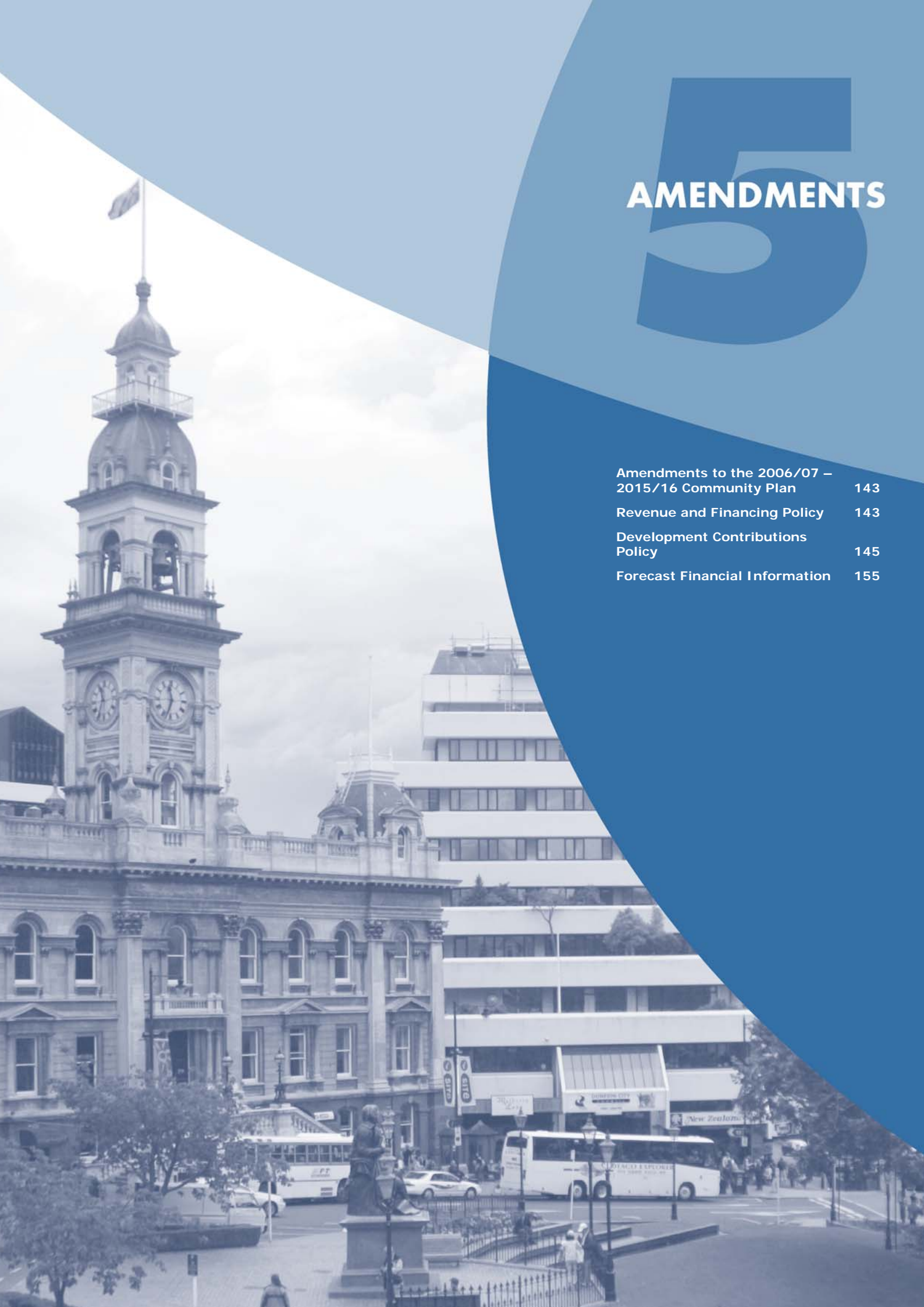


# 5 AMENDMENTS

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# AMENDMENTS TO THE 2006/07 – 2015/16 COMMUNITY PLAN

## AMENDMENTS TO THE 2006/07 – 2015/16 COMMUNITY PLAN

The Annual Plan process has led to changes to the ten-year forecasts approved by the Council in the Community Plan. Some of these changes are significant enough, or of such a nature, that they trigger an amendment to the Council's 2006/07 – 2015/16 Community Plan. These have been approved by the Council and are discussed below.

