

Assets Review Briefing

Agenda

- Timeline/purpose
- Categories of assets
- Why we invest in assets
- What does equity look like in this context?
- Case studies (15 mins)
- Activity 1 – Lock in ‘core facilities’ (10 mins discussion, 10 min report back)
- Activity 2 – Determine principles for other asset categories
- Next steps

**Dec 2020,
AP/LTP Sub-
committee**



**March 2023,
AP/LTP Sub-
committee**



**April 2023
Briefing**



**August 2023
AP/LTP Sub-
committee**

- Challenge around affordability of built and green assets
- Interim budgets agreed for current LTP
- Officers directed to undertake more work for next LTP

- Update on work done since then
- High-level financials indicate scale of challenge

- Identify core assets to lock budgets into LTP
- Develop principles for approach to budgeting for other assets

- Approve Asset Management Plans and budgets for inclusion in draft LTP
- Any other decisions required as part of this work

Categories

Corporate and Emergency Management

Required to run the business of Council and to meet our legislative requirements for emergency management

Civic/Heritage

Assets that are part of the Civic infrastructure, perform a city-wide function or have a heritage protection

National/Regional/ City

Assets that perform a function at a national, regional or city level

Community Assets

Social infrastructure to support wellbeing outcomes

Strategic context for community assets (why)

The Local Government Act 2002 - promote social wellbeing.

Long Term Plan - key objectives and priorities for social wellbeing in the city with the goal of enabling communities to be connected, healthy, resilient, inclusive and safe.

Community Assets are social infrastructure for community development, activities and services. They can:

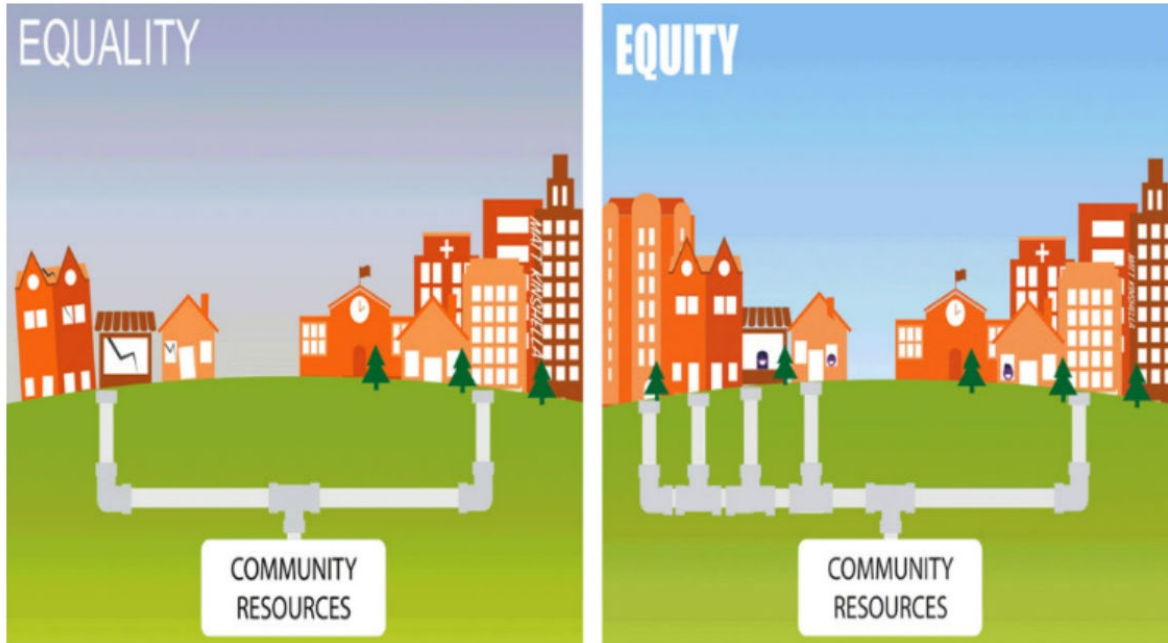
- help strengthen communities by creating focal points and enabling community to gather, connect and participate
- help build sense of community, identity and belonging
- support a sense of safety, security and trust

Cost Recovery

Revenue and Financing Policy

Low: 0–19%

Equity



- Greater provision in communities where the need is greater
- Fees and charges need to be accessible to their community

“Whereas equality is giving everyone the same thing, equity is giving individuals what they need.”

