

#### 4. PROPERTY UNIT SIX MONTHLY MONITORING REPORTS

<b>Officer responsible</b> Property Manager	<b>Author</b> Rob Dally, Pam Ellis, Angus Smith, Peter Wills and Errol Waller
Corporate Plan Output: Property	

The purpose of this report is to outline the activities of the Property Unit for the six month period 1 July 1998 through 30 December 1998. Please note that the Housing Section reports to the Community Services Committee with the balance reporting to the Projects and Property Committee.

The Property Unit comprises the following sections:

Property Management  
 Property Services  
 Property Projects  
 Asset Management Team  
 Housing Tenancy Liaison Team

The reports of the team leaders/managers of the above sections/teams follow:

##### A. PROPERTY MANAGEMENT

<b>Officer Responsible</b> Property Manager	<b>Author</b> Rob Dally
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<b>Business Unit</b>	<b>Property (Property Manager)</b>
<b>Output Class</b>	<b>Information and Advice</b>

##### Financial Performance

	1997/98	Current Year	
	Actual	Actual	Budget
<i>Expenditure</i>			
Advice to Council	\$56,104	\$55,444	\$56,121
<i>Net Cost of Information and Advice</i>	\$56,104	\$55,444	\$56,121

##### Comment

Very closely aligned to budget.

The Corporate Plan for Property Management has only one reported output class – Information and Advice. The overall sub-budget for Property Management was overspent by \$4,498 (3%).

### Service Delivery Performance

Performance Indicator	Target	Results Achieved
1. Timeliness and quality of advice to elected representatives and business units in respect of property.	To elected representatives and City Manager's satisfaction.	Satisfactory feedback.

<b>Business Unit</b>	<b>Property (Property Manager)</b>
<b>Output Class</b>	<b>Capital Assets</b>

### Financial Performance

	Last Year	Current Year	
	Actual	Budget	Actual
<i>Expenditure</i>			
New Assets			
Photocopier/computer equipment	\$0	\$5,000	\$0

<b>Officers Responsible</b> Property Services Manager Property Projects Manager	<b>Authors</b> Pam Ellis Angus Smith
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<b>Business Unit</b>	<b>Property Management</b>
<b>Output Class</b>	<b>Property Consultancy</b>
<b>Output Class</b>	<b>Property Projects</b>

### Financial Performance - Summary

	Last Year 1997/98	Current Year 1998/99		Variance
	Actual YTD	Actual YTD	Budget YTD	%
<b>Expenditure (Operating)</b>	\$	\$	\$	
Property Consultancy	331,286	329,106	307,458	7.04
Projects Management	98,956	95,291	96,243	.98-
Special Projects	29,654	12,492	45,000	72.23-
Information & Advice	48,119	49,855	74,699	33.25-

Holding (Surplus) Property	106,647	202,110	160,605	25.84
Total Expenditure	614,661	688,854	684,005	.70

<b>Revenue (Operating)</b>				
Property Consultancy	255,624	275,550-	307,494-	10.38-
Projects Management	107,591-	91,934-	96,275-	4.5-
Special Projects	0	0	0	0
Information & Advice	0	0	0	0
Holding (Surplus) Property	9,179-	14,681-	20,020-	26.67-
Total Revenue	372,394-	382,164-	423,789-	9.82-

Net Cost Property Consultancy and Projects Management	242,267	306,690	260,216	17.86
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### Comments

- Total expenditure overall is close to budget at 0.7%. However significant variations within this result are as follows:
  - Special Projects,
    - Property involvement in some of these projects has not been as great as anticipated – particularly New Brighton 2005.
  - Holding (Surplus) Property:
    - Unexpected high costs (\$50,000) for demolition of reinforced concrete water tower on property at 21 Parker Street, in preparation for disposal.
    - Depreciation write down on sale of Sumner yard.
    - Management and consultancy costs have been higher than anticipated due to difficulties and complexity of properties remaining for disposal.
- Total revenue under recovery of 9.8% attributed to:

- Property Consultancy staff internal cost recoveries do not include the month of December (\$41,000) which would produce a positive result
- Miscellaneous income from surplus property pending sale.

