



Westland District Council Draft Annual Plan 2020/2021

Consultation Document

TENA KOUTOU

WELCOME TO WESTLAND DISTRICT COUNCIL'S 2020/2021 ANNUAL PLAN CONSULTATION DOCUMENT. IN THIS DOCUMENT WE SET OUT THE CHANGES FROM THE 2018-28 LONG TERM PLAN (LTP) FOR 2020/2021 (YEAR 3) AND ASK FOR YOUR FEEDBACK.

In 2018 we adopted the LTP 2018-28 which told you what Council planned to do for the Westland District over the next ten years. As time goes on, some of the things we planned to do and the way we rate for these need to be updated.

Council still needs to provide essential services to the community, but recognises that this year people might be struggling financially. Council has cut back expenses as much as possible and focussed on the bare minimum for what is necessary for Council to do its job.

Going forward Council is concerned with ensuring that Westland becomes more resilient to natural hazards and that townships have the means to cope during these events.

Council is proposing a number of measures in this plan that will assist communities to be better prepared for natural hazards and strengthen the infrastructure that communities rely on.

In this financial year Council also has a better understanding of the impact of working with Westland Milk Products (WMP) on the Ocean Outfall scheme might have on our services. Even though this was included in last year's consultation document, there have been some revised costings from WMP following

the tender process. Council has reviewed alternative options and is interested to hear the community's views on the options for Hokitika wastewater treatment.

Westland Sports Hub officially opened in March. This structure stands on Ministry of Education land at Westland High School. Council wants to know what ratepayers think about taking ownership of the structure. The financial impact of this will be on Hokitika Community ratepayers.

The Franz Josef and Fox Glacier Community Associations approached Council to increase their funding. This will impact ratepayers in both of these communities.

Ross Community Association requested that Council release a portion of the Ross Endowment Land Fund to repair the Ross Community Gym and Squash Courts. There is no impact on rates but there will be an impact on the value of the Fund.

Read through the following information and let us know your thoughts on the proposed changes.

CHANGES IN YOUR RATES BILL

You may see a change in the rates on your rates bill. This is explained in the Proposed Rates section. Examples of indicative proposed rates can be found on page 12.

Information on your property's proposed indicative rates for 2020/2021 will be available from 1 May 2020. See the Council's Rating Information Database (RID) online at: <http://e-search.westlanddc.govt.nz/property/>

PROPOSED RATES

Council proposes to freeze rates. Most ratepayers will not see changes to their rates invoices.

Council acknowledges that this is an unusual and difficult time for the people of Westland and our economy. In recognising this, the draft Annual Plan (AP) has been adjusted to provide ratepayers with a zero rates increase, or 'rates freeze'. If Council was to make all the changes originally considered for the draft AP for year 3, there would have been a 1.55% increase. Freezing rates in this financial year does mean that the pain of rates increases is postponed until next year and future years, when Council will have to make difficult decisions about funding the services and infrastructure vital to the community.

WHAT DOES THE RATES FREEZE MEAN?

Council will strike the rates at the same rate factor that they were struck for year 2 (2019/20). This means that unless there

have been changes to your property, or you are paying a different type of rate than you currently pay should not change.

Some people will see a change in their 2020/2021 rates invoices; for example, if you paid a portion of a Commercial Rate in 2019/20 and this is no longer the case in 2020/2021 then your rates invoice will be less. However, if there has been a change at your property, for example you have a new water connection, then your rates will increase through the addition of a new rate type.

Council must still undertake core and essential services on behalf of the community, which is what your rates fund. To do this, Council is required to maintain a 'balanced budget', where the projected operating revenue is enough to meet the

projected operating expenses. Rates are part of Council's projected revenue. Financial management must promote the current and future interests of the community.

The prospective financial statements show that Council will have a very small surplus of \$235,000. This surplus is a result of central government grants for projects that Council undertakes and completes. This funding does not come from rates revenue but goes directly to the project that it is allocated to once the project is completed.

Reduced rates revenue means that Council might need to rely on short-term loans where required to provide enough revenue to operate our core and essential services. Loan funding will be kept to a minimum, drawn down only when necessary and repaid as quickly as possible.

Each year, Council increases some fees and charges where standardised costs have increased and where the cost of supplying the services has increased. Council takes a user pays approach to the supply of services that only benefit certain members of the public, such as building consent services. If Council did not increase the fees and charges the additional costs would have to be absorbed into rates, meaning people who do not benefit would assist in paying.

As part of the temporary measures to freeze rates most of the payments for loans that Council has undertaken for capital expenditure in previous years have been deferred for twelve months. Council has decided to do this in order to take advantage of the low interest rates, which are not expected to increase greatly over the 2020/2021 year. Repayments on these loans will be included in following years' budgets and will be repaid over a number of years through the 2021 – 31 LTP process.

To offset costs to ratepayers, Council has made applications to the Government's Infrastructure Industry Reference Group for financial assistance with a number of critical infrastructure projects that Council is ready to begin, including the removal of solid waste from the closed Fox Glacier landfill. However,

there is no guarantee of funding and Council must be prepared to raise the finance through rates and loans.

For Council to be able to complete planned and future projects, and continue to provide consistent or improved levels of service for core activities, low rates increases will not be sustainable in future years. When making decisions for the next LTP, Council will have to consider higher rates increases along with the repayment of deferred loans and subsequent loans.

COMMUNITY RATES

To ease Community Rate increases, Council has elected not to provide additional funding for community organisations unless the funding was consulted on and planned for in the LTP. This Plan does not provide additional funding for community organisations. However, where community groups have approached Council and requested additional funding for the 2020/2021 year, Council has chosen to consult on the Community Rates increase to that community through this Annual Plan. Any funds that are given to communities in the 2020/2021 rating year will be paid through rates in the 2021/2022 year. The rate increase will be double if increased funding continues in 2021/2022.

RESILIENCE

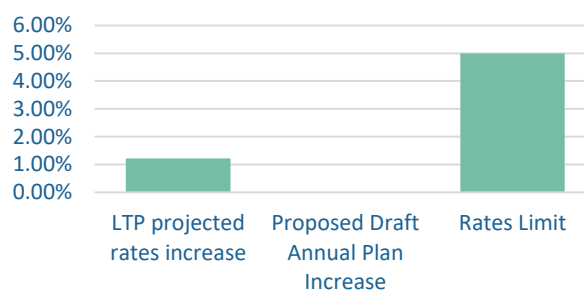
In the 2018 – 28 LTP Council budgeted \$200,000 for an Emergency Contingency Reserve fund, which would protect Council's cash reserves in the event of a natural disaster or natural hazard event. The Emergency Reserve Fund will not be rated for in the 2020/2021 Annual Plan. In the event that there is an emergency Council will need to fund any required reconstruction works with loan funding.

