



439TH MEETING OF THE
MACKENZIE DISTRICT COUNCIL

TO THE MAYOR AND COUNCILLORS OF THE MACKENZIE DISTRICT COUNCIL

Membership of the Council:

Claire Barlow (Mayor)
Cr Russell Armstrong
Cr Murray Cox
Cr Noel Jackson
Cr James Leslie
Cr Graham Smith
Cr Evan Williams

Notice is given of an Extraordinary Meeting of the Mackenzie District Council to be held on Wednesday, September 24, 2014, at 9.30am.

VENUE: Council Chambers, Fairlie

BUSINESS: To approve a statement of proposal related to the High Country Medical Trust, Twizel, and initiate a public consultation process.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

MACKENZIE DISTRICT COUNCIL

REPORT TO: MACKENZIE DISTRICT COUNCIL

SUBJECT: HIGH COUNTRY MEDICAL TRUST

MEETING DATE: SEPTEMBER 24, 2014

REF:

FROM: WAYNE BARNETT, CHIEF EXECUTIVE

PURPOSE OF REPORT:

To seek council approval for a statement of proposal associated with council support for the High Country Medical Trust.

STAFF RECOMMENDATIONS:

1. That the report be received.
2. That council approve the statement of proposal and instruct staff to proceed with the special consultative procedure as proposed.

WAYNE BARNETT
CHIEF EXECUTIVE OFFICER

ATTACHMENTS:

Statement of Proposal related to the High Country Medical Trust proposal (below).

BACKGROUND:

Council has considered a proposal from the High Country Medical Trust for the development of a new medical centre at Twizel in February, 2013, and also in August, 2014. It is anticipated that council will want to make a formal decision regarding the proposal on October 28, 2014. The Trust wants to begin construction in November.

The decision will trigger a request for a special consultative procedure (as explained below). This report seeks to achieve fulfilment of the consultative requirements before the council meeting of October 28.

POLICY STATUS:

N/A

SIGNIFICANCE OF DECISION:

The purpose of Council's Significance Policy is to guide council in its decision making on matters of varying importance to the community, and indicate to the community what degree of consultation it might expect on these matters. Under the policy, any decision to sell, abandon or dispose of any of council's strategic assets will be regarded as significant.

Council's listed strategic assets include:

- Medical Centres at Fairlie and Twizel.
- All Council's parks, recreation reserves, sports fields and facilities held under the Reserves Act 1977 or otherwise.

Council's 2012-2022 Long Term Plan contemplated the sale of the existing Medical Centre at Twizel but this was linked to the expectation that council would attain ownership of a new centre.

The Long Term Plan did not anticipate a perpetual lease being entered into for a portion of the Twizel Golf Club land.

The above factors are sufficient to trigger a requirement for a special consultative procedure in relation to the proposed agreement with the High Country Medical Trust.

ISSUES & OPTIONS:

The Local Government Act sets procedural requirements for special consultative processes. It requires council to approve a statement of proposal and for that proposal to be available to the public for 30 days. It is proposed to notify the public on 24 September, which will enable council to hear submissions on October 28 and potentially make a decision on that day.

Recommendation:

That council approve the statement of proposal below and instruct staff to proceed with the special consultative procedure as proposed.

Draft Statement of Proposal

INTRODUCTION:

Council would like to make decisions related to the proposed new medical centre at Twizel at its next council meeting on October 28, 2014. Council would also like to provide the community with an opportunity to have input. This Statement of Proposal sets out the details of the special consultative process and seeks input.

If you would like to have a say on this matter, please use the attached submission form.

PURPOSE:

Section 90 of the Local Government Act 2002 requires all local authorities to adopt a policy on significance. This policy sets out our approach to determining the significance of proposals and decisions.

If matters arise for council decisions that are beyond the scope anticipated by the Long-Term Plan, the council must follow the provisions of the Significance Policy in determining the decision-making process.

This Statement of Proposal relates to a decision currently before the council that is beyond the provisions of council's Long-Term Plan (2012-2022).

BACKGROUND:

On February 19, 2013, council resolved to accept in principal a proposal from the High Country Medical Trust. The proposal contemplated council transferring its interest in the existing Twizel Medical Centre into a proposed new medical centre. Council was also asked to allow the medical trust a perpetual lease of land for the proposed new centre.

Council instructed staff to negotiate suitable terms and conditions for these requests. The terms and conditions need to be approved by council before final acceptance.

An agreement has now been finalised with the following key provisions:

- The trust intends to develop a new medical centre on a 3,100m² site which is at present part of the Twizel Golf Club lease.
- Council will negotiate a partial surrender of the Golf Club lease to accommodate the site.
- Council will undertake a subdivision (boundary adjustment) of one of the titles within the Golf Club lease.
- Council and the trust will enter into a perpetual ground lease for the new site.
- Council will lend the trust a sum equal to the current rating valuation of the existing medical centre property. It is contemplated that the existing medical centre will be sold to recover the value of this loan. This arrangement effectively gifts the existing medical centre to the Trust in a liquid state. Council would retain the risk associated with the sale process for the existing medical centre.

SIGNIFICANCE OF DECISION:

Under the Council's Significance Policy, any decision to sell, abandon or dispose of any of council's strategic assets will be regarded as significant.

Council's listed strategic assets include:

- Medical Centres at Fairlie and Twizel.
- All Council's parks, recreation reserves, sports fields and facilities held under the Reserves Act 1977 or otherwise.

Council's 2012-2022 Long Term Plan contemplated the sale of the existing Medical Centre at Twizel but this was linked to the expectation that council would retain ownership of a new centre.

The Long Term Plan did not anticipate a perpetual lease being entered into for a portion of the Twizel Golf Club land.

