



**AGENDA FOR A MEETING OF THE FINANCE AND OPERATIONAL PERFORMANCE  
COMMITTEE TO BE HELD AT WAITAKERE CENTRAL, 6 HENDERSON VALLEY  
ROAD, HENDERSON, WAITAKERE, ON MONDAY, 11 AUGUST 2008  
COMMENCING AT 9.30 AM**

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**PART A - OPENING OF MEETING**

**1 APOLOGIES**



**2 URGENT BUSINESS**

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

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

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

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



**3 CONFLICTS OF INTEREST**

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



**4 CONFIRMATION OF MINUTES**

Meeting Minutes – Monday, 7 July 2008

**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 July 2008, including the public excluded minutes, as circulated, and that they be taken as read and now be confirmed.



**PART B - LEGAL AND CONSTITUTIONAL**

**5 AFFIXATION OF COMMON SEAL**

**RECOMMENDATIONS**

The Finance and Operational Performance Committee resolve to:

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

**EXECUTION OF DOCUMENTS: 24 June to 31 July 2008**

<b>Nº</b>	<b>NAME</b>	<b>PARTICULARS</b>
4503	WCC – Jemms 2007 Limited	Sale of 11A John F Kennedy Place, Authority and Instruction Form – resolution 1348/2005
4504	WCC – Maku Enterprises Limited	Sale of 12 John F Kennedy Place, Authority and Instruction Form – resolution 1348/2005
4505	WCC – WCC	Memorandum of Encumbrance re flooding – 121 Millbrook Avenue – resolution 1150/2007
4506	WCC – Waitakere Properties Limited	Authority for Use of Dedicated Road – Keeling Road signage
4507	WCC – Mohammed Ali	Sale of 121 Millbrook Road, Authority and Instruction Form – resolution 1150/2007
4508	WCC – Campbell Developments Trustee	Water supply easement in gross – CTs.391919-391929 – 144A, 146A Glengarry Road, Glen Eden – RMA20061752
4509	WCC – S & HP Laurie, RP Webber	Drainage easement in gross – CT.393837 – 22 & 46 Simpson Road, Ranui – RMA20042478
4510	WCC – Sark Properties Limited and Vaughan & Menzies Trustees Limited	Drainage easement in gross – CTs.406249 & 406250 – 413-421 West Coast Road, Glen Eden – RMA20061677
4511	WCC – Te Atatu Developments Limited	Water supply easement in gross – CTs.252684 -252688 – 289-293 Te Atatu Road – RMA20001232
4512	WCC – The Falls Hotel Preservation Trust and The Waitakere City Improving School Attendance Programme (SAP)	Deed of Sub-Lease dated 16 November 2007 – Consent of WCC as Head Lessor Trust
4513	WCC – Rosier Investments Limited	Drainage easement in gross – CTs.254488 – 119 Rosier Road, Glen Eden – RMA2004496
4514	WCC – Jaimi Lee Flude	Warrant of Appointment & Evidence of Identity – No.WCC398
4515	WCC – NR Gillard	Drainage easement in gross – CT.392599 – 241 Sturges Road, Glen Eden – RMA2006577
4516	WCC – DL & A Gray	Conservation Covenant, 5 Steed Road, Anzac Valley – resolution 2090/2003

