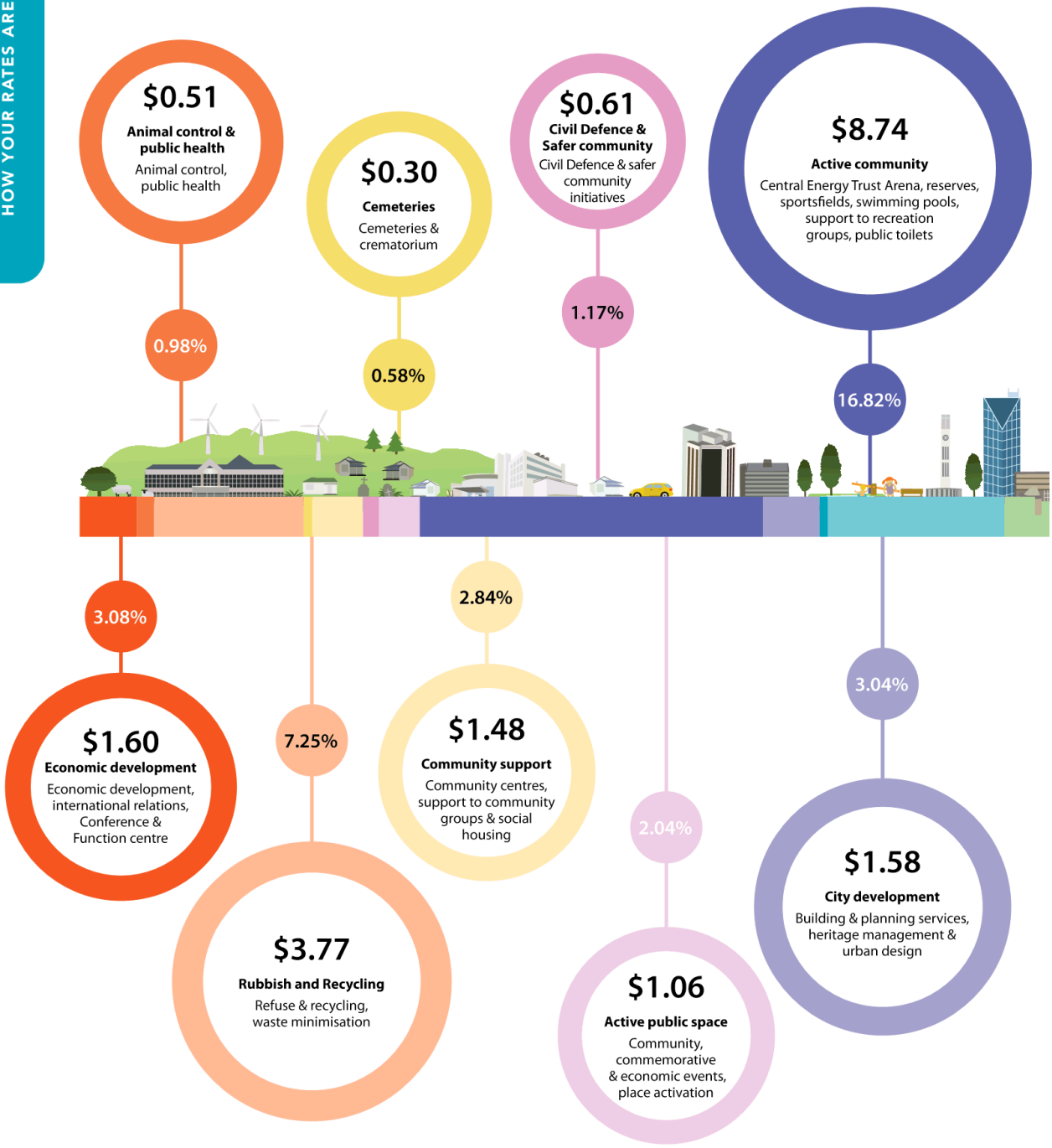
	Rural/Semi-serviced (between 0.2 & 5ha)			
	Land value	Land value	Land value	Land value
	$250,000	$315,000	$316,000	$365,000
	Quartile 1	Median	Average	Quartile 3
General Rates $ (including UAGC of $525)	1,393	1,618	1,622	1,792
Targeted Rates $	69	69	69	69
Total Rates $	1,462	1,687	1,691	1,861
Actual $ 2019/20	1,401	1,617	1,620	1,783
Increase $ over 2019/20	61	70	71	78