### REVENUE AND FINANCING POLICY

The Revenue and Financing Policy states the Council's policy on the funding of its operating and capital expenditure and the sources of those funds. The current Revenue and Financing Policy was adopted as part of the 2006/07 - 2015/16 Community Plan. However, since the adoption of this policy the Council has reconsidered the funding mechanism for three activities. These policy changes constitute an amendment under the Local Government Act 2002 and are described below. It should be noted that these policy changes do not change the Council's assumptions or levels of service for these activities.

#### 1 *Development Services: Building Control*

The current funding policy for Building Control is 40% rates and 60% fees and charges. New legislation has increased the Council's responsibilities within this activity, which have required additional staff and resources.

The Council believes that the funding for this activity should be 78% user pays and 22% rates to account for the increased operational costs. This policy will be phased in over two years (2008/09 – 2009/10).

The change to the policy directly impacts on fees and charges, thereby increasing the external revenue to the activity and reducing rates by an equivalent amount.

##### **Consequential amendments to the Community Plan**

The change to the funding policy will result in a decrease in the rates requirement as follows:

	2008/09 Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000
Reduction in Rates Revenue	(1,354)	(1,824)	(1,867)	(1,911)	(1,955)	(2,001)	(2,049)	(2,098)	(2,149)	(2,202)
Increase in External Revenue	1,354	1,824	1,867	1,911	1,955	2,001	2,049	2,098	2,149	2,202
Revenue to Rates Funding Ratio	76:24	78:22	78:22	78:22	78:22	78:22	78:22	78:22	78:22	78:22

#### 2 *Development Services: Environmental Health*

The role of the Environmental Health Unit is to protect the public by enforcing standards of public health and safety by promoting and monitoring the health of Dunedin residents. The activity does this by enforcing food hygiene standards.

The Council acknowledges that there is an element of public good in carrying out this activity. However, 70% of staff time is spent ensuring food premises are compliant with standards and completing inspections. A further analysis using funding policy principles indicates that the operators of food premises are the primary beneficiaries or, in some cases, the exacerbator causing the expenditure. This is consistent with other New Zealand metropolitan councils.

It is proposed that the rates contribution to the activity be reduced, and offset with funding from fees. To do this, the policy has shifted from 65% rates revenue/35% other revenue to a split of 45% rates/55% fees. This policy change would be phased in over two years, (2008/09 – 2009/10). Accordingly, the budget for 2008/09 incorporates a funding split of 55%/45% (rates/non-rates).

The following changes have been made to the forecast financial information contained in the Community Plan:

	2008/09 Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000
Reduction in Rates Revenue	(115)	(231)	(237)	(242)	(248)	(254)	(260)	(266)	(272)	(279)
Increase in External Revenue	115	231	237	242	248	254	260	266	272	279
Revenue to Rates Funding Ratio	45:55	55:45	55:45	55:45	55:45	55:45	55:45	55:45	55:45	55:45

### 3 Resource Consents

The current policy for the Resource Consent activity of City Planning is 25% fees and charges and 75% general rates. A review of this funding structure commenced in 2006 and identified that the current fees revenue does not generally cover the actual costs of processing applications. This review included an analysis of other councils' policies which found that the Dunedin City Council's fees were below other local authorities by anywhere from 33% - 238%.

The Council believes that the cost of processing resource consents should be shifted to the primary beneficiaries (the applicants), and reduce the rates requirement for this activity. This amendment changes the funding policy for resource consents to 50% fees and charges and 50% rates, phased in over two years. The budget for 2008/09 includes a policy of 64% rates and 36% fees and charges.

The new policy will require an increase of approximately 142% to the current fees. The two-year introduction period means that fees will increase by 85% in 2008/09, and 45% in 2009/10.

The following changes have been made to the forecast financial information contained in the Community Plan:

	2008/09 Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000
Reduction in Rates Revenue	(399)	(769)	(787)	(806)	(825)	(844)	(864)	(885)	(906)	(929)
Increase in External Revenue	399	769	787	806	825	844	864	885	906	929
Revenue to Rates Funding Ratio	36:64	50:50	50:50	50:50	50:50	50:50	50:50	50:50	50:50	50:50

# DEVELOPMENT CONTRIBUTIONS POLICY

The Development Contributions Policy states the method Council will use to obtain contributions to fund the increased demand for reserves, network infrastructure and community infrastructure resulting from growth. The original Development Contributions Policy was adopted in July 2006 as part of the 2006/07-2015/16 Community Plan.

The policy anticipated the insertion of schedules for rezoned areas, particularly those rezoned through Variation 15 (now Plan Change 15), as is the case with Mosgiel East. The Structure Plan for Mosgiel East has been prepared and identifies additional infrastructure and reserves for this area that are required as a result of growth.

The amendment does not materially change the existing Development Contributions Policy, but updates the schedules in the policy and include justification for the levying of development contributions for the transportation network.

