

Subject: 2015-2025 Long Term Plan:
Commercial Operations Hearings Report

Prepared by: Matt Feisst (Commercial Operations Manager)

Meeting Date: 18-20 May 2015

Report to COUNCIL for decision

SUMMARY

This report deals with the draft 2015-2025 Long Term Plan submission comments that relate to Council's Commercial Operations. A total of four submission comments have been grouped into the following areas:

- **Commercial Operations (2)**
- **Municipal Buildings Upgrade (2)**

Detailed officer responses and recommendations to these submissions are attached to this report. The following overarching issues/themes have emerged from these submissions:

- Suggestion to use a modular house design for the new Council administration centre.
- Recommendation to also include Council's own timber supply in any construction.
- Alternative administration building funding option from Council's subsidiary Gisborne Holdings Limited.
- Offer of assistance on the review of Council's Commercial Operations from the Chamber of Commerce.

RECOMMENDATIONS

That Council

1. **receives the report**
2. **approves the officer responses contained in Attachment 1**
3. **approves further investigation into alternative funding and timing options for Council's administration building project.**



Matt Feisst
Commercial Operations Manager



Peter Higgs
Group Manager Engineering and Works

1. BACKGROUND

Four submission comments that relate to Council's Commercial Operations were received. These have been grouped into the following areas:

- Commercial Operations (2)
- Municipal Building Upgrade (2)

Detailed officer responses and recommendations to these submissions are attached to this report.

Points that emerged from community feedback include:

- request to evaluate the Tauwhareparae Farms, Vehicle Testing Station and the Waikanae Beach Holiday Park
- request by the Chamber of Commerce to be part of the working party that is determining the structure and future of Gisborne Holdings
- suggestion to use a modular house design for the new Council administration centre
- recommendation to also include Council's own timber supply in any construction
- alternative administration building project funding option from Council's subsidiary Gisborne Holdings Limited
- offer of assistance on the review of Council's Commercial Operations from the Chamber of Commerce.

2. DISCUSSION AND OPTIONS

Areas raised by the submissions that require more explanation are listed below.

2.1 Municipal buildings – New Council administration building

Council has been through a thorough process to define the scope of its building requirements and what it expects to achieve with the performance of its new administration building. The size of the building will be reduced down from the current 4200sqm to approximately 3400sqm as well as making it a single level structure.

In depth consideration of the design and the appropriate construction materials is also taking place with an emphasis on using locally sourced materials where possible. Council's own timber may end up being incorporated in the specification though it will be dependent on the end product suitability and availability of supply at the time of construction.

2.2 Alternative administration building project funding

Current funding limitations in the Long Term Plan have shifted the originally intended completion date of the project for the new building into 2018. As such it is preferable to look at alternative options that allow the project to continue on the intended time scale.

Any feasibility study should start with a number of key constraints:

- any alternative funding options should not impact negatively on the current projected rate increase in the Long Term Plan
- the building is required to be funded within Council's current maximum debt levels.

Within these constraints it is recommended to proceed with further discussion with Gisborne Holdings Ltd (GHL) and how Council's subsidiary may further assist Council in achieving its desired outcomes.

3. FINANCIAL IMPLICATIONS

A decision to accept the officer recommendations would have the following financial implications:

- Administration building project – No change to the current project or indicated costs in the Long Term Plan.

4. APPENDIX

- Appendix 1 – Commercial Operations Summary and Response by Issue.

Commercial Operations

- Summary and Response by Issue (2015 - 2025 Long Term Plan)

| Issue | Sub-issue | Position to Respond |
|---|------------------------------------|-----------------------|
| Commercial Operations | | Matthew Feisst |
| 153 | Thorpe, Margaret Anne | |
| <p>WOF, motor camp, TW farms need evaluating.</p> <p>RESPONSE:</p> <p>Council is currently working through a process of evaluating all of its commercial assets including investigating an appropriate structure for the future. Completion of this detailed process will clarify the current state of Council's commercial returns as well as providing the basis and intent for the future for the wider commercial operations base – including Gisborne Vehicle Testing, the Waikanae Beach Top 10 Holiday Park and Tauwharepare Farms limited. As any change to the current structure is considered significant a full public consultation process would apply if a change in structure became Council's preferred option.</p> | | |
| 283 | Chamber of Commerce | |
| <p>The Chamber wishes to, and should be, part of the working party that is determining the structure and future of Gisborne Holdings, and the smartest ways to leverage these valuable assets for a better return</p> <p>RESPONSE:</p> <p>Council values the Chamber's contribution to promoting economic development in the region. However, in this case, the major investigation work is complete. As a valued stakeholder we will be in contact in the near future to discuss the results of the Commercial Operations review and Council's preferred option.</p> | | |
| Municipal Buildings Rebuild | | Matthew Feisst |
| 180 | Jones, Timothy Ivan Richard | |
| <p>The new council rebuild - I suggest the purchase of 3,4,5 kit set open plan houses connected up in order to suit plan. In 30 to 50 years time they can be sold off and rebuilt in the latest designs if required. This would be a cost saving in design expense and all costs. Another idea is to build a wooden designed building with timber milled from the council farm.</p> <p>RESPONSE:</p> <p>Thank you for your suggestion. Council has been through a thorough process to define the scope of its building requirements and what it expects to achieve with the performance of its new administration building. The size of the building will be reduced down from the current 4200m² to approximately 3400m² as well as making it a single level structure. Locally sourced materials are being researched and where possible will be incorporated into the design to reduce both time and supply issues as well as provide improved strength where possible.</p> | | |
| 111 | Gisborne Holdings Limited | |
| <p>In respect of the new municipal building GHL suggests Council and GHL undertake an in-depth feasibility study into ways that GHL can assist with this project which would include consideration of options such as GHL building, owning and leasing the facility back to Council.</p> <p>RESPONSE:</p> <p>Thank you for your interest. Current timing in the Long Term Plan of the project has pushed the completion date for the new building into 2018. As such Council is interested in progressing this opportunity further as well as other opportunities that may become available during any investigation process.</p> <p>Council values input from GHL and can see a closer more collaborative relationship having the possibility of immediate as well as significant long term benefits.</p> <p>Officer Recommendation: That Council approve further investigation into alternative funding and timing options for Council's administration building project.</p> | | |