

# **CHRISTCHURCH CITY COUNCIL AGENDA**

**WEDNESDAY 29 AND THURSDAY 30 JUNE 2011**

**9.30AM**

**BOARDROOM, BECKENHAM SERVICE CENTRE,  
66 COLOMBO STREET**

## CHRISTCHURCH CITY COUNCIL

**Wednesday 29 and Thursday 30 June 2011 at 9.30am  
in the Boardroom, Beckenham Service Centre, 66 Colombo Street**

**Council:** The Mayor, Bob Parker (Chairperson).  
Councillors Helen Broughton, Sally Buck, Ngaire Button, Tim Carter, Jimmy Chen, Barry Corbett,  
Jamie Gough, Yani Johanson, Aaron Keown, Glenn Livingstone, Claudia Reid, Sue Wells and  
Chrissie Williams.

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**1. APOLOGIES**

**2. DEPUTATIONS BY APPOINTMENT**

**3. PRESENTATION OF PETITIONS**

#### **4. COMMUNITY BOARD CHAIRS FEEDBACK ON THE 2011/12 ANNUAL PLAN**

1. The unconfirmed times for Community Board Chairs to address their respective Boards' feedback to Council on Thursday 29 June is as follows:
  - 9.30am - Hagley/Ferrymead
  - 9.45am - Burwood/Pegasus
  - 10am - Lyttleton/Mt Herbert
  - 10.15am - Akaroa/Wairewa
  - 10.30am - Shirley/Papanui
  - 10.45am - Fendalton/Waimairi
  - 11am - Riccarton/Wigram
  - 11.15am - Spreydon/Heathcote
  
2. Attachment 1 to Clause 8 is the feedback received to date on the Draft 2011/12 Annual Plan. The rest of the feedback will be circulated on Tuesday 28 June 2011.

## 5. 2011 LOCAL GOVERNMENT NEW ZEALAND CONFERENCE VOTING DELEGATE

<b>General Manager responsible:</b>	General Manager Regulation and Democracy Services
<b>Officer responsible:</b>	Democracy Services Manager
<b>Author:</b>	Clare Sullivan, Council Secretary

### PURPOSE OF REPORT

1. The purpose of this report is to seek the appointment of the Council's voting delegate to the Annual General Meeting.

### EXECUTIVE SUMMARY

2. This year's conference will be held in Wellington from Sunday 10 July to Wednesday 13 July 2011.
3. At the Council meeting on 12 May 2011, the Council resolved to appoint the Mayor as the presiding voting delegate and Councillor Williams is the alternate voting delegate for the Local Government New Zealand (LGNZ) Annual General Meeting. As both the Mayor and Councillor Williams are unavailable to attend the conference the Council needs to appoint a new alternate. Councillors Button, Chen and Livingstone are attending the Conference.
4. The Christchurch City Council is entitled to appoint one presiding delegate with voting rights, and an alternate voting delegate if the presiding delegate cannot attend. The Council is also entitled to have up to four additional Councillors attending, being classed as viewing delegates. The rules of the New Zealand Local Government Association provide that the term "delegate" includes both an elected member and an officer of a member authority.

### FINANCIAL IMPLICATIONS

5. No additional costs will be incurred. This expenditure for attendance can be accommodated within the provision for Mayoral/Councillor conference attendance and travel included in the 2010/11 Annual Plan.

### LEGAL CONSIDERATIONS

6. There are no legal implications associated with this appointment.

### ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

#### **Do the re commendations of this re port support a le vel of serv ice or project in the 2009-19 LTCCP?**

7. Pages 156 and 157 of the LTCCP refer to the provision of support for elected members (which includes attendance at such conferences).

### ALIGNMENT WITH STRATEGIES

#### **Do the recommendations align with the Council's strategies?**

8. Not applicable.

### CONSULTATION FULFILMENT

9. No consultation is required.

### STAFF RECOMMENDATION

It is recommended that:

The Council appoint a Councillor as the alternate voting delegate at the Annual General Meeting.

