

STAFF REPORT

TO: Chairman & Members, Corporate Services Committee
FROM: David Ward
DATE: 10 March 2005
SUBJECT: Corporate Services Manager's Report – March 2005

1 Funding Requirements

The following recommendation is required to confirm the uplifting of new loans for items that have been identified in Council's LTCCP for the 2004/2005 financial year. Construction on these projects has already been completed. The purpose of this recommendation is to formalise the draw down of funds to meet final project costs.

Recommendation:

That:

i)		The Council shall borrow the sum of one million one hundred and eighty one thousand nine hundred and fifty five dollars (\$1,181,955)	
ii)		The loan documentation shall comprise the following:	
	a)	Existing deed of charge entered into between Tasman District Council, Bank of New Zealand, National Bank of New Zealand, WestpacTrust and ASB Bank Ltd.	
	b)	A letter of offer from WestpacTrust.	
iii)		The Mayor and the Chief Executive are authorised to sign the loan documentation on behalf of the Council.	
iv)		The Chief Executive is authorised to sign a certificate, pursuant to s122ZG(3) of the Local Government Act 1974.	
v)		The loan advance of dollars shall be used to finance the following projects identified in Council's Annual Plans:	
			\$
		Collingwood Water Supply (remainder of closed account loan)	371,955
		Port Tarakohe Stage 2 Development	600,000
		District Toilet Loans	<u>210,000</u>
			<u>1,181,955</u>
vi)		The Council shall charge rates revenue as security for the loan and the performance of its obligations pursuant to the loan documentation.	

vii)		The Council acknowledges that by charging rates revenue, the Council is deemed to have made a special rate of such amount each year, on the rateable value of every rateable property in the district, as is sufficient to provide in that year for the payment of its commitments in respect of the loan or loan documentation during that year plus 10% thereof until the loan is repaid or the obligations incurred under the loan documentation are fully performed.
viii)		The Council has considered the risks and benefits to the Council of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation.
ix)		The Council is satisfied that the general terms and conditions of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation are in accordance with the borrowing management policy adopted by the Council and, in particular, the limits and guidelines set out in that borrowing management policy.
x)		The Council delegates to the Chief Executive and the Corporate Services Manager the authority to further determine the precise terms and conditions of the loan, loan documentation and security, to be negotiated at the best current terms and conditions, such terms and conditions to be advised to the Council following the raising of the loan.

1.2 Loan Roll Over

Recommendation

That a loan of \$1,938,150.63 be raised for the purpose of repaying on maturity the Tasman District Council General Renewal Loan No 41, 2004 and that such loan be known as Tasman District Council General Renewal Loan No 42, 2004.

2 Removal of Hawthorn on the Waimea Plains

This summer has been a very bad year for incidences of fireblight infection in pipfruit orchards in some parts of the Waimea Plains. Growers involved would like to remove fireblight host plants ear their orchards in order to significantly reduce disease problems.

Fireblight is a bacterial disease spread to fruit trees primarily by bee movements from plants infected with fireblight. One control measure for the disease is to spray streptomycin onto fruit trees to kill the bacteria, but this leads to disease resistance to this chemical. The preferable alternative is to remove plants in areas around orchards. This work was successfully achieved in Riwaka last year.

Growers on the Waimea Plains would like to clear remaining hawthorn around the main apple growing area, with a boundary from Lower Queen Street, south along the Waimea River, along Clover Road, Haycock Road, Paton Road, west along Ranzau Road and north along Main Road, Hope. About 15 years ago most of the hawthorn on the Plains was removed using Council's Pest Management Strategy, leaving a relatively small area between McShane Road, State Highway 60, Lower Queen Street and the Waimea River and scattered plants along the river bank.

Growers seek the option run last year by Council in Riwaka, of loan funding the hawthorn removal and fence instatement and repaying the cost over a likely five year period through a targeted rate.

Cr Kempthorne will address this issue, together with anticipated costings, details of affected properties (for rating purposes) and an indication of the level of proposed targeted rate.

3 Cultural Outcomes Workshop

I had previously advised Councillors that a proposed Cultural Outcomes Workshop was being held on 18 April 2005.

We are now advised that this workshop which will be incorporated in Council's 2006 LTCCP consultation process is rescheduled for Friday 20 May 2005. Please note this date in your diary. Attendees at this workshop will be representatives from the arts, cultural and heritage communities within Tasman District and Nelson City.

4 Website Update

The upgrading of Council's website has been targeted as a significant project for the first part of the 2005 calendar year. During the past couple of months staff have been involved in:

- Shifting the test website onto its new server
- Fixing and enhancing the content management system of the site
- Adding content from the current site to the new site
- Adding pictures and graphics
- Starting to look at new functionality requirements that have been identified through workshop discussions

We are proposing to release the new website to the public in May 2005 in conjunction with public consultation process associated with the draft annual plan.

If there are any specific requirements that Councillors would like identified on our website, I would appreciate communication from you. A demonstration of the new website will be made as part of the agenda for the Corporate Services Committee meeting to be held on 28 April 2005.