In this AP Council has budgeted for new resilience based capital projects, in infrastructure and Civil Defence, which are discussed below. In the long-term there will be further costs associated with developing the district's resilience. These costs will be reflected in future years' rates.

THE PROPOSED ANNUAL PLAN INCREASE IS WITHIN THE RATES LIMIT SET IN THE LTP.

| | |
|---|-------|
| Proposed LTP 2020/2021 rate increase | 1.21% |
| Proposed Annual Plan increase | 0% |
| Rates Limit | 5% |

Rates increase comparison



Key Dates

SUBMISSIONS OPEN: 7 MAY 2020

SUBMISSIONS CLOSE: 7 JUNE 2020

HEARING AND DELIBERATION: 16 JUNE 2020

2020/2021 ANNUAL PLAN ADOPTED: 30 JUNE 2020

Our Long Term Plan can be found here: <https://www.westlanddc.govt.nz/annual-plans-and-reports>

The Draft Annual Plan 2020/2021 can be found here: <https://www.westlanddc.govt.nz/draft-annual-plan-20202021>

SHARE YOUR FEEDBACK

IN PERSON If you make a submission in writing, online, or over the phone, you also have the option to speak to Council during the hearing on 16 June 2020. Tick the box on the submission form, or advise that you would like to speak at the hearing, and we will get in touch with you to discuss how Council will be hearing submissions.

ONLINE You can make your submission online. Go to <https://www.westlanddc.govt.nz/draft-annual-plan-202021-submission-form>

IN WRITING You can make a written submission by sending us an email, or complete, scan and email the printable submission form. Your local Community Contact may be able to assist you if you don't have access to a scanner. Contact Sarah Brown on sarah.brown@westlanddc.govt.nz or 03 756 9010 for information about your local Community Contact.

OVER THE PHONE: If using the online submission form or sending an email is not an option, you can make a submission by calling Council on the number below.

PHONE: 03 756 9010

FREEPHONE: 0800 474 834

EMAIL: CONSULT@WESTLANDDC.GOV.T.NZ

KEY CONSULTATION TOPICS

Increasing the District's resilience

CIVIL DEFENCE EMERGENCY CONTAINERS

Council proposes to purchase five emergency shipping containers to be placed in high tourist and easily isolated areas throughout Westland. These containers will hold essential welfare supplies to assist communities in the event of a natural disaster or natural hazard event. It is very important to support communities by ensuring they have the means to look after themselves and any other people who are in the district when a disaster happens.

Containers are proposed for Haast, Fox Glacier and Franz Josef Glacier. Two containers would be in Hokitika for distribution throughout the region. The containers would be housed on either council-owned or stakeholder land.

In the event that Council does not purchase these containers communities could be left without essential supplies for a number of days, while Civil Defence and Emergency Services plans a safe and secure method to reach them. The members of the community would have to rely on the resources that they have on hand and provide assistance for any other people who were there at the time.

The containers are a capital item and will be loan funded. There will be no impact on rates in this financial year. Council will work towards adding funding from external agencies.

WDC's preferred option and why

The preferred option is option 1. The premium container would provide the community with a more valuable asset and each community would have the same supplies available to them. This means that no community would be at a disadvantage compared to another in the event of an emergency. Council plans to apply for Tourism Infrastructure Funding to offset part of the cost of the containers. If this application is unsuccessful the budget would then still allow for option 2 to be delivered.

SHOULD COUNCIL PURCHASE PREMIUM OR BASIC CONTAINERS FOR TOWNSHIPS' CIVIL DEFENCE EMERGENCY SUPPLIES?

Council has two options for the containers and their contents

Option 1: Premium containers, costing approximately \$159,800 in total

The container is fitted with the essentials required to support the area during a civil emergency event. This includes shelving, a work bench, first aid supplies, a generator, and will contain food supplies for 3 x meals per day for 3 days for approximately 445 people. The food supplies have a 25-year shelf life. The container, contents and transport of container will cost approximately \$33,761 per container. This is the more expensive option and Communities might wish to have more of a say in the contents of the containers.

Option 2: Basic container, costing approximately \$80,000

The basic containers would only contain the same food supplies as option 1. The cost of \$16,000 each includes transport. Communities could then decide what additional essential items they require. Including additional items would require communities to fundraise or use a portion of community development funding towards adding to the supplies.

Providing for Communities

HOKITIKA OCEAN OUTFALL PROJECT

In the 2019/20 Annual Plan, Council consulted with the community about the opportunity to join with Westland Milk Products (WMP) on a combined Ocean Outfall Project costing Council \$1.9 million. Westland Milk Products have committed to building an 800m underwater pipeline out to sea for their treated dairy wastewater to replace their discharge to the Hokitika River. Council has a current Resource Consent (RC) to discharge Hokitika wastewater to sea but this consent expires in April 2026 and requires Council to review discharge options. Following consultation, Council agreed to work with Westland Milk Products to share a single ocean outfall as this was the most practical solution to meet Council's obligations under the current RC.

Project tendering by Westland Milk Products attracted tenders at a significantly higher cost than expected. The successful tender has increased the cost to Council to \$3.37 million, a \$1.47 million increase. In light of the sizeable increase of cost to Council, a review of alternative methods of wastewater discharge was undertaken by Council staff. This review considered among other things the up-front capital cost and ongoing operational costs associated with the disposal method. The following scenarios were considered:

- Wait until the current RC is due to expire;
- Participate in the WMP Ocean Outfall project;
- Build a new wastewater treatment pond and land-based deep bore disposal field away from the current wastewater treatment ponds;
- Build a deep bore disposal field at the current wastewater treatment plant.
- Discharge via a wetland with an ocean outfall pipeline.
- Build a stand-alone Ocean Outfall pipeline that is submerged on the ocean floor.;

In order to ensure that the new structure receives resource consent prior to the current RC expiring, work will have to begin on a new waste disposal method well before the current RC expires in 2026. Therefore, the first option is unrealistic. The current outfall pipeline is discharging wastewater directly onto the beach, which is unsightly and damaging to the Westland District's tourism appeal. Even though the beach at this location is not at a specific tourist spot, a similar discharge option is unlikely to receive resource consent.

Westland Milk Products Ocean Outfall

The project proposed by WMP benefits Council and the community because all of the risk of price fluctuation, engineering challenges and project execution sit with WMP; the cost to Council for working with WMP is a fixed price of \$3.37 million. Ongoing maintenance costs, forecast to be \$50,000 per year, will be paid by Council.

