



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

FINANCE AND OPERATIONAL PERFORMANCE COMMITTEE

I hereby give notice that a meeting of the Finance and Operational Performance Committee will be held on:-

DATE: Monday, 8 February 2010 **TIME:** 9.30 am

MEETING ROOM: Council Chamber

VENUE: Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere

to consider the business as set out herein and to take any necessary action connected therewith.

3 February 2010

Carmen Fernandes
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8887

MEMBERSHIP:

Councillors	RI	Clow (Chairman)
	JM	Clews, QSO, JP (Deputy Chairman)
	DQ	Battersby, QSM, JP
	BA	Brady, JP
	MFP	Chan, JP
	LA	Cooper, JP
	AK	Corban, OBE, JP
	RP	Dallow, QPM, JP
	WW	Flaunty, QSM, JP
	PA	Hulse
	MM	Jolley
	JP	Lawley, JP
	PG	Mitchell
	VS	Neeson, JP

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

★ ★ ★ ★ ★ ★ ★ ★ ★ ★

(Meeting Room could be subject to change)

(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE CENTRAL,
6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE, ON MONDAY,
8 FEBRUARY 2010 COMMENCING AT 9.30 AM**

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE NO.</u>
<u>PART A - OPENING OF MEETING</u>	1
1 APOLOGIES	1
2 URGENT BUSINESS	1
3 CONFLICTS OF INTEREST	1
4 CONFIRMATION OF MINUTES	1
<u>PART B - LEGAL AND CONSTITUTIONAL</u>	2
5 AFFIXATION OF COMMON SEAL	2
<u>PART C - FINANCE</u>	4
6 OPERATING AND CAPITAL EXPENDITURE FORECAST REPORT AS AT 30 NOVEMBER 2009	4
7 STATUS OF SPECIAL FUNDS	5
8 STATUS OF AUCKLAND REGIONAL SERVICES TRUST ARTS FUND	7
9 BORROWING AND INVESTMENT REPORT	12
10 PAYMENTS APPROVED	15
<u>PART D - GENERAL</u>	16
11 SIX MONTH REVIEW OF SPORT WAITAKERE 2009/2010	16
12 THE TRUSTS STADIUM 2009/2010 FOUR MONTH PERFORMANCE REVIEW	21
13 MANAGEMENT CONTRACT FOR THE CORBAN GREEN COMMUNITY FACILITY	27
14 COMMUNITY HALLS AND MARAE FUND ALLOCATION 2009/2010	32
15 AUCKLAND WAR MEMORIAL MUSEUM AND THE MUSEUM OF TRANSPORT AND TECHNOLOGY - ELECTORAL COLLEGE UPDATE ON DRAFT ANNUAL PLANS 2010/2011	35
16 AUCKLAND REGIONAL AMENITIES FUNDING BOARD - DRAFT FUNDING PLAN 2010/2011	37
17 CONTRACT NO. TA080290B - TRIANGLE ROAD AND CENTRAL PARK DRIVE CYCLEWAYS CONSTRUCTION - APPROVAL TO AWARD	40
18 WAIKUMETE CEMETERY APPROVAL TO NEGOTIATE CREMATION FEES	47

<u>PART E - REPORTS FROM THE SUBCOMMITTEES</u>	50
19 TENDERS SUBCOMMITTEE	50
<u>PART F - PUBLIC EXCLUDED MATTER</u>	50
20 NEW LYNN TRANSIT ORIENTED DEVELOPMENT PROJECT - LAND ACQUISITION FOR TOTARA AVENUE FOOTPATH AND TOTARA AVENUE - HETANA STREET INTERSECTION	50

**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE
COMMITTEE TO BE HELD IN THE COUNCIL CHAMBER AT WAITAKERE CENTRAL,
6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE, ON MONDAY,
8 FEBRUARY 2010 COMMENCING AT 9.30 AM**

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 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 December 2009

RECOMMENDATION

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

Receive the minutes of the meeting of the Finance and Operational Performance Committee held on Monday, 7 December 2009, as circulated, and that they be taken as read and now be confirmed.



PART B - LEGAL AND CONSTITUTIONAL

5 AFFIXATION OF COMMON SEAL

RECOMMENDATIONS

It is recommended that the Finance and Operational Performance Committee resolved 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.

EXECUTION OF DOCUMENTS: 1 December 2009 to 29 January 2010

Nº	NAME	PARTICULARS
4903	WCC - FM & RK Maxwell and Veronica House Limited	Authority & Instruction for an electronic transaction - 41 & 46 Landing Road, Titirangi - RMA 2005279
4904	WCC - Enterprise Steel Properties Ltd	Authority & Instruction for an electronic transaction - 12, 14 & 16 North Candia Road, Swanson - RMA 20061034
4905	WCC - RS Hunter & L Dixon	Memorandum of Encumbrance - 23 Hayes Road, Henderson Valley
4906	WCC - Everbright Realty (Nelson) Limited	Authority & Instruction for an electronic transaction - 22, 46-58 Simpson Road, Ranui - RMA 20061476
4907	WCC - AS & MF Khan	Authority & Instruction for an electronic transaction - 2 & 2A Melville Avenue, Te Atatu South - RMA 20081215
4908	WCC - M Browne	Authority & Instruction form for transfer of 29 Henderson Valley Road - Council resolution 217/20007
4909	WCC - RV Claridge et ors	Authority & Instruction form for cancellation of RMA Bond - 48 Onedin Place, Konini - SUB 2004/1223
4910	WCC - CDL Land New Zealand Limited	Authority & Instruction for an electronic transaction - 140A Don Buck Road, Massey - RMA 2009818 (Stages 1 & 2)
4911	WCC - BJ & VR Powles and DJ & SC Perkins	Authority & Instruction for an electronic transaction - 7 Angeline Place, Massey - RMA 2007225
4912	WCC - GE & PL Painter	Authority & Instruction for an electronic transaction - 627 West Coast Road, Oratia - RMA 200771 (Stage 1B)
4913	WCC - YC Yang (Shuyang Bi)	Authority & Instruction for an electronic transaction - 36 & 36A Crystal Avenue, Glendene - RMA 2003973
4914	WCC - Melba Investments Limited	Conservation covenant - 188 Railside Avenue; NA2D/1230 - Resolution 2090/2003
4915	WCC - Jai Vijay Mungro, Contract Engineer	Warrant of Appointment & Evidence of Identity - No.WCC393 (Replacement - lost)
4916	WCC - Manish Kohli, Enforcement Officer	Warrant of Appointment & Evidence of Identity - No.WCC469

Nº	NAME	PARTICULARS
4917	WCC - Nathan Samu, Enforcement Officer	Warrant of Appointment & Evidence of Identity - No.WCC470
4918	WCC - The National Trading Co of NZ Limited	Authority & Instruction for an electronic transaction - 7-9 Clark Street, New Lynn - SUB 2008-838
4919	WCC - BR & AC Plumpton and CR Trustees Limited	Authority & Instruction for an electronic transaction - 13 & 13A Stokes Avenue, Te Atatu Peninsula - RMA 20051851
4920	WCC - Yang Lawyers	Authority & Instruction form re 36 & 36A Crystal Avenue, Glendene - s224(c) Certificate, Consent Notice, s221 RMA & Easement
4921	WCC - J Morris & DB Thomas	Memorandum of Encumbrance - 46 Kitewaho Road, Swanson
4922	WCC - Madhur Neelesh (Neil) Sharma, Pool Fencing Inspector	Warrant of Appointment & Evidence of Identity - No.WCC471
4923	WCC - Housing New Zealand Limited (Lundo Holdings Limited)	Authority & Instruction for an electronic transaction - 12 & 12A Preston Avenue, Henderson - RMA 2006989
4924	WCC - Davies Law	Authority & Instruction for an electronic transaction - 17 & 17A Tomo Street, New Lynn - s.224(c) certificate and drainage easement
4925	WCC - Alexis Ntawe	Memorandum of Encumbrance - 15 Rehia Road, Massey
4926	WCC - Waitakere Licensing Trust	Conservation covenant, Twin Streams - 126 Railside Avenue - NA28D/797
4927	WCC - Alidade Holdings Limited	Consent to variation of mortgage - 42 Alidade Place, Massey - NA65D/876
4928	WCC - KT Dolan & AF Morgan	Consent as encumbrance to mortgage - 41D Jaemont Avenue, Te Atatu - NA1967/61
4929	WCC - Merlene Cox & Others	Release of Statutory Land Charge 7356527.1 for postponed rates - 97A State Highway 16 - NA133D/811
4930	WCC - Orient Homes Limited (Fengdi Lin)	Authority & Instruction for an electronic transaction - 203 Don Buck Road, Massey - s.224(c) certificate, Consent Notice under s.221 RMA and Water supply easement - RMA 20032421
4931	WCC - IM & JE MacDowall	Authority & Instruction for an electronic transaction - 11 & 11A Cedar Heights Avenue, Massey - s.224(c) certificate, Consent Notice under s.221 RMA and Drainage easement - RMA 2009345
4932	WCC - Te Ngahere Limited and Te Ngahere (2009) Limited	Deed of Novation for Project Twin Streams Contact: EW08005A
4933	WCC	WCC District Plan Operative Status

Report prepared by: Denis Sheard, Legal Services Manager.



PART C - FINANCE

6 OPERATING AND CAPITAL EXPENDITURE FORECAST REPORT AS AT 30 NOVEMBER 2009

EXECUTIVE SUMMARY

An end of year financial forecast was completed by Managers for the period ending 30 November 2009. This report presents the results of this process.

Operational and capital expenditure forecasts, associated recommendations and individual results for Directorates are reported.

RECOMMENDATION

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

Receive the Operating and Capital Expenditure Forecast report as at 30 November 2009.

BACKGROUND

A1-A17

1. This report covers expenditure to 30 November 2009 and the forecast for the remainder of the year. The financial summary and associated notes are attached at pages A1 to A17.

DECISION MAKING

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

Issues

3. Explanations for significant variances between forecasts and the Annual Plan 2009/2010 budgets are provided for the overall operating performance statement and capital expenditure.

STRATEGIC CONTEXT

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

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.

AUCKLAND COUNCIL TRANSITION ISSUES

8. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Stephen Drumm, Associate Director of Finance.



7 STATUS OF SPECIAL FUNDS

EXECUTIVE SUMMARY

A18

The purpose of this report is to inform the Finance and Operational Performance Committee of the status of the Council's special funds as at 31 December 2009, 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.
2. Special fund movements are recommended through the Long Term Council Community Plan and Annual Plan adoption process and 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 used for a specific purpose or purposes. Council can determine when non-restricted funds are no longer required and they can be transferred back to general fund.
3. The special funds have been used to offset Council borrowings. This is part of the overall fund management strategy. Therefore, any payments from the special funds will be drawn from Council overall cash or debt funds as appropriate. Interest is allocated to applicable funds at official cash rate for each month.

DECISION MAKING

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

Issues

5. A report on the special funds as at 31 October 2009 outlining the background of the funds and the present distribution of the funds for further consideration was presented to the Finance and Operational Performance Committee meeting held on Monday, 7 December 2009. The Committee resolved as follows:

“The Finance and Operational Performance Committee resolved to:

2. *Agree to correct the balance of the following funds:*
 - *Auckland Regional Services Trust Arts Fund (reduce by \$117,235);*
 - *Community Sports Fund (increase by \$79,706);*
 - *Harbourview Orangihina Fund (increase by \$291,458); and*
 - *Waikumete Cemetery and Park Fund (increase by \$11,038).*
3. *Agree to transfer \$30,000 from the Vehicle Testing Plant Replacement Reserve Fund, no longer required for its specific purpose, to the General Fund.*

1976/2009

6. These changes have been made to the respective funds and are reflected in the special funds balance as at 31 December 2009.
7. A separate report on the status of the Auckland Regional Services Trust Arts Fund will also be considered by the Finance and Operational Performance Committee at its meeting to be held on Monday, 8 February 2010.

STRATEGIC CONTEXT

8. The Council uses special funds as provided for in the Long Term Council Community Plan 2009-2019 and Annual Plan 2009/2010.

CONSULTATION

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

RESOURCES

10. This report has no resource implications
11. There are no implementation issues in respect of this report.

AUCKLAND COUNCIL TRANSITION ISSUES

12. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Khee Mee Soo, Deputy Director: Finance.



