

Draft

COMMUNITY FACILITIES FUNDING POLICY 2024 – 2034



Te Kaunihera o
te tai o Aorere

DRAFT COMMUNITY FACILITIES FUNDING POLICY – CONSULTATION DOCUMENT

WHAT IS THE PURPOSE OF THE COMMUNITY FACILITIES FUNDING POLICY

The Community Facilities Funding Policy intends to provide a consistent approach to how the Council funds community facilities.

SUMMARY OF PROPOSED POLICY

The proposed policy is in two parts:

1. Community contributions to community facilities; and
2. Rating for community facilities.

A copy of the proposed policy is attached to this document.

TELL US WHAT YOU THINK OF OUR PLANS TO THE DRAFT COMMUNITY FACILITIES FUNDING POLICY

Anyone may make a submission about any aspect of the Draft Policy.

There are many ways to provide your views:

There are several ways to provide your views:

- online – there are lots of options for asking questions or providing feedback at Shape.tasman.govt.nz/10YP or email LTP@tasman.govt.nz; or
- in writing – complete the submission form in Tasman’s 10-Year Plan 2024 – 2034 Consultation Document and drop it in any Tasman District Council office or post it for free to the following address.

Freepost Authority No: 172255, Strategic Policy Team, Tasman District Council, 189 Queen Street, Private Bag 4, Richmond 7050.

SUBMISSIONS ARE OPEN FROM 9:00 AM ON 28 MARCH 2024 UNTIL 4:00 PM ON 28 APRIL 2024

Submitters have the opportunity to present their feedback on this Policy verbally to Councillors, at the same time as feedback on Tasman’s 10-Year Plan 2024 – 2034. These hearings will take place between 8 and 10 May 2024.

The Council will inform all submitters that supply their contact details of the final decisions it makes on the Community Facilities Funding Policy.

SUBMISSIONS ARE PUBLIC DOCUMENTS

Privacy

As part of the submission process, we are asking for some personal information about you. We collect this information so that you can have a say on Council’s Tasman’s 10-Year Plan 2024-2034 [or other policies/concurrent consultations] and so we can contact you about your submission, hearings and Council’s final decisions. We also ask for demographic information to help us understand who is

engaging with us. This helps us understand if we are hearing from a diverse range of our community.

Submissions will only be accepted if a name and contact details are supplied. This is so we can contact you and so we can make sure we don't have duplicate submissions. The other demographic information is not compulsory.

Your full submission, including your name, will be made available to Councillors and the public on our website. Your contact details and demographic information will only be accessed by Council staff.

A summary of submissions may also be made publicly available and posted on the Council's website.

All information will be held by the Tasman District Council with submitters having the right to access and correct personal information. If you have any questions about Council's privacy practices or would like to gain access to your personal information, you can contact the Legal and Democracy Services Team at LGOIMA@tasman.govt.nz.

WHAT DO WE MEAN BY COMMUNITY FACILITIES?

Community facilities, for this policy, refer to the following types of facilities with a value of more than \$500,000 (as of 1 July 2024)¹ where the Council is an owner, part-owner or makes a financial contribution:

- pools and recreation centres;
- sports facilities;
- community halls and community centres;
- grandstands;
- artificial turfs and surfaces; and
- art and cultural facilities.

PART 1: COMMUNITY CONTRIBUTIONS TO COMMUNITY FACILITIES

The Council has required a proportion of the cost of building community facilities to be contributed by community-led fundraising since at least 2003. The proportion of the costs to be provided by this source has varied over the years and is currently one-third of the total project costs.

PROPOSAL

The Council proposes to make a modest change to the proportion of the cost of building community facilities to be contributed by community-led fundraising to the following:

The Council will require:

- a minimum of one-third of the total project costs to be contributed by community-led fundraising for the first \$3 million costs; and

¹ This threshold figure will be inflated by the relevant Local Government Cost Index on an annual basis.

- a minimum of one-fifth of the total project costs to be contributed by community-led fundraising above the first \$3 million.