### Service Delivery Performance

#### Property Consultancy

Performance Indicator	Target	Results Achieved
1. Client satisfaction demonstrated by customer survey. Balance of costs against revenue.	By 30/6/99	Regular client liaison. Costs balanced against revenue with inclusion of December figures.
2. Acquisition of 80% of required properties within budget allocation and within time frame to enable planned works to proceed during the budget period.	By 30/6/99 or earlier for programmed works	Progressing satisfactorily within financial constraints.
3. Maintenance and management of lease portfolio to client unit and lessee satisfaction and recovery of budgeted revenue.	By 30/6/99	Ongoing. Submissions received on draft lease <i>charging</i> policy for sports clubs and community groups – hearings panel to consider submissions prior to policy being adopted by Council. Embarking on development of policy for <i>granting</i> of leases over reserves and open space.
4. Provision of an accurate property database, balanced on a monthly basis with corporate assets register.	Monthly and annual balance	Achieved.

#### Property Projects

Performance Indicators	Target	Results Achieved
1. Acquisition of required properties within budget allocation and within a time frame to enable planned works to proceed during the budget period.	By 30/6/99	No acquisitions have been identified or programmed during the last six months
2. Being available and responsive with provision of valuable advice to clients both internal and external. Council and client satisfaction	By 30/6/99	Survey not undertaken. Our self-assessment of these listed objectives is that they have been achieved on an ongoing basis.

	demonstrated by results of customer survey. Development of unplanned project work to a logical conclusion.		
3.	Balance of costs against revenue as at 30 June 1999.	By 30/6/99	Refer previous financial performance summary, achieved to 13/12/98.
4.	Continued involvement and liaison with professional property institutes and practice of continuing professional development.	By 30/6/99	This has been pursued proactively and is ongoing.

### Special Projects

Performance Indicator	Target	Results Achieved
1. Acceptable progress on development of the following projects by 30/6/99: <ul style="list-style-type: none"> <li>• New Brighton Pier Terminus Stage III</li> <li>• Ferrymead land use issues</li> <li>• Cathedral Terminus</li> <li>• Tuam Street Car Park</li> <li>• Historic buildings</li> <li>• New Art Gallery</li> <li>• City car parking developments</li> <li>• New Brighton Mainstreet</li> <li>• Other special projects as required</li> </ul>	By 30/6/99	Leasing campaign calling for Expressions of Interest is under way and closes 19/3/99. Work in progress timelined with planning process. Representation on Central City Bus Interchange Committee. No action, some enquiry. Involvement as required, moderate to date. Minimal involvement to date. Significant involvement in Farmers, Hospital and Arthur Barnetts. Minimal involvement to date. Moderate involvement at request.
2. Provision of services to the Council and client units to a level which assists and promotes the decision making process and progress on approved developments.	By 30/6/99	There have been a number of projects of this nature. Further ongoing involvement is anticipated.

## Information and Advice

### Comments

This section incorporates the costs which are not directly recoverable from Units of Council, and provides for information and advice on requests from the Council, members of the public, community organisations and other external sources. It also includes officer representation at Committee, Community Board and Council meetings to advise on issues arising from reports presented.

### Service Delivery Performance

Performance Indicator	Target	Results Achieved
Respond with accurate, professional advice within the specified time frame.	As required	There have been a number of projects of this nature. Further ongoing involvement is anticipated

Business Unit	Property
Output Class	Holding Property Services (Capital) Surplus Property

### Financial Performance

	Last Year 1997/98	Current Year 1998/99		Variance
	Actual YTD	Actual YTD	Budget YTD	%
Expenditure (Capital)	\$	\$	\$	
Revenue (Capital)				
Net (Cost) Holding Property	35,068	501,568-	1,696,936-	70.44-

### Comments:

Primarily due to the sales of surplus properties not meeting budget predictions the main contributing factors being; overly optimistic budget targets; down turn in property market; complexity of properties remaining on the list gives rise to delays and difficulties in disposing of them.

### Service Delivery Performance

Performance Indicator	Target	Results Achieved
1. Complete review of all	By 30/6/99	Needs to be progressed.

