



30. 6. 2004

SUPPLEMENTARY REPORT BY THE CHAIRPERSON OF THE METROPOLITAN FUNDING SUBCOMMITTEE

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. YMCA BISHOPDALE

Officer responsible General Manager Community Services	Author Stephen McArthur, DDI 941-8534
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The purpose of this report is to seek Council approval for the grants to community organisations fund to be increased by \$1 million for 2004/05 to enable the Metropolitan Funding Subcommittee to make a grant towards a recreation and youth centre in Bishopdale.

BACKGROUND

In 2000 the YMCA approached the Fendalton/Waimairi Community Board regarding a proposal to relocate from their outgrown and outmoded Greers Road site. YMCA initially considered co-location at Bishopdale.

YMCA purchased a plot of land that was the matter of a subdivision. YMCA have had discussions with adjoining property owners. The resource consent process is currently underway.

Presentations were made to the former Pools and Stadia Committee and the Community and Leisure Committee. A report was presented to the Strategy and Finance Committee in June 2003 and made the following recommendations to the Council:

1. *That further evaluation of the concept for the development of a multi-use facility at Bishopdale be endorsed.*
2. *That a preferred option for the location of the Stage 1 development be reported back to the Fendalton/Waimairi Community Board and the Community and Leisure Committee within the next few months.*

(The Council, on 26 June, resolved to adopt the recommendations with an amendment that the matter be referred to the Board and the Property and Major Projects Committee.)

3. *That the above report include details of any long term lease which could be offered to the YMCA, and details of any Council responsibilities for work associated with the concept overall.*

Subsequent to these resolutions, Council staff undertook the process of identifying what were the potential options for accommodating the YMCA in relocating to Bishopdale. A number of options were identified.

In addition to the planning work, Council staff made a presentation to the YMCA Board. The purpose of this was to present the Board with a clear picture of all the options and the issues associated with them. In addition to the options of using Council-owned land, the option of the YMCA purchasing some land was discussed.

BENEFITS FOR COUNCIL

The decision by the YMCA to purchase their own land and relocate to Bishopdale has some significant benefits for Council. These are:

- (a) The provision of a major facility in the north-west area of the city. The Council has recognised through its review of major facilities that there is a need for a major facility in this area. The Council does not have any funding allocated in the Draft LTCCP to meet this need within the next 10 years. The decision by the YMCA to build a facility will assist the Council in achieving this need.

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- (b) A new facility such as the YMCA will help the process of revitalisation for the Bishopdale area. It has long been recognised by the Council that there is a need for this revitalisation to happen. The Council as a major stakeholder on the area will benefit from this initiative.
- (c) The positioning of this facility not only means the Council does not have to provide a facility in this area, but also the Council would not have to provide the suite of recreation programmes which it would have to if the YMCA didn't exist in the Fendalton/Waimairi area. This is a potential cost saving to us over many years.

The YMCA has very similar philosophies to the Council in terms of community recreation provision for all, particularly low income communities. The Council has partnered strongly with them for several years, particularly in the Fendalton/Waimairi area.

- (d) Following the decision by the YMCA to purchase their own parcel of land, the Council wanted to provide some tangible assistance. The Council recognised that the YMCA development would need car parking. Adjacent to the parcel of land the YMCA bought there is a parcel of land currently zoned as Local Purpose Reserve. This reserve is effectively landlocked in that it is bordered by buildings.

The Council through the Greenspace, City Transport and Property Units of the Council agreed to the transfer of this reserve to car parking. This will significantly assist the YMCA development. The value of this land is approximately \$1M (based on the value of the land bought by the YMCA).

The Council made no allocation of funds, nor was any commitment given, for the physical works associated with converting the reserve into car park. The estimate for this is \$200,000 (current industry pricing information used) if the work was undertaken now.

In November 2003 a report was presented to the Property and Major Projects Committee. In December 2003 the Council **resolved**:

1. *Approve in principle the transfer of the existing Local Purpose Reserve identified as Lot 2, DP 26629, to car parking while still allowing for the existing Plunket rooms to exist on the site.*
2. *Recommend to the Community and Leisure Committee that they give consideration to a grant to the YMCA to assist them with development of their facility*.*
3. *Approve of the ongoing involvement of Council staff in assisting the YMCA with the development of their plans and resource consent application.*
4. *That subject to the successful transfer of the YMCA's recreational activities to Bishopdale, the opportunity be taken to review the overall Council stakeholding at Bishopdale.*

*The second recommendation was not considered by the Community and Leisure Committee.