## 6. APPOINTMENT OF CONSULTANTS TO THE CENTRAL CITY PLAN PROJECT

<b>General Manager responsible:</b>	Mike Theelen, General Manager Strategy and Planning Group, DDI 941-8281
<b>Officer responsible:</b>	Jake Rance
<b>Author:</b>	Jake Rance, Procurement and Purchasing Manager

### PURPOSE OF REPORT

1. In the course of Council's day to day business, the Council, the Chief Executive and various staff all acting under delegation have the authority to enter into, and to award contracts for services. These services are for a wide variety of functions and duties. In all cases the process for the identification and selection of any given consultant is a matter that is undertaken by relevant staff, and through agreed procedural processes.

The effect of the earthquakes, of 4 September, 26 December and 22 February have resulted in the organisation having to alter its work programme, address new tasks, and adjust to very different environments. In a large number of instances, enabling the organisation to respond has required staff to enter into contracts for service. This is part of doing the business of Council.

There has been some debate amongst some Councillors however over the appointment of Consultants to the Central City Plan. Initially this was expressed in respect of the decision to appoint Gehl Architects, though subsequently questions have been raised over how, why, and who should be responsible for their appointment. This report responds to those issues.

### EXECUTIVE SUMMARY

2. The Canterbury Earthquake Recovery Act 2011 requires Council to lead the development of a recovery plan for the CBD and dictates that a draft recovery plan for the CBD must be developed within 9 months of enactment. To achieve this and due to the complexity and scale of the work involved, suitable experienced consultants were required to be engaged immediately to assist with the development of a "Central City Plan". On this basis, Council has entered into the contracts set out in the attached schedule, to the collective value of \$2,826,598.
3. Ordinarily, Council delegates the power of Council to enter into individual contracts not exceeding \$500,000 to any two of the Chief Executive, General Manager Corporate Services and General Manager Strategic Development - if the item is provided for in the Annual Plan.
4. The expenditure required to produce a Central City Plan is not provided for in the 2010-11 Annual Plan, However, the Annual Plan and LTCCP both contain funding for Central City Revitalisation. This has been a longstanding item in both plans. The work now encapsulated by the Central City Plan is entirely consistent with that programme of work, and has effectively taken over with certain urgency the programme of work that was that approved by the Annual Plan. It is therefore considered that the delegation to expend money on items to support the Central City Plan is entirely consistent with the Council's work programme, even if not specifically mentioned. There is no perceived conflict with Council's delegation in this respect.
5. One area of change was the speed, and process of appointment. In March 2011, in order to progress the project as a matter of urgency, and due to a scarcity of resources, the Strategy and Planning Group requested approval from the Chief Executive to enter into consultancy and service contracts. The Council Activity Management Plan for Procurement has had an established target that 90 per cent of all contracts exceeding \$50,000 in value should go to RFP. In 2011, the Council in adopting the February Performance report amended this target to exclude those purchases associated with emergency response or recovery activities. The appointments associated with the Central City Plan fall within this target. The consultants appointed through the attached schedule are all involved directly in producing the Central City Plan.

## 6 Cont'd

6. Prior to entering into the contracts, Staff fully considered the requirements of Council and proceeded to appoint the particular consultants either because they:
  - (a) have knowledge of the city/central city and the current planning Council is undertaking;
  - (b) have skills and experience which are relevant to the project, with strong track record;
  - (c) are already engaged by Council and have an existing working relationship;
  - (d) were recommended by relevant professional bodies.

Additionally, prior to their appointment, Council undertook a process with each consultant in order to bench-mark the hourly rates for the professional services engaged and compared those hourly rates within current contracts Council has for the supply of professionals in the relevant field. I am satisfied that given the nature of the task faced by Council, the urgency of the work, and the need to act swiftly to secure the right resources that the decision to approach and appoint the range of consultants for the Central City Plan was well justified.

7. The final area for Council to have regard to is the delegation exercised vis a vis the authority to award contracts of a certain value. The current procurement delegations provides for the Chief Executive to enter into contracts of up to \$500,000, and for different managers to approve contracts of lesser amounts. Reference to the attached Schedule demonstrates that the individual contracts signed were exercised within the various delegations held by staff. The single exception to this is the contract awarded to Impact Project Management which exceeded the delegation of the Chief Executive.. This contract is valued at a total of \$878,936. Impact were appointed after advice and recommendations were sought from the New Zealand Project Management Institute, and a capability assessment was completed. A contract with Impact was executed under the authority of the Chief Executive and two General Managers. Under normal circumstances, this contract would have required delegated authority from the Council as it exceeds \$500,000.
8. There may be ongoing requirements to engage the services of further consultants to assist with the project. To ensure that skilled and experienced consultants are engaged at the appropriate time and the project is not delayed, any additional resource or capability is likely to be sourced directly – therefore it is recommended that Council delegate authority to the Chief Executive to enter into any such contracts.