Assets Review Case studies



Community Hall – fully bookable via Council

Amenity	Capacity 75 people, events, gatherings, meetings
Exclusive / Multi Use	Multi-use
Utilisation	26.93% of usable time booked
Estimated OPEX next 10 years:	\$ 482,843
CAPEX next 10 years:	\$ 509,438
Projected revenue next 10 years:	\$ 103,652
Comment	Small, limited site with regular users but low utilisation
Insured Value	\$ 576,000 (\$7,558 p/a for insurance)



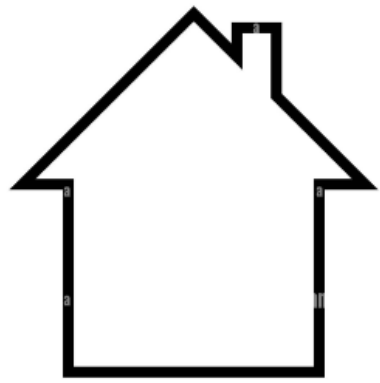
Community Hall – anchor tenant and bookable via Council

Amenity	Capacity 226 people
Exclusive / Multi Use	Multi-use
Utilisation for financial year 21-22	67.34% of available time booked
Estimated OPEX next 10 years:	\$ 692,044
CAPEX next 10 years:	\$ 274,658
Projected revenue next 10 years:	\$ 356,901
Comment	Having an anchor booking comparatively to other sites increases this site's value for money. Larger capacity also gives broader utilisation.
Insured Value	\$ 927,000 (\$8,368 p/a for insurance)



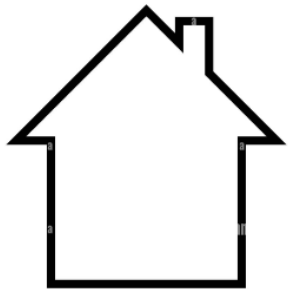
Community Hall – anchor tenant responsible for community bookings

Amenity	Meetings, functions, lessons, performing arts, ceremonies, events
Exclusive / Multi Use	Multi-use in part of building, exclusive in remainder
Utilisation for financial year 20-21	37% of available time used
Insured Value	\$ 1,382,000
Estimated OPEX next 10 years: CAPEX cost next 10 years: Projected revenue next 10 years:	\$ 83,758 \$ 368,000 \$ 10,117 The lessee generate income and retains and receives grant income from Council. They also meet some additional operational and capital expenses.
Comment	Could lift value for money and availability to the community by HCC taking on management and bookings similar to a community hall.



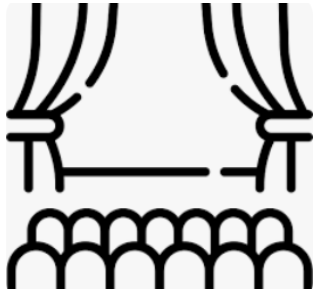
Building and outdoor area with exclusive lease and no open bookings

Amenity	Community health and family services, meetings rooms
Exclusive / Multi Use	Exclusive but may sub-lease
Utilisation for financial year 20-21	Unknown, but mostly open business hours
Estimated OPEX next 10 years: CAPEX next 10 years: Projected revenue next 10 years:	\$ 11,242 \$113,960 \$200
Comment	Expenditure is not separately recorded. Potential to optimise.
Insured Value	\$ 0



Community House

Amenity	Capacity: 30-40 people, leased to community group to operate as community house
Exclusive / Multi Use	Exclusive / Multi-use
Utilisation for financial year 20-21	Unknown
Estimated OPEX next 10 years:	\$ 415,184
CAPEX next 10 years:	\$ 181,272
Projected revenue for next 10 years:	\$ 0
Comment on value for money	Rent is forgiven in lieu of the community service the house and the tenant provide to their local community.



