

MACKENZIE DISTRICT COUNCIL

MINUTES OF A MEETING OF THE FINANCE COMMITTEE HELD IN THE COUNCIL CHAMBERS, FAIRLIE, ON FRIDAY 26 MARCH 2010 AT 9.00 AM

PRESENT:

Simon McDermott (Chairman)
John O'Neill (Mayor)
Graham Smith
Leon O'Sullivan
Graeme Page
Dave Pullen
Evan Williams

IN ATTENDANCE:

Glen Innes (Chief Executive Officer)
Paul Morris (Manager – Finance and Administration)
Bernie Haar (Asset Manager) for part of the meeting
Carl McKay (for part of the meeting)
Rosemary Moran (Committee Clerk)

LATE ITEM

OCEAN TO ALPS CYCLEWAY:

Resolved that pursuant to the Local Government Official Information and Meetings Act 1987 the report "Ocean to Alps Cycleway" be considered.

Leon O'Sullivan/Evan Williams

The report was not included on the Agenda because it was not available in time. Consideration of the report at this meeting is required to enable the impact on the Council of the Ocean to Alps Cycleway to be considered and to allow the feasibility study to proceed.

II MINUTES:

Resolved that the Minutes of the meeting of the Finance Committee held on 12 February 2010, including such parts as were taken with the Public Excluded, be confirmed and adopted as the correct record of the meeting.

Graham Smith/Graeme Page

ACTION POINTS:

1. Response from Bancorp re Merrill Lynch, Morgan Stanley and Deutsche Bank Bonds held by Council:

The Manager – Finance and Administration spoke to the letter dated 17 March 2010 which had been received from Bancorp.

Resolved that given the improvement in both the global economic environment and the specific operating activities of Morgan Stanley, Merrill Lynch and Deutsche Bank, the Mackenzie District Council continues to hold the bonds in the Long Term

Funds Portfolio in the meantime, but that the market conditions continue to be monitored.

Graham Smith/Dave Pullen

III REPORTS:

1. FINANCIAL REPORT – JANUARY 2010

This report from the Manager – Finance and Administration was accompanied by the financial reports for the period to January 2010.

Resolved that the reports be received.

Dave Pullen/Graham Smith

The Manager – Finance and Administration undertook to identify the costs for Morrison Lowe’s work associated with the Chief Executive Officer’s performance review.

Page 13, note 4 It was noted that the work had been done on the Twizel (not Fairlie) Medical Centre roof.

Page 23 The Manager – Finance and Administration undertook:

- to investigate the provision of a facility to enable rates to be paid monthly.
- to ascertain how many ratepayers paid by direct debit and the frequency of those payments.
- to track the percentage of Current Arrears as a percentage of Current Due over a 12 month period.
- to provide a breakdown of rates and other (eg resource consent and building consent) debtors.

Page 30 Cr O’Sullivan referred to escalating costs of servicing and replacement of lighting bollards in Lake Tekapo.

The Chairman suggested he raise the issue at the appropriate part of the budget debate and when the Asset Manager would be present to answer questions.

2. PUKAKI AIRPORT BOARD:

This report from the Manager – Finance and Administration was accompanied by the draft Statement of Intent for the Pukaki Airport Board for the year ended 30 June 2011 and the subsequent two years.

The Chief Executive Officer advised that the Chairman Derek Kirke would attend the Council meeting on 8 April 2010 to answer any questions.

Cr McDermott as Council’s representative on the Board undertook to advise the Board of the amendments to Clauses 7 and 10.5 which the Council had suggested.

Resolved:

1. That the report be received.
2. That Council adopt the Statement of Intent for the Pukaki Airport Board for the year ended 30 June 2011 and the subsequent two years, subject to any amendments following the outcome of discussions to be held with the Chairman and Board on 8 April 2010.

John O'Neill/Graeme Page

3. INFORMATION TECHNOLOGY:

This report from the Manager – Finance and Administration included a report from the Information Technology Manager which provided an update of the IT Department's progress over the previous 18 months and on software licensing arrangements.

Resolved that the report be received.

John O'Neill /Evan Williams

4. RATES ASSESSMENT RENUMBERING:

This report from the Revenue Officer advised of changes being made to 112 rural zoned properties in Twizel.

Resolved:

1. That the report be received.
2. That it be noted that an administrative error had led to 112 rural zoned properties within the community boundary had been incorrectly levied rural works and services rates instead of Twizel Community works and services rates.
3. That future township boundary alterations be aligned with land parcel boundaries.

Dave Pullen/Evan Williams

5. UNBUDGETED EXPENDITURE – GLEN LYON ROAD SUBDIVISION, TWIZEL:

This report from the Manager – Planning and Regulations referred to unbudgeted expenditure which had resulted from some mishandling of a resource consent.

Resolved:

1. That the report be received.
2. That Council notes an error in the handling of a subdivisions consent which had led to the Council meeting the cost of providing power to one of the lots, but that this would be pursued as a debt owed by the developer.

Leon O'Sullivan/Dave Pullen

The meeting was adjourned at 10.40 am for morning tea and reconvened at 11.00 am.

5. OVERHEAD BUDGET FOR 2010/11:

This report from the Manager – Finance and Administration was accompanied by the cost centre budgets for 2010/11 years including:

- Overhead Accounts Summary
- Administration Cost Centre
- CEO Cost Centre
- Information Technology Cost Centre
- Fairlie Council Building Cost Centre
- Twizel Council Building Cost Centre
- Waste Management Cost Centre
- Asset Management Cost Centre
- Roading Professional Services Cost Centre
- Community Facilities Management Cost Centre
- Investment Income Cost Centre
- Forestry Cost Centre
- Vehicle Cost Centre

Resolved that the report be received.