## *Details of the Amendment*

- 1) Addition of schedules of development contributions for reserves, transportation, stormwater, and wastewater, for the Mosgiel East Area (see pages 149 - 153).
- 2) Addition of maps for the Mosgiel East Area (see page 154).
- 3) Addition to clause 3.2 of the Development Contribution Policy - justification for levying development contributions for the transportation network.

### ***Transportation – Citywide and Local***

#### **Community Outcomes to which the activity primarily contributes**

- Economic well-being – Accessible City
- Environmental well-being – Safe and Healthy People, Sustainable City and Environment
- Social well-being – Active City

#### **Distribution of benefits**

The transportation network is maintained throughout the city at an appropriate level to ensure accessibility for all possible origins and destinations, and to provide for all possible activities. For example, the network caters for travel to work, recreation opportunities, health services, educational establishments, cultural experiences, as well as enabling industrial and commercial activities to function effectively. The Dunedin City Council Transportation Strategy includes various projects, which represent improvements to the network; these are required both to improve operational efficiency as a result of existing shortcomings in the network, and also to cater for the expected growth of the city. There are also other priorities, for example to improve the environmental performance of the network by providing for alternative travel modes, such as walking, cycling and public transport. Funding for maintenance and capital works is provided from the general rate with financial assistance from Land Transport New Zealand.

Where existing greenfield areas are rezoned in order to accommodate growth and provide additional areas for residential activity, the existing transportation network may need to be improved or extended, either for motor vehicles, and/or for non-motorised road users. In such areas, the distribution of benefits can be directly attributed to these areas and the new households served, rather than the wider community. Development Contributions will be required for funding all or part of the cost of such improvements/extensions, rather than utilising the existing funding streams, as existing residents are not the major beneficiaries.

#### **Period over which benefits are expected to occur**

The transportation network has a long lifespan over which benefits will occur. This extends beyond the ten year Community Plan planning horizon.

#### **Demand generation**

Funding all or part of the cost of providing increased transportation network capacity (where it is attributed to growth) through development contributions rather than rates serviced debt promotes equity between existing residents and those responsible for the Council incurring these additional costs.

#### **Distinction between activities**

The benefits of funding additional capacity in the transportation network that is required as a result of development growth wholly or partly through development contributions includes greater transparency in quantifying the cost of growth to Council. The actual cost to Council of providing additional capacity is passed on to developers through development contributions.

Improving levels of service, historical catch up or asset replacement will be funded by other sources of revenue.

- 4) A small block of land fronting Wingatui Road and surrounded on three sides by land being rezoned, is currently zoned rural and has not been rezoned as part of Variation 15. This land at 183 Wingatui Road (Lot 1 DP 23829) has been included in the Mosgiel East Development Contributions Area.

## Reasons for the Amendment

Clause 2.3.2, Policy 3, clearly indicates a development contribution will be levied on areas that were part of Variation 15 (now Plan Change 15). Schedules without details were also included in the Development Contributions Policy to indicate that once project costs and development details were known, that these schedules would be updated and development contributions collected. The amendment implements this for Mosgiel East.

The current Development Contributions Policy does not contain a rationale for funding growth through development contributions for the transportation network. While the Policy states that Council will seek development contributions for the transportation network, this has not yet occurred. The addition to Clause 3.2 of the Policy provides the justification for the taking of development contributions for the transportation network.

As all the land surrounding the site at 183 Wingatui Road (Lot 1 DP 23829) will have a residential zoning, it is intended to rezone this site from Rural to Residential 1 zoning through the Rural/Landscape Plan Change. It is appropriate to include this land in the Mosgiel East Development Contributions Area at this time, as the rezoning of the site will contribute to growth. If development of this property occurs, future residents will benefit from the infrastructure and reserves to be established in conjunction with the rezoning and development of Mosgiel East. As development contributions would only be collected on this property if it is developed as residential land, the landowner will not be disadvantaged in any way by inclusion in the Mosgiel East Development Contributions Area. If subdivision or development of the property never occurs, there will be no cost to the landowner.

## Analysis of Options

The network infrastructure and reserves proposed for the Mosgiel East Area are necessary to ensure safe vehicle and pedestrian movement, upgrade existing networks to allow for additional demand, provide reserves in accordance with Council policies, and ensure a well-designed residential environment.

The two options are either to retain the status quo and not seek development contributions for the Mosgiel East Area, or to update the schedules in the Development Contributions Policy and ensure that developers pay for additional infrastructure identified as being required as a result of growth.

