



ATTACHMENTS

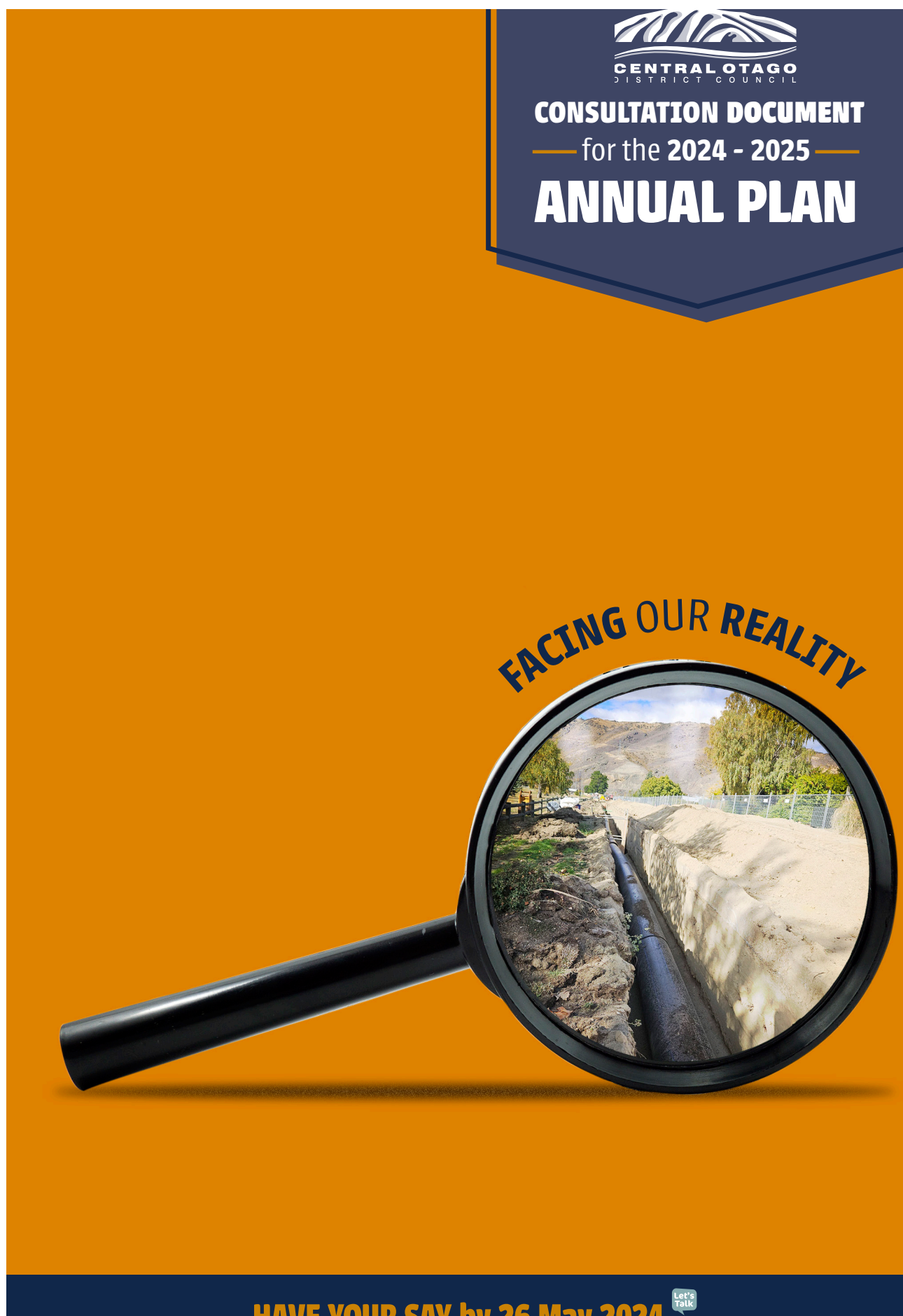
**Council Meeting
Under Separate Cover**

Wednesday, 24 April 2024

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24.5.2 2024/25 Annual Plan: Draft Budgets, Consultation Document and Supporting Documentation

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HAVE YOUR SAY!

on the **Annual Plan**
by **26 May 2024**

lets-talk.codc.govt.nz

Annual Plan Timeline



Message from the Mayor and Chief Executive

Thank you for taking the time to understand Council's plan for the 2024/25 financial year.