Nº	NAME	PARTICULARS
4517	WCC – Paul Tavo	Warrant of Appointment & Evidence of Identity – No.WCC295 (Replacement for lost warrant)
4518	WCC – Jeffrey Ian White	Memorandum of Encumbrance – CT.NA849/101 – 66 Otitori Bay Road
4519	WCC – Auckland City Council, Manukau City Council, North Shore City Council, Papakura District Council, Rodney District Council and Waitakere City Council	Deed of Indemnity and Contribution – Finance & Operational Performance Committee resolution 305/2008
4520	WCC – Housing New Zealand Limited	Fencing Agreement – CT.395378 – 3 & 3A Urban Grove, Ranui – RMA20061483
4521	WCC – PH Rana and Others	Encumbrancee's consent, 67 Kohu Road, Titirangi – Rule 44(2)
4522	WCC – Henderson Heritage Trust/ Corban Estate Arts Centre	Consent to sub-lease – City Development Committee resolution 1427/2005
4523	WCC – Denny B, Denny O and 123 Trustees Limited	Memorandum of Encumbrance – CT.NA1382/5 – 13 Lancewood Avenue, Green Bay
4524	WCC – Sign Inn Limited	Surrender of Lease – 4E Clark Street, New Lynn – Finance & Operational Performance Committee resolution 657/2007
4525	WCC – St Clair Park Development Limited	Drainage easement in gross – CT.408298 – 166 and 174-178 McLeod Road, Te Atatu South – RMA20064300
4526	WCC – St Clair Park Development Limited	Water supply easement in gross – CT.408298 – 166 and 174-178 McLeod Road, Te Atatu South – RMA20064300
4527	WCC – St Clair Park Development Limited	Pedestrian Right-of-Way and Street Light Maintenance easement in gross – CT.408298 – 166 and 174-178 McLeod Road, Te Atatu South – RMA20064300
4528	WCC – St Clair Park Development Limited	Right-of-Way for Pond maintenance in gross – CT.408298 – 166 and 174-178 McLeod Road, Te Atatu South – RMA20064300
4529	WCC – St Clair Park Development Limited	Cancellation of Fencing Agreement – CT.130553 – 166 and 174-178 McLeod Road, Te Atatu South – RMA20064300
4530	WCC – Tania Heather Brown	Warrant of Appointment & Evidence of Identity – No.WCC399

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



## PART C - FINANCE

### 6 BORROWING AND INVESTMENT REPORT

#### GLOSSARY

Long Term Council Community Plan	(LTCCP)
Waitakere City Council	(Council)
Finance and Operational Performance Committee	(the Committee)

#### EXECUTIVE SUMMARY

This is a monthly report to the Waitakere City Council's (Council) 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 this 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, prepared in compliance with the Local Government Act 2002. As a requirement of that Policy this report informs the Committee on the current and future movements of the Council's debt and cash investments, and provides a general commentary of financial market conditions.
2. The relevant portfolio and graphs reflect the estimated position as at 30 June 2008 and are attached at pages A1 to A6.

A1-A6

#### DECISION MAKING

##### Issues

3. The Council's Funds Management function actively manages a large portfolio of various debt and investment instruments. The benefit of borrowing is that it enables the Council to carry out the projects identified in the Annual Plan and Long Term Council Community Plan (LTCCP), while spreading the costs for those projects over time to recognise the future benefits. Borrowing funds therefore assists the Council with its entire loans funded strategic initiatives. The Liability Management and Investment Policy requires that a report detailing the management of the portfolio be presented to the 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.
4. This report addresses the requirement of the Liability Management and Investment Policy and may include other information that is relevant to the Funds Management function.

#### **Financial Implications**

5. 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.
6. The Council maintains a Standard and Poor's Credit Ratings of A-1 short term, and A+ long term (stable).

#### **Interest Rates**

7. The Reserve Bank of New Zealand decreased its Official Cash Rate on 24 July 2008 by 0.25% to 8%. New Zealand inflation is still considered high and the Reserve Bank expects it to peak at 5% in the September quarter, far outside the 1%-3% parameters the Reserve Bank is trying to manage over the medium term. On the other hand, the economy is weak and they consider it to continue to be so for the remainder of 2008.
8. An important comment contained in the Reserve Bank's statement was regarding the increased cost of credit that New Zealand banks are now experiencing. This increased cost will be passed onto bank borrowers, meaning that if the Reserve Bank had not decreased the Official Cash Rate in July 2008, it would have been likely the major local banks would have increased their own interest rates. This would put even greater pressure on the slow housing market and any businesses with bank debt.
9. As a result of the Official Cash Rate being decreased, wholesale interest rates have also decreased over the past two weeks. All interest rates from 90 Day Bank Bills to 10 Year interest rate swaps have decreased by approximately 0.20%. The financial market largely expects that the Reserve Bank will continue to decrease its Official Cash Rate by 0.25% at future set Monetary Policy Statement dates, the next being on 11 September 2008.
10. In summing up the Reserve Bank's last Monetary Policy Statement, further cuts can be expected as long as the medium term inflation outlook continues to improve and there is not excessive depreciation in the New Zealand dollar. The New Zealand dollar hit its last peak in March 2008 and has steadily trended downwards since then. It is likely that this trend will continue throughout 2008.