8 STATUS OF AUCKLAND REGIONAL SERVICES TRUST ARTS FUND

GLOSSARY

Finance and Operational Performance Committee	(the Committee)
Auckland Regional Services Trust Arts Fund	(ARST Fund)
Regional Arts and Culture Funding Allocation Subcommittee	(RACFAS)
Lopdell House Development Trust	(LHDT)
Waitakere Arts and Cultural Development Trust	(WACDT)
Corban Estate Arts Centre	(CEAC)
Waitakere Pacific Arts and Cultural Trust	(WPACT)
Pacifica Mamas Arts and Cultural Trust	(PMACT)
Waitakere Pacific Arts and Cultural Centre	(WPACC)
Pacific Island Advisory Board	(PIAB)
Official Cash Rate	(OCR)

EXECUTIVE SUMMARY

The purpose of this report is to update the Finance and Operational Performance Committee (the Committee) on the status of the balance of the Auckland Regional Services Trust Arts Fund (ARST Fund), to review commitments made by the original Regional Arts and Culture Funding Allocation Subcommittee (RACFAS) and to make recommendations as to the distribution of the remaining monies.

At the September 2009 Committee meeting it was resolved that a report be brought back to the Committee on the Special Funds, including the ARST Fund, outlining the background of funds and the present distribution of the funds, for further consideration.

The report to the Committee in December 2009 provided an analysis of the special funds and identified some historical inaccuracies; in particular those relating to the ARST Fund. A reduction of the ARST Funds currently available, by \$117,235, was approved. This left an adjusted balance as at 31 October 2009 of \$407,499. This sum is made up of \$264,445 allocated to the Waitakere Pacific Arts and Cultural Centre (WPACC) in 2004 and \$143,054 of accrued interest.

Interest for November and December 2009 has been allocated to the fund bringing the fund balance to \$409,189 at 31 December 2009.

The following recommendations reflect the original decisions made by the RACFAS in 2004.

RECOMMENDATIONS

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

1. **Receive** the Status of Auckland Regional Services Trust Arts Fund report.
2. **Agree** to allocate the balance of the Auckland Regional Services Trust Arts Fund in accordance with the original recommendation made by the Regional Arts Funding Allocation Subcommittee as follows:
 - Waitakere Arts and Cultural Development Trust: \$2,928 (interest)
 - Lopdell House Development Trust: \$66,782 (interest)
 - Waitakere Pacific Arts and Cultural Centre: \$339,479 (allocated funds plus interest)

3. **Agree** to disburse the allocated funds to the Waitakere Arts and Cultural Development Trust and the Lopdell House Development Trust
4. **Agree** to directly fund the upgrade of the existing tin sheds occupied by the Waitakere Pacific Arts and Cultural Centre for all-weather use to a maximum sum of \$80,000 from the \$339,479 noted in recommendation 2 above.
5. **Agree** to bring back a further report providing options for the disbursement of the balance of the allocated funding for the Waitakere Pacific Arts and Cultural Centre.

BACKGROUND

1. Special funds are those funds held or designated by the Council for a specific purpose or purposes.
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 can only be used for a specific purpose or purposes. Non-restricted funds are funds established by a Council resolution to use and set aside from its own funds and also to meet a specific purpose or purposes. Council can determine when non-restricted funds are no longer required and they can be transferred back to the general fund. The ARST Fund sits under the "Restricted Funds" category and cannot be transferred back to the general fund.
3. The special funds have been used to offset Council borrowings. This is part of the overall fund management strategy. Therefore, any payments from the special funds will be drawn from Council overall cash or debt funds as appropriate. Interest is allocated to applicable funds at the official cash rate for each month.
4. As part of the dissolution of the Auckland Regional Services Trust on 1 October 1998, the Council received \$1.45 million from the proceeds of the Trust's assets to be held in trust for funding significant projects in the Auckland region in the areas of arts and culture.
5. When monies for the ARST Fund were received in 1998, Council set up a special fund, the ARST Fund in a separate bank account and interest earned was added to the fund balance. In 2007, Council decided to consolidate all special funds bank accounts into the general fund bank account as part of overall fund management. This is effectively an internal borrowing from the special funds. Any payment to external agencies from the ARST Fund will be from the general bank account or loan. Interest is then calculated and allocated to the ARST Fund.
6. In 1998, Council also appointed the RACFAS to make recommendations to the Council for the allocation of these funds. An updated Arts Strategy was funded from the grant and this was followed by a contestable regional funding round in 2002. At end of April 2004, the balance of the ARST Fund amounted to \$793,335.
7. On 12 May 2004, the RACFAS recommended to the Committee through resolution 804/2004 to approve the split of the balance of the funds amounting to \$793,335 three ways to the Lopdell House Development Trust (LHDT), the Corban Estate Arts Centre (CEAC) and the WPACC, each receiving \$264,445. The Subcommittee's intention in making these grant recommendations was that there would be a full and final disbursement of all funding.

8. As the ARST Fund was not fully distributed subsequent to the RACFAS resolution in May 2004, the fund continued to earn interest. However, interest was only allocated to June 2007. It has been noted that interest had been incorrectly calculated since May 2004 to June 2007 on the fund balance. The interest allocated to the fund was \$313,844.
9. To determine what the correct fund balance was at 31 October 2009, a detailed interest calculation on a monthly basis from May 2004 to October 2009 was undertaken. The interest applied is the Official Cash Rate (OCR) at month end. The OCR is used as it provides transparency on the interest rate that reflects investment of the special fund with council general funds.
10. The total interest for the period May 2004 to October 2009 amounted to \$196,609 compared to previous calculation of \$313,844 resulting in an over allocation of \$117,235.
11. In summary, the balance of ARST Fund at 31 October 2009 is as follows:

	Balance Before Adjustment (\$)	Adjustment/ Transfer (\$)	Balance After Agreed Adjustment (\$)	Interest Bearing
Restricted Funds				
Auckland Regional Services Trust Arts Fund	524,734	(117,235)	407,499	Yes

Table 1: Balance of ARST Fund at 31 October 2009

12. Interest for November and December 2009 amounting to \$1,690 has been allocated to the ARST Fund with the balance standing at \$409,189 at 31 December 2009.

DECISION MAKING

Issues

13. The amounts of interest due to the Waitakere Arts and Cultural Development Trust (WACDT) and the LHDT are clear and are as follows:
 - a) The grant of \$264,445 plus interest of \$3,555 was paid to CEAC in October 2004. The current table shows that this was \$2,928 short of the interest amount due at that time.
 - b) In August 2007, the grant of \$264,445 was paid to LHDT. Interest was not applied to this payment. However, the Partnering and Funding Agreement signed by Council and the LHDT in June 2007 commits Council to paying interest on the grant. This is reflected in the \$66,782 shown in the table. The LHDT has now requested that they be paid the interest earned on their allocated fund of \$264,445 from the period May 2004 to the date they were paid in August 2007 as per the Funding and Partnership Agreement of 2007.
14. The grant plus interest allocated to the WPACC has a more complex history, as follows:

15. The proviso in the resolution from RACFAS was that the amount allocated to the WPACC was to be used for the establishment of a purpose built facility to “accommodate the “Mamas” so they may pass on their knowledge to young Pacific Island artists.” The Pacific Island Advisory Board (PIAB) was charged with providing a financial report to the RACFAS within six months of the funds being approved by the Committee as to how the WPACC would spend the money. This did not occur.
16. Subsequent to the decision the WPACC disestablished ties with the PIAB and in 2005 set up an independent trust; the Waitakere Pacific Arts and Cultural Trust (WPACT). WPACT initiated discussion on the development of a purpose-built centre for Pacific arts and culture but its initial focus was on establishing a sound operational structure for the delivery of cultural services as prescribed in its Funding and Service Agreement with Council. However, it was represented on the working group set up in 2007 between Council, Unitec and WACDT during which time it was assumed that the ARST Fund grant would become the seeding budget for the establishment of a purpose-built facility for the WPACC. This expectation continued for the duration of the negotiations with Unitec which were discontinued early in 2009.
17. In 2007, a second trust, the Pacific Mamas Arts and Cultural Trust (PMACT), was set up. It is this trust that has continued to manage the centre up to the present time and directs the current programme of cultural delivery at the centre.
18. In late 2008 Council resolved to decline to continue the Funding and Service Agreement with WPACT in response to concerns over governance and financial management. An interim Council appointed manager was put in place in January 2009 to supervise operations and governance and to develop strategies to transfer autonomy back to the PMACT. Operational funding is transferred to the centre on a monthly basis with approval from the Director: Finance. This process is ongoing and steady and satisfactory progress has been made.
19. The current situation in terms of facility provision for the WPACC is that the temporary buildings (portacoms and two tin sheds) are now compliant for use by the public but are not suitable for winter use; particularly for the elderly Mamas. It is imperative, if the very active educational programme is to continue, that further work is done to make the facility warm and weather-proof for year round use. A portion of the ARST funding would secure this work with the balance to be held for the purpose built facility that is needed for the future.
20. The recommendations to:
 - a) use a portion of the grant to directly fund the upgrade of the two tin sheds to a level that provides year-round comfort to the Mamas, and to:
 - b) report back to Council on options for the disbursement and management of the balance of the allocated funds, are based on Council’s support for the best outcome in terms of providing a purpose-built centre for the Pacific Mamas and their work.
21. Note that Council has approved the placing of the Corban Estate under a single tenure agreement with WACDT. Under this regime the WPACC would become a sub-tenant of WACDT. The resolution to place the Corban Estate under one long-term tenancy is subject to final approval by the Auckland Transition Agency.

22. The following table reflects the current situation regarding allocation of funds available:

Allocated to	Principal	Interest	Total
Waitakere Arts and Cultural Development Trust	Paid 2004	\$2,928	\$2,928
Lopdell House Development Trust	Paid 2008	\$66,782	\$66,782
Waitakere Pacific Arts and Cultural Centre	\$264,445	\$75,034	\$339,479
Fund Balance Total at 31 December 2009	\$264,445	\$144,744	\$409,189

Table 2: Current Status of Funds available

23. The proposed interest distributions are:
- i. CEAC: Pay the balance of interest \$2,928 to WACDT as this would have been the correct interest to the date of payment of the fund.
 - ii. LHDT: Pay the interest from May 2004 to August 2007 amounting to \$66,782 as the trust would have earned interest had the payment been made to them in May 2004.
 - iii. WPACC:
 - Option 1: Allocate the full grant of \$264,445 as approved by the RACFAS plus accrued available interest of \$75,034.
 - Option 2: Allocate the full grant of \$264,445 and hold the remaining interest of \$75,034 for disbursement to other regionally significant arts infrastructure organisations.
24. Analysis of options for the WPACC:
- i. Option 1:

Is consistent with the original recommendation made by RACFAS and is equitable with the decisions made relating to both the LHDT and CEAC decisions.
 - ii. Option 2:

Whilst allocating an equal sum in relation to the recommendation of RACFAS, it is inconsistent with decisions to disburse interest to the other two recipients of the grants. It does, however, allow for allocation of modest funding to other significant arts organisations.
25. Note that distribution of any approved allocation will still be subject to a further report.

STRATEGIC CONTEXT

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

CONSULTATION

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

RESOURCES

28. This report has no resource implications.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

30. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Naomi McCleary; **Manager:** Arts and Khee Mee Soo, Deputy Director: Finance.



9 BORROWING AND INVESTMENT REPORT

GLOSSARY

Long Term Council Community Plan 2009-2019	(LTCCP 2009-2019)
Finance and Operational Performance Committee	(the Committee)
Integrated Treasury Group	(the ITG)
Liability Management and Investment Policy	(the Policy)

EXECUTIVE SUMMARY

This is a monthly report to the Council's Finance and Operational Performance Committee (the 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. The 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 (the Policy) prepared in compliance with the Local Government Act 2002. As a requirement of the 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 December 2009 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 2009-2019 (LTCCP 2009-2019), 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 Policy requires that a report detailing the management of the portfolio be presented to the 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; and
- 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 AA- long term (Stable Outlook).

8. The Council has adopted financial ratios included in its Liability Management and Investment Policy which provides limits on the level of debt and interest the Council will have. The following table shows the ratio limit, the 2007/2008 actual and the 2009/2010 budgeted levels.

