

The background of the cover is a photograph of three children on a beach at sunset. One child is in the foreground, bent over digging in the sand. Two other children stand behind them, one pointing towards the ocean. The scene is overlaid with large, semi-transparent teal triangles that create a geometric design.

DUNEDIN CITY COUNCIL

BUILDING
A GREAT
**SMALL
CITY**

Long Term Plan
2015/16 – 2024/25
Consultation
Document

Adopted 24 March 2015

dunedin

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MAYOR'S COMMENTS

Over the past four years the Council has focused on debt reduction and finding savings. Over the next 10 years we will be repaying more debt than we take on. After a period of constrained spending it's time to consider some investment to take the city forward again. This would be progress with restraint though, as we need to continue to manage our debt levels.

However, while we have been fiscally disciplined in the past few years, we have not stopped planning for the future. The Council has put huge effort into developing an overall strategic framework for the city, including a Financial Strategy and a 30 year Infrastructure Strategy – both required by legislation – a Spatial Plan and Economic Development, Social Wellbeing, and Arts and Culture Strategies. These were developed with broad community input and identify where the city needs to go and where to put more investment and effort. The investments the Council is proposing in the draft Long Term Plan 2015/16 – 2024/25 (LTP) are closely aligned with the outcomes identified in those overarching strategies.

When putting together the LTP documents we look at Dunedin's priorities over the coming 10 years and fine tune the balance between our determination to reduce debt and maintain efficiency and savings, and our aspirations for investment in the future development of the city. Such investment is important from both an economic and social point of view, to improve and maintain Dunedin's attractiveness as a destination for businesses, investors, job seekers, students and visitors alike.

The LTP provides the opportunity for the Council to look at the bigger picture and think more strategically. It allows us scope to move things around and to consider different options for the way we invest in the city to get the best value over time for the ratepayers' dollars.

Our Financial Strategy imposes a 3% rate increase limit unless there are exceptional circumstances. This is very much in line with the Local Government Cost Index (LGCI), which monitors the costs faced by the local government sector. It has averaged 3% over the past 20 years. However, even with the most efficiently run council, that 3% only keeps pace with increases in our costs. Clearly, if we want to invest in new services and facilities that will come on top of those increasing costs, we need to look at how we can best fund any investments. We still need to find cost savings over the 10 year timeframe.

The Council believes the new proposals in this LTP are worth investing in and we believe we have the financial head room over the next 10 years to resource them. At the same time we have identified several projects which we have included as unfunded items, for example contributing financially to lighting for the University of Otago Oval and working with the Mosgiel community to develop a new aquatics facility.

These proposals have been included in this way because Councillors feel more background work needs to be done and because we also want feedback from you, the community, on all aspects of the LTP and what you think should be funded and how.

Nothing is set in concrete – this is a draft plan for consultation. It is the Council's best shot at how we see our various strategies unfolding over the next 10 years and we want to hear your thoughts on the priorities set out.

Mayor Dave Cull

WE'RE DOING THIS DIFFERENTLY

Want to know more?

If you want to know more there are supporting documents at:
www.dunedin.govt.nz/ltp-documents



Things have changed since the last long term plan. The Local Government Act 2002 has been amended and there are changes to the way that long term plans are developed and consulted on with the community.

In the past councils have been legally required to produce lengthy draft plans and then send out a summary which asked you to write in and tell us what you thought.

This time we have this consultation document, which sets out the issues we're facing as a city and shows the options for managing them. There is no longer a draft plan – but there are supporting documents available on the DCC's website that contains the information that will be incorporated into the long term plan. This includes the full length versions of the city profile, financial strategy and infrastructure strategy, as well as budgets, financial policies, performance measures and the like. All of these documents are draft for the purposes of consultation. There are also copies of reports and other material considered by Council at the January and February LTP Council meeting. A final long term plan document will be put together in June 2015 after the Council has made decisions on consultation feedback.

Having your say has changed.

We've taken on the feedback received in the 'Big Decisions, Big Conversations' campaign and, helped by changes to consultation requirements in the Local Government Act 2002, are hoping to make it easier for you to have your say.

A formal written submission form is no longer the only way to let the Council know your thoughts about our plans.

- There is a feedback form for those who want to put their view down on paper. Complete it online or use the form provided at the end of this document.
- Public meetings will now be more 'workshop' focused. We'll be doing less talking, and more listening. Workshops will begin with a short presentation followed by Q&A and face-to-face discussion with councillors. The feedback received at these sessions will be noted and included in the Council's decision making for the final plan.
- For the first time, comments on our Facebook page and tweets to @DnCityCouncil using #LTP will be considered as feedback.

We'll be coming to an event or public place near you, for face-to-face conversations as well.

Of course, we're still giving you the opportunity to present your feedback to Councillors in person at LTP hearings.



Dunedin's vision is to be one of the world's great small cities.

Together the community and the Council have put in place community outcomes and strategies to help Dunedin achieve our vision. We want a resilient city with a strong economy, efficient infrastructure that connects the city and its residents, supportive and healthy communities, a great natural and built environment, a vibrant creative and cultural scene, and a wealth of recreation opportunities.

Now it's time to decide how the Council will help deliver on Dunedin's top priorities over the next 10 years.

While our ideas are based on the city's agreed priorities, we need you to tell us what you think.

- ▶ How should we balance the investment needed to make Dunedin great with the need to reduce debt and keep rates affordable?
- ▶ If you agree to a limited level of new spending, where do you want us to direct it?
- ▶ How should we manage some of the key challenges that we face?

What are some of the issues and challenges we are facing?

- ▶ Putting the stadium on a more achievable financial footing (see pages 14 and 15).
- ▶ Ageing infrastructure and a backlog of infrastructure renewals (see pages 16-21, and the Infrastructure Strategy).
- ▶ An ageing population, declining workforce and low population growth (see the City Profile for more information).
- ▶ Low economic growth (see the City Profile for more information).
- ▶ Reduced funding from the Council owned companies (see page 8 and the Financial Strategy).
- ▶ Setting affordable and achievable limits on rate increases and debt levels (see page 4, 5 and 10, and Council's Financial Strategy).
- ▶ Meeting community expectations for service provision and demands for new projects.

SETTING THE SCENE

What are some of our strengths?

- ▶ Residents rate their quality of life as high and there is a strong sense of community, compared to other cities in New Zealand.
- ▶ Residents feel safer in the city, when compared to residents in other main cities.
- ▶ Dunedin's GDP and employment growth may be slower than the national average, but the skills and knowledge base in the city is relatively high largely as a result of the tertiary sector and key economy sectors including health, professional services and niche manufacturing.
- ▶ We are a Unesco City of Literature.
- ▶ We are the only city in NZ with gigaspeed internet.
- ▶ Dunedin also has the largest concentration of students in New Zealand, and work is underway to ensure that talented people are retained and attracted to the city.
- ▶ Our natural environment and our built environment are significant assets for residents and support a strong tourism industry.

FUTURE RATE INCREASES

A draft Financial Strategy has been prepared which sets out the Council's intentions with regards to future rates increases, borrowing and investments. Discussed below is the Council's proposed limit for future rate increases and an alternative option.



Proposed Option

Council's aim is to keep rates as affordable as it can even though the proposed limits will provide challenges. The Council is proposing to limit overall rate increases over the decade to 3% unless there are exceptional circumstances. One such exception will be the 2015/16 year, when the proposed rate increase is 3.8%.

The proposed 3.8% increase in the next financial year reflects two main issues – a different way of funding the Forsyth Barr Stadium and reduced income from Dunedin City Holdings Limited (DCHL), which owns companies on the Council's behalf.

DCHL provides income to the Council, which is used to offset rates. From 2015/16, this income drops by \$4.5 million so Council companies can carry out necessary investment in their own assets. From 2017/18 this level of income is forecast to increase, consequently providing extra income.

Funding of the Forsyth Barr Stadium has also been a major issue for the Council. A review completed late last year showed the Stadium budgets were too optimistic and changes needed to be made to put the facility on a sustainable financial footing. The Council proposes a range of key changes which are discussed later in this document.

Rates increases over the next few years include funding for some of the projects we think are worth investing in. It also includes spending more on essentials like replacing our ageing water, wastewater and stormwater pipes faster.

How we plan to meet our commitment

Table 1 shows the savings required to be made in order to deliver on the proposed rates increase limit compared to the forecast rates. At present the 10 years of the plan involve a rate increase greater than 3% in seven years and we would need to take \$68 million out over the 10 years.

Table 1: Proposed rates and rates increase limit/forecast rates and rates increase limit comparison

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Proposed Rates Limit \$ million	130	134	138	142	146	150	155	160	165	170
Proposed Rates Increase Limit %	3.8%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Forecast Rates \$ million	130	136	143	148	154	160	164	170	174	179
Forecast Rates Increase %	3.8%	4.9%	5.0%	3.6%	3.8%	4.5%	2.3%	3.9%	2.3%	2.7%
Savings Required \$ million per annum	0	2	5	6	8	10	9	10	9	9



For the past three years, 2012/13 – 2014/15, we have met the limits in rates increases set out in the previous Financial Strategy, despite predicted rates rises being much higher. This means that rates are \$19 million less than they would have been without the savings that the Council directed be made.

The proposed rates rises are just that – they are not set in stone. Each year the Council reviews its budgets and will continue to take a hard look at what we do and how we do it, including how we buy goods and services and whether there are better ways to provide services to the public at a lower cost. It is envisaged the savings found will mean rates rises fit within the proposed limits.

To reach the limits we will:

- ▶ Generally not inflation adjust budgets where possible.
- ▶ Continue to seek efficiency gains.
- ▶ To use Councils assets in a more efficient manner.
- ▶ Find ways to increase revenue.
- ▶ Assess the costs and benefits of all Council investments to ensure we are maximising their return.
- ▶ Make sales of surplus assets that are not required for any strategic purpose.

And – if we think there are ‘exceptional circumstances’ or we cannot make the target without reducing services – we will consult with you.

The level of rates increases depends on what the community wants in the way of services and facilities. Adding new projects and lifting service levels add costs which usually have to be passed on through rates rises. Trying to meet growing community expectations can lead to forecast rates increases which are higher than our self-imposed limits. When this happens, we are also committed to having a conversation with our residents about this.

Alternative Option

Over the past few years, the Council has applied any additional funds towards debt repayment. An option the community may want to consider is having higher rate increases, say 4% per year, and using the additional 1% rates to repay debt faster. This would mean that the Council could achieve the target of reducing debt to \$230 million two years earlier than proposed.

Summary of Options		
Option	Rate Increase Limit	Description
1	3% unless exceptional circumstances	This is the Council’s proposed option. It is consistent with the Local Government Cost index which has averaged 3% over the past 20 years
2	4% unless exceptional circumstances	An additional 1%, over and above option 1, applied to debt reduction

SERVICE LEVELS

The level of rates set by the Council depends largely on what services and facilities the community wants.

The DCC has some functions it has to perform by law, but other functions and facilities are things the community decides it wants to enhance the city and add to residents' quality of life. Some cost increases are out of the Council's control, such as energy costs, and these have to be passed on.

In general, higher standards of service add costs to rates over and above standard price rises. This LTP keeps service levels the same as they are now. Rates can be reduced by cutting service levels, but that might mean having sportsfields mowed less often or waiting longer for footpaths to be upgraded.

Where that leaves us

Our Financial Strategy sets ambitious targets and we have a challenge ahead dealing with the replacement of core infrastructure. However, the Council is confident we can achieve our targets and maintain current service levels.



When making decisions the Council needs to balance the competing tensions of affordability, maintaining its assets and investing for the future.

To do this successfully it needs to have an overarching Financial Strategy that evaluates the impact on affordability of a range of expenditure needs and obligations around maintaining, renewing and upgrading core infrastructure, and looking to meet community aspirations for new and improved community infrastructure.

An intensive period of capital projects and improvements, including Forsyth Barr Stadium, Toitū Otago Settlers Museum, Dunedin Town Hall and convention facilities, and extensive water and waste water upgrades, has pushed up debt levels. The city is now moving into a phase where overall debt levels peak and will begin to track down, allowing the focus to shift to debt reduction.