Recent Council Decision Making Processes

Following the Annual Plan process in 2003 the Council decided that the Metropolitan Funding Sub-Committee be given delegated authority to allocate grants to community organisations rather than the Annual Plan Sub Committee considering such requests as part of the Long Term Council Community Plan (LTCCP) process. The YMCA will also request via the Metropolitan Funding Subcommittee Grants to Community Organisations an operational grant of \$100,000 for 2005/06 and \$50,000 for 2006/07. The YMCA submitted a request for \$1m as part of this year's LTCCP process and was therefore referred to the Metropolitan Sub-Committee to be considered. Their submission is attached. Given that this matter had already been considered by previous Council Committees it would have been more appropriate that, rather than being required to be assessed by the Metropolitan Funding Subcommittee the Annual Plan Subcommittee had dealt with the matter so that funding could have been incorporated in the LTCCP, if supported. Effectively, this was a new bid for funds in the 2004/05 LTCCP round.

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On 24 June 2004 the Metropolitan Funding Subcommittee heard a presentation from the YMCA and supported the project. It saw this as a high priority and noted the need was established in the Recreation and Sports facility Strategy. The Subcommittee also considered it meets the community outcomes of a city of healthy and active people, a cultural and fun city and a city of inclusive and diverse communities. However, within the amount allocated in the LTCCP to grants to community organisations it could not accommodate a grant of this magnitude given ongoing commitments and other new requests. Several funding options were discussed including:

- including a lump sum \$1m grant in the 2004/05 LTCCP or including funding the project over several years
- a loan to the YMCA
- deferring consideration until future LTCCPs

FINANCIAL IMPLICATIONS FOR LTCCP

It is recommended that the Council increase the grant funding for Metropolitan Grants on a one off basis of \$1m for 2004/05. This results in an increase in General Rates for the 2004/05 year only. This increase will result in a 0.63% increase in rates for 2004/05 in addition to the 3.59%, a total increase of 4.22%.

The funds are unlikely to be needed immediately and therefore could be funded over two years, \$500,000 in 2004/05 and \$500,000 for 2005/06. The YMCA can, once approved by the Metropolitan Funding Subcommittee, be assured of the funding to provide certainty for construction funding.

To ensure the funds are applied towards the community benefit resulting from this project, the Metropolitan Funding Subcommittee will need to consider appropriate conditions.

Following the meeting of the Metropolitan Funding Subcommittee, the Director Strategic Investment advises:

"The following options are available for funding of this grant:

- Option 1 Additional cost on rates – This involves payment of a grant of \$1 million in 2004/05 as recommended by the Metropolitan Funding Subcommittee.
- Option 2 Payment over two years – This is an additional cost on rates but is spread over two years.
- Option 3 Making a substitution - As this is an operating expense an equivalent amount would need to be removed from the operating budget in 2004/05 and the impact on rating levels would be neutral.
- Option 4 Funding from reserves – Funds could be used from the Income Equalisation Reserve but the Council would need to realise that these are funds which would not then be available to reduce future years' budget requirements. There would also be an impact on interest earnings.

The following table summarises the impact on forecast rating levels for each the aforementioned options:

	2004/05	2005/06	2006/07
	%	%	%
Base Case	3.59	3.59	3.04
Option 1	4.22	2.99	3.04
Option 2	3.91	3.59	2.76
Option 3	3.59	3.59	3.04
Option 4	3.61	3.62	3.04

The Council will need to select which method."

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SUMMARY

This project for replacing the existing facility (on a new site) has been under consideration for a number of years and various scoping reports have been completed for this project. The total cost is approximately \$9 million and the YMCA has sought a grant of \$1 million from the Council. The YMCA initially approached the Fendalton/Waimairi Community Board on the basis of the Council finding a suitable location for a new facility. The Council has indicated support for the concept of a strategic partnership with the YMCA through the Community Board and the Strategy and Finance Committee. The YMCA has taken the initiative to purchase some and concept plans for the facility have been prepared.

In order to continue along the path of a strategic partnership with a major provider of leisure facilities, the Council is providing assistance to the success of this project by providing parking, and by having key Council staff continue to work with the YMCA as they develop their plans and a resource consent submission.

The centre will also maximise use of the Bishopdale Community Centre which the YMCA manages for the Council. It will link with the Childcare Centre and Library and the YMCA argues that it will have a positive impact on the shopping centre.

Metropolitan Funding Subcommittee

Recommendation: That the Council increase the grants to community organisations fund by \$1 million for 2004/05 only in the Long Term Council Community Plan to enable the Metropolitan Funding Subcommittee to make a grant towards a recreation and youth centre in Bishopdale.

CONSIDERED THIS 30TH DAY OF JUNE 2004

MAYOR