

# SUMMARY

## INTRODUCTION

The Upper Hutt City Council undertook a thorough consultation programme in 2006 for the development of the Long Term Council Community Plan (LTCCP). Consequently most of the key decisions and proposed work programmes have already been agreed to by Council and you the community, as presented in the LTCCP covering the 10 years to 2016.

This Annual Plan 2008/09 sets out Year 3 of the LTCCP, with what the Upper Hutt City Council plans to do in the financial year, starting 1 July 2008.

## HOW MUCH WILL IT COST?

### Rates increase

The increase in rates for 2008/09 is **3.45%**. This is around the rate of inflation. This includes allowing for an estimated increase in the rating base of 2% due to growth of the city.

### Proposed expenditure

The total Council expenditure proposed for 2008/09 is \$38.035 million (this excludes depreciation but includes loan repayments and special funds). Of this, capital expenditure (e.g. land transport, provision of water supply etc.) is estimated to cost \$6.5 million, plus there is an additional \$1.2 million of Capital Works carried forward from the 2007/08 year. A number of funding sources contribute to the payment of the forecast expenditure, including rates, which accounts for 72% of total revenue.

## REVIEW OF THE RATING SYSTEM

In 2007 the triennial revaluation of all rating units in the city took place. Following this we undertook a review of the impact of the revaluation and of the rating system as a whole.

Changes to the Rating System (contained within the Annual Plan) are:

- the creation of a separate differential for Utilities, with a factor of 355, to ensure this group continues to contribute about the same share of rates as allocated in 2007/08;
- amending the Business differential to 240, to ensure this group continues to contribute about the same share of rates as allocated in 2007/08;
- increasing the starting capital value for the High Value Residential group to \$1,025,000 and amending the bands for this group. This is being done to reflect the average residential value increase and maintain relativities;
- creating a new High Value Rural differential to maintain a consistent approach as with High Value Residential properties;
- amending the Business differential definition; and
- no changes have been made to the current rural (over 30 hectares) differential of 73.

Differential factors – what they are and how they work – are explained further in the Funding Impact Statement within the Annual Plan 2008/09.

## KEY FINANCIAL VARIATIONS FROM THE 2007/08 ANNUAL PLAN

The Annual Plan for 2008/09 shows an increase in the rates requirement over the 2007/08 year of 5.45%. After allowing for an estimated increase in the rating database of 2% due to growth, the overall rates increase is **3.45%**. Proposed new borrowings are \$1.9 million.

There are a range of variations from the 2007/08 expenditure level. These variations are primarily due to changes in prices, circumstances and/or priorities. The key rate funding changes are as follows:

- Parks and Reserves activity costs are to increase by \$145,000. Significant cost increases are in Sports Ground Maintenance and Street Tree Maintenance contracts.
- H<sup>2</sup>O Xtream costs are to increase by \$322,000. The major components of this are higher personnel costs, lower income (due to the pool closure) and the cost of the maintenance closure.
- City Planning expenditure is to rise by \$196,000. The increases are caused by higher personnel costs, appeals against Council decisions, Urban Growth Strategy costs and increased Engineering Costs. These costs are partially offset by a reduction in Scheme Review Costs and higher income, due to increased Resource Consent Applications.
- Water Supply expenditure is to increase by \$318,000. The main components of this are an increase in Reservoir and Pump Station maintenance, and increased personnel costs. Capital expenditure is to increase by \$170,000 overall, due to increases on the Rider Mains Renewal and Pump Station Renewal projects. However, these increases are partially offset by a reduction in the Watermains Renewal project and no expenditure on an Emergency Generator.
- The Property division has projected an increased contribution of \$40,000, which is largely due to increased rental income.
- Land Transport costs are to reduce by \$69,000. Land Transport costs fluctuate from year to year due to changes in the asset management plan that recognises when the most economical time is to replace an asset.
- Wastewater activity costs are to reduce by \$316,000. This is largely due to lower spending on capital expenditure in relation to Mains Renewal, offset in part by additional spending on Sewer Maintenance, interest, and the Drainage Levy.
- The Stormwater division has projected an expenditure increase of \$311,000. The increases are caused by the Pinehaven Stream Study, Stormwater Renewals, and no transfer from the Stormwater rates account.
- Council's accounting policies in the Annual Plan have had minor revisions to ensure compliance with New Zealand International Financial Reporting Standards requirements.