These levels of contribution from community fundraising and from the Council apply both when a new facility is built and when a facility needs renewing i.e. capital refurbishment or major maintenance that replaces or restores that facility to an 'as new' condition.

For new or renewal community facilities at Saxton Field, the Council will require a minimum of 20% of the total project costs to be contributed by the community-led fundraising².

If the level of community fundraising indicated is not achieved, the Council would consider delaying the project to allow more fundraising to take place, exploring other funding options or as a last resort cancelling the project.

Where a community is prepared to fund two-thirds or more of a new project that is not in the Council's Long-term Plan, the Council will consider the viability of the project and the affordability of contributing the remaining costs.

WHAT ARE THE ADVANTAGES OF THIS PROPOSAL?

- Slightly lower fundraising burden on the community than under the current position.
- Makes community facilities slightly more achievable in communities that have a lower ability to fundraise.
- Potentially makes the period between the need for the facility being identified and the facility being delivered shorter i.e. don't have to wait so long for community fundraising to have reached the required level.
- Arguably, the higher the cost of the facility, the larger its scale and its pull of users from a wider catchment which is a rationale for a higher contribution from the Council (on behalf of the district as a whole) for facilities with higher costs.
- Less risk that the facility's characteristics may be driven by the Community's ability to fundraise and compromise the facility's ability to meet the needs.

WHAT ARE THE DISADVANTAGES OF THIS PROPOSAL?

- More of the costs of the facility (largely of benefit to those living in the immediate area) are paid for by all ratepayers regardless of their location than is currently the position.
- Increases financial pressure on the Council, rates and debt levels where the Council funds community facilities.
- Lowers the level of required community commitment to the facility (demonstrated in the form of fundraising) but still requires a high level of community commitment.
- May raise issues of equity for any communities that have been required to provide a higher proportion of the costs for community facilities provided previously.

² Note: this level of contribution is consistent with the Nelson City Council position.

WHAT OTHER OPTIONS WERE CONSIDERED?

OPTION 1B: KEEP EXISTING RATIO I.E. ONE-THIRD COMMUNITY-LED FUNDRAISING AND TWO-THIRDS COUNCIL FUNDING

Advantages	Disadvantages
<ul style="list-style-type: none"> Consistent with other facilities that the Council has helped fund in recent years. Clear and consistent expectations for the level of community-led fundraising required. Demonstrates significant local community support for the facility as demonstrated through fundraising. A reasonable share of the cost is borne by the local community that will be the primary beneficiaries (through fundraising) and the wider District (providing funding through facilities' rates). The community-led fundraising contribution helps reduce pressure on rates and the Council debt level. 	<ul style="list-style-type: none"> Puts fundraising burden on the community. At times of high inflation, the costs may rise quicker than the capacity of communities to raise funds. Creates uncertainty about the timing of projects because it is dependent on the community having raised its share. May disadvantage communities that have a lower ability to fundraise but may have higher needs for facilities. The facility characteristics may be driven by the community's ability to fundraise and compromise the facility's ability to meet the needs.

OPTION 1C: LOWER COMMUNITY-LED FUNDRAISING CONTRIBUTION – 20% COMMUNITY: 80% COUNCIL

Advantages	Disadvantages
<ul style="list-style-type: none"> Less fundraising burden on the community. Potentially makes community facilities more accessible to some communities. Makes community facilities more achievable for communities that have a lower ability to fundraise. Potentially makes the period between the need for the facility being identified and the facility being delivered shorter i.e. don't have to wait so long for community fundraising to have reached the required level. Less risk that the facility's characteristics may be driven by the community's ability to fundraise and compromise the facility's ability to meet the needs. 	<ul style="list-style-type: none"> Means more of the costs of the facility (largely of benefit to those living in the immediate area) are paid for by all ratepayers regardless of their location. Increases financial pressure on the Council, rates and debt levels. Lowers the level of required community commitment to the facility (demonstrated in the form of fundraising). May raise issues of equity for any communities that have been required to provide a higher proportion of the costs for community facilities previously.