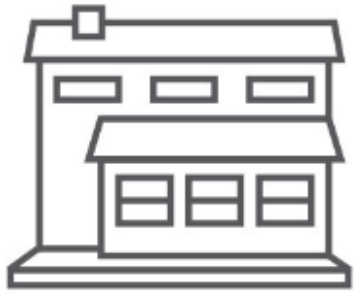
Facility with stage / performance

Amenity	Performance, ceremony, presentations, forums
Exclusive / Multi Use	Multi Use
Utilisation for financial year 20-21	31.01% of available time booked
Estimated OPEX next 10 years:	\$ 4,742,006
Capital CAPEX next 10 years:	\$ 861,968
Projected revenue for next 10 years:	\$ 378,551
Comment	On average most bookings are for performances (dance 44% and music 32%), mostly booked by private organisations (40%) followed by community groups (23%). Utilisation is overall on the low end.
Insured Value	\$ 10,906,000 (\$84,483 p/a for insurance)



Building with multiple spaces – some leased exclusively and some bookable

Amenity	Meetings, functions, recreation programmes, training, administration, events. Contains a catering kitchen and bar
Exclusive / Multi Use	Multi-use
Utilisation for financial year 20-21	50% of available time used
Estimated OPEX next 10 years: CAPEX next 10 years: Projected revenue for next 10 years:	\$ 337,247 \$ 642,671 \$ 135,180
Comment	The lessee has received grant income from HCC Could be better optimised. Exclusive use may be perceived barrier.
Insured Value	\$ 4,669,000 (\$30,000 p/a for insurance)



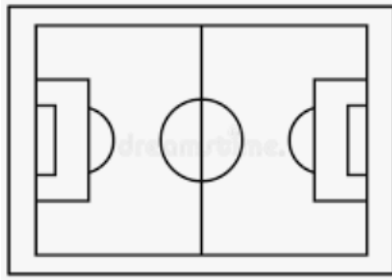
Staffed site providing services, spaces and activities

Amenity	Staffed site providing library, hub and wider Council services
Exclusive / Multi Use	Multi Use
Utilisation for financial year 20-21	Door Count: 93,060 Number of events: 133
Estimated OPEX next 10 years:	\$ 9,873,833
CAPEX next 10 years:	\$ 756,888
Projected revenue next 10 years:	\$ 401,709
Comment	Site performs relatively well but there are opportunities for growth and further optimisation of space.
Insured Value	\$ 8,367,000 (\$3,343 p/a for insurance)



Multi-purpose indoor sports facility

Amenity	Capacity: 300+ people, multi-purpose indoor sports facility
Exclusive / Multi Use	Exclusive (but multiple groups)
Utilisation (annual)	Door Count: 226,003
Estimated OPEX next 10 years:	\$ 2,660,168
CAPEX next 10 years:	\$ 670,037
Projected revenue Next 10 years:	\$ 860,968
Comment on value for money	Council provide an operating grant. Use of the facility has been on a steady increase as indicated through various facility hires and through the door count
Insured Value	\$ 21,113,000 (\$95,166 p/a for insurance)



Outdoor sports surface

Amenity	Outdoor sports surfaced booked by schools, clubs, commercial providers and used casually by community.
Exclusive / Multi Use	Multi-use
Utilisation for financial year 20-21	24% of Bookable time used
Estimated OPEX next 10 years: CAPEX next 10 years: Projected revenue next 10 years:	\$ 142,363 \$ 460,000 \$ 150,254
Comment on value for money	Site well used outside of school hours and on weekends. Developing in partnership with school would have improved value for both investors.



Bush track

Amenity	Track formed to Tramping Track standard to provide for walking and running and getting into nature
Exclusive / Multi Use	Multi-use
Utilisation for financial year 20-21	unknown
Estimated Operational costs for next 10 years:	\$40,000
Capital cost for next 10 years:	\$204,000
Projected revenue for next 10 years:	0

Challenges and opportunities

- Council is paying to maintain and renew many assets that aren't optimised or are no longer providing the value they once did
- There are old structures and historic arrangements which may no longer provide best value for money for rate payers, and other potential uses/users which could provide broader value
- Current arrangements are serving some in the community well, and change may not be welcomed

Asset Management Policy - objectives

Purpose - outlines the fundamental principles that will guide consistent asset management across Council and Council controlled organisations

Objectives:

- To future proof and make our communities resilient, by improving investment decisions and planning processes to ensure reliable, consistent and quality service delivery for present and future generations
- To provide clear leadership and commitment to improve the level of asset management accountability and capability across the Council
- To enable fit-for-purpose approach that aligns our asset management practices with the International Standard for asset management (ISO 5500X series).