Financial Ratio	Actual 2007/2008	Budget 2009/2010
Net Debt as a percentage of income	144.48%	212%
Net interest as a percentage of income	9.4%	12%
Net Interest as a percentage of rates	17.7%	20%

Interest Rates

9. The Reserve Bank of New Zealand left its Official Cash Rate unchanged at 2.50% after their Monetary Policy Statement on 28 January 2010. This continues with the banks medium term strategy of holding its Official Cash Rate firm until the middle of 2010. While the outcome of the statement was largely anticipated, a small amount of hedging activity had occurred in the market leading up to the statement date which was subsequently unwound on the day. Interest rates across the board decreased. 90 Day Bank Bills which had been trading around 2.78% decreased slightly to 2.76%, while longer term rates decreased a little more. The financial market perhaps has come to realise that the Reserve Bank Governor is sticking very strictly to his plan, and the chances of an early increase in the Official Cash Rate are not particularly as likely as some would believe.

Integrated Treasury Group Update

10. The Integrated Treasury Group (ITG) has met several times over the past two months. A number of treasury related strategies have been discussed and agreed. Auckland City Council will be issuing up to \$350 million of retail bonds in March 2010. This issue will then be on lent to Council's within the region. Waitakere City Council will be participating. In March 2010, the council will have \$55 million of term debt maturities which will be refinanced through the Auckland City Council bond issue. As yet, final terms of the bond issue have not been agreed, though this is likely to occur very shortly.
11. The ITG has also discussed the need for the quantum of Committed bank funding lines. A report was submitted to the ITG in mid-December 2009. One of the facilities that was considered at the time as unnecessary was this Council's \$30 million Bank of New Zealand facility. This particular facility was subsequently cancelled on the 23 December 2009 prior to its next commitment fee falling due.

STRATEGIC CONTEXT

12. The management and use of borrowing and investments is aligned to all of the Council's strategic objectives, as adopted in both the LTCCP 2009-2019 and the Annual Plan 2009/2010.

Preferred Option

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

CONSULTATION

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

RESOURCES

15. The Council, through its Annual Plan 2009/2010, provided for total new borrowings of \$230.585 million, including loans attributable to projects carried forward from previous years totalling \$114.412 million. Total interest cost has been provided in the Annual Plan 2009/2010 of \$31.839 million.

IMPLEMENTATION ISSUES

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

AUCKLAND COUNCIL TRANSITION ISSUES

17. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Bruce Wilkin, Group Manager: Funds Management.



10 PAYMENTS APPROVED

EXECUTIVE SUMMARY

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

A25-A34

A summary schedule of payments over \$5,000 made for the period 17 October 2009 to 8 January 2010 are attached at pages A25 to A34.

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 Associate Director: Finance prior to the meeting. This will enable a response to be adequately researched.

RECOMMENDATION

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

Receive the Payments Approved report.

BACKGROUND

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

DECISION MAKING

2. No approvals or decisions are required.

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: John MacKenzie, Group Manager: Rates and Financial Transactions.



PART D - GENERAL

11 SIX MONTH REVIEW OF SPORT WAITAKERE 2009/2010

GLOSSARY

Sport and Recreation New Zealand	(SPARC)
Partnering Agreement	(the Agreement)
Active Waitakere Collaboration Project	(Active Waitakere)

EXECUTIVE SUMMARY

The purpose of this report is to provide the Finance and Operational Performance Committee with a performance update of the Sport Waitakere contract for the first six months of 2009/2010. The report also seeks the Finance and Operational Performance Committee's approval for the negotiation and execution of a new Partnering Agreement (the Agreement) for the period July 2010 to June 2012.

Sport Waitakere has been required to expend a significant amount of time and resource to the new, government initiated, Kiwi Sport initiative over the last six months. Although the major focus has been Kiwi Sport, Sport Waitakere have continued to prioritise the key high level projects and are on track to meet the required targets of the current contracts.

RECOMMENDATIONS

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

1. **Receive** the Six Month Review of Sport Waitakere 2009/2010 report.
2. **Agree** the Chief Executive Officer be delegated authority to negotiate a two year Partnering Agreement between Council and Sport Waitakere Trust, for the period July 2010 to June 2012 and that the Partnering Agreement be executed as negotiated.

BACKGROUND

1. Sport Waitakere is the Regional Sports Trust for the Waitakere region. Sport and Recreation New Zealand (SPARC) provides the majority of Sport Waitakere's funding, however, additional funding is required to cover all the services Sport Waitakere delivers. The Council, together with other organisations, support Sport Waitakere's business and strategic objectives and consider the investment important in meeting organisation and community objectives. The Council has financially supported Sport Waitakere since 1992.
2. In 2006, the Council moved away from a prescriptive Funding and Service Agreement and began investing in Sport Waitakere's core strategic business. The Council has a three-year agreement with Sport Waitakere for the period July 2007 to June 2010 with a number of key high level projects identified through the annually reviewed shared work programme. The performance of these key projects is monitored throughout the year and the overall performance is monitored through the biannual reports Sport Waitakere provide to both SPARC and the Council.
3. Sport Waitakere has become the hub for sport and recreation in Waitakere. In 2009 the Council entered into additional complementary contracts with Sport Waitakere covering the Active Waitakere Collaboration project (Active Waitakere), Push Play and Sports Club Development. The result was effective and efficient use of Council funds with added value generated from Sport Waitakere's expertise and extensive involvement in the industry and complementary funding from partner organisations.

DECISION MAKING

Issues

4. As part of the Agreement between the Council and Sport Waitakere, a number of key, high level projects are identified through the annually reviewed shared work programme. The 2009/2010 shared work programme between the Council and Sport Waitakere identifies four key shared project areas:
 - Active Waitakere;
 - Active Participation in Sport;
 - Neighbourhood Move It; and
 - Special Projects.

5. In addition to the Agreement, the Council enters into contracts with Sport Waitakere to specifically support and deliver:
 - Active Waitakere;
 - Push Play; and
 - Sports Club Development.
6. The contracts are aligned to complement each other and ensure Sport Waitakere have the ability to focus their resources in the most effective manner.

Sport Waitakere Six Month Performance

7. A major development over the last six months, which has impacted significantly on Sport Waitakere, has been the introduction by SPARC of the Kiwi Sport initiative. The Kiwi Sport initiative has been the focus of Regional Sports Trusts around the country. The Regional Sports Trusts are required to consult with their communities to develop a plan for implementing Kiwi Sport to meet the needs of the unique communities that make up each region.
8. Sport Waitakere's approach to community consultation by hosting multiple meetings with key community organisations, clubs and schools ensured the resulting plan was comprehensive and well organised. The plan is currently receiving feedback from the community before being presented to SPARC for approval. This process, given its short timeframe, has been time and resource intensive.
9. Although the major focus has been Kiwi Sport, Sport Waitakere has continued to prioritise key high level projects and are on track to meet required contracted targets. Highlights from the Active Waitakere and Neighbourhood Move It include:
 - employing personnel and establishing an advisory group for Parrs Park/ McLaren Park;
 - running and hosting local events such as Activities in Parks, walking groups, touch tournaments, wheelchair sports and ballroom dancing programmes; and
 - exposure and promotion of Neighbourhoods Move It in media including, radio, print and websites.
10. Push Play month was again a success in 2009 with over 30 events being offered to the community. The contestable Push Play fund continued to be popular and enabled 20 community groups to run active events for their local community. The Push Play Gig Guide was once again packed full of free and low cost activities and was provided through a colour centre spread in the Western Leader.

Partnering Agreement for the Period 2010/2012

11. The term of the current Partnering Agreement will conclude at the end of this financial year and with ongoing funding indicated in the Long Term Council Community Plan 2009-2019, a new agreement is required to be negotiated and entered into.
12. On 21 October 2009, the Council resolved that a number of organisations, including Sport Waitakere, were approved for Council to enter agreements until 30 June 2012. It was resolved as follows:

“The Council resolved to:

1. *Receive the Longer Term Funding Agreements for Community Organisations report.*
2. *Approve, subject to resolution 5 below, three year funding from 1 July 2009 to 30 June 2012, subject to negotiation of appropriate service agreements and any requirements of quality assurance, at the level of funding approved in the Long Term Council Community Plan 2009-2019 for the organisations listed as follows:*
 - *Waitakere Citizens Advice Bureaux Inc.;*
 - *Community Waitakere Charitable Trust;*
 - *Lopdell House Society;*
 - *Waitakere Arts and Cultural Development Trust;*
 - *Keep Waitakere Beautiful Trust;*
 - *Waitakere Ethnic Board Inc.;*
 - *Waitakere Pacific Board Inc.;*
 - *EcoMatters Environment Trust;*
 - *Neighbourhood Support Waitakere Inc.;*
 - *Weedfree Waitakere Trust;*
 - *Titirangi Community Arts Council Inc.;*
 - *Waitakere Central Community Arts Council;*
 - *McLaren Park and Henderson South Initiative Inc.;*
 - *Sport Waitakere Charitable Trust;*
 - *Waitakere Workers’ Educational Association Inc.;*
 - *Piha Community Library Trust;*
 - *Hoani Waititi Marae Trust; and*
 - *Te Ukaipo Mercy Initiatives for Rangatahi Ltd.*
5. *Note that resolutions 2, 3 and 4 above be subject to confirmation by the Auckland Transition Agency”*

1706/2009

- A35
13. Subsequently, a letter received from the Auckland Transition Agency dated 18 December 2009 (attached at page A35) confirms and approves the entering into agreements until 30 June 2012. It is therefore recommended that a new two year partnering agreement be negotiated and entered into accordingly.

STRATEGIC CONTEXT

14. The Council recognises that the activities undertaken by community groups, not-for-profit organisations and individuals make a valuable contribution to the Community and Strategic Outcomes pursued by the Council, in particular the outcomes of Strong Communities and Urban and Rural Villages.
15. People of all cultures connect together through sport and recreation. Sport and recreation creates opportunities for positive social connection, volunteerism, feelings of belonging and contribution to our society.
16. Waitakere has recently adopted its new strategic framework of six strategies. Sport Waitakere’s activities primarily sit within the Social and Cultural Wellbeing strategies. In particular, contracts with Sport Waitakere contribute to the “building strong resilient communities” outcome area. Partnering with Sport Waitakere also contributes to achieving the strategic priorities of the Treaty of Waitangi, Sustainable Development, First Call for Children, Safe City and Lifelong Learning.

CONSULTATION

17. Representatives from both Sport Waitakere and the Council meet on a regular basis to discuss progress against the contracts. The 2009/2010 shared work programme was developed between Sport Waitakere and the Council. There was no consultation with other external parties.

RESOURCES

18. A total of \$231,000 was allocated to Sport Waitakere in the Annual Plan 2009/2010. The Council invested \$111,000 into Sport Waitakere's core strategic business and targeted the remainder of the funding to the following areas:
- \$50,000 was allocated to Active Waitakere which contributes to staff and Neighbourhood Move It project costs;
 - \$50,000 was allocated to Sport Club Development which helps employ the Community Sport advisor, and is funded through interest from the Hillary Commission special fund;
 - \$15,000 was allocated to Push Play for a contestable fund and marketing costs; and
 - \$5,000 was allocated specifically for Sport Waitakere promotional activities.
19. The Recreation Partnership Projects Leader manages the contract which involves meeting on a quarterly basis with the Chief Executive Officer of Sport Waitakere to evaluate progress against the shared work programme as well as involvement with the projects.

IMPLEMENTATION ISSUES

20. There are no implementation issues associated with this report.

AUCKLAND COUNCIL TRANSITION ISSUES

21. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Council's decision making capabilities in respect of contracts extending beyond June 2011 involving a sum of \$20,000 or more.

Section 31(4)(i) to enter into any contract (other than an employment agreement)-

- (i) that imposes, or will continue to impose, any obligation on the existing local authority after 30 June 2011; and
- (ii) the consideration for which is, or is equivalent to, \$20,000 or more:

22. The Council can, however, refer contracts extending beyond June 2011 involving \$20,000 or more to the Auckland Transition Agency for decision. The decision to approve the extension of the contract to Sport Waitakere to 30 June 2012 has been approved by the Auckland Transition Agency as mentioned in paragraph 13 above.

Report prepared by: Paul Edwards, Recreation Partnership Projects Leader.



12 THE TRUSTS STADIUM 2009/2010 FOUR MONTH PERFORMANCE REVIEW

GLOSSARY

The Trusts Stadium	(the Stadium)
2007/2010 Trusts Stadium Funding Agreement	(the Agreement)
Auckland Transition Agency	(ATA)
Waitakere City Stadium Trust	(WCST)
Waitakere City Leisure Precinct Sports Complex Charter	(the Charter)

EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee on the performance of the Trusts Stadium (the Stadium) during the first four months of year three of the 2007/2010 Trusts Stadium Funding Agreement (the Agreement).

