

NOTICE OF MEETING

EMERGENCY COMMITTEE OF THE RODNEY DISTRICT COUNCIL

TO: Penny Webster - Mayor (Chairperson)
Crs Ross Craig
Pat Delich
Michael Goudie
Gaye Harding
John Kirikiri
Dave Parker, QSM
Grahame Powell
Zane Taylor
June Turner
Grev Walker
Wayne Walker
Suzanne Weld

A meeting of the Rodney District Council Emergency Committee will take place in the Council Chamber, Centreway Road, Orewa on Monday, 14 January 2008 at 9.00 a.m., for the purpose of considering an item relating to construction of clubrooms at Victor Eaves Park, Orewa.

for: ACTING CHIEF EXECUTIVE OFFICER
Geoff Mears

OREWA
10 January 2008

INDEX

<u>Item No.</u>	<u>Subject</u>	<u>Page No.</u>
1.	Apologies and Announcements	1
2.	Victor Eaves Park Sports Clubrooms	1

ITEM NO: 1

APOLOGIES AND ANNOUNCEMENTS

ITEM NO: 2

REPORT



TO Emergency Committee
ON 14 January 2008
FROM Ian Murray – Parks & Coastal Manager
APPROVED BY Paul Utting – Director Assets & Facilities
SIGNATURE

A handwritten signature in black ink, appearing to be "P. Utting", written over a horizontal line.

SUBJECT VICTOR EAVES PARK SPORTS CLUBROOMS
FILE REF RC/143/1

PURPOSE OF REPORT:

<input type="checkbox"/> Information only	<input type="checkbox"/> Strategic decision	<input type="checkbox"/> Policy decision	<input type="checkbox"/> Statutory process
<input type="checkbox"/> Community issue	<input type="checkbox"/> Contract decision	<input checked="" type="checkbox"/> Delegation	<input type="checkbox"/> Appointment
<input checked="" type="checkbox"/> Administrative matter			

IMPLICATIONS:

(i)	Is this matter significant in terms of Council's Policy on Significance? No
(ii)	Implications in terms of Vision Rodney? Nil
(iii)	Implications in terms of Long Term Plan/Annual Plan? Provided for in the current adopted Annual Plan.
(iv)	Implications in terms of other Council Strategic documents or Council Policy? Nil
(v)	Is a budget amendment required? Yes, as currently identified as capital expenditure.
(vi)	Have the views of affected or interested persons been obtained and is any further public consultation required? Not applicable

FINANCIAL IMPLICATIONS:

Capital cost implications	Nil
Is it currently budgeted for?	Yes, \$330,000 as capital expenditure.
Funding source of capital costs	Not applicable
Ongoing operational cost implications	Nil
Is it currently budgeted for?	Yes, but as a capital expenditure budget.
Funding & rating impact (whether resulting from capital expenditure or arising directly)	One-off grant will need to be added to this year's operational expenditure, to be funded by rates.

SUMMARY:

The Council approved a Capital Works budget of \$330,000 through the 2007/2008 Annual Plan process to cover an expected shortfall for the construction of the Council-designed sports clubrooms complex currently being constructed by the Sharks Sports Trust. Construction is expected to be completed at the end of January 2008.

The Sharks Sports Trust has advised it has drawn down all its current grant funding, totalling \$700,000, after making five contract progress payments totalling \$607,881.56 plus GST for the period up to 30 November 2007. The Hibiscus Building Services contract with Sharks Sports Trust is \$997,037, with anticipated variations to date of around \$20,000 (all amounts are exclusive of GST). Sharks Sports Trust has requested funding of \$317,037 to cover contract payments for the remaining two months of the contract, as follows:

Original Contract Sum	\$ 997,037.00
Anticipated Variations	\$ 20,000.00
Adjusted Contract Sum	\$1,017,037.00
Less Progress Payments 1 - 5	\$ 607 881.56
Funding required to complete	\$ 409,155.44

Proposed Source of Funds

Sharks income left to apply (includes GST portion of payments 1 - 5 to be refunded from IRD)	\$ 92,118.44
Requested amount from RDC for balance of contract payments	\$ 317,037.00
Balance of Funds	\$ 409,155.44

The Trust has funding applications for further grants totalling some \$250,000 that are currently awaiting a decision. However, additional funding income received will be mostly committed to the fitout of the commercial kitchen.

For the Council to make a grant to the Trust to cover the remaining contract payments including retentions, approval is required for the expenditure of the \$330,000 budget. The budget is included in the 2007/08 budgets as a capital expenditure (CAPEX) item. However, as there will be no resulting asset for the Council, this amount will actually be a grant and is therefore an operating expense to be met from rates in the current year.

This change will have the effect of increasing the Council's operating expenditure (OPEX) for 2007/08 but reducing the CAPEX programme. As this has not been directly rated for in 2007/08, the amount will be funded by debt and interest will be payable in future years. A benefit of it not being CAPEX is that depreciation will not be payable in future years as the facility will be owned by the Trust.

The overall intent is still exactly as the Council intended, i.e. to assist the Trust to complete this valuable facility with only a small financial input from Council funds. This report, and Council approval, is necessary because the source of the funds needs to be moved to OPEX and the CAPEX budget reduced accordingly.

RECOMMENDATION:

- (a) That a grant of up to \$330,000 (exclusive of GST) to the Sharks Sports Trust be approved to cover the remaining contract payments for the construction of the sports clubrooms, being Stage 2 of the Victor Eaves Park Sports Complex, due to be completed by the end of January 2008.**
- (b) That the current \$330,000 capital expenditure (CAPEX) Annual Plan Budget (JL-40993) be transferred to an operational expenditure (OPEX) Budget, and be funded from rates.**