#### **STRATEGIC CONTEXT**

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

## CONSULTATION

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

## RESOURCES

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

## IMPLEMENTATION ISSUES

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

**Report prepared by:** Bruce Wilkin, Treasury Manager.



## 7 PAYMENTS FOR APPROVAL

### EXECUTIVE SUMMARY

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

A7-A15

A summary schedule of payments made for the period 15 June 2008 to 12 July 2008 is attached at pages A7 to A8. A further schedule of all payments of \$5,000 and above, together with the reason for the payment, is attached at pages A9 to A15.

Payments have been provided for in accordance with approved budgets.

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

### RECOMMENDATIONS

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

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

### BACKGROUND

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

## DECISION MAKING

2. The Finance and Operational Performance Committee must consider whether to approve the contracts let and the payments made for the period 15 June to 12 July 2008.

## STRATEGIC CONTEXT

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

## CONSULTATION

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

## RESOURCES

5. This report has no resource implications.

## IMPLEMENTATION ISSUES

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

**Report prepared by:** Alec Third, Group Manager: Financial Operation



## PART D - GENERAL

### **8 WAITAKERE CITY HOLDINGS LIMITED AND SUBSIDIARIES REPORTS FOR THE 12 MONTHS ENDED 30 JUNE 2008.**

#### **EXECUTIVE SUMMARY**

The purpose of this report is to present to the Finance and Operational Performance Committee the reports, for the 12 months ended 30 June 2008, for Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board.

*A16-A59* The Year End Review Report, draft Annual Report, draft Statement of Service Performance for Waitakere Properties Limited and a summary schedule of Trust Account transactions are attached at pages A16 to A59.

*A60-A98* The Full Year Performance Summary Report, draft Annual Report and draft Statement of Service Performance for the Waitakere Enterprise Trust Board are attached at pages A60 to A98.

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

Waitakere City Holdings Limited does not prepare formal, quarterly, reports as the company operates as a consolidating entity for its subsidiaries and has few transactions of its own.

## **RECOMMENDATION**

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

**Receive** the Waitakere City Holdings Limited and Subsidiaries reports for the 12 months ended 30 June 2008.

## **BACKGROUND**

1. Council has a 100% shareholding in Waitakere City Holdings Limited which in turn has a 100% shareholding in Waitakere Properties Limited. Waitakere Properties Limited has a 40% shareholding in Prime West Management Limited. Waitakere City Holdings Limited is tasked, by Council, with overseeing the operations of its subsidiaries and the Waitakere Enterprise Trust Board. Waitakere Properties Limited manages commercial property projects on behalf of Council. These projects are usually managed through a "deed of trust" individually set up for each project. Prime West Management Limited is responsible for managing the operations of the film studio facility located on Henderson Valley Road. On behalf of Council, the Waitakere Enterprise Trust is tasked with undertaking initiatives which accelerate the sustainable economic growth of the City.
2. Council, through the respective statements of intent, requires that Waitakere City Holdings Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust Board, present to Council quarterly performance reports. Prime West Management Limited is not classed as a "council-controlled organisation" within the meaning of the Local Government Act 2002, and, as such, is not required to report formally to Council, however, it is likely that some form of formal reporting will be developed in the near future.

## **DECISION MAKING**

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

## **STRATEGIC CONTEXT**

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

## **CONSULTATION**

5. No consultation was required in respect of this report

## **RESOURCES**

6. This report has no resource implications

## **IMPLEMENTATION ISSUES**

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

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



## 9 STURGES ROAD AND DRIVEWAYS WORKS – RAISING OF ROAD LEVEL

### EXECUTIVE SUMMARY

The purpose of this report is to inform the Finance and Operational Performance Committee on the progress made in publicly notifying the intention to raise Sturges Road, to confirm that no submissions from the public on this matter were received and to approve the new level of the road.