Like every council in the country, we are in challenging times with unprecedented and unavoidable cost increases. This Annual Plan is about facing this reality, finding the best way through these pressures in the coming year and planning how to best manage the cost and funding stresses in the years ahead.

Global and nationwide economic conditions beyond our control are conspiring to hike expenses. Inflation has ballooned Council's costs by 25% this year compared to what we had budgeted for in our last Long term Plan back in 2021. Interest, insurance and energy costs have spiked enormously. Infrastructure costs are also through the roof coupled with the increased costs associated with requirements to meet higher regulatory standards or build resilience.

Compounding these pressures is the ever-changing Three Waters landscape. The repeal of the previous Government's plans in this space has meant responsibility for all water infrastructure and services, as well as the significant and growing costs to maintain them, remains with councils.

Drinking water, wastewater and stormwater accounts for over a quarter or \$18.6 million of Council's operating costs in the 2024/25 financial year. That's \$5.6 million more than we were budgeting on.

Three Waters accounts for

\$5.6m

OF COUNCIL'S INCREASED COSTS

Under normal circumstances, we would be presenting you with our ten year budgets in a Long term Plan (LTP) this year. However, Government has given councils the option to defer preparation of their LTPs by a year and to instead prepare an Annual Plan for 2024/25.



Continued uncertainty in the Three Waters space at the time we were drafting the Plan alongside the extra costs coming our way, and our need to build resilience and respond to climate change within our communities led Council to choosing this option.

This will also give us time to get clarity from Government on final funding structures for water services and level of New Zealand Transport Agency (Waka Kotahi) funding available for the district's roading projects.

We know we will need to be innovative to rein in escalating costs in the years ahead whilst not compromising our 'must do' services. We will be presenting carefully prepared options for you to consider between March - April 2025 as part of the 2025-34 Long term Plan and collaborating closely with you on what services to prioritise and how to deliver them.

One option we will be looking into soon is whether we could achieve economies of scale by consolidating services and facilities as district-funded activities rather than at a ward level. This 'districtisation' approach will be a separate conversation we will have with you later this year.

In the meantime regrettably the rates increase in the coming financial year will be far higher than anyone wants it to be due to the immediate cost pressures we are facing.

This draft 2024/25 Annual Plan is proposing an average rate rise of 21% in the coming year.



We appreciate that the increases we need to face will have significant impact for some people. Please look at page 11 of this document for information on the rates rebate scheme as well as the means to set up a direct debit payment plan for your rates.

Together with councillors and council staff, we recognise the impact this proposed increase will have on Central Otago ratepayers, who we know are already facing significant cost-of-living pressures.

When we looked at our expected costs earlier this year, the starting point for the rates increase was 45.4%. We have worked hard to find \$10m in savings to pull this back as much as we realistically can in an Annual Plan process.

This was achieved through an 'essentials only' approach, to cutting down operating costs wherever possible and delaying non-critical work where appropriate.

However, we don't feel that kicking the can down the road is the right way to get through this situation. While there is an attraction in short-term thinking such as reducing depreciation across the board, we see this

as just deferring expense on to future years. In addition, ongoing investment in infrastructure is not a 'nice-to-have' choice. It's a necessity to ensuring our district can plot a sustainable path into the future and can comply with increasingly stringent regulations.

