

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY
ROAD, HENDERSON, WAITAKERE, ON MONDAY, 12 MAY 2008
COMMENCING AT 9.30 AM**

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PART A - OPENING OF MEETING

1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFLICTS OF INTEREST

The Council has acknowledged in its Code of Conduct that Elected Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a member of the Council and any private or other external interest they might have. This note is provided as a reminder to members to check that no such conflicts arise in relation to any items on this agenda.



4 CONFIRMATION OF MINUTES

Meeting Minutes - Monday, 7 April 2008

RECOMMENDATION

That the minutes of the Meeting of the Finance and Operational Performance Committee held on Monday, 7 April 2008, as circulated, be taken as read and now be confirmed.



PART B - LEGAL AND CONSTITUTIONAL

5 AFFIXATION OF COMMON SEAL

EXECUTION OF DOCUMENTS: 1 April to 2 May 2008

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Affixation of Common Seal report.
2. **Agree** that the action taken in affixing the Common Seal on the documents as set out in the agenda report be adopted.

Nº	NAME	PARTICULARS
4406	WCC – RH Kampen & JM Adlam	Discharge of Encumbrance – CT.NA3B/1194 – 355 Titirangi Road, Titirangi
4407	WCC – PA Edwards & AP Walsh	Drainage easement in gross – CT.349582 – 17 Simpson Road, Ranui – RMA20052174
4408	WCC – Fresco Enterprises Ltd	Drainage easements in gross – CTs.349583, 349584, 349586, 349594, 349595 and 349601 – 17 Simpson Road, Ranui – RMA20052174
4409	WCC – JM Thomas	Fencing Agreement – CTs.393354 & 393355 – 13 Highlight Parade, Te Atatu – RMA20041440
4410	WCC – Andrew Chalton	Warrant of Appointment & Evidence of Identity – No.WCC002 (Re-issued due to change in title)
4411	WCC – Robert Davidson	Warrant of Appointment & Evidence of Identity – No.WCC004 (Re-issued due to change in title)
4412	WCC – Colin Diprose	Warrant of Appointment & Evidence of Identity – No.WCC005 (Re-issued due to change in title)
4413	WCC – Neville Exler	Warrant of Appointment & Evidence of Identity – No.WCC006 (Re-issued due to change in title)
4414	WCC – Huw Hill-Male	Warrant of Appointment & Evidence of Identity – No.WCC009 (Re-issued due to change in title)
4415	WCC – Joachim Lechtenborger	Warrant of Appointment & Evidence of Identity – No.WCC010 (Re-issued due to change in title)
4416	WCC – John McKeown	Warrant of Appointment & Evidence of Identity – No.WCC012 (Re-issued due to change in title)
4417	WCC – Alfredo Jaime Sodo	Warrant of Appointment & Evidence of Identity – No.WCC037 (Re-issued due to change in title)
4418	WCC – David Michael Gordon	Warrant of Appointment & Evidence of Identity – No.WCC038 (Re-issued due to change in title)
4419	WCC – Peter Mervyn Donovan	Warrant of Appointment & Evidence of Identity – No.WCC168 (Re-issued due to change in title)
4420	WCC – Ronald Gary Pritchard	Warrant of Appointment & Evidence of Identity – No.WCC185 (Re-issued due to change in title)
4421	WCC – Donald Graeme Leitch	Warrant of Appointment & Evidence of Identity – No.WCC187 (Re-issued due to change in title)
4422	WCC – John Ratnesh Narayan	Warrant of Appointment & Evidence of Identity – No.WCC226 (Re-issued due to change in title)
4423	WCC – Glen Hingston	Warrant of Appointment & Evidence of Identity – No.WCC298 (Re-issued due to change in title)
4424	WCC – Kathryn Jayne Manning	Warrant of Appointment & Evidence of Identity – No.WCC322 (Re-issued due to change in title)