Council will be able to draw on information gained by WMP to submit a new RC for Council's wastewater, ensuring a simpler and faster process. A longer pipeline extending well into the Tasman Sea subsurface would be beneficial from an environmental and aesthetic point of view with a subsurface discharge well into the wave zone and no visible pipeline.

If Council continues to work with WMP the final ownership arrangement will not vest the asset to Council, however Council will have to pay ongoing compliance costs of approximately \$30,000 per year for separate testing and monitoring of discharge, as well the forecast \$50,000 ongoing maintenance costs. This is not a common arrangement and the legal agreement will have to be carefully set out to ensure WDC right to use for future generations.

In terms of the environmental impact, there are concerns around the discharge of wastewater containing human waste to bodies of water where recreational, food gathering and cultural values tend to be high. Stakeholders have a clear preference for wastewater to make contact with land prior to entering a body of water to make it cleaner.

In addition to working with WMP, Council will have to build an outlet from the current wastewater treatment ponds to the ocean outfall structure at an approximate cost of \$400,000. The cost is additional to the fixed \$3.37 million payment to WMP, bringing the total cost to \$3.77 million. The additional outlet would be owned by Council.

Financial analysis by Council staff of the total project cost, total operating cost and lifecycle cost over a 50-year lifetime estimates this option costing \$11,636,250. The original decision moved forward the planned LTP 2018 - 28 funding for the Hokitika Waste Water Treatment Plant into the 2019/20 year, spread over two years, with \$1.9 million committed to the project.

| Set-up cost | Maintenance Cost | Compliance Costs | Lifetime cost |
|------------------------------|------------------|-------------------|----------------------------|
| \$3.37 million (paid to WMP) | \$50,000. | \$30,000 per year | \$11,636,250 over 50 years |
| \$400,000 – WDC Outlet | TBC | TBC | TBC |

Land based options

A land-based disposal system is more appealing from an environmental viewpoint. Effluent disposal to water sources is objectionable as there might be contaminants in the discharge water, particularly if resource consent conditions are breached.

There are several options for a land-based disposal system. The treatment plant itself could be either settling ponds (similar to the current set-up) or a full mechanical treatment plant. The biggest issue is the disposal of effluent which could be done via a deep-bore disposal field or through a wetland system. A wetland system still requires a discharge point or outfall and this will be into the ocean. Wetlands are considered to be a more positive ecological outcome than an ocean outfall directly from a treatment plant and can provide important bird habitat in a coastal environment as well as being a 'green' wastewater treatment system.

Council has not yet identified a specific location for a land-based option away from the current wastewater ponds, but will look at locations that are away from the coastal erosion zone and elevated. The resulting asset would be owned by Council.

Full cost analysis has not been completed for a land based system. However, the staff review suggested a cost between \$4.5 million for a deep-bore disposal field and \$12 million for new wastewater treatment plant in a location away from the current wastewater treatment plant, with the other options along the cost scale. These costs include project management, construction, and resource consent. Ongoing maintenance costs would sit with Council and are not part of the forecast project cost to build the new system.

Installation of a wetland is forecast to cost around \$4 million depending on the type of wetland constructed. The wetland would also require an ocean outfall. The cost of this has not been fully researched. Because the presence of bacteria can be increased in a wetland system a UV unit might need to be added to the wastewater treatment plant at an additional cost that is yet to be confirmed.

A new Resource Consent will be required with stringent monitoring requirements for land based wastewater treatment. Application for such a consent will be more time-consuming and costly for Council. However, developing a less environmentally sound structure runs the risk of challenges through the Environment Court.

Financial analysis of the total project cost, total operating cost and lifecycle cost over a 50-year lifetime estimates this option would cost \$27,590,000 for land disposal at the existing site and \$34,192,000 for land disposal at a new site.

| System | Set-up cost | Maintenance & Compliance Costs |
|----------------------------------|--|--------------------------------|
| Deep bore at current site | Estimate \$4.5 million (excluding contingencies) | \$27,590,000 over 50 years |
| Deep bore at an alternative site | Estimate \$12 million (excluding contingencies) | \$34,192,000 over 50 years |
| Wetland installation | Estimate \$4 million | TBC |
| Ocean outfall from a wetland | TBC | \$100,000 approximately |

Stand-alone Ocean Outfall pipeline

Council has investigated a stand-alone pipeline though consultants OCEL. This option would provide Council with its own asset, separate from the WMP pipeline. Preliminary costs are estimated to be \$3.875 million, excluding contingency costs. Ongoing operating, compliance and maintenance costs are estimated to be \$100,000 per year.

A stand-alone pipeline would be built 800m out into the sea, the same length as the WMP pipeline. This would provide the benefit of reduced visibility and waste discharge well into the wave zone. Council would maintain full ownership of the asset which is preferable in the long-term.

The full cost and project risk would fall to Council and ratepayers as well as insurance costs when the asset was completed. Council would also need to allow for time and other resources to obtain additional supporting information for the Resource Consent, and management of the project. From an environmental perspective wastewater would still be discharged into the ocean and carry the same concerns as joining with WMP. From a resilience perspective a stand-alone pipeline would be at risk from sea surges and have the risks outlined below.

Financial analysis of the total project cost, total operating cost and lifecycle cost over a 50-year lifetime estimates this option costing \$15,037,500 for a stand-alone ocean outfall pipeline.

| Set-up cost | Maintenance & Compliance Costs | Lifetime cost |
|-----------------|--------------------------------|----------------------------|
| \$3.875 million | \$100,000 per year | \$15,037,500 over 50 years |

Other considerations

All of the current options will be vulnerable to natural hazards such as earthquakes and severe weather events. The land-based option to build a deep bore disposal at the current wastewater ponds might also be exposed to coastal erosion from sea level change.

Any project is subject to a successful resource consent application by WDC, which includes community and iwi consultation and approval. It is critical that the asset installed is sustainable, robust and meets current and reasonably foreseeable future consent requirements.

Option 1: Budget for the increased cost of the Westland Milk Products project.

Although the cost of the project is greater than originally anticipated, Council would be able to contribute to developing the infrastructure before the expiry of the current resource consent and at a lower cost than a stand-alone project. Council is protected financially by paying a set-price. A single pipeline would be less disruptive to the seabed ecology than building two separate pipelines. The cost will be spread over three years to minimise impact.

