

STAFF REPORT

TO: Mayor and Councillors

FROM: Lloyd Kennedy and David Ward

DATE: 4 August 2005

SUBJECT: Community Facilities Rate Projects Update

INTRODUCTION

On 1 July 2004, Council introduced a Community Facilities Rate, to meet the debt servicing cost of loans raised for projects that have satisfied the criteria for funding from that source.

This report details those projects which have either been funded, or are currently works in progress, from the Community Facilities Rate source.

MOTUEKA GRANDSTAND

At its meeting of 17 June 2005, Council agreed to award tenders for this complex.

- Anchor Construction was awarded the contract for concrete works.
- Infield Engineers was awarded the contract for steel works.
- All other contracting work will be undertaken by Motueka-based companies or organisations

Pre-casting commenced during the week of 8 August 2005. Site preparation for new grandstand will commence during the week of 15 August 2005 – immediately following the final home rugby games for the current season.

The current projected cost of this project is \$1.291 million. This figure includes all concrete and steelworks, roofing, painting, plumbing and drainage, carpentry, preliminary and general engineering issues, contractors margin and a contingency sum.

Council's appointed contract manager, Arrow International, advise that they are continuing to review the drawings for the complex as they strive to achieve further savings.

The project is scheduled for completion by the end of November 2005.

To meet Council's Community Facilities Rate criteria, the project advocates, Good Sports Motueka, will be fundraising a sum of \$260,000.

To date, money in the bank amounts to \$146,000 – this includes substantial donations from three charities, initial sales of grandstand seats and assessed donations of labour and materials.

A current community fundraising programme involves the sale of seats for \$100 – this will raise \$70,000. Further applications have been made to gaming trusts and approaches have been made for the sale of advertising rights within the complex.

In early September 2005, an information brochure will be distributed within the Motueka area, detailing aspects of the project and soliciting financial support for the "seat ownership" scheme.

Both the Committee and Council staff are satisfied that fundraising targets will be met. Regular meetings are held between Council staff and the project manager.

We are still waiting for suggestions on the renaming of the Park from Goodsport Motueka as they have promised.

MURCHISON SPORT RECREATION AND CULTURAL CENTRE

A public meeting independently chaired by local MP, Damian O'Connor, on Friday 4 March 2005 endorsed this project. Prior to that meeting, immediate neighbours met with officials to discuss a number of related issues, primarily concerning siting of the proposed complex.

Further meetings were held between directly affected parties and the project committee, following which the architect was issued with a new brief. Updated site plans and complex designs were presented to a meeting on 13 April 2005. At this meeting, representatives of the directly affected parties gave their support to the amendments.

The architect was then requested to finalise site plans and to obtain an independent quantity survey. It is noted that the new site plan will require diversion of the stormwater drain and acquisition of a strip of land. The cost of these will be incorporated into the project costs, although the overall affect on the cost is expected to be minimal, due to a number of significant savings made elsewhere in the new design.

At the request of the Committee, the complex has been designed so that it can be constructed in a modular form. This will ensure that it will remain affordable to current users and that the value of potential use will be understood.

In presentations to the public, estimated operating costs and revenues were identified. These figures were prepared independently by Sport Tasman. Costs were based on the current operating costs of the Motueka Recreation Centre. Revenue streams were compiled following extensive discussions with both current and potential user groups within the community.

The final design site plans and costs are due to be received by the end of August 2005. At this time, an assessment of the community funding requirements and ability to achieve targets will be prepared by staff.

Outcomes to this exercise, together with recommendations on how to proceed with the project will be made to a subsequent meeting of the Community Facilities Rate Subcommittee.

MOUTERE SPORT RECREATION AND CULTURAL CENTRE

Construction on this project commenced in December 2004, with the preparation of ground works and pegging out of the construction site. Progress on the Centre is both under budget and ahead of time and a scheduled opening date has been set for Saturday 8 October 2005.

The total cost for this project is \$2.4 million, including construction, car park, tennis courts, associated fees and contingency. Council has agreed to fund the sum of up to \$1.8 million from its Community Facilities Rate fund. At 30 June 2005, costs totalling \$1,532,000 have been spent on this project.

The local fundraising requirement for this project is \$577,000 – this is very much on target and both the project committee and Council staff are confident that this target will be met by the time the complex is opened. We have recently released a further information brochure detailing the status of the project and inviting further donations from the public to the Vine programme – this is a committee fundraising initiative which is raising considerable funds towards the cost of the project.

MOTUEKA COMMUNITY POOL

At its meeting of 30 June 2005, Council requested that designs for a Motueka Community Pool, to be constructed adjacent to the Motueka Recreation Centre be commissioned. Council's appointed architect is currently preparing these designs which will be independently quantity surveyed. Both designs and costs will incorporate any associated engineering works with diverting the stormwater drain and also any structural works that may need to be undertaken at the Recreation Centre.