Assets Review - objective

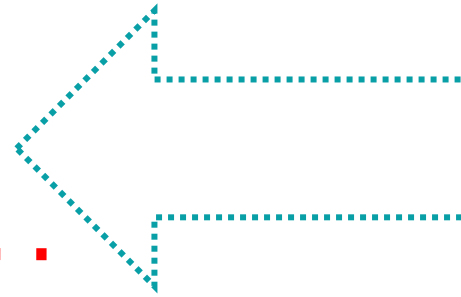
Ensuring the cost of assets is affordable, while meeting the core needs of existing and future users and retaining (or increasing) wellbeing outcomes.

What we're already doing

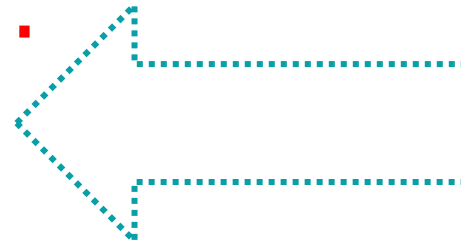
- Reducing corporate footprint by optimising spaces
- Transitioning to 8 Neighbourhood Hubs, with flexible spaces, many uses and users, optimised space
- Supporting new operating models - Fraser Park Sportsville, Naenae Bowls, Naenae Community Centre

Activity 1 – lock in core community assets

Activity 1



- Budget for full Asset Management Plans
- Manage in line with Asset Policy
- Optimise use



- Choose budget level
- Agree principles to bring back within remaining budget

Activity 2 – agree principles and approach

Draft Community Asset Principles:

1. Investment in, and management of, community assets will be aligned to Council's overall strategic direction, our Te Tiriti o Waitangi obligations, and relevant national and regional approaches;
2. The unique nature and different needs of each neighbourhood should be considered in the provision of community assets;
3. All community assets should be optimised with flexible spaces and many uses and users; 'hubbing' of activities and shared spaces will be the preference;
4. Community assets should be easy to access, book and activate and should support local identity and a sense of belonging;

5. Equity should be reflected in the provision of community assets, as well as fees and charges, and services provided through assets;

6. Cost recovery across all community assets will be set at a consistent rate (potential rate for discussion)

7. Greater levels of cost recovery will be considered from assets where there is deemed to be a greater level of benefit to individuals or a particular part of the community;

8. We will aim to provide consistent access across the city to a core set of community assets (TBD, but for example: a playground and green recreation space within a 15-minute walk for most people; a bookable community space and access to toilets in each town/neighbourhood centre);

9. To meet future demand for community space and services the preference will be optimisation of existing assets and partnerships with other assets owners.

10. In line with the Assets Management Policy, divestment of assets may be considered where they have reached the end of their asset life or require significant investment, and alternative access to comparable facilities has been established for the existing users;

11. When divesting assets, the preference will be to sell or gift these to appropriate partners or community groups (where they have established they can take over all associated costs). If this was not possible, demolition would be considered so that investment can be recycled;

12. Additional assets will only be taken on by Council in exceptional circumstances, and with a strong business case including evidence of community need, affordability over the life of the asset and the absence of better value alternatives;

Draft Asset Review Process

1. As assets come up for significant renewals or leases expire, current arrangements will be reviewed to understand:
 - if they provide good value for money;
 - the context of the asset in a neighbourhood setting; (ie what other spaces are available in the area)
 - whether there is an opportunity to better optimise the asset or hub activities in line with the objectives of the Asset Review;
 - whether assets are no longer fit for purpose and consideration should be given to divestment and recycling of the investment

2. Through our Neighbourhoods approach, Council will lead community conversations around current and future asset use and future planning. This includes opportunities outlined in Point 1 and additionally work to ensure best use of available spaces in a neighbourhood.

3. Where significant changes are being considered, all existing users will be part of the conversation and the aim will be to make changes by agreement. Where decisions are needed, approval of the CCP Committee will be sought. Any groups displaced by this work will be given appropriate notice of any change and offered reasonable alternatives.

Next steps

June

- Briefing on future investment in sport and rec

August LTP/AP Sub Committee:

- Draft AMPs
- Proposed draft budgets for LTP for 1) core assets 2) remaining assets
- Asset Review principles and process for approval
- Any early decisions in Assets Review (noting LTP impacts)