Nº	NAME	PARTICULARS
4425	WCC – Perry Veacock	Warrant of Appointment & Evidence of Identity – No.WCC340 (Re-issued due to change in title)
4426	WCC – Paid Naidu	Warrant of Appointment & Evidence of Identity – No.WCC361 (Re-issued due to change in title)
4427	WCC – Andrew John Holmes	Warrant of Appointment & Evidence of Identity – No.WCC364 (Re-issued due to change in title)
4428	WCC – Sandra Gardiner	Warrant of Appointment & Evidence of Identity – No.WCC369 (Re-issued due to change in title)
4429	WCC – Catileya Parata	Warrant of Appointment & Evidence of Identity – No.WCC374 (Re-issued due to change in title)
4430	WCC – E & S Zderich	Drainage easement in gross – CTs.NA135C/186 and NA135C/187 – 19 & 19A Finlow Drive, Te Atatu South – RMA 2005983 – SPW 21100
4431	WCC – KH & GM Trebilcock	Conservation covenant – 39 Rimu Road, Oratia – resolution 2090/2003
4431 a	WCC – Milano International 2002 Ltd	Water supply easement in gross – CTs.369518 to 369531 inclusive – 10 & 16 Lincoln Road, Henderson – RMA 20061207
4432	WCC – Chamberlain Road Investments Ltd (Arnack Developments Ltd)	Drainage easement in gross – CTs.402216, 40222, 402225 and 402226 – 41-49 Chamberlain Road, Massey – RMA 2006373 & 2007970
4433	WCC – Chamberlain Rd Investments Ltd (Arnack Developments Ltd)	Drainage easement in gross – CTs.402232-402237 inclusive and 402239 – 41-49 Chamberlain Road, Massey – RMA 2006373 & 2007970
4434	WCC – Chamberlain Rd Investments Ltd (Arnack Developments Ltd)	Fencing Agreement – 41-49 Chamberlain Road, Massey – RMA 2006373 & 2007970
4435	WCC – Forest Hill Investments Ltd (Create A-Home Ltd)	Fencing Agreement – CTs.NA93D/26 and NA93D/295) - 17 & 19 Forest Hill Road, Henderson – RMA 2006724
4436	WCC – DR Falls Pest Control Pty Ltd	Drainage easement in gross – CTs.384878 and 384877 – 45 Mildmay Road, Henderson – RMA 20051842
4437	WCC – IR Smith	Fencing Agreement – CT.370330 – 109 & 109A Roberts Road, Te Atatu South – RMA 20042711
4438	WCC – Albany Industrial Property Ltd (Haydn & Rollett Ltd)	Drainage easement in gross – CT.383797 – 82-84 Central Park Drive – RMA 20071575
4439	WCC – Albany Industrial Property Ltd (Haydn & Rollett Ltd)	Sewage drainage easement in gross – CT.383797 – 82-84 Central Park Drive – RMA 20071575
4440	WCC – Anthony Gibson	Warrant of Appointment & Evidence of Identity – No.WCC388
4441	WCC – David Gregor Ellery	Warrant of Appointment & Evidence of Identity – No.WCC389
4442	WCC – CM Perry et ors	Consent under s.37 Building Act 1991 – 3 & 5 Dora Street, Henderson – Rule 44.2 Standing Orders on the Use of the Common Seal
4443	WCC – WJ Bainbridge et ors	Consent under s.37 Building Act 1991 – 3 & 5 Dora Street, Henderson – Rule 44.2 Standing Orders on the Use of the Common Seal
4444	WCC – Waitakere City Stadium Trust	Lease of Grandstand & Amenities – 1980/2006 (Re-execution of No.4364)
4445	WCC – Custom Fibreglass Ltd	Drainage easement in gross – 374430 to 374432 inclusive – 46 Brains Road, Kelston – RMA 20064151

