

11. 12 MONTH MONITORING REPORT - 1 JULY 2001-31 DECEMBER 2001

Officer responsible Property Manager	Author Rob Dally, Pam Ellis, Angus Smith, Peter Wills
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A. PROPERTY MANAGEMENT

Officer Responsible Property Manager	Author Rob Dally, Pam Ellis, Angus Smith, Peter Wills
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Business Unit	Property (Property Manager)
Output Class	Information and Advice

Financial Performance

	Six Month to 31 December 2001		
	Actual	Budget	Variance
Information and Advice	\$170,791	\$138,808	23.04%
Under Allocated Staff Related Cost	\$45,062	\$0	

Comment

The Corporate Plan for Property Management has only one reported output class – Information and Advice. Both Property Services and Property Projects also work on this output.

This output has a higher than budgeted expenditure for the year, arising mainly from unanticipated and unbudgeted time applied to contamination issues and unrecoverable projects.

Service Delivery Performance

Objective for 2000/2001	Performance Indicator	Results Achieved
1. Maintain a high standard of professionalism and service.	Response within the specified time frame.	Excellent.

B. 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

	Six Months to 31 December 2001		Variance %
	Actual \$	Budget \$	
Expenditure (Operating)			
Special Projects	40,186	69,000	41.76-
Holding (Surplus) Property	*339,056	144,481	134.67
	379,056	213,481	77.65

Revenue (Operating)			
Special Projects	0	0	0
Holding (Surplus) Property	29,522-	62,525-	52.78-
Total Revenue	29,522-	62,525-	71.32-

Net Cost Property Consultancy and Projects Management	349,720	150,956	131.67
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Comments

*The actual costs for "holding (surplus) Property" contains \$250,000 for the purchase of a conservation covenant with the Isaac Wildlife Trust. This has an offset in the "Holding Property Services (Capital)" account, arising from the sale of a block of land at McArthurs Road – reported further on. Adjusting for this purchase the net cost would be 6.64% less than budgeted. There are no significant variances.

Service Delivery Performance

Property Consultancy

Performance Indicator	Target	Results Achieved
1. Client satisfaction demonstrated by customer survey. Balance of costs against revenue.	By 30/6/2002	Regular client liaison but formal customer survey not yet undertaken. Costs/revenues reported separately.
2. Acquisition of 85% of required properties within budget allocation and within time frame to enable planned works to proceed during the budget period.	By 30/6/2002 or earlier for programmed works	Mostly satisfactory progress within financial and programme constraints. However continuing difficulties with two remaining property acquisitions for next stage of the Woolston-Burwood Expressway.
3. Maintenance and management of lease portfolio to client unit and lessee satisfaction and recovery of budgeted revenue.	By 30/6/2002	Ongoing. Review of lease portfolio completed for sports and community groups. Leases currently being processed through statutory procedures and formal documentation.
4.1 90% of amendments entered into database within 4 weeks of transaction completion.	Monthly	Unrealistic target having regard to external legal and document processing times but otherwise database updated within satisfactory time.
Performance Indicator	Target	Results Achieved
4.2 Provision of an accurate Corporate Real Estate database integrated with GEMS.	30/6/2002	Accuracy of SAP Real Estate database being maintained to high level. GEMS integration under review and unlikely to proceed as originally proposed.
5. Obtain 3 new external local authority customers requiring LINZ accredited services.	By 30/6/2002	No new customers during this period but existing local authority work continuing and opportunities for new work being pursued.

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 30/6/2002	A number of properties and property related assets have been investigated for a variety of purposes and a number of property deals and purchases have been 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 30/6/2002	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 30/6/2002	Refer previous financial performance summary.

4.	Continued involvement and liaison with professional property institutes and practice of continuing professional development.	By 30/6/2002	This has been pursued proactively and is ongoing.
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Special Projects

Performance Indicator	Target	Results Achieved
1. Acceptable progress on development of the following "Council" projects. <ul style="list-style-type: none"> • Cathedral Junction • Heritage Buildings • City Car Parking Developments • Central City Sustainability • Review and rationalisation of the Council's central city accommodation and property holdings. • Other Special Projects as required 	By 30/6/2002	Significant involvement and progress to date. Involvement as required and requested. This has proven to be significant and successful. Significant involvement and progress with the Arthur Barnetts, Ballantynes and Nam Yee development. Significant involvement on a project basis and providing general property consultancy advice. Project initiated. Significant involvement and progress to date. 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 30/6/2002	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 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.

