

**Report 5.2**  
 (1215/52/IM)

**DRAFT LONG TERM COUNCIL COMMUNITY PLAN 2006 - 16:  
 CAPACITY CREATION AND REVENUE GENERATING OPTIONS**

**1. Purpose of Report**

This report seeks agreement to the results of the capacity creation exercise and to changes to fees and charges.

Note that a component of this report is to be discussed in a public excluded session (see option 8 of parking services and enforcement).

**2. Recommendations**

It is recommended that the Committee:

1. *Agree the OPEX savings (as detailed in the appendix 1) for inclusion in the draft Long Term Council Community Plan 2006 - 16.*

| <i>Proposal</i>                             | <i>Savings<br/>2006/2007<br/>\$000's</i> | <i>Savings<br/>2007/2008<br/>\$000's</i> | <i>Savings<br/>2008/2009<br/>\$000's</i> |
|---|--|--|--|
| <i>Landfill Operations and Maintenance</i>  | 500                                      | 500                                      | 500                                      |
| <i>Street Cleaning Contract</i>             | 95                                       | 100                                      | 100                                      |
| <i>Road Safety Education</i>                | 50                                       | 50                                       | 50                                       |
| <i>Swimming Pools Operation</i>             | 183                                      | 183                                      | 183                                      |
| <i>Grants</i>                               | 200                                      | 200                                      | 200                                      |
| <i>Housing Operations and Maintenance</i>   | 330                                      | 330                                      | 330                                      |
| <i>Massey Film School</i>                   | 150                                      | 150                                      | 150                                      |
| <i>Payment Channels and Service Centres</i> | 210                                      | 360                                      | 360                                      |
| <b>Total</b>                                | <b>1,718</b>                             | <b>1,873</b>                             | <b>1,873</b>                             |

2. *Agree to the changes to fees and charges (as detailed in the appendix 2) for inclusion in the draft Long Term Council Community Plan 2006 - 16.*

| <i>Proposal</i>                             | <i>Savings/Revenue<br/>2006/2007<br/>\$000's</i> | <i>Savings /Revenue<br/>2007/2008<br/>\$000's</i> | <i>Savings/Revenue<br/>2008/2009<br/>\$000's</i> |
|---|--|---|--|
| <i>Parking Services and Enforcement</i>     | 1,356  | 1,417   | 1,417  |
| <i>Development Control and Facilitation</i> | 300  | 300   | 300  |
| <i>Sports field Operations</i>              | 35   | 35  | 35   |
| <i>Burials and Cremations</i>               | 35   | 35  | 35   |
| <i>Building Control and Facilitation</i>    | 210  | 210   | 210  |
| <b>Total</b>                                | <b>1,936</b>                                     | <b>1,997</b>                                      | <b>1,997</b>                                     |

3. *Recommend that Council agree to include the following fees in the Council's schedule of fees and charges for the 2006/07 financial year:*
  - (a) *An application fee for new domestic water supply connections of \$60.00 per connection.*
  - (b) *An application deposit for commercial, fire and mains connections of \$200.00 per connection.*

### **3. Background**

This report presents recommendations from the capacity creation and revenue generation exercises. These were undertaken concurrently and consisted of:

- a review of all OPEX budgets by Council officers with a view to optimising efficiencies and revenue as a means to support the Council's outcomes and strategic priorities
- a review of fees and charges as part of the Revenue and Financing Policy review.

#### **3.1 Capacity creation options**

The capacity creation process involved an assessment of existing levels of service across an activity. Each assessment has sought to draw a balance between capacity creation and risks. Identified risks ranged from breaches of statutory compliance and contracts, health and safety standards, to public expectations, to not advancing the strategic priorities. These varied for different activities.

Discussions of the nature and extent of risk and how they could be mitigated guided the recommendations that appear in this report.

A brief business case has been prepared for each of the recommendations. These include:

- an outline of any relevant considerations and risks
- the timeframe for implementation and when the resulting increase in revenue and/or savings will be achieved
- costs of implementation and the resulting revenue/savings.

#### **3.2 Revenue generating options**

Recommended changes to fees and charges have been identified in two ways: as part of the review of the Revenue and Financing Policy; and through the revenue generation exercise led by management.

As part of its review of the Revenue and Financing Policy, the Funding and Activity Review Working Party assessed the appropriate application of user charges for each of the Council's activities where users were clearly identified as beneficiaries of that activity.

This assessment has resulted in the Working Party recommending fee increases in four activities (outlined below). These changes were recommended as either inflationary pressures, increases in the cost of delivering service levels or changes in the volume/users has meant that the activity no longer meets the desired funding target. The recommended changes followed an assessment of the market and users ability to pay.

Changes have been recommended for:

1.3.1 Development Control and Facilitation<sup>1</sup>

1.4.3 Building Control and Facilitation

6.5.1 Burials and Cremations.

The Working Party has also set stretch targets for marinas<sup>2</sup>. The activity is currently short of its funding target of 100 percent. This is due in part to the average occupancy rates across the marinas (around 90 - 95 percent). Officers are exploring ways to address the current funding gap and are assessing the likely drop off rate of an increase. User charges were increased two years ago by upwards of 30 percent.

The revenue generation exercise has identified further fee options for the committee's approval. These are detailed in the appendices and relate to parking and enforcement and to sports field operations.

A change to the administration charges for the processing of new water supply connections has also been attached. The need for the change has been identified by Capacity. As noted in the appendix the fee change is required to be made by way of amendment to the Consolidated Bylaw.

## **4. Conclusion**

Following a review of the Revenue and Financing Policy and a capacity creation exercise led by officers a number of options have been presented with a view to optimising efficiencies and revenue as a means to support the Council's outcomes and strategic priorities.

Baz Kaufman: *Corporate Planning Advisor.*

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<sup>1</sup> Some changes have also been recommended for Public Health associated fees. These are attached to the schedule under the cover of Building Control and Facilitation business case. Note that if agreed these will be consulted on as part of the draft LTCCP but due to a legislatively prescribed timetable will need to be formally set in May.

<sup>2</sup> Note that the setting of fees for marinas in line with Council policy is delegated to officers.