

9. **PROPERTY UNIT EXPENDITURE MONITORING REPORT FOR SIX MONTHS TO 31 DECEMBER 2000**

**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**

	<b>Financial Year 2000/01</b>	
	<b>Actual</b>	<b>Budget</b>
<i>Expenditure</i>		
Advice to Council	\$61,785	\$79,946
<i>Net Cost of Information and Advice</i>	\$61,785	\$79,946

(sub projects 301/100, 301/101/1 & /2)

**Comment**

The Corporate Plan for Property Management has only one reported output class – Information and Advice Sub Projects 301/100, 301/101/1 and 301/101/2. This output has a lower than budgeted expenditure for the six months due to more time spent on internal administration rather than Information and Advice.

**Service Delivery Performance**

<b>Objective for 2000/01</b>	<b>Performance Indicator</b>	<b>Results Achieved</b>
1. Maintain a high standard of professionalism and service.	Response within the specified time frame.	Generally satisfactory feedback.

**B. PROPERTY SERVICES TEAM & PROPERTY PROJECTS TEAM**

<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**

	<b>Six Months to 31/12/2000</b>		<b>Variance</b>
	<b>Actual</b>	<b>Budget</b>	<b>%</b>
<b>Expenditure (Operating)</b>	\$	\$	
Special Projects	28,928	35,000	17.35-
Information & Advice	116,501	161,647	27.93-
Holding (Surplus) Property	73,343	218,909	66.50-
<b>Total Expenditure</b>	<b>218,772</b>	<b>415,556</b>	<b>47.35-</b>

<b>Revenue (Operating)</b>			
Special Projects	0	0	0
Information & Advice	0	0	0
Holding (Surplus) Property	12,069-	40,000-	69.83-
<b>Total Revenue</b>	<b>12,069-</b>	<b>40,000-</b>	<b>69.83-</b>

Net Cost Property Consultancy and Projects Management	206,703	375,556	44.96-
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## Comments

The net cost is 44.96% less than budgeted. This arises from not achieving the surplus property development and disposal programme. The primary contributor being a budget provision in anticipation of the possible sale or lease of the Tuam Street Car Park which is unlikely to occur in this financial year. As well as the fact that less time has been charged to the Special Projects and Information and Advice Outputs than anticipated.

## Service Delivery Performance

### Property Consultancy

Performance Indicator	Target	Results Achieved
1. Client satisfaction demonstrated by customer survey. Balance of costs against revenue.	By 30/6/2001	Regular client liaison.
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 30/6/2001 or earlier for programmed works	Satisfactory progress within financial and programme constraints.
3. Maintenance and management of lease portfolio to client unit and lessee satisfaction and recovery of budgeted revenue.	By 30/6/2001	Ongoing. Review of lease portfolio on FAMIS/SAP substantially complete for sports and community groups. Lease documentation review and updating/upgrading now under way.
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 30/6/2001	A number of properties have been investigated for heritage or housing purposes. Only one warranted purchase and was completed successfully.
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 30/6/2001	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 30/6/2001	Refer previous financial performance summary.
4. Continued involvement and liaison with professional property institutes and practice of continuing professional development.	By 30/6/2001	This has been pursued proactively and is ongoing.

## Special Projects

Performance Indicator	Target	Results Achieved
1. Ferrymead Land Issues  Cathedral Square Properties <ul style="list-style-type: none"> <li>• Bus Terminus</li> <li>• Brittco Site</li> <li>• CTC Relocation</li> <li>• Star/Warners Lyttelton Times</li> </ul> Tuam Street Car Park  Heritage Building  City Car Parking Developments  New Brighton Main Street  Central City Sustainability  Review and rationalisation of the Council's central city accommodation and property holdings. Other special projects as required	By 30/6/2001	Council resolution on use obtained through property options report. Negotiations and public consultation are under way to put resolution into effect. Project substantially completed. Under budget and programme. Innovative solution developed. No property involvement transpired. Assistance to heritage planners on request. No action required, site is considered portion of broader strategic issues. Involvement as required and requested. This has proven to be significant and successful. Significant involvement in Arthur Barnettts and Ballantynes discussions on strategy and suggested initiatives. This has proven to be a planning project. Little property involvement has been required to date. Significant involvement on a project basis and providing general property consultancy advice. Project initiated.  Involvement as requested. A number of projects have been initiated and are ongoing.
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 30/6/2001	There have been a number of projects of this nature. Further ongoing involvement is anticipated. Good working relationships have developed.

## 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

	Six Months to 31/12/2000		Variance
	Actual YTD	Budget YTD	%
	\$	\$	
Expenditure (Capital)	18,114	699,489	97.5-
Revenue (Capital)	---	1,931,213-	100-
Net Holding Property Result	18,114	1,231,724-	101.5-

### Comments:

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

The budget is substantially over stated as a result of a compounding effect from a budgeting error. Surplus property budget projections not achieved in the first year have all been carried forward and added to a full review or recasting of the budget for surplus property, the true net budget YTD figure should be (\$337,768). The net effect is the budget for net sales proceeds is overstated by \$1,787,949.

## Service Delivery Performance

Performance Indicator	Target	Results Achieved
1. Complete review of all Council property holdings	By 30/6/2001	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 2001/02.
2. Subject to prevailing market conditions, dispose of defined surplus properties to estimated net value of \$675,500.	By 30/6/2001	Refer comment accompanying Financial Performance above.
Performance Indicator	Target	Results Achieved
3. Commence the special development projects:	By 30/6/2001	
• Owles Terrace	Subject to Plan Change, prepare development proposal and commence site works.	Background work towards an options report is progressing well given the complexities this site presents.
• Kennedys Bush Rd	Zone change, subdivision and disposal.	Slightly behind programme due to consultation issues but progressing well to resolution.
• 109A Bexley Rd	Develop solution to non-compliant improve.	Time and other projects have not permitted the resourcing of this issue. It is not considered a critical priority.
• Former New Brighton Library	Develop plan for optimum utilisation	Disposal resolved.
• Tuam Street	Review for possible disposal.	This has been held pending broader central city and Council accommodation issues.

**C. ASSET MANAGEMENT – FINANCIAL PERFORMANCE – OPERATION BUDGET**  
**1 JULY 2000 – 31 DECEMBER 2000**

<b>Officer Responsible</b> Property Asset Manager	<b>Author</b> Peter Wills, Property Asset Manager
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The Asset Management Team is tasked with four outputs under the 'commercial' property portfolio:

- commercial property – external tenanted properties
- service delivery – operational properties
- restricted assets – heritage properties
- asset team management – cost centre

Expenditure and revenue to date has been generally in accordance with the Corporate Plan, some minor variations to individual cost objects have occurred.

	<b>1 July 2000/31 December 2000</b>			
	<b>Actual YTD</b>	<b>Budget YTD</b>	<b>Variance</b>	<b>Note</b>
<b>A. Operational</b>				
- Expenditure	\$4,229,808	\$5,191,299	-19	1
- Revenue				
a) Internal	(6,229,048)	(7,306,092)	-15	2
b) External	(790,900)	(921,925)	-15	3
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	(\$7,019,948)	(\$8,228,017)	-15	
<b>Total Net Cost – Operational</b>	<b>(\$2,790,140)</b>	<b>(\$3,036,718)</b>	<b>-8</b>	
<b>B. Capital</b>				
- Expenditure	\$1,523,010	\$6,597,986	-77	
- Revenue	---	(\$328,350)		
<b>Total Net Cost – Capital</b>	<b>\$1,523,010</b>	<b>\$6,269,636</b>	<b>-76</b>	

**A. Operational Budget**

**Expenditure**

Overall expenditure YTD for the Operational Budget is \$4,229,808, which is underspent by 19% (\$961,491). A surplus of \$310,600 was identified and offered as part of the six monthly review of expenditure and revenue, which was reported to the Council in February.

**Notes**

1. The majority of the planned maintenance expenditure does not hit the cost objects within the first six months. This is due to the time involved in the preparation and letting of contracts. Refer attachment for list of major projects and progress to date.

**Revenue**

Overall revenue YTD (internal and external revenue) for the operational budget is \$7,019,948 which is under recovered by 15 % (\$1,208,069). However the majority of this is from internal rentals. The internal rentals for the Bus Exchange and Fendalton Library (1,025,196) had not been charged in periods 1 – 6, this has now been corrected and will be included in the following cost reports. With this adjustment the revised under recovery is only 2 % (\$182,873).