OPTION 1D: HIGHER COMMUNITY FUNDRAISING CONTRIBUTION - 40% COMMUNITY: 60% COUNCIL

Advantages	Disadvantages
<ul style="list-style-type: none"> • Higher level of local community support for the facility as demonstrated through fundraising. • A larger share of the cost is borne by the local community which will be the primary beneficiaries (through fundraising) than the wider District (providing funding through facilities' rates). • Larger community contribution helps reduce pressure on rates and Council debt level. 	<ul style="list-style-type: none"> • Puts further fundraising burden on the community. • At times of high inflation, the costs may increase faster than the capacity of communities to raise funds. • Creates further uncertainty about the timing of projects because it is dependent on the community having raised its share. • May further disadvantage communities that have a lower ability to fundraise but may have higher needs for facilities. • More risk that the facility's characteristics may be driven by the community's ability to fundraise and compromise the facility's ability to meet the needs.

OPTION 1E: NO FUNDRAISING REQUIREMENT FROM THE COMMUNITY

Advantages	Disadvantages
<ul style="list-style-type: none"> • No fundraising burden on the community • Makes community facilities more accessible to communities that have lower ability to fundraise. • Potentially makes the period between the need for the facility being identified and the facility being delivered shorter i.e. doesn't have to wait so long for community fundraising to have reached the required level. • Decreases the timing uncertainty, as development is not dependent on the community raising its share. • No risk that the facility characteristics may be driven by the community's ability to fundraise and compromise the facility's ability to meet the needs. 	<ul style="list-style-type: none"> • Means all of the costs of the facility (largely of benefit to those living in the immediate area) are paid for by all ratepayers regardless of their location. • Increases financial pressure on the Council, rates and debt levels. • Could potentially lead to facilities being developed with low-level local community commitment (and potentially use). • Raises issues of equity for any communities that have been required to provide a higher proportion of the costs for community facilities previously. • Potentially increases community pressure on the Council to complete the project earlier.

OPTION 1F: NO STANDARD COMMUNITY-LED FUNDRAISING EXPECTATION POLICY

Advantages	Disadvantages
<ul style="list-style-type: none"> Enables the specific circumstances of the community and proposed facility to be fully considered on a case-by-case basis. The Council could develop some broad criteria to use to assess each community facility and tailor the community fundraising requirement to the specifics of each facility, community and situation. 	<ul style="list-style-type: none"> Those proposing the development of community facilities would be unclear about the level of community fundraising required. There would be an increased workload in assessing each facility proposal to determine the appropriate level of community fundraising required. The Council may make inconsistent decisions about the level of community fundraising required.

PART 2: RATING FOR COMMUNITY FACILITIES

The Council uses the District Facilities Rate and the Shared Facilities Rate to fund the rates component of debt servicing, interest and operational costs of community facilities covered by this policy as follows:

- District Facilities Rate:** The Council will use the District Facilities Rate to fund facilities located in the Tasman District and primarily benefitting Tasman residents and visitors.
- Shared Facilities Rate:** The Council will use the Shared Facilities Rate to fund approved facilities with wider regional benefits that may be located in the Tasman District or Nelson City to recognise that most of these facilities are used by many residents of both districts.

A fixed charge rate is charged to every rating unit in the District for each of these rates currently.

PROPOSAL

The Council proposes to continue to fund community facilities covered by this policy through these two rates.

The Council will determine specifically which facilities to fund through and the level of the District Facilities Rate and the Shared Facilities Rate through its Long-Term Plans and Annual Plans.

Which rating units are charged and the basis for setting the District Facilities Rate and the Shared Facility Rate (i.e. land value, capital value, flat rate) will be determined from time to time by the Council through its Revenue and Financing Policy and Financial Impact Statement.

WHAT ARE THE ADVANTAGES OF THIS PROPOSAL?

The proposal is a continuation of current practice and the practice that has been applied for several years.

Having separate rates for District Facilities and Shared Facilities helps make it transparent how much rates funding is being used to support facilities located in the Tasman District primarily for the benefit of residents of the Tasman District, and how much rates funding is being used to support facilities with wider regional benefits.

