
Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 18 February 2016 at 1:30pm.

PRESENT

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker
	Cr G Chesterman
	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr A O'Leary
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung

In Attendance	Richard Briggs – Chief Executive
	Lance Levvort – General Manager Community
	Sean Hickey – General Manager Strategy and Communications
	David Bryant – General Manager Corporate
	Kelwyn Eglington – General Manager City Growth
	Sean Murray – Executive Director of Sport and Events
	Bhair Bowcott – Executive Director Special Projects
	Stephen Halywell – Accounting Manager
	Beattie Brinkworth – Accounting Project Accountant, Finance
	Debra Brinkworth – Corporate Projects Accountant, Entertainment & Leisure Manager
	Debra M. Dyaliss – Entertainment & Leisure Manager
	Andrew Passons – Waters Manager
	Leleovaki – Group Business Manager, Community
	Chris Copner, Barrow – Project Management Manager
	Nicholas Wells – Strategic Property Manager
	Sally Sheedy – Parks and Open Spaces Manager
	Scott Copeland – Procurement Manager

Democracy Advisors	Mrs Jude Pani and Mr Ian Loiterton
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1. Apologies

Resolved: (Crs Pascoe/Wilson)

That apologies be accepted for Councillors Green and Forsyth for early retirement from the Meeting (5.00pm).

Minute Note: the Chair introduced new staff to the meeting, namely David Bryant – General Manager Corporate and Tracey Musty – Financial Controller.

2. Confirmation of Agenda

Resolved: (Crs Pascoe/Mallett)

That the Committee confirm the Agenda, noting Item 13 (Asset Analysis – Waiwhakareke Land – Retention or Disposal Options) would be considered prior to Item 8 (10 Year Plan Monitoring Report) to accommodate Members of the Public attending in relation to Item 13.

3. Declarations of Interest

Cr Chesterman declared a conflict of interest in relation to Item 15 (Legal Services Contract) and stated that he would retire from the Meeting during that Item.

4. Public Forum

As per Hamilton City Council’s Standing Orders, a period of up to 30 minutes was set aside for a public forum.

The following Members of the Public spoke during the Public Forum:

Name	Organisation (if Applicable)	Item speaking to.	Position
Kemble Pudney	Tui 2000	Proposed Waiwhakareke Land Sale	Opposed
Anna Casey-Cox	Waikato Environment Centre	Proposed Waiwhakareke Land Sale	Opposed
Prof. Bruce Clarkson	University of Waikato	Proposed Waiwhakareke Land Sale	Opposed
Aaron Wong	Generation Zero	Proposed Waiwhakareke Land Sale	Opposed
Alvina Edwards	n/a	Proposed Waiwhakareke Land Sale	Opposed
Martin Toop	n/a	Proposed Waiwhakareke Land Sale	Opposed
Miles Barker	n/a	Proposed Waiwhakareke Land Sale	Opposed

5. Finance Committee Meeting - Open Minutes - 19 November 2015

Resolved: (Crs Pascoe/Tooman)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 19 November 2015.

6. Finance Committee - Open Action List - 18 February 2016

The Chair spoke to the staff Report and provided a verbal update that the *Hamilton Ring Road Quarterly Project Update* was to be considered at a 15 March 2016 Council Briefing, prior to being reported back to the Strategy and Policy Committee Meeting on 24 March 2016. The Action List would be updated accordingly.

The General Manager (GM) Community responded to questions in relation to a Report due back to the Finance Committee regarding Water World and the Gym. GM Community stated that staff were collating additional information on commercial Gyms to be included in the Report to ensure it be as robust as possible. The Report would be considered at the 21 April 2016 Finance Committee Meeting.

GM City Infrastructure responded to questions in relation the Business Case for a new structure to extract water from the Waikato River. GM City Infrastructure stated that there was no precedent for the project and that design elements had to be revised throughout the project; a contingency plan was in place and this would be implemented in the next couple of months.

Action: GM City Infrastructure to provide a project update in relation to the Business Case for New Structure to Extract Water from the Waikato River to the next Finance Committee Meeting on 21 April 2016.

Resolved: (Crs Pascoe/Mallett)

That the Report be received.

7. Recommended dates for reports to be presented to Finance Committee

Resolved: (Crs Forsyth/Mallett)

That the Report be received.

Item 13 (Asset Analysis – Waiwhakareke Land – Retention or Disposal Options) was considered prior to Item 8 (10 Year Plan Monitoring Report) to accommodate Members of the Public attending the Meeting in relation to Item 13.

13. Asset Analysis - Waiwhakareke Land - Retention or Disposal Options - Recommendation to Council

The Strategic Property Manager, supported by the GM Community, Parks and Open Spaces Manager and Executive Director Special Projects responded to questions from Committee Members concerning:

- Parks and Open Spaces view that the addition of the Smart Subdivision to the Waiwhakareke Reserve would add additional benefits in terms of extra open space and water catchment management,
- Development contributions having not been made to the Smart Subdivision to date, as no work had been conducted, and
- The number of lots in the Smart Subdivision would be approximately 52 – 63, with between 52- 63 houses in total to be built.

Motion: (Cr Pascoe/Her Worship the Mayor Hardaker)

That:

- a) The report be received; and
- b) Council retain as residential land the Waiwhakareke land as described in the schedule.

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

Amendment: (Crs Gallagher/Chesterman)

As per the Council Resolution on 26 September 2013, that:

- a) the report be received, and
- b) Council declares the Smart Sub-division Land (Lot 2 DP 425316) to be reserved and included within the Waiwhakareke Natural Heritage Park (Lot 1 DP 425316).

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

The Amendment was then Put.

For:

Crs Wilson, Green, Macpherson, O’Leary, Gallagher, Yeung and Chesterman.

Against:

Her Worship the Mayor Hardaker and Crs Forsyth, Pascoe, King, Mallett and Tooman.

The Amendment was declared carried.

Further Amendment : (Crs Mallett/King)

That:

- a) the report be received;
- b) Council sells the Waiwhakareke Land described in the Schedule,
- c) the net proceeds from the sale of the Waiwhakareke Land be used to repay debt, and
- d) Council authorises the Chief Executive Officer to:
 - (1) conclude the sale of the land at a price of no less than 90% of the estimated current market value,
 - (2) execute an Agreement for Sale and Purchase, and
 - (3) any other instruments that are required to give effect to this resolution.

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

The Further Amendment was then Put.

For:
Crs King, Mallett and Forsyth.

Against:
Her Worship the Mayor Hardaker and Crs Wilson, Green, MacPherson, O’Leary, Gallagher, Yeung, Chesterman, Pascoe, and Tooman.

The Further Amendment was declared Lost.

The Amendment as the Substantive Motion was then Put and declared carried.

Resolved: (Crs Gallagher/Chesterman)

As per the Council resolution on 26 September 2013, that:

- a) the report be received; and
- b) Council declares the Smart Sub-division Land (Lot 2 DP 425316) to be reserved and included within the Waiwhakareke Natural Heritage Park (Lot 1 DP 425316).

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

For:
Her Worship the Mayor and Crs Wilson, Green, MacPherson, O’Leary, Gallagher, Yeung, Chesterman, Forsyth, Pascoe, and Tooman .

Against:
Crs King and Mallett.

The Meeting adjourned (3.15pm – 3.35pm).

8. 10-Year Plan Monitoring Report - YTD December 2015

The GM Corporate, Financial Controller and Chief Executive summarised the staff Report and responded to questions from the Committee Members concerning the new Development Contributions software. It was noted that the project included objectives to ensure better management and forecasting of Development Contributions.

The GM City Infrastructure spoke to the Capital Programmes on pages 51 and 55 of the Agenda. It was noted that there were a range of issues that had contributed to project delays including:

- **Third Party Delays:** a total of 10 projects were delayed due to third party issues,
- **Rototuna Reservoir:** approval was sought for the last contract, which would place the project back on schedule. There was a question as to whether all project funds would be expended in the current financial year,
- **Integrated Catchment Management Plans:** there was a risk that not all the project's funds would be expended in the current financial year, and
- **Ring Road:** while there were potential delays to the project, there were no financial implications due to advance funding arrangements with New Zealand Transport Authority (NZTA). Any delays would only be a risk in terms of community expectations.

The Director H3 and Events confirmed the Victoria on the River project works were planned to commence in August/September 2016 and that it would be funded from debt as per a previous Resolution of Council.

Action: Future 10 Year Monitoring Reports were to include unexpended funds with an explanation of project delays; for example, for third party reasons.

Resolved: (Her Worship the Mayor Hardaker/Cr Forsyth)

That:

- a) The report be received; and
- b) the Chief Executive is delegated to approve the extension of Contract 13087 Committed Bank Facility by two years to a maturity date of 10 December 2019.

Crs King and Macpherson Dissenting.

9. Claudelands Event Centre Reporting - Quarter 2

The Director H3 and Events spoke to the staff Report and responded to questions including:

- **Visitor numbers:** Given the Events Centre started from a zero base, visitor numbers were reasonable, but management were working to increase Events Centre usage.
- **Centre reputation:** A number of successful events, including those involving international promoters, had helped to raise the profile of the Events Centre. It was hoped this would help to increase revenue in the future.
- **Revenue:** The conversion of the number of enquiries received to actual bookings was going well. A plan was in place to increase revenue, considerations of which included:
 - The business mix of higher revenue generating events, as compared to events that had larger visitor numbers which may not necessarily result in a high revenue return,
 - Operational costs were being reduced to offset revenue shortfalls, noting that last year's budget was being matched, but that the current year's growth targets were not on budget.
 - Impediments to increasing revenue included the limitations on overnight accommodation options within the city, noting that business generated from the Events Centre alone would not be sufficient to support growth in the accommodation industry.

Resolved: (Crs Pascoe/Tooman)

That the Report be received.

10. Key Projects Monitoring Report - December 2015

Resolved: (Crs Pascoe/Wilson)

That the Report be received.

11. Victoria on the River (VOTR) - Stage One Works

The Strategic Property Manager spoke to the staff Report and responded to questions concerning:

- **Warning Signs:** Staff advised Committee Members that they were comfortable that the warning signs currently in place were adequate to mitigate the risks highlighted in the Report.
- **Work schedule:** It was planned that site works would commence in April 2016 for completion by approximately mid-May 2016.

Resolved: (Cr Tooman/Her Worship the Mayor Hardaker)

That:

- a) the report be received; and
- b) the Committee delegates authority to the Chief Executive Officer to approve and award the contract for the Victoria on the River (VOTR) – Stage One (Bulk Earthworks) for an amount not to exceed \$1,650,000 (plus GST if any).

Cr MacPherson Dissenting.

Cr Forsyth (4.50pm) and Cr Green (4.55pm) retired from the Meeting during Item 11 and were not present when the above matter was voted on.

12. Western Rail Trail Physical Works Contract

The GM City Infrastructure spoke to the staff Report, highlighting that the works were on target to be completed in the current financial year.

Resolved: (Crs Tooman/Wilson)

That:

- a) the report be received; and
- b) Financial delegation be given to the CEO for the award of the physical works Contract 15364: Western Rail Trail Bike Path - Civil Works up to a maximum of \$2,000,000 excluding GST.

Cr Mallett Dissenting.

14. Contract 15202 - Rototuna Reservoir Award

The GM City Infrastructure, Project Development Manager and City Waters Manager spoke to the staff Report, noting that the purpose of the Report was to help safeguard water supply, and that other measures were currently in place until the infrastructure was operational in 2017.

Resolved: (Crs Pascoe/Wilson)

That:

- a) the Report be received;
- b) Contract 15202 for Rototuna Reservoir Build is awarded to Hawkins Group Ltd. in the contract sum of \$10,459,261.68 excluding GST;
- c) the Approved Contract Sum for Contract 15202 is set at \$11,800,000 excluding GST comprising the tender amount of \$10,459,261.68 plus a contingency allowance of \$1,340,738.32; and
- d) the budget for project CE151140 Rototuna Reservoir and Associated Bulk mains be increased by \$2,500,000 and included in the 2016/17 Annual Plan.

Cr Chesterman (5.20pm) retired from the Meeting due to a previously declared Conflict of Interest in relation to Item 15 – Legal Services Contract.

15. Legal Services Contract

The Chief Executive and Procurement Manager spoke to the staff Report, and responded to questions, with input from the Executive Director Special Projects, concerning:

- **Market testing:** The last time Council's legal services contract went out to the open market via a tender process, was in approximately 2006.
- **Exclusivity of current provider:** The incumbent provider of legal services, Tompkins Wake, had an exclusive contract in place with Council; Council had, with Tompkins Wake consent, used specialist legal firms as required.
- **Value add:** Examples of benefits from the current provider included their ability to train/provide knowledge to new members of the Senior Leadership Team, the provision of legal advice as a trusted partner, and priority access to legal services at short notice.

Motion: (Crs King/Macpherson)

That Council:

- a) go to the market for a primary but not exclusive provider and allow the Chief Executive, within his delegations, to contract Legal Services as needed;
- b) recommend to the Council that the Chief Executive's delegation for Legal Services increased to \$250,000.00 without going to public tender; and
- c) Chief Executive to resource an appropriate department, with in house capacity for the provision of legal co-ordination, guidance and direction within the existing budget.

Amendment: (Her Worship the Mayor Hardaker/Cr Pascoe)

That:

- a) the report be received;
- b) Council looks to appoint an exclusive provider of legal services; and
- c) Council looks to undertake a public Request for Proposal process to appoint the exclusive supplier.

The Amendment was then Put.

For:

Crs Pascoe, Tooman and Yeung.

Against:

Crs Wilson, MacPherson, Gallagher, Mallett and King.

The Amendment was declared lost.

A suggested rewording (as below) of the Motion was agreed to by Councillors King and Macpherson as the mover and seconder of the Motion.

The Motion was then Put.

Resolved: (Crs King/MacPherson)

That Council:

- a) proceed with a public tender for a primary, but not exclusive, legal services provider;
- b) authorise the Chief Executive, within his current delegations, to execute any necessary contracts for the provision of legal services;
- c) recommend to the Council to increase the Chief Executive's financial delegation for Legal Services by an additional \$250,000.00 without going to public tender; and
- d) require the Chief Executive to resource an appropriate department, to provide an in-house service for legal co-ordination, guidance and direction within the existing budget.

Councillors Yeung and Tooman Dissenting.

Her Worship the Mayor Hardaker (6.05pm) retired from the Meeting during the debate on the above Item. She was not present when the matter was voted on.

Councillor Chesterman (6.25pm) re-joined the Meeting after the above matter was concluded. He was not present when the matter was voted on.

16. Southern Links Investigation - Designation Phases Project Completion Report

The GM City Infrastructure took the report as read and highlighted that the designation discussed in the Report did not preclude future installation of rail options.

Action: GM City Infrastructure to provide an update to Elected Members, via email, regarding the objective of including rail in the Southern Links project, inclusive of an overview of correspondence with New Zealand Rail to date.

Resolved: (Crs Tooman/King)

That:

- a) the report be received; and
- b) no further key project Reporting was required.

17. Easement - Vector Limited

The Strategic Property Manager took the staff Report as read and clarified that Vector Limited had not obtained permission prior to conducting the works and that they had received a reprimand for not doing so.

Resolved: (Crs Wilson/King)

That:

- a) the report be received;
- b) Vector Limited is granted an easement for gas supply, covering an area of approximately 60m², over Lot 63 DPS 87863 and Lot 701 DP 468283 subject to the Minister of Conservation approval being obtained;
- c) Vector Limited being responsible for all costs associated with the easement; and
- d) the Chief Executive is delegated authority to sign all documentation relating to the easement.

18. Waikato Regional Services Fund

The Chief Executive and Manager Social Development took the staff Report as read and clarified that regional rates would be the mechanism by which the regional services would be funded. There was no provision for funding Surf Life Saving in the Hamilton City Council Annual Plan.

Resolved: (Crs Chesterman/Macpherson)

That:

- a) the report be received;
- b) Council supports Waikato Regional Council's proposal to establish the Waikato Regional Services Fund, subject to governance arrangements being in place to the satisfaction of HCC; and
- c) the organisations that will be receiving funding support through the Regional Services will not be funded by HCC for the same purposes.

19. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

Resolved: (Crs Chesterman/Yeung)

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each 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 follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee - Public Excluded Minutes - 19 November 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 18 February 2016) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 31 December 2015 & Bad Debts Writeoffs 2015/16		
C4. Development Contributions Report		
C5. Garden Place Carpark		

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 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to protect the privacy of natural persons	Section 7 (2) (a)
	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to protect the privacy of natural persons	Section 7 (2) (a)
	to maintain legal professional privilege	Section 7 (2) (g)
Item C5.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)

The Meeting was adjourned (6.50pm - 7.00pm) and moved into Public Excluded session at 7.00pm.

The Meeting was declared closed at 7.30pm.