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 December 2001		Variance
	Actual YTD	Budget YTD	%
	\$	\$	
Expenditure (Capital)	27,712	166,266	83.33-
Revenue (Capital)	*221,594-	250,000-	
Net Holding Property Result	193,990-	83,734-	131.67

Comments:

*The revenue item relates to the sale of a property at McArthurs Road as mentioned earlier in this report. Ignoring this which was unbudgeted and has an offset the budgeted net sales proceeds from the sale of surplus and development properties is currently recorded at \$250,000 below budget and will be at least \$300,000 below the amount budgeted. This is due to the Council decision that the Kennedy's Bush Road property be retained as a reserve. The other two properties budgeted to be sold this year may also not be sold as there are proposals being prepared to apply them for other uses. If these proposals are adopted then there will be a further shortfall in the budgeted net sales proceeds from the sale of surplus properties of \$200,000.

Service Delivery Performance

Performance Indicator	Target	Results Achieved
1. Complete review of all Council property holdings	By 30/6/2002	Section 40 PWA review initiated and significantly progressed.
2. Subject to prevailing market conditions, dispose of defined surplus properties to estimated net value of \$401,468.	By 30/6/2002	Refer comment accompanying Financial Performance above.
3. Commence the special development projects: <ul style="list-style-type: none">• Owles Terrace• Kennedys Bush Rd• 109A Bexley Rd• Hunter Terrace	By 30/6/2002 Prepare development proposal. Subdivision and disposal. Develop solution to non-compliant improvement. Review and rationalisation of property holdings.	Background work towards an options report is progressing well given complexities this site presents. Reported to Council and resolved to hold for park use. Initial investigations initiated. Multi-unit Council team established and projected initiated

C. ASSET MANAGEMENT – FINANCIAL PERFORMANCE

Officer responsible Property Asset Manager	Author Peter Wills, Property Asset Manager, DDI 371-1503
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The purpose of this report is to outline Financial and Management Performance results for the year to date 1 July 2001 – 31 December 2001.

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 has been generally in accordance with the Corporate Plan. Some variation to be individual cost objects have occurred which are detailed below.

OPERATIONAL BUDGET SUMMARY

	1 July 2001 – 31 December 2001			
	Actual YTD	Budget YTD	Difference	Notes
Expenditure	4,784,376	5,773,738	(989,362)	
Revenue				
(a) External	(847,891)	(936,540)	(88,649)	6 & 8
(b) Internal	(7,214,718)	(7,446,393)	(231,675)	7
(c) Art Gallery Grants	(97,413)	(250,000)	(152,587)	5
Total Revenue	<u>(8,160,002)</u>	<u>(8,632,933)</u>	<u>(472,911)</u>	

Expenditure

The six month report shows an under expenditure of \$989,632 compared to budget. This is made up of a number of factors.

1. Planned maintenance projects for the year are still in the design/preliminary contract stage. This equates to \$929,000 of commitments/expenditure to occur in the second half of the year. Refer Appendix 1 (attached).
2. Over budgeting for the cost element Rates have occurred over the whole portfolio.
3. Depreciation of the Bus Exchange is still to occur and will be backdated.
4. Overall forecast expenditure for the year will be less than budgeted and at the six monthly review stage the Asset Management Budget has offered up to \$100,000 (0.9% of the expenditure budget) as part of that review.

Revenue

The six month report shows a shortfall of \$742,911 received revenue compared to budget allowed. This is made up of a number of factors.

5. Contribution to Capital projects (Art Gallery Fund Raising) (profit centre 32101) shows a budget allowance of \$250,000 however only \$97,413 received year to date. This fund raising is reported by the Art Gallery and requires an additional draw down on the Trust funds.
6. An external rental of \$74,909 was budgeted for the Westminster Street Depot. City Care have now vacated the premises and minimal rental will be received for the property while it is going through the surplus property review process. The overall expenditure budget will be reduced to ensure offset against the reduced rental.
7. Internal vacancy charges still to occur. This is a charge within the Asset Management budget to allow reporting of the holding costs of vacant properties. The result of this is an overall net effect of nil.
8. End of year recovery of outgoings to occur June 2002 for some external leases.

CAPITAL BUDGET SUMMARY

	1 July 2001 – 31 December 2001		
	Actual YTD	Budget YTD	Difference
Capital	6,541,463	13,581,129	7,039,666

Capital expenditure shows a clear under expenditure to date of \$7,039,666. This is mainly due to the effect of new projects beginning this year and are currently in the design stage, however at this stage it is too early to predict carry forward requirements on many of the projects. The two major contributors to this (Art Gallery and South City Library) will have carry forward requests occur mid February 2002

Refer Appendix 1 (attached) for schedule of major projects.

PERFORMANCE INDICATORS : ASSET MANAGEMENT

Objective	Performance Indicator	Achievement
Implement the planned maintenance programme	Complete the planned maintenance programme for the Asset Management portfolio within budget by 30 June 2002	Planned maintenance program implemented with Asset Offices commissioning the jobs. Refer Appendix 1 for listing of projects.
Project co-ordinate the capital works programme	Performance in relation to the individual projects managed being completed to specifications and budget, within the required time frames.	Many projects underway mainly and currently in the design stage. Refer Appendix 1 for listing of projects.

Chairman's

Recommendation: That the report be received.