The draft Financial Strategy contains a range of key targets for Council to meet as it shifts its focus onto operating in an environment of financial constraint.

At a glance

Operating surplus and cashflow

- An operating surplus greater than zero over a moving three year period. This means ensuring operating revenues meet operating expenses.
- Operating cashflow at 100% of depreciation. Council’s intention is to fund all depreciation from its operating budget.
- To provide a working capital ratio of greater than 1, where current assets include cash on hand and available credit facilities.

Debt

- Total debt (term and current portion) to be reduced to less than \$230 million by 2021. This figure includes the transfer of \$30 million of debt to the Council from Dunedin Venues Limited (DVL) – the owners of Forsyth Barr Stadium – to leave DVL with a more realistic level of debt.

Capital expenditure

- Capital expenditure to focus on increasing renewals required for infrastructural assets. For example, much of Dunedin’s underground infrastructure, such as the waste water (sewer) system, is more than 100 years old and in need of renewal and upgrading. This work is to be funded out of rates, rather than borrowing, because borrowing for this expenditure would increase the cost significantly. The options considered for funding the renewal of key infrastructure assets are summarised below.

Summary of Options		
1	Fund the additional renewals expenditure by rates	By stepping up the renewals expenditure over the decade at a gradual rate, rate increases can be managed within the limits even though the Council acknowledges that this is an ambitious target
2	Fund the additional renewals expenditure by debt	This would lead to additional costs and higher debt levels over the longer term

FINANCIAL STRATEGY

Key targets

- Rates:**
Limit rate increases to 3% unless exceptional circumstances
- Debt:**
Debt below \$230m by 2021
- Investments:**
To provide a return greater than the cost of borrowing.

Rates

- Rate increases to be less than 3% unless there are exceptional circumstances. One such exception will be the 2015/16 year where rates will need to increase by 3.8% to cover the loss of \$4.5 million income from Council-owned companies Dunedin City Holdings Limited (DCHL) which they will instead use to carry out needed capital works. An additional \$1.51 million is also required for the Stadium. A reduction in the level of income to the Council from the 2015/16 financial year will allow DCHL to begin building up financial reserves and ensure Council companies can invest in their own infrastructure. This will ensure that, in the future, the city is provided with a steady and predictable income stream over and above rates.

Investments

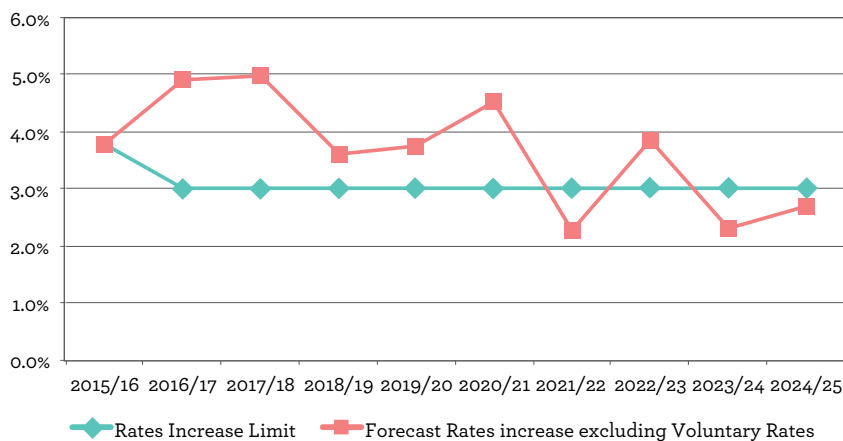
- DCHL and city property investments held by the Council should provide a long term return that is greater than the average cost of capital.
- While the Council does hold considerable debt it is also asset rich, holding a range of investments including investment properties, the Council owned companies through Dunedin City Holdings Limited (DCHL), and the equities and fixed interest deposits held by the Waipori Fund. These investments are designed to provide the Council with an ongoing non-rates revenue stream by having a target return that is higher than the cost of debt. This would produce a net financial gain to the city, which in turn provides a subsidy to rates.

Combined with the key targets outlined in the draft financial strategy this would allow the Council to control rates increases and steadily reduce debt while retaining key income generating assets. It also dovetails neatly with other key Council strategies, such as the Infrastructure Strategy, to provide a renewal programme which is funded out of operating revenues, rather than through additional debt.

It is also important to note that Dunedin's financial position has been reviewed by international ratings agency Standard & Poors, which in 2014 reaffirmed the Council's credit rating of AA/Stable/A-1+. In its report it gave a very positive view of the Council's financial management and the way its budgetary performance has improved significantly.

A complete copy of the Financial Strategy can be found in the supporting documents at www.dunedin.govt.nz/ltp-documents.

Forecast Annual Rates Increase





A SNAPSHOT OF OUR FINANCES

Summary of Financial Statements for the Dunedin City Council:

\$ millions	2014/15	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan Budget	Revised Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Income Statement												
Rates Revenue	124	124	129	136	143	148	153	160	164	170	174	179
External Revenue	95	95	88	96	99	94	98	100	104	107	110	114
Total Revenue	219	219	217	232	242	242	251	260	268	277	284	293
Operating Expenditure	214	214	216	221	226	230	236	242	248	253	263	269
Net Surplus	5	5	1	11	16	12	15	18	20	24	21	24
Balance Sheet												
Current Assets	53	35	36	36	37	38	39	40	41	42	44	45
Non-current Assets	3,206	3,165	3,213	3,273	3,366	3,424	3,491	3,597	3,671	3,752	3,868	3,960
Total Assets	3,259	3,200	3,249	3,309	3,403	3,462	3,530	3,637	3,712	3,794	3,912	4,005
Current Liabilities	65	56	55	56	58	59	61	64	65	66	68	66
Non-current Liabilities	240	253	245	244	240	232	224	214	197	178	158	140
Equity	2,954	2,891	2,949	3,009	3,105	3,171	3,245	3,359	3,450	3,550	3,686	3,799
Total Liabilities and Equity	3,259	3,200	3,249	3,309	3,403	3,462	3,530	3,637	3,712	3,794	3,912	4,005
Cashflow Statement												
Cashflow from Operating Activities	57	57	53	64	70	67	72	78	81	86	85	90
Cashflow from Investing Activities	(60)	(92)	(41)	(64)	(67)	(59)	(65)	(70)	(65)	(67)	(65)	(68)
Cashflow from Financing Activities	(5)	25	(11)	0	(3)	(8)	(7)	(8)	(16)	(18)	(19)	(21)
Net Increase/ (Decrease) in Cash	(8)	(10)	1	0	0	0	0	0	0	1	1	1

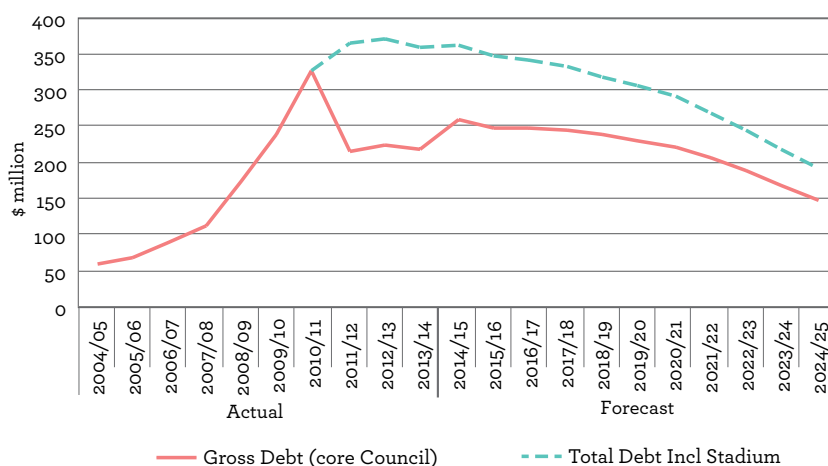
Debt

The Council wants to reduce core Council debt to \$230 million by 2021. The table below shows that by the end of the 2020/21 year, we have achieved this. Please note that this is core Council debt only. It does however, include the \$30 million of Stadium debt which is proposed to be transferred to the Council.

In the 2020/21 year the forecast level for core Council debt is \$223 million, \$7 million less than the limit. This headroom could be used in the case of any unexpected expenditure needing to be made.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
New Borrowing	37	4	13	10	6	8	8	2	1	0	0
Debt Repaid	(12)	(15)	(13)	(13)	(14)	(15)	(16)	(18)	(19)	(19)	(21)
Change in Debt Increase/(Decrease)	25	(11)	0	(3)	(8)	(7)	(8)	(16)	(18)	(19)	(21)
Gross Debt	260	249	249	246	238	231	223	207	189	170	149

Gross Debt



The graph illustrates Gross debt (core Council debt) actual for the 2004/05 – 2013/14 years and forecast for the 2014/15 – 2024/25 years. Gross debt declined in the 2011/12 year due to the sale of the Stadium to Council-owned company, Dunedin Venues Limited. The dotted line shows core Council debt plus all Stadium debt. It does not include debt of other Council-owned companies.

As discussed on page 5, the Council is committed to repaying debt. The Council has considered how best to achieve the target debt limit in the draft Financial Strategy of \$230 million by 2021. An option to achieve this limit earlier by having higher rate increases is provided. The option is to have higher rate increases, 4% per year, and using the additional 1% rates to repay debt faster. This would mean that the Council could achieve the \$230 million debt limit two years earlier than planned and the corresponding benefit of saving \$14 million in interest costs.

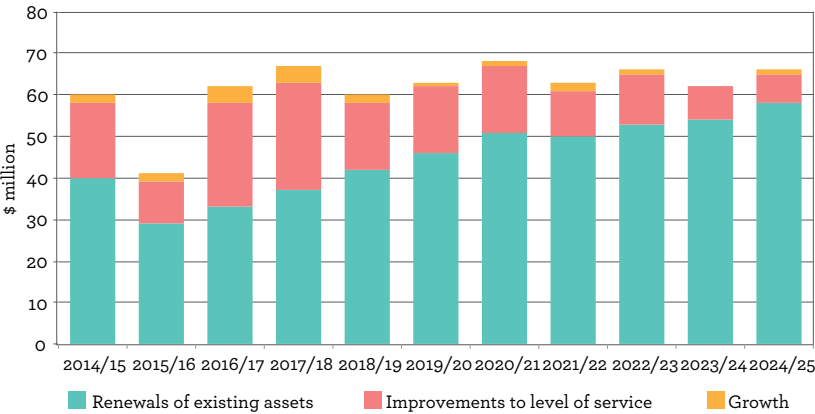
Summary of Options		
Option	Debt Limit	Description
1	\$230 million by 2021	This is the Council's proposed option and is planned to be achieved within the draft budgets
2	\$230 million by 2019	Increasing the rate increase limit to 4% per year to allow an additional 1% each year to be applied to debt repayment

The \$30 million of Stadium debt proposed to be transferred to the Council has an unevenly structured repayment schedule in order to smooth rate increases. This means that the repayment term for the first six years is 20 years and then reduces to a 10 year term so that it is repaid by 2031.

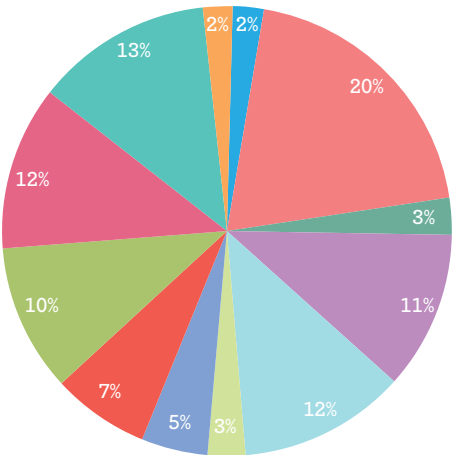
WHAT WE
SPEND
MONEY ON

Capital expenditure by type

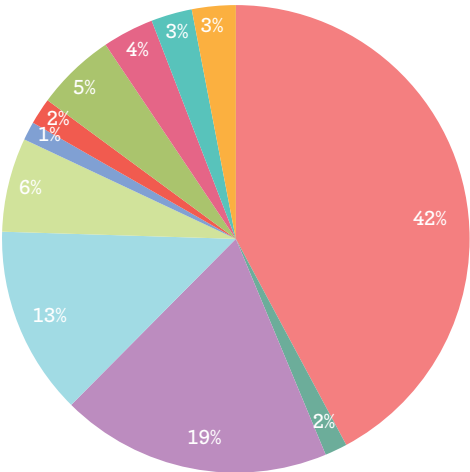
This chart shows how much we plan to spend on renewal of existing assets, improvements to service levels and growth in the city.