The asset will not be vested to Council and will be owned by WMP who will pay the ongoing operating cost. Maintenance costs of approximately \$50,000 per year and ongoing compliance costs of about \$30,000 per year will be paid by Council. The environmental impact is higher and more objectionable than a land-based option.

Option 2: Investigate alternative options

Council has an opportunity to reconsider the approach to wastewater disposal in Hokitika, keeping in mind improved social, cultural and environmental outcomes for present and future generations.

If Council elects to build a land-based disposal system, a wetland and outfall pipeline, or stand-alone direct ocean outfall pipeline the asset would belong to Council and be more aesthetically pleasing than the current ocean outfall pipeline. The land-based disposal options would also have an improved environmental impact for marine life, reducing the wastewater entering the ocean. A wetland would have a positive impact with an appealing ecosystem for coastal birdlife.

The alternative options have not been fully costed by Council for the project or ongoing long-term maintenance. Unforeseen costs might arise. Disadvantages of investigating alternative options are the loss of the cost-saving and low-risk opportunity of working with WMP as their project is due to be completed before the end of the 2021/2022 year. The full cost of the project and resource consenting process will be borne by Council. However, there might be a possibility of borrowing information from WMP's resource consent studies, which could provide a small cost reduction. An ocean outfall might still have to be built as part of a land-based option, which is a less desirable environmental outcome.

In the meantime, Council would continue applying the current resource consent.

WHICH OPTION DO YOU PREFER?

FOX GLACIER AND FRANZ JOSEF COMMUNITY RATES

This item relates to Fox Glacier and Franz Josef Community Rate ratepayers. They are the only affected areas.

In November 2019, Council received a request from the Fox Glacier Community Association (Fox Inc.) and the Franz Josef Community Association for an increase in the Fox Glacier and Franz Josef Community Rates to provide increased funding for each community's Township Development Fund.

The Community Rate has not been increased in the 2020/2021 Annual Plan to provide extra funding. If the community wants to increase the funding the money will be paid this year and the community rate will be increased in 2021/2022 to repay the additional funding. If the community continue to require increased funding the Community Rate increase will be double in 2021/2022.

Township development funding supports communities to upgrade and develop their own town environments. The fund is a method for assisting the future growth and development of Westland communities. Council believes that new projects are essential for growth and to retain the identity of an area.

Fox Inc has identified the following use for the funds:

- Resilience improvements by purchasing a generator;
- Improving the surfaces of playing fields and the stadium floor;
- Storage attached to the community centre;
- A community green space and memorial garden;
- Protective baskets for the stadium lights;
- Ongoing community centre overheads.

Franz Josef Community Association has identified the following use of the funds:

- Upgrades to the community hall, including kitchen, toilets / showers, painting, gardens and carpark;
- Town beautification projects and recreational areas;
- Resilience projects including Civil Defence and a rescue helicopter helipad;
- Ongoing town hall overheads.

Funding requested by Community Associations

| Township | Current Funding | Requested Funding | Amount increase |
|--------------------|-----------------|-------------------|-----------------|
| Fox Glacier | \$35,000 | \$40,000 | \$5000 |
| Franz Josef | \$35,000 | \$45,000 | \$10,000 |

If the community indicates that there is not general support for a rate increase the Community Associations may have to delay the projects outlined above. Alternatively, the community can fundraise and make grant applications in order to raise the revenue.

Indicative rates are shown overleaf.

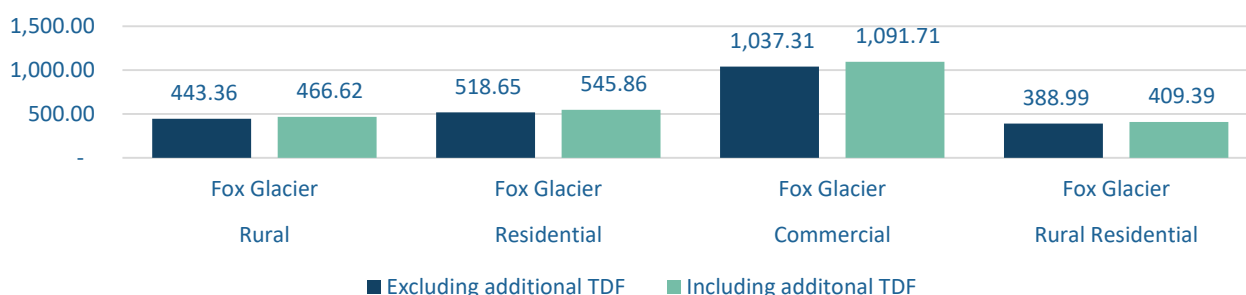
Option 1: Increase funding for each community's Township Development Fund

Council is involved in townscape improvements such as footpath maintenance as a core Council service. Township Development Funds give the community the autonomy to make decisions about what additional enhancements they would like in their townships and how they will pay to maintain them.

If the community chooses this option, the community will receive the money this year, but it means that the Community Rate paid by the ratepayers in these two townships will definitely increase in the 2021/2022 year to pay for the funding. The additional funds are proposed to be used for projects that will benefit the economic, social and cultural wellbeing of the townships and align with Council's focus on resilience in our communities.

The impact is a 5.25% increase of the Fox Glacier Community Rate for Fox Glacier community ratepayers.

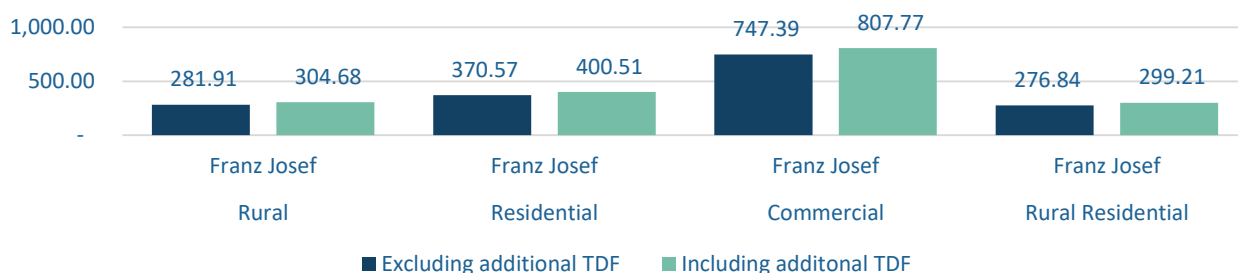
Example impact of additional Township Development Funding on Fox Glacier Community Rate



| Dollar value impact per differential | | | |
|--------------------------------------|-------------|------------|-------------------|
| Rural | Residential | Commercial | Rural Residential |
| \$23.26 | \$27.20 | \$54.41 | \$20.40 |

The impact is an 8.8% increase of the Franz Josef Community Rate for Franz Josef community ratepayers.

