

3. SUMNER LIFEBOAT INSTITUTE

Officer responsible
Leisure Manager

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The purpose of this report is to seek Council approval to lend \$200,000 from the Council's reserve funds to the Sumner Lifeboat Institute Inc to assist with the redevelopment and maintenance of the buildings the Institute occupies at Sumner.

BACKGROUND

Over the past three years the Sumner Lifeboat Institute has been involved in preparing plans for a three stage development of the facilities at Sumner which also includes a large amount of building maintenance work.

Stage 1 includes additions to the top floor of the main boat house, replacement of the roof and the addition of new windows and other maintenance items associated with the slipway, piles and foundations.

Stage 2 includes the addition of a top floor to the jet boat shed and changes to the ground floor of this building.

Stage 3 provides for additions to the slipway and the east side of the main boat house to include a light craft shed. The ramp will be extended to allow for the launching and recovery of an outboard powered inflatable rescue vessel. Stage 3 will commence when required and the institute estimates that this will be in 3 to 5 years' time.

The original estimates for this work were:

Stage 1 - \$125,000

Stage 2 - \$62,370

This work was tendered and the prices for Stage 1 came in at \$210,160 and Stage 2 at \$102,000.

The Sumner Lifeboat Institute has funds of \$110,000 in hand which leaves a shortfall of \$202,160 to complete Stages 1 and 2 of this project.

Through the grants budget the Council has contributed \$50,000 over the last two years (\$25,000 per annum) towards these two stages. The Council also contributes a small amount of money towards the ongoing maintenance of the buildings and slipway. In 2003/04, this contribution was \$4,105.

DISCUSSION

The Institute had approached the BNZ for a loan of \$200,000 over a 10 year term and was quoted a figure based on a 9% interest rate which equated to loan repayments in excess of \$2,600 per month. As the Institute was unable to meet this level of financial commitment, Council assistance has been sought in funding the shortfall for the Stage 1 and 2 work. Following discussions with Councillors James and Ganda, as Chair of the Metropolitan Grants Subcommittee, and the Director of Finance, it was agreed that the Council could consider assisting the Institute by way of a loan from the Council's reserve funds.

The Director of Finance has suggested that the \$200,000 be treated as an investment of the Council's reserves, with the Sumner Lifeboat Institute meeting interest repayments of 6.5% (\$13,000) per annum and the principal being repaid over 10 years through grants from the Grants to Community Organisations output. This would commit the Council to continuing the recent grants to the Institute for the next 10 years.

This proposal does have some risk in that it sets up these repayments from the grants budget as a priority and the Council may have other emergency requests which could have utilised the \$200,000. The buildings and slipway are owned by the Council and the Council supports this organisation by not only funding ongoing maintenance but also assisting with costs of insurance and power. The Sumner Lifeboat Institution is run entirely by volunteers and they provide effective inshore and offshore rescue services for the people of Christchurch and Canterbury.

Recommendation:

1. That the Council make a community loan of \$200,000 to the Sumner Lifeboat Institute Incorporated, as an investment of the Council's special funds.
2. That the loan be for a maximum term of 10 years.
3. That the interest rate on the loan be 6.5% per annum and be met by the Sumner Lifeboat Institute.
4. That the principal be repaid from Grants to Community Organisations output over the 10 year term of the loan.
5. That the Council make provision in the 2004/05 Long Term Council Community Plan for the principal repayments to be met from the Grants to Community Organisations output over the 10 year term of the loan.
6. That the Director of Finance be authorised to finalise the details of the loan agreement.