

Wānaka Community Board
13 May 2021

Report for Agenda Item | Rīpoata moto e Rāraki take : 1

Department: Community Services

Title | Taitara Wānaka Community House Charitable Trust Inc Funding Agreement Conversion

PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO

The purpose of this report is to seek approval to convert the advanced loan to the Wānaka Community House Charitable Trust Inc ('WCHCT') to a capital grant as per the conditions agreed at the 23 July 2020 full Council meeting.

RECOMMENDATION | NGĀ TŪTOHUNGA

That the Wānaka Community Board:

1. **Note** the contents of this report;
2. **Recommend to Council** that Option 1 is implemented, namely that a one-off payment of \$500,000 from the Wānaka Assets Reserve Fund is made to fund a capital grant to the Wānaka Community House Charitable Trust Inc.

Prepared by:



Simon Battrick
Sport & Recreation Manager

3/05/2021

Reviewed and Authorised by:



Stewart Burns
GM, Finance, Legal & Regulatory

3/05/2021

CONTEXT | HOROPAKI

- 1 At the 23 July 2020 Council meeting, Council resolved to:
 - 1 Agree to offer the Wānaka Community Hub Trust a free interest-bearing loan of \$500,000, repayable over five years;
 - 2 Authorise the GM Finance Legal and Regulatory to enter into an agreement with the Wānaka Community Hub to record the terms of the loan and also to provide that the loan will transfer to a capital grant if QLDC is satisfied that the Wānaka Community Hub Trust meets the following conditions within the next 12 months:
 - a. The Wānaka Community Hub Trust agrees to allow a management representative of Council to work with and sit alongside the Wānaka Community Hub Trust Board of Trustees for the next 12 months.
 - b. The WCHT agrees to a review being conducted by the WCHT BOT/QLDC of the WCHT operational model within 6 months (recommendations to be discussed at 6-month review period). If at the 12-month period QLDC is not satisfied with the progress of the Wānaka Community Hub Trust Board of Trustees, the loan will accumulate interest from this period forward until all conditions are satisfied to QLDC's approval.
 - c. That subject to the review, fees and charges for building utilisation will align with the QLDC Community Facility Pricing Policy January 2020 where possible (or lower).
 3. Authorise the GM Finance Legal and Regulatory to finalise the terms of any agreement subject to the inclusion of the above conditions and a requirement that the decision to transfer the loan to a grant will require a resolution of the Council.

ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

- 2 Following the Council meeting in July 2020, Council officers prepared a loan document and this was signed between the WCHT and QLDC GM Finance, Legal and Regulatory on 27 November 2020. The advance of \$500,000 was then paid directly to the WCHT.
- 3 The QLDC Sport & Recreation Manager met with the WCHT Board in September 2020 and initiated a review based on a number of key areas of operation. The areas that were reviewed were:
 - a. Leadership and strategic direction;
 - b. Community relationships;
 - c. Operational processes;
 - d. Financial and resource management; and
 - e. Facility Management.
- 4 The WCHT Board provided a report to QLDC for review on 2 October 2020. The QLDC Sport & Recreation Manager and GM Community Services then met with the board on

19 October 2020 to clarify and provide suggested directions and actions for the Board to consider. A final report was then completed on 8 December 2020.

- 5 The Sport & Recreation Manager then presented the findings of the report to the Wānaka Community Board and Mayor at a workshop on 18 February 2021 and recommended that WCHT had satisfied its conditions as per the Council resolution of 23 July 2020.
- 6 Following this workshop, Council officers prepared a funding options memo for the Wānaka Community Board regarding what funding options were available for Council to convert the loan to a capital grant.

Option 1: Wānaka Assets Reserve Fund

- 7 The original \$15.6M was raised by the sale of Scurr Heights land by QLDC in 2016, and was to be used to fund capital expenditure which “benefits the residents of the Wānaka ward”.
- 8 The policy for the asset fund says it may be used to fund capital expenditure approved in the 10 Year Plan or Annual Plan for projects which will increase the level of service for the Wānaka ward (excluding services required because of growth, otherwise funded from development contributions and depreciation) and may include repayment of debt on projects which have increased the level of service for the Wānaka ward. The funds may not be used for operating expenditure or to purchase assets which are primarily acquired for speculative purposes.
- 9 The fund currently has a value of \$9.05M with \$1M committed to Luggate Hall redevelopment. The amount to be funded is a **one-off \$500,000 with no rating impact**.

Advantages:

- No impact on public rates
- No impact on Council affordability for the Ten Year Plan
- Positive publicity regarding Council support for the community
- In line with approach taken for Arrowtown Community Building (Council share funded from Arrowtown endowment land sales)
- Consistent with parameters for use of fund

Disadvantages:

- Reduced funding available for other potential legacy projects
- Public perception of funding prioritisation

Option 2: General Rate (includes Uniform Annual General Charge)

- 10 The general rate is used to fund Council activities that are deemed to benefit all Queenstown Lakes District ratepayers. Council allocates the general rate based on the capital value of properties. The Uniform Annual General Charge is a fixed charge applied to every separately used or inhabited part (SUIP) of a property.

- 11 QLDC has the ability to charge a general rate across the District for community facilities should those facilities benefit the entire community or be of a sufficient regional/national level to warrant funding.
- 12 A General rate increase of \$575,000 which equates **\$20 rate increase per property** in the district would be required to fund the WCHT from this approach (please see Attachment A below re rate increase per type of property).