WHAT ARE THE DISADVANTAGES OF THIS PROPOSAL?

Having separate rates for District Facilities and Shared Facilities has marginally higher administrative costs than having one combined rate.

WHAT OTHER OPTIONS WERE CONSIDERED?

OPTION 2B: HAVING A COMBINED FACILITY RATE

Advantages	Disadvantages
<ul style="list-style-type: none"> Marginally lower administrative costs. 	<ul style="list-style-type: none"> Less transparency to ratepayers about how rates funding is being used to support different types of community facilities.

OPTION 2C: INCLUDING COMMUNITY FACILITY FUNDING WITHIN THE GENERAL RATE

Advantages	Disadvantages
<ul style="list-style-type: none"> Marginally lower administrative costs. 	<ul style="list-style-type: none"> Less transparency to ratepayers about what rates funding is being used to support community facilities.

ATTACHMENT

COMMUNITY FACILITIES FUNDING POLICY

POLICY REFERENCES

• Sponsor:	Group Manager Service & Strategy
• Effective date:	1 July 2024
• Internal review due:	30 June 2027
• Legal compliance:	Local Government Act 2002 Local Government Rating Act 2002
• Associated Documents/References	Revenue and Financing Policy Financial Impact Statement
• Policy Number	To be confirmed
• Approved by Council	Date to be inserted

PURPOSE

To provide clarity and consistency about how the Council will fund community facilities.

DEFINITIONS

Community facilities – facilities owned by the Council or other organisations and open to the public for the well-being of the community, on a not-for-profit basis.

APPLICATION

All parts of this policy apply to the following types of community facilities with a value of more than \$500,000 as of 1 July 2024³ where the Council is an owner, part-owner or makes a financial contribution:

- pools and recreation centres;
- sports facilities;
- community halls and community centres;
- grandstands;
- artificial turfs and surfaces; and
- art and cultural facilities.

COMMUNITY CONTRIBUTIONS TO COMMUNITY FACILITIES

1. For new or renewal community facilities (excluding facilities at Saxton Field), the Council will require:

³ This threshold figure will be inflated by the relevant Local Government Cost Index on an annual basis.

- a minimum of one-third of the total project costs to be contributed by community-led fundraising for the first \$3 million costs; and
 - a minimum of one-fifth of the total project costs to be contributed by community-led fundraising above the first \$3 million.
2. For new or renewal community facilities at Saxton Field, the Council will require a minimum of 20% of the total project costs to be contributed by community-led fundraising⁴.
 3. Where a community is prepared to fund two-thirds or more of a new project that is not in the Council's 10-Year Plan, the Council will consider the viability of the project and the affordability of contributing the remaining costs.

RATING FOR COMMUNITY FACILITIES

1. The Council will fund the rates funded components of the debt servicing, interest and operational costs of community facilities covered by this policy through the District Facilities Rate and the Shared Facilities Rate as follows:
 - District Facilities Rate: The Council will use the Community Facilities Rate to fund facilities located in the Tasman District and primarily benefitting Tasman residents and visitors.
 - Shared Facilities Rate: The Council will use the Shared Facilities Rate to fund approved facilities with wider regional benefits that may be located in the Tasman District or Nelson City to recognise that most of these facilities are actually used by many residents of both districts.
2. The Council will determine specifically which facilities to fund through and the level of the District Facilities Rate and the Shared Facilities Rate through its Tasman's 10-Year Plan and Annual Plans.
3. Which rating units are charged the District Facilities Rate and the Shared Facility Rate will be determined from time to time by the Council through its Revenue and Financing Policy and Financial Impact Statement.
4. The basis for setting the District Facilities Rate and the Shared Facility Rate (i.e. land value, capital value, flat rate) will be determined from time to time by the Council through its Revenue and Financing Policy and Financial Impact Statement.

Authorised by

Date of approval:

⁴ Note: this level of contribution is consistent with the Nelson City Council policy position.