Total Operating Expenditure



Total Capital Expenditure



Total Expenditure by Activity 2015/16 – 2024/25

The Council provides a wide range of services and facilities which are paid completely or partly from rates. We provide and maintain services such as drinking water, local roads, footpaths and cycleways, landfills, recycling and other waste collections. We also operate community assets such as libraries, museums, sportsfields, parks, swimming pools, community halls and cemeteries, and help market and promote the city.

We are also responsible for a range of regulatory services, such as animal control, resource and planning consents, building consents and alcohol licensing.

	Total Operating Expenditure	Total Capital Expenditure	KEY
Economic Development & City Promotion	2%	0%	
Rooding and Footpaths	20%	42%	
City Investment	3%	2%	
Water Supply	11%	19%	
Wastewater	12%	13%	
Stormwater	3%	6%	
Solid Waste	5%	1%	
Planning and Regulatory	7%	2%	
Community Development & Support	10%	5%	
Museums, Libraries & Art Gallery	12%	4%	
Sport, Recreation & Leisure	13%	3%	
Council Support Activities	2%	3%	

WHERE WE GET MONEY FROM



The Council receives revenue from a number of sources including rates, co-investment subsidies from the New Zealand Transport Agency, investment income and revenue from fees and charges.

Investment income from Dunedin City Holdings Limited (DCHL) drops by \$4.5 million from 2015/16 so that the Council companies can carry out necessary investment in their own assets. From 2017/18 the income is forecast to increase providing extra income, for the Council.

Income from the Transport Agency is declining between the 2015/16 and 2023/24 years. The financial assistance rate is 59% in 2015/16 and reduces by 1% per annum, reaching 51% in 2023/24.

Fees and Charges

The general principle is that any increases in fees have to be in line with rates increases to ensure we don't use fee increases to hide rates rises.

We are proposing to increase most fees and charges by 3%, in line with the proposed 3% rate limit.

Please note that the black plastic rubbish bags used in the DCC refuse collection are proposed to increase by 10 cents.

- ▶ 65 litre bags increase from \$2.20 to \$2.30.
- ▶ 40 litre bags increase from \$1.90 to \$2.00.

Revenue and Financial Policies

The Council has reviewed its Revenue and Finance Policy for consultation purposes. This policy sets the Council's approach to managing funding sources, which include rates and user pays charges. Following completion of the review the policy is largely unchanged from previous plans. A copy of the Revenue and Finance Policy can be found here < [link to supporting documentation](#) >

Other financial policies that guide the Council's financial management include:

Treasury Management Policy – this combines the liability management and investment policies and was adopted by the Council in December 2014.

Remission and Postponement of Rates Policies – this policy has been amended to provide provision for extreme hardship remissions for farmland and lifestyle properties.

Development Contributions Policy – a revised policy was adopted last year. However, the legislation underlying the policy has changed and because of some of the changes we are proposing in the LTP, the policy has been revised again. You can find out about the changes here < [link to supporting documentation](#) >.

Copies of all these policies can be found here < [link to supporting documentation](#) >



Total Revenue 2014/15 – 2024/25 by Rates, NZ Transport Agency and Other Revenue



Changes to the Rating Method

The 2015/16 year is the final year for changes designed to create a fairer general rating system for businesses and farms. Under a staged plan, which began in 2009/10, commercial and farmland properties have been paying a slightly smaller share of the city's general rates each year to correct this imbalance.



OUTCOME OF THE STADIUM REVIEW

Key changes proposed

- ▶ Stadium owned by DCHL
- ▶ \$30m debt transferred to the Council
- ▶ Funding for renewals
- ▶ More achievable budgets
- ▶ Additional ratepayer funding

A review commissioned by the Council's Chief Executive Officer in 2014 focused on the operation and ownership of the Stadium. The review highlighted a number of factors that needed to be resolved if the Stadium was to continue to operate.

- ▶ The Stadium budgets were too optimistic requiring annual top ups from ratepayers.
- ▶ The lack of funding for renewals.
- ▶ The level of rent.
- ▶ The amount of debt.

These factors are all linked requiring consideration together.

A number of options were examined in detail and these were all considered by the Council.

Option 1 – Proposed approach

The proposed option for the future operation of the Stadium would resolve the ongoing budget shortfall and the other issues of rent, renewal funding and debt. In summary, the following changes are proposed.

- ▶ Ownership changes were considered as part of the review. The Council favours an option where Dunedin Venues Limited (DVL – the stadium owner), and Dunedin Venues Management Limited (DVML – the stadium

operator), become subsidiary companies of Dunedin City Holdings Limited (DCHL). In addition, their boards would be restructured and made independent. These changes will clarify responsibilities and lines of accountability and provide the commercial focus required to run the Stadium. This proposal would mean that the governance arrangement for the Stadium companies was consistent with all other Council companies.

- ▶ The current rent charged to DVML is \$4 million a year and the proposal is that the rent is reviewed to ensure it is set at a market level with the expectation of a rent reduction.
- ▶ The current level of debt sitting with DVL (the Stadium owner) is too high; unsustainable for a company owning this type of asset. The proposal is that \$30 million of debt is transferred from DVL to the Council; thereby reducing DVL's debt to equity ratio (an accounting ratio) to a more appropriate amount.
- ▶ The reduction in DVL's debt would mean the operation of the Stadium would be placed on a more achievable and financially sustainable level. Although increasing Council debt by \$30 million; this would not change the overall debt for the Council and the Stadium combined. The debt still needs to be repaid, but the cost of servicing the debt would be shifted from DVL to the Council.



- An allowance is made in the budget of \$10.5 million for maintenance and renewals, spread over 10 years between 2015/16 and 2024/25.
- Council's aim is to have the \$30 million of stadium debt repaid by 2031. Under the proposed changes, the Council will take a staged approach to achieve this. From 2015/16 to 2021/22 the ratepayer contribution towards the Stadium will be \$11,350,000. At this level, the \$30 million of Stadium debt would be repaid over a 20 year term. From 2021/22 to 2030/31, the ratepayer contribution increases to \$12,150,000 annually. This increase in ratepayer contribution applied to Stadium debt from 2021/22 enables debt to be repaid over a 16 year period (namely by 2031) but allows for smoothing of the rate increases over the period of the draft budgets.

The revised budget is based on three years of actual Stadium operation. It is a budget that will challenge the management but they are confident they can meet that challenge. This budget has been set at an achievable level because we do not want to "set them up to fail". The Stadium will always be a 'risky' business – dependent on attracting concerts and events; ensuring rugby attendances as well as attracting test matches; and growing other paying sporting use opportunities will remain challenging. External shocks such as economic recessions will always be a risk. A number of other Council facilities have these risks in common, but the Stadium highlights them because it's a standalone business. If the budget is not achievable for some reason, we commit to consulting ratepayers fully about the options available.

Option 2 – Close down the Stadium, demolish and sell

Part of the review process was for Council to decide if it wished to continue to operate the Stadium. The option to close down and demolish the Stadium would allow the Council to sell off the land and demolition materials. In summary, the impacts of this option are as follows.

- There would be no financial saving as all revenue generated by the Stadium would be lost.
- Demolition costs would be partly offset by the sale of the land, but there would still be a shortfall.
- The estimated \$133 million debt would still need to be repaid.
- The city would be without a major sportsground.
- This option would require an extra \$3.76 million in rates funding bringing the total ratepayer contribution towards the Stadium to \$13.6 million, which is required to service the Stadium debt for the next 16 years.

Option 3 – Status quo/do nothing

The current financial models under which the Stadium operates mean it would continue to need unbudgeted annual top ups from ratepayers. In summary, the issues with this option are as follows:

- This option provides no certainty for either the Council or the Stadium, no transparency in the budget and no financial targets for the operators of the Stadium to work towards.
- After more than three years of running the facility, we now know the current budget is insufficient. It would be poor practice not to provide realistic and achievable budgets.
- The likely cost will be the same as the proposed option but won't be planned or budgeted for, resulting in a shortfall in funding and lack of transparency.
- This option is unsustainable both over the short-term and long-term.

Summary of Options			
Option	Description	Explanation	Annual Ratepayer Contribution
1	Proposed approach	The proposed changes will <ul style="list-style-type: none"> ► resolve the ongoing budget shortfall ► resolve issues of rent, renewal funding and debt ► provide a transparent budget. 	(from 2015/16 to 2020/21) \$11,350,000 (from 2021/22 to 2030/31) \$12,150,000
2	Close down the Stadium, demolish and sell	This option would <ul style="list-style-type: none"> ► be more expensive for ratepayers ► leave the city without a major sportsground. 	\$13,600,000
3	Status quo/do nothing	The Stadium will <ul style="list-style-type: none"> ► continue to need annual top ups from ratepayers. ► result in a shortfall in planned funding and lack of transparency 	(unbudgeted annual top up will be needed) \$9,840,000

A copy of the full "Forsyth Barr Stadium Review" can be found here www.dunedin.govt.nz/ltp-documents.

MANAGING OUR INFRA- STRUCTURE

We want to know:

- Do you agree with the Council's proposal to increase spending over the next 10 years?

One of the Council's main functions is to provide essential service infrastructure to the city including roading and footpaths, water supply, wastewater and stormwater.

The last three, collectively referred to as 3 Waters, include assets with a gross replacement cost of \$1.6 billion. The roading and footpath assets represent a further \$1.3 billion. Providing these services makes up a substantial part of the Council's activity and spending, accounting for about 46% of annual operating expenditure and about 80% of annual capital expenditure. Ensuring we provide a consistent and reliable service to the community requires good asset management practices and strategic thinking.

The age of infrastructure and the nature of infrastructure investment in the city means the Council faces challenges over the next 30 years as it balances the need for asset renewal (replacement of assets at the end of their life cycle), new capital expenditure and ongoing maintenance. This will require significant investment over time to maintain key levels of service.

By developing a 30 year Infrastructure Strategy as part of the LTP, the Council is able to take a long term strategic view to provide greater certainty for financial planning. The strategy outlines the key issues associated with the ongoing management of the infrastructure and where operational and capital spending is most likely over the next three decades.

This provides a clearer picture of when expenditure is required and how this may impact on rates requirements during and beyond the 10 years of the LTP.





In terms of both renewals and new capital, we plan to spend \$838 million in the 3 Waters and \$714 million on roads and footpaths (including inflation) over the next 30 years to 2044/45. Over the same period, just under \$1.8 billion is forecast to be spent on operational costs. This expenditure means we can continue to provide the services that are in place now. Decisions to increase service levels, by adding or improving services, would mean increased costs or reprioritising work programmes, meaning some previously planned work would be delayed. Any major unexpected events would be managed along similar lines.

Ageing infrastructure

In the past two decades the Council has spent many millions of dollars on water and wastewater upgrades to meet legislative changes and increasing community expectations around environmental issues. These upgrades were the priority of the day and have resulted in major milestones being achieved, such as high quality drinking water that complies with the Ministry of Health Drinking Water Standards for New Zealand 2005 (Revised 2008), and stopping the discharge of wastewater into the Otago Harbour.

It is now time to focus on replacing our old infrastructure. Our asset management practices have enabled us to understand and plan for what lies ahead in terms of renewals. We have a realistic picture of what we need to do, particularly over the next decade. However, we will continue to refine our forecasts on an ongoing basis as our knowledge improves further.