Dave Pullen /Evan Williams

The Manager – Finance and Administration noted supplementary information which had been circulated on Salaries and Wages, Consultancy and Contractors Costs, Capital Expenditure Account, Waste Activity, Training and Travel Expenses.

The Manager – Finance and Administration spoke to the budgets and the following amendments were made:

Salaries and Wages

Motion:

That the increase in budgets for Salaries and Wages be reduced to be \$35,000.

Graeme Page

The motion lapsed for want of a seconder.

ALPS TO OCEAN CYCLEWAY:

The Chairman welcomed Philip Brownie and Denis Callesen, representatives of the *Alps to Ocean* Cycleway steering group. They explained that, under the umbrella of the Mackenzie Tourism and Development Trust (MTDT), \$100,000 had been granted by the Minister of Tourism to complete a feasibility study for the project and that on approval of the feasibility study, a further \$2.75m would be granted to undertake the development of the cycleway.

Because funding for the study would not become available until it had been submitted, the group was asking the Mackenzie and Waitaki District Councils to underwrite its cost in the meantime, viz to the extent of \$50,000 each. This commitment would also represent an important vote of support for the project by the local authorities.

It was explained that only fixed price contracts would be let for the development of the feasibility study. Mr Callesen said the work to date had been completed voluntarily; however because he and Mr Brownie both held full time jobs, there was no option but to appoint a consultant to complete the study. He noted that the consultant had agreed to payment being made only when the grant funds became available. He said there could be a slight level of risk because of the need to pay

some independent smaller subcontractors working on their own account. The MTDT had agreed to make available \$20,000 in advance for this purpose.

In response to a suggestion from Cr McDermott that the MTDT underwrite the project, Mr Brownie said that the Trust did not have an ability to draw \$50,000 from its budgets, nor did he have the authority to do so.

Mr Callesen said there was no reason for the study not to be completed; the group's request represented due diligence and the underwriting by Mackenzie and Waitaki would confirm to the Minister the support of both authorities.

Resolved that the Council underwrites the development of the feasibility study for the *Alps to Ocean* Cycleway to the extent of \$50,000.

Dave Pullen/ John O'Neill

In response to a question from the Mayor regarding the ongoing maintenance of the completed cycleway, Mr Callesen assured the Council that work on the project would not commence until an ongoing maintenance regime was in place; it had been made clear that the Mackenzie and Waitaki District Councils did not want responsibility for that and he personally would not remain as a member of the steering group if the issue of maintenance was not addressed. He said once completed the cycleway would be cost neutral and cost beneficial to both authorities.

Mr Brownie undertook to ensure that ongoing communications were maintained with the Manager – Finance and Administration and Community Facilities Manager to keep the Council up to date with the project.

The visitors left the meeting at 12.10 pm.

III REPORTS:

5. OVERHEAD BUDGET FOR 2010/11 (continued):

Resolved that the budget of \$1,745,581 for Salaries and Wages be adopted.

Dave Pullen/Graham Smith

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Telephone and Tolls:

The Manager – Finance and Administration undertook to investigate the options of accessing services from other vendors.

IT Support

The Manager – Finance and Administration suggested there could be better ways to get what we need without spending capital, ie leases.

The meeting was adjourned at 12.24 pm and reconvened at 1.25 pm.

The Manager – Finance and Administration undertook to find out from Community Facilities Manager the detail of Buildings - Additional Costs

The Asset Manager joined the meeting at 1.27 pm

Capital Expenditure

GIS Aerials: The Asset Manager explained the rationale for the \$60,000 budget for aerial photography.

Motion:

That the budget of \$60,000 for aerial photography be confirmed.

Dave Pullen/Leon O'Sullivan

The motion was defeated.

The Solid Waste Manager joined the meeting at 1.35 pm.

Waste Activity

The Manager – Finance and Administration referred to the supplementary information (pages 9 and 10) provided for the Waste Activity and the \$82,016 deficit.

He said the options for the Council were to continue with the current strategy and provide for \$536,000 in the budgets (leaving an \$82,000 deficit) or undertake a radical review of the strategy.

The Chief Executive Officer suggested that the object of the exercise was to agree on the component of the General Rate Council would be happy to allocate to solid waste, pending a fundamental review.

Resolved:

1. That the general rate input to the Solid Waste activity for the 2010/11 year be retained at \$468,000.
2. That, within the next 3 months, the Council, with its community, review its Solid Waste Strategy.

Simon McDermott /Graham Smith

The Chief Executive Officer clarified that the Committee was comfortable for the community boards to be asked to refrain from reducing the level of their refuse collection rates.

The Solid Waste Manager left the meeting at 3.00 pm.

The meeting was adjourned at 3.40 pm for afternoon tea and reconvened at 3.55 pm.

It was agreed that further consideration of the budgets be deferred until the extraordinary Council meeting to be held on 8 April 2010.

The Mayor noted that the Agenda for the Extraordinary Council meeting on 8 April 2010 would include:

- Rating and Funding Review
- Proposed Plan Change 15 – Twizel Zoning
- Pukaki Airport Board Statement of Intent
- Completion of the consideration of the draft budgets for 2010/11.

**THERE BEING NO FURTHER BUSINESS THE
CHAIRMAN DECLARED THE MEETING CLOSED AT 4.20 PM**

CHAIRMAN: _____

DATE: _____