Nº	NAME	PARTICULARS
4446	WCC – Custom Fibreglass Ltd	Fencing Agreement – CTs.374431 & 374432 – 46 Brains Road, Kelston – RMA 20064151
4447	WCC – Rainbow Homes Ltd	Drainage easement in gross – CT.394671 – 6 Glengarry Road, Glen Eden – RMA 2007717
4448	WCC – TD McNab	Drainage easement in gross – CT.395997 – 73 Stottholm Road, Titirangi – RMA 2006962
4449	WCC – Little Bay Investments Ltd	Deed of Waiver – s40 Public Works Act – 2/130 Te Atatu Road – Resolution 1060/2006
4450	WCC – Vault Investments Ltd	Memorandum of Encumbrance over Council land re 10 Todd Avenue, New Lynn

Report prepared by: Denis Sheard, Manager: Legal Services.



PART C - FINANCE

6 OPERATING AND CAPITAL EXPENDITURE SUMMARIES

EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee as to the level of operating and capital expenditure to the end of March 2008 by unit compared to budget.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Operating and Capital Expenditure Summaries report.

BACKGROUND

1. Through the Long Term Council Community Plan and Annual Plan process, the Council approves operating and capital expenditure. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.
2. If any further information is required in respect of this report, other than of a general nature, please contact either the writer prior to the meeting to enable the query to be researched.
3. This report covers expenditure for the nine months to 31 March 2008. The financial summary is attached on page A1.

A1

DECISION MAKING

4. There are no decisions required in respect of this report.

STRATEGIC CONTEXT

5. The Council's operating and capital expenditure delivers projects necessary to achieve the Council's strategic direction.

CONSULTATION

6. No consultation was required in respect of this report.

RESOURCES

7. This report has no resource implications.

IMPLEMENTATION ISSUES

8. There are no implementation issues in respect of this report.

Report prepared by: Bob Preston, Group Manager: Financial Management.



7 PERFORMANCE REPORT FOR THE PERIOD 1 JULY 2007 TO 31 MARCH 2008

EXECUTIVE SUMMARY

The purpose of this report is to present to the Finance and Operational Performance Committee the Performance Report for the period 1 July 2007 to 31 March 2008.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Performance Report for the Period 1 July 2007 to 31 March 2008.

BACKGROUND

1. In June 2006, the Council adopted its Long Term Council Community Plan 2006–2016. Volume 2 of the document detailed the activity performance measures. The performance report follows this format.
2. Where possible, all measures have been reported. Most measures have met their target and explanations have been provided where targets have not been met. There are a number of measures that are only measured on an annual basis and these will be reported in the report for June 2008.
3. The Performance Report indicates that the Council has generally met its performance measures. Where targets have not been met, the action taken is detailed in the report, which is attached at pages A2 to A17.

A2-A17

DECISION MAKING

4. There are no decisions required in respect of this report.

STRATEGIC CONTEXT

5. The activities detailed in Volume 2 of the Long Term Council Community Plan 2006–2016 are the mechanisms used by the Council to deliver the Council's strategic direction and to contribute to the community outcomes. The contribution to the strategic direction and community outcomes were also detailed in Volume 2.

CONSULTATION

6. No consultation was required in respect of this report.

RESOURCES

7. This report has no resource implications.

IMPLEMENTATION ISSUES

8. There are no implementation issues in respect of this report.

Report prepared by: Bob Preston, Group Manager: Financial Management.



8 STATUS OF SPECIAL FUNDS

EXECUTIVE SUMMARY

A18

The purpose of this report is to inform the Finance and Operational Performance Committee on the status of the Council's special funds as at 31 March 2008, as attached at page A18.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Status of Special Funds report.

BACKGROUND

1. Special funds are those funds held or designated by the Council for a specific purpose or purposes. The balances of these funds are used to offset the Council's borrowing requirements. Interest is allocated to funds where applicable.
2. Special fund movements are recommended through the Long Term Council Community Plan and Annual Plan adoption process. Special funds are classified as either "Restricted Funds" or "Non-Restricted Funds". Restricted funds are those funds that have been received by the Council from a third party or parties and are to be used for a specific purpose or purposes. Non-restricted funds are funds established by a Council resolution to use and set aside its own funds and also to meet a specific purpose or purposes.