## ITEMS TO NOTE

### Development of the 2009-2019 Long Term Council Community Plan (LTCCP)

Development of the 2009 - 2019 LTCCP is now underway. This is one of Council's most important documents. It identifies projects and programmes that Council will undertake over a ten year period. Since the development of the LTCCP in 2006 there has been minimal deviation from it. By early 2009 Council will have reviewed all programmes, policies and projects to ensure our key priorities and funding allocation choices continue to reflect what the community wants for the next ten years.

### Review of Upper Hutt's Community Outcomes

The Community Outcomes were first developed following extensive consultation in 2002/03. They described the type of community that residents wanted to have in Upper Hutt over the next 10 to 20 years.

In late 2007, Council undertook consultation on the Outcomes to ensure that we were still headed in the right direction prior to shaping future work programmes. As a result the Community Outcomes have been amended. Amendments include six new sub-outcomes, six amended sub-outcomes and one sub-outcome removed. None of the high level outcomes (identified below) have been altered.

### Upper Hutt's Community Outcomes

1. Upper Hutt is the city of choice for people from all walks of life
2. Upper Hutt has a vibrant city heart
3. The economy is robust, innovative and growing
4. Upper Hutt offers a green and attractive living environment
5. The community is safe, healthy and strong
6. Leisure opportunities are outstanding
7. Upper Hutt is connected with the world

The outcomes inform and guide the Council and other organisations in the setting of priorities in relation to their activities. The full list of Community Outcomes, including the sub-outcomes, can be found at [www.upperhuttcity.com](http://www.upperhuttcity.com)

### Urban Growth Strategy

Following on from Council's adoption of the Urban Growth Strategy in late 2007, implementation of the Strategy is now underway.

Key projects for the 2008/09 year include:

- a comprehensive review of the Southern Hills from Mt Marua to Pinehaven. With increasing pressure for development of the ridgeline the review is seen as an important project to manage the surrounding bush, which so strongly defines the main valley floor;
- a review of how and where comprehensive residential developments are provided for, including the development of design guidelines. This project seeks to improve the quality of developments as well as provide more certainty around them;
- a feasibility study on the development of Maymorn for urban purposes. This project will review items such as housing needs, density and technical matters (e.g. hazards and servicing);
- planning for the future of the AgResearch site. This site is important particularly in relation to developing some areas for commercial and industrial purposes;
- a review of Council's current tree protection measures with a particular focus on the addition of more trees to Council's Schedule of Notable Trees; and
- the Guildford development proposal for Pinehaven, which is being driven by a private development company.

Changes to the District Plan will be required to implement all of the projects outlined above and this will enable further community input into the proposals.

## CHANGES FROM THE LTCCP

The Long Term Council Community Plan (LTCCP) originally forecast a net debt of \$19.9 million and a rates increase requirement of 5.1%. Council is now proposing a net debt of \$19.2 million and a rates increase of 3.45%. Both figures are significantly less than projected.

The majority of projects identified in the LTCCP for the 2008/09 year are on track. The three key amendments are as follows:

- the proposed investigation into the upgrade of Akatarawa Road to two full lanes between State Highway 1 and 2 has been delayed until further information is gained from the Wellington Regional Traffic Model;
- a new Council activity entitled 'Activation' has been included. Activation is a three year project which aims to improve the health and wellbeing of the community by assisting them to become more active more often. The 2008/09 Annual Plan now includes six new performance indicators and associated targets to measure items such as participation levels, community information provision and satisfaction levels; and
- the plan provides for the Council's water and drainage management services to be undertaken by Wellington Water Management Ltd. Contracting out these management services will result in annual cost savings of approximately \$200,000 and will also overcome the difficulty faced by the Council in recruiting qualified engineering staff. Existing service standards will be maintained. The Council will still be responsible for the service and will also retain ownership of all assets, associated databases and other information.
- A more detailed table of the key changes is provided at page 67 of the Annual Plan - entitled – 'Schedule of Changes to the Annual Plan from the LTCCP'.

Four themes underpin the Council's overall approach to how it meets the needs of the Upper Hutt community: doing the 'basics' well; providing attractions to the city; focusing on the CBD and local economy; and improving the quality of life.

## DOING THE 'BASICS' WELL

The 'Basics' represent all the activities that keep our city running smoothly. This includes leading the community, keeping the city's roads, water and waste services working well, and meeting statutory and regulatory responsibilities, such as building control, city planning, environmental services, the cemetery and emergency management.

As stated in the Long Term Council Community Plan, the 'Basics' will continue to be the largest focus for Council and in turn will be allocated the largest amount of expenditure.