	Rural/Semi-serviced (5ha or more)			
	Land value	Land value	Land value	Land value
	$320,000	$475,000	$829,000	$840,000
	Quartile 1	Median	Average	Quartile 3
General Rates $ (including UAGC of $525)	1,019	1,258	1,804	1,821
Targeted Rates $	69	69	69	69
Total Rates $	1,088	1,327	1,873	1,890
Actual $ 2019/20	1,044	1,272	1,794	1,810
Increase $ over 2019/20	44	55	79	80

Non-residential examples do not include any rates for wastewater based on the number of toilet pans or water charged by meter. The proposed charge per pan is $251. Metered water is charged on the basis of a fixed amount (depending on the size of the connection) and the balance by the volume used.

HOW YOUR RATES ARE SPENT

THE COUNCIL DIVIDES ITS SERVICES INTO ACTIVITIES, BELOW SHOWS THE WEEKLY COSTS FOR EACH ACTIVITY (INCLUDING INTEREST & DEBT REPAYMENT). ASSUMING THE PROPOSED RATES INCREASE OF 4% THEN THESE SERVICES WOULD COST THE AVERAGE RESIDENTIAL RATEPAYER $52 A WEEK.



HOW YOUR RATES ARE SPENT

$4.89
Leadership
Mayor & Councillors, Council meetings, consultation, plans (including District Plan) & strategies, iwi relationships
9.40%

$7.75
Transport
Roads, footpaths, shared pathways, street lights
14.90%

$3.27
Arts, Culture & Heritage
Arts, culture & heritage facilities (including Te Manawa, Regent) & support
6.29%

$4.25
Libraries
City & branch libraries, mobile library, Youth Space
8.17%

$0.36
Biodiversity & sustainable practices
Biodiversity, sustainable practices
0.69%

0.57%
$0.30
Corporate support
Corporate support, commercial or strategic investment

9.29%
$4.83
Wastewater
Collection, treatment and disposal

9.81%
$5.10
Water
Treatment, storage, distribution

3.08%
$1.60
Stormwater
Flood protection*

* Horizons Regional Council is responsible for Manawatū River and Mangaone Stream flood protection

HAVE YOUR SAY

At the back of this document you'll find a submission form that you can fill out and send back to us.

TELL US WHAT YOU THINK AND GET MORE DETAILS:

go online and read the supporting documents at pncc.govt.nz/annualbudget

facebook @PNCityCouncil

talk with a Councillor
for contact details go to pncc.govt.nz /talk

come to a "Let's Talk" session

attend a hearing (you can do this even if you're not making a submission)

phone 356 8199

DATES TO NOTE	
Submissions open	20 March 2020
Submissions close	20 April 2020
Hearings	8-11 May 2020
Committee of Council considers submissions	20-21 May 2020
Council adopts Annual Budget	24 June 2020

HEARINGS - HAVE YOUR SAY IN PERSON

HEARINGS – 8-11 MAY (TO BE HELD IN THE COUNCIL CHAMBER)			
DAY	SESSION 1	SESSION 2	SESSION 3
Fri 8 May	9am-11am	12noon-2pm	3.30pm-5.30pm
Mon 11 May	9am-11am	12noon-2pm	3.30pm-5.30pm