DECISION MAKING

3. There are no decisions required in respect of this report.

STRATEGIC CONTEXT

4. The Council uses special funds as provided for in Long Term Council Community Plan and Annual Plans.

CONSULTATION

5. No consultation was required in respect of this report.

RESOURCES

6. This report has no resource implications.

IMPLEMENTATION ISSUES

7. There are no implementation issues in respect of this report.

Report prepared by: Bob Preston, Group Manager: Financial Management.



9 BORROWING AND INVESTMENT REPORT

GLOSSARY

Long Term Council Community Plan (LTCCP)

EXECUTIVE SUMMARY

This is a monthly report to the Council's Finance and Operational Performance Committee and is also a requirement of the Council's adopted Liability Management and Investment Policy. It provides information on the Council's borrowing and investment activities over the past month and also high level information on current financial market conditions. From time to time additional and more detailed information is requested on particular areas of interest by the Finance and Operational Performance Committee or other Committees.

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Borrowing and Investment Report.
2. **Approve** the Borrowing and Investment Report.

BACKGROUND

1. Waitakere City Council enters into treasury related financial contracts in the ordinary course of its business. It is the role of the Council's Funds Management section to manage such contracts and the impact that they have on the organisation. All funds management transactions are governed by the Liability Management and Investment Policy, prepared in compliance with the Local Government Act 2002. As a requirement of that Policy this report informs the Committee on the current and future movements of the Council's debt and cash investments, and provides a general commentary of financial market conditions.

A19-A24

2. The relevant portfolio and graphs reflect the estimated position as at 31 March 2008 and are attached at pages A19 to A24.

DECISION MAKING

3. There are no decisions in relation to this report.

Issues

4. The Council's Funds Management function actively manages a large portfolio of various debt and investment instruments. The benefit of borrowing is that it enables the Council to carry out the projects identified in the Annual Plan and Long Term Council Community Plan (LTCCP), while spreading the costs for those projects over time to recognise the future benefits. Borrowing funds therefore assist the Council with its entire loans funded strategic initiatives. The Liability Management and Investment Policy requires that a report detailing the management of the portfolio be presented to the Finance and Operational Performance Committee on a regular basis. The report must include information on the following subjects:
 - Cash/debt position
 - Forecasted borrowing profile
 - Interest rate profile
 - Risk management
 - Material transactions
 - Market commentary
5. This report addresses the requirement of the Policy and may include other information that is relevant to the Funds Management function.

Financial Implications

6. The active management of the treasury portfolio seeks to minimise the Council's borrowing costs and maximise investment returns of liquid assets. The Funds Management function is also charged with seeking investors, thus ensuring that there is sufficient liquidity available for the Council to continue its work programme. New Zealand financial markets are significantly volatile and therefore interest rate risk management is a key responsibility of the Funds Management function. Detailed financial information included within this report is intended to give assurance of the prudent management of the Council's portfolio.
7. The Council maintains a Standard and Poor's Credit Ratings of A-1 short term, and A+ long term (stable).

Interest Rates

8. The Reserve Bank of New Zealand left their Official Cash Rate set 8.25% on 24 April 2008. While no change was made to the rate, the tone of the statement has softened a little from the stance in March 2008, with the change from "interest rates would remain high for a significant time yet" with "interest rates would remain high for a time yet". The removal of the word "significant" suggests that current market conditions may prompt the Reserve Bank to lower its Official Cash Rate sooner than it originally had forecast.
9. Inflation has persisted in the New Zealand economy, even with relatively high interest rates. Future inflationary pressure in the form of increasing food prices, higher wage costs, uncertainty of carbon trading and changes in fiscal policy leading to the central government election, cannot be ignored by the Reserve Bank. However, the high interest rates coupled with tighter credit markets are having impacts on areas of the economy that were originally the Reserve Bank's concern. The housing market has become dramatically softer with days to sell increasing and the number of sales and average selling price decreasing. Statistics regarding issued consents in March 2008, released on 30 April 2008, provide further evidence of how the residential housing sector has slowed.