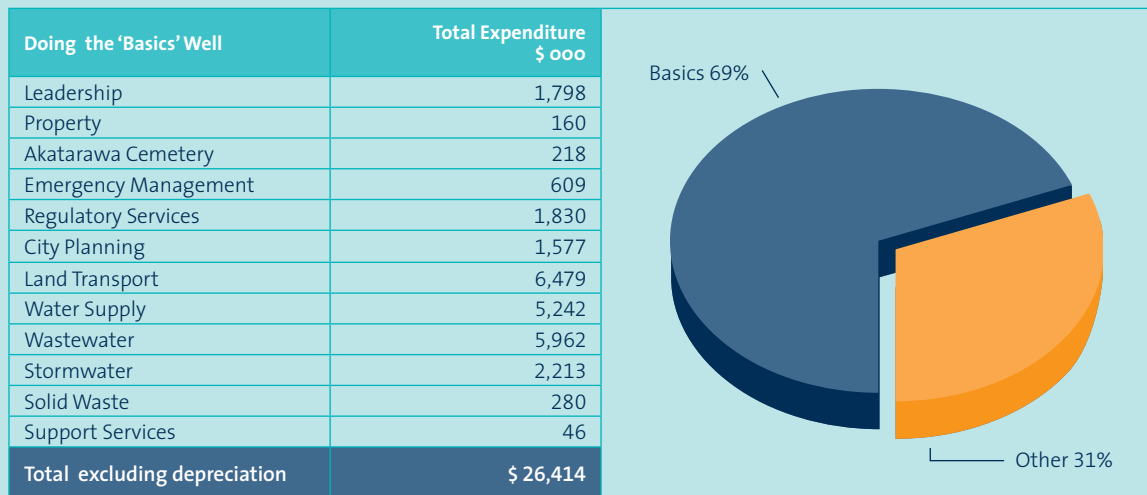
### Projects this year

The 'Basics' includes projects such as:

- the ongoing water, wastewater and stormwater pipeline renewal upgrade at a cost of \$2.366 million per annum;
- nearly \$600,000 will be spent on resealing roads;
- \$350,000 will go towards traffic service renewals to upgrade items such as footpaths, streetlights, carparks, road drainage, signage, road markings etc;
- \$57,000 will be spent on traffic modelling for future development. This will determine the ability of existing road networks to handle the added growth in traffic within Upper Hutt, as predicted by the Urban Growth Strategy and the current development proposals. Items such as key roundabouts and routes between industrial areas and State Highway 2 will be reviewed;
- the Pinehaven Stream management study, which aims to develop strategies and options to mitigate flooding and improve stormwater management in the Pinehaven area. This will provide options for achieving flood relief to 'at risk' properties adjacent to the Pinehaven Stream;
- safety improvements to Blue Mountains Road will continue; and
- safety improvements to Whitemans Valley Road will be progressed. However, any significant work, particularly in the gorge area, will be considered as a part of the budget for the Long Term Council Community Plan, for which public consultation is due to begin in late 2008.

### Total expenditure

About 69% (\$26.4 million) of Council's expenditure is allocated to the activities below, of which \$17.7 million is funded from rates.



### PROVIDING ATTRACTIONS TO THE CITY

The Council's premiere visitor attractions, H<sup>2</sup>O Xstream, Maidstone Max and the Expressions Arts and Entertainment Centre, continue to attract strong support and attendance from around the region.

H<sup>2</sup>O Xstream won the NZ Recreation Association 2007 Outstanding Pool of the Year Award and its overall visitor numbers continue to grow every year. Last year the Swim School programme more than doubled its attendance figures from when it began in 1996. The pool also continues to increase its regional significance and awareness, with over 55% of visitors coming from outside of Upper Hutt during the school holidays, while schools from around New Zealand come to the pool all year round.

Expressions has continued to make a name for itself and in doing so has increased its visitor numbers each year. Expressions has built up a reputation of being innovative, entrepreneurial and a leading performing arts venue in the Wellington region by providing a wide variety of events and exhibitions and by providing excellent venue facilities and services for hire.