Advantages

- The increase in rates is minimal for Wānaka/Upper Clutha residents
- The Wānaka Asset Reserve Fund is available for other projects

Disadvantages

- Not equitable – Wakatipu residents would have an increase in rates
- Wakatipu residents may publicly oppose paying for a community facility in Wānaka/Upper Clutha
- Inconsistent with approach taken for Arrowtown Community Centre (Council share funded from Arrowtown endowment land sales)
- Inconsistent with approach taken for upgrade to Memorial Centre (Council share funded from community fund raising)

- 13 QLDC does technically have the ability to set targeted rate charges for the purpose of funding the capital cost and interest charges of specific capital works. This charge is set per rating unit within the catchment area. The targeted rates are specific to individual areas and are set as a fixed charge across each catchment area. It is not feasible however, to establish a new rate to fund a one-off \$500k grant.
- 14 This report recommends **Option 1** for addressing the matter because only Council has the authority to set a general or targeted rate and may not where a local funding source is available.

CONSULTATION PROCESS | HĀTEPE MATAPAKI:

> SIGNIFICANCE AND ENGAGEMENT | TE WHAKAMAHI I KĀ WHAKAARO HIRAKA

- 15 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because Council has already decided to fund the WCHT and this matter is the conclusion of this commitment.
- 16 The persons who are affected by or interested in this matter the Wānaka Community Charitable House Trust Inc and the residents of Wānaka/Upper Clutha

> MĀORI CONSULTATION | IWI RŪNANGA

- 17 The Council has not consulted with Iwi on this matter.

RISK AND MITIGATIONS | NGĀ RARU TŪPONO ME NGĀ WHAKAMAURUTANGA

- 18 This matter relates to the Financial risk category. It is associated with RISK0020 – Unexpected change in costs within the QLDC Risk Register. This risk has been assessed as having a moderate inherent risk rating.
- 19 The approval of the recommended option will support the Council by allowing implementation of additional controls for this risk. This shall be achieved by ensuring that Council does not need to increase rates further for residents across the District.

FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

- 20 Option 2 does have a financial rating impact for Year 1 of the Ten Year Plan.

COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

- 21 The following Council policies, strategies and bylaws were considered:
- 22 The recommended option is consistent with the principles set out in the Vision 2050. The principle of Thriving People encapsulates the need for a Community Hub in the Wānaka /Upper Clutha area.
- 23 This matter is not included in the Ten Year Plan/Annual Plan

LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

- 24 The recommended option:
 - Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses by providing a funding scenario that will not financial impact on the residents of the District;
 - Can be implemented through a local funding source;
 - Is consistent with the Council's plans and policies; and
 - Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

ATTACHMENTS | NGĀ TĀPIRIHANGA

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|---|---------------------------|
| A | Rating Impact of Option 2 |
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Attachment A:

Rating Impact of Option 2

GENERAL RATE

| SUMMARY OF INDICATIVE TOTAL RATE MOVEMENTS 20/21 | | | | |
|---|---------------|-----------------|----------|-----------|
| Median Values | | | | |
| | <u>MEDIAN</u> | | Rates | Rates |
| <u>PROPERTY TYPE</u> | <u>CV</u> | <u>LOCATION</u> | <u>%</u> | <u>\$</u> |
| RESIDENTIAL | \$1,090,000 | QUEENSTOWN | 0.60% | \$20 |
| RESIDENTIAL | \$845,000 | WANAKA | 0.65% | \$20 |
| RESIDENTIAL | \$890,000 | ARROWTOWN | 0.64% | \$20 |
| RESIDENTIAL | \$700,000 | GLENORCHY | 0.79% | \$20 |
| RESIDENTIAL | \$820,000 | LAKE HAYES | 0.70% | \$20 |
| RESIDENTIAL | \$570,000 | HAWEA | 0.76% | \$20 |
| RESIDENTIAL | 650,000 | KINGSTON | 1.14% | \$20 |
| RESIDENTIAL | \$860,000 | ARTHURS POINT | 0.65% | \$20 |
| RESIDENTIAL | \$520,000 | LUGGATE | 0.71% | \$20 |
| COMMERCIAL | \$1,890,000 | QUEENSTOWN | 0.31% | \$20 |
| COMMERCIAL | \$1,045,000 | WANAKA | 0.41% | \$20 |
| COMMERCIAL | \$1,650,000 | ARROWTOWN | 0.34% | \$20 |
| ACCOMMODATION | \$2,081,000 | QUEENSTOWN | 0.19% | \$20 |
| ACCOMMODATION | \$1,100,000 | WANAKA | 0.27% | \$20 |
| ACCOMMODATION | \$1,700,000 | ARROWTOWN | 0.26% | \$20 |
| M/U ACCOMMODATION | \$1,260,000 | QUEENSTOWN | 0.47% | \$20 |
| M/U ACCOMMODATION | \$900,000 | WANAKA | 0.52% | \$20 |
| M/U ACCOMMODATION | \$900,000 | ARROWTOWN | 0.54% | \$20 |
| PRIMARY INDUSTRY | \$4,100,000 | WAKATIPU | 0.61% | \$20 |
| PRIMARY INDUSTRY | \$5,050,000 | WANAKA | 0.46% | \$20 |
| COUNTRY DWELLING | \$2,050,000 | WAKATIPU | 0.76% | \$20 |
| COUNTRY DWELLING | \$1,560,000 | WANAKA | 0.79% | \$20 |
| VACANT | \$700,000 | QUEENSTOWN | 0.85% | \$20 |
| VACANT | \$550,000 | WANAKA | 0.90% | \$20 |
| VACANT | \$720,000 | ARROWTOWN | 0.86% | \$20 |
| M/U COMMERCIAL | \$1,250,000 | QUEENSTOWN | 0.50% | \$20 |
| M/U COMMERCIAL | \$880,000 | WANAKA | 0.55% | \$20 |
| M/U COMMERCIAL | \$900,000 | ARROWTOWN | 0.57% | \$20 |