5 Proposed 2005/2006 Departmental Budget

I have attached to this report proposed expenditure schedules for the department for the 2005/2006 year which are summarised as follows:

	2004/2005 Budget	2005/2006 Proposed
	\$	\$
Corporate Services	2,120,648	2,300,032
Golden Bay Service Centre	218,290	233,616
Motueka Service Centre	274,902	283,116
Murchison Service Centre	87,944	98,313
	2,701,784	2,915,077
Sundry Income	2,423,760	2,357,004

a) Corporate Services Department

The main variation in this budget reflects the cost of additional staff engaged in the Records area, to assist with filing and records distribution continuity during the building construction process and enhanced GIS staffing facilities. These appointments have been made in recent months and are both outside the 2004/2005 budget.

Costs directly associated with staff numbers and staff remuneration have increased proportionately. It is not proposed to vary staff numbers during the 2005/2006 financial year.

As advised 12 months ago, the cost of telephone and tolls has shown a marked reduction following the re-letting of our contract.

b) Service Centres Budgets

In each case, the only significant item of movement in each of these budgets is in the salaries figures which are as a result of incorporating anticipated salary cost of living adjustments, together with a reallocation of chargeable time. It is not proposed to vary staff numbers during the 2005/2006 financial year.

c) Sundry Income

The reduction in sundry income is directly as a result of deposited funds being used for planned Council projects and there being no special dividend paid by Nelson Airport Ltd in the 2005/2006 financial year.

6 LTCCP Workshop Dates

The next scheduled meeting for the Corporate Services Committee is 28 April 2005. By this time we will have completed and released for public consultation our draft

Annual Plan and will be preparing for forthcoming consultation meetings on that document.

Concurrently, a series of Local Government NZ-sponsored "LTCCP Jigsaw" workshops are being held around the country in late April/early May 2005. I would recommend that the Committee Chair, in addition to appropriate staff, attend one of those conferences.

I would suggest that as the agenda for our 28 April 2005 meeting is traditionally light (due to annual plan preparation and meeting commitments) that we devote the second half of that day to an LTCCP preparation workshop, inviting all Councillors and senior staff to the workshop. The workshop would be conducted by myself and the Chief Executive, utilising notes from the Local Government workshop.

7 Auditing the Future – Project Update No 6

I have attached for Councillor information, a copy of this newsletter prepared by the Office of the Auditor General. It contains important information on proposed audit fee estimations for work associated with local authorities 2006 LTCCPs, together with a critical path diagram for auditing this document. The last page of the newsletter details the audit process to be followed in the adoption of the final LTCCP.

This information will be considered further at a subsequent meeting of Council's Audit Subcommittee.

8 Funding of Council Accommodation Project

In his report to the Special Council meeting of 3 February 2005, Council's Manager, Property, identified a project cost for the Richmond administration office building of \$3,548,000. A resolution was passed requesting a staff report on how the cost of this project would be funded.

During the 2004 calendar year, Council received a special dividend of \$3 million from Port Nelson Ltd. This sum, together with accrued interest, will be utilised for the payment of Council's accommodation project. The sum has been invested at best available rates to date, and will continue to be so until draw downs on the fund are required. Based on the critical path and associated cash flow requirements for the project, Council staff have calculated that interest of \$319,681 will be earned from the date of receipt through to the date of final expenditure of this sum.

In Council's 2003/2004 operating budget, a sum of \$140,000 was included for fees and preliminary work associated with the project. In his report to Council, the Manager, Property, noted that costs incurred to 31 December 2004 on this project totalled \$240,000 (this sum was included in the project estimate of \$3.548 million).

Council still retains unallocated budget surpluses of \$100,000 from the 2003 financial year and \$128,000 from the 2004 financial year.

The funds that are available to Council to meet the cost of the administrative office building are identified as follows:

	\$
Special dividend	3,000,000
Accrued Interest	319,681
2003/2004 budgeted expenditure	140,000
Unallocated budget surplus	<u>88,319</u>
	<u>3,548,000</u>

9 Golden Bay Community Board Funding Requests

The Golden Bay Community Board has requested that today's meeting consider funding requests for two items associated with the Battle of Trafalgar celebrations in October 2005. I have reproduced the following request details from the Community Board budget summary papers.

a) *Flotilla and Fair and Flagmaking – Budget \$7,500*

The Aorere River enables us to include boats in our programme, which is an important component of Collingwood's history. The Boat Club is calling for a flotilla at the high tide on Saturday 22 October 2005 which will be accompanied by the music of Takaka Citizens Band. A bust effigy of Admiral Collingwood (created by Liza Eastman) will be landed at the boat ramp with much pomp and circumstance and followed by a parade along Tasman Street. We wish to gain permission to close the street and hold a fair with musical performances. The intention is to dress the township with streams of flags and bunting. It is an exciting opportunity for a community workshop to run during the July school holidays. This will enable children and adults to participate in flagmaking for the commemorations. (\$1,000 budget included in total).

b) *Fireworks over Aorere – 22 October 2005 – Budget \$7,814*

The millennium in Collingwood saw the Southern skies glowing with fireworks over the Aorere. Despite miserable weather conditions it was a great success and many locals are excited at a Trafalgar encore. We have the support of the Fire Brigade and the experience of local explosives operators. The setting is ideal and onlookers can gather on the shore or in the homes overlooking the estuary. Public fireworks are a source of spectacle and wonder and satisfy the child in us all. Collingwood will mirror the Nelson fireworks with a smaller local display for Golden Bay. (Fireworks Professional Ltd fireworks plus freight etc).

The Golden Bay Councillors will speak to these items at today's meeting and make the appropriate recommendations.

David Ward
Corporate Services Manager