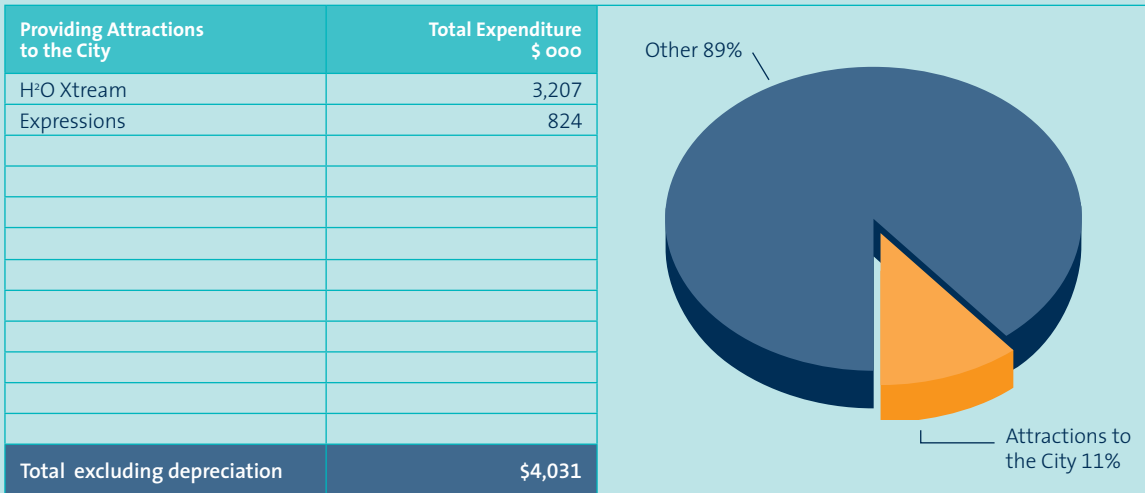
### Projects this year

Council will undertake the following projects:

- H<sup>2</sup>O Xstream will be closed for approximately three months, from 1 July 2008, to undergo a major renovation. Upgrades such as retiling of the pool, painting, plant work (pump and filtration upgrades) and cleaning will take place;
- CCTV security cameras will be installed inside and outside the H<sup>2</sup>O Xstream facility to increase security and safety;
- at Expressions either an upgrade to the toilets will occur or a new skywalk will be installed in the Genesis Energy Theatre to link the front of house to the backstage; and
- a grant of \$25,000 will provide the final funds to complete Expressions Trust's two year Concert Grand Piano Fundraising campaign and enable the purchase of a \$250,000 Steinway Concert Grand Piano for the city.

**Total Expenditure**

About 11% (\$4.031 million) of Council’s expenditure for the year will go towards H<sup>2</sup>O Xtream and Expressions, of which \$2.083 million will be funded from rates.



**FOCUSING ON THE CBD AND LOCAL ECONOMY**

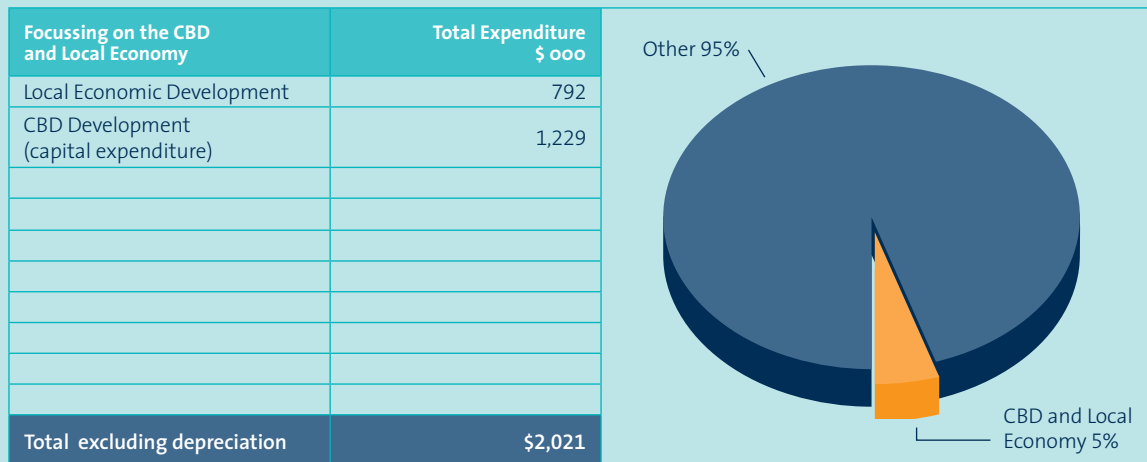
Council is strongly committed to doing its part to provide a more vibrant and economically viable city centre. When we asked the community what its most important issues were for Upper Hutt City over the next 20 years, business and economic development were identified as being key priorities - with the largest focus being on attracting retail businesses to the city and full occupancy of the Trentham City Shopping Centre.

Filling the local shops is not a task the CBD shop owners can do alone. Council has a supporting role to play through managing city zoning, implementing business friendly policies, and continually striving to create a vibrant and sustainable CBD. The community can also play a part by buying local; approaching shops in other areas and asking them to open in Upper Hutt; choosing to invest in the CBD; and finally by being positive when talking about the CBD to outsiders. Together we need to be proactive in various ways to get the shops filled. The challenge is to produce solutions rather than focus on the problems. Working together could see us coming closer to having full occupation of the Mall within the coming year.