Failure to update the schedules in the Development Contributions Policy for Plan Change 15 - Mosgiel East Area would result in the cost of necessary additional infrastructure and reserves being borne by ratepayers. This would not be in keeping with the Development Contributions Policy or the intent of the Local Government Act 2002.

The only viable option, therefore, is for developers to be levied for the costs of growth resulting from their developments. Updating the existing Development Contributions Policy, and/or entering into Private Development Agreements pursuant to Clause 6.9 of the existing Development Contributions Policy can accomplish this. Due to there being multiple landowners in the Mosgiel East Area, and varying timeframes for the potential development of these properties, a combination of Private Development Agreements (if required) and updating of the Development Contributions Policy is the preferred approach to ensure development contributions are levied on all developers. Private Development Agreements may be used with some landowners if development is likely to occur prior to the completion of the Development Contributions Policy update.

## Consequential amendments to the Community Plan

The addition of new schedules to the Development Contributions Policy have the following consequential amendments to Table 4: Summary of Schedule of Development Contributions Payable in the Development Contributions Policy.

	Development Contribution Asset Area						Total contribution per unit of demand (exclusive of GST)
	Reserves – City Wide	Reserves - Local	Water Supply	Waste Water	Storm Water	Transportation	
<b>Plan Change 15 - Mosgiel East Area</b>	\$331.38	\$2644.36	NA	\$ 788.93	\$1364.00	\$3910.69	\$9039.12

**Additions to Development Contributions Policy - Appendix A: Capital expenditure related to growth**

	Project	Total capital expenditure for project (\$000) 2008-2018	Growth cost to be funded by development contributions (\$000) 2008-2018	Growth %
<b>Reserves</b>				
	Reserve adjacent to esplanade reserve	17.6	17.6	100
Plan Change 15 - Mosgiel East Area	Reserve in northern area – Acquisition and development	368.93	368.93	100
	Reserve in southern area – Acquisition and development	935.652	935.652	100
<b>Mosgiel East Total</b>		<b>1322.182</b>	<b>1322.182</b>	
<b>Transportation Network</b>				
Plan Change 15 - Mosgiel East Area	Roundabout: Wingatui Road/ Factory Road	695.21	590.929	85
	Factory Road improvements	403.5	363.15	90
	Wingatui Road improvements	1098.8	988.92	90
	Roundabout: Factory Road/ New Road	12.65	10.752	85
	Roundabout: Factory Road/ Centre Street/ Hagart Alexander Drive	15.95	1.595	10
<b>Mosgiel East TOTAL</b>		<b>2226.11</b>	<b>1955.346</b>	
<b>Wastewater</b>				
Plan Change 15 - Mosgiel East Area	Mosgiel Wastewater Plant Upgrade	394.47	394.47	100
<b>Mosgiel East TOTAL</b>		<b>394.47</b>	<b>394.47</b>	
<b>Storm Water</b>				
Plan Change 15 - Mosgiel East Area	Stormwater sewer (already constructed)	0	682	30
<b>Mosgiel East TOTAL</b>			<b>682</b>	

**Note:**

- \$310,000 has been allowed in the budget to improve the waste water capacity in Mosgiel. \$62,360 of this is attributed to growth in Mosgiel East.
- Expenditure has already occurred on the stormwater sewer. When the pipeline was constructed growth in the Mosgiel East Area was anticipated and provided for.

The following changes have been made to the forecast financial information contained in the Community Plan.

The Mosgiel Structure Plan amendments are incorporated into the Transport Network and Public Health group activity statements.

**Income Statement - Mosgiel Structure Plan**

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000
<b>Additional Revenue</b>									
General Rate	14	62	90	108	108	108	108	108	108
Drainage Rate		5	10	11	11	11	12	12	13
Land Transport NZ						487			
Development Contributions	733	411	315	280	288	227	158		
<b>Additional Operating Expenditure</b>									
Loan Interest	11	48	68	80	78	76	73	70	67
Depreciation		20	37	47	48	49	62	64	66

Amendments to the LTCCP

### **Cash Flow - Mosgiel Structure Plan**

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000
<b>Cash flow from Investment</b>									
To Capital Expenditure (Transportation)	(968)	(718)	(578)			(768)			
To Capital Expenditure (Wastewater)	(333)	(310)							
<b>Cash flow from Financing</b>									
From Loan Raised	568	300	250						
To Loan Repayment	(3)	(15)	(22)	(28)	(30)	(33)	(35)	(38)	(41)

The Mosgiel East Development is incorporated into the Sport, Recreation and Leisure group activity statement.