### RECOMMENDATIONS

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

1. **Receive** the Sturges Road and Driveway Works – Raising of Road Level report.
2. **Approve** the raising of Sturges Road by a maximum of one metre for a distance of approximately 70 metres on either side of the proposed raised bridge as shown on the plan on attached at page A99 in order to accommodate the construction of the new bridge by ONTRACK.

A99

### BACKGROUND

1. ONTRACK wish to replace the existing road over rail bridge at Sturges Road in order to provide added headroom clearance for future rail electrification and to provide greater lateral safety distance between bridge piers to accommodate double rail tracks. This requires that the existing bridge be removed and a new bridge be built in its place by ONTRACK.
2. The new road over rail bridge will be about one metre higher than the existing bridge. The raised bridge requires that Council raise its road to accommodate new bridge levels. The raised road has the effect of requiring that many driveways be raised to reach the new road levels.
3. Under Section 330 of the Local Government Act 1974 the Council may alter the level of a road and Schedule 13 of that Act sets out the process for the public notification of the proposal to raise the level of the road and to hear submissions in respect of that proposal.
4. At its meeting held on 30 May 2007, the Council resolved:

“2. *That, pursuant to Section 330 of the Local Government Act 1974, public notice be given in accordance with Clause 1 of Schedule 13 of that Act of the Council's intention to raise the level of Sturges Road on either side of the rail overbridge to the levels depicted in the engineering plans prepared by Council's engineers.*

3. *That the Group Manager: Asset Management be delegated authority to confirm the properties that are affected once the detailed engineering plans have been finalised and to fix the date for the hearing of any objections to the proposed changes prior to publication of the public notice.*

4. *That the Sturges Road Bridge Working Party be kept informed of all changes regarding the Sturges Road Rail Overbridge Replacement - Fixing of Road Level.”*

(951/2007)

5. Letters publicly notifying Council's intention to raise the road were sent to affected property owners or tenants as the case may be, and these were served between the dates of 3 to 6 June 2008. Formal confirmation of delivery of these letters has been attested by an Affidavit of Service sworn before the Deputy Registrar of the District Court of North Shore.
6. In addition, advertisements were placed in the New Zealand Herald and the Western Leader on 28 and 29 May 2008 respectively.
7. The public were given until 30 June 2008 to make any objections.
8. By the closing date of 30 June 2008, no objections were received against the formal intention to raise Sturges Road although four respondents did make submissions on a similar and related matter dealing with Council's application for Resource Consent for the road and driveway works.
9. Of the four submissions received in terms of the application for Resource Consent, three are neutral and one is opposed. The opposition submitter will be heard as a separate Resource Consent matter in front of an independent commissioner in August 2008.
10. It is important to draw the distinction between the raising of the road, under the Local Government Act 1974 and the opposition to the Resource Consent application. For the avoidance of any doubt, no formal written objections were received from the public relating to the raising of the road.

#### **DECISION MAKING**

11. As no objections were received to the raising of the road, the level of Sturges Road may be raised to meet the height of the new bridge to be constructed later this year by ONTRACK. As required by the Local Government Act 1974, once this Committee has approved the new level of the road, this new level will be publicly notified.
12. The objection raised under the Resource Consent application is a separate matter and is to be heard at a meeting in front of an independent commissioner.

#### **Issues**

13. The raising of Sturges Road causes steeper driveways to some properties and this requires the construction of retaining walls and the raising of fences and gates to accommodate new levels.
14. The proposed construction contract for the road works provides for adequate remediation by way of improved and better drainage being installed, improved concrete driveways being constructed, mitigation planting and landscaping being done and adjustments made to the levels of fences and gates on a like for like basis.
15. Most residents will be better off because of the improved driveways and mitigation works being constructed at no cost to them.

#### **Consideration of Community Views**

16. Consultation between the Project Team and the public took place in 2007 with the holding of an open day on 4 August 2007 as well as regular meetings with the Sturges Bridge Replacement Community Liaison Group. Personal visits were also made by the Project Team to two elderly residents in the area in June 2008.