3 Waters renewals backlog

The Infrastructure Strategy highlights the backlog of renewals in the 3 Waters area, which has arisen because of the number of assets that have become due for renewal in a short period of time. Because of the age of our city, and the large amount of detailed information we have gathered about our infrastructure, we are dealing with these renewal issues ahead of many other councils. The renewals backlog represents the value of the 3 Waters assets that are not currently delivering an appropriate level of service. The current value of the backlog is estimated at \$60 million. The types of service level problem are typically nuisance level issues such as old cast iron water mains (which were largely built in the 1920s and 30s) that are not delivering sufficient water pressure or flow or are causing discolouration of drinking water because they have become encrusted. Many of our earthenware sewers (which were largely built in the early 1900s) have also become cracked and are letting in groundwater which causes overflows to the environment or floods property. How often this occurs depends on the weather, but in the 12 months to August 2014, 59 overflow events were recorded in 13 locations across the city.

In many cases, the evaluation that an asset is overdue for renewal is made based on direct observation of asset performance (such as customer complaint records) or condition (such as CCTV inspection), but in some cases assumptions have been made based on what we know of the condition of assets of a similar type and age elsewhere in the city. There is therefore some potential for the lives of some of these assets to be extended for a few more years without any impact to service levels.

Funding the backlog

Stepping up the renewals programme in the first 10 years of the strategy and then maintaining funding at an increased level is the Council's proposed way to deal with the issues outlined above. Spending more on replacing infrastructure will allow us to sort out the areas where residents aren't receiving the level of service we aim to deliver. To do this, we have proposed stepping up spending from \$11.7 million to \$21.2 million over the next eight years and then hold the funding at around \$21.2 million until 2032. At this time there may be a need for a short term increase in funding to fund a peak of renewals anticipated at that point before funding is dropped to between \$16 million and \$18 million per annum for the years beyond.

Increasing the renewals spend and holding it at a higher level allows us to catch up the renewals backlog and manage any expenditure peaks and troughs in the longer term. This ensures our key service levels can be maintained without big increases in operating costs. The Council has developed a prioritised programme so the assets which most need to be replaced are tackled first.

Even with the extra money, there is still a gap between our proposed funding levels and the theoretical cost of the renewals we need to undertake.

Closing the funding gap

Whilst the data that underpins when assets need to be renewed is relatively robust, calculation of the cost of renewals, including the value of the current backlog is based on the theoretical costs to renew each asset in isolation. Therefore, whilst the theoretical cost to renew the assets over the next 30 years is \$700 million (in current dollars) we are only proposing to provide funding of \$612 million over the same period. As we review our underlying assumptions on renewal costs over the next LTP period we will have greater clarity of how long it will take to clear the backlog of work.

We believe that it is realistic that we can close this gap between theoretical and actual cost by 16% which would allow us to catch up the backlog of renewals by 2039/40. However, if we can only close a gap of 13% it will take the full 30 year period of the infrastructure strategy to clear the backlog. We will continue to refine these assumptions over the next LTP period and adjust our long term funding plan accordingly.

The funding gap will be closed through a combination of refining our cost assumptions as well as delivering projects for less money.

Refining our assumptions

Our cost assumptions are based on renewing assets in isolation. However, we are increasingly renewing all of our 3 waters assets (water, wastewater and stormwater) in a geographic area together, in conjunction with other Council works such as roading renewals. This means that we only pay for the reinstatement costs once. Our forecasts also assume that all of our existing assets will be replaced when they come to the end of their life. However, the history of development in our city means that some assets will not need to be replaced or can be replaced in a more cost effective way.

As a real example, there are currently three different water mains down George Street. These were laid at different times to cater for increasing demand. Within the renewals forecast, the replacement costs are based on the cost of renewing all 3 water mains as separate projects. However, when we replace them we will lay a single water main with appropriate capacity. We will also time the project to align with work being undertaken by other departments in the same area to minimise costs. The difference between the theoretical cost used for renewals forecasting and the actual project cost is estimated to be approximately \$2.7 million or about 65% of the total project cost.

Over the next few years we will be refining our renewals forecasts to incorporate more refined assumptions on costs to deliver specific projects where these are available.

We are continually learning better ways to package our work, engage with the market and encourage competition to deliver efficiently and lower our costs.

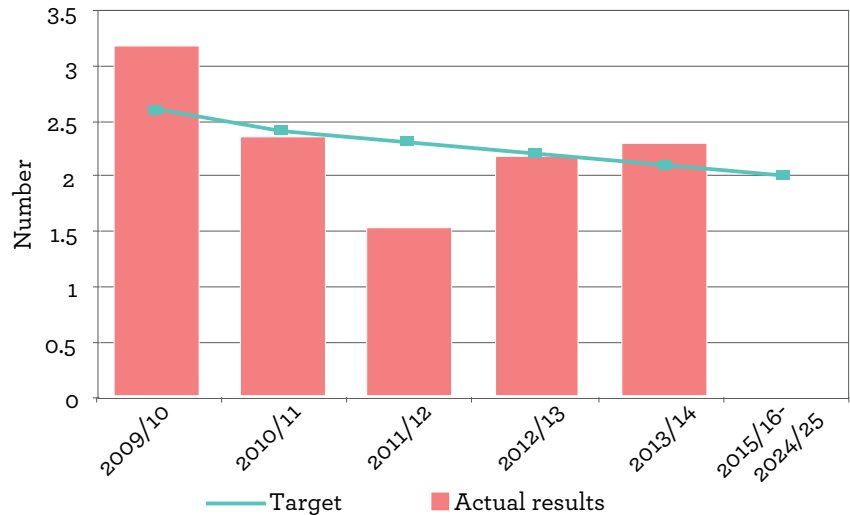
Impact on service levels

If all of our forecasting assumptions are correct, the total value of renewals in backlog will continue to increase slowly over the next 5 to 10 years. 2021 is the first year in which the funding exceeds the amount of new renewals falling due in that year. However, as our forecasting assumptions improve and include increasingly detailed assumptions such as excluding the cost of renewing assets once we have a clear plan not to replace them, and factoring in the benefits from multi-service renewals packages, the forecasts are expected to become much closer to the planned funding.



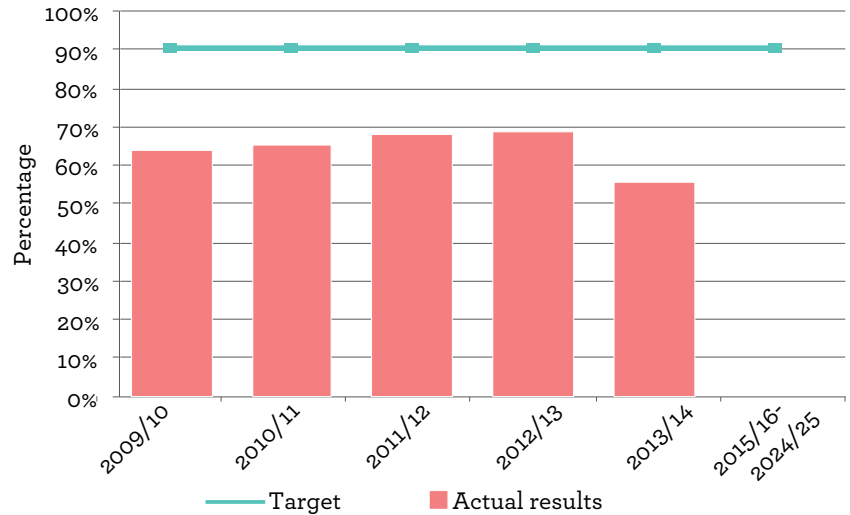
The key levels of service that are affected by these issues and the results for the past five years are shown below.

Level of service: The water tastes and looks pleasant
Performance Measure: Number of complaints regarding colour, taste and odour per 1000 connections

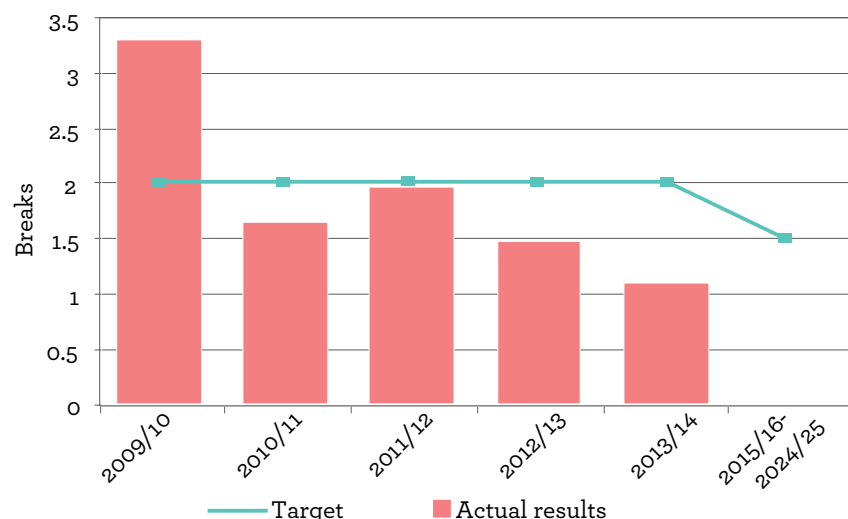


The stepped target is considered achievable with the planned renewals programme in place and targeted planned maintenance programmes.

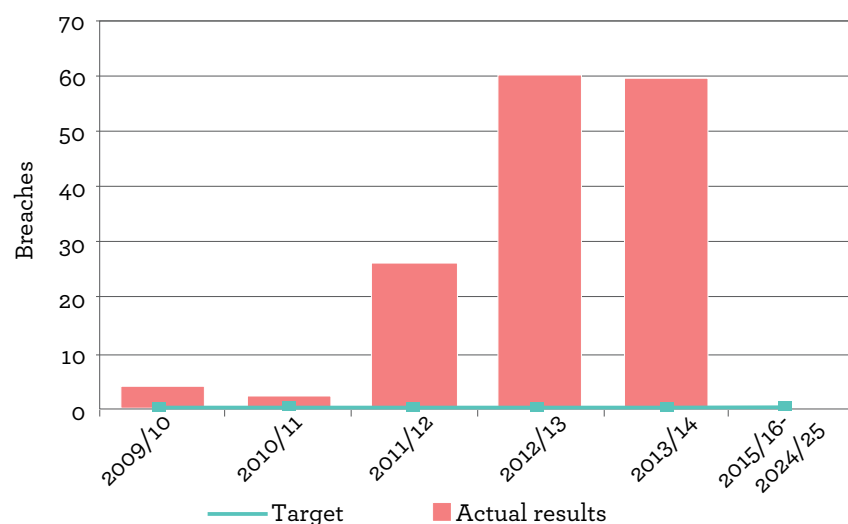
Level of service: Water is available for firefighting
Performance Measure: Percentage of tested hydrants that meet NZ Fire Service Code of Practice



Condition issues in older cast iron water mains causes some flow and pressure restrictions in certain areas. These areas are being targeted for renewal and compliance with NZ Fire Service Code of Practice is expected to rise over time as these projects are delivered.

Level of service: The wastewater service is reliable**Performance Measure: Number of breaks per 100km Foul Sewer Main**

The target has been met in recent years due to recent improvements in the approach to renewals planning. The target has been stepped accordingly from 2 breaks per 100 km to 1.5 breaks per 100 km from 2015/16.

Level of service: Sewage is managed without adversely affecting the quality of the receiving environment**Performance Measure: Number of recorded breaches of the Resource Management conditions (Wastewater)**

The increase in recorded breaches relates to more intensive monitoring of spill sites as well as deterioration of the pipes. The number of monitoring sites has been increased annually from 2012/13. The proposed renewals programme will improve performance on this measure over time; however it is subject to annual variation due to the number and intensity of weather events.