The harsh reality is that we cannot do much to reduce costs further for the 2024-25 financial year. However, we will continue to work hard over the next 12 months to find ways to reduce future costs and as part of that, **we would like to hear your thoughts about what Council priorities should be for the LTP next year.**

Please take this opportunity to have your say.

Thank you for joining us as we navigate these challenging times ahead together. We value your input on how we chart the course to an even better tomorrow for Central Otago.



Tim Cadogan
Mayor



Peter Kelly
Chief Executive

Counting the rising costs

The cost of building bridges
across Councils

38%
INCREASE

in the past 3 years



The cost of supplying
water across Councils

27%
INCREASE

in the past 3 years



Operating costs of Three
Waters almost **doubled** to

\$18.6m
OVER PAST 3 YEARS

from \$9.6m in 2021

Operating costs for roading
increased by

33%

FROM PLANNED COST

in 2021 LTP



Interest rates more
than **tripled** to

6%

COST OF BORROWING

in three years



Insurance costs
more than

doubled
IN THREE YEARS



Electricity set
to spike by

40%

FROM AUGUST 2024

when contract renewed



Audit Fees increased
by more than

35%



What we will deliver in 2024/25

We are in the midst of a considerable programme of essential upgrades to infrastructure, facilities and public places and will make significant progress on a number of projects in 2024/25. The following is a snapshot of the key ones:

Three Waters

Wastewater

Progressing projects to improve compliance with existing resource consents for wastewater discharges at Ranfurly, Naseby, Roxburgh, and Cromwell.

A further nitrogen removal process will be constructed on the Cromwell wastewater treatment site to address the impacts from growth which is resulting in breaches of the nitrogen limits for this site.

A new wastewater pipeline will be progressed along Dunstan Road to service residential growth on the northern boundary of Alexandra.

Drinking water

The upgrade for the Cromwell Water Supply is continuing to progress to meet Cromwell's high-growth needs.

- Investigation work is 80% complete on an upgrade to the existing borefield adjacent to Lake Dunstan,
- Construction will continue on a new 600mm diameter pipeline from the borefield to the existing reservoir site.

Installation of ultraviolet treatment at Patearoa and Ranfurly to install protozoa barriers for these two supplies by December 2024, in compliance with instructions from drinking water regulator Taumata Arowai.

Stormwater

Closed circuit television inspections will be undertaken on critical stormwater pipes, and those where there is a history of issues in the upcoming year. This information will inform the LTP on the level of investment required for a robust renewal programme over the next 10 years.

Stormwater reticulation in the Clyde heritage precinct will be upgraded as part of the roading work that is programmed during 2024/25.



Roading

The deck replacement on the Little Valley Bridge will be completed in the coming year. This will be the first significant project as part of the recently adopted network bridge strategy to commence a 10-year programme of bridge replacements across the network. A 1.04 km section of the Ida Valley – Omakau Road near McAdie Road is programmed for reconstruction.

Property and Community Facilities

The construction of the Cromwell Memorial Hall/Events Centre to provide a new cultural heart for Cromwell and a destination for events, celebration, creative expression, and remembrance will begin.

Alexandra Library refurbishment to create a modern, future-proofed and flexible space for the community to come together to connect, create and collaborate.

Alexandra Airport development runway resurfacing to be completed in 2024/25.

Governance and Corporate Services

We are 60% through digitising property files, working on completing the remainder of the 15,000 properties over the next two financial years.

Community, Economic and Strategic Development

Launch of Central Otago's District Vision through the 'Shaping Tomorrow Together' campaign. Extensive conversations with Central Otago communities is helping us develop our District Vision and Wellbeing Framework, which reflects what is most important to our people and this place. The vision will inform and shape the direction of major activities within your district.

HAVE SAY!
YOUR

on the **Annual Plan**
by **26 May 2024**

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Environmental Services

Our 2024-2030 Waste Management and Minimisation Plan came into being this year. This built on the successes of our previous plan with significantly improved kerbside collection services and waste diversion efforts to reduce waste generation at its source.