Council also anticipates industrial growth in the city in the coming year, as a result of the available supply of flat, affordable industrial land, and increasing demand due to a lack of capacity in established industrial areas elsewhere in the Wellington Region.

**Total Expenditure**

About 5% (\$2.021 million) of Council’s expenditure will be allocated to focussing on the CBD and local economy, of which \$713,000 will be funded from rates.



### Projects this year

Council will undertake the following projects:

- business development and city promotion, as well as facilitation of city centre initiatives that contribute to creating a more vibrant city heart;
- \$1,229,000 (\$483,500 has been carried forward from the 2007/08 year) will be spent on improving the attractiveness of the central city by modernising street lighting, upgrading street furniture, such as seats and rubbish bins, and undertaking landscaping and planting;
- \$32,000 will be spent on a scoping study to provide options for a major 5-10 year promotional campaign that will look at how we could best promote Upper Hutt City. Items to be reviewed include branding, identity, target audience, possible partnerships, niche marketing choices and promotion of Upper Hutt as a whole; and
- an extra \$40,000 will be allocated to Experience Upper Hutt, bringing the total funding allocation to \$80,000 for the 2008/09 year. Experience Upper Hutt (launched in 2006) coordinates retail activities and has been involved in many events that have brought vibrancy to the central business district. Marketing tools and events undertaken include the Christmas Passport Promotion, the Monster Garage Sale, the Upper Hutt Excellence in Business Awards and the Upper Hutt X-Card.

### IMPROVING THE QUALITY OF LIFE

'Quality of life' activities include Parks and Reserves, Community Services and the Library. A summary of the 2008/09 projects under each activity is provided below.

**Parks and Reserves** projects include:

- an internal refurbishment of the men's and women's toilets at Trentham Memorial Park (Brentwood Street);
- relocation of the ex-CBD Exeloo (automatic public toilet) to the Twin Bridges area on Akatarawa Road;
- spending of over \$78,000 on amenities replacement, which will include items such as:
  - replacing seats, bins, steps and vehicle barriers at Trentham Memorial Park; and
  - replacing decking and bearers on the Number 4 Karapoti Bridge located in Karapoti gorge;
- almost \$78,000 will be spent on roads within parks such as Harcourt Park, Pinehaven Library Reserve, Awakairangi Park, Trentham Memorial Park and Akatarawa Road carpark. While a new road will be developed within Ngati Tama Park;
- the playground equipment at Timberlea Park will be upgraded;
- a new walkway will be developed in Keith George Memorial Park; and
- we will be completing a missing link on the Hutt River Trail by extending the walkway from Akatarawa Road along the esplanade Reserve adjacent to Gillespies Road.

**Library projects include:**

\$294,000 will go towards continuous upgrades of the library resources. This includes upgrading of the long term resources, such as books, and short term resources, such as newspapers, magazines and annual subscriptions.

**The New Library**

Work on the proposed new library is underway with the architects currently going through a design phase. In 2007, following public consultation, a building brief was developed. This brief identifies the key requirements and describes the requirements of the new library. A final decision on whether to proceed with construction of the new library will be made once final design and funding sources have been considered. Council is currently looking at selling underutilised properties to fund this project.

**Community Services**

Community Services play an important role in facilitating community responses to social and cultural issues. The division also works with central government and social agencies to deliver practical projects to meet local needs.

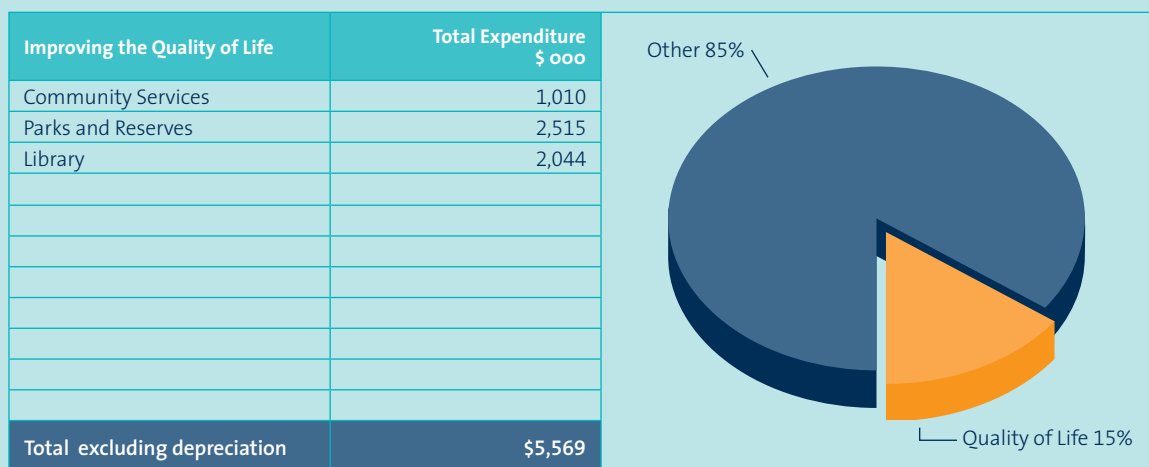
The 2008/09 work programme includes initiatives around engaging our young people in positive participation locally and encouraging leadership; assisting refugees and migrants with support to settle into the Upper Hutt community; and supporting the Timberlea Residents Association to increase community participation at the Community House through increasing the services available. Council is also leading work in a number of areas, such as initiatives to enhance community safety, a drug and alcohol related harm project, and improving housing outcomes.