The Stadium has had a solid beginning to the 2009/2010 financial year with visitor numbers comparable with previous years. Although there has been a decline in the number of large scale commercial events hosted, the Stadium has continued to increase community arena and function visitors to compensate. The lack of large scale commercial events has impacted on the Stadium's financial position. The Stadium budgeting has been prudent and the latest audited accounts indicate the Stadium remains in a stable and sustainable financial position.

The Stadium's Agreement with Council expires on 30 June 2010 and this report seeks the Finance and Operational Performance Committee's approval to extend the Agreement for a further two years until 30 June 2012 to give the Stadium some security through the transition to the Auckland Council.

RECOMMENDATIONS

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

1. **Receive** The Trusts Stadium 2009/2010 Four Month Performance Review report.
2. **Approve** two year funding from 1 July 2010 to 30 June 2012, subject to negotiation of appropriate service agreement up to the maximum approved in the Long Term Council Community Plan 2009-2019 with the Waitakere City Stadium Trust.
3. **Approve** the Chief Executive Officer be delegated authority to negotiate, and enter into, a two year funding agreement from 1 July 2010 to 30 June 2012 with the Waitakere City Stadium Trust.
4. **Note** that resolution 2 and 3 are subject to confirmation by the Auckland Transition Agency.

BACKGROUND

1. The Stadium is owned and operated by the Waitakere City Stadium Trust (WCST). The Stadium was constructed, in 2004, to provide the wider Waitakere community with a multi-purpose venue for the hosting of sporting, leisure, trade and cultural activities and events. The Council provided the land and contributed \$12,865,000 of capital funding towards the total cost of the project to ensure ongoing affordable community access to the facility and to secure an alternative venue for the Waitakere Basketball Association.

2. The Waitakere City Leisure Precinct Sports Complex Charter (the Charter) exists between the WCST, the Council and two other partner organisations, the Waitakere City Rugby Club and the Waitakere Athletics Club. The Charter sets out in Schedule B community objectives that the Stadium is to meet and the principal objectives of the Council's contribution to the Stadium.
3. The Council recognises that the Stadium facilities are capable of hosting national and international events and providing economic benefits to Waitakere; however the Council also wants to ensure wider community benefit by supporting the community's ability to use and enjoy the Stadium. The Council supported the Stadium providing initial operational investment whilst the Stadium established itself and has continued to support the Stadium since opening.
4. At the Finance and Operational Performance Committee meeting held on Monday, 7 May 2007 it was resolved:

“2. That a three year Funding and Services Agreement, from 2007/2008 to 2009/2010, between Council and the Waitakere City Stadium Trust for the operation of The Trusts Stadium be prepared and reported back to the Finance and Operational Committee for approval.”

836/2007

5. The Council worked closely with the WCST to develop the Agreement which was approved at the Council meeting on 27 February 2008.

DECISION MAKING

Issues

6. In the Agreement, the terms 'Arena' and 'Precinct' are used to describe indoor or outdoor activities held at the Stadium. These two terms are defined as:
 - Arena – All of the sporting facilities inside the stadium excluding Momentum and the Physiotherapy clinic.
 - Precinct - All the facilities outside the stadium including the Douglas Track and Field grandstand and adjoining playing fields.
7. In the Agreement, 'visitors' have also been broken down into five user categories to assist with analysing the different types of visitors the Stadium attracts. The categories and definitions are provided in Table 1.

Visitors

8. Table 1 summarises the visitors to the Stadium per user category for the first four months of 2009/2010 along with the annual target and definitions as outlined in the Agreement.

Category	Definition	Annual Target	Actual figures	Comment
Community Arena users	Community visitors who primarily use the Arena for the purpose of sport or recreation.	Min 110,000	51,158	On track
Community Precinct users	Users of the Precinct including athletics track, playing fields and grandstand users whose primary activity is sport and recreation.	Min 100,000	30,420	On track

Category	Definition	Annual Target	Actual figures	Comment
Arena Event visitors	Visitors to one off events inside the Stadium and including professional sport users of the Arena.	Min 190,000 event visitors (includes both Arena and Precinct Events visitors)	38,137	At risk
Precinct Event visitors	Visitors to events held outside in the Precinct and include events that utilise both the Arena facilities and Precinct facilities for the same event.		2,263	
Function users	Visitors to the function facilities including meeting room visitors.	No target	35,123	
Total visitors		Min 450,000	157,101	On track

Table 1 – Users Categories and visitor numbers.

9. Overall visitor numbers are slightly below the same period last year but still on track to reach the target of 450,000 annual visitors. At greatest risk is the event visitors target with the Stadium almost 20,000 visitors behind last year, where they fell just under the annual target of 190,000. This can be attributed to the continued impact of the recession and the fewer number of events hosted. Table 2 shows the visitor trends over each four month period for the last three years.

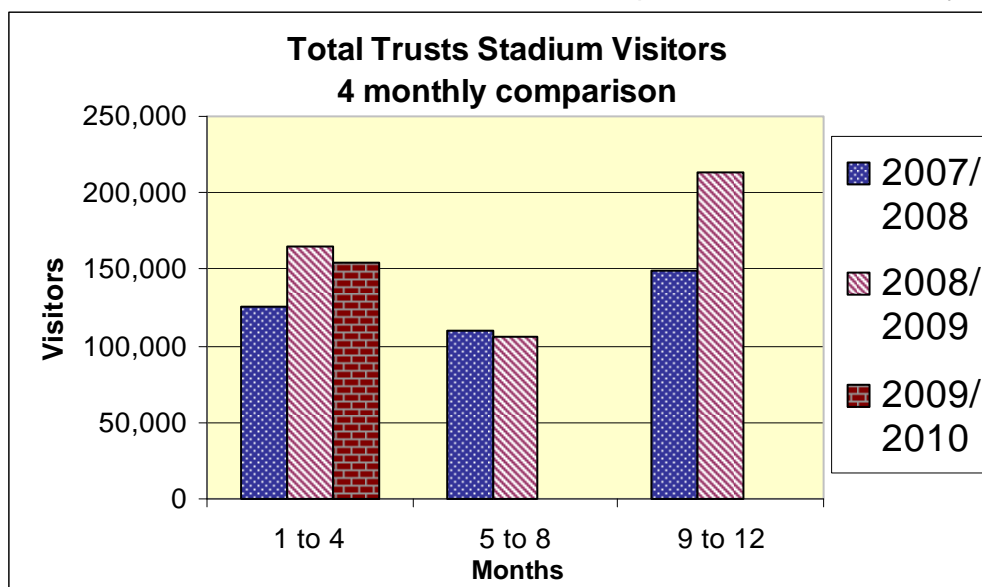


Table 2 – Visitors numbers four month comparison

10. The WCST has been able to offset the decline in event visitors with community arena and function users which are well up on previous years, as outlined in chart two. The community precinct users category has experienced the greatest reduction of visitors. This drop can be attributed to Waitakere United Football Club relocating home games to Fred Taylor Park. However, the Stadium did attract a Trans Tasman Touch tournament for early 2010 which should boost numbers.

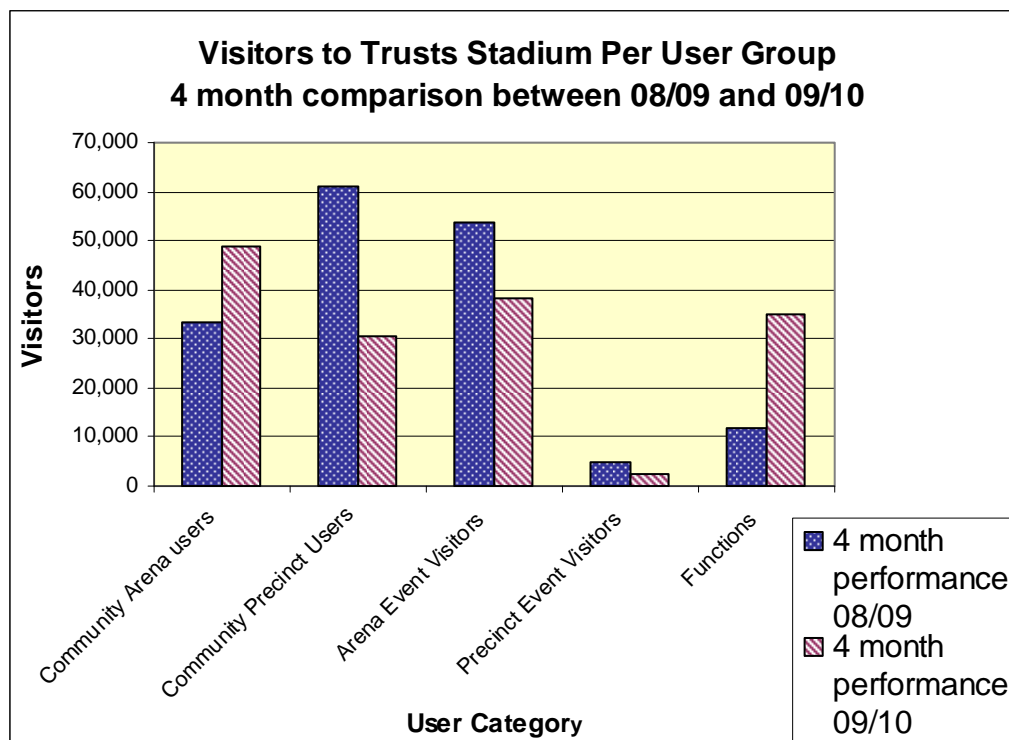


Table 3 – User category comparison

Events

11. As part of the Agreement, the WCST is required to attract a range of events from high profile events that get national media coverage, to major community and local events. The WCST is on track to meet or exceed the targets set out in the Agreement. The Stadium has undertaken, at their expense (not Council funded) a significant upgrade to roof trussing to attract international acts and events. This investment is already showing returns with three international acts booked for early 2010 (Paramore, Prodigy and Cascada). The Stadium has also secured all but one of the Northern Mystics netball home games in the ANZ Championships. Table 4 lists the events hosted at the Stadium in the first four months of the year.

High profile events 3-5 per year	Medium profile events 3-5 per year	Local Events 3-5 per year	Conventions Min 3 per year	Major Community Events Min 3 per year
<ul style="list-style-type: none"> Silver Ferns v World 7 test match NZ Cheer and Dance Invitationals Tsunami Memorial Event 	<ul style="list-style-type: none"> All Black Training Day NZ U13 Basketball Championships NZ Netball Age Group Championships 	<ul style="list-style-type: none"> Craft Out West Arthur Lydiard Challenge and Dinner Don Oliver Sports Foundation Dinner Waitakere City Fun run Waitakere Zone Volleyball Tournament 	<p><i>None to date – scheduled for early 2010</i></p>	<ul style="list-style-type: none"> Diwali Westpac Business Awards

Table 4 – Events hosted at the Stadium

Stadium Availability

12. The Stadium reported no “bumpings” of confirmed bookings in the first four months of the year. However, five days were unavailable due to the Netball New Zealand Age Group Championships (6-9 July) and the Silver Ferns test match (27 August). Some of the courts in the Arena were also unavailable for an additional four days for installation of roof trussing to improve the Stadium’s ability to host international acts and events. The result being 12.5% of peak time was unavailable for community use which is within the acceptable levels outlined in the Agreement.

Community Arena Users

13. The Stadium has been active in trying to attract additional Community Arena users and has successfully secured Turbo Touch and Futsal leagues. These leagues appear popular and have potential for growth which should see the utilisation rates improve. The Stadium is also in discussion with Netball New Zealand to investigate establishing a “Fastnet” netball league after the success of the recent “Fastnet” World Series.
14. Greater peak Arena hours were used in the first four months (861 hours) compared with the same period last year (650 hours) which has seen an increase in peak hour utilisation from 38% to 49%. Although there is still room for growth, this is a good sign and evidence that the Stadium has been proactive in increasing Community Arena use.
15. Netball Waitakere continued to be a regular user of the Stadium and hired the Arena for 338 hours over the first four months. There is some uncertainty about ongoing use by Netball Waitakere once the new covered courts at Te Pai are completed in early 2010. It is likely to have some impact on Community Arena user numbers and utilisation rates in the coming year. The Stadium is in discussion with Netball Waitakere regarding ongoing use.

