
Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 14 July 2016 at 1:40pm.

PRESENT

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| Chairperson | Cr R Pascoe |
| Deputy Chairperson | Cr G Mallett |
| Members | Her Worship the Mayor J Hardaker |
| | Cr G Chesterman |
| | Cr M Gallagher |
| | Cr A King |
| | Cr D Macpherson |
| | Cr L Tooman |
| | Cr E Wilson |
| | Cr P Yeung |

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| In Attendance: | Richard Briggs – Chief Executive |
| | David Bryant – General Manager Corporate |
| | Lance Vervoort – General Manager Community |
| | Kelvyn Eglinton – General Manager City Growth |
| | Chris Allen – General Manager City Infrastructure |
| | Sean Murray – Executive Director H3 and Events |
| | Blair Bowcott – Executive Director Special Projects |
| | Tracey Musty – Financial Controller |
| | John Gibson – Revenue Manager |
| | Matthew Bell – Rates Team Leader |
| | Scott Copeland – Procurement Manager |
| | Andrew Parsons – City Waters Manager |
| | Jason Harrison – City Transportation Manager |
| | Simon Young – City Delivery Manager |
| | Deanne McManus–Emery – Community Development and Leisure Manager |
| | Andy Mannering – Social Development Manager |
| | Mathew Bayliss – Swimming and Recreation Manager |
| | Cherie Meecham – Museum Director |
| | Nick Johnston – Strategic Advisor |
| | Ken Cunningham – Strategic Land Manager |
| | Jeff Neems – Communications Advisor |

Nicola Walsh – Communications Advisor
Nigel Ward – Communications Advisor

Charlotte Isaac – One Victoria Trust Board Chair
Sarah Ward – Community Grant Allocation Committee Representative

Committee Advisors Becca Brooke and Mary Birch.

1. Apologies

Resolved: (Crs Pascoe/Yeung)

That the apologies from Crs Green, Forsyth and O'Leary be received and accepted.

2. Confirmation of Agenda

Resolved: (Crs Wilson/Mallett)

That the Agenda be confirmed noting that Item 13 (Sale of Art Process at Arts Post) and Item 17 (The One Victoria Trust Board 2015/16 Annual Report) were taken ahead of Item 9 (10 Year Plan Monitoring Report) to accommodate members of the public in attendance and a guest speaker.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

Deputy Mayor Gordon Chesterman welcomed and introduced visiting Deputy Mayor Gerben Van Duin of Noordwijk to the Meeting who was in Hamilton to co-host the World Championship's Lifesaving which would be attended by a number of New Zealand teams.

4. Public Forum

Stan Hodson (Humes Pipelines) and Justin Carkle (Fletcher Building) – Spoke in relation to Item 11 (Contract 15279 for Wastewater, Water Pipes and Fittings).

Mr Hodson advised the Committee that he believed the procurement process was not followed correctly in relation to the Wastewater, Water Pipes and Fittings contract. He felt that the prices Humes Pipelines had provided were better than those quoted by Hynds Pipe Systems who had been awarded the contract.

Elwyn Strong (Artist) – Spoke in relation to Item 13 (Sale of Art Process at ArtsPost)

Ms Strong spoke on behalf of the Waikato Society of Arts Incorporated, asking that Council consider lowering the commission percentage that was taken from the sale of art at Artspost.

Peter Swanepoel (Artist) - Spoke in relation to Item 13 (Sale of Art Process at ArtsPost)

Mr Swanepoel asked that Council consider lowering the commission percentage that was taken from the sale of art at Artspost.

5. Finance Committee - Open Minutes - 19 May 2016

Resolved: (Crs Mallett/Chesterman)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 19 May 2016.

6. Finance Committee - Open Action List - 14 July 2016

Resolved: (Crs Wilson/Mallett)

That the Report be received.

7. Recommended dates for reports to Finance Committee

Resolved: (Crs Pascoe/Tooman)

That the Report be received.

8. Key Projects Monitoring Report - May 2016

Action: Victoria on the River (VOTR) project to be added to the Key Projects Monitoring list.

Resolved: (Crs Wilson/Chesterman)

That the Report be received.

9. Sale of Art Process at ArtsPost

General Manager Community and Museum Director took the report as read and responded to questions from Committee Members concerning:

- Details of any previous complaints received about the commission percentage on the sale of art from artists or complaints about prices from customers. Staff advised that artists sometimes informally raised or commented on the commission percentage but that there had only been one formal complaint in 2014. No complaints had been received from the Waikato Society of Arts at formal Meetings with Museum staff. No complaints from customers about the prices of art had been received;
- Clarification on the pricing structure. Staff advised that artists stipulated the prices they wanted for their art and the commission percentage was added on top of that price;
- Art sales trends were up almost double on what they were last year;
- Types/categories of galleries included in the benchmarking exercise. Staff advised that there were a range of categories of galleries included in the benchmarking exercise with some being private and some not. Most were similar in structure to Artspost;
- Art selection process. Staff advised that every exhibition was reviewed and assessed prior to being displayed in the gallery. Pieces displayed in the gallery had to be of a high standard.

Motion (Crs King/Chesterman)

That:

- a) the Report be received; and
- a) the commission rate charged to artists for art sold at ArtsPost be reduced from 40% of the sale price plus GST to 20% of the sale price plus GST from 1 August 2016 and that the resulting \$40,000 reduction in revenue be reflected in the Risks and Opportunities Schedule for the 2016/17 financial year.

Those for the Motion: Councillors King, Gallagher and Macpherson.

Those against the Motion: Her Worship the Mayor Hardaker, Councillors Pascoe, Chesterman, Yeung, Mallett and Tooman

The Motion was declared lost.

Resolved: (Crs Pascoe/Chesterman)

That the Report be received.

Cr Wilson retired from the Meeting (2.10pm) during the above Item. He was not present when the matter was voted on.

10. The One Victoria Trust Board 2015/16 Annual Report

Social Development Manager introduced Charlotte Isaac – One Victoria Trust Board Chair. The report was taken as read, noting that the Theatre had met and exceeded usage and visitor numbers set in their KPI's. Using the theatre as a creative hub was being well received and had strong community support. The Trust was currently going through the process of planning for earthquake strengthening and facilities upgrades. They were confident that the remainder of funds needed to carry out strengthening and upgrades would be raised through grants and other contributions.

Ms Isaac responded to questions concerning increased costs and timeframes on when proposed strengthening and upgrade works were to be undertaken. Works were due to start in January 2017 and increased costs were in relation to the proposed facilities upgrade. In response to a question from Committee Members, Ms Isaac confirmed that a 20% commission rate was added onto art sold at the Meteor.

Committee Members noted that they were pleased with the results of the theatre and that the venture was a great example of what could be achieved in handing an asset over to people who had the passion and energy to make it successful.

Resolved: (Crs Pascoe/Chesterman)

That the Report be received.

The Meeting adjourned 3.10pm to 3.25pm.

11. 10-Year Plan Monitoring Report - YTD May 2016

Financial Controller spoke to the Report, noting the key point as outlined in the executive summary of the staff Report.

Staff responded to questions concerning:

- Claudelands financial information being misleading in the June issue of City News. Staff advised that the Claudelands information was not incorrect but was written in the wrong context. The Chief Executive was investigating the matter and would get back to Elected Members once an investigation had taken place.
- Water take consent with Waikato Regional Council. Staff advised that there was a cap on the volume of water that could be taken from the Waikato River but that it was not likely the cap would be exceeded given how the water take was currently tracking and the measures in place to monitor water take.
- Whether water by meter was considered a good option. Staff advised that there were arguments for both sides.
- Treasury Management. A question was responded to concerning whether Council should look at adjusting the policy parameters for debt funding maturity to make sure they were not put in the same predicament concerning Treasury Management. Staff advised that this was the first time the issue had occurred and did not anticipate it happening again but if it did, the policy would be reviewed to mitigate any risk.

Action: Chief Executive to provide further information to Elected Members concerning his findings in relation to the Claudelands article in the June issue of City News.

Resolved: (Crs Pascoe/Chesterman)

That the Report be received.

12. Contract 15594 Supply of Electricity

Procurement Manager took the report as read and responded to a questions from Committee Members concerning the procurement process followed and how the electricity prices were set.

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

That:

- a) the report be received;
- b) Hamilton City Council contracts Genesis Energy Limited to provide street light electricity supply and Contact Energy Limited to provide Time of Use and Non Time of Use electricity supply;
- c) the Approved Contract Sum for Contract 15594 A for the supply of streetlight electricity by Genesis Energy Limited is set at four million eight hundred and seventy five thousand dollars (\$4,875,000), being the estimated spend over three years;
- d) the Approved Contract Sum for Contract 15594 B for the supply of Time of Use and Non Time of Use electricity by Contact Energy Limited is set at thirteen million nine hundred and seventy five thousand dollars (\$13,975,000), being the estimated spend over three years;
- e) the Approved Contract Term for both Contract 15594 A for the supply of street light electricity and Contract 15594 B for Supply of Time of Use and Non Time of Use Electricity are set at three years; and
- f) the Chief Executive is delegated to negotiate and approve the final contracts for the supply of electricity.

13. Contract 15279 for Wastewater and Water Pipes and Fittings

Procurement Manager and City Delivery Manager took the report as read. They provided some background information and context around the procurement process followed and the reasoning behind why the successful supplier had been awarded the contract. The process followed had been robust and a number of factors had been considered (including non-financial factors) in making the final decision. The unsuccessful supplier had been contacted to arrange a time for a debrief as per good practice guidelines.

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

That:

- a) the report be received;
- b) the tender submitted by Hynds Pipe Systems Ltd for Contract 15279 for Wastewater and Water Pipes and Fittings is accepted by Hamilton City Council;
- c) the Chief Executive is delegated to negotiate and approve final contract terms with Hynds Pipe Systems Ltd;
- d) the Approved Contract Term is set at three years with two rights of renewal of one year at Council's sole discretion; and
- e) the Approved Contract Sum for the first three years of the contract is set at Two Million Four Hundred Thousand Dollars (\$2,400,000) being the estimated total spend over the first three years of the contract.

14. Sylvester Road - Road Stopping

General Manager City Infrastructure and Strategic Land Manager took the report as read and responded to technical questions concerning the road stopping process and why the matters come before Council for decision.

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

That:

- a) the report be received;
- b) the area of Sylvester Road totalling approximately 2245m² (subject to confirmation by survey), shown as section 1 on attachment 1, be stopped;
- c) section 1 is transferred to adjoining property owners (Oaklands Group Holdings Ltd & Lyndon Frederick Clements & Others and Sylvester Road Developments Ltd) in exchange for the alternative road to be constructed and vested by the property owners at no cost to Council, and subject to a survey plan being approved by Land Information NZ;
- d) the Chief Executive be delegated to sign all documentation related to the stopping of the road and transfer of section 1;
- e) the area of Sylvester Road totalling approximately 1205m² (subject to confirmation by survey), shown as section 2 on attachment 1, be stopped;
- f) section 2 is sold to the adjoining property owners (Matthew & Amanda Rountree and Michael & Sandra Powell), subject to a survey plan being approved by Land Information NZ, for \$263,945 (plus GST, if any) recognising a portion of land is being provided for access to the northern area of the Rountree property; and
- g) the Chief Executive be delegated to sign all documentation related to the stopping of the road and sale and purchase of Section 2.

15. Low River Contingency Report Update

City Waters Manager took the report as read.

Committee Members noted that the project had been nominated for and was one of the finalists for a Local Government NZ Award. They thanked staff for the great work that had been carried out for this project.

Resolved: (Her Worship the Mayors Hardaker/Mallett)

That:

- a) the report be received;
- b) the Approved Contract Sum for Contract No. 14362 for Low River Contingency Building Works be increased by \$77,209 from \$1,472,791 to \$1,550,000; and
- c) The Chief Executive be delegated to enter into a 3 year contract for a period up to 30 June 2019, for the deployment and pack down of the Water Treatment Plant pumping platform, with Brian Perry Limited for an amount not exceeding \$190,000 per deployment, comprising \$160,000, and a \$30,000 allowance for contingency in accordance with this report.

16. Western Rail Trail Contract Approval

General Manager City Infrastructure took the report as read, noting that staff member Kirsty Horridge had been awarded the 'Golden Foot Award' for her work in designing accessible kerbs at bus stops throughout the City. Committee Members congratulated Kirsty on her achievements and thanked her for her contribution to the City.

General Manager City Infrastructure responded to questions from Committee Members concerning:

- Pricing. It was confirmed there was no risk concerning pricing but that \$750,000 still needed to be funded. Staff were confident this would be funded through New Zealand Transport Agency.
- Access issues around the Lake and Hockey Fields.

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

That:

- a) the report be received;
- b) Contract 15363 for the Western Rail Trail Bike Path is awarded to HEB Construction for the tendered sum of \$4,188,218.52 excluding GST;
- c) the Approved Contract Sum for Contract 15363 is based on Option 2 as described in this report and is set at \$4,000,000 excluding GST comprised of the tender sum less reduced scope (\$280,000) being \$3,908,218.52 plus a contingency allowance of \$91,781.48;
- d) the Project Budget is revised from \$4,000,000 to \$5,540,000 as set out in this report; and
- e) staff be requested to pursue value engineering opportunities throughout the implementation of this project and to add back the identified scope omissions as the project budget allows;
- f) an additional sum of \$280,000 for the scope items in paragraph 36 of the Staff Report be added to the approved contract sum, from the Discretionary Transport Fund, to be used if required; and
- g) the Western Rail Trail project be added to the Key Projects Monitoring Report.

17. Single-Year Community Grant Allocation 2015/16

Social Development Manager and Sarah Ward of the Community Grant Allocation Committee took the report as read.

Committee Members thanked Sarah and the other members of the Community Grant Allocation Committee for their contribution to the community.

Action: staff to provide a comparison table comparing the amount of money available to give out and given out for grants each year.

Resolved: (Crs Yeung/Gallagher)

That:

- a) the report be received; and
- b) the list of successful recipients be published on Council’s website.

Her Worship the Mayor Hardaker retired from the Meeting (5.00pm) during the above Item. She was not present when the matter was voted on.

18. Resolution to Exclude the Public

Resolved: (Crs Chesterman/Tooman)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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 May 2016 |) Good reason to withhold information exists under Section 7 Local Government | Section 48(1)(a) |
| C2. Finance Committee - Public Excluded Action List - 14 July 2016 |) Official Information and Meetings Act 1987 | |
| C3. Single-Year Community Grant Unsuccessful Applicants 2015/16 |) | |
| C4. Report on overdue debtors as at 31 May 2016 & Bad Debts Writeoffs 2015/16 |) | |

C5. Waterworld Report

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:

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| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | 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) |
| Item C5. | to protect the privacy of natural persons to enable Council to carry out commercial activities without disadvantage | Section 7 (2) (a) Section 7 (2) (h) |

The Meeting went into the Public Excluded session at 5.05pm.

The Meeting was declared closed at 6.40pm.