With the introduction of our green bin organics collection to the kerbside service in 2023, work has started on establishing an organics processing facility in Central Otago. Organic waste is currently being transported to Timaru for processing. Having a facility in the district will reduce transportation and processing costs. The facility also aims to accommodate organic waste materials from Queenstown Lakes District Council.

A remedial project at the St Bathans closed landfill will begin, focusing on re-grading the slope, replacing the landfill cap, stabilising the bank, and implementing erosion protection measures.

A renewal project to replace the end-of-life compactors at the Alexandra and Cromwell waste transfer stations. The \$900,000 investment will ensure continued efficient waste management operations and reliable service provision for the community.

Service Centres and Libraries

The coming year will see the installation of RFID (Radio Frequency Identification) technology across all Central Otago Libraries. RFID will streamline workflows for the team to allow staff to spend more time assisting library users and developing fun and informative programmes.

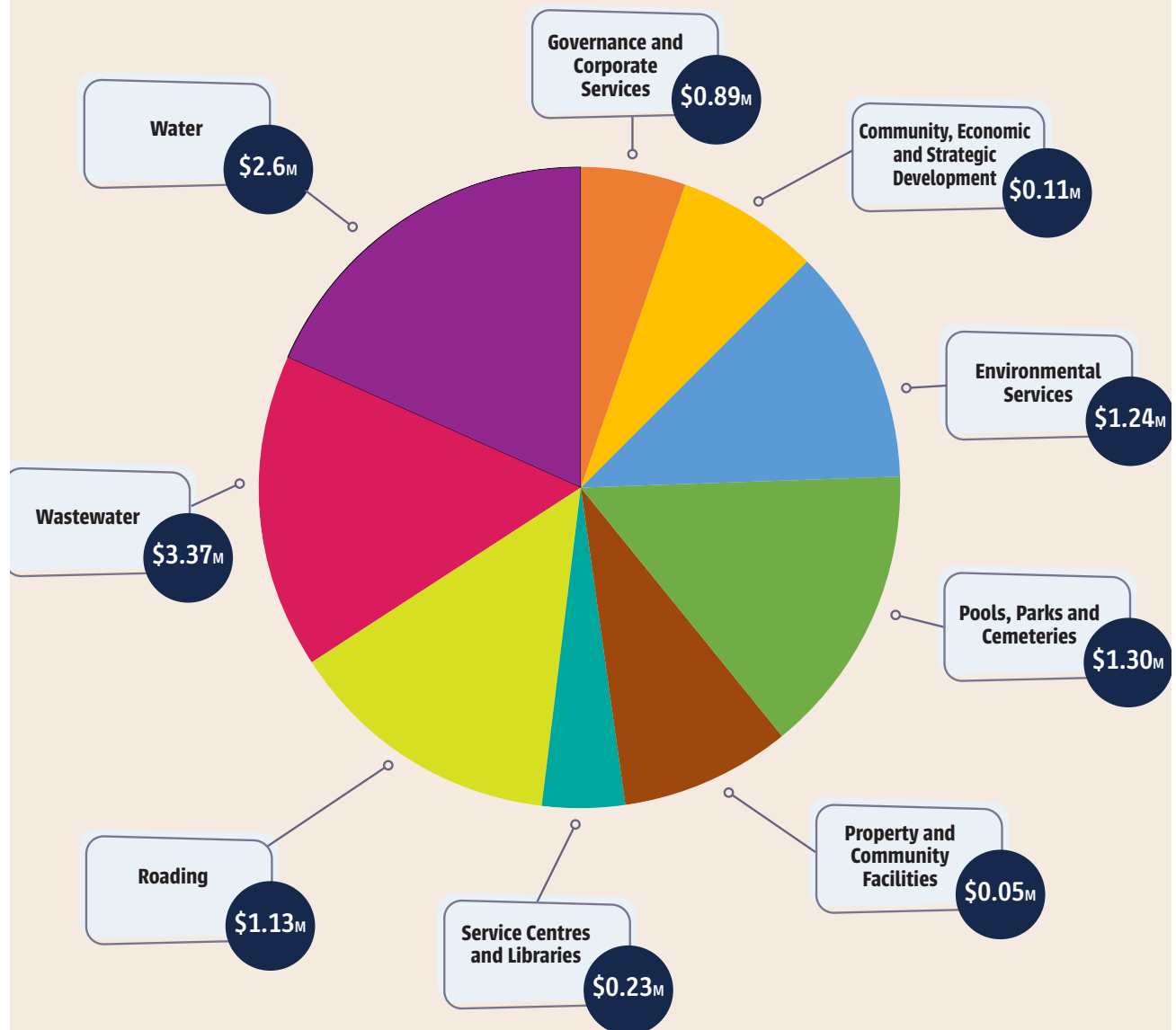
Pools, Parks and Cemeteries

Council has partnered with the Alexandra Riverside Park Trust and Aukaha on a community-led project to rejuvenate lower Tarbert Street by creating a new public space at the junction of the Mata-au/Clutha and Manuharekia rivers. The plan is to construct stage one of this new park space during this Annual Plan year.

Scheduled playground improvements for the coming year include the Lowburn Hall Domain playground, Anderson Park junior playground and the King George V Memorial Park in Roxburgh.

