

HUTT CITY COUNCIL

CITY DEVELOPMENT COMMITTEE

Meeting to be held in the Wainuiomata Chambers, Wainuiomata Library, Queen Street,
Wainuiomata on
Monday 19 October 2015 commencing at 5.30pm.

ORDER PAPER

PUBLIC BUSINESS

1. APOLOGIES

Cr Milne

2. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

3. CONFLICT OF INTEREST DECLARATIONS

4. RECOMMENDATION TO COUNCIL - 20 OCTOBER 2015

Council Funding of Regional Bowls Centre (15/1367)

Report No. CDC2015/4/257 (2) by the General Manager Community Services 2

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

5. QUESTIONS

With reference to section 43 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

Susan Haniel
COMMITTEE ADVISOR

21 September 2015

File: (15/1367)

Report no: CDC2015/4/257 (2)

Council Funding of Regional Bowls Centre

Purpose of Report

1. To consider Council's funding to the Community Facilities Trust (CFT) for the Regional Bowls Centre.

Recommendations

That the Committee recommends that Council:

- (i) approves the release of the balance of the budgeted \$4M funding to the Community Facilities Trust (CFT) to proceed with the development of the Regional Bowls Centre, subject to the balance of CFT fundraising being confirmed and an affordable contract value being negotiated;
- (ii) notes that although there is likely to be a budget variance in 2015/16 in respect of the timing of proceeds from the sale of a section of the Copeland Street Reserve and Mitchell Park, Officers are confident that this can be managed within Council's overall long term financial plan; and
- (iii) notes that there is a risk of either or both of the sales of parts of Copeland Street Reserve and Mitchell Park not being approved in the future which would require Officers to manage Council's finances accordingly to meet long term financial strategy targets.

Background

2. A provision of \$2M was included in Council's 2014/15 Annual Plan as a contribution to the CFT proposed Regional Bowls Centre (multi-use Community Facility) in Naenae - budgeted in 2015/16.
3. A further \$0.250M was budgeted in 2014/15, to enable the CFT to progress design and other related planning.
4. The estimated cost of the new facility is \$6.250M.

5. Council approved an additional \$2M contribution in the 2015/25 Long Term Plan.
6. The CFT was required to raise the remaining \$2M from external sources. This has largely been achieved and a contract price is being negotiated at present. The CFT are very close to being ready to proceed with construction.
7. In order to award the contract and commence construction CFT requires confirmation that Council funding will be released. The Council have already paid CFT \$490k (of which \$412k has been spent at 30th September 2015) to fund the design and pre-tender costs. Therefore this Committee is being asked to recommend that Council agrees to release the remaining \$3.76M of approved funding (subject to final confirmation that the \$2M external fund raising has been achieved).
8. This report does not consider the pros and cons and/or business case for the Regional Bowls Centre. These matters have been well discussed, consulted and debated by Council. Recognising the community, economic and city promotion benefits, as well as giving strategic consideration to the future of health services in Hutt City, Council has endorsed the project as clearly evidenced through its Annual Plan.

Asset Sales

9. As part of its public consultation Council has advised that the sale of assets would be used to fund the additional \$2M financial contribution to the Bowls Centre.
10. Included in Council's current long term plan are forecast asset sales of \$10.9M (over a five year period) which include 13 parcels of identified land. Officers believe that this target can be achieved over this timescale. Included in this amount is a provision for the sale of a part of the Copeland Street Reserve (previously Hutt Women's Bowling Club) as well as part of Mitchell Park that is currently occupied by the Naenae Bowling Club.
11. As with the potential sale of any Council reserve an appropriate and due process needs to be followed so exact timing is difficult to predict. With regard to the sale of Copeland St reserve and Mitchell Park, this process is underway. The status of each site is currently as follows:
 - For Copeland Street Reserve we are awaiting a response from the Ombudsman who is looking into the process that Council has followed in considering the revocation of the reserve status of part of the property. The Department of Conservation (DOC) has advised that it will not consider the matter until such time as the Ombudsman has released her report. Officers expect a formal response from the Ombudsman in the near future. Subject to the Council process being upheld and DOC ratification of the reserve revocation, Council will commence the Plan Change, which is expected to take up to a year to achieve.
 - The proposal to revoke the reserve status of that part of Mitchell Park occupied by the Naenae Bowling Club has been considered by a hearings subcommittee of the Policy and Regulatory Committee, with

recommendations to be considered by Council at a future meeting. Council's decision (if it is to proceed with the revocation) will be forwarded to the Department of Conservation for ratification. Subject to DOC approval, a Plan Change will be undertaken commencing in early 2016 which may take up to 12 months to achieve. Officers would propose to enter into negotiations with interested parties to secure a Sale and Purchase Agreement for the land prior to the Plan Change process commencing and subject to it coming into effect. An objector to the revocation proposal has lodged a complaint with the Ombudsman and DOC over the proposal.

12. The CFT has advanced the project to a stage now where fundraising has largely been confirmed and a contract price negotiated, ie the CFT is ready to build.
13. Given earlier references to asset sales being used to fund Council's additional \$2M contribution, and those asset sales not yet being realised, it is appropriate for Council to consider the timing of the release of the final grant payment to the CFT.

Discussion

14. The CFT has progressed the project to a point of calling tenders and could be in a position to award a contract in October 2015, subject to Council funding. The funding is included in Council's approved Annual Plan therefore the release of this funding will not result in a project overspend.
15. The matter that requires Council consideration is essentially the timing and/or risks associated with assets sales that have been linked to this project.
16. Officers are of a view that it is likely that relevant processes regarding the asset sales will take longer than expected and therefore the revenue is likely to be received in future financial years rather than 2015/16. Such carry-overs for both income and expenditure are common and considered every year through normal Council financial planning.
17. Should in the future these asset sales not proceed, then Officers would need to manage Council's finances accordingly and make the necessary changes to meet its long term financial strategy. Officers are of the view that the risk of these assets sales not proceeding is low.

Options

18. Release the final payment to the CFT to enable it to proceed with the development - as recommended in this report.
19. Hold the final payment to the CFT until such time as the sale of parts of Copeland Street Reserve and Mitchell Park have been either realised or at minimum approved for sale. This approach would likely see a significant delay to construction commencing.
20. In relation to the option above and or should Council choose not to fund the Bowls Centre there are risks to council worth noting. This include risks to:
 - a. our relationship with significant funders;
 - b. external funding that has been committed to the project;

- c. the potential growth of hospital services; and
- d. the ongoing commitment and effort of the CFT.

Other Considerations

21. In making this recommendation, officers have given careful consideration to the purpose of local government in section 10 of the Local Government Act 2002. Officers believe that this recommendation falls within the purpose of the local government act.

Appendices

There are no appendices for this report.

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Chief Financial Officer

Approved By: Bruce Sherlock
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