Example impact of additional Township Development Funding on Franz Josef Community Rate



| Dollar value impact per differential | | | |
|--------------------------------------|-------------|------------|-------------------|
| Rural | Residential | Commercial | Rural Residential |
| \$22.78 | \$29.94 | \$60.38 | \$22.37 |

Option 2: Do not increase the funding for each community's Township Development Fund

There will be no impact on the current distribution of rates.

WDC's preferred option and why:

Our preferred option is Option 2. With the current economic environment, Council recognises that some ratepayers will have difficulty paying increased rates for non-essential services in this year and in following years. Projects that the Community Associations wish to undertake are not essential at this time and Community Associations can choose to seek other sources of funding in the 2020/2021 year.

Increasing the Township Development Funding has not been included in the Draft Annual Plan 2020/2021. However, if the community elect through submissions to increase the Community Rate the money will be provided in 2020/2021 and the rates increase will happen in the 2021/2022 year.

SHOULD COUNCIL INCREASE FUNDING OF THE FOX GLACIER AND FRANZ JOSEF TOWNSHIP DEVELOPMENT FUNDS THROUGH THE COMMUNITY RATE?

WESTLAND SPORTS HUB

This item relates to Hokitika Community Rate ratepayers. This is the only affected area.

The Westland Sports Hub structure officially opened on 8 March 2020. This was the result of many years of planning, fundraising and hard work by members of the community through Westland Sports Hub Incorporated Society. Westland District Council supported the project with \$1.5 million in Major District Initiative Funding, \$100,000 reserves development funding, and project management services, recognising the need for a premium all-weather sports and recreation facility in the Westland District. The Sports Hub sits on Ministry of Education Land, based at Westland High School in Hokitika. Expected lifespan of the steel framing is 50 years and the structure cover is 30 years. It is currently valued at \$2 million.

Council resolved on 22 February 2018 to take ownership of the frame and cover structure asset on completion, following consultation with the Hokitika rating district and upon entering a Memorandum of Understanding with terms and conditions satisfactory to Council. Consultation was not undertaken. If Council does take ownership of the asset the costs will be borne by the Hokitika rating district. Once vested to Council, the structure will become a community asset and included as a Strategic Asset under the Council's Significance and Engagement Policy.

A Memorandum of Understanding (MOU) between Westland District Council and Westland High School was signed on 20 March 2018 setting out the responsibilities of each party. Major original provisions were:

- The Ministry of Education will retain ownership of the actual hardcourt surface, its ongoing operations, maintenance and associated costs.
- Council will own the resulting asset.
- Council is responsible for the ongoing management, maintenance, insurance (including public liability) and depreciation costs of the structure.
- The Westland District Council, in consultation with the Management Committee will set and retain the fees for the use of the covered courts. It will also establish and retain the funding from grants and sponsorship of the courts.

- Westland District Council will underwrite the asset. All revenue generated will be lodged in a reserve account which will be used to fund the costs of operation including depreciation. Any residual will be invested back into this asset. Should this fund grow above the amount perceived to be required for the long term operation of the asset and beyond the amount of required depreciation, the funds will be distributed to a related or like purpose agreed to by the Management Committee.
- The Westland High School Board of Trustees will allow continued access by the community to the courts at a reasonable cost.

At the April 2020 meeting, Council agreed to amend the MOU with the following provisions:

- Westland District Council will provide Public Liability and Material Damage Insurance for the covered structure, funded through the Hokitika Community Rate.
- Westland District Council will lease the land the structure is built on from the Ministry of Education. The lease is subject to final agreement.
- Westland High School will employ a Sports Hub Coordinator to manage the operation of the sports hub, and use subscriptions from sporting codes and other facility users to pay their salary and cover minor maintenance costs. This will not be a direct cost to Council or Hokitika ratepayers.
- Grants, sponsorship and donations will be held in reserve by Westland High School for future capital or operating costs.

As shown by the dedication to fundraising and the funds raised this is an asset that is very important to members of the community who are involved in the sporting codes that the facility is designed for and to the school who are able to use the facility during school hours.

Although the Sports Hub will be a community asset, it will be of greater benefit to a particular sector of the community – those involved in sports groups and the students at Westland High School who are the main beneficiaries of the Sports Hub. However, because Council will use the Hokitika Community Rate to pay the insurance on the Sports Hub, all ratepayers in the Hokitika community will be affected. This also means that people who pay a Hokitika Community rate and / or pay fees to use the Sports Hub will effectively be paying twice for the Sports Hub.

Indicative cost of Council ownership

| Indicative cost of Council Ownership | | \$ |
|--------------------------------------|--|-------|
| Insurance * | | 5,476 |
| Total indicative annual costs | | 5,476 |

*Insurance premiums reflect fair value of asset and will be revalued on a 3 yearly basis as per Council policy and Accounting Standards, and changes in market factors.

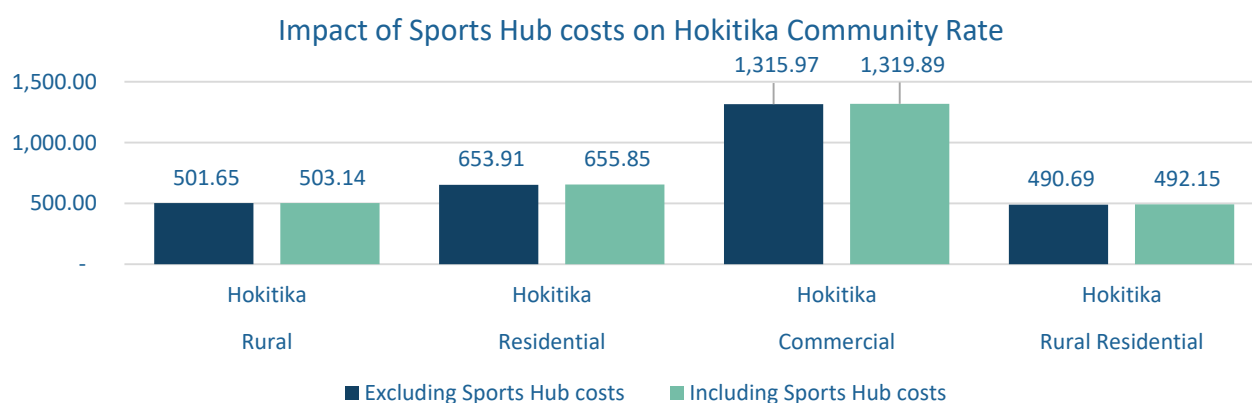
Option 1: Council takes ownership of the Sports Hub and funds insurance costs through the Hokitika Community Rate.