The Community Services division will hold quarterly meetings with key community stakeholders in identified focus areas and one annual public meeting for each focus area. The identified areas include: youth, older adults, people living with disabilities, migrant and refugees and community safety.

Community Services also administer community grants in the form of creative arts funding and community grants. Creative arts funding is approximately \$26,000 per annum. The total allocation for community grants in 2008/09 is \$108,000 per annum. Of this, \$15,000 will be allocated to the Orongomai Marae and \$15,000 to the Citizens Advice Bureau.

**Total Expenditure**

About 15% (\$5.569 million) of Council's expenditure for the year will go towards the activities listed below, of this \$4.377 million will be funded from rates.



## THE FINANCIALS

### Changes to the 2008/09 Fees and Charges

There are some changes to the Schedule of Fees and Charges (included at the rear of the Annual Plan 2008/09). The key changes are:

- an increase in hire costs for parks and reserves to cover the higher maintenance costs;
- an increase in subdivision engineering assessment fees, to cover the additional resources required to process applications; and
- an increase in dog impounding fees, to increase alignment with Hutt City Council, as a result of the joint operations that are now provided.

### Revaluation of the City - did you know?

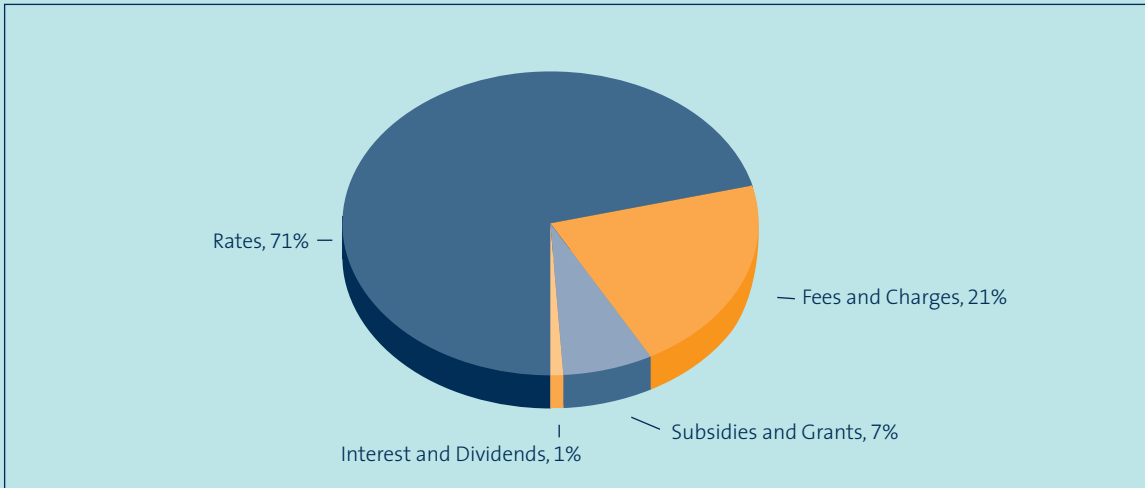
- Upper Hutt's overall capital value increased by 54%;
- Upper Hutt's overall land value increased by 103%;
- in general, the increase in residential values were higher in the north of the city; and
- trends showed higher percentage increases for lower valued properties.

The amount of rates which Council needs to raise is determined by the level of expenditure decided on by Council in consultation with the community. It is not determined by increases in property values.