Council property holdings		This is a large task and will need to be carried over into 1999/00.
2. Subject to prevailing market conditions, dispose of defined surplus properties to estimated net value of \$4,400,000.	By 30/6/99	Refer comment accompanying Financial Performance above.
3. Commence the special development projects:	By 30/6/99	
<ul style="list-style-type: none"> <li>• Lyttelton Street</li> <li>• Owles Terrace and Kennedys Bush Rd</li> <li>• Woodham Rd</li> </ul>	<ul style="list-style-type: none"> <li>Decision on land use.</li> <li>Prepare development proposal &amp; start works.</li> <li>Complete residential development</li> </ul>	<ul style="list-style-type: none"> <li>Settlement to occur early 1999.</li> <li>No progress pending Plan change hearing.</li> <li>Disposal planed for early 1999.</li> </ul>

<b>Business Unit</b>	<b>Property</b>
<b>Output Class</b>	<b>Fixed Assets – Property Services</b>

### Financial Performance

	Last Year 1997/98	Current Year 1998/99	
	Actual YTD	Actual YTD	Budget YTD
Expenditure	\$33,922	0	2,502

### Comment

Proposed office relocation will use budgeted amount prior to year-end.

### B. PROPERTY ASSET MANAGEMENT TEAM

<b>Officer Responsible</b> Property Asset Management Team Leader	<b>Author</b> Peter Wills
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<b>Business Unit</b>	<b>Property</b>
<b>Output Class</b>	<b>Commercial Property – Operational Budget</b>

### Financial Performance – Operational Budget

	Actual 1997/98	Current Year 1998/99	Variance

	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>%</b>
<i>Expenditure</i>	\$2,514,204	\$3,277,563	\$3,711,945	11.70-
<i>Revenue</i>	\$6,488,160-	\$6,825,161-	\$6,823,024-	0.03
<i>Net Cost of Commercial Property</i>	\$3,973,956-	\$3,547,598-	\$3,111,079-	14.03

### **Comment**

Expenditure and revenue for the four outputs in the Commercial Property Output Class [Management, Service Delivery Properties (Internal tenants), Commercial Properties (external tenants) and Restricted Assets] is generally in accordance with the Corporate Plan. Some minor variations to individual cost centres has occurred, however, these have balanced out overall.

The overall operation expenditure is \$434,382 (11.70%-) under budget.

**Note:** \$200,000 maintenance expenditure surplus has been identified for the February Strategy & Resources report as part of the Six Month Review of Expenditure and Revenue.

21 of the 33 planned maintenance items have either been commenced or completed. The balance will be started over the next six months. Three identified items have been deferred pending further investigation, these include the North New Brighton Community Centre (2) and the Canterbury Provincial Council Building stonework.

### **Service Delivery Performance**

<b>Performance Indicator</b>	<b>Results Achieved</b>
1. Complete the planned maintenance programme for the commercial Property portfolio within budget by 30 June 1999.	33 planned maintenance tasks are scheduled for 1998/99. 21 have been either completed or commenced. Nine have yet to be started and three have been put on hold or deferred.



<b>Business Unit</b>	<b>Property</b>
<b>Output Class</b>	<b>Capital Assets - Commercial Property</b>

### Financial Performances – Capital Asset Budget

	1997/98	Current Year YTD		Variance
	YTD	1999/99		
	Actual	Actual	Budget	%
<i>Net Cost - Commercial Property</i>	\$4,797,956	\$1,547,209	\$6,765,178	77.12
<i>Restricted Assets</i>	\$88,870	\$159,740	\$490,992	67.46-

### Comment

The majority of the 30 fixed asset projects for the Commercial Property/Restricted Asset Fixed Assets have commenced or have been completed in accordance with the Corporate Plan (refer Appendix 2 - attached). However the overall Commercial Property Fixed Asset expenditure is underspent, due to:

- Central City Car Park Building (Farmers) - \$4,687,199 – only \$14,952 spent to date. This project will be completed by March 1999 and money spent by the end of the financial year.
- Art Gallery Building (\$928,238) – only \$67,789 spent to date. Major Projects Section managing this project.
- Pier Terminus Building – on programme, \$1,227,222 of the budgeted \$3,347,000 spent to date. This project will be completed by June 1999 and the majority of funds expended.

As part of the six month review of expenditure and revenue, I advised the Financial Services Manager that the following project was unlikely to be fully expended this financial year and that it needed to be reprogrammed to 1999/2000 to reflect a more realistic cashflow.

- Fendalton Service Centre / Library relocation – (\$2,139,620 in 98/99) \$3,000 for 98/99 and \$1,839,620 reprogrammed to 99/00.

Performance Indicator	Results Achieved
2. Performance in relation to the individual projects managed being completed to specification, within the required time frames.	All projects have either been completed or commenced, in accordance with the Corporate Plan. Delays have occurred with some projects, resulting in the reprogramming of funds. Refer to Appendix 2 for specific detail on each project.

**Chairman's  
Recommendation:** That the information be received.