Council's must work towards enhancing communities social and cultural well-being. Taking ownership of the Sports Hub ensures ongoing availability and access to this asset for some members of the community. The fundraising undertaken by the community demonstrates that there is a high interest in having and using the facility.

The main users of this facility will be the school community, who will have access throughout the day during term-time and will be involved in the sporting codes that the facility is suitable for. The community will have access outside of school-time but could potentially pay twice in user fees and community rates.

Indicative effect on Hokitika Community Rates

The impact is a 0.3% increase of the Hokitika Community rate for Hokitika Community ratepayers.



| Dollar value impact per differential | | | |
|--------------------------------------|-------------|------------|-------------------|
| Rural | Residential | Commercial | Rural Residential |
| \$1.49 | \$1.95 | \$3.92 | \$1.46 |

Option 2: Council does not take ownership of the Sports Hub in the 2020/2021 financial year.

There will be no impact on the current distribution of rates. Council will reconsider the decision during the development of the 2021 – 31 Long Term Plan, dependent on the commercial viability of the Sports Hub.

Our preferred option and why:

Council's preferred option is option 1. Council wants to support the social and cultural well-being of the community and has heard from the community that quality recreational facilities are important. Council committed time and resources to the development of the Sports Hub on behalf of the Hokitika community. Management of the Sports Hub being vested in the Westland High School Board of Trustees is considered to assist attracting more valuable sponsorship.

SHOULD COUNCIL TAKE OWNERSHIP OF THE SPORTS HUB AND FUND THE INSURANCE THROUGH THE HOKITIKA COMMUNITY RATE?

ROSS ENDOWMENT LAND FUND

This item relates to the Ross Community. This is the only affected area.

The Ross Community Society (the Society) has requested that funds totalling no more than \$30,000 be released from the Ross Endowment Land Fund to make repairs to the Ross Community Gym and Squash Courts. There is damage to the guttering and cladding of the building and this becomes worse with every storm event that passes through Westland. The Society received a submission signed by 105 Ross residents asking that the Society apply for use of these funds to undertake the repairs.

Reserve funds are held by Council to ensure that funds received for a specified purpose are applied to that purpose and any surplus result is managed in accordance with the purpose for which that reserve was established. Restricted reserves are subject to rules under legal obligation that restrict the uses to which Council may apply the funds.

Funds from the Ross Endowment Land Fund are in a restricted reserve fund, set aside for a purpose that benefits some or all of the Ross area. The value of the fund is currently \$67,368.09.

The Society have received a quote of \$15,913.25 to fix the guttering and cladding of the building. However, once work begins the Society anticipate that further damage may be found, increasing the cost of the building work. Releasing up to \$30,000 from the fund will provide contingency for increased costs of repair from the original quote and any unforeseen repairs. The remaining funds would be retained for a future purpose that benefits some or all of the Ross area.

Ross Community Gym and Squash Courts are a community asset that contributes to community wellbeing by providing a leisure activity for interested community members. The building should be a pleasant place for people to use and maintained to a high standard to ensure that it is safe and weather-tight.

Community members might not wish to use funds from the Endowment Fund to pay for the repairs to the building. The facilities are only available for people who use the squash courts, and community members who use the community gym located in the building. If the building is not repaired it will deteriorate over time and become more expensive to repair. The building may become an eyesore and health and safety risk, and reduce the appeal of the town.

SHOULD COUNCIL RELEASE FUNDS FROM THE ROSS ENDOWMENT FUND TO PAY FOR REPAIRS TO THE ROSS COMMUNITY GYM AND SQUASH COURTS?

OTHER CHANGES TO OUR BUDGET

REDUCED OPERATING EXPENDITURE

Council has a number of vacancies that need to be filled to ensure that projects can be completed and a good standard of service can be maintained. However, Council does not anticipate that these vacancies will be filled prior to 2021. Therefore, expenses relating to increased staffing are only accounted for from 1 January 2021. Council is also taking advantage of the reduction in professional training and education courses that will be available for staff this year and have a reduced budget for training and travel.

Reducing operational expenditure assists Council to budget for a low rates increase in the 2020/2021 year. Over the long term higher rates increases will be necessary to ensure that we can meet our obligations to the community to maintain and improve our levels of service, and increase the district's resilience in our infrastructure network and against natural hazards.

EMERGENCY COMMUNICATIONS

Communications are an important part of resilience, allowing Council and communities to respond in civil defence emergencies. With the lack of resilience of the current telecommunications network on the West Coast, it is important for civil defence and communities to have access to equipment that will allow for continued communications in the event that the telecommunications network is unavailable. Council will supply the following equipment in addition to the communications devices that have already been distributed to various communities in Westland.

- 15 x 5w handheld UHF radio units to be deployed among community response groups.
- VHF radios – an additional base set for WDC building and 6 handheld VHF radios for staff deployment or additional needs.

Emergency communications are vital during an emergency event. If communities do not have the tools available to maintain communication with civil defence the ability to assist is decreased. A number of Westland communities do not have reliable telecommunications coverage and potentially would have none during an emergency. Providing the communities with radio equipment ensures that these communities will have the ability to communicate with civil defence in an emergency.

GENERATOR FOR COUNCIL HEADQUARTERS

Council does not currently have a back-up generator located at the Council Headquarters. As the Westland Civil Defence Emergency Operations Centre is run from there during a civil

defence emergency, it is important that Council has a generator in case Hokitika loses power. This will ensure that civil defence emergency operations can continue uninterrupted to support the community during an event. The cost of a generator that provides the amount of power necessary and is fit for purpose will be \$60,000.

By installing a generator Council is then prepared in the event of a loss of power. If Council is unprepared for power outages this will not only affect the operation of the Civil Defence Operations Centre in an emergency, but it will also affect any business-as-usual tasks that are underway.

HEALTH AND SAFETY UPGRADES

Council has undertaken a Health and Safety Audit of Water Supply and Wastewater assets and has identified a number of areas for improvement. It is important that Council completes this work as soon as possible as the Audit identified risks to both staff, contractors and the public. This work has already begun with the installation of the deer fence around the Hokitika Wastewater ponds.

Upgrades will take place in nine locations: Kumara, Arahura, Hokitika, Ross, Hari Hari, Whataroa, Franz Josef, Fox Glacier and Haast. The total cost of these projects in the 2020/2021 year is \$63,000 and includes: fencing and access gates, signage, safety equipment for staff, electrical repairs and ladders and height mechanisms to compliance standards.