Where have the increases come from?

RATES INCREASE = **\$9.9M**



Stormwater and **Planning and Regulatory** have decreased by a total of \$1.03m from the current financial year.

How are rates of \$100 spent?



What does this mean for rates and ratepayers

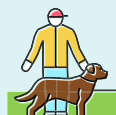
Ward	Rating Examples	Current Capital Value	Current Land Value	2023/24 Rates	2024/25 Rates	% change 23/24 & 24/25	Change \$
Cromwell	Bannockburn Residence	1,000,000	950,000	2,749.01	3,227.37	17%	478.46
Cromwell	Cromwell Residence	680,000	520,000	3,229.69	4,108.68	27%	878.99
Cromwell	Cromwell Commercial	1,330,000	990,000	4,408.46	5,387.90	22%	979.44
Cromwell	Cromwell Farm	4,500,000	3,870,000	6,344.66	7,143.75	13%	799.09
Cromwell	Cromwell Lifestyle Block	1,600,000	880,000	2,851.37	3,164.23	11%	312.86
Maniototo	Maniototo Farm	2,200,000	1,830,000	3,669.16	4,074.16	11%	405.00
Maniototo	Maniototo Lifestyle Block	540,000	240,000	1,574.11	1,747.26	11%	173.15
Maniototo	Ranfurly Commercial Property	240,000	51,000	2,749.88	3,814.40	31%	892.54
Maniototo	Ranfurly Residence	430,000	150,000	2,749.56	3,821.12	30%	886.56
Teviot Valley	Millers Flat Residence	460,000	250,000	1,651.70	1,893.10	15%	241.40
Teviot Valley	Roxburgh Commercial Property	275,000	141,000	2,662.46	3,536.38	33%	873.92
Teviot Valley	Roxburgh Farm	4,450,000	3,770,000	5,935.49	6,539.04	10%	603.55
Teviot Valley	Roxburgh Residence	425,000	155,000	2,656.26	3,524.31	33%	868.05
Vincent	Alexandra Lifestyle Block	1,300,000	790,000	2,288.07	2,470.07	8%	182.00
Vincent	Alexandra Residence	590,000	335,000	3,055.33	3,881.11	29%	875.78
Vincent	Manuherekia Farm	5,280,000	4,640,000	7,707.89	8,303.24	8%	595.35
Vincent	Ophir Commercial Property	1,930,000	240,000	4,284.31	5,147.84	20%	863.53