## FIN ANCIAL IMPLICATIONS

9. The contracts signed to date are within the existing and proposed budget for the Strategy and Planning Group for the 2010/2011 and 2011/12 years.

## LEGAL CONSIDERATIONS

### Have you considered the legal implications of the issue under consideration?

10. As a public entity, Council is expected to follow the Procurement Guidelines prescribed by the Office of the Auditor General (“OAG”). These guidelines recommend that an open competitive process be followed for the appointment of contractors for the delivery of services. The guidelines ensure that open, fair and transparent processes are followed.
11. The present circumstances are exceptional and the OAG Guidelines contemplate non-compliance when such circumstances exist. The Ministry of Economic Development (“MED”) has also issued procurement guidelines for emergency situations. The MED emergency guidelines advise that agencies are permitted to forgo routine procurement procedures if the delay involved in following them will prevent the delivery of services. Agencies are permitted to purchase direct from a supplier, if that is the most reasonable approach in the circumstances.

## 6 Cont'd

12. On the above basis, Council may depart from the OAG guidelines and its usual delegations where the circumstances require. Council's Legal Services Unit recommend that in these exceptional circumstances, it is acceptable for Council to deviate from the standard procurement process and usual delegations, however it is advisable to have Council confirm the existing consultancy appointments, and to provide explicit delegation to enter into any additional contracts.

### **ALIGNMENT WITH LTP AND ACTIVITY MANAGEMENT PLANS**

13. Development of the Central City Plan was not provided for within the LTP or Activity Management Plans, and has arisen as a direct consequence of the February 22 earthquake event.

### **Do the recommendations of this report support a level of service or project in the 2006-16 LTP?**

14. Not applicable

### **ALIGNMENT WITH STRATEGIES**

#### **Do the recommendations align with the Council's strategies?**

15. Not applicable

### **CONSULTATION FULFILMENT**

16. Consultation regarding the appointment of consultants is not required.

### **STAFF RECOMMENDATION**

17. That Council note both the process followed and the appointment of consultants listed in the **attached** schedule.



**7. REPORT BY THE CHAIRMAN OF THE SPREYDON/HEATHCOTE COMMUNITY BOARD:  
MEETING OF 21 JUNE 2011**

Attached.

**REPORT BY THE CHAIRMAN OF THE  
SPREYDON/HEATHCOTE COMMUNITY BOARD  
OF A MEETING HELD ON 21 JUNE 2011**

The Board reports that:

**PART A – MATTERS REQUIRING A COUNCIL DECISION**

**1. NOTICE OF MOTION**

The following Notice of Motion was submitted by Phil Clearwater.

- “(a) The Board requests that for the 2010/11 year the Council amend the Strengthening Communities Programme operational procedures adopted in October 2007 in light of the Christchurch earthquakes, as these relate to the operation of Strengthening Communities local funds administration.
- (b) That Strengthening Communities Fund monies remaining, unallocated or returned from May 2011 be transferred to the Community Board’s Discretionary Response Fund for allocation in the same or the next financial year.
- (c) That any monies remaining unallocated in the Discretionary Response Fund at 30 June 2011 be transferred to the Discretionary Response Fund 2011/2012 commencing 1 July 2012.

**Note:** The Discretionary Response Fund year is from 1 July until 30 June. The Strengthening Communities Fund year is from 1 September until 31 August.

**Explanation:**

The Community Board wishes to spend the remaining monies on earthquake related projects within the ward.

The earthquake has meant that certain projects have not able to be undertaken and this has resulted in monies from the Strengthening Communities Fund remaining in the Fund. In the case of Spreydon/Heathcote Community Board the Raft Race and the Port Hills Summit Road Walk were cancelled. There is approximately \$5,000 remaining which could be transferred to the Discretionary Response Fund.

At present under clause 10 of the Strengthening Communities Programme operational procedures any monies remaining or returned under the Strengthening Communities Fund to the Community Board can only be used by conducting a further allocation round and it is clearly too late in the funding year to undertake such an allocation. Further remaining, unallocated or returned Fund monies are prevented from being diverted or transferred to the Discretionary Response Fund or Small Projects Fund under clause 11. It is suggested that all Community Boards and their communities will benefit from this amendment.”

The Board received and accepted the Notice of Motion and with the consent of Phil Clearwater the deletion of clause(b). The Notice of Motion was seconded by Barry Corbett and being put to the meeting was declared carried.

**Council Recommendation**

The Spreydon/Heathcote Community Board recommends that the Council resolves to:

- (a) amend the Strengthening Communities Programme 2010/11 year operational procedures adopted in October 2007 in light of the Christchurch earthquakes, as these relate to the operation of Strengthening Communities local funds administration.
- (b) That Strengthening Communities Fund monies remaining, unallocated or returned from May 2011 be transferred to the Community Board’s Discretionary Response Fund for allocation in the same or the next financial year.
- (c) That any monies remaining unallocated in the Discretionary Response Fund at 30 June 2011 be transferred to the Discretionary Response Fund 2011/2012 commencing 1 July 2012.

PHIL CLEARWATER  
CHAIRPERSON

**NOTE:** The Councillors requested that a note be available at the meeting outlining the amount of Discretionary Response Fund monies remaining in Discretionary Response Fund funds at this point in time. Further that the list include the amount of Strengthening Communities Fund returned or remaining in the fund from projects cancelled due to the earthquake.

**Information to date from Community Boards is as follows:**

**Spreydon/Heathcote Community Board Unspent Funds as at 22.6.2011**

Discretionary (& Youth) Fund total	\$ 21,474	
Strengthening Communities Fund	\$ 5,000	(event not occurred due to earthquake)

**Akaroa/Wairewa Community Board Unspent Funds as at 22.6.2011**

Discretionary (& Youth) Fund total	\$ 0	
Strengthening Communities Fund	\$	

**Burwood/Pegasus Community Board Unspent Funds as at 22.6.2011**

Discretionary (& Youth) Fund total	\$ 0	
Strengthening Communities Fund	\$ 5,745	

**Fendalton/Waimairi Community Board Unspent Funds as at 22.6.2011**

Discretionary (& Youth) Fund total	\$	
Strengthening Communities Fund	\$	

**Hagley/Ferrymend Community Board Unspent Funds as at 21.6.2011**

Discretionary (& Youth) Fund total	\$ 6,868	part of which may be allocated at meeting 22.6.2011
Strengthening Communities Fund	\$ 5,300	

**Lyttelton/Mt Herbert Community Board Unspent Funds as at 22.6.2011**

Discretionary (& Youth) Fund total	\$ 0	
Strengthening Communities Fund	\$	

**Riccarton/Wigram Community Board Unspent Funds as at 22.6.2011**

Discretionary (& Youth) Fund total	\$ 0	
Strengthening Communities Fund	\$	

**Shirley/Papanui Community Board Unspent Funds as at 22.6.2011**

Discretionary (& Youth) Fund total	\$ 8,309	
Strengthening Communities Fund	\$ 7,115	(two events cancelled due to the earthquake)

**Joint Project Fendalton/Waimairi and Riccarton/Wigram as at 22.6.2011**

\$ 8,245.55 each remaining (event cancelled)

8. RECOMMENDED ANNUAL PLAN 2011/12

<b>General Manager responsible:</b>	Paul Anderson, DDI 0275073087
<b>Officer responsible:</b>	General Manager Corporate Services
<b>Author:</b>	Paul Anderson

**PURPOSE OF REPORT**

1. (a) To report on the procedure undertaken in respect of the Annual Plan 2011/12;
- (b) To seek Council's approval of the Annual Plan 2011/12.

**EXECUTIVE SUMMARY**

2. The content of the recommended Annual Plan is as follows:

**Appendix 1:** Financial Strategy for Earthquake Costs

**Appendix 2:** Financial Overview:

Summary of Proposed Changes

- (a) Schedule 1: Capital Changes
- (b) Schedule 2: Operational Changes
- (c) Schedule 3: Internal Changes
- (d) Schedule 4: Non-rates Funding

Commentary of Proposed Changes

**Appendix 3:** Detailed Changes to Capital Works Programme

**Appendix 4:** Changes to Fees and Charges

**Appendix 5:** Changes to Revenue and Financing Policy

**Appendix 6:** Financial Statements

**Appendix 7:** Proposed Changes to Levels of Service

**Appendix 8:** Schedule of Rates

3. At its meeting on 9-10 June 2011 the Council received and considered the draft Annual Plan 2011/12 recommended by staff.
4. Pursuant to the proposed Canterbury Earthquake (Local Government Act 2002) Order 2011 the Council adopted a process that allowed the public two weeks in which to comment in writing on the content of the draft Annual Plan.
5. In addition to modifying the process for seeking public comment on the draft Annual Plan, the Order has exempted the Council from compliance with a number of the provisions in the LGA 2002 relating to the content of the draft Annual Plan 2011/12.
6. The result is that the draft Annual Plan contained the level of information permitted by the order. It proposed changes to budgets, the capital works programme, levels of service and to some Council policies. These changes were necessary as a result of the impact of the Canterbury earthquakes on the activities undertaken by the Council. The estimates contained in the recommended Annual Plan are based on the best information available when the Council approved the Draft (10 June 2011). No allowance has been made for further costs incurred or forecast as a result of the 13 June 2011 aftershocks because this information is not yet known.
7. The draft Annual Plan was available for public comment from Friday 10 June 2011. The period in which written feedback can be made expires at 10am on Monday 27 June 2011.

8 Cont'd

8. Copies of written comments received as at 1pm on Friday 24 June 2011 are attached as **Attachment 1**. Those received after that date and before expiry of the period will be provided to Councillors separately.

**LEGAL            CONSIDERATIONS**

9. The process undertaken by the Council in preparing and considering its draft Annual Plan 2011/12 complies with the provisions of the Canterbury Earthquake (LGA 2002) Order 2011. As required by the Order, the recommended Annual Plan contains:
  - (a) A funding statement that sets out revenue and financing mechanisms, and the details of proposed rates;
  - (b) A proposed annual budget for 2011/12;
  - (c) A revised capital works programme;
  - (d) Revisions to levels of service arising from the earthquakes.
10. In addition to the opportunity for written comments to be made by the public, Community Boards will be able to appear before the Council to make oral submissions. These will be heard at the meeting on 29-30 June 2011.
11. The Canterbury Earthquakes have had a huge impact on the Council's financial position. It is estimated that an operating deficit of \$73.8 million will be incurred over the next three years. The Council proposes to meet this cost by borrowing the funds required and repaying them by way of a special earthquake charge of 1.76 per cent for each of the next five years.
12. In addition it is recommended that the Council borrows the funding required to meet its share of earthquake recovery costs, including the rebuilding of infrastructure. This debt, plus interest, would be paid through a reduction of the Council's capital renewals programme.
13. In the normal course of events, the Council would not borrow to meet its operating expenses. Nor would it commit to a debt repayment programme of less than 30 years. The nature of the borrowing proposed to fund the operating deficits and the recovery costs is inconsistent with the Council's Liability Management Policy. Section 80 of the LGA 2002 would normally require the Council to indicate how it was going to amend the policy to accommodate this inconsistency.
14. However, as a result of the earthquakes, the Council has been granted an exemption from compliance with Section 80 by the Canterbury Earthquake (LGA 2002) Order 2011.
15. The Canterbury Earthquake (Rating Valuations Act – Christchurch City Council) Order 2011 was made at the same time as the LGA 2002 Order. This authorises the process used by the Council in setting rates for the 2011/12 financial year. The Council has also raised with the Department of Internal Affairs the making of a further Order in Council that would enable rates to be reduced in respect of a demolished building, with effect from the date of demolition, and a new rate levied from the date a replacement building is completed.
16. At a public excluded meeting on 10 June 2011 the Council considered the financial position of Vbase Ltd, a Council-Controlled Organisation. Of the four facilities owned and operated by the company, three were badly damaged in the Canterbury earthquakes. It was publicly announced after that meeting that the Council would enter into a contract with Vbase to manage and rebuild those facilities.
17. The draft Annual Plan 2011/12 contains a proposal that the some of the debt owed by Vbase be transferred to the Council with effect from 1 July 2011. To achieve this the Council will convert up to \$45 million of debt advanced to Vbase Ltd to equity of the same amount.

**8 Cont'd**

18. Council staff are advised that the conversion of debt to equity will have no effect on the risk profile of the Council's investment in Vbase. Therefore no issues arise in terms of the LGA 2002 or the Council's Long-Term Plan. Vbase will continue to be operated as a Council-Controlled organisation.
19. The increase to the annual rate resulting from this transaction is contained in the information set out in Appendix 2.
20. The Council has approved the establishment of a number of shelf companies for use by Christchurch City Holdings Ltd and the Council. The purpose of these is to enable both organisations to respond in a timely manner to any new initiative that becomes available.
21. At its meeting on 23 June 2008, the Council resolved to grant the shelf companies named in the resolutions attached to this report, exemption from being Council-Controlled Organisations.
22. The effect of this is that the companies are not required to comply with the reporting obligations contained in the Local Government Act 2002. This includes being part of the Annual Report and having to prepare statements of intent.
23. Section 7 of the Act states that the Council must review exemptions that it has granted within three years, and thereafter at intervals of not less than three years. It is recommended that the Council grant the shelf companies named in the resolutions exemption for a further three years.
24. It is stressed that the exemptions will remain in place only whilst the companies continue to be non-trading entities. The exemptions can be revoked at any time should staff bring a proposal to the Council that one or more of the companies be activated for any particular purpose.

**STA FF RECOMMENDATION**

It is recommended that the Council:

- (a) Adopts the 2011/12 Annual Plan consisting of the draft 2011/12 Annual Plan and any changes adopted by further Council resolution.
- (b) Sets the rates for the financial year commencing on 1 July 2011 and ending on 30 June 2012 as set out in Appendix 8.
- (c) Adopts the fees and charges set out in Appendix 4.
- (d) Authorises the General Manager Corporate Services and the Corporate Finance Manager (jointly) to borrow in accordance with the liability management policy to enable the Council to meet its funding requirements as set out in the 2011/12 Annual Plan.
- (e) Authorises the General Manager Corporate Services to make any necessary amendments required to ensure that the published 2011/12 Annual Plan is in accordance with the Council's resolutions of 29-30 June 2011.
- (f) Delegates to the GM City Environment and GM Corporate Services the authority to set the fees for off-street Council owned or operated parking "at ground" areas at between \$0 to \$25 per day or part thereof.
- (g) Agrees to extend its existing rates remissions policy for all residential properties, and business properties within the central city cordon to provide:
  - 40 per cent rates remission for residential and non-rateable properties that are unable to be occupied, and
  - 30 per cent rates remissions for business properties located within the central city cordon as at 1 July 2011 and for the period they remain within the cordon.

**8 Cont'd**

- (h) Agrees to fund its operating deficits for the years 2011/12 to 2013/14 of \$73.8 million as a result of the earthquakes through borrowing to be repaid by way of an additional special earthquake charge of 1.76 per cent for five years.
- (i) Agrees to borrow to cover its share of the earthquake recovery costs, including the infrastructure rebuild programme, and repay the debt and interest costs through reducing its capital renewals programme
- (j) Agrees to fund any interventions it resolves on as part of the Central City Plan through increased borrowing in accordance with its Liability Management Policy.
- (k) Agrees to the conversion of up to \$45 million of debt owed to the Council under its cash advance facility with Vbase Ltd to equity by subscribing and paying for up to 45 million shares in Vbase at \$1 per share.
- (l) Authorises the General Manager to approve and sign all documentation required to complete the transaction referred to in (k) above.
- (m) Grant a further exemption under section 7 of the Local Government Act 2002 to each of the companies named in the schedule below, whilst they continue to be non-trading entities.

CCHL 2 Ltd  
CCHL 3 Ltd  
CCHL 4 Ltd  
CCHL 5 Ltd  
CCHL 6 Ltd  
CCHL 7 Ltd  
CIAL Holdings Number 1 Ltd  
CIAL Holdings Number 2 Ltd  
CIAL Holdings Number 3 Ltd  
CIAL Holdings Number 4 Ltd  
CIAL Holdings Number 5 Ltd  
AMI Stadium Ltd  
Ellerslie International Flower Show Ltd  
CCC One Ltd