Financial

16. The Stadium is unlikely to meet their initial budget which was acknowledged by the WCST as a “stretch” budget when adopted. It was hoped that there would have been greater recovery throughout the second half of 2009 which would result in an increased corporate spend over Christmas and the return of some events. Current economic forecasts for 2010 suggest growth will be limited to between 0% and 0.9% in some sectors. The Stadium is conservatively expecting little change in the area of events and hospitality from what has been seen to date this financial year and have adjusted events income forecasts accordingly.
17. As a result of the trends, the WCST has been prudent and looked to cut costs and make savings wherever possible including renegotiating cleaning contracts, reduce information technology costs and wages for example.
18. The WCST has nearly completed fundraising for the floodlight project and has undertaken contractual commitments for the lights construction and installation. The lights are expected to be installed and operational in the first half of 2010 which should assist the Stadium and the City in attracting outdoor sporting events to the City. Stadium management remain hopeful that the review of bookings management for outdoor facilities at the Stadium will be picked up again under the Auckland Council, as this is currently on hold. Stadium management would prefer to be a single point of contact for event promoters for booking of the fields and the Stadium facilities (Grandstand, Lights, Arena)

Future Funding Agreement

19. The Auckland Transition Agency (ATA) has recognised that there are many differing approaches to the funding of community groups across the region. The ATA has also acknowledged that the reorganisation provides uncertainty to community groups and as a result the ATA has approved funding agreements to June 2012. The Stadium, however, was not included on the list of groups which were approved the extension and therefore approval from the ATA is still required before this agreement can be concluded.
20. The Agreement between Council and the WCST expires on 30 June 2010. It is important to provide some level of security to key partners such as the WCST throughout this period of transition to allow business to continue as usual. Given the restriction imposed on Council's through the Local Government (Tamaki Makaurau Reorganisation) Act 2009, extending the WCST Agreement for more than one year will require ATA approval.
21. The Agreement has worked effectively over the last three years and it is recommended that only minor administrative changes be made to that Agreement and it be rolled over for a further two years until 30 June 2012.
22. Council allocated \$475,000 in each year of the Long Term Council Community Plan 2009-2019 as an operating contribution to the Stadium.

STRATEGIC CONTEXT

23. The Council's support for the Stadium contributes to a number of key community outcomes, namely Strong Communities, Strong Innovative Economy, Urban and Rural Villages and the Healthy Lifestyles. The Stadium provides a venue for active and passive recreation, contributes to Henderson's recreation precinct, and provides a vehicle for employment and stimulation of the local economy.

CONSULTATION

24. The Agreement was developed in consultation with the management of the Stadium and the WCST itself.

RESOURCES

25. The Council approved an operational subsidy of \$475,000 in the Annual Plan 2009/2010.
26. Council officer time is provided through Leisure Services, who manage the relationship and Agreement with the Stadium.
27. The Council passed the following resolution on Wednesday, 27 February 2008 to fund the renewals costs of the building:

"The Council resolved:

2. *That the Council provide for renewals of The Trusts Stadium building only, in its Long Term Council Community Plan 2009-2019 with the funding of these renewals to be determined by the Council. This funding would be subject to the production of a full Asset Management Plan for The Trusts Stadium that is approved by the Council as part of the Long Term Council Community Plan 2009-2019 process and Waitakere City Stadium Trust meeting all commitments in respect to current and future Funding and Service agreements."*

IMPLEMENTATION ISSUES

28. There are no implementation issues associated with this report.

AUCKLAND COUNCIL TRANSITION ISSUES

29. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Council's decision making capabilities in respect of contracts extending beyond June 2011 involving a sum of \$20,000 or more.

Section 31(4)(i) to enter into any contract (other than an employment agreement):

- (i) that imposes, or will continue to impose, any obligation on the existing local authority after 30 June 2011; and
- (ii) the consideration for which is, or is equivalent to, \$20,000 or more:

Report prepared by: Rob McGee, Recreation Planner, Leisure Services.



13 MANAGEMENT CONTRACT FOR THE CORBAN GREEN COMMUNITY FACILITY

GLOSSARY

McLaren Park Henderson South Community Initiative Incorporated	(MPHSCII)
McLaren Park Henderson South	(MPHS)
Long Term Council Community Plan 2009-2019	(LTCCP)

EXECUTIVE SUMMARY

The purpose of this report is to seek agreement from the Finance and Operational Performance Committee for the McLaren Park Henderson South Community Initiative Incorporated (MPHSCII) to be granted the right to the management contract of the proposed Corban Green community facility.

The intention is for the facility to be council owned and community managed. This option provides the best management framework in terms of combining Council funding as well as community responsiveness and ownership. This option most effectively meets the vision of the local community.

RECOMMENDATIONS

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

1. **Receive** the Management Contract for the Corban Green Community Facility report.
2. **Agree** subject to resolution 3 below, that McLaren Park Henderson South Community Initiative Incorporated be granted the management contract for the proposed community facility to be located on Corban Green.
3. **Note** that resolution 2 above is subject to confirmation by the Auckland Transition Agency.

BACKGROUND

1. The McLaren Park Henderson South (MPHS) area is a blend of residential, commercial and industrial properties with a diverse population of approximately 7,000 residents. Council has identified this community as one of the most disadvantaged communities in the City regarding socio-economic status and access to recreational and social services. As a result Council has budgeted a total of \$1,943,000 currently in the Long Term Council Community Plan 2009-2019 (LTCCP) for a new purpose built community facility to be built in the 2010/2011 financial year.
2. The funding set aside by Council for this facility is for the construction of two buildings connected by covered courtyards, landscaping and car parking. It does not include the costs for the fitout; this aspect will become the responsibility of the community organisation that is granted the management contract for the facility.
3. An independent community consultation project/feasibility study took place in the MPHS community over a five month period from August 2007 to December 2007, as the first stage of this project. The study identified facilities and characteristics that the community felt were important and should be incorporated into the community facility for their area. Throughout 2007/2008 a thorough process was undertaken to identify the location of the facility with Corban Green being selected as the most suitable location.
4. In August 2008 a concept design was produced by Creative Spaces and WT Partnership Limited respectively. The objective of the concept stage was to develop design options and to present these options at community and Council meetings so that a decision could be made on which option would be chosen to progress to the preliminary, developed and detailed design stages. The design options explored the possible size and staging of the facility to allow for community needs to be met within the range of financial constraints.
5. Throughout the entire process to date, MPHSCII has been the community voice supporting the proposed facility, they have hosted all the community meetings and have championed the need for this facility in their area.

DECISION MAKING

Issues

Management agreement for building A and B1

A36

6. After careful consideration, the MPHSCII committee have requested that they be considered as the appropriate community organisation to take on the management of the proposed facility owned by Council marked A & B1 on the attached page A36.
7. Council would normally call for expressions of interest from the community before determining the successful management provider of a facility. In the case of the MPHS area, Council is not aware of any other community organisations other than MPHSCII that have the mandate from their whole community to undertake such a contract.

Options Identified

8. The options are that either:
 - (1) MPHSCII be considered the most appropriate community organisation to be granted the management of the proposed facility on Corban Green.
 - (2) or Council directs officers to investigate whether there are any other potential groups that could successfully manage this facility.
9. Doing nothing is not an option, as this project has from its inception been a Council partnership with community. It has been expressed clearly from both Council and community that the facility would be Council owned and community managed.

Assessment of Options

Option 1. MPHSCII becoming the preferred organisation to manage the facility.

10. MPHSCII (previously known as the McLaren Park Community Project) was originally established by Council in 2002, and has always enjoyed a strong relationship with Council. Community leaders have evolved and a core membership of MPHSCII has remained consistent since their inception – a key measure of MPHSCII's success within the community. MPHSCII has grown significantly since 2002 into a strong viable organisation in the area.
11. The desire for a facility that caters for the needs of the MPHS area came from MPHSCII and as an organisation they have undertaken considerable research and community consultation and have petitioned Council to erect a facility in their area. They have worked alongside Council throughout the process, are currently attending meetings of the project working group and are advocating to meet their communities needs.
12. The risk of not awarding the management contract for the facility to MPHSCII would affect the excellent working relationship that Council currently has with this organisation. It could put MPHSCII in a difficult position as they are currently working on the early stages of fundraising for the fit-out of the facility. They have committed staff and trustee time to gain the necessary quotations and are making plans to meet with potential funding agencies that could support them.

Option 2. Advertise openly for expressions of interest for a suitable organisation to manage the facility.

13. Should Council prefer to go out for public tender for the management of the facility then there would be both advantages and disadvantages. A public notification process would be open and transparent and would allow Council to consider other potential options. Although the process would be time consuming, potentially taking several months, it is unlikely to eventuate with a different outcome, as there are no identifiable alternative organisations domiciled in the MPHS area that have the capabilities, community support and community advocacy experience that could take on such a role at this stage.
14. The following table highlights some of the wider issues in relation to the management of the proposed facility on Corban Green.

		Social	Economic	Environment	Cultural
Option 1 – MPHSCII securing management contract	Disadvantages	MPHSCII have not been facility managers before.	Nil.	Nil.	Nil.
	Advantages	MPHSCII as an existing local group have the support of the whole community.	MPHSCII has a strong financial base and is well supported by funding agencies.	MPHSCII have a strong environmental focus and currently hold a Project Twin Streams contract.	MPHSCII is culturally inclusive both in management and membership.
	Resources	MPHSCII have staff with capacity and capability to support this project and.	Operational funding has been set aside for this project in the LTCCP	Nil.	MPHSCII is culturally inclusive both in management and membership.
		Council has confidence in the strength of the organisation	from 2011.		
Option 2 – Calling for expressions of interest for management.	Disadvantages	Have not identified any other organisation with the relevant skills in this area. Not supporting the organisation who has championed this project from the start could damage Council's relationship with them.	Costly for Council to undertake this with no guarantee of any other agency being identified within the community.	Nil.	Nil.
	Advantages	Allows for possible unidentified parties to tender their services.		Nil.	Nil.
	Resources	Would take staff time to undertake this.	Operational funding has been set aside for	Nil.	Nil.

		Social	Economic	Environment	Cultural
			this project in the LTCCP from 2011. There would be a cost in staff time and financially to going out for expressions of interest.		

Consideration of Community Views

- The construction of the community facility at Corban Green is being developed in response to community submissions and the integrated project is due to community input and concerns all led by MPHSCII.

Preferred Option

- Council has worked continuously with MPHSCII as a partner from the inception of this project, throughout the feasibility study and continue to meet weekly developing the design so that it meets their communities needs. As the only inclusive organisation with open membership the preferred option is to grant the management contract to MPHSCII.

STRATEGIC CONTEXT

- In 2005, Waitakere identified a set of community outcomes for the community of Waitakere. The Council must take these into account in the formulation of its long term strategic direction and it's LTCCP. The community outcomes that community buildings are seen to contribute to achieving are: Mauri Ora, Strong Communities, Toiora, Urban and Rural Villages, Vibrant Arts and Culture and Working Together. Of these the primary community outcome is Strong Communities, by enabling and creating ways for people to contribute to their own communities and fostering a strong sense of belonging and networks, thereby positively contributing to the City, community, friends and family.
- Waitakere has adopted its strategic framework of six strategies. The provision of community buildings will deliver on the Social and draft Cultural Wellbeing strategies. In particular community buildings contribute to "building strong resilient communities" and "informed, resourceful and skilled people" community outcome areas. It will also contribute to achieving the strategic priorities of the Treaty of Waitangi, Sustainability, First Call for Children, Safe City and Lifelong learning.

CONSULTATION

- Consultation has been undertaken with the Bruce McLaren Intermediate School Board of Trustees. Their response was that they *"have confidence in the ability of the MPHSCII to carry out the management contract for the proposed new community centre to be built on Corban Green."* They also state *"the board knows of no other local community group with the ability or, indeed interest, in fulfilling this role."*

RESOURCES

19. Council has set aside \$36,155 per year in the LTCCP 2009-2019 from 2011-2019 for an operational assistance grant. Staff resources to support the community development of the MPHS area are also available.

IMPLEMENTATION ISSUES

20. Failure to appoint an appropriate organisation to manage this facility could result in the successful management organisation not being able to secure the funding for the fit out of the building as the lead time for funding agencies can be up to one year for significant grants. Negotiation and oversight of a contract with the successful community organisation for the management of the Corban Green facility will be undertaken by Leisure Services.