**Internal Rentals (Note 2)**

- (a) With the transfer of PBS to City Care in Nov 2000, the internal rental with PBS ceased. The renegotiated rental agreement negotiated with City Care included the area previously occupied by the ex PBS team. An end of year under recovery of \$ 20,654 will result.
- (b) The budgeted internal rental of \$50,000 for Avebury Park Youth Hostel, currently under redevelopment, will not be charged to the Advocacy Team until either the completion of the alterations and/or the Advocacy Team finds a suitable sub tenant. So far the end use has not been finalised.

### External Revenue (Note 3)

- (a) External revenue is expected to be under recovered by the end of the financial year by approx \$160,000. This is due to a reduction in rent from the Milton Street and Westminster Street Depots following revaluations and renegotiation of the lease with City Care. In addition to this, the Old Municipal Chambers is no longer returning any external rent due to the relocation of the Information Centre to the Square and the Council's decision to reuse for internal use.
- (b) End of year recoveries of outgoings from external tenants still need to be processed and will impact on the reduced recoveries at the six month report.
- (c) Pre SAP, the Property Unit operated a Miscellaneous Properties code that received revenue from a number of small properties eg Parks and Waterways for the Tiffanys River bank frontage, grazing leases and scout den rentals etc. This revenue was budgeted for as Property Unit income. Since SAP, the correct 'controlling unit' is now receiving the rentals from these properties. The revenues are still being received but accounted for in other Unit budgets.
- (d) The Bus Exchange has \$112,000 budgeted for external revenue. However, as explained in the 2001/02 pink pages, this rental level is not possible after redesign of entry ramp and the resulting loss of rentable space. In addition to this, tenants need to be found for the remainder of the surplus retail areas this year.

To offset the reduction in revenue, controls on expenditure will be in place to ensure the bottom line does not go over budget.

<b>External Rental Reductions</b>	<b>1/7/2000 – 1/12/2000 Effect</b>	<b>Full Year Effect</b>
Old Municipal Chambers vacant after CCM left	\$37,292	\$88,943
Westminster Street Depot	\$7,490	\$14,980
Milton Street Depot - renegotiated lease and rentals with City Care	\$20,950	\$41,901
Misc Commercial Property rentals – Now assigned to other Units eg Tiffany's lawn frontage due to SAP clean up	\$8,135	\$16,270
Bus Exchange	\$56,000	112,000
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<b>Total Rental Reductions</b>	<b>\$ 130,117</b>	<b>\$274,094</b>

<b>External Additional Rentals</b>	<b>1/7/2000 – 1/12/2000 Effect</b>	<b>Full Year Effect</b>
Methven Farm	\$3,600	\$7,200
RMF Parkhouse Road	36,238	\$72,477
RMF Pages Road (new)	----	\$25,000
Mona Vale	----	\$8,432
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<b>Total Additional Rentals</b>	<b>\$39,838</b>	<b>\$113,109</b>

<b>Overall Net Effect – Rental reduction of</b>	<b>\$90,279</b>	<b>\$160,985</b>
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### B. Capital Budget

Overall expenditure/revenue YTD for the Capital Budget is \$1,523,010, which is underspent by 76% (\$4,746,626). The majority of the planned capital projects have commenced, however, the expenditure does not hit the cost objects within the first six month period.

The two main reasons for the under expenditure are :

- (i) Any work or expenditure for the proposed Spreydon/St Martins Library extensions/alterations (\$2.9 mil approx) has been deferred until the Council and APWP considers a report on the new South of the City Library. The majority of this budgeted allocation will be reprogrammed to next financial year.

- (ii) The expenditure for the Art Gallery project is slightly behind the six month projection. However this will be corrected by the end of the financial year. Major Projects are managing this project including the financial control and reporting on expenditure and revenue/sponsorship.

Refer attachment for a list of other major projects and progress to date.

### **Performance Indicators**

The Property Asset Management Objectives and matching indicators for 2000/01 are listed below along with achievement YTD recorded in the attachment.

<b>Objectives</b>	<b>Performance Indicators</b>	<b>Achievements</b>
Implement the planned maintenance projects	Complete the planned maintenance programme for the Asset Management portfolio within budget by 30 June 2001	The planned maintenance work is currently in progress. Refer to attachment for individual project status
Project co-ordinate the Capital Works Programme	Performance in relation to the individual project managed being completed to specification and budget, within required time frames	The planned capital works is currently in progress. Refer to attachment for individual project status

### **Chairman's**

**Recommendation:** For discussion.