
Christchurch City Council SUPPLEMENTARY AGENDA

Notice of Meeting:

An ordinary meeting of the Christchurch City Council will be held on:

Date: Thursday 10 March 2022

Time: 9.30am

Venue: Held by Audio/Visual Link

Under the current provisions of the Covid-19 Protection Framework (traffic lights) the meeting is open to the public through access to the live broadcasting of the meeting: <http://councillive.ccc.govt.nz/live-stream>

Membership

Chairperson	Mayor Lianne Dalziel
Deputy Chairperson	Deputy Mayor Andrew Turner
Members	Councillor Jimmy Chen
	Councillor Catherine Chu
	Councillor Melanie Coker
	Councillor Pauline Cotter
	Councillor Mike Davidson
	Councillor Celeste Donovan
	Councillor Anne Galloway
	Councillor James Gough
	Councillor Yani Johanson
	Councillor Aaron Keown
	Councillor Sam MacDonald
	Councillor Phil Mauger
	Councillor Jake McLellan
	Councillor Tim Scandrett
	Councillor Sara Templeton

7 March 2022

Principal Advisor

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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. If you require further information relating to any reports, please contact the person named on the report.

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20. Resolution to Include Supplementary Reports

1. Background

- 1.1 Approval is sought to submit the following report to the Council meeting on 10 March 2022:
 21. Community Loan Application - Governors Bay Jetty Trust
- 1.2 The reason, in terms of section 46A(7) of the Local Government Official Information and Meetings Act 1987, why the report was not included on the main agenda is that it was not available at the time the agenda was prepared.
- 1.3 It is appropriate that the Council receive the report at the current meeting.

2. Recommendation

- 2.1 That the report be received and considered at the Council meeting on 10 March 2022.
 21. Community Loan Application - Governors Bay Jetty Trust

21. Community Loan Application - Governors Bay Jetty Trust

Reference / Te Tohutoro: 21/1803102

Report of / Te Pou Sam Callander, Community Funding Team Leader,
Matua: sam.callander@ccc.govt.nz

General Manager / Mary Richardson, GM Citizens & Community,
Pouwhakarae: mary.richardson@ccc.govt.nz

1. Purpose of the Report / Te Pūtake Pūrongo

- 1.1 The purpose of this report is to consider an application to the Community Organisation Loan Scheme. This report is staff generated after receiving a loan application from Governors Bay Jetty Trust (the Trust) for \$1,575,000 to construct a replacement jetty in Governors Bay.
- 1.2 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by the dollar value of the implications of these decisions, the number of people affected and/or with an interest, the fact that Council support for the Governors Bay Jetty to date is in the 2018/28 LTP and the fact that Community Loans are a level of service in the 2021/31 LTP. Accordingly this report has been discussed with the Jetty Trust and Council staff.

2. Officer Recommendations / Ngā Tūtohu

That Council:

1. Decline the loan application from Governors Bay Jetty Trust
 - a. Notes that Governors Bay Jetty Trust could reapply for a loan facility in the future if its fundraising is significantly increased and there is a smaller shortfall.

3. Reason for Report Recommendations / Ngā Take mō te Whakatau

- 3.1 The recommendation to decline the loan application protects Council and ratepayers from risk of non-repayment.
- 3.2 Advantages:
 - 3.2.1 This option creates less risk to Council and ratepayers
 - 3.2.2 The Trust is not able to provide robust security for the loan.
 - 3.2.3 Council has already contributed \$935,000 towards the restoration of the jetty, with the Trust planning to make a request of a further \$400,000 to the 2022/23 Annual Plan. Should the loan be approved at the requested level (\$1,575,000), and the further request approved, Council's potential exposure to the project would be \$2,910,000 of the \$3,604,042 total projected cost.
 - 3.2.4 Fundraising for the purpose of repaying the Council Loan is less likely to motivate, when compared to fundraising for the restoration itself.
 - 3.2.5 It may be appropriate for Council to extend a small loan facility, i.e. less than \$100,000, to the Trust to help it to complete the jetty construction.

3.3 Disadvantages:

3.3.1 The Trust will not be able to sign the construction contract for the current fixed pricing. With continued increased construction costