

5. **PROPERTY UNIT 12 MONTH MONITORING REPORT FOR THE PERIOD
1 JULY 1999 TO 30 JUNE 2000**

Officer responsible Property Manager	Author Rob Dally, Pam Ellis, Angus Smith, Peter Wills, Errol Waller
Corporate Plan Output: Property - Various	

The purpose of this report is to outline the performance of the Property Unit for the 12 month period 1 July 1999 through 30 June 2000 compared with the Annual Plan. For monitoring purposes, the Housing Section reports to the Community Services Committee with the remaining sections reporting to the Projects and Property Committee.

The Property Unit comprises the following sections:

Property Management
Property Services
Property Projects
Asset Management
Housing - Tenancy & Welfare Services

The reports of those team leaders/managers which report to the Projects and Property Committee follow:

PROPERTY MANAGEMENT

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

Financial Performance

	Last Year 1998/99	Financial Year 1999/2000	
	Actual	Actual	Budget
<i>Expenditure</i>			
Advice to Council	\$110,888	\$177,355	\$148,023
<i>Net Cost of Information and Advice</i>	\$110,888	\$177,355	\$148,023

(sub projects 301/101/1 & /2)

Comment

The Corporate Plan for Property Management has only one reported output class – Information and Advice Sub Projects 301/101/1 and 301/101/2. This output has a higher than budgeted expenditure (+\$29,332) for the year due to a higher level than estimated of management time spent on a number of significant property issues.

Whilst not reported as an output class the Property Unit Management cost centre (3051) fuelling the recoveries shows an end of year debit of \$83,940. This relates to the MIS charges re-apportioned to the individual sections of the Property Unit plus the under expenditure on budget (\$308,382 budget vs \$282,464 expenditure). This cost centre has been adjusted so that expenses match revenue.

Service Delivery Performance

Objective for 1999/2000	Performance Indicator	Results Achieved
1. Maintain a high standard of professionalism and service.	Response within the specified time frame.	Generally satisfactory feedback.

Business Unit	Property (Property Manager)
Output Class	Capital Assets

PROPERTY SERVICES TEAM & PROPERTY PROJECTS TEAM

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

Financial Performance - Summary

	Last Year 1998/99	Current Year 1999/2000		Variance
	Actual	Actual	Budget	%
Expenditure (Operating)	\$	\$	\$	
Property Consultancy	603,498	638,723	661,335	3.4-
Projects Management	188,462	205,281	203,419	.91
Special Projects	41,966	143,730	188,621	23.80-
Information & Advice	102,409	326,154	331,524	1.60-
Holding (Surplus) Property	318,597	80,830	348,377	76.80-
Total Expenditure	1,254,932	1,394,718	1,733,276	19.5-

Revenue (Operating)				
Property Consultancy	598,411-	638,723-	661,335-	3.4-
Projects Management	196,911-	205,280-	203,419-	0.91
Special Projects	0	0	0	0
Information & Advice	0	0	0	0
Holding (Surplus) Property	40,000-	19,144-	26,500-	27.76-
Total Revenue	835,322	863,147-	891,254-	.91-

Net Cost Property Consultancy and Projects Management	419,610	531,571	842,022	36.87-
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Comments

The net cost is 36.87% less than budgeted. This arises from not achieving the surplus property development and disposal programme, as referred to later in this report.

Service Delivery Performance

Property Consultancy

Performance Indicator	Target	Results Achieved
1. Client satisfaction demonstrated by customer survey. Balance of costs against revenue.	By 30/6/2000	Regular client liaison. Costs balanced against revenue.
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 30/6/2000 or earlier for programmed works	Satisfactory achievement within financial and programme constraints.
3. Maintenance and management of lease portfolio to client unit and lessee satisfaction and recovery of budgeted revenue.	By 30/6/2000	Ongoing. Implementation of FAMIS has necessitated review of portfolio and information held. Consequential renegotiation of service level agreements with clients will provide enhanced service delivery.
4. Provision of an accurate property database, balanced on a monthly basis with corporate assets register.	Monthly and annual balance	Property database now in Real Estate module of FAMIS. Linked with Corporate assets register and manual balance no longer necessary.

