
Finance Committee

OPEN MINUTES

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

PRESENT

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Cr G Chesterman
	Cr M Forsyth
	Cr M Gallagher
	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
	David Bryant – General Manager Corporate
	Lance Vervoort – General Manager Community
	Sean Murray – Executive Director H3 & Events
	Helen Paki – Group Business Manager, Community
	Andy Mannering – Acting Manager Community Development & Leisure
	Peter Sergel – Hamilton Gardens Manager
	Tracey Musty – Financial Controller
	Nicolas Wells – Strategic Property Manager
	Sally Sheedy – Parks and Open Spaces Manager
	Jamie Sirl – Acting Team Leader Planning & Assets

Committee Advisors	Brendan Stringer and Deborah Smith
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1. Apologies

Resolved: (Crs Yeung/Mallett)

That apologies be received and accepted from her Worship the Mayor Hardaker and Cr Green.

2. Confirmation of Agenda

Resolved: (Crs Pascoe/Mallett)

That the Agenda be confirmed noting that:

- a) Item 10 (Proposed Easements over Recreation Reserve) be taken immediately following Item 4 (Public Forum) to accommodate members of the public in attendance; and
- b) several missing pages to the agenda for Item 6 (10-Year Plan Monitoring Report), to be inserted immediately prior to page 57, were provided in hard copy to Elected Members at the commencement of the Meeting.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

Ben Wheatley – *Spoke in relation to Item 10 (Proposed Easements over Recreation Reserve).*

Mr Wheatley spoke briefly to his papers circulated to Elected Members prior to the Meeting, noting the following in response to questions:

- Access to his property at 34 Morris Road had always been via a small side street off Morris Road, which also formed the access to a field which later became Jansen Park. The side street had been designated as reserve, creating issues of access to Mr Wheatley's property.
- A new easement over the park entranceway had been proposed to allow access to Mr Wheatley's property and the neighbouring property at 34A Morris Road. Mr Wheatley had been advised that he would be responsible for the legal costs of this easement and for resurveying the area.
- He did not believe that re-surveying was necessary, nor that it was fair that he be required to pay for the new easement.

Item 10 was taken at this time as agreed by the Committee.

10. Proposed Easements over Recreation Reserve

The Parks and Open Spaces Manager and Acting Team Leader Planning & Assets took the report as read and noted the following:

- **Jansen Park Easement**

It was agreed by the Committee that all costs relating to the Jansen Park encroachment easement would be paid by Council.

- **Embassy Park Easement**

The granting of an easement at Embassy Park would be for the purposes of infrastructure maintenance by WEL Networks Ltd. Typically such easements would be granted in advance of works but in this instance a retrospective easement was required due to the urgency under which the works were originally undertaken.

Resolved: (Crs Macpherson/Wilson)

Recommendation to Council

That:

- a) the report be received;
- b) Council grant an easement pursuant to section 48(1)(f) of the Reserves Act 1977 in favour of the owner of 34 and 34A Morris Road, for the purposes of vehicle access, over that part of the land classified as Recreation Reserve and legally described as Lot 85 DPS 7196 (part of Jansen Park) subject to:
 - (i) Ministerial consent being obtained from an authorised council officer under delegation from the Minister of Conservation;
 - (ii) Council meeting all costs of the preparation and registration of the easement against appropriate certificates of title, and the reasonable legal costs (including survey) and all other costs agreed to within the easement instrument;
- c) Council grant an easement pursuant to section 48(1)(d) of the Reserves Act 1977 in favour of WEL Networks Ltd, for the right to convey electricity in, through and below that part of the land vested in Council as Recreation Reserve and legally described as Lot 1 DP 9845 ("Embassy Park"), subject to:
 - (i) Ministerial consent being obtained from an authorised council officer under delegation from the Minister of Conservation; and
- d) the Chief Executive be delegated the power to negotiate the terms of the easement with Dennis Wheatley, and WEL Networks Ltd; and to sign all documents and do all things necessary to enable the easement to be granted and registered.

5. Key Projects Monitoring Report - June 2016

The General Manager Corporate introduced the report and noted the following in response to questions:

- **Hamilton Ring Road Upgrade and Extension**

The risks reported were correct as at the end of the financial year. The project scope had since fundamentally changed and analysis of risks was being undertaken accordingly.

- **Waioira 2 Water Treatment Plant Upgrade**

Development work was still underway on this project. An updated assessment and description of risks would be included as part of preparation for the next 10-Year Plan.

It was possible that the higher than forecast growth curve for Hamilton had impacted on project costs and that the actual costs of work could have increased following approval of the original business case. In some instances there had been challenges in meeting consent compliance which had impacted on project costs.

- **District Plan Review**

One District Plan Review appeal remained to be settled; this was pending a consent order from the Courts. Updated information, including budget implications, would be brought to Council once the order had been received.

Resolved: (Crs Pascoe/Mallett)

That the report be received.

6. 10-Year Plan Monitoring Report - For the year ended 30 June 2016

The Financial Controller spoke to the report, noting and responding to questions on the following:

- **Year End results**

Council completed the 2015/16 financial year in a favourable financial position. A summary of the results was provided.

Deferrals of capital work programmes were in part due to third party contractual challenges; where possible other capital projects had been brought forward in order to balance the capital expenditure.

The results were under review by Audit New Zealand and should be considered draft until that process had been finalised. The final audited results would be presented to the Council meeting scheduled for 29 September 2016.

- **Water Supply**

Although commercial users had drawn significantly more water over the year than had been anticipated, the existing resource consent allowed for higher consumption rates again by both domestic and non-domestic users, even allowing for accelerated growth.

Growth forecasts were being rationalised across the sub-region (that included Waipa and Waikato Districts) to provide one set of reference data; this could include water usage although it was unlikely that this information would be ready within this term of Council.

- **Derivative Financial Liabilities**

Derivative financial instrument liabilities of approximately \$48 Million were further to the total debt of \$348 Million.

A drop in interest rates had occurred over the last month; a report with updated figures would be presented to the Council meeting scheduled for 25 August 2016.

- **Development Contributions**

An increased number of building consent fees and development contributions had been received over the year. Some of these funds appeared to be in surplus as the related works had not yet been undertaken.

Contributions might only be charged at cost; fees were under review to ensure that the charges remained fair and reflective of actual costs. Currently a greater amount of consultancy work was required due to challenges recruiting staff in this area.

It was believed that infrastructure investment was proceeding at an appropriate pace. Projects had been brought forward when considered necessary and appropriate to meet demand.

- **Tenancy Inducement Renewals**

Tenancy Inducement Renewals were not currently required as no properties were vacant.

Action: A report would be brought back to the incoming Council comparing the maximum consented water take to actual and projected water consumption for Hamilton City and, separately, the sub-region (i.e. including Waipa and Waikato Districts).

Action: Staff to assess the mechanics and time costs of producing a quarterly assessment of Development Contribution revenue to expected expenditure.

- **City News**

The Chief Executive responded to queries from Elected Members on the publication and distribution of the City News.

The following motion was put to the Committee.

Motion: (Cr King/ Cr Mallett)

That City News is no longer published and distributed effective immediately.

This motion was withdrawn with the agreement of the Committee, contingent on a report being brought to the Council meeting scheduled for Thursday, 25 August 2016.

The report would include historical and or currently held information on the following:

- the process for preparing articles;
- any recent adjustments made to the process for preparing articles;
- distribution and uptake of the publication;
- the costs relating to the publication including printing and distribution;
- the stated objectives of the City News and whether they are being achieved;
- any costs of cancelling the current contract (for publication distribution); and
- any staff impacts incurred by a cancellation of City News.

The report would also attach the LGOIMA response relating to a proposed article on Claudelands in July 2016, circulated to Elected Members by the Chief Executive on 1 August 2016.

As the report to the Council meeting of 25 August would only cover historical and currently held information, it was proposed by elected members that a further comprehensive report on the City News be brought to the 29 September 2016 Council meeting.

Resolved: (Crs Forsyth/O'Leary)

That staff present a report to the Council Meeting on September 29 2016 on the costs, effectiveness and value of City News to Council and the public.

Those for the Motion: Councillors Wilson, Forsyth, Chesterman, Yeung, Tooman and O'Leary

Those against the Motion: Councillors King, Gallagher, Pascoe, Mallett and Macpherson

Resolved: (Crs Chesterman/O'Leary)

That:

- a) the report be received; and
- b) capital expenditure of \$21.4m representing 31 projects is deferred into 2016/17.

The Meeting adjourned from 3:45pm to 4:00pm.

7. Claudelands - Quarter 4 and Year End Report 2015-16

The Executive Director H3 & Events spoke to the staff report, and responded to questions concerning:

- **Financial overview**

The fourth financial quarter had performed more strongly than the second and third quarters with regards to revenue. The new financial year had started well with excellent event attendance numbers to date.

The one millionth customer had been welcomed to Claudelands Event Centre ('Claudelands') earlier than had been forecast; promotional photographs were taken and preferential treatment was provided to the family in question.

- **Sports Events**

It had been expected that sports organisations would form a stronger base to the bookings at Claudelands than had been the case, although an positive relationship had been built with Netball. It was not anticipated that the restructuring of the trans-tasman Netball Conference would have significant negative impacts on events bookings.

Claudelands staff had been working to create a variety of user friendly packages for sports organisations. It was recognised that the size of the venue as well as cost could be barriers to school and community sports groups using Claudelands.

- **Hospitality**

The current hospitality contract was longstanding with an automatic right of renewal at the decision of the vendor. The venue was extremely large with particular demands and, should the contract be reviewed, any new vendor would need to provide adequate evidence that all requirements would be met.

Council received a proportion of the revenue from hospitality. Comparative benchmarking undertaken against other similar venues suggested that the type, quality and pricing of food and drink was appropriate. Business events in particular had received excellent reviews for the hospitality provided.

- **Asset Management and Depreciation**

The Claudelands building had been independently assessed as having greater usable life expectancy than had originally been forecast.

No major maintenance costs were expected in the near future; smaller maintenance was undertaken in alignment with the asset management plan.

Revenue growth had been budgeted for in the year to June 2017; the final result was forecast to be a \$7.1m gross loss, noting that some depreciation was still to be factored into this figure.

Resolved: (Crs Pascoe/Chesterman)

That the report be received.

8. External Funding Subcommittee Triennial Report

The General Manager Community and Acting Manager Community Development & Leisure spoke to the staff report, and responded to questions concerning:

- **Revenue**

\$9.4m had been raised in total from grants and funding sources applied for through the External Funding Subcommittee.

- **Prioritisation of Projects**

The Subcommittee prioritised projects for funding applications in accordance with the Hamilton Plan. Generally larger funding bodies were approached first due to the size of the projects in question.

Where external parties approached Council with a view to fundraising on behalf of a project any resulting funds were captured in the revenue report. However, the fundraising itself was not included in any prioritisation processes of the Subcommittee.

- **Vibrant Hamilton Trust**

The Vibrant Hamilton Trust was required to fund projects aligned with Council strategies. While non-Council projects had received funding from the Trust previously, recent funding had been allocated to Council led projects.

Action: A table would be circulated by email to Elected Members itemising funding that had been applied for, the fund applied to (i.e. the name and type of fund), the amount requested and any amount received.

Resolved: (Crs Forsyth/Tooman)

That the report be received.

9. Hamilton Gardens Development Project Progress Report

The Group Business Manager, Community and Hamilton Gardens Manager spoke to the staff report, and responded to questions concerning:

- **Visitor Statistics**

Visitation and social media statistics were very positive. Visitor numbers to the themed gardens were tracked at the garden entrance; general recreational use of the wider space was estimated on vehicle numbers.

- **Funding**

A further \$670,000 had been raised in external funding since the previous report of April 2016.

All tenders for the destination playground had come in with higher costs than had been budgeted for. The unique nature of the playground had meant it was difficult for quantity surveyors to entirely accurately quantify costs prior to final design; there had also been some changes in the market since the original business case approval.

A re-design had been considered but the particular elements of the playground were considered critical to its appeal, although some flexibility had been identified in the production of some items.

Approval was sought to apply for a further \$206,000 from external funding sources.

Applications had been made for capital sponsorship from the larger Trusts; donations had already been received from gaming trusts and it was anticipated that further funding may be sought from this sector.

The targeted rate for the Development was due to end in 2018.

Resolved: (Crs Chesterman/Wilson)

That:

- a) the report be received; and
- b) an additional \$206,306 be raised through external sources for the completion of the Hamilton Gardens destination playground and that the total budget for the Hamilton Gardens Development Project be increased to \$7,239,306.

Cr Macpherson Dissenting

11. Municipal Endowment Lease - Freeholding - 92 Clyde Street

The Strategic Property Manager to the staff report, and responded to questions, noting that:

- The annual income from the Municipal Endowment lease was \$12,600; and
- The lease was perpetual with a review cycle of 21 years; the next review was due in 2032.

Resolved: (Crs Pascoe/Mallett)

That:

- a) the report be received;
- b) Council sells the freehold interest in the land described in the Schedule to the lessee for a price of \$220,000 (Two hundred and Twenty Thousand Dollars) including GST (if any) plus all Council's costs associated with the sale; and

SCHEDULE

ALL THAT LAND described as an Estate in Fee Simple comprising Lot 6 Deposited Plan 35296 contained in Computer Freehold Register Identifier SA9D/1066 of 559 square meters more or less and physically located at 92 Clyde Street, Hamilton.

- c) Council authorises the Chief Executive Officer to (1) prepare and execute an Agreement for Sale and Purchase and (2) any other instruments required to give effect to this resolution.

12. Recommended dates for reports to Finance Committee

Resolved: (Crs Mallett/Tooman)

That the report be received.

13. Finance Committee - Open Minutes - 14 July 2016

Action: Item 10 of the 14 July 2016 Minutes would be updated to:

- note that the One Victoria Trust Board representative confirmed in response to questions that art was being sold at 20% commission; and
- record that works were to start in January 2017, not 2016.

Resolved: (Crs Pascoe/Wilson)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 14 July 2016, subject to the noted changes above.

14. Finance Committee Action List - Open - 18 August 2016

Resolved: (Crs Chesterman/Yeung)
That the Report be received.

15. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

Resolved: (Crs Pascoe/Chesterman)

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. Report on overdue debtors as at 30 June 2016 & Bad Debts Writeoffs 2015/16) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Development Contributions Report) Official Information and Meetings Act 1987	
C3. Hamilton Gardens Development Project - Procurement of Tronite Tendrils for the Surrealist Garden)	
C4. Variation to Contract 15318 - Acting Chief Information Officer		
C5. Finance Committee - Public Excluded Minutes - 14 July 2016		
C6. Finance Committee Action List - Public Excluded - 18 August 2016		

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)
Item C2.	to maintain legal professional privilege	Section 7 (2) (g)
Item C3.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
Item C4.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C5.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C6.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)

Cr Wilson retired from the Meeting at the conclusion of the above Item (5.36pm). He was present when the matter was voted on.

The Meeting went into a Public excluded session at 5.37pm.

The Meeting was declared closed at 6.30pm.