At any given time, we are prioritising the available spend on the most urgent renewals. This means we will always have money available to renew our most critical assets and maintain key service levels such as ensuring our water is safe to drink. We are also increasing our understanding on which assets are having the greatest impacts on our service levels. This means that whilst some nuisance service level problems may persist until the backlog is caught up, by effectively prioritising our renewals we still have some opportunities to make some significant service level improvements in the short term, despite a renewals backlog that will continue to increase slowly for the next few years. For example, in 2013/14 we completed a significant 3 waters renewals package in the Anderson's Bay area which has allowed us to eliminate a foul sewer overflow to the Anderson's Bay inlet as well as improving water flow and pressure in the area.

Delivering the programme

Since we first identified the need to significantly increase our renewals in 2008, we have been steadily increasing our renewals budgets, whilst gaining knowledge and confidence in where to focus our efforts. Our 3 Waters renewals budgets have already more than doubled since 2008 and delivering a growing programme is challenging. However, our efforts to improve our delivery are showing benefits and although we are still underspending our budgets we have already spent \$3 million more in the first seven months of the 2014/15 year compared to the same period in any of the past six years.

This increase in spending rate is the result of a targeted programme of delivery improvements and we are working closely with the contracting market to encourage them to resource appropriately for the workload over the coming years. We have recently seen some promising responses including new contractors tendering for work and existing contractors investing in new technology to enhance their capabilities which gives us confidence that the market will respond.



The options available to the Council for managing infrastructure are:

	Description	Impact on Service Levels	Impact on Rates	Other Impacts
Option 1	Leave renewals funding at present levels	Service levels will trend down over the next 10 years with more breaks in mains, overflows to streams and poorer response times due to the volume of emergency repair work that will be required. This will also drive up operational costs	A decrease in the overall rates requirement	Resident's satisfaction with the service provided by the 3 Waters and roading will decline
Option 2 - This is the Council's proposed option	Step up renewals funding	Service levels will be able to be maintained, without current issues getting significantly worse before they are fixed	This work is being funded within the proposed rates increases in the LTP	Future renewals are phased across a long time span meaning that the next round of renewals will not fall due over a short period of time as they have now.
Option 3	Add additional funding to the draft budgets to catch up backlog more quickly	The intention of this option is that service levels will be maintained and that the current issues will be fixed faster Note: The Council may not be able to deliver the work faster due to limited availability of contractors in the sector to deliver the work	Increased rates	Overall rates increase well above 3% in the first five years of the LTP Funding that has been rated for is potentially not spent Traffic and service disruptions to large numbers of customers due to the number of streets 'dug up' at the same time

A copy of the Infrastructure Strategy can be found in the supporting documents www.dunedin.govt.nz/ltp-documents.

CENTRAL CITY PLAN

What would you like to see?

Our preferred option:
Co-ordinate infrastructure replacements, transport projects and design upgrades and speed up the work to do the bulk of it in 2018/19 – 2020/21.

Alternative option:
Take a co-ordinated approach, but spread the work over 10 years.



It has been more than 20 years since much of the central city last had a facelift. The Council thinks it's time we looked at improvements such as new paving, seating, lighting and showcasing public art.

Now is the right time to consider these issues because:

- Many of the area's roads, and water and wastewater services are reaching the end of their lives.
- There are serious road safety problems for pedestrians, cyclists and motorists in the central city and this is reflected in our road safety statistics.
- Property owners are more likely to upgrade their buildings when the surroundings look smart, as recent improvements in the Warehouse Precinct have shown.

The proposed central city upgrade would be wide-ranging and would see different Council departments, such as transportation, wastewater and city planning, working together to co-ordinate and streamline work so the areas most needing attention would be dealt with first. This should also reduce any disruption or inconvenience for residents, workers, shoppers and businesses.

We would also take into account other developments that might occur, such as a planned city bus hub and a possible eastern bypass for trucks going to Port Chalmers.

The total cost for this suite of projects is \$18 million, of which \$9.9 million would be the Council's share. The rest of the funding would come from external agencies, such as the NZ Transport Agency. This spending would increase debt and rates over the period.

Options

There are two options for funding the Central City plan. Both options take a coordinated approach, however the Council's proposed option is to speed up the work to do the bulk of it in 2018/19 – 2020/21. The key differences between the options are:

Proposed option

- Paver renewals are completed between 2018/19 – 2020/21. Because this project is being accelerated, the Council will use debt to assist with the funding of this project. This debt will however be repaid within the period of the ten year plan.
- Urban amenity funding is reprofiled and accelerated between 2018/19 -2023/24.

Alternative option

- Paver renewals are completed between 2017/18 – 2024/25 and the Council is able to fund this entirely from rates.
- Urban amenity funding is evenly spread between 2018/19 – 2024/25.

	2015/16 \$ millions	2016/17 \$ millions	2017/18 \$ millions	2018/19 \$ millions	2019/20 \$ millions	2020/21 \$ millions	2021/22 \$ millions	2022/23 \$ millions	2023/24 \$ millions	2024/25 \$ millions
Proposed Option	1.7	1.0	4.7	7.0	7.7	7.3	3.0	4.1	0.8	-
Alternative Option	1.7	1.0	5.5	5.1	5.8	5.0	4.0	5.1	2.0	2.0

The key projects that form the Central City plan are.

Project	Project Goals
George Street (including intersecting streets)	Reinforcing George Street as Dunedin's main retail precinct and improving safety for all users.
Strategic pedestrian network (includes George Street, Moray Place, Stuart Street etc.)	Improving pedestrian accessibility and safety on key pedestrian routes in the central city.
Central City Safety improvements	Improving safety for all users at identified high risk locations (high risk corridors and intersections); likely to include lower speed limits.
Princes Street and south Princes Street (including intersecting streets)	Improving the amenity and function of Princes Street and South Princes Street to support regeneration by encouraging a flourishing arts precinct and increased investment.
Warehouse precinct	Improving the appearance of Bond, Vogel and adjoining streets to recognise growing residential activity in the area and provide a compelling environment for creative and business activity.
Strategic corridors: warehouse precinct accessibility improvements	Reduce severance between the central city and Warehouse Precinct in order to enhance development of a creative, mixed use inner city precinct.
City to harbour connection	Linking the central city more directly and safely to the Steamer Basin/Harbourside area for pedestrians and cyclists.
The Octagon	Upgrading the Octagon to better reflect its role as the central city's premiere public open space.
Queens Gardens	Enhancing Queens Gardens as both a commemorative and recreational space.
Exchange Square	Upgrading Exchange Square as a central city plaza to expand central city open space and support regeneration in the Exchange.
Eastern freight bypass	Improving the efficiency and attractiveness of the route between SH1/Andersons Bay and SH88 to the Port for freight users.
Western bypass	Improving the convenience of the route around the central city for those traversing the city rather than travelling through it.
Central city bus hub (Otago Regional Council project)	Developing a centralised location for bus services with associated facilities in the central city.

Further information about this can be found in the report to Council considered in January 2015 which is included in the supporting documentation www.dunedin.govt.nz/ltp-documents.

STRATEGIC CYCLE NETWORK

A funding boost by central government has prompted the Council to propose increasing its contribution to Dunedin's strategic cycle network to \$650,000 per year in the draft LTP.

The Government has introduced a new Urban Cycleway Fund (UCF) which, for the next three years, could top up the Council's contribution to urban cycleways. Added to expected co-investment from the New Zealand Transport Agency, this could mean more than \$2.2 million annually for cycleways for the next three years. The original budget was \$1 million for each of the next 10 years.

Option 1 – The Proposed Option

The additional funds mean the Council could deliver more of the cycle network sooner. With the South Dunedin Cycle Network almost complete and proposed acceleration of the Portobello Road safety improvements, the next priority is providing a Central City and North East Valley Cycle Network. Plans for these will be put out for public consultation later in 2015. This would complement cycleway work the NZ Transport Agency is planning for the central city's one way system.

The strategic cycle network is expected to be completed in about 22 years. The planned projects in order of priority are:

1. Central City and North-East Valley cycle network
2. Mosgiel local cycle network
3. West Dunedin cycle network (providing links to Mosgiel and Brighton and includes the rail tunnels)
4. Hills and Town Belt cycle network

The Council has also proposed that a planned city to harbour cyclist/pedestrian bridge would be part of the Central City and North East Valley network. If confirmed, this previously unfunded project would be completed in 2017/18. The bridge would provide a route for cyclists from the Portobello – Harington Point Road route and the South Dunedin Cycle Network to safely cross the railway corridor and Thomas Burns Street, which is a key arterial route for heavy traffic to the Port. The proposed central city plan project includes an eastern freight bypass for heavy traffic to the Port, which involves Thomas Burns Street. The city to harbour cyclist/pedestrian bridge would improve safety for cyclists and pedestrians and allow the eastern freight bypass to operate more efficiently.

The Council's proposal to increase its contribution to the Strategic Cycle Network was made following funding changes. These are the new Government Urban Cycleway Fund discussed above, combined with a drop in the annual co-investment from the NZ Transport Agency. The current NZ Transport Agency co-investment of 66% is reducing to 59% in 2015/16 and then, from 2016/17 drops by 1% a year until it reaches 51%.

As well as the proposed spending outlined above, the Council considered three other funding options.

Option 2 – Reducing the Council's contribution

Reducing Council's contribution, combined with NZ Transport Agency's declining contribution, would mean delaying the delivery of the Strategic Cycle Network.

Option 3 – Maintaining the Council's contribution

Maintaining the Council's funding of \$340,000 per annum along with NZ Transport Agency's declining contribution means the overall amount spent on cycleways drops over the 10 year period. This means Council is not capitalising on the higher Funding Assistance Rate or the UCF available over the next few years. It will also delay the delivery of the Strategic Cycle Network.

Option 4 – Increase the Council's contribution to maintain \$1 million per annum spend

Council increasing their contribution, to offset the declining contribution from NZ Transport Agency, will enable delivery of the Strategic Cycle Network sooner.



The following table shows the potential/indicative level of funding for the Strategic Cycle Network for Option 1. The Council could, via spending on other projects, qualify for additional funding from the UCF and NZ Transport Agency co-investment.

	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Council	650	650	650	650	650	650	650	650	650	650
Urban Cycleway Fund	793	774	756							
NZ Transport Agency	935	898	862	827	794	763	733	704	677	677
Total	2,378	2,322	2,268	1,477	1,444	1,413	1,383	1,354	1,327	1,327

Summary of Options		
1	Proposed Option – increase the Council's contribution to \$650,000 per year	<p>This is included in draft budgets</p> <p>This accelerates the work programme on the strategic cycleways</p> <p>This increases the level of service to the community by providing new cycleways more quickly</p>
2	Reducing the Council's contribution	<p>This would slow down the delivery of the cycleways and affect our ability to attract further funding from the Urban Cycleway Fund</p> <p>Planned increases to service levels would be impacted as improvements would be delayed</p>
3	Maintaining the current level of Council contribution	<p>The DCC share stays at \$340,000 each year, the NZ Transport Agency contribution declines, meaning the overall amount spent on cycleways drops over the 10 year period</p> <p>Planned increases to service levels would be impacted as improvements would be delayed</p>
4	Increase the Council's contribution to maintain existing \$1 million spend per year	<p>The Council's share increases to offset the declining contribution from the NZ Transport Agency</p> <p>Service levels would increase as planned</p>

Further information about this can be found in the report to Council considered in January 2015 which is included in the supporting documentation www.dunedin.govt.nz/ltp-documents.



PORTOBELLO ROAD SAFETY IMPROVE- MENTS



Accelerating progress on the Portobello Road safety improvement project would see the work completed in three years (by 2018) rather than in 10 years' time as originally planned. This would result in big cost savings, as well as bringing forward the community benefits from the project.

Options for speeding up the project have been worked on since May 2014 and advice provided to the Council in November 2014 indicated it could be done. Since then, work on how to fund an accelerated work programme has been carried out. The Council proposes an approach where both the Council and the NZ Transport Agency would bring their shares of the funding for the project forward.