### **Income Statement - Mosgiel East Development**

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000
<b>Additional Revenue</b>									
Developer Contributions	1,322								
<b>Additional Expenditure</b>									
Depreciation		27	28	28	29	29	30	31	31

### **Cash Flow - Mosgiel East Development**

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000
<b>Cash flow from Investment</b>									
To Capital Expenditure	(1,322)								

**Schedule A: Development Contributions for Reserves**

<b>TABLE A2. – Development Contributions for Reserves – Mosgiel East</b>	
These will be applied in Mosgiel East where additional units of demand are created and is in addition to the citywide contribution.	
<b>Development Contribution Area</b>	Mosgiel East as shown in map A2.
<b>Development Contribution Rate</b>	<p><b>\$2,644.36 per equivalent household unit</b></p> $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}} = \frac{1,322,182}{500}$ <p>where</p> <p>EHU = cost per equivalent household unit</p> <p>CE = capital expenditure for reserves relating to growth.</p> <p>N = total estimated number of additional residential dwellings at permitted density</p>
<b>Unit of Demand</b>	<p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p>
<b>Trigger for Contribution</b>	<p>The event that will give rise to a requirement for this development contribution will be:</p> <ol style="list-style-type: none"> <li>the granting of a resource consent under the Resource Management Act 1991; or</li> <li>if a resource consent is not required then the granting of a building consent under the Building Act 2004; or</li> <li>if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection.</li> </ol>
<b>Assessed Cost of providing services attributed to growth (2008 - 2018)</b>	\$1,322,182
<b>Justification for the Development Contribution</b>	<p>Mosgiel has a higher predicted growth than other areas of the City directly attributed to Plan Change 15 providing for additional residential areas. As a result there will be a need for two additional open space reserves with playgrounds. In the absence of Plan Change 15 no additional reserves are required within Mosgiel. On this basis, the Mosgiel East area has been specifically targeted for an additional reserve contribution, over and above the citywide contribution. This targeted contribution will provide for the reserves to cater for the expected growth in Mosgiel East at the level that is currently enjoyed by residents in other areas of the city. Once the reserves are provided they will be maintained as part of the overall reserve network.</p>
<b>The Development Contribution will cover:</b>	The full cost of providing for the growth component attributable to Mosgiel East.
<b>Consideration of land:</b>	<p>The rezoning of East A and North of East A through Plan Change 15 results in the requirement for land for reserves to provide for people living at this site. Council will accept land in the required areas (as specified below), or a combination of land and/or money, to the equivalent of the development contribution required for this area.</p> <p>A reserve will be located approximately in the centre of the North of East A development approximately 3,000m<sup>2</sup> and provide open space and a playground. A small portion of land approximately 160 m<sup>2</sup> will be added to the existing Silver Stream esplanade reserve.</p> <p>A reserve is required in the southern part of the site, approximately 7,000 m<sup>2</sup> to provide open space and a playground.</p> <p>Other situations where Council may accept land will be where it is advantageous to provide links or access to existing or future reserves. Acceptance of land will be by negotiation between the developer and Council.</p>

<b>Maximum Contributions:</b>	<p>In establishing the development contribution rates for Mosgiel East, section 203 of the Local Government Act 2002 states that development contributions for reserves must not exceed the greater of:</p> <ul style="list-style-type: none"><li>(a) 7.5 % of the land value of the additional allotments created by the subdivision (either cash or land equivalent); and</li><li>(b) the value equivalent of 20 m<sup>2</sup> of land for each additional household unit created by the development.</li></ul>
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**Schedule B: Development Contributions For Transportation Network**