10. Tight credit conditions have persisted and evidence on the impact this has had on the local authority market has been considerable. For the March 2008 quarter no credit rated local authority issued term debt greater than 90 days. The majority of local authorities that did issue during the quarter borrowed for a term of two years. The credit margin on this debt ranged from approximately 0.2% at the beginning of the quarter to approximately 0.7% by the end. In April 2008, Dunedin City Treasury Limited, credit rated AA-, issued \$40 million for 3 years with a credit margin of 0.75%.
11. Waitakere City Council will not be immune from the increased cost of credit. While many local authorities have been forced to issue debt into the wholesale market at significantly higher costs, the Council has had greater flexibility due to having a credit rating and sufficient undrawn committed bank facilities. The Council has funded itself through the issue of commercial paper, which has a duration of usually 90 days, and has also during April 2008, drawn down \$20 million through bank funding. The credit cost of commercial paper is currently around 0.10%. Generally under current market conditions an unrated local authority would not be capable of participating in the commercial paper market. The \$20 million bank facility drawn provides two year funding at a cost of credit of 0.17%.

Options Identified

12. There are no options identified in this report.

Assessment of Options

13. There are no assessment of options in this report.

Consideration of Community Views

14. The LTCCP and the Annual Plan are documents used to gather opinions of the community through the consultation, hearing and final document adoption. The Council presents its debt position within these documents.

STRATEGIC CONTEXT

15. The management and use of borrowing and investments is aligned to all of the Council's strategic objectives, as adopted in both the LTCCP 2006-2016 and the Annual Plan 2007/2008.

Preferred Option

16. There is no preferred option presented with this report.

CONSULTATION

17. This report includes data sourced by the Council's external treasury advisors, Asia Pacific Risk Management, and opinions or views sourced from various financial institutions.

RESOURCES

18. The Council, through its Annual Plan 2007/2008, provided for total new borrowings of \$183.265 million, including loans attributable to projects carried forward from previous years totalling \$62.255 million. Total interest cost has been provided in the Annual Plan 2007/2008 of \$20.020 million.

IMPLEMENTATION ISSUES

19. There are no implementation issues identified for this report.

Report prepared by: Bruce Wilkin, Treasury Manager.



10 PAYMENTS FOR APPROVAL

EXECUTIVE SUMMARY

The purpose of this report is to advise the Finance and Operational Performance Committee of payments made by the Council.

A25-A33

A summary schedule of payments made for the period 9 March 2008 to 12 April 2008 is attached at pages A25 to A26. A further schedule of all payments of \$5,000 and above, together with the reason for the payment, is attached at pages A27 to A33.

Payments have been provided for in accordance with approved budgets.

If a Committee member wishes to ask specific questions relating to any of these payments please direct them to the Director: Finance prior to the meeting. This will enable a response to be adequately researched.

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Payments for Approval report.
2. **Approve** the contracts let and the payments made.

BACKGROUND

1. All payments made by the Council are presented to this Committee on a progressive monthly basis. Elected Members are able to review the information provided and seek information or clarification in respect of any of those payments.

DECISION MAKING

2. There are no decisions required in respect of this report.

STRATEGIC CONTEXT

3. The Council makes various payments as provided for in its Long Term Council Community Plan and Annual Plans. The Council follows good practice for procurement of goods and services and ensures that funding has been provided from appropriate sources.

CONSULTATION

4. No consultation was required in respect of this report

RESOURCES

5. This report has no resource implications

IMPLEMENTATION ISSUES

6. There are no implementation issues in respect of this report

Report prepared by: Alec Third, Group Manager Financial Operations.