AUCKLAND COUNCIL TRANSITION ISSUES

21. The Local Government (Tamaki Makaurau Reorganisation) Act 2009 imposes restrictions on Waitakere City Council's decision making capabilities in respect of entering into any contract that imposes, or will continue to impose, any obligation on the existing local authority after 30 June 2011; and the consideration for which is, or is equivalent to, \$20,000 or more.

Report prepared by: Jan Brown, Senior Community Liaison Officer.



14 COMMUNITY HALLS AND MARAE FUND ALLOCATION 2009/2010

GLOSSARY

Finance and Operational Performance Committee	(the Committee)
Community Halls and Marae Fund	(CHMF)
Community Assistance Policy and Guidelines	(the policy and guidelines)

EXECUTIVE SUMMARY

The purpose of this report is for the Finance and Operational Performance Committee (the Committee) to assess applications and allocate funding from the Community Halls and Marae Fund (CHMF) assessed under the Community Assistance Policy and Guidelines (the policy and guidelines).

RECOMMENDATIONS

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

1. **Receive** the Community Halls and Marae Fund Allocation 2009/2010 report.
2. **Agree** to the allocation of funds for the Community Halls and Marae Fund Allocation 2009/2010 as outlined in the table below:

Applicant	Funds Requested	Recommended Allocated
Hoani Waititi Marae Trust	\$3,000.00	\$3,000.00
Laingholm District and Citizens Association	\$2,525.00	\$2,525.00
Waiatarua Residents & Ratepayers Association	\$2,944.88	\$2,944.88
Whenuapai Residents & Ratepayers Association	\$3,000.00	\$3,000.00
Huia Cornwallis Residents & Ratepayers Association	\$3,000.00	\$3,000.00
Piha Community Centre Society Incorporated	\$2,000.00	\$2,000.00
Herald Island Residents & Ratepayer Association	\$3,000.00	\$3,000.00
Glen Eden Community & Recreation Centre	\$3,000.00	\$3,000.00
Paturoa Bay Residents & Ratepayers Association	\$3,000.00	\$3,000.00
TOTAL	\$25,469.88	\$25,469.88

BACKGROUND

1. Council supports community facilities available for public use and makes available \$42,000 annually as a grant to the 16 Community Halls and two Maraes within Waitakere. Funding is to support ongoing maintenance and operating costs.

DECISION MAKING

Issues

Lack of Applications

2. Application forms were posted and emailed to all Council and community owned halls and Maraes to advise that the CHMF was open and applications were being called for.
3. If the Committee agrees to the recommendations made there will be \$16,530.12 of unallocated funds remaining due to the low number of applications received. A second round of funding held for the Community Halls and Marae that did not apply in the first round will be called for.
4. There is no clear reason as to why there was a low number of applications received as all Community Halls and Maraes were emailed and sent the application form. Council officers will contact the Community Halls and Marae that did not apply this round to encourage them in applying to the second round.

Assessment of Options

5. When assessing the applications to the CHMF the following criteria were used:
 - Health and safety of the facility;
 - The amount the facility is being used (activities, numbers of users, range of users);
 - Equipment that allows organisations to function adequately;
 - The level at which the project benefits the community; and
 - The relevant Community Outcomes including; Strong Communities, Working Together, Toiora – Healthy Lifestyles, and Urban and Rural Villages.

Application Information

- A37-A45 6. A one page summary of each application is attached at pages A37 to A45.

Funding Available

7. In the first funding round of 2009/2010, nine eligible applications were received, requesting a total of \$25,469.88. The maximum amount that can be applied for by each applicant is \$3,000.

Preferred Option

8. The nine applications were assessed against the above criteria the allocation of funding recommended is as follows:

Applicant	Funds Requested	Recommended Allocated
Hoani Waititi Marae Trust	\$3,000.00	\$3,000.00
Laingholm District and Citizens Association	\$2,525.00	\$2,525.00
Waiatarua Residents & Ratepayers Association	\$2,944.88	\$2,944.88
Whenuapai Residents & Ratepayers Association	\$3,000.00	\$3,000.00
Huia Cornwallis Residents & Ratepayers Association	\$3,000.00	\$3,000.00
Piha Community Centre Society Incorporated	\$2,000.00	\$2,000.00
Herald Island Residents & Ratepayer Association	\$3,000.00	\$3,000.00
Glen Eden Community & Recreation Centre	\$3,000.00	\$3,000.00
Paturoa Bay Residents & Ratepayers Association	\$3,000.00	\$3,000.00
TOTAL	\$25,469.88	\$25,469.88

STRATEGIC CONTEXT

9. The policy and guidelines state that the funds must go to projects and activities that provide assistance in line with Council's strategic priorities and Community Outcomes. The Council recognises that the activities undertaken by community groups, not-for-profit organisations and individuals make a valuable contribution to the Community Outcomes and the strategic priorities pursued by the Council.
10. Council has recently adopted a new strategic framework of six core strategies. The CHMF delivers on all the strategies and in particular the Social and draft Cultural Wellbeing strategy. The CHMF delivers on "building strong resilient communities" and "great living places" outcome areas. The grants also contribute to achieving the strategic priorities of the Treaty of Waitangi, Sustainability, First Call for Children, Safe City and Lifelong Learning.
11. The CHMF contributes to the following: Mauri Ora, Strong Communities, Toiora, Urban and Rural Villages, Vibrant Arts and Culture, Working Together Community Outcomes.

CONSULTATION

12. In developing the CHMF and the policy and guidelines, consultation was undertaken with Council officers in Leisure Services and Strategic Planning.

RESOURCES

13. Council has allocated \$42,000.00 for the CHMF in the 2009/2010 financial year. There are nine eligible applications for financial assistance totalling \$25,469.88 leaving a balance of \$16,530.12 in unallocated funding.

IMPLEMENTATION ISSUES

14. There are no implementation issues associated with this report.

AUCKLAND COUNCIL TRANSITION ISSUES

15. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Kim Hammond, Community Grants Officer.



15 **AUCKLAND WAR MEMORIAL MUSEUM AND THE MUSEUM OF TRANSPORT AND TECHNOLOGY - ELECTORAL COLLEGE UPDATE ON DRAFT ANNUAL PLANS 2010/2011**

GLOSSARY

Auckland War Memorial Museum	(AWMM)
Museum of Transport and Technology	(MOTAT)
Territorial Local Authority Electoral College	(TLAEC)

EXECUTIVE SUMMARY

The purpose of this report is to update the Finance and Operational Performance Committee on recent deliberations of the Territorial Local Authority Electoral College (TLAEC) with regard to the Auckland War Memorial Museum (AWMM) and the Museum of Transport and Technology (MOTAT) draft Annual Plans 2010/2011.

The TLAEC approved the publication of the 2010/2011 proposed levies, as requested, within the respective draft plans of the AWMM and the MOTAT.

The Finance and Operational Performance Committee needs to consider whether it wishes to prepare a separate submission on behalf of the Council.

RECOMMENDATIONS

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

1. **Receive** the Auckland War Memorial Museum and the Museum of Transport and Technology - Electoral College Update on Draft Annual Plans 2010/2011 report.

2. **Agree** that the Finance and Operational Performance Committee consider the formulation of submissions to the draft Annual Plans 2010/2011 of the Auckland War Memorial Museum and the Museum of Transport and Technology.

BACKGROUND

1. The Council is a contributing member (two voting representatives) on the TLAEC. The TLAEC exercises a governance role over the respective Boards of the AWMM and MOTAT. By legislation, territorial local authorities within the Auckland region are required to contribute to the running costs of these organisations, the share of which is allocated based on the respective capital values (rating) within the contributing authorities. As revaluations are carried out every three years, with local authorities not all on the same three year cycle, this Council's percentage share of the levy will vary from year to year. Waitakere's new valuations came into effect from 1 July 2008, which were used to calculate this Council's share of the levy in the 2009/2010 year. That gave rise to a significant increase in the Council's share of the levies for that year. Recent valuations for Auckland City, Manukau City and North Shore City councils apply to the share of the levies distribution from 1 July 2010. This results in a decrease to this Council's share of the levies as compared to 2009/2010.

DECISION MAKING

Issues

2010/2011 Proposed Levies

2. The proposed levy by the AWMM is \$24,330,000. This represents a 3.97% (\$928,000) increase over the 2009/2010 levy. The increase in the AWMM levy equates to a decrease of \$190,692 over the current year's levy (\$2,717,157) to the Council. The increased levy is primarily due to a decrease in special exhibitions revenue.
3. The levy requested by MOTAT is \$10,062,000. This represents an 8% increase over the 2009/2010 levy. The increase in the MOTAT levy equates to a decrease of \$36,857 over the current year's levy (\$1,045,135) to the Council.
4. The key elements of the increase in the MOTAT levy comprise:
 - Remuneration of \$158,000 representing staff salary adjustments;
 - An increase of \$372,000 for depreciation funding and \$280,000 for site maintenance and development.
5. The Finance and Operational Performance Committee may wish to formulate and present separate submissions on behalf of Council. The closing date for submissions on the AWMM is 5.00 pm on 18 February 2010, and MOTAT is 5.00 pm on 5 February 2010. MOTAT advised the TLAEC that submissions from the contributing local authorities can be submitted up to 15 February 2010.
6. Copies of the draft Annual Plans 2010/2011 for AWMM and MOTAT are available in the Councillors' Lounge.

STRATEGIC CONTEXT

7. The AWMM and MOTAT are facilities contributing to the preservation of cultural and heritage history on a regional basis.

CONSULTATION

8. There was no consultation required.

RESOURCES

9. Provision of \$2.807 million had been made in year 2 of the Council's Long Term Council Community Plan for the AWMM levy and \$1.137 million for the MOTAT levy. The proposed 2010/2011 levies (this Council's share) are as follows:

	2009/2010 actual	2010/2011 proposed	Decrease
AWMM	\$2,717,157	\$2,526,465	\$190,692
MOTAT	\$1,081,992	\$1,045,135	\$36,857

AUCKLAND COUNCIL TRANSITION ISSUES

10. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Andrew Pollock, Director: Finance.



16 AUCKLAND REGIONAL AMENITIES FUNDING BOARD - DRAFT FUNDING PLAN 2010/2011

GLOSSARY

Auckland Regional Amenities Funding Board	(ARAFB)
Auckland Regional Amenities Funding Act 2008	(the Act)
Territorial Local Authority Electoral College	(TLAEC)

EXECUTIVE SUMMARY

In accordance with the requirements of the Auckland Regional Amenities Funding Act 2008 (the Act), the Auckland Regional Amenities Funding Board (ARAFB) submitted its Draft Funding Plan for the year ended 30 June 2011 for consideration by the Territorial Local Authority Electoral College (TLAEC) in December 2009. The TLAEC approved the publication of the 2010/2011 proposed levy as requested.

The proposed levy for 2010/2011 is \$11.6 million, which is only marginally lower than the maximum amount permitted under the Act. The proposed levy for 2010/2011 represents an increase of \$2.6 million (or 28.9%) over the 2009/2010 levy, and is consistent with what was foreshadowed and provided for in the Act. The increase is in line with the intention of the Act that the levy be phased in over a four year period, with 2010/2011 being year two of the four years.

The Finance and Operational Performance Committee needs to consider whether it wishes to prepare a separate submission on behalf of the Council.

RECOMMENDATIONS

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

1. **Receive** the Auckland Regional Amenities Funding Board - Draft Funding Plan 2010/2011 report.
2. **Agree** that the Finance and Operational Performance Committee consider the formulation of a submission to the Auckland Regional Amenities Funding Board - Draft Funding Plan 2010/2011.

BACKGROUND

1. The ARAFB administers the provision of funding and assessment of 10 specified amenities in the Auckland region. The introduction of the Act in 2008 was to address the stability and sustainability of the following amenities:
 - Auckland Observatory and Planetarium Trust Board;
 - Auckland Philharmonia Orchestra;
 - Auckland Regional Rescue Helicopter Trust;
 - Auckland Theatre Company Limited;
 - Coastguard Northern Region Incorporated;
 - New Zealand Maritime Museum Trust Board;
 - New Zealand Opera Limited;
 - Surf Life Saving Northern Region Incorporated;
 - The Auckland Festival Trust; and
 - Watersafe Auckland Incorporated.
2. Each of the above amenities must submit its funding requirements to the ARAFB on an annual basis.

DECISION MAKING

Issues

2010/2011 Proposed Levies

3. The table below provides a breakdown of the proposed 2010/2011 levy by each Territorial Local Authority. The calculations are based on the percentage to be paid by each council in accordance with the formula established under the Act.

