

**AGENDA FOR AN EXTRAORDINARY 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 WEDNESDAY, 15 OCTOBER 2008
COMMENCING AT 9.00 AM**

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1 APOLOGIES



2 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.



3 COUNCIL COMMUNITY GRANTS

EXECUTIVE SUMMARY

The purpose of this report is to recommend the revocation of the resolutions adopted by the Finance and Operational Performance Committee regarding Starling Park Sports Club Funding at its meeting held 11 August 2008. The Director: Finance has been tasked with developing a Council Community Grants Policy. Pre-policy development consultation work with other external funding agencies has established some concerns based on the content of the Starling Park Sport Club report. In particular the ASB Charitable Trust feel two of the conditions we have imposed on the grant are not inline with their current policy. They did, however, express an interest in working with the Council in developing policy in this area due to their experience of similar frustrations. Meanwhile, we need to change the conditions of Starling Park Sports Club grant as to not disadvantage their application to ASB Charitable Trust.

RECOMMENDATIONS

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

1. **Receive** the Council Community Grants report.
2. That pursuant to Standing Order no. 27.18:

“The Finance and Operational Performance Committee resolved to:

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 20 to 30 years, i.e. one twentieth or one thirtieth each year reverts to a grant, provided that the Starling Park Sports Club meets its agreed community obligations, the term to be signed off by the Chairman of the Finance and Operational Performance Committee.

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 on successful applicants of the Leisure Facility Partnership Fund, including that Council project manages the design and development of the facility, be applied to the Starling Park Sports Club proposed facility."*

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be revoked and replaced with:

3. **Approve** a \$1 million contribution to the capital development of the Starling Park proposed facility as a grant to Starling Park Sports Club with the conditions that would be imposed had the grant application had been approved through the Leisure Facility Partnership Fund.
4. **Agree** that the Director: Finance continue to develop a Community Grants Policy that formalises the required protection to Council when allocating community funds, while being equitable to both the grant applicant and other external grant funding providers and present this proposed policy to the Policy and Strategy Committee.

BACKGROUND

1. At the Finance and Operational Performance Committee held on 11 August 2008 a report titled Starling Park Sports Club Funding was presented. As part of this report the matters of a 'suspensory loan' and 'project management' were proposed as a means for the Council to mitigate risks associated with making such a sizable grant to a community agency (in this case Starling Park Sports Club). The type of instrument proposed would subsequently become applicable to other larger funding applications in the future, through development of a policy in this area.
2. The resolutions at the Finance and Operational Performance Committee passed were:

"The Finance and Operational Performance Committee resolved 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 20 to 30 years, i.e. one twentieth or one thirtieth each year reverts to a grant, provided that the Starling Park Sports Club meets its agreed community obligations, the term to be signed off by the Chairman of the Finance and Operational Performance Committee.
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 on successful applicants of the Leisure Facility Partnership Fund, including that Council project manages the design and development of the facility, be applied to the Starling Park Sports Club proposed facility."*

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3. The ASB Trust has indicated that the conditions outlined in resolutions 2, 3 and 4 are not in line with their current policy. Accordingly, the Council needs to reconsider these conditions in order for Starling Park Sports Club to secure the funding it requires to proceed.

DECISION MAKING

Issues

4. This Council has experienced frustrations in the past ensuring grants approved for specific community outcomes continue to be delivered by the community groups concerned over time. Other councils and funding organisations have had similar concerns regarding grants recipients defaulting on their agreed community outcomes and have adopted a range of methods which gave legal recourse against the grant recipient should the community group deviate significantly away from what the grant funds were intended for. The Council currently has methods such as terms built into the lease agreement or the access agreement. A Council Community Grants Policy is in the process of being developed to enable the Council to better manage these issues.
5. Initially, officers proposed using a suspensory loan or amortising grant process, and this condition was accordingly imposed on Starling Park Sports Club. However, ASB Charitable Trust feel this approach conflicts with their policy. Therefore, so as not to disadvantage the Starling Park Sports Club, it is recommended that Council revoke that condition and simply continue with a standard Grant.
6. It has been identified that the current framework of the Leisure Facility Partnership Fund would present an acceptable level of control over the grant funding approved for Starling Park Sports Club namely:
 - All designs must be approved by Council's design review panel;
 - Hold regular meetings with Council officers (monthly where required) to enable opportunities to discuss the project and seek advice and support;
 - All contracts for professional services and construction will be professionally tendered;
 - 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;
 - Funding will be advanced on a month by month basis in line with project forecasts and will be adjusted according to project actual spend;
 - 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;
 - A lease of the land for the proposed project needs to have been obtained;
 - All consents for the proposed project need to be obtained by the club;
 - 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;
 - Provide a copy of all finalised concept and detailed design to Council's Leisure Services Recreation Partnership Projects Leader;

- 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:
 - a. Maximise energy efficiency through good lighting design, passive solar design, good insulation and choosing energy efficient appliances.
 - b. 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.
 - c. Use water saving devices such as low-flow showerheads and taps.
 - 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.
7. The ASB Charitable Trust have never had a problem with these conditions in the past and so it is assumed they will be acceptable for this Starling Park Sports Club grant.
 8. The Council should note this also replaces the condition that Council will project manage the build, with a requirement that all professional services should be tendered, thus still addressing earlier concerns about needing to ensure project management of this sizeable project would be put to full competitive tender.

Options Identified

9. In order for the existing grants applicants to move forward with their other funding applications, it has become evident that the Council needs to revoke the resolutions adopted in the Starling Park Sports Club Funding Report, if it wishes the Starling Park Sports Club project to proceed.

Assessment of Options

10. The revocation of the resolutions does not expose the Council to any greater risk, provided current Leisure Facility Partnership funding framework is observed, and suitable conditions are incorporated into the Lease Agreement and/or an Access Agreement.

STRATEGIC CONTEXT

11. 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.

12. 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

13. The revocations recommended in this report are based on pre-policy development consultation with the significant grant funding providers. These were:
- ASB Charitable Trust;
 - Department of Internal Affairs; and
 - The Licensing Trusts.
14. The ASB Charitable Trust are willing to continue to work with council officers on policy development so we can develop a mutually acceptable policy, ensuring that community outcomes are met.

RESOURCES

15. No additional recourses are necessary for this report.

IMPLEMENTATION ISSUES

16. There are no implementation issues

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