There is a legal obligation for Council to ensure the safety of the public, Council staff and contractors at the water supply and wastewater assets. If Council is negligent in this duty there is the risk of legal action against Council, which would increase operational costs through legal fees and representation.

PENSIONER HOUSING BATHROOM UPGRADES

Destination Westland manages 46 Council pensioner units on behalf of Westland District Council. Three of these units have a bath tub in the bathroom, making them less safe for the elderly people living in the units. The bathrooms also lack extractor fans, which are required under the Residential Tenancies (Healthy Homes Standards) Regulations 2019. Each of these bathrooms needs to be upgraded to meet best practice for elderly housing facilities and to comply with the Healthy Homes standards. Council has put \$46,266.81 (GST inclusive) into the 2020/2021 Annual Plan to do this work.

If the work is not carried out, the pensioner housing will not meet the required standards and legislation. The bathrooms will continue to be hazardous for the pensioners who live in them. Council through Destination Westland will not be meeting its obligations as a landlord.

EFFECT ON RATES FOR 2020/2021

The table below shows what the indicative rates are likely to be if Council adopts all of the proposals and the preferred options outlined in this document.

| Type | Capital Valuation \$ | 2019/2020 Rates \$ | Draft 2020/2021 Rates \$ | Variance \$ | Percentage Variance |
|--------------------------------|-------------------------|-----------------------|-----------------------------|----------------|---------------------|
| Rural, Kumara | 9,500 | 858.73 | 858.73 | 0 | 0% |
| Residential, Kumara | 132,000 | 1,723.76 | 1,723.76 | 0 | 0% |
| Commercial, Kumara | 165,000 | 3,015.70 | 3,015.70 | 0 | 0% |
| Rural Residential, Kumara | 160,000 | 1,326.39 | 1,326.39 | 0 | 0% |
| Rural, Hokitika | 430,000 | 2,002.30 | 2,002.30 | 0 | 0% |
| Residential, Hokitika | 350,000 | 2,884.24 | 2,884.24 | 0 | 0% |
| Commercial, Hokitika | 500,000 | 6,765.04 | 6,765.04 | 0 | 0% |
| Rural Residential, Hokitika | 445,000 | 1,970.82 | 1,970.82 | 0 | 0% |
| Rural, Hari Hari | 2,100,000 | 4,579.14 | 4,579.14 | 0 | 0% |
| Residential, Hari Hari | 108,000 | 1,311.00 | 1,311.00 | 0 | 0% |
| Commercial, Hari Hari | 225,000 | 2,932.22 | 2,932.22 | 0 | 0% |
| Rural Residential, Hari Hari | 94,000 | 965.00 | 965.00 | 0 | 0% |
| Rural, Whataroa | 1,050,000 | 2,586.43 | 2,586.43 | 0 | 0% |
| Residential, Whataroa | 94,000 | 1,446.21 | 1,446.21 | 0 | 0% |
| Commercial, Whataroa | 240,000 | 2,385.67 | 2,385.67 | 0 | 0% |
| Rural Residential, Whataroa | 265,000 | 1,242.61 | 1,242.61 | 0 | 0% |
| Rural, Franz Josef | 345,000 | 1,368.77 | 1,368.77 | 0 | 0% |
| Residential, Franz Josef | 400,000 | 2,425.85 | 2,425.85 | 0 | 0% |
| Commercial, Franz Josef | 1,000,000 | 7,159.29 | 7,159.29 | 0 | 0% |
| Rural Residential, Franz Josef | 300,000 | 1,312.73 | 1,312.73 | 0 | 0% |
| Rural, Fox Glacier* | 130,000 | 1,209.31 | 1,587.01 | 377.70 | 31.23% |
| Residential, Fox Glacier | 640,000 | 2,891.11 | 2,891.11 | 0 | 0% |
| Commercial, Fox Glacier | 720,000 | 5,248.38 | 5,248.38 | 0 | 0% |
| Rural Residential, Fox Glacier | 86,000 | 1,097.48 | 1,097.48 | 0 | 0% |
| Rural, Haast | 65,000 | 977.57 | 977.57 | 0 | 0% |
| Residential, Haast | 240,000 | 2,017.54 | 2,017.54 | 0 | 0% |
| Commercial Haast | 1,290,000 | 6,517.32 | 6,517.32 | 0 | 0% |
| Rural Residential, Haast | 250,000 | 1,181.62 | 1,181.62 | 0 | 0% |
| Rural, Ross* | 285,000 | 2,021.08 | 1,547.04 | - 474.04 | -23.45% |
| Residential, Ross | 180,000 | 2,062.54 | 2,062.54 | 0 | 0% |
| Commercial, Ross* | 119,000 | 1,720.95 | 3,118.90 | 1,397.95 | 81.23% |
| Rural Residential, Ross | 580,000 | 2,108.58 | 2,108.58 | 0 | 0% |

*These example properties have changed the basis for rates during the 2019/20 year, for example one of the properties has been connected to Council water supply.

Information on your property's proposed rates for 2020/2021 will be available from 1 May 2020. See the Council's Rating Information Database (RID) online at: <http://e-search.westlanddc.govt.nz/property/>

FEES AND CHARGES

On 1 July 2020 we will be increasing some of our fees and charges to reflect the increased cost of supplying these services. Some fees have been increased because Council works on a user-pays system and standardised costs have also increased. The amended fees and charges are outlined below. All others will remain the same and can be found in the Draft Annual Plan 2020/2021.

Westland Library

| | |
|----------------------------------|-------------------|
| Replacement cards | \$2.00 |
| Visitors from other NZ Districts | No longer charged |

Printing / Photocopying

| | |
|--------------------|--------|
| Black and White A4 | \$0.30 |
| Colour A4 | \$2.60 |
| Black and White A3 | \$0.50 |
| Colour A3 | \$4.10 |

Room Hire

Available during library opening hours

Animal Control

Dog control

Dog Impounding Fees

| | |
|---|-------|
| Call-out for Dog Reclaiming (after hours) | \$150 |
| Microchipping per dog | \$30 |

Investigations

| | |
|-------------------|-----------|
| Investigation Fee | \$150 per |
|-------------------|-----------|

Environmental Services

Food Act 2014

| | |
|------------------|---------------------------------|
| Registration fee | \$150 (renewal of registration) |
|------------------|---------------------------------|

Activities under other Legislation

Class 4 Gaming

| | |
|------------------------|-------|
| Licence inspection Fee | \$150 |
|------------------------|-------|