The Transport Agency provides 55% of the funding. Speeding up the project would see both the Transport Agency and the Council moving their funding from the 2018/19 – 2024/25 years to the 2016/17 – 2017/18 years as shown below.

Speeding up the work means the Council spending an extra \$6 million over the three years of the work. That means higher debt levels for those years, and more rates would be needed for debt and interest repayments. Over the period of the LTP, the impact on rates is an increase of \$1.2 million. However, the impact in the longer term, when the loans are repaid, is an overall saving to ratepayers of \$4.7 million.

These changes have been included in draft budgets and are subject to final confirmation from the Transport Agency.

Further information about this can be found in the report to Council considered in January 2015 which is included in the supporting documentation www.dunedin.govt.nz/ltp-documents.

Proposed Option: (3 year programme)									
2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$1.1 m	\$9.4 m	\$9.4 m	-	-	-	-	-	-	-
Alternative Option – Original Plan (10 year programme)									
2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$2.2 m	\$2.5 m	\$2.5 m	\$2.5 m	\$2.5 m	\$2.5 m	\$2.5 m	\$2.5 m	\$2.5 m	\$0.6m

Doing the work faster would drop the overall cost of the project by an estimated \$2.9 million. This represents a 13% reduction on the current \$22.8 million budget.



SOUTH DUNEDIN COMMUNITY COMPLEX

Ideas for various forms of a South Dunedin community complex have been part of the Long Term Plan since 2002.

The Council is seeking feedback on its proposal for a South Dunedin Community Complex housed in a redeveloped heritage building.

The complex could host a mix of services such as: a community learning centre, a library, a youth hub, a Council Service Centre, visitor information, a bike library, a Pasifika Language Centre, meeting rooms, public toilets and free internet access.

The Council's proposed option:

Undertake further planning and consultation to determine the ideal location of the complex and the services of value to the South Dunedin community. A budget of \$150,000 has been included in draft budgets for this work.

Building redevelopment and fit out costs for the complex would be an estimated \$5.2 million (a reduction on the previous budget estimate of \$8 million because this proposal involves reuse of a heritage building rather than a completely new building). The Council has proposed that it will use funds from the sale of surplus operational and/or investment property assets to contribute to the development of the complex. This would mean not having to raise debt and therefore would reduce the impact on rates.

Operating costs have been estimated at \$971,000 a year. These operational costs directly impact rates.

The complex will increase levels of service to the South Dunedin community. Some of the proposed services are available at existing Council facilities e.g. central city library, while others are new and not available elsewhere.

If the South Dunedin Community Complex proposal receives public support, the Council will develop the concept with its community partners and firm up details for further consultation in 2016/17.

Summary of Options

1	Continue planning and consultation for a South Dunedin community complex funded from the sale of an existing operational or investment property	This is the Council's proposed option and is included in budgets The costs of running the complex (\$971k) will increase rates from 2018/19 onwards
2	Continue planning and consultation for a South Dunedin community complex funded by increasing debt	This option will increase Council debt by \$5.2 million and have implications for the Council's target to reduce debt to \$230 million by 2021. The cost of borrowing will increase rates The costs of running the complex (\$971k) will increase rates from 2018/19 onwards
3	Status quo/do nothing	This option will mean that the South Dunedin community will continue to rely on existing Council facilities. This may mean travel to the central city Some of the proposed services are new and not available elsewhere Service levels will remain unchanged There will be no impact on rates

Further information about this can be found in the report to Council considered in January 2015 which is included in the supporting documentation www.dunedin.govt.nz/ltp-documents.

CITY OF LITERATURE

On 1 December 2014, Dunedin became New Zealand's first city to be accepted as a member of the UNESCO Creative Cities Network when it was given the title City of Literature.

Being a UNESCO City of Literature creates ties with the 69 other Creative Cities Network members worldwide. This presents opportunities for exchanges, conferences, events, partnerships, performances, collaborations, internships and creative tourism that tie in strongly with the LTP community objectives of Dunedin being a thriving and diverse economy, a vibrant and creative city and a city of learning.

After advice from other Cities of Literature and New Zealand funding agencies, the Council has endorsed establishing an independent Dunedin City of Literature Trust, and proposed funding of \$100,000 in the 2015/16 year, with subsequent annual funding of \$50,000. These funds would assist in meeting the \$220,000 total estimated budget required to support Dunedin's City of Literature activities. The balance of funds would come from other local partners, grants and national funding sources.



As well as a Board, the trust would have a director and part-time administrative support position. The Trust's tasks would include facilitating and promoting literary activities with a local, national and international scope, seeking funding support, liaising with other cities in the UNESCO Creative Cities Network on Dunedin's behalf and reporting regularly to UNESCO.

Further information about the activities proposed can be found in the report to Council considered in January 2015 which is included in the supporting documentation www.dunedin.govt.nz/ltp-documents.

Summary of Options		
1	Provide additional rates funding to support the work programme for the Dunedin City of Literature Trust: \$100,000 in 2015/16 \$50,000 per annum from 2016/17 - 2024/25	This is the Council's proposed option. Funding has been included in the draft budgets The ongoing annual funding of \$50,000 from 2016/17 will be subject to review each year This option increases rates across the 10 years of the LTP and represents a new level of service for the city
2	Not to provide any additional funding to the Dunedin City of Literature Trust	This would result in the city not being able to get the most, culturally and economically, from being a UNESCO City of Literature



When Dunedin won Chorus’s national Gigatown competition in November last year, planning was already underway for how to take advantage of the prize, i.e broadband internet speed of one gigabit per second and \$700,000 funding for business start-ups and Gigatown related purposes.

Dunedin’s Gigatown competition efforts were led by the Digital Community Trust and the Digital Office with the Council supporting them on various levels. The Trust has since been restructured to enact the plans for making the most of the win. These plans include: seeking further project funding; establishing a highly visible, physical Gigatown headquarters; hosting a challenge to solve community problems using gigabit internet; working with other gigaspeed cities world-wide; helping

Chorus and the Council increase the roll out of local access to the Ultrafast Broadband network; helping businesses maximize the gigaspeed opportunity; establishing startup initiatives for new business; and city-wide wifi access for students and education staff.

The Council proposes assisting with the Trust’s Gigatown Dunedin plans by adding \$185,000 into the draft budget, bringing the Council’s total contribution up to \$250,000. These funds would be administered through the Council’s Enterprise Dunedin activity. The Council would also have two representatives on the Trust.

BECOMING A GIGATOWN

Summary of Options		
1	Continue the existing level of funding	This consists of \$65,000 provided to the Digital Community Trust from Economic Development Unit budgets This option maintains current levels of service
2	Increase funding by \$185,000 in 2015/16	This is the Council’s proposed option and is included in draft budgets Brings total funding from the Council to \$250,000. This increases the rates requirement in the 2015/16 year This is an increased level of service

Further information about this can be found in the report to Council considered in January 2015 which is included in the supporting documentation www.dunedin.govt.nz/ltp-documents.



Photo courtesy Otago Daily Times

OTAGO MUSEUM PROJECT FUNDING



Photo courtesy Otago Museum

The Otago Museum contributes a significant cultural and educational element to the experiences Dunedin offers. The Museum receives annual funding from a number of partners, including the Council, to assist with its projects and development. The Council contribution is \$3,924,300 in 2015/16.

This year the Otago Museum has asked Council for financial assistance with 13 projects spanning the next 10 years:

Project	Year	Amount requested	Estimated Total Project cost
Shanghai: Natural History Museum Exhibition to be staged at the Shanghai museum	2015/16	\$75,000	\$375,000
Discovery World – Educational Suite component of the larger Discovery World upgrade	2016/17	\$50,000	\$2.7 million
Shanghai: Jade & Pounamu Exhibition to be developed with the Shanghai museum	2016/17	\$75,000	\$375,000
Tangata Whenua Digitisation Project	2017/18	\$50,000	\$100,000
Museum 150th Birthday Exhibition	2018/19	\$50,000	\$500,000
Conservation Centre of Excellence – seed funding for feasibility study only	2018/19	\$25,000	To be developed
Collections Centre & Open Store	2019/20	\$100,000	\$10 million
People of the World Gallery	2021/22	\$100,000	\$1.5 million
Pacific Cultures Gallery	2022/23	\$100,000	\$1 million
Southern People/Southern Land Gallery	2023/24	\$100,000	\$2 million
Museum Entrance Area	2024/25	\$200,000	\$2 million
Moa Gallery	2025/26	\$50,000	\$2 million
Sir Edmund Hillary Gallery	2025/26	\$50,000	\$250,000



Until plans for the later projects are more developed, Council has instead proposed to offer grants of \$75,000 additional rates funding each year for the next four years to assist the Museum with the six projects it plans to undertake in that time. These being:

- ▶ Shanghai: Natural History Museum, 2015/16 – the Otago Museum is scheduled to send an exhibition to the new Shanghai Natural History Museum in the summer of 2015. This continues a relationship of collaboration with museums in Shanghai.
- ▶ Discovery World Educational Suite, 2016/17 – the Otago Museum plans to create a centre for science engagement. This entails a complete renovation and upgrade of the Discovery World “hands on” Science centre, the Museum’s educational facilities and also creation of a new digital planetarium.
- ▶ Shanghai: Jade & Pounamu, 2016/17 – the Museum has had initial discussions with the Shanghai Museum about jointly curating an exhibition on Jade and Pounamu in 2017.
- ▶ Tangata Whenua Digitisation Project, 2017/18 – the Otago Museum intends to completely renovate the Tangata Whenua gallery that currently houses only part of its extensive collection of taonga. A key element of this project is to digitise the Museum’s entire Māori collection, and make it available online.
- ▶ Museum 150th Birthday Exhibition, 2018/19 – September 2018 will mark the 150th Anniversary of the Otago Museum’s founding. Plans are advancing for a major exhibition celebrating the Museum’s history and collection.
- ▶ Conservation Centre of Excellence, 2018/19 – to help it support regional conservation needs Otago Museum intends to complete fitting out its new Conservation Centre’s laboratory at the Museum. It also intends to conduct a sector wide feasibility study into the needs of the collections sector in our region.

The annual \$75,000 in funding Council is proposing to offer will be tied to these six projects specifically. In the event that any project does not occur, the funding allocated to it would be returned to Council.

Summary of Options		
1	Fund 13 projects across the next 10 years	The Council was asked to consider the level of grants funding it would provide to each of 13 projects. Total funding required for all 13 projects is \$1,025,000 over 10 years
2	Fund six projects over the next three years	<p>This is the Council’s proposed option and has been included in LTP budgets</p> <p>To provide grants of \$75,000 per annum for four years from 2015/16 – 2018/16 to assist the Otago Museum with project costs for the first six projects listed above</p> <p>This increases the rates requirements in these four years of the LTP</p>
3	Not to provide any funding for these projects	This leaves the DCC contribution to the Otago Museum at \$3,924,300 in 2015/16 dollars across the 10 years of the LTP and does not change rates requirements

A copy of the report considered by the Council in January 2015 can be found in supporting documentation www.dunedin.govt.nz/ltp-documents.

DUNEDIN HOSPITAL THERAPEUTIC POOL



Photo courtesy Otago Daily Times

The Council has been approached to provide financial support to help retain the Dunedin Hospital Therapeutic Pool.

The Southern District Health Board has earmarked the pool for closure but has allowed it to remain open until 1 July 2015 while the Otago Therapeutic Pool Trust (OTPT) looks to raise funding for important capital expenditure. This includes retiling the pool, fitting a pool cover, replacing windows and installing a new operating plant which will help reduce running costs in the future.

While the OTPT is embarking on a fundraising and sponsorship campaign to raise funds for that work, it has asked Council to consider contributing to an approximately \$100,000 per annum operating deficit to keep the pool running beyond July.

Council has indicated it is prepared to underwrite the pool's operating costs by up to \$100,000 per year from the 2015/16 to the 2017/18 financial years and has included this in the draft LTP for consultation.

The funding is subject to the Trust raising the \$750,000 needed for capital expenditure by 30 June 2015 (or satisfy the Council as to the level of funds raised), and to a Council staff report on the feasibility of the OTPT's plans and the impact they will have on the pool's operational costs.