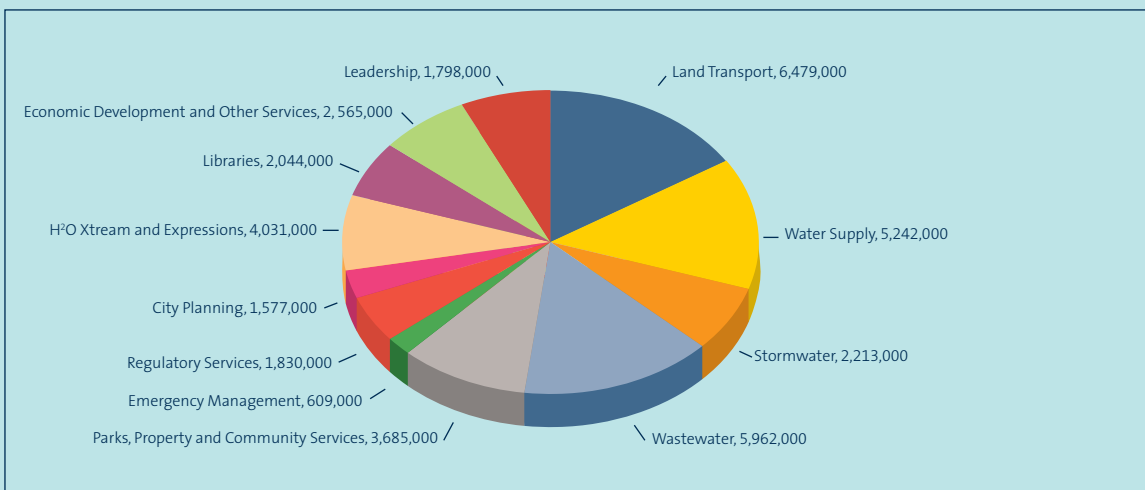
After a revaluation different properties will be differently affected depending on whether their individual value has gone up by more or less than the average increase. If for example, your property values have gone up on par with the city-wide average then the chances are that your rates may only go up by the standard 3.45%, as mentioned at the start of this document.

## MONEY COMING IN, MONEY GOING OUT

### Sources of Operating Revenue



### Total Expenditure (excluding Depreciation)



### Some facts about your rates

Rates will contribute a total of 72% towards Council’s projected income for 2008/09. Of that amount, your rates bill is made up of two components.

1. General rates, which is dependant on the proposed Council expenditure amount (of which approximately 40% is derived from general rates). This allocation is subsequently dependant on your property value and type i.e. residential, rural, business and utility.
2. Targeted rates, which contribute approximately 32% to Council’s proposed expenditure, are made up of rates for water supply, wastewater and stormwater. Note – these rates are not charged to rural properties that do not use the services.

Upper Hutt City Council also collects rates on behalf of the Greater Wellington Regional Council for items such as servicing the region’s public transport system and managing the regional parks and reserves.

## FINANCIAL IMPACT FOR 2008/09

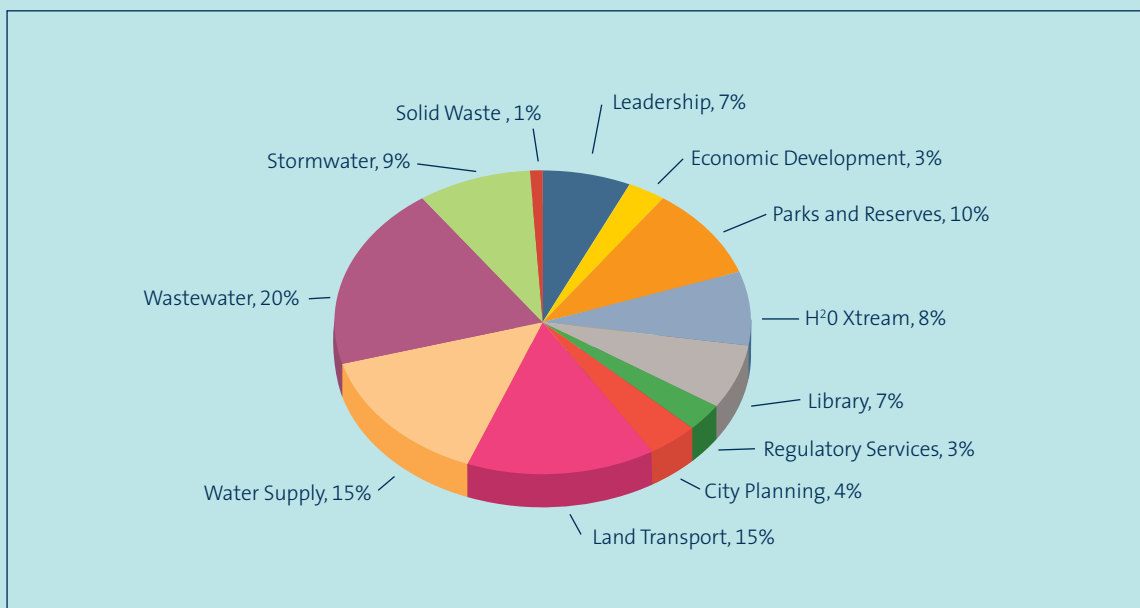
The total rate funding requirement for the activities and work programme for 2008/09 is \$24.89 million. This equates to an average rates increase of 3.45%. Examples of how this is likely to affect specific properties are shown in the table below. These properties illustrate the rating requirement for a property of average or median value for that rating category. These estimates exclude rates collected on behalf of the Greater Wellington Regional Council.