PART D - GENERAL

11 WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES THIRD QUARTER REPORTS

EXECUTIVE SUMMARY

The purpose of this report is to present to the Finance and Operational Performance Committee the Third Quarter Reports (9 months ended 31 March 2008) for Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board.

A34-A72 The Third Quarter management overview report, Trust Accounts summary transaction report and full financial statements for Waitakere Properties Limited are attached at pages A34 to A72. Full financial statements in respect of each of the Trust Accounts are available in the Councillors lounge.

A73-A108 The Third Quarter financial overview report, report on “statement of intent” progress and full financial statements for the Waitakere Enterprise Trust Board are attached at pages A73 to A108.

Presentations will be made at this meeting by the boards and management of these organisations.

Waitakere City Holdings Limited does not prepare formal, quarterly, reports as the company operates as a consolidating entity for its subsidiaries.

RECOMMENDATION

It is recommended that the Finance and Operational Performance Committee resolve to:

Receive the Waitakere City Holdings Limited and Subsidiaries Third Quarter Reports.

BACKGROUND

1. Council has a 100% shareholding in Waitakere City Holdings Limited which in turn has a 100% shareholding in Waitakere Properties Limited. Waitakere Properties Limited has a 40% shareholding in Prime West Management Limited. Waitakere City Holdings Limited is tasked, by Council, with overseeing the operations of its subsidiaries and the Waitakere Enterprise Trust Board. Waitakere Properties Limited manages commercial property projects on behalf of Council. These projects are usually managed through a “deed of trust” individually set up for each project. Prime West Management Limited is responsible for managing the

operations of the film studio facility located on Henderson Valley Road. On behalf of Council, the Waitakere Enterprise Trust is tasked with undertaking initiatives which accelerate the sustainable economic growth of the City.

2. Council, through the respective statements of intent, requires that Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board, present to Council quarterly performance reports. Prime West Management Limited is not classed as a "council-controlled organisation" within the meaning of the Local Government Act 2002, and, as such, is not required to report formerly through to Council, however, it is likely that some form of formal reporting will be developed in the near future.

DECISION MAKING

3. There are no decisions required in respect of this report.

STRATEGIC CONTEXT

4. Council has a financial investment in Waitakere City Holdings Limited and subsidiaries. These companies assist the Council in meeting its strategic outcomes through a return on investment, involvement in strategic projects, economic development and in the support of service delivery.

CONSULTATION

5. No consultation was required in respect of this report

RESOURCES

6. This report has no resource implications

IMPLEMENTATION ISSUES

7. There are no implementation issues in respect of this report

Report prepared by: Alec Third, Group Manager: Financial Operations.



12 CONTRACT NO. TA03550B - SEALED ROAD MAINTENANCE 2004 - APPROVAL TO EXTEND

EXECUTIVE SUMMARY

The purpose of this report is to seek funding approval from the Finance and Operational Performance Committee to extend Contract No. TA03550B - Sealed Road Maintenance 2004 from 1 July 2008 to 30 June 2009 as provided for in the contract.

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolve to:

1. **Receive** the Contract No. TA03550B – Sealed Road Maintenance 2004 - Approval to Extend report.

2. **Approve** that the Contract No. TA03550B – Sealed Road Maintenance 2004 as awarded to Fulton Hogan Limited be extended in the sum of \$12,220,000.00 excluding GST for the period 1 July 2008 to 30 June 2009.
3. **Approve** the commitment of \$12,220,000.00 excluding GST to the draft Annual Plan 2008/2009 for Contract No. TA03550B – Sealed Road Maintenance 2004.
4. **Approve** that the authority to extend Contract No. TA03550B – Sealed Road Maintenance 2004 for the period 1 July 2008 to 30 June 2009 on behalf of Council be delegated to the Group Manager: Project Services.