The architect has advised that his draft report will be available for consideration by the Grants and Community Facilities Rate Subcommittee in late September 2005. It is generally accepted that a further round of public consultation will be required

before this project commences. This consultation process will take the form of direct mailed information brochure/survey to all households within the defined pool rating area.

In conjunction with construction costs for the proposed pool complex, staff will be concurrently preparing a report detailing anticipated operating costs and revenue sources for the complex.

The last estimate prepared for this complex indicated a construction cost in the vicinity of \$3.6 million. This cost would require the community to fundraise a minimum of \$720,000 under the current community facilities rate funding criteria.

MARUIA HALL

Construction of this complex commenced during the last month and is scheduled to be completed by the end of November 2005. Council has agreed to contribute the sum of \$75,000 as a one off grant to the project.

The other major funding source is the Buller District Council with additional funding being received from a variety of charitable and local sources.

LAKE ROTOITI COMMUNITY HALL

This complex was opened to the public in December 2004. There are however still a number of outstanding construction-related issues which Council Building Inspectors are continuing to monitor. When these issues are resolved and a compliance certificate issued, the final cost of the project will be known.

At 30 June 2005, estimated costs for completion were \$782,000 – this cost includes building, furniture and fittings, ground works and cost of the land.

We were recently encouraged by the announcement that the Education Board has agreed to make a contribution of \$100,000 towards this project.

When the compliance certificate is issued, the Grants and Community Facilities Rate Subcommittee will formalise the value of the loan for the balance of the project.

ASB BANK AQUATIC CENTRE

Current Status

The ASB Bank Aquatic Centre was officially opened by the Prime Minister in September 2004. Unfortunately within days of opening the tiles lifted from the floor of the Wave Pool and over the next few months the same happened in the Lane Pool.

Despite these problems, usage of the facility remained at a reasonably high level with the 100 000 mark being reached in February 2005 and as at 31 July 2005, 173,573 people had paid to use the facility. On an annualised basis we expect 210, 000 users which is down from our original estimate of 240,000 due to the forced closures of the Complex for re-tiling. The Swim School is a huge success with 388 children currently on the programme.

Because of the issues involved with the re-tiling, final completion of the Pool has been held up which in turn has meant that final costs have not been known. However, we are in a position where these can be reported reasonably accurately. In presenting these figures it is noted that the cost of the building contract and the requirement to meet a community fundraising target have been satisfied.

Financial Report

| <i>Expenditure</i> | <i>Budget</i> | <i>Final Estimate</i> |
|-------------------------------|-----------------|-----------------------|
| - Building Contract | \$5.170 million | \$5.291 million |
| - Roading, Carpark, Cycleways | 0.150 million | 0.492 million |
| - Professional Fees | 0.380 million | 0.385 million |
| | \$5.700 million | \$6.168 million |

| <i>Funding</i> | <i>Budget</i> | <i>Final Estimate</i> |
|------------------------------------|-----------------|-----------------------|
| - Community Facilities Rate | \$2.000 million | \$2.000 million |
| - Reserve DILs funding: | | |
| - Richmond | 1.500 million | 1.500 million |
| - Moutere/Waimea | 0.600 million | 0.600 million |
| - Community Fundraising | 1.600 million | 1.655 million |
| - Nelson City Council contribution | 0 | 1.025 million |
| | \$5.700 million | \$6.780 million |

Variations to Expenditure and Funding

a Building Contract

- Additional cost incurred on a change of design to the kitchen and cafeteria. The cafeteria facility was to be fitted out by the lessee, however, it became apparent it was too difficult to attract a tenant for the cafeteria on this basis, therefore a decision was made to carry out part of the cafeteria fitout during construction. This has resulted in an annual saving in the management fee.

- In responses to user requests after the Complex was opened we provided poolside seating, additional lockers and the partitioning of showers in the female changing rooms

b Roothing, Carpark, Cycleways and Landscaping

- Additional costs were incurred for the upgrading of Champion Road to the carpark entrance. The major change to the original plan was to use the roundabout on Champion Road and the entrance past the Craft Habitat. Originally the entrance was off Salisbury Road sharing both entranceway and carparking with the Baptist Church. With the advice and assistance of Council Engineers and their consultants the decision was made to use the Champion Road roundabout which made access to and from the new carpark considerably safer. This resulted in a major increase in costs as a full road had to be built from the Craft Habitat entrance to the Aquatic Centre carpark

Reference was made to this process in a report dated 3 November 2004, (reference P953) that was distributed at the 11 November 2004 special Council meeting.

- As a result of the change to the roading plan, additional costs were incurred with the establishment of associated footpaths, street lighting and cycleways.
- When designing the carpark it would have been possible to take all the water directly into the creek which feeds into the Estuary. This would have been environmentally wrong and, therefore, it was agreed to make use of the wetland area of the northwest corner of the site and, at the same time, improve the poor drainage system from Salisbury Road down the side of the Deviation and into the Estuary. A cost of \$60,000.00 was attached to this wetland construction. The new drainage system has set environmental standards for the District and the design has been entered into a contest for an environmental award.

c Community Fundraising

This figure is stated net of fundraising costs.

d Nelson City Council Contribution

When the funding mix for the Complex was being considered, Council had not anticipated a funding contribution under the Regional Facilities Funding Plan. As a result no commitment has been made on how the sum of \$1.025 million will be allocated.