The above factors are sufficient to trigger a requirement for a special consultative procedure in relation to the proposed agreement with the High Country Medical Trust.

ISSUES & OPTIONS:

In February, 2013, council agreed in principal to a proposal from the High Country Medical Trust. That proposal contemplated the value of the existing medical centre at Twizel being provided to the trust. The mechanism contemplated at that time was not the same as that which is now proposed. It was originally contemplated that the trust would raise mortgage funding against the security of the existing facility. It is recognised that this would be an inefficient mechanism.

It is now proposed that council provides funding directly to the trust by way of a loan as soon as a construction contract is finalised for the new medical centre. This arrangement aids cash flow for the trust and is quite simple. It does place some transitional costs on council, and places the sale realisation risk on council. The amount proposed to be loaned to the trust is the rating value of the existing facility.

The proposed location of the new medical centre on Mackenzie Drive is the same as was contemplated when council considered the trust proposal in February, 2013. Negotiations are well advanced between the Medical Trust and the Twizel Golf Club, with council staff involved in an administrative capacity.

As noted above, council's 2012-2022 Long Term Plan did not contemplate the provision of a perpetual lease for part of the Golf Club land. As such it is necessary for this proposal to be publically consulted.

It is a requirement of the Resource Management Act that any land that is subject to a lease longer than 33 years be defined as a separate title. The proposed site is part of a larger title and it is proposed to undertake a boundary adjustment to align the title with the required area. The balance land would be included in the larger title within the Golf Club lease.

The expected cost of completing the boundary alteration and serving the new medical centre site is \$32,250 plus the cost of physical works and engineering approval fees, but this includes \$9,407.19 in contributions. The proposed agreement allocates these costs to council. The costs are of a capital nature and are not included in council's Long-Term Plan.

SCOPE OF DECISION:

Council will consider the following aspects of the decision to support the High Country Medical Trust:

- To provide \$xx equity from the existing Twizel Medical Centre towards the new Twizel medical facility. These funds would be allocated by way of an interest free loan that only becomes repayable if the new facility is sold by the trust.
- To provide a site for the new facility on council owned land at a peppercorn rental in perpetuity.
- To undertake a subdivision (boundary adjustment) to create a site for the proposed medical centre. The estimated cost for the subdivision is \$32,250 plus the cost of physical works and engineering approval fees.

ALTERNATIVE PROPOSALS:

Council's primary objective in considering the request from the High Country Medical Trust is to encourage the continued provision of medical services at Twizel. Council's 2012-2022 Long-Term Plan contemplates the construction of a new medical centre being financed largely through community fund raising, but with council ownership of the assets.

The High Country Medical Trust initiative is well organised and has strong community support. It is expected that this initiative will be successful and as such, unlikely that the business model contemplated in the Long-Term Plan will be able to be implemented. The only theoretical alternative option for council would be to withhold support for the project.

The existing medical centre facility was obtained from the government as a medical centre and has been used continuously as a medical centre. There is an understanding within the community that the equity within the centre will be used to support medical services in the future. This understanding is supported by council's approach to the sale of the medical centre house at Fairlie. When discussing the Fairlie Medical Centre house council resolved:

1. That Council agrees to amend the Long Term Council Community Plan to remove medical houses from the list of Strategic Assets.
2. That Council establishes a capital reserve for medical facilities in the District and that the proceeds of the sale of doctors' residences be credited to this account.
3. That the principal amount within the capital reserve be protected for possible future requirements and that interest be accumulated and directed as appropriate to the needs of the district.

The second part of this consultative process relates to the provision of a lease site to the High Country Medical Trust at a peppercorn rental. Alternative options would be to:

- a) Not provide a site; or
- b) To purchase or use an alternate site.

Not providing a site would severely inhibit the trust's proposal and be detrimental to the provision of medical services at Twizel.

The site selected is optimal because of its location. It is available because the Twizel Golf Club is willing to allow its removal from their lease. Any alternative site would be less satisfactory and most likely more expensive.

The final part of the consultative process relates to council funding of the subdivision process for the establishment of the site. This cost was not contemplated in the Long-Term Plan. Council could seek to recover this cost from the trust. The impact of this would be to reduce the viability of the project.

Mackenzie District Council High Country Medical Trust SUBMISSION FORM

We welcome your submission.

You can post, fax, email or hand deliver it, by 5pm on 27 October 2014.

Please use this form for your submission

I wish to be heard in support of my submission I do not wish to be heard in support of my submission

Full name of submitter: _____

Postal address: _____

Phone: _____ Email: _____

Signature: _____ Date: _____

Submissions to the Twizel Medical Centre Proposal will be heard at the Council Chambers in Fairlie on 28 October, 2014. If you wish to be heard, you will need to keep your presentation to 10 minutes maximum. Councillors will have read your written submission prior to the meeting.

Please return to the Mackenzie District Council
53 Main Street or P O Box 52, Fairlie 7949, by email at
submissions@mackenzie.govt.nz, online at www.mackenzie.govt.nz or Fax:
(03) 685-8533
Enquiries: (03) 685-9010 or 0800 685-8514

SCOPE OF DECISION:

Council will consider the following aspects of the decision to support the High Country Medical Trust:

- To provide \$xx equity from the existing Twizel Medical Centre towards the new Twizel Medical Centre. These funds would be allocated by way of an interest free loan that only becomes repayable if the new facility is sold by the medical trust.
- To provide a site for the new facility on council-owned land at a peppercorn rental in perpetuity.
- To undertake a subdivision (boundary adjustment) to create a site for the proposed medical centre. The estimated cost for the subdivision is \$32,250 plus the cost of physical works and engineering approval fees. Council is proposing to pay this cost.
