

REPORT OF THE FINANCE & POLICY COMMITTEE MEETING HELD AT 10.16AM ON WEDNESDAY 16 DECEMBER 2015 AT THE MEMORIAL HALL SUPPER ROOM, ESPLANADE, KAIKOURA.

PRESENT: Councillor J Howden (Chair), Mayor W Gray, Councillors T Blunt, J Diver, G Harmon, C Mackle, D Millton, D Morgan.

IN ATTENDANCE: R Vaughan (Acting Chief Executive Officer), S Syme (Committee Secretary), S Poulsen (Finance Manager).

1. FINANCE REPORTS

Ozone, the new computer system was now live and being used by staff for day to day operating. The Finance Manager wished to acknowledge the effort staff had made to implement the new system.

Councillor Diver entered the meeting at 10.18am.

The accounts showed an operating deficit of \$570,681 which included payment of \$1,360,445 to the Canterbury District Health Board. Cash had decreased by \$1.2million.

The Civic Centre costs had reduced slightly from the previous months report due to adjustments made for impairment. It was noted the Project Manager had only reported construction costs. An enquiry was made regarding whether costs prior to the start of construction were included in the capital expenditure costs. It was noted the demolition of the library building was included. It was estimated a further \$800,000 was required to be spent for the building to be ready to move in to which included fit out.

Moved by Councillor Howden, seconded by Councillor Millton and resolved that the Finance Reports be received.

2. CIVIC CENTRE FUNDING OPTIONS

The purpose of the report was to consider funding options to meet the anticipated shortfall for the Civic Centre Project.

Moved by Councillor Howden, seconded by Councillor Millton that the Civic Centre shortfall of \$1,770,000 be funded, in order of preference, by;

- 1. The net balance of the Forestry Special Fund, Property Special Fund and Community Facilities Special Fund,***
- 2. Short-terms loans (limited to the amount to be claimed under insurance)***
- 3. Sale of Council properties, namely at least one of 20 Beach Road, 25 Beach Road or 34 Esplanade.***

Discussion:

The estimated total cost to complete the project was \$6.67million which was a shortfall of \$1.77million. The report avoided putting a dollar value on the insurance claim figure as this could jeopardise the claim.

It was provided that three funds could be used to fund the shortfall and Council did have properties for sale. It was clarified that the shortfall of \$1.77million included the losses associated with the roof. It was noted none of the funding options provided would have an effect on rates assuming the insurance claim was successful. The advantage of the short term loan for losses was that the loan interest could be recovered through insurance.

The cost to complete the project was estimated at \$650,000 for construction and \$150,000 for fit-out. A discussion was held regarding when the project would be completed as it had been noted previously that there had been very little work left to complete the building. The Acting Chief Executive Officer would follow up regarding an end date for the project.

The motion was put and carried.

Assessment of Significance

The Civic Centre project was by far the most significant undertaken by Council. Included in the report was an assessment against Councils Significance and Engagement Policy. It was noted the project had already been committed to through the Long Term Plan and to delay the project for public consultation on funding to take place would only incur additional costs.

Moved by Councillor Diver, seconded by Councillor Mackle and resolved that Council determined the proposal flowed logically and consequentially from the Long Term Plan, and that public consultation was not required in order to consider options for the funding of the shortfall of the Civic Centre project.

3. DISPOSAL OF COUNCIL BUILDINGS

In considering funding of the Civic Centre shortfall it was felt the disposal of 34 Esplanade, current Council building, could be a possibility.

Moved by Mayor Gray, seconded by Councillor Harmon that valuations be sought on the option to lease or sell the building at 34 Esplanade and options be presented to Council in February for consideration.

Discussion:

It was noted if the building was leased then Council would have two buildings with costs being incurred. Part of the conversation regarding selling the building previously had been about waiting to see what happened with the adjacent Fire Brigade property. It was suggested the land on which the Council building sat on was not big enough to do anything with. It was further suggested it would be worth obtaining a valuation for lease options as there was potentially some government departments who could be interested in the building. It was noted the biggest issue with the current building for Council had been housing staff.

The motion was put and carried.

There being no further business the meeting closed at 11.07am.