Services we deliver in our community:

\$10

Average rates
per day per
property



Animal Control



Community Engagement



**Community Hall and
Facilities**



Emergency Management



Cemeteries



GIS Mapping



Customer Services



Governance



Swim Centres



Community Grants



Noise Control



Building Compliance



Liquor Licensing



Parks and Reserves



Walkways and Cycleways



Food Safety



Playgrounds



Roads and Footpaths



Regulatory Services



Sustainability



**Economic and
Community
Development**



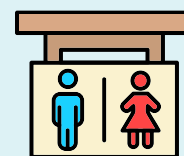
Planning



Resource consents



Libraries



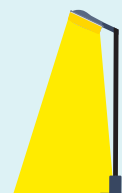
Public toilets



Stormwater



Wastewater



Street lights



Waste minimisation



**Destination Management/
Tourism advocacy**

We want to hear from you

We need to prioritise the work we do in order to contain continued rates increases in the future while continuing to deliver the activities and services the community needs and wants most.

What do you think Council's priorities should be?

Your feedback is important to help us develop the 2025-34 Long term Plan.

How to have your say

Please read this document and the relevant supporting information before giving us your feedback. More information is available at:

lets-talk.codc.govt.nz

Copies of this consultation document, supporting information and submission forms for those without online access are available from Council's main office in Alexandra and our service centres in Cromwell, Ranfurly and Roxburgh.

There will be opportunities throughout the consultation period for you to engage with Elected Members about the Annual Plan and ask questions. We will promote these on our website, Council's Facebook page, and the CODC Noticeboard (page 5 of The News).

We need your feedback before submissions close on **Sunday, 26 May 2024.**

HAVE YOUR SAY!

on the **Annual Plan**
by **26 May 2024**

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Support is available

We offer flexible payment plans to help you spread costs throughout the year. Our team are happy to help you set up a direct debit payment plan today.

Visit our website at:

www.codc.govt.nz

Click the **Property & Rates** button on the home page.

If you're eligible, the rates rebate scheme can help to ease some the financial burden. There is an application process and eligibility criteria, which has been set up by the Government.

Find out more or apply for the rates rebate at:

<https://www.codc.govt.nz/services/property-and-rates/rates-rebates>



of

Mayor and Councillors

If you have an Annual Plan related question you can address it to your mayor or local councillor.

TIM CADOGAN – Mayor

P: 021 639 625

E: mayor@codc.govt.nz

NEIL GILLESPIE – Deputy Mayor

Cromwell

P: 027 433 4856

E: neil.gillespie@codc.govt.nz

STU DUNCAN

Maniototo

P: 021 224 2320

E: stuart.duncan@codc.govt.nz

SALLY FEINERMAN

Teviot

P: 021 900 643

E: sally.feinerman@codc.govt.nz

TAMAH ALLEY

Vincent

P: 027 662 2609

E: tamah.alley@codc.govt.nz

CHERYL LAWS

Cromwell

P: 027 303 0455

E: cheryl.laws@codc.govt.nz

SARAH BROWNE

Cromwell

P: 021 946 184

E: sarah.browne@codc.govt.nz

NIGEL MCKINLAY

Cromwell

P: 027 474 1961

E: nigel.mckinlay@codc.govt.nz

LYNLEY CLARIDGE

Vincent

P: 027 289 1551

E: lynley.claridge@codc.govt.nz

MARTIN MCPHERSON

Vincent

M: 021 879 849

E: martin.mcpherson@codc.govt.nz

IAN COONEY

Vincent

P: 027 241 4177

E: ian.cooney@codc.govt.nz

TRACY PATERSON

Vincent

P: 027 493 4422

E: tracy.paterson@codc.govt.nz





**1 Dunorling Street
PO Box 122
Alexandra**

**03 440 0056
info@codc.govt.nz
www.codc.govt.nz**