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 30/6/2000	Bus Exchange development – delivery of this project is ahead of time and under budget.
2. Being available and responsive with provision of valuable advice to clients both internal and external. Council and client satisfaction demonstrated by results of customer survey. Development of unplanned project work to a logical conclusion.	By 30/6/2000	Survey not undertaken. Our self-assessment of these listed objectives is that they have been achieved on an ongoing basis. Informal feedback has been positive.
3. Balance of costs against revenue as at 30 June 2000.	By 30/6/2000	Refer previous financial performance summary this has been achieved.
4. Continued involvement and liaison with professional property institutes and practice of continuing professional development.	By 30/6/2000	This has been pursued proactively and is ongoing.

Special Projects

Performance Indicator	Target	Results Achieved
<p>1. Ferrymead Land Issues</p> <p>Cathedral Square Properties</p> <ul style="list-style-type: none"> • Bus Terminus • Britico Site • CTC Relocation • Star/Warner's Lyttelton Times <p>Tuam Street Car Park</p> <p>Heritage Building</p> <p>New Art Gallery</p> <p>City Car Parking Developments</p> <p>New Brighton Main Street</p> <p>Central City Sustainability</p> <p>Other Special Projects as required</p>	By 30/6/2000	<p>Council resolution on use obtained through property options report. Negotiations are under way to put resolution into effect.</p> <p>Project substantially under way. Under budget and programme. Innovative solution developed.</p> <p>No property involvement transpired. Assistance to heritage planners on request.</p> <p>No action required, site is considered portion of broader strategic issues.</p> <p>Involvement as required and requested. This has proven to be significant and successful.</p> <p>No involvement required.</p> <p>Significant involvement in Arthur Barnett's and discussions on strategy and suggested initiatives.</p> <p>This has proven to be a planning project. Little property involvement has been required to date.</p> <p>Significant involvement on a project basis and providing general property consultancy advice.</p> <p>Involvement as requested. A number of projects have been initiated and are ongoing.</p>
<p>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.</p>	By 30/6/2000	<p>There have been a number of projects of this nature. Further ongoing involvement is anticipated. Good working relationships have developed.</p>

Information and Advice

Comments

This section incorporates the costs which are not directly recoverable from Units of the 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
Response within specified time frame.	As required	Generally achieved.

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

Financial Performance

	Last Year 1998/99	Current Year 1999/2000		Variance
	Actual YTD	Actual YTD	Budget YTD	%
	\$	\$	\$	
Expenditure (Capital)		112,523	112,523	0.0
Revenue (Capital)		327,213-	327,574-	0.11-
Net (Cost) Holding Property	1,100,596	214,690	215,051	0.17-

Comments:

As reported to the Council through the Projects and Property Committee over the last year on a quarterly basis, the surplus property disposal programme has not met budget. The main contributing factors are overly optimistic budget targets; the downturn in the property market; the complexity of properties remaining on the list giving rise to delays and difficulties in disposing of them and in some instances the Council deciding to retain rather than sell property.

Accordingly, the unmet balances have been carried forward into 2000/2001. The achievability of these will be reviewed and reported as part of the six month review – December 2000 and will reflect the advice to the Council in the quarterly reports on this matter.

Service Delivery Performance

Performance Indicator	Target	Results Achieved
1. Complete review of all Council property holdings	By 30/6/2000	Unable to be resourced due to other project commitments. Needs to be progressed. This is a large task and will need to be carried over into 2000/01.
2. Subject to prevailing market conditions, dispose of defined surplus properties to estimated net value of \$2,275,000.	By 30/6/2000	Refer comment accompanying Financial Performance above.

Performance Indicator	Target	Results Achieved
3. Commence the special development projects:	By 30/6/2000	
<ul style="list-style-type: none"> Owles Terrace 	Subject to Plan Change, prepare development proposal and commence site works.	Work towards an options report is progressing well given the complexities this site presents.
<ul style="list-style-type: none"> Kennedys Bush Rd 	Zone change, subdivision and disposal.	Slightly behind programme due to consultation issues but progressing well to resolution.
<ul style="list-style-type: none"> 109A Bexley Rd 	Develop solution to non-compliant improve.	Time and other projects has not permitted the resourcing of this issue. It is not considered a critical priority.
<ul style="list-style-type: none"> New Brighton Library 	Develop plan for optimum utilisation	Slightly behind programme but progressing well towards resolution.