Summary of Options		
1	Underwrite the operating costs for the pool by up to \$100,000 per year for three years from 2015/16 -2017/18)	<p>This is the Council's proposed option and has been included in draft budgets</p> <p>This increases rates in the 2015/16 to 2017/18 years</p> <p>Supporting this pool is a new level of service for the Council</p>
2	Not to provide financial support	<p>The OTPT would have to find alternate funding to allow the pool to continue to operate while they fundraise for improvements</p> <p>This option would have no impact on rates or service levels</p>

A copy of the report considered by the Council in January 2015 can be found in supporting documentation www.dunedin.govt.nz/ltp-documents.



A number of reports to the Council on aquatic services have acknowledged the community demand for additional pool space in Mosgiel within the next five years. However, no funding is allocated for this in the LTP.

In 2014 the Council provided \$30,000 towards a feasibility study by the Taieri Community Facilities Trust. After extensive community consultation, the Trust identified Memorial Park as a preferred site for a facility consisting of four pools – a 25m x 25m lap pool, a learners pool, a leisure pool and a hydrotherapy pool. The Trust estimated a capital cost of \$14.44 million for the complex and suggested the local community could raise \$7.5 million, with the Council contributing the rest.

Six possible sites for the pool were considered by the Trust – the existing site in Gordon Road, Memorial Park, Taieri College, Seddon Park, Brooklands Park and Puddle Alley (Wingatui). Memorial Park is the Trust’s preferred site because it is near other sport and recreation facilities, easy to get to and has enough space for parking and the pool complex.

The Council recognises the hard work by the Trust and the enthusiasm of the Mosgiel community. We now need to consider a way forward in the context of other funding priorities and guidance from Sport New Zealand on national benchmarks for pool provision.

The Trust’s evaluation, and additional information from staff, was considered by the Council in January 2015. The staff report estimated the capital cost for building a four pool complex could be in the region of \$15.2 million. These capital expenditure estimates exclude excavation and piling costs, costs for moving or upgrading services such as water and waste pipes, costs for final fit out of the building and allowance for escalation of cost across the project. This means the total cost for a new facility may be \$3-5 million higher than the estimates shown in Table 3 (overleaf).

The staff report outlined five options for aquatic facilities in Mosgiel, including three new pool options. The Council wants to know what the community thinks about these options (shown in Table 1 below).

In considering options for Mosgiel, the Council has taken account of the National Aquatic Strategy prepared by Sport New Zealand in 2013. The strategy was intended to provide guidance on where facilities are located across the country and what sort of facilities are likely to be needed, and where, in the next 10 – 20 years.

UNFUNDED
PROJECT
MOSGIEL
AQUATIC
FACILITIES



Table 1: Options Considered by the Council

Status quo – No change to existing pool	Option 1: Upgrade existing pool	Option 2: 2 new pools	Option 3: 3 new pools	Option 4: 4 new pools
Existing six lane 25m pool on Gordon Rd (open 1 September – 31 March each year)	Upgrade existing pool to be open 12 months of year	New pools: ►Lap pool (25m x 25m) with 10 lanes ►Learners’ pool	New pools: ► Lap pool (25m x 25m) with 10 lanes ►Learners’ pool ►Leisure pool	New pools: ►Lap pool (25m x 25m) with 10 lanes ►Learners’ pool ►Leisure pool ►Hydrotherapy pool

(continued on the next page)

The strategy identified the Otago region would not need more pool space until about 2030 and that, based on population, the existing Mosgiel pool meets the benchmark provision. The population benchmarks for pool provision are shown in Table 2. For further information see www.dunedin.govt.nz/national-aquatics-facilities-strategy.

Nonetheless, the Council recognises the desire the Mosgiel community has repeatedly expressed for new and improved swimming facilities.

At this stage no money has been budgeted for a new Mosgiel Pool. The Council is now looking for feedback from the public. This is a first step and further consultation is likely before any option is included in the budget.

Staff have been asked to model and report back on the full range of funding and investment options for a new aquatic facility in Mosgiel.

Table 2: The Sport NZ National Facilities Strategy – Aquatics 2013 population benchmarks for pool space:

Population	Pool space	Visitation per annum
10,000	1 x 300m ² (25m x 12m)	20,000 – 40,000
30,000	1 x 500m ² (25m x 20m)	40,000 – 100,000
>100,000	3-4 x 500m ²	100,000 – 500,000
>300,000	10-20 x 500m ²	> 500,000

Options to be considered include:

- ▶ borrowing (increases Council debt levels)
- ▶ investment from the Waipori Fund (reduces the Council's investment)
- ▶ investment from a Council-owned company (reduces the Council's investment)
- ▶ investment from the City Property Investment Portfolio (reduces the Council's investment).

Table 3 outlines estimated costs, attendance numbers and revenue for the upgrade option and three new pools options.

It should be noted that all options represent an increase in service levels for Aquatic Services.

The Trust proposal is that the Taieri community commits \$7.5 million for a four pool aquatic facility. There is currently no commitment for community funding for any other option. However, to allow for comparative figures, an assumption has been made that 50% of capital costs for each option would be funded by the community. If the Council decides to proceed with a two pool, or a three pool option, and there is no community contribution, then costs for these options would be higher.

Table 3: Summary of estimated revenue, expenditure and rates implication for each option

	Option 1: Upgrade existing pool	Option 2: 2 new pools	Option 3: 3 new pools	Option 4: 4 new pools
Estimated Construction Costs				
Capital cost*	\$2.5m	\$8.9m	\$11.2m	\$15.2m
Community Fundraising Contribution	Nil	\$4.5m if 50% (To be confirmed)	\$5.6m if 50% (To be confirmed)	\$7.5m 50%
Council contribution	\$2.5m	\$4.4m	\$5.6m	\$7.7m
Estimated Annual Costs and Income				
Attendance	65,000	115,000	170,000	190,000
Operating costs	\$0.6m	\$1.2m	\$1.7m	\$2.3m
Income from entry fees	\$0.1m	\$0.6m	\$0.8m	\$0.9m
Income from rates	\$0.5m	\$0.6m	\$0.9m	\$1.4m

*Excludes costs for excavation and piling, moving or upgrading services such as water and waste pipes, final fit out of the building and allowance for escalation of cost across the project

Please note that the income from entry fees does not cover the operating costs for any of the pools run by the Council; they all receive a rates subsidy.

A copy of the report considered by the Council in January 2015 can be found in supporting documentation www.dunedin.govt.nz/ltf-documents.



International cricket fixtures at Dunedin’s University of Otago Oval attract world-wide attention for our city.

India, England and Australia are scheduled to tour New Zealand three times each between now and 2023. The Otago Cricket Association (OCA) is concerned Dunedin will not be allocated many games from these tours if lighting facilities that enable day/night cricket are not installed by the end of 2015. The day/night games are considered to be a better fit for the large number of television viewers, and the OCA says New Zealand Cricket is more likely to allocate games to grounds with suitable lighting.

The Council is among the organisations from which the OCA is seeking funding support to purchase and install appropriate lighting. The OCA has asked the Council for \$2 million over three years for the lighting purchase, plus a rental holiday on ground fees for three years until the loan is repaid.

A copy of the report considered by the Council in January 2015 can be found in supporting documentation www.dunedin.govt.nz/ltp-documents.

The \$2 million would be loan-funded, which would increase debt and put rates by up to \$193,200 per year over 20 years. The rental holiday, plus the estimated operating costs would increase rates by an additional \$44,700 per year for three years.

The Council has expressed its support for the project in principle, but has recommended that information about the impact on debt, rates and timing be put into the draft Long Term Plan as an unfunded item. This allows the public to provide feedback on what the Council’s level of financial support should be.

The Council has encouraged the OCA to re-examine how it could contribute to costs and to seek additional funding partners.

UNFUNDED PROJECT CRICKET LIGHTING UNIVERSITY OF OTAGO OVAL

Summary of Options		
1	Fully fund the purchase and installation of lights	This would increase debt as the \$2 million would be borrowed. Rates would increase to cover borrowing costs for 20 years, the rental holiday and additional costs This option would be an increase in service levels
2	Provide partial funding	This would increase debt and rates requirements depending on the amount provided by the Council This option would be an increase in service levels
3	Do not provide any funding	No impact on rates or service levels



UNFUNDED TRANSPORT PROJECTS



The Mosgiel Town Centre and the streets around Dunedin's university and polytechnic area are the subjects of transport safety and accessibility projects to improve people's ability to move about without harm. Both projects are also considered to be important because of their contribution to city-wide transportation, safety and accessibility goals. Funding has not yet been allocated to either project in the LTP.

The Council has requested that they be included in the draft Long Term Plan as unfunded projects so the public can let us know whether they want them to remain in the final LTP.

The tertiary precinct project stems from the local tertiary organisations' strong desire to see an improved pedestrian and cycling environment around the University of Otago and the Otago Polytechnic. Safety and accessibility issues have been identified, particularly in parts of Albany, Clyde, Forth and Union Streets. Costs for the project are estimated at \$1.05 million, which would cover the planning and construction phases between 2018 - 2021. It is expected that there would be a cost-sharing arrangement between the tertiary institutions and the Council, as well as possible shared funding by the NZ Transport Agency.

Improving the safety and accessibility of the Mosgiel Town Centre is ranked as a high priority. Estimated to cost \$2 million, the Mosgiel safety and accessibility upgrade aims to manage traffic and freight demands in a way that improves safety for vulnerable users, while ensuring the centre's vitality. Mosgiel has a high proportion of elderly residents and young people who are very dependent on good pedestrian and cycling facilities and high levels of access for those with mobility impairments. Planning would occur between 2016 and 2020, with construction beginning in 2021.

These projects have both been identified as priorities in the Dunedin City Integrated Transport Strategy 2013. They have also been included in the draft Regional Land Transport Programme, meaning that they may receive some funding from the NZ Transport Agency.

We want to know if you think these projects should be included in the LTP.

Summary of Options		
a. University of Otago and Otago Polytechnic area		
1	Provide \$1.05 million in budgets for safety and accessibility improvements	This would increase debt and rates
2	Do not provide any funding	No change to debt and rates
b. Mosgiel Town Centre		
1	Provide \$2 million in budgets for safety and accessibility improvements	This would increase debt and rates
2	Do not provide any funding	No change to debt and rates

A copy of the report considered by the Council in January 2015 can be found in supporting documentation www.dunedin.govt.nz/ltp-documents.



Proposed Rates

The following table provides a list of example properties with the proposed rates for the 2015/16 year.

Capital Value \$	2014/15 Rates \$	2015/16 Rates \$	Increase \$	Increase %
Residential				
190,000	1,663	1,712	49	2.9%
205,000	1,708	1,760	52	3.0%
245,000	1,828	1,887	59	3.2%
282,000	1,938	2,005	66	3.4%
330,000	2,082	2,158	76	3.6%
400,000	2,291	2,380	89	3.9%
Commercial				
355,000	4,577	4,721	144	3.1%
1,152,000	13,367	13,810	443	3.3%
Farmland (General and Community Services Rates only)				
280,000	898	935	37	4.1%
731,000	1,991	2,083	92	4.6%
950,000	2,522	2,640	118	4.7%
2,020,000	5,114	5,363	249	4.9%
Lifestyle (General and Community Services Rates only)				
495,000	1,626	1,718	92	5.7%
513,000	1,677	1,773	95	5.7%
650,000	2,067	2,187	120	5.8%
Residential Heritage B&Bs				
620,000	4,089	4,302	212	5.2%

To see your rates and a breakdown of what you pay for, visit www.dunedin.govt.nz/rates-calculator.

PROPOSED RATES 2015/16



HAVE YOUR SAY AND HELP MAKE DUNEDIN ONE OF THE WORLD'S GREAT SMALL CITIES

Now that you have read this document we want to know what you think:

- ▶ What do you think about our plans?
- ▶ Have we made the right choices?