Authority	Percentage Payable	2010/2011 Indicative Levy	2009/2010 Actual Levy	Change from 2009/2010
Auckland	45.3%	5,263,829	4,106,475	1,157,354
North Shore	15.0%	1,738,697	1,358,118	380,579
Manukau	19.7%	2,280,104	1,735,176	544,928
Waitakere	10.9%	1,261,824	969,928	291,896
Papakura	2.8%	329,038	246,134	82,904
Franklin	1.5%	169,625	170,095	-470
Rodney	4.8%	556,883	414,074	142,809
TOTAL	100.0%	\$11,600,000	\$9,000,000	\$2,600,000

Table 1: Proposed 2010/2011 Levies

4. The levy requirement outlined in the draft Funding Plan 2010/2011 is consistent with the provisions of the Act. It is noted that the maximum levy provided for under the Act for in 2011/2012 is \$15.0 million, and for 2012/2013 the maximum allowed is 2% of the rates of the region.
5. Amounts to be provided to the amenities are shown below:

Auckland Observatory and Planetarium Trust Board	800,000
Auckland Philharmonia Orchestra	2,120,000
Auckland Regional Rescue Helicopter Trust	1,200,000
Auckland Theatre Company Limited	1,070,000
Coastguard Northern Region Incorporated	610,000
New Zealand Maritime Museum Trust Board	1,400,000
New Zealand Opera Limited	650,000
Surf Life Saving Northern Region Incorporated	900,000
The Auckland Festival Trust	1,875,000
Watersafe Auckland Incorporated	660,000
Total	\$11,285,000

Table 2: Funding to Amenities

6. The ARAFB receives an allocation of \$315,000 for administration costs.
7. A copy of the draft Funding Plan 2010/2011 is attached at pages A46 to A75.

A46-A75

STRATEGIC CONTEXT

8. The ten amenities provide arts, education, rescue, or community facilities for, or services to, the Auckland region.

CONSULTATION

9. There was no consultation required for this report.

RESOURCES

10. Provision of \$1.239 million had been made in year two of the Council's Long Term Council Community Plan 2009-2019 for the Council's share of the ARAFB levy. The Council's draft Annual Plan 2010/2011 will need to provide for an additional \$22,224 for the level of levy funding being sought by the ARAFB, unless otherwise directed.

AUCKLAND COUNCIL TRANSITION ISSUES

11. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Andrew Pollock, Director: Finance.



17 **CONTRACT NO. TA080290B - TRIANGLE ROAD AND CENTRAL PARK DRIVE
CYCLEWAYS CONSTRUCTION - APPROVAL TO AWARD**

EXECUTIVE SUMMARY

The purpose of this report is to seek the Finance and Operational Performance Committee's approval to award Contract No. TA08029B – Triangle Road and Central Park Drive Cycleways Construction.

This report also seeks approval for budget and project adjustments to the cycleway programme as the allocated cost for the Triangle Road and Central Park Drive Cycleways project exceeds the budget provision for that project.

RECOMMENDATIONS

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

1. **Receive** Contract No. TA08029B – Triangle Road and Central Park Drive Cycleways Construction – Approval to Award report.
2. **Approve** the reallocation of \$400,000 from the Upper Opanuku Walk and Cycleway budget to the On Road Cycle Lanes budget to accommodate the shortfall in the budget allocation for the Triangle Road and Central Park Drive Cycleways project.
3. **Approve** the cancellation of Pomaria Road and Te Pai Place Cycleways project from the 2009/2010 work programme.
4. **Approve** that, subject to a satisfactory credit check, the tender from John Fillmore Contracting Limited for Contract No. TA08029B – Triangle Road and Central Park Drive Cycleways Construction, in the sum of \$2,572,907.88 plus \$321,613.47 GST, totalling \$2,894,452.35 be accepted.
5. **Approve** that authority to enter into Contract No. TA08029B – Triangle Road and Central Park Drive Cycleways Construction on behalf of the Council be delegated to the Acting Director: City Services.

BACKGROUND

1. The Council is in the process of upgrading and improving the cycle network within the City. As part of the upgrade process, Council proposes to construct new cycleways that will provide linkages with the existing cycleways. This in turn will create a more connected route for cyclists to utilise, and provide increased travel options for residents in the City.
2. The tender for the construction of the cycleways along Triangle Road and Central Park Drive was publicly advertised and the tender closed on 10 December 2009.
3. Due to a shortfall in the New Zealand Transport Agency subsidy for transport projects, a report was submitted to the 7 December 2009 meeting of the Finance and Operational Performance Committee and the Committee resolved as follows:

“The Finance and Operational Performance Committee resolved to:

1. *Receive the Regional Land Transport Programme 2009-2012 Funding Subsidy Shortfall report.*

2. *Note that the allocated subsidy in the Regional Land Transport Programme 2009-2012 has a shortfall of \$10,920,356 compared to the subsidy allowance in the Long Term Council Community Plan 2009-2019 for the 2009/2010, 2010/2011 and 2011/2012 financial years.*
3. *Agree that the Annual Plan 2009/2010 for transport be amended as set out in the table below:*

	Approved Budget	Recommended Budget	
Details	Subsidised	Subsidised	Non-Subsidised
Operation & maintenance of local roads			
<i>Urban Maintenance General</i>	\$1,527,000	\$1,443,000	
<i>Flood Damage General</i>	\$384,000	\$274,000	
<i>Street Lighting Maintenance</i>	\$1,069,000	\$859,000	
<i>Street Lighting Power</i>	\$2,219,000	\$1,106,130	\$864,465
<i>Bus Shelters</i>	\$88,000	\$81,000	
Renewals of Roads			
<i>Bus Shelters Renewals</i>	\$273,000	\$272,000	
<i>Road Rehabilitation/ Reconstruction</i>	\$2,249,616	\$2,000,000	\$249,616
Capital Works			
<i>School Travel Plans</i>	\$740,000	\$395,000	\$345,000
<i>Cycleway On Road Cycle Lanes</i>	\$5,019,700	\$720,000	\$2,284,600
<i>Bus Shelter Construction</i>	\$260,000	\$88,780	\$69,288

4. *Note that the following projects will not be completed:*
- (i) *Road reconstruction activities that will not be carried out in 2011/2012 as planned in the Long Term Council Community Plan 2009-2019, as follows:*
- *Parrs Cross Road, Henderson;*
 - *Lincoln Road, Henderson;*
 - *Parker Road, Waitakere;*
 - *Parker Avenue, New Lynn; and*
 - *School Road, Henderson.*
- (ii) *The School Travel Plan infrastructure projects planned for 2011/2012 will not be implemented;*
- (iii) *Funding for demand management and community programmes has been reduced by 20% and there is no certainty of funding for 2010/2011 and 2011/2012; and*
- (iv) *A number of walk and cycleway projects will not be implemented as set out in the table below:*

<i>Details</i>	<i>2009/2010</i>	<i>2010/2011</i>	<i>2011/2012</i>
<i>Cycleway On Road Cycle Lanes (Rathgar Road)</i>	<i>\$1,275,400</i>		
<i>Cycleway Universal Drive –Lincoln Road to Swanson Road</i>		<i>\$1,450,000</i>	
<i>Cycleway Hobsonville Road - SH16 to Buckley Avenue</i>			<i>\$680,000</i>
<i>Cycleway Portage Road – Neville Street to Kinross Street</i>			<i>\$300,000</i>
<i>Project Twin Streams Cycleway Pioneer Street to West Wave</i>		<i>\$200,000</i>	<i>\$400,000</i>

1979/2009”

4. The total budget of \$3,004,600 approved on 7 December 2009 was allocated to build the following on road cycleways:
 - Triangle Road;
 - Central Park Drive;
 - Pomaria Road and
 - Te Pai Place.
5. Council is building an off-road dedicated walk and cycleway along Project Twin Streams. In order to obtain the most favourable outcome of lighting along this walk and cycleway \$650,000 was allocated to this lighting project. Due to the reduction in the scope of work, a saving of \$400,000 has been identified.

DECISION MAKING

6. The Council proposes to construct cycleways along Triangle Road and Central Park Drive. These sites have been identified as being in close proximity to established cycleways. This project will provide a safe and efficient choice of transport options to City residents, enhancing our stance as an eco city.

Issues

7. The approved budget of \$3,004,600 was for the construction work of the proposed cycleway programme in 2009/2010. In error, the funds for the professional services were not included in the approved budget.
8. An additional \$507,491 is needed to meet the professional service expenditure committed to the cycleway projects.
9. Following the tender for Contract No. TA08029B – Triangle Road and Central Park Drive Cycleways Construction, the revised estimate for the approved cycleway programme is higher than the budget provision, after allowing for professional services.
10. In order to limit the number of projects a priority assessment has been undertaken based on the close proximity to established cycleways and usage of the cycleway route.

11. Triangle Road and Central Park Drive were identified as a higher priority compared to the planned projects for Pomaria Road and Te Pai Place for the following reasons:
 - The cycleway along Triangle Road and Central Park Drive provides a connection to the north-western cycleway link which currently ends at Central Park Drive.
 - The north-western cycleway is one of the most used cycleways in the Auckland region and non completion of this route negatively impacts the cohesiveness and efficiency of the network.
12. Even with limiting the 2009/2010 on-road cycleway programme solely to Triangle Road and Central Park Drive, this will still require an additional \$400,000. There will be no remaining funds for other cycleway projects in the 2009/2010 year.

Options Identified

13. Two options were identified to address the shortfall of funds for the cycleway programme. The options are as follows:
 - Option 1: Cancel the cycleway along Pomaria Road and Te Pai Place and move the budget to the Triangle Road and Central Park Drive Cycleway project and reallocate the shortfall of \$400,000 from the Opanuku Walk and Cycleway budget.
 - Option 2: Cancel the tender for Contract No. TA08029B – Triangle Road and Central Park Drive Cycleways Construction and re-tender with a reduced scope of work.

Assessment of Options

14. Option 1 provides a connection to the north-western cycleway link which currently ends at Central Park Drive. The north-western cycleway is one of the most used cycleways in Auckland region and completion of this route is essential to maintain the cohesiveness and efficiency of the network.
15. Option 2 provides incomplete cycleways and it will create breaks and incomplete sections within the City and the regional networks.

Consideration of Community Views

16. Council officers have consulted with the affected residents and other parties on the recommended cycleway projects along Triangle Road and Central Park Drive.

Preferred Option

17. Option 1 is the preferred option, as it provides a connection to the existing north-western cycleway link. Implementation of this option requires the cancellation of the cycleway project along Pomaria Road and Te Pai Place. This leaves a shortfall of \$400,000 which can be funded from the savings obtained from the Opanuku Walk and Cycleway budget.

STRATEGIC CONTEXT

18. Increased provision for cycling has the potential to have a strong positive influence on the Council's strategic platforms such as urban and rural villages, integrated transport and communication, strong communities and sustainable energy and clean air.

Award of Tender

19. As the tender validity expires on 10 February 2010, this tender evaluation report is being presented to the Finance and Operation Performance Committee for their approval to award. The tender analysis is detailed below.

Scope of Work

20. Triangle Road and Central Park Drive Cycleway extends from the intersection of Triangle Road / Don Buck Road to a point on Central Park Drive just north of the crossing of the Henderson Creek. The cycleway will be mainly on-road (in the carriageway adjacent to the kerb line) from Don Buck Road to the intersection with Lincoln Road and mainly "off-road" (in the berm) along Central Park Drive. The total overall length of the cycleway is approximately five kilometres.

21. In association with the construction of the new cycleway, a series of new parking bays is to be constructed within the existing berm. Modifications to the existing road layouts are required at Triangle Road / Makora Road intersection, Huruhuru Road roundabout and Central Park Drive at Te Pai Place, and a new cycleway bridge is to be constructed across Huruhuru Creek.

22. Key components of the proposed cycleway, together with their approximate lengths, are as follows:

- | | | |
|----|---|-------------|
| a) | On-road from Don Buck Road to Keegan Drive | 2250 metres |
| b) | On-road plus off-road from Keegan Drive, through the Huruhuru Road roundabout, to 307 Triangle Road | 230 metres |
| c) | On-road from 307 Triangle Road to Lincoln Road | 860 metres |
| d) | Off-road from 183 Central Park Drive to 141 Central Park Drive | 490 metres |
| e) | Off-road from Universal Drive Extension to Clemway Place | 410 metres |
| f) | Off-road from Te Pai Place to Henderson Creek | 140 metres |

23. Along the route the following structures are proposed:

- Timber pole retaining wall around power transformer at parking bay near 111 Triangle Road.
- Timber pole retaining wall at parking bay near 237 Triangle Road.
- Concrete block retaining walls to rear of cycleway adjacent to Huruhuru Road roundabout.
- Four span concrete cycleway bridge approximately 73 metres long across Huruhuru Creek and associated board walks.