The interest Upper Hutt City Council is currently paying on our debt is \$1.58 million per annum.

	Residential CV \$339,000	Rural CV \$779,000	Business CV \$1,113,000
<b>General Rates</b>	669	1,121	5,268
<b>Targeted Rates</b> (Water, wastewater, stormwater)	756	No charge	*2,104
<b>Total Rates (incl. GST)</b>	<b>\$1,425</b>	<b>\$1,121</b>	<b>\$7,372</b>

\* Business example is based on 1 water charges and 3 pan charges.

## WHERE DOES YOUR RATES MONEY GO?



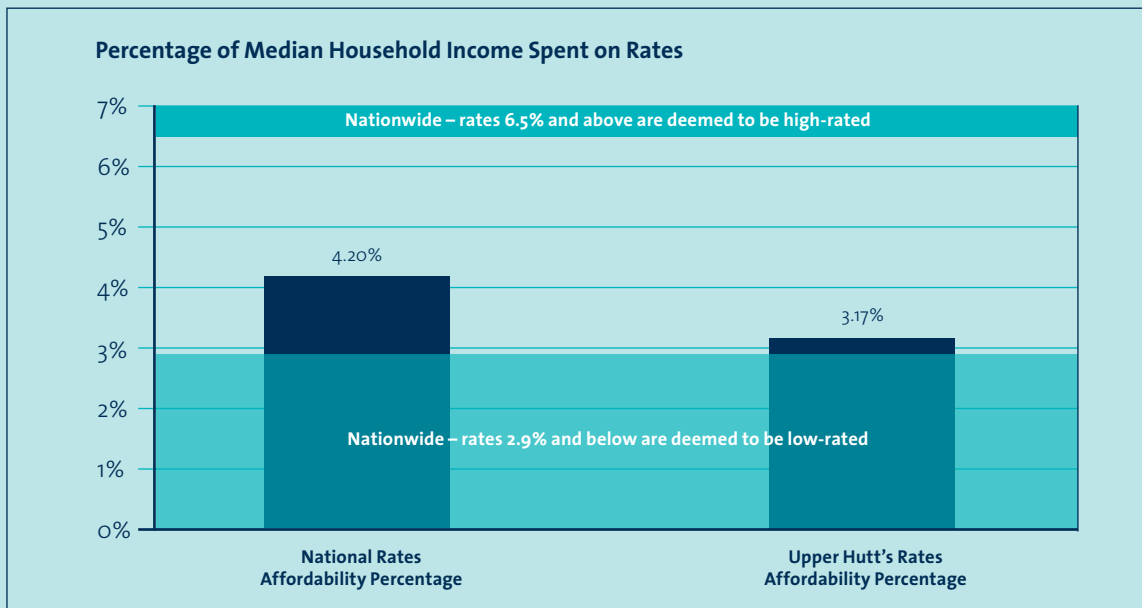
## ARE YOUR RATES AFFORDABLE?

In 2006/07 the national figure for rates affordability (i.e. the percentage of median household income spent on rates) was 4.2%. With a rates net increase of 3.45% Upper Hutt's average rates affordability percentage (or rates-to-income ratio) is 3.17%.

Nationally, a census area unit with a rates-to-income ratio of less than 2.9% is deemed to be low-rated, while an area unit with a rates-to-income ratio of 6.5% is deemed to be high rated.

As shown below, Upper Hutt's rates are more than 1% below the national rates affordability figure.

(Source: Berl Report - The Sustainability of Rates and the Measures to Address Affordability Over Time).



In order for decisions, actions and plans to remain transparent, Upper Hutt City Council undertakes a continual process of planning and reporting. All relevant documents are made publicly available.

## THE COUNCIL PLANNING FRAMEWORK