What do you think about:

- ▶ Our proposed approach to rate increases, pages 4 and 5
- ▶ Our proposed approach debt limits, page 10
- ▶ Our financial strategy, pages 7 and 8

- ▶ What we spend money on and how we pay for it, pages 11, 12 and 13
- ▶ The outcome of the stadium review, pages 14 and 15
- ▶ How we plan to managing our infrastructure, pages 16 – 21
- ▶ How we fund infrastructure renewals page 7
- ▶ Our plans to:

Improve the look and feel of the central city, pages 22 and 23

- » Managing funding for cycleways, pages 24 and 25
- » Speeding up the Portobello Road safety improvements, page 26
- » Work towards developing a new community facility in South Dunedin, page 27
- » Support Dunedin's new City of Literature status, page 28
- » Assist with the rollout of the Gigatown Plan, page 29
- » Support six new projects at the Otago Museum pages 30 and 31
- » Underwrite the Therapeutic (Physio) Pool's operating costs page 32

- ▶ Should we be increasing rates to invest in :

- » Swimming pool facilities for Mosgiel, pages 33 and 34
- » Lights for the cricket ground at the University Oval, page 35
- » Improving the safety for pedestrians and other road and footpath users in the Mosgiel Town Centre, page 36
- » Improving the safety of the Tertiary Precinct for pedestrians and cyclists, page 36

We've provided a feedback form with a questionnaire format for you to indicate which options you prefer and provided a space for you to add any other comments. Please add pages if you need to.

We encourage you to complete your feedback form on-line at www.dunedin.govt.nz

Deliver or post **written feedback forms** to the addresses below.

Hand deliver:
The Customer Service Agency in the Civic Plaza

Post:
LTP, Dunedin City Council,
PO Box 5045, Dunedin 9058.

Phone:
03 477 4000

Make sure your feedback is in before **5pm on Tuesday 28 April, 2015.**

Note: The process for making Community Grant applications has changed and these are no longer managed as part of the LTP.

If you wish to apply for community grant funding please go to www.dunedin.govt.nz/services/dcc-funding.

FEEDBACK FORM

PLEASE GIVE US YOUR FEEDBACK BY COMPLETING THIS QUESTIONNAIRE

Please note your feedback is public. Your feedback will be included in papers that will be available to the media and the public, but will only be used for the purpose of the LTP process.

We encourage you to provide your feedback online at www.dunedin.govt.nz/ltp

Alternatively you can fill in this form and drop it in at the Civic Centre or post it to:

LTP, Dunedin City Council, PO Box 5045, Dunedin 9058.

First Name: _____ Last Name: _____

Organisation (if applicable): _____

Email or postal address: _____

Phone: _____

Presenting your views in person

If you want to present your views in person to the Councillors please indicate your first and second preference speaking time. Put a '1' in the boxes for your 1st preference and a '2' in the box for your second preference. We'll do our best to match your first preference. If you don't select an option, we will assume that you do not wish to present your views in person.

Tuesday 12 May ☐ Morning ☐ Afternoon ☐ Evening

Wednesday 13 May ☐ Morning ☐ Afternoon ☐ Evening

Thursday 14 May ☐ Morning ☐ Afternoon ☐ Evening

About you

The following information is optional and will remain private.

Gender: ☐ Male ☐ Female

Age: ☐ Under 18 ☐ 18-24 ☐ 25-29 ☐ 30-39 ☐ 40-49 ☐ 50-59 ☐ 60-69 ☐ 70+

Ethnicity: ☐ NZ European ☐ Māori ☐ Pacific ☐ Asian ☐ African ☐ Middle Eastern

☐ Latin American ☐ Other

Suburb: _____

THERE IS SPACE AT THE END OF THE FORM FOR ANY COMMENTS YOU WISH TO MAKE. PLEASE USE THE QUESTION NUMBERS /TOPICS AT THE START OF YOUR COMMENT AND START A NEW PARAGRAPH FOR EACH NEW TOPIC.

FEEDBACK MUST BE RECEIVED BY 5PM TUESDAY 28 APRIL 2015

1 Debt

Please read page 10 before answering this question.
Which debt limit option do you prefer?

Please tick one

Option 1	Proposed – Reducing debt to \$230m by 2021
Option 2	Reduce debt to \$230 million by 2019, by making the annual rate increase 4% per year to allow additional rates to be applied to debt repayment

2 Rates Increases

Please read pages 4 and 5 before answering this question.
Which option for rates increase limits do you prefer?

Please tick one

Option 1	Proposed – 3% unless exceptional circumstance
Option 2	4% unless exceptional circumstance

3 Stadium

Please read pages 14 and 15 before answering this question. Which option do you prefer?

Please tick one

Option 1	Proposed ► Stadium owned by DCHL ► \$30m debt transferred to the Council ► Funding for renewals ► More achievable budgets
Option 2	Close down the Stadium, demolish and sell (land and materials)
Option 3	Status quo/do nothing ► unbudgeted top ups will be required

4 Infrastructure renewals

Please read pages 16 – 21 before answering this question.
Which option do you prefer?

Please tick one

Option 1	Leave renewals funding at present levels (Service levels will trend down under this option)
Option 2	Proposed – Step up renewals funding over the 10 years of the LTP
Option 3	Add additional funding to the draft budgets to catch up backlog more quickly in the next five years

5 Funding Infrastructure renewals

Please read page 7 before answering this question. Which option do you prefer?

Please tick one

Option 1	Proposed – Fund the additional renewals expenditure by rates By stepping up the renewals expenditure over the decade at a gradual rate, rate increases can be managed within the limits even though the Council acknowledges that this is an ambitious target
Option 2	Fund the additional renewals expenditure by debt This would lead to additional costs and higher debt levels over the longer term

6 Central City Plan

Please read pages 22 and 23 before answering this question. Which option do you prefer?

Please tick one

Option 1	Proposed ► Paver renewals are accelerated and completed between 2018/19 – 2020/21 ► Urban amenity funding is reprofiled and accelerated between 2018/19 – 2023/24
Option 2	► Paver renewals are completed between 2017/18 – 2024/25 ► Urban amenity funding is evenly spread between 2018/19 – 2024/25

7a Strategic Cycle Network

Please read pages 24 and 25 before answering this question. Which option do you prefer?

Please tick one

Option 1	Proposed – Increase the Council's contribution to \$650,000 per year
Option 2	Reducing the Council's contribution
Option 3	Maintaining the Council contribution at \$340,000 per year
Option 4	Increase the Council's contribution to maintain the existing \$1 million spend per year

FEEDBACK FORM

PLEASE FOLD OUT THIS PAGE TO VIEW ENTIRE FORM

7b Strategic Cycle Network

Do you agree with the proposal to include a pedestrian/cycleway bridge from the city to the harbour (across the railway line and Thomas Burns Street) in the next section of the project?

- ☐ Yes
☐ No

8 Portobello Road Safety Improvements

Please read page 26 before answering this question.
Which option do you prefer?

Please tick one

Option 1	Proposed – bring funding forward and complete the project earlier
Option 2	The original plan – project completed over 10 years

9 South Dunedin Community Complex

Please read page 27 before answering this question.
Which option do you prefer?

Please tick one

Option 1	Proposed – Continue planning and consultation for a South Dunedin community complex funded from the sale of an operational or investment property
Option 2	Continue planning and consultation for a South Dunedin community complex funded by debt
Option 3	Status Quo/Do nothing

10 City of Literature

Please read page 28 before answering this question.
Which option do you prefer?

Please tick one

Option 1	Proposed – Provide additional rates funding to support the work programme for the Dunedin City of Literature Trust
Option 2	Not to provide any additional funding to the Dunedin City of Literature Trust

11 Gigatown

Please read page 29 before answering this question.
Which option do you prefer?

Please tick one

Option 1	Continue the existing level of funding
Option 2	Proposed – Increase funding by \$185,000 in 2015/16

12 Otago Museum

Please read pages 30 and 31 before answering this question. Which option do you prefer?

Please tick one

Option 1	Fund 13 projects across the next 10 years
Option 2	Proposed – Fund six projects over the next three years
Option 3	Not to provide any funding for these projects

13 Dunedin Hospital Therapeutic Pool

Please read page 32 before answering this question.
Which option do you prefer?

Please tick one

Option 1	Proposed – Underwrite the operating costs for the pool by up to \$100,000 per year for three years from 2015/16 – 2017/18)
Option 2	Not to provide financial support

14 Unfunded Mosgiel Aquatic Facilities

Please read page 33 and 34 before answering this question.

Do you think that the Council should fund improvements to aquatic facilities in Mosgiel?

- ☐ Yes
☐ No

If yes which option do you prefer?

Option 1	Upgrade existing pool
Option 2	Two new pools
Option 3	Three new pools
Option 4	Four new pools

15 Unfunded Cricket Lighting for University Oval

Please read page 35 before answering this question.
Which option do you prefer?

Please tick one

	Option 1	Fully fund the purchase and installation of lights
	Option 2	Provide partial funding
	Option 3	Do not provide any funding

16 Unfunded Transport Projects

Please read page 36 before answering this question.

16a University of Otago and Otago Polytechnic area

Which option do you prefer? Please tick one

	Option 1	Provide \$1.05 million in budgets for safety and accessibility improvements
	Option 2	Do not provide any funding

16b Mosgiel Town Centre

Which option do you prefer? Please tick one

Option 1	Provide \$2 million in budgets for safety and accessibility improvements
Option 2	Do not provide any funding

Please add your comments (Please use the question numbers/topics at the start of your comment and start a new paragraph for each new topic.) Attach extra pages if required.

[illegible]

Feedback must be received by 5pm Tuesday 28 April 2015

AUDIT OPINION

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF DUNEDIN CITY COUNCIL'S CONSULTATION DOCUMENT FOR ITS PROPOSED 2015-25 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for the Dunedin City Council (the Council). Section 93C of the Local Government Act (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed this audit on 24 March 2015.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2015-25 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long term plan;
 - identifies and explains the main issues and choices facing the Council, and Dunedin City, and the consequences of those choices, and
- the information and assumptions underlying the information in the consultation document are reasonable.

Uncertainty about achieving the total savings in the consultation document

Without modifying our opinion, we draw your attention to the fact that the Council needs to find significant savings and efficiencies in the period of the long term plan to meet its aim of keeping rate increases below 3%.

On pages 4 and 5 of the consultation document, the Council sets out the financial challenges it faces in maintaining the range and quality of services it provides to the community. This includes that the Council's forecast rates exceed its desired 3% limit on rates increases in seven out of the 10 years of the plan.

On pages 16 and 17 of the consultation document the Council outlines the level of renewals needed over the next 30 years, including dealing with an assessed \$60 million backlog in water and waste assets that have exceeded their useful lives and are not capable of delivering the designed service levels. The Council's proposed renewal programme over the next 30 years totals \$700 million (in current dollars). The infrastructure strategy assumes that efficiency savings of at least 13% or \$88 million, including \$27 million over the next 10 years, can be made to accommodate the \$60 million backlog. The renewal delivery programme is being refined over the next three years as these efficiencies are being sought.

The cumulative impact on rates affordability is that, having assumed that savings of \$27 million over the next 10 years can be identified in the key area of asset renewals, a further \$68 million of savings need to be made from 2016/17 to enable forecast rates to be reduced to come within the Council's desired 3% limit. This is set out in the table on page 4 of the consultation document.

The total level of savings assumed in this plan is therefore approximately \$95 million over the 10 year period of the plan.

Although the Council outlines on pages 5 and 17 of the consultation document the tactics that it anticipates will enable these savings to be made, the Council's ability to realise these savings on a sustained basis is uncertain.

AUDIT OPINION

We draw your attention to these matters because if the Council is not able to realise such savings, it may well adversely impact on rates, levels of service and debt projections.

In drawing your attention to these uncertainties, we are not commenting on the merits of the policy content that they reflect. We consider the disclosures in the consultation document to be adequate.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.¹

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long term plan that meet the purposes set out in the Act; and

Ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



Ian Lothian
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and The International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

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