<b>TABLE B1. Development Contributions for the Transportation Network – Mosgiel East</b>	
The developer will be responsible for the full actual costs of all necessary roading within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas.	
<b>Development Contribution Area</b>	Mosgiel East as shown on map B1.
<b>Development Contribution Rate</b>	<p><b>\$3910.62 per equivalent household unit (GST exclusive)</b></p> $\begin{array}{rcl} \text{Cost per EHU} & = & \frac{\text{CE}}{N} \quad \frac{1,955,346}{500} \\ & = & N \quad 500 \end{array}$ <p>where</p> <p>EHU = cost per equivalent household unit</p> <p>CE = capital expenditure for the transportation network relating to growth.</p> <p>N = total estimated number of additional residential dwellings at permitted density</p>
<b>Unit of Demand</b>	<p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand.</p>
<b>Trigger for Contribution</b>	<p>The event that will give rise to a requirement for this development contribution will be:</p> <ol style="list-style-type: none"> <li>the granting of a resource consent under the Resource Management Act 1991; or</li> <li>if a resource consent is not required then the granting of a building consent under the Building Act 2004; or</li> <li>if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection.</li> </ol>
<b>Assessed Cost of providing services attributed to growth (2008 - 2018)</b>	\$1,955,346
<b>Justification for the Development Contribution</b>	<p>The residential development of Mosgiel East will create over 500 new residential dwellings. Such growth impacts upon the transportation network, requiring additional capacity or facilities in the transportation network. To manage such demand capital expenditure is necessary involving construction of new roads, widening existing roads, improving safety of roads, construction of new footpaths and provision of public transport facilities.</p> <p>The widening of Wingatui Road will provide for increased vehicle and pedestrian use resulting from residential development of the Mosgiel East area. The formation of pedestrian footpaths will provide connectivity within the area and to the Silver Stream.</p> <p>Improved cycle lanes and footpaths on Factory Road will provide for increased vehicle and pedestrian use resulting from residential development of the Mosgiel East area.</p> <p>With the increased level of traffic that will be created from the residential development of Mosgiel East, good traffic management, to ensure safety and continued good traffic flows, is essential. The Council proposes installing a roundabout on the existing Factory Road/Wingatui Road intersection, and reserving land for future roundabouts should the need arise on the existing and proposed major intersections along Factory Road from Hagart Alexander Drive to Wingatui Road. This will improve the safety of the roads around the Mosgiel East area by reducing speed, and will maintain good traffic movement, with the increased traffic levels resulting from development of the Mosgiel East area.</p>
<b>The Development Contribution will cover:</b>	A share of the capital expenditure for enhancing and upgrading the transportation network to cope with additional demands due to increased growth created by Mosgiel East.

**Schedule D: Development Contributions For Stormwater**

<b>TABLE D1. Development Contributions for Stormwater – Mosgiel East</b>	
The developer will be responsible for the full actual costs of all necessary stormwater systems within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution areas.	
<b>Development Contribution Area</b>	Mosgiel East as shown on map D1.
<b>Development Contribution Rate</b>	<p><b>\$1364 per equivalent household unit</b></p> $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}} = \frac{682,000}{500}$ <p>where</p> <p>EHU = cost per equivalent household unit</p> <p>CE = capital expenditure for stormwater relating to growth</p> <p>N = total estimated number of additional residential dwellings at permitted density</p>
<b>Unit of Demand</b>	<p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p>
<b>Trigger for Contribution</b>	<p>The event that will give rise to a requirement for this development contribution will be:</p> <ol style="list-style-type: none"> <li>the granting of a resource consent under the Resource Management Act 1991; or</li> <li>if a resource consent is not required then the granting of a building consent under the Building Act 2004; or</li> <li>if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection.</li> </ol>
<b>Assessed Cost of providing services attributed to growth (2008 – 2018)</b>	\$682,000
<b>Justification for the Development Contribution</b>	<p>Developments of rural areas into residential areas create an increased demand to deal with stormwater and run off from hard paved surfaces. Mosgiel East will result in the creation of residential lots that will increase peak flows of stormwater during rain events, as a result of run off from hard surfaces. When the new pipeline was constructed on Hagart Alexander Drive in 2005/06 to deal with the flooding issues in the area an increase in the capacity of the infrastructure for the additional growth likely to result from the development of the Mosgiel East area was allowed for. The percentage of this cost attributed to Mosgiel East will be recouped as development and subdivision of this area occurs.</p>
<b>The Development Contribution will cover:</b>	Thirty percent (30%) of the cost for the construction of the stormwater pipeline along Hagart Alexander Drive has been attributed to growth created by Mosgiel East.