ASSET MANAGEMENT TEAM

Officer Responsible Property Asset Manager	Author Peter Wills
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Business Unit	Property
Output Class	Asset Management – Operational Budget

Financial Performance – Operational Budget

	Actual 1998/99	Current Year 1999/00		Variance
	Actual	Actual	Budget	%
<i>Net Cost of Asset Management</i>	\$6,917,501-	\$10,929,214-	\$7,330,302-	49.1

Comment

Expenditure and revenue for the four outputs within the Asset Management 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 have occurred, although these have balanced out overall.

The overall net cost for the operational expenditure is **\$3,598,912- underspent** (49.1%). Excluding the Art Gallery contributions (actual/budget) – see note 1 below, the operational **surplus** was \$547,279 (13.6%).

1. The significant variation to budget has primarily been caused by the one off government grant from the Ministry of Arts, Culture and Heritage of \$6,474,000 including GST (\$5,754,666 excluding GST) for the art gallery project. The budgeted provision for the art gallery contributions was only \$2,996,560. Although this grant is to offset the capital cost of the project, for accounting reasons, it is treated and shown as operational expenditure. I understand that the Director of Finance reported to Strategy and Resources in July regarding the grant and the setting up of an Art Gallery Building Fund.
2. The planned maintenance programme was completed in terms of the plan. However, some of the tasks were either put on hold after inspections were carried out or deferred as a consequence of other capital improvements under way ie:
 - Chokebore Lodge – (interior/exterior) – deferred until conservation plan completed.
 - Sign of the Takahe – deferred until conservation plan completed.
 - Old Municipal Chambers – deferred until conservation plan completed.
 - Spreydon Library minor repairs – deferred owing to proposed alterations.
 - Sockburn Yard buildings held over pending options report on future use.

Service Delivery Performance

Performance Indicator	Results Achieved
1. Complete the planned maintenance programme for the commercial property portfolio within budget by 30 June 2000.	The planned maintenance programme was completed within budget.

Business Unit	Property
Output Class	Asset Management – Capital

Financial Performances – Capital Asset Budget

Capital Output	1998/99	1999/2000		Variance
	Actual	Actual	Budget	%
Renewals and Replacements (32201/03/04)		\$37,021	\$118,090	68.6-
Asset Improvements (32205/06/07/08)		\$3,021,070	\$3,048,377	0.9-
New Assets (32209/10)		\$1,993,303	\$2,192,248	9.1-
Restricted Assets		\$353,122	\$351,352	0.5
Net Cost – Fixed Assets	\$1,886,088	\$5,404,516	\$5,710,067	5.4-

Comment

The overall capital budget is **underspent by \$305,551 (5.4%)**.

There are currently 24 fixed asset/capital projects within the Property Asset Management budget this year (refer attachment). Fourteen projects have been completed. A further six more have commenced and have had the balance of funds carried forward to 2000/2001. Four have been put on hold pending further review. These are the software upgrade, land purchase for St Martins Library, Spreydon Library alteration/extension and the Linwood Service Centre air conditioning.

Specific Comments

1. The Spreydon Library alteration and proposed land purchase for St Martins Library – both projects (the development and proposed land purchase) were put on hold pending a further review of library services in the east of the city by the Libraries Manager. As requested, the funding for these projects has been reprogrammed to 2000/2001.
2. The proposed air conditioning of the Linwood Service Centre building was deferred (carry forward to 2000/2001) while the Community Relations Unit review options for the delivery of advocacy services within the Linwood area.
3. The proposed structural strengthening for the Civic Offices (\$107,700) has been put on hold pending a further study by the University of Canterbury and a review of central city accommodation needs for the Council.

Performance Indicator	Results Achieved
2. Performance in relation to the individual projects managed being completed to specification, within the required time frames.	24 projects scheduled. (14 completed, six in progress and four deferred pending further review/reporting).

Chairman's

Recommendation: For discussion.