Resource Management

Land Use

| | |
|--|--|
| Vegetation Clearance | \$1400 |
| Mining Consents | Mining functions are the responsibility of West Coast Regional Council |
| Land use activities (not listed elsewhere) | \$1200 |

Subdivision

| | |
|-----------------------|--------|
| Subdivisions 2-5 lots | \$1000 |
|-----------------------|--------|

General & Certificates

| | |
|--------------------------------|-------|
| Variations to Resource Consent | \$800 |
|--------------------------------|-------|

| | |
|--------------------------|-------|
| Extension of time (s125) | \$600 |
|--------------------------|-------|

| | |
|----------------------------|-------|
| s223 Survey Plan Approval: | \$160 |
|----------------------------|-------|

| | |
|-----------|--|
| fixed fee | |
|-----------|--|

| | |
|---------------------------------|--|
| s223 and s224 approval combined | \$400 plus staff time if inspection required |
|---------------------------------|--|

| | |
|--------------------|----------------|
| Monitoring charges | \$160 per hour |
|--------------------|----------------|

| | |
|---|---------------------------------|
| Release of covenants, caveats, encumbrances and other title instruments | \$450 plus applicable legal fee |
|---|---------------------------------|

Designations

| | |
|--------------------------|-------|
| Approval of outline plan | \$500 |
|--------------------------|-------|

Compliance

| | |
|--------------------------------------|-------|
| Issue of abatement notice: fixed fee | \$600 |
|--------------------------------------|-------|

| | |
|---|-------|
| Return of items seized pursuant to section 328 of the Resource Management Act 1991: fixed fee | \$600 |
|---|-------|

Recreation contribution

5% of the value of each new allotment or the value of 4,000m² of each new allotment, whichever is the lesser. The minimum charge is \$2,000 per new allotment and the maximum charge is \$5,000 per new allotment, both GST-inclusive.

Land information memoranda

LIMs are issued per valuation number. Where multiple valuation numbers are under one title, individual LIMs will be required. Where there is more than one Certificate of Title, obtaining additional titles will be charged.

Building Consent Activity

Total fees will vary according to the extent of processing required to grant a building consent and the number of inspections that may need to be undertaken. An estimated number of inspections will be charged for at the outset, with additional inspections charged for at the end of the project. Any refunds may be available for any unused inspections.

Residential Housing

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

| | |
|------------------------|-------|
| BCA Accreditation Levy | \$125 |
|------------------------|-------|

Commercial/Industrial/Multi Unit Development

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

| | |
|------------------------|-------|
| BCA Accreditation Levy | \$150 |
|------------------------|-------|

Accessory Buildings

| | |
|--------------------------|---------------|
| Online processing charge | \$75 plus gst |
|--------------------------|---------------|

or 0.065% for total value of
work over \$125,000

Minor Alterations/Renovations (<\$30,000)

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

Major Alterations/Renovations (>\$30,000)

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

Free-standing Spaceheater

| | |
|--------------------------------------|-------|
| Set fee, including one inspection | \$560 |
|--------------------------------------|-------|

Drainage & Plumbing - Public System

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

Drainage & Plumbing – Stand Alone System

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

Temporary Buildings

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

Marquees Only

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

Signs

| | |
|--------------------------|--|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000 |
|--------------------------|--|

Other

| | |
|--|--|
| Residential Swimming Pool compliance inspection | First inspection free Re-inspection \$205 |
|--|--|

| | |
|--|-------|
| Extension of time for exercise of building consent | \$153 |
|--|-------|

| | |
|--|-------|
| Extension of time for obtaining CCC | \$153 |
|--|-------|

| | |
|-----------------------------------|---|
| Fee to reinstate a refused CCC | Category Residential accessory building or spaceheater \$184 Res 1-3 \$509 Com 1- 3 \$665 |
|-----------------------------------|---|

| | |
|----------------|---|
| Insurance Levy | Category Residential accessory building – assessed value of work over \$20,000 \$100 Fee Res 1 \$100 Res 2 \$150 |
|----------------|---|

| | |
|--|-------------|
| | Res 3 \$200 |
| | Com 1 \$300 |
| | Com 2 \$300 |
| | Com 3 \$400 |

Building Consent Holding Fee (not uplifted within 10 working days) No fee

Building Research Levy

In addition to the Building Consent Fee, a Building Research Levy based upon \$1.00 per \$1,000 or part thereof of total value is required to be paid.

Consents of lesser value than \$20,000 are exempt from this levy.

Building MBIE Levy

In addition to the Building Consent, a Building Industry Levy based upon \$1.75 per \$1,000 or part thereof of total value is required to be paid.

Consents of lesser value than \$20,444 are exempt from this levy.

Receiving and Checking Building Warrant of Fitness

| | |
|-----------------------|---------------------------|
| On or before due date | \$90 |
| | plus \$15 for each system |
| After due date | \$180 |
| | plus \$15 for each system |

Application for PIM only

| | |
|-----------------------------------|-------------------------------------|
| Solar water heating installations | Consent fee \$184 |
| | Online processing fee \$75 plus gst |

Other Building Charges

| | |
|---------------------------|---|
| Soakage Tests | No Fee |
| Certificate of Acceptance | \$511 plus \$150 per Hour (\$100 per hour for administrative staff) plus, the applicable Building Consent Fee for the project - this includes consent, compliance check, inspections, online processing fee, BCA accreditation levy, CCC or 0.065% of estimated value of consented works in excess of \$125,000—(online processing charge). |

| | |
|-------------------------------------|-------------------------------------|
| Amendment to Compliance Schedule | \$92 plus \$150 per hour processing |
| Preparation of Sec 37 Certificate | \$73 |
| Receiving and reviewing EPB reports | \$150 per hour |
| Exemptions under Schedules 1 & 2 | \$350 plus levies |
| Discretionary exemptions | Category removed |

| | |
|--------------------|-------|
| Accreditation levy | \$85 |
| Inspections | \$205 |
| Plus any levies | |

| | |
|--------------------------|---|
| Online processing charge | \$75 plus gst or 0.065% for total value of work over \$125,000. |
| Building Infringement | Relevant set fee plus \$153 administration charge |

Hokitika Swimming Pool

Season Ticket

| | |
|----------------------|----------|
| Adult | \$330.00 |
| Senior Citizen (60+) | \$260.00 |
| Child at school | \$200.00 |

SALE AND SUPPLY OF ALCOHOL

| Class | Issued in respect of | Application fee \$ incl GST |
|-------|----------------------|-----------------------------|
| 3 | 1 – 2 small events | \$63.25 |