17. A further informal meeting was held at Council on 8 July 2008 when three residents' concerns over the Resource Consent application were heard by the Project Manager and minor design changes were proposed to accommodate the residents' requirements and to make matters easier for them.

### STRATEGIC CONTEXT

18. The Waitakere City Council's "Integrated Transport and Communication" platform provides the strategic context for this report. The vision is for public transport and communications systems that provide fast, effective services and for city travel facilitated by integrated, environmentally responsible and innovative design, with a focus on meeting the essential needs of all, for access, communication and safety. Replacing the Sturges Road Bridge will allow for double tracking of the rail line and will provide an integrated link between key points of Swanson maintaining the safety of pedestrians, cyclists, vehicles and trains.

### CONSULTATION

19. Consultation with the local residents will be undertaken during the construction phase in order to ensure adequate access to properties is maintained and that safety of residents is not compromised.

### RESOURCES

20. Funding for this project has been provided in the 2006–2016 Long Term Council Community Plan. A separate agreement with ONTRACK ensures that ONTRACK will design and build the new bridge, leaving Council funding to be applied solely to the road and driveway works.

### IMPLEMENTATION ISSUES

21. There are no implementation issues identified in this report.

**Report prepared by:** Joe Schady, Senior Engineer Special Projects.



## 10 STARLING PARK SPORTS CLUB FUNDING

### GLOSSARY

Leisure Facility Partnership Fund	(LFPF)
Starling Park Sports Club	(SPSC)
million	(m)

### EXECUTIVE SUMMARY

The purpose of this report is to clarify the terms and conditions of the funding to Starling Park Sports Club (SPSC) as approved through the Annual Plan process.

An amount of \$1 million (m) was approved to support the building of a \$2.4m clubhouse facility on Starling Park that would benefit both the Ranui Swanson Associated Football Club, Waitakere Bears Softball Club and other yet to be determined sporting and community groups within the area.

Council officers have investigated the option of providing this funding by way of a suspensory loan and this report provides details of the benefits to Council of such a loan. Terms for the SPSC suspensory loan would be that the \$1m loan would be interest free and written off progressively, over a period of 30 years, i.e. one thirtieth each year reverts to a grant, provided that SPSC meets its agreed community obligations. It is suggested that all sizeable community funding for capital works be through suspensory loans from this point forward, and that this policy be advised to staff.

Had this application for funding been granted through the Leisure Facility Partnership Fund (LFPF) then a close working partnership would have been formed including a series of criteria that ensures the building incorporates the principles of sustainable design and consider the principles of sustainable development in the fit-out and construction phases. It is recommended that the conditions as set out within this agenda report be applied in this case to SPSC funding.

### **RECOMMENDATIONS**

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

1. **Receive** the Starling Park Sports Club Funding report.
2. **Approve** a \$1 million contribution to the capital development of the Starling Park proposed facility as an interest free loan and written off progressively, over a period of 30 years, i.e. one thirtieth each year reverts to a grant, provided that the Starling Park Sports Club meets its agreed community obligations.
3. **Agree** that in future, all sizable community funding for capital projects (over \$100,000) be granted to applicants as suspensory loans with appropriate terms and conditions to be approved by the Finance and Operational Performance Committee
4. **Approve** the recommendation that the conditions imposed to successful applicants of the Leisure Facility Partnership Fund, including that Council project manages the design and development of the facility, be applied to Starling Park Sports Club proposed facility.

### **BACKGROUND**

1. In December 2005 the clubrooms of the SPSC, which comprises the Ranui Swanson Association Football Club and the Waitakere Bears Softball Club burnt down as a result of an arson attack. Council officers have been working closely with the SPSC since this time and encouraged them to rebuild their clubrooms into a facility that meets the wider needs of the geographic area both now and into the future.
2. Funding was provided from the Community Sport Club Development Fund in 2007 for architectural plans and quantity surveyors estimates to rebuild their clubrooms.
3. An application was received in 2007 for funding from the LFPF to build a substantial facility costing \$2.4m on Starling Park. This application was considered to be too large for the LFPF to enter into partnership with, because the total of the LFPF is \$500,000. Even if Council officers had recommended that the total annual amount of this fund be granted to SPSC, the balance of \$1.9m would be unlikely to be obtained from other funding agencies and the project would be at risk of not proceeding.