Tenders Received

24. Tenders were publicly advertised on Tenderlink with 54 sets of documents being downloaded. Four tenders were received by the closing date of 10 December, 2009. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
HEB Construction Limited	Firth Street, Drury, Auckland 2113	2,499,065.16
John Fillmore Contracting Limited	5 Kirkbride Road, Mangere, Auckland	2,572,907.88

TENDERER	REG OFFICE	TENDER PRICE (excl. GST)
TEBO Limited	16/1 Vernon Street, Papakura, Auckland 2244	Disqualified
Traffic Systems Limited	681E Rosebank Road, Avondale, Auckland	3,006,831.22
Pre-tender contract estimate (based on most up-to-date tender rate)		2,722,435.00
Budget estimate		2,750,000.00

Table 1 - Summary of Tender Prices

Tags, Errors or Omissions

25. The tender from TEBO Limited contained a list of tags, but as this tenderer was disqualified due to low attribute scores, these tags were not considered.
26. The tender submitted by HEB Construction Limited contained two tags, one relating to unforeseen ground conditions and the other to the shifting of the new bridge structure further north to avoid existing overhead power lines on the Huruahu Creek bridge. Upon discussion, HEB Construction Limited agreed to remove their first tag from their tender, and evaluated an additional sum of \$132,000.00 to the total tender sum to remove the second tag from their tender. Other tenderers allowed for this work in their tender sum, but in order to obtain the competitiveness of the tender process, this addition to HEB Construction Limited price was accepted and used in the tender evaluation process.
27. HEB Construction Limited's tender schedule of prices contained calculation errors of \$32.55 and this is negligible and has no effect on the outcome.
28. The schedule of prices from HEB Construction Limited had an omission of cost breakdown for Central Park Drive. This was not addressed as it did not affect the outcome of the tender evaluation process.
29. Traffic Systems Limited's tender schedule of prices contained data entry errors that amounted to \$4,207.74 and has no effect on the outcome.
30. There were no identified errors or omissions in the submission from John Fillmore Contracting Limited.

Tender Evaluation

31. In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in New Zealand Transport Agency's "Competitive Pricing Procedures Manual".
32. These procedures require that where the tender includes provisional sums (work valued by the principal and placed within the schedule of prices) they are deducted from the tender sum prior to evaluating each tender.
33. In this contract the value of provisional sum is \$203,000.
34. The "two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, and the tender prices duly included in the evaluation.

35. A summary of the evaluation results is shown in Table 2.

Tender Evaluation	Attributes	Exp.	Track Record	Tech Skill	Res.	Manage. Skill	Method.	Price	Total Weights
	Weights	7	7	3	3	3	7	70	100
Tenderer	Tender Sum	Grades							INDEX
HEB Construction Limited	\$2,428,065.16	80	80	80	85	85	80	50	59
John Fillmore Contracting Limited	\$2,369,907.88	80	75	75	70	70	75	52	59
TEBO Limited	--	34	34	--	--	--	--	--	Disqualified
Traffic Systems Limited	\$2,803,831.22	80	75	70	75	75	70	35	47
Median Tender Price	\$2,428,065.16								

Table 2 - Summary of Tender Evaluation

36. Scores for the non-price attributes were determined on the basis of information provided in each tender, on the information gathered from the referees nominated by the tenderers, and on any recent Council experience with the tenderers.
37. The pre-tender contract estimate falls within the range of submitted tendered prices. It is also within 2.2% of the median tendered price.
38. The tender submitted by TEBO Limited was disqualified as their submitted tender failed to demonstrate any previous relevant experience and track record associated with the full extent of the proposed works. Due to this failure, their remaining non-price attributes were not scored.
39. The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by John Fillmore Contracting Limited achieved the highest index of 59. This tender is also the lowest priced tender.
40. John Fillmore Contracting Limited has nominated Fulton Hogan Limited as their specialist bridge subcontractor. John Fillmore Contracting Limited and their nominated subcontractors have the necessary expertise and resources to satisfactorily carry out the civil, roading and structures work.
41. As part of Council's contracting process "Quality, Health and Safety and Environmental compliance are not negotiable" - all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

CREDIT CHECK

42. A credit check on John Fillmore Contracting Limited has been requested.

Job Costs

- | | | |
|-----|--|------------------|
| 43. | | <u>Excl. GST</u> |
| | Tender sum – John Fillmore Contracting Limited | \$2,572,907.88 |
| | Contingency | \$ 256,692.12 |
| | | ----- |
| | Total Job Cost | \$2,829,600.00 |

SOURCE OF FUNDING

44. Source of funding is shown in Table 3 below:

Budget Description (from annual budget line item) Annual Plan 2009/2010	Codes	Budget	Committed to other projects	Allocation to this project	Unallocated balance	Potential surplus
Cycleway On Road Cycle Lane	8AMTA-07-104	\$3,004,600.00	\$507,491.00	\$2,497,109.00	\$0.00	\$0.00
Opanuku Walk and Cycleway	8AMTA-07-104	\$2,042,300.00	\$2,109,809.00	\$332,491.00	\$67,509.00	\$67,509.00
	Total			\$2,829,600.00		

Table 3 – Source of Funding

IMPLEMENTATION ISSUES

45. There are no expected implementation issues with this contract.

AUCKLAND COUNCIL TRANSITION ISSUES

46. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Sreekanth Vidhyadharan, Transport Engineer.



18 WAIKUMETE CEMETERY APPROVAL TO NEGOTIATE CREMATION FEES

GLOSSARY

Waikumete Cemetery (the Cemetery)
Finance and Operational Performance Committee (the Committee)

EXECUTIVE SUMMARY

The purpose of this report is to seek approval from the Finance and Operational Performance Committee (the Committee) to allow the cremation fees at Waikumete Cemetery (the Cemetery) to be negotiated on a case by case basis with selected funeral directors in order to maintain cremation volumes in an increasingly competitive market and therefore continue to cover costs associated with the operation of the crematorium.

Cemetery fees are notified on an annual basis but currently do not make provision for customer incentive by way of discount or rebate. While the Cemetery continues to investigate and provide expanded services and facilities, market share continues to decline against local private competition where a comprehensive suite of products and services is offered. The ability to negotiate discounts will assist in maintaining and increasing volumes to ensure economic viability of the crematorium.

RECOMMENDATIONS

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

1. **Receive** the Waikumete Cemetery Approval to Negotiate Cremation Fees report.
2. **Agree** that cremation fees may be negotiated on a case by case basis and with selected funeral directors following review and recommendation by Cemetery management, and as approved by the Acting Director: City Services

BACKGROUND

1. Crematorium fees for 2009/2010 are approximately 20% below target and it is considered that this is due to:
 - Council not currently providing a discount to funeral directors, as was previous custom for prompt payment and volume of business received;
 - A lack of reception facilities at the Cemetery. Competitors' ability to provide integrated cremation services and reception facilities continues to reflect in declining demand for funeral directors for use of the Cemetery for cremations; and
 - Advertising and marketing by local competition for cremation services.

DECISION MAKING

2. This report seeks approval to allow the cremation fees at the Cemetery to be negotiated on a case by case basis with selected funeral directors in order to maintain cremation volumes.
3. Council has approximately \$1million invested in crematorium facilities including a cremator (installed in May 2007), crematorium building, contract for furnace rebuilds and annual inspections requiring contribution to fixed cost recovery.
4. Cremation revenue for the current financial year is budgeted at \$203,000 but forecast to be \$163,328, a reduction of approximately 20%. Revenue for the year to 31 December 2009 is \$89,324 against a budget of \$111,021.
5. Operating expenses for cremation services, including depreciation of \$92,366, are budgeted at \$260,202 for the current financial year against a forecast of \$231,033.
6. While a universal increase in cremation fees has been trialled this has proven unsuccessful due to competing operators' ability to offer comprehensive services. It is considered necessary to adopt a volume-focused approach where total revenue increases to therefore cover net operating costs.
7. While the Council cremation fees appear competitive against other Councils in the region, a direct comparison against competing operators is not possible due to either the bundling of the cremation charge in the total funeral cost or the additional facilities and services that these operators are able to provide.
8. Following are the cremation numbers shown as a year to date comparison:

Financial Year	Cremation Volume: 6-months (Jul-Dec)	Cremation Volume: Full Year	
2008	331	644	Actual
2009	364	638	Actual
2010	314	600	Assessed

9. The assessment of 600 cremations are forecast for the 2010 financial year on the basis that the historical trend has seen a greater proportion of cremation demand in the first six months of the financial year, incorporating the coldest period of the winter and therefore the period of higher demand.
10. Consideration has been given to maintain current rates with Funeral Directors and negotiate variable rates with individuals seeking cremation services. From a commercial perspective it is considered more effective to seek a single negotiation point with selected clients capable of contributing volume work rather than ad hoc arrangements.
11. Negotiation of fees with individual funeral directors provides the ability to maintain forecast revenues. The ability to secure additional volume work from selected funeral directors provides the mechanism to secure the cremation revenue stream.
12. Monitoring of the success of this programme will be by way of reporting against cremation trends, cremation numbers against funeral director, and revenue against budget.

STRATEGIC CONTEXT

13. Council provides cemetery, including cremation facilities, as an essential public health function and as a legislative requirement, while at the same time promoting heritage, cultural and environmental values.

CONSULTATION

14. Due to the commercial sensitivity of this report, no external consultation has occurred. Agreements reached with individual funeral directors will remain confidential.

RESOURCES

15. The implementation of this request is expected to decrease the forecast deficit to budget for the 2009/2010 financial year and preserve projected revenues for subsequent years.

IMPLEMENTATION ISSUES

16. Cemetery management will be required to assess prospective funeral directors considered to be of sustainable value to Council and recommend the level of discount for the approval of the Acting Director: City Services prior to negotiation and implementation.

AUCKLAND COUNCIL TRANSITION ISSUES

17. The decision making proposed in this report is not constrained by section 31 of the Local Government (Tamaki Makaurau Reorganisation) Act 2009, as it does not directly or because of its consequences: significantly prejudice the reorganisation, significantly constrain the powers or capacity of the Auckland Council or any subsidiary of the Auckland Council following the reorganisation, or have a significant negative impact on the assets or liabilities that are transferred to the Auckland Council as a result of the reorganisation.

Report prepared by: Mark Abbot, Deputy Group Manager: Assets.



PART E - REPORTS FROM THE SUBCOMMITTEES

19 TENDERS SUBCOMMITTEE

THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS MEETINGS HELD ON FRIDAY, 18 DECEMBER 2009 AND FRIDAY, 22 JANUARY 2010.

MATTERS CONSIDERED

A76-A84

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 A76 to A84.

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

Receive the meetings reports of the Tenders Subcommittee held on Friday, 18 December 2009 and Friday, 22 January 2010.

RI Clow
CHAIRMAN



PART F - PUBLIC EXCLUDED MATTER

20 NEW LYNN TRANSIT ORIENTED DEVELOPMENT PROJECT - LAND ACQUISITION FOR TOTARA AVENUE FOOTPATH AND TOTARA AVENUE - HETANA STREET INTERSECTION

This item will be considered in the Confidential Supplement of the agenda, and has been circulated to members separately with this agenda.

PROCEDURAL MOTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following part of the proceedings of this meeting, namely New Lynn Transit Oriented Development Project - Land Acquisition for Totara Avenue Footpath and Totara Avenue - Hetana Street Intersection.

The general subject of the matter to be considered while the public is excluded, the reason for passing this resolution in relation of the matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of the matter to be considered.	Reason for passing this resolution in relation to the matter.	Ground under Section 48(1)(a) for the passing of this resolution.
New Lynn Transit Oriented Development Project - Land Acquisition for Totara Avenue Footpath and Totara Avenue - Hetana Street Intersection	The withholding of information is necessary in order to: <ul style="list-style-type: none">enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 7(2)(i) of that Act which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public as follows:

- *The report contains information which if released could affect Council's negotiations.*