BACKGROUND

1. Waitakere City Council has approximately 746km of sealed roads that require routine maintenance. This contract includes routine maintenance of Council's sealed road network, watertable drainage maintenance, annual resealing works and rehabilitation works.
2. Council approved the award of Contract No. TA03550B – Sealed Road Maintenance 2004 to Fulton Hogan Limited at a full Council meeting held on 30 June 2004 with the following recommendation:

“6. That authority to extend Contract No. TA03550B - Sealed Road Maintenance 2004 beyond 30 June 2007 on an annual basis until 30 June 2009 based on the satisfactory performance by the contractor be delegated to the Director: City Services.”

(1164/2004)

3. The recommendation above does not provide for a financial commitment, and the sum is over the delegation of the Tenders Subcommittee, therefore Finance and Operational Performance Committee approval is required for each annual extension to the contract.
4. The Finance and Operational Performance Committee approved the first annual extension to the contract for the period 1 July 2007 to 30 June 2008 at a meeting held on 26 April 2007 with the following recommendation:

“4. That authority to extend Contract No. TA03550B - Sealed Road Maintenance 2004 for the annual period 1 July 2007 to 30 June 2008 on behalf of Council be delegated to the Group Manager: Project Services.”

(648/2007)

DECISION MAKING

5. Contract No. TA03550B - Sealed Road Maintenance 2004 is a three year contract with an expiry date of 30 June 2007. The contract also has provision for up to two annual extensions. The first 12 month extension period was 1 July 2007 to 30 June 2008 and was approved. The final 12 month extension period is 1 July 2008 to 30 June 2009. The extension periods are reviewed annually and are based on the satisfactory performance by the Contractor and subject to Council's approval.
6. Fulton Hogan Limited has confirmed in writing that they are willing to carry out the contract for a further twelve months.

Contractor's Performance

7. An evaluation of Fulton Hogan Limited's performance to date contains the following features:
 - They have invested in Waitakere by establishing a local area depot on Henderson Valley Road and have employed local staff from within the City.
 - They have developed a good working relationship with relevant Council staff members and other key stakeholders such as the Police and bus companies.
 - They have developed a good working knowledge of Council's roading asset and its needs thereby enabling better programming of works as they take "ownership" of the network.
 - They are a well resourced company.
 - They have a strong focus on health and safety as evidenced by several recent compliments from the general public on their site management.
 - Their workmanship is generally to a very good standard.
 - They have successfully completed the annual programmed stabilisation and resealing works to date.

8. Longer term maintenance contracts provide significant advantages such as continuity of work, development of working relationships, long-term "ownership" of the network and forward work programming that have cost and quality benefits.

RESOURCES

9. This project is being administered by Council officers within Project Services.
10. Financial resources are from the draft Annual Plan 2008/2009.

SOURCE OF FUNDING

11. Source of funding is shown in table 1 below:

Budget Description (from draft Annual Budget line item) 2008/2009 Annual Plan	Codes	Budget	Committed to Other Projects	Allocation to this Project	Unallocated Balance
Urban Maintenance	5830-74000-004	1,490,000	-	1,490,000	-
Rural Maintenance	5850-74000	850,000	480,000	370,000	-
Sealed Road Renewals	8AMTA-07-004	9,960,000	-	9,960,000	-
Cochran Rd Rehabilitation	8AMTA-08-002	400,000	-	400,000	-
	Total			12,220,000	

Table 1 – Source of Funding

IMPLEMENTATION ISSUES

12. There are no implementation issues arising from this report.

Report prepared by: David Jiggins, Principal Engineer: Project Services.



PART E - REPORTS FROM THE SUBCOMMITTEES

13 TENDERS SUBCOMMITTEE

**THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS MEETINGS
HELD ON FRIDAY, 11 APRIL 2008 AND FRIDAY, 2 MAY 2008**

MATTERS CONSIDERED

A109-A116

The Subcommittee dealt with a number of items for which it has delegated powers to act and a copy of the minutes of the meetings is attached at pages A109 to A116.

The Subcommittee Recommends:

That the Meetings reports of the Tenders Subcommittee held on Friday, 11 April 2008 and Friday, 2 May 2008 be received.

RI CLOW
CHAIRMAN