**Schedule E: Development Contributions For Wastewater**

<b>TABLE E2. Development Contributions for Wastewater –Mosgiel East</b>	
The developer will be responsible for the full actual costs of all necessary wastewater systems within the development for each allotment or building in accordance with the Dunedin City Council Code of Subdivision. A contribution will also be imposed in the following development contribution area.	
<b>Development Contribution Area</b>	Mosgiel East as shown on Map E2
<b>Development Contribution Rate</b>	<p><b>\$788.93per equivalent household unit</b></p> $\text{Cost per EHU} = \frac{\text{CE}}{\text{N}} = \frac{394,467}{500}$ <p>where</p> <p>EHU = cost per equivalent household unit</p> <p>CE = capital expenditure for wastewater relating to growth</p> <p>N = total estimated number of additional residential dwellings at permitted density</p>
<b>Unit of Demand</b>	<p>All new allotments created at subdivision stage are assumed to be equal to the creation of a single unit of demand.</p> <p>A residential unit is assumed to be one household unit that creates a single unit of demand</p>
<b>Trigger for Contribution</b>	<p>The event that will give rise to a requirement for this development contribution will be:</p> <ol style="list-style-type: none"> <li>the granting of a resource consent under the Resource Management Act 1991; or</li> <li>if a resource consent is not required then the granting of a building consent under the Building Act 2004; or</li> <li>if neither a resource consent or a building consent is required then the granting of an authorisation for a service connection.</li> </ol>
<b>Assessed Cost of providing services attributed to growth (2008 - 2018)</b>	\$394,467
<b>Justification for the Development Contribution</b>	<p>An upgrade of the pumps at the Mosgiel Wastewater Treatment Plant is required. This will be a staged upgrade. All of the cost can be attributed to growth due to the additional wastewater flow from this rezoning. This work is planned and has been scheduled to commence in the 2007/08 financial year. The percentage of this cost attributed to Mosgiel East has been calculated to be 62.4% and will be recouped as development of this area occurs.</p> <p>The installation of a pipeline from Mosgiel East to connect with existing Renton St infrastructure is required to service the area. This work is planned for the 08/09 financial year and is 100% attributed to growth.</p>
<b>The Development Contribution will cover:</b>	A percentage of the total cost for stage 1 of the pumping station upgrade, and the installation of a sewer pipeline from Renton St to Mosgiel East. These projects have been attributed to growth created by Mosgiel East.



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**Legend**

 Mosgiel East Contribution Area



**Development Contributions Policy – Map A2, B1, D1, E2 – Mosgiel East Contribution Area**

# FORECAST FINANCIAL INFORMATION

The Annual Plan process has led to changes to the financial forecasts that were included in the 2006/07 – 2015/16 Community Plan and 2007/08 Annual Plan. The changes in the financial forecasts are due to the following factors:

1. There are a number of changes that, when combined, warrant the recasting of the financial forecasts.
2. In order to maintain a complete ten-year view of the financial forecasts for the Council, a 2017/18 year has been included.

## 1 Changes to Assumptions and Budgets

While the following changes have not had a significant impact on service levels proposed in the 2006/07 – 2015/16 Community Plan and the 2007/08 Annual Plan, they have, however, led to changes to the financial forecasts. The changes include significant forecasting assumptions, compilation of budgets, and other budget changes.

### Significant Forecasting Assumptions

The significant forecasting assumptions have been updated with a revised interest rate for borrowing and revised rates of inflation. These forecasting assumptions have been applied in the same way as they were in the 2006/07 – 2015/16 Community Plan and the 2007/08 Annual Plan.

#### Interest Rates

Interest on money borrowed is estimated at 7.5% per annum with the exception of the money borrowed for the proposed new stadium, which is estimated at 9%. Interest on money borrowed was estimated at 7.25% per annum in the 2007/08 Annual Plan with the exception of the money borrowed for the stadium, which was estimated at 8.5%.

#### Inflation

In the 2007/08 Annual Plan, which incorporated amendments to the 2006/07 - 2015/16 Community Plan, the 2008/09 budgets were based on estimates prepared using 2007 dollars, with BERL inflation adjustors applied. For the 2008/09 year, in this document, budgets have been prepared using best estimates of 2008 dollars. Inflation adjustors have been applied to the 2009/10 – 2017/18 budgets, which were also prepared using 2008 dollars.

Updated guidance has been issued by BERL in regard to the appropriate inflation adjustors to use in local government annual plans for the years 2009/10 – 2017/18.

The following BERL inflators (cumulative adjustment) have been incorporated into this ten-year plan:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Inflation Adjustors - Cumulative</b>									
<b>Activity Specific:</b>									
Parks, Botanic Gardens and Property	2.1%	4.2%	6.3%	8.6%	10.8%	13.3%	15.8%	18.4%	21.0%
Transportation	2.6%	5.1%	7.9%	10.7%	13.6%	16.4%	19.4%	22.5%	25.7%
Water and Waste Services	3.5%	7.0%	10.6%	14.3%	18.0%	21.9%	25.8%	29.7%	33.7%
<b>Generic:</b>									
Other costs	2.3%	4.7%	7.2%	9.6%	12.2%	14.9%	17.7%	20.5%	23.5%
Staff Costs	2.4%	4.8%	7.4%	10.2%	13.0%	15.9%	19.1%	22.4%	25.8%

The Council used the following inflators (cumulative adjustment) in the 2007/08 Annual Plan:

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Inflation Adjustors - Cumulative</b>									
<b>Activity Specific:</b>									
Parks, Botanic Gardens and Property	2.8%	5.6%	8.5%	11.3%	14.1%	16.9%	19.6%	22.4%	25.1%
Transportation	6.0%	8.8%	11.4%	14.1%	16.8%	19.3%	22.0%	24.5%	26.9%
Water and Waste Services	3.8%	7.7%	11.5%	15.5%	19.4%	23.4%	27.3%	31.3%	35.2%
<b>Generic:</b>									
Opex - Other	2.9%	5.9%	9.0%	12.0%	15.0%	18.0%	20.9%	23.9%	27.1%
Staff Costs	2.5%	5.1%	7.6%	10.1%	12.7%	15.1%	17.6%	20.0%	22.3%

## *Compilation of the Budgets*

The budgeting process used by the Council has not been changed. However, in preparing the 2008/09 – 2017/18 ten-year forecast financial information, activity management plans and detailed budgets have been reviewed and updated with current and more up-to-date information.

A forecast of the 2007/08 year has been included in the Plan for information only, this is not an amendment to the 2007/08 Annual Plan. The forecast differs from the 2007/08 year included in the 2007/08 Annual Plan for the following reasons:

- Some carry forward budgets have been assumed so that capital expenditure budgets that were planned to be spent in the 2007/08 year will now be spent in the 2008/09 year (note that these have no impact on levels of service).
- The opening Balance Sheet position has been changed to reflect the 30 June 2007 Annual Report.

## *Other Budget Changes*

Some of the larger changes that have been incorporated into the budgets for the 2008/09 – 2016/17 years are discussed below.

### ***Stadium***

The 2007/08 Annual Plan and the Draft 2008/09 Annual Plan assumed that the construction of the stadium and the receipt of revenues from the sale of seats in the stadium would be recorded on the books of the Carisbrook Stadium Trust. The Council would reimburse the Trust for its expenditures.

Confirmation in the Annual Plan of the recommendations in the 17 March 2008 report to the Finance and Strategy Committee, and following professional advice, the revenues, expenses, capital expenditure and debt associated with the new stadium are all now recorded on the Council's books.

On completion of the stadium, the Council will transfer it, at cost, into a Council Controlled Trading Organisation (CCTO). Around 53% of the private sector funding is forecast to be received prior to this transfer. The remaining 47% will be received by the Council between the 2011/12 and 2020/21 financial years. This means that an amount of debt, around \$19.2 million, will remain on the Council's books after the stadium is transferred into a CCTO. Under the current forecast for private sector funding, there is sufficient revenue to pay the interest expense and the loan repayments during this time.

The ownership and operation of the stadium by a CCTO reduces the charge on ratepayers. The table included on page 12 of this Plan compares the ratepayer contribution under direct Council ownership with the ratepayer contribution under a CCTO ownership structure.

Once the stadium is owned and operated by a CCTO, this removes the debt servicing costs from being a direct charge on ratepayers, but it does have the effect of reducing the dividends from the companies.

### ***Transportation Operations***

Additional funding of \$18.3 million is provided for capital expenditure on Transportation Operations activities. This overall increase incorporates the changes set out below. Note that this change incorporates a carry forward from the 2007/08 year also:

- Additional funding is included for Peninsula projects. This represents a continuation of the implementation of the Council's long-term vision of safe walking and cycling facilities around Otago Harbour. This project is funded up to 65% by Land Transport New Zealand (LTNZ).
- Additional funding is included for strategic transportation corridors. This is the result of the decision to proceed with the proposed new stadium. Additional land will be required and the road and bridge will be longer. This project is funded up to 65% by LTNZ.
- Funding is included for the Mosgiel Structure Plan. The Council has promoted a variation of residential expansion of Mosgiel, and to accommodate this expansion has provided funding for transportation infrastructure. This project is funded by LTNZ, development contributions and the Council.
- Funding for the Mosgiel Taieri Arterial Routes projects has increased by \$5.2 million. This increase has resulted from a more accurate assessment of these project costs. This project is funded up to 65% by LTNZ.

### ***Dunedin Centre Redevelopment***

Additional funding of \$16.7 million is provided for the Dunedin Centre redevelopment. This incorporates some additional design features including air conditioning and space for the Metro Cinema. See page 5 for more information on the redevelopment.

### ***Taieri River Bridge Bypass***

Funding of \$4.9 million is provided for the Taieri River Bridge Bypass. This expenditure will ensure the security of the city's raw water supply.

## 2 *The 2017/18 Year*

In order to maintain a complete ten-year view of the financial forecasts of the Council, the 2017/18 year has been included. As a result, the 2008/09 Annual Plan combines nine years of revised Community Plan financial forecasts, and the 2017/18 year.

The extended forecasting period information has been drawn from current activity management plans which have been developed consistently and on the same basis as the 2006/07 – 2015/16 Community Plan and the 2007/08 Annual Plan.