COME TO A LET'S TALK SESSION

GENERAL LET'S TALK SESSIONS		
DAY	TIME	SESSIONS
Thu 26 March	10.30am – 11.30am	**Ashhurst Community Library** - Cnr Cambridge & Bamfield Streets, Ashhurst
Sat 28 March	10am – 11am	**Central Library** - Ground Floor Space (event space) 4, The Square, PN
Thu 2 April	10am - 11am	**Awapuni Community Library** - College Street Shopping Centre, PN
Tues 7 April	10.30am – 11.30am	**Te Pātikitiki Community Library** - Monrad Park, Highbury Ave, PN
Thu 9 April	10.30am – 11.30am	**Roslyn Branch Library** - 8 Kipling Street, Roslyn, PN
TBC	TBC	**Bunnythorpe School** - Baring Street, Bunnythorpe

SECTOR FOCUSED LET'S TALK SESSIONS - ANYONE WELCOME INCLUDES PRE-ENGAGEMENT ON UPCOMING 10 YEAR PLAN			
DAY	TIME	SECTOR TOPIC	SESSIONS
Thu 2 April	1pm – 2pm	**Disability Sector**	**Council Chambers** - 32 The Square, PN
Thu 2 April	4.30pm - 5.30pm	**Youth Sector**	**Youth Space** - Cnr Coleman Mall and George St, PN
TBC	TBC	**Business Sector**	**Conference & Function Centre** - 354 Main St, PN
TBC	TBC	**Environment Sector**	TBC
TBC	TBC	**Arts Sector**	TBC
TBC	TBC	**Multicultural Sector**	TBC
TBC	TBC	**Sport & Recreation Sector**	TBC
TBC	TBC	**Community Services Sector**	TBC

ANNUAL BUDGET 2020/21

Year 3 of the 10 Year Plan 2018 - 2028

SUBMISSION FORM

This form is for you to let us know what you think about our proposed Annual Budget for Year 3 of the 10 Year Plan for 2018 - 2028 and what we should be thinking about going into the next 10 Year Plan. Please print clearly so this form can be easily photocopied, read and understood. Provide all of your contact details including postal address, phone and/or email. Make it clear if you're representing an organisation by filling out the relevant field below.

Full Name:			
Name of the organisation you represent *(only if applicable):*			
Address:			
Phone:	*(mobile)*	*(hm)*	*(wk)*
Email:			
Signature:			

IF YOU WOULD LIKE TO SPEAK TO YOUR SUBMISSION AT A HEARING

Select your preferred dates and times:

1ST OPTION

Date: _____ **2020**	*Time:*

2ND OPTION

Date: _____ **2020**	*Time:*

All submissions will be acknowledged in writing and given to the Mayor and Councillors, who will consider the views and comments expressed when finalising the Annual Budget.

If you would like to make a personal presentation in support of your submission before a Committee of Councillors, please tell us your choices of dates and times in order of preference. Options for dates and times are listed on page 12 of the Consultation Document.

As required by the Local Government Official Information and Meetings Act 1987, all submissions will be publicly available, including their placement on the Council's website, although you may request that your contact details (but not your name) be regarded as confidential. If you want your contact details withheld please let us know by ticking this box:

Withhold my contact details: ☐

HOW TO MAKE A SUBMISSION:

email
submission@pncc.govt.nz

freepost
Annual Budget Submissions, PNCC,
FreePost PX33317, Palmerston North DX Sort

deliver
Customer Services Centre, Civic Administration Building, The Square, Palmerston North

go online
pncc.govt.nz/annualbudget

Let us know by 20 April 2020

SUBMISSION FORM

ANNUAL BUDGET 2020/21

Please tell us what you think about our proposed Annual Budget for 2020/21?

Do you want to make any comments about what's changed from Year 3 of the 10 Year Plan?
see page 6

PLEASE NOTE: Submissions will not be returned, so if you want a copy please keep one

Submissions close Monday 20 April 2020

What should we be considering for the upcoming 10 Year Plan?

If you need more writing space, just attach additional pages to this form.

PLEASE NOTE: Submissions will not be returned, so if you want a copy please keep one

Submissions close Monday 20 April 2020

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Private Bag 11034, The Square, Palmerston North, 4442

pncc.govt.nz/annualbudget