4. Council officers met with the SPSC committee and informed them that their application for substantial funding from the LFPF was unsuccessful but that an amount of \$15,000 was granted so that the SPSC could continue to progress their design. At this meeting Council officers mentioned that the only option to find the amount of funding required to kick start this project would be to request funding through the Annual Plan Process.

### **DECISION MAKING**

5. It was suggested during deliberations at the Annual Plan meetings that funding granted to SPSC could be provided by way of a suspensory loan. Council officers have investigated the option and this report provides details of the benefits of a suspensory loan.
6. The granting of funding by way of a suspensory loan gives Council ongoing leverage in enforcing community access and meeting community benefits and community needs. If a club later withdraws their agreement (e.g. for community access) the remaining portion of the loan could be withdrawn - thus enforcing the club to either honour its original commitment for a period of up to 30 years, or to seek alternative funding in order to buy out of the remaining portion of the loan.
7. Council officers wish to continue to work closely with SPSC to assist them to build a facility that is in keeping with the eco city principles of Waitakere. To this end it would be advantageous to have rigorous criteria around the funding of the facility and we are requesting that the LFPF criteria be incorporated into the terms and conditions of the \$1m funding that was set aside through the Annual Plan process, including that Council project manages the design and development of the facility.

### **Options Identified**

8. Traditionally Council has offered funding to support community by way of a grant. Another option for funding large capital projects is by way of a suspensory loan.

### **Assessment of Options**

#### **Funding by way of a grant**

9. Under a grant, Council may outline certain community benefits to be provided by the facility. However, the risk to Council is that there is no mechanism to control that community access and the delivery of community benefits after the capital development is complete. Over time organisations can change and the intent of the investment may no longer be a priority to new committee members. Should this happen, once a grant has been made, Council have little ability to see community benefits met. From a community perspective, however, grants are the easier option as there is reduced risk and liability for the organisation long term.

#### **Funding by way of a suspensory loans**

10. A suspensory loan mechanism allows Council to monitor and ensure the delivery of the agreed community benefits in the long term, as per the original intent of the agreed funding and outlined in a contract.

11. The mechanism for a suspensory loan in this case are proposed as a \$1m contribution to the capital development, as an interest free loan over a period of 30 years, i.e. one thirtieth each year reverts to a grant, provided that the club meets its agreed community obligations. During this time Council would be able to monitor the meeting of the Community Outcomes as part of the funding agreement of the project. Should the organisation fail to honour the intent of Council's investment then Council could call in the remaining debt. This would only occur as a last resort after working closely with the organisation to remedy the situation.

### **Conditions of granting funding to SPSC**

12. Had this application for funding been granted through the LFPF then all or part of the following conditions would have been imposed on the SPSC. Council officers wish to work in close partnership with SPSC to secure a good outcome for Council's investment and requests that the following criteria for funding be set.
  - a) Council project manages the design and development of the facility.
  - b) All designs must be approved by Council's design review panel.
  - c) Hold regular meetings with Council officers (monthly where required) to enable opportunities to discuss the project and seek advice and support.
  - d) Funding will only be released upon evidence all of the funds to complete the building in its entirety (including a 10% contingency fund for cost escalations) have been obtained. This must also include funds for the fit-out of the facility.
  - e) Funding will be advanced on a month by month basis in line with project forecasts and will be adjusted according to project actual spend.
  - f) Council needs to be informed if there are any significant changes within the organisation or any partner organisation involved in the facility. For example the change in structure, proposed amalgamation, significant changes in financial position etc.
  - g) A lease of the land for the proposed project needs to have been obtained.
  - h) All Consents for the proposed project need to be obtained by the club.
  - i) Obtain Quantity Surveyors estimates and provide to Council along with an updated copy of the funding plan based on these estimated costs, a contingency must be included for any unfunded amount.
  - j) Provide a copy of all finalised concept and detailed design to Council's Leisure Services Recreation Partnership Projects Leader.
  - k) Incorporate the principles of sustainable design into the facility and consider the principles of sustainable development in the fit-out and construction phases. Council's Cleaner Production team can assist the applicant through this process. Some examples include:
    - Maximise energy efficiency through good lighting design, passive solar design, good insulation and choosing energy efficient appliances.
    - Choose environmentally friendly building materials; timber and wood product should be from New Zealand plantation grown timber or from an independently certified sustainable source, use Environmental Choice accredited paints and other low emission or environmentally-friendly finishing products.
    - Use water saving devices such as low-flow showerheads and taps.

- l) A partnering agreement between Council and the applicant will need to be agreed upon and signed before funding for the construction of the facility is realised. This agreement will include details on things such as the community access to the facility and the pricing structure to be used. This agreement will be negotiated between the applicant and Council during the development stage of the project as more detailed information is obtained about the size, costs, and makeup of the facility.

### **Consideration of Community Views**

13. This application for funding came via the Annual Plan process and as such it was an open and transparent process.
14. A feasibility study was conducted by an external consultant who canvassed the views of the community and received an overwhelming support for the rebuilding of the SPSC clubhouse facility.

### **Preferred Option**

15. That Council grant the \$1m for SPSC as a suspensory loan, and from this point forward all sizeable community funding for capital works (over \$100,000) be provided by way of suspensory loans.
16. That the criteria as set out in the LFPF are a condition of the funding for the SPSC including that Council project manages the design and development of the facility.

### **STRATEGIC CONTEXT**

17. Through the Strong Communities platform, the Council outlines its commitment to undertaking initiatives that will contribute to making Waitakere a safe, informed and healthy place to live and to improving local leisure and recreation opportunities and choices. Through adoption of First Call for Children, the Council has also stated its commitment to proactively supporting children, young people and their families in Waitakere. Direct financial assistance to organisations providing facilities and activities to get people more active, assists the Council's commitment to these policies.
18. Waitakere is one of the least active cities in New Zealand. New leisure facilities support opportunities for residents to participate in sport and or physical activity and will complement the initiatives being implemented through the Active Waitakere 'Move It Waitakere' Action Plan.

### **CONSULTATION**

19. Consultation has taken place with senior management and Leisure Services officers on options to secure community access and community benefits through capital grants.

### **RESOURCES**

20. \$1m has been set aside in the 2008/2009 Annual Plan to support the SPSC project. \$15,000 has been allocated through the LFPF to support the design development and consent fees for the project.
21. Leisure Services officers have been working closely with SPSC to secure a good outcome for both Council and the community.

## IMPLEMENTATION ISSUES

22. Should a suspensory loan be approved it is important Council officers work closely with SPSC so that they fully understand the implications of this decision.
23. It is important that Council officers continue to work in partnership with SPSC to ensure a positive outcome for both the community and Council, by agreeing to the criteria as set out in the LFPF being put in place, a close relationship will be formed and positive outcomes are more likely to be achieved.

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



## PART E - REPORTS FROM THE SUBCOMMITTEES

### 11 TENDERS SUBCOMMITTEE

**THE SUBCOMMITTEE SUBMITS THE FOLLOWING REPORTS OF ITS MEETINGS HELD ON FRIDAY, 27 JUNE 2008 AND FRIDAY, 25 JULY 2008.**

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### MATTERS CONSIDERED

*A100-A108*

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 A100 to A108.

### **The Subcommittee Recommends:**

That the meetings reports of the Tenders Subcommittee held on Friday, 27 June 2008 and Friday, 25 July 2008 be received.

**RI CLOW**  
**CHAIRMAN**



**PART F - PUBLIC EXCLUDED MATTERS**

**12 LAND ACQUISITIONS: NEW LYNN TRANSIT ORIENTED DEVELOPMENT**

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 proceeding of this meeting, namely, Land Acquisitions: New Lynn Transit Oriented Development.

The general subject of the matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each of the matters 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	The withholding of information is necessary in order to: <ul style="list-style-type: none"><li>• Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</li></ul>	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 proceeding of the meeting in public as follows:

- *This report contain information which if released could affect the Council's negotiations.*