Funds Management

At 30 June 2005, the sum of \$264,875.00 has been paid off the loan principle raised for the Aquatic Centre Complex.

Centre Management

The contract for the running of the Complex was let to CLM Ltd in early 2004 for a period through to November 2006. Under the contract all operating expenses (water, electricity, staff costs etc) are met by the contractor, with them receiving all door sales and a management fee from Council.

On an annual basis the audited attendance and revenue figures are to be provided to Council. Any funds over and above the estimated figures are split on a 75% (CLM) 25% (Tasman District Council) basis. Obviously, in this first year of operation the tile issue has resulted in a reduction in attendance at various times and we would not be expecting any shared funds.

The management fee and building insurance are met from the \$14.00 ASB Bank Aquatic Centre Operational Rate. These are the only operating expenses that Council is required to meet under the contractual arrangement.

Current Issues

There are a number of outstanding issues remain to be resolved. These are identified as:

a Water Treatment System

Since the Pool was opened there have been some issues with the water treatment system which has resulted in some concerns from the public. As a result Watermark Consultancy were engaged to undertake an assessment of the water treatment system to ensure that everything was working correctly.

The final report recommended some changes to how the water treatment system was operated and, at the same time, suggested that a UV Disinfection system be installed now which would allow the chlorine dose to be reduced thus making a more pleasant environment for pool users.

Allowance was made for the UV system in the design although it was not included at that stage as it would have meant that the building would have been over budget.

The report from Watermark Consultancy strongly recommends that some or all the UV system be installed as soon as possible. The total cost for these is approximately \$280,000.00, however, the main area responsible for the chloramines is the Wave Pool. The cost of providing UV treatment of the Wave Pool only is between \$90,000.00 and \$100,000.00.

b Air Handling Changes

A sum of \$80,000.00 has been suggested for improvements to air handling particularly in the area along the north facing windows. During the 2004/2005 summer season, a significant number of comments were received from paying customers over their level of comfort while they were supervising their own children.

c Front Canopy

A sum of \$30,000.00 has been suggested to effect a solution minimising direct sunlight into the area of the Pool Complex generally occupied by spectators. This is a similar issue to that notified in b) above.

d Surplus Funds

We would recommend that before a final decision is made on the distribution of any surplus funds, that a detailed report on the use of UV treatment, air handling and front canopy be considered by a working group of councillors from the Richmond and Waimea/Moutere Wards. We would acknowledge that in making any decision, it would be reasonably expected that any distribution would ultimately be returned proportionately to the credit of the DILs accounts for those two Wards.

SAXTON FIELD DEVELOPMENT

In conjunction with Nelson City we have completed the Saxton Field Development Plan which has been adopted by both Councils and year one development costing \$1.430 million funded from the Facilities Rate has almost been completed.

Contract documents for the year two development are currently being finalised. This Council's share of this work is 34.2% - as determined under the Regional Funding Plan.

AVERY SPORTSFIELD DEVELOPMENT

The new sportsfield on the Avery land were completed using an allocation of \$100,000.00 from the Community Facilities Rate.

The next stage of work on this project is now under way and includes the driveway, carpark, path, landscaping and signage at a cost of approximately \$200,000.00.

Funding for this part of the development was included in the Saxton Field Development Plan and is, therefore, funded from the \$1.430 million for year one Saxton Field development.

TASMAN TENNIS CENTRE

Council approved funding for this project over a three year period. In the 2005/2006 Annual Plan, Council has identified funding of \$190,000.00 for the second stage of the Centre's upgrade. The first stage was completed successfully and in late 2004, officially opened by Mayor Hurley.

FACILITIES RATE FORECAST

Attached is a separate report entitled Facilities Rate Forecast. This report details projects that are currently being funded by, or proposed to be funded by the Community Facilities Rate through to June 2006.

The report also includes financial projections of the account balance as at 30 June 2006.

The last section of the attached report refers to a discussion at the meeting of the Grants and Community Facilities Rate Subcommittee held on Friday 5 August 2005 in relation to the relative merits of a regional rate versus a district rate. As the report indicates, the Subcommittee resolved that a report be prepared assessing a regional and community facilities rate, the outcome to which is proposed for consideration for inclusion in Council's draft 2006/20016 LTCCP.

PROJECT REPORTING

The Grants and Community Facilities Rate Subcommittee held a wide ranging discussion on its requirements for project reporting with specific reference to those proposed projects for which Council has formally adopted and has issued tenders.

The Subcommittee resolved to request that staff prepare in-depth fiscal and non fiscal reports on these projects and that those reports be issued on a monthly basis to all Councillors.

L L Kennedy
Community Services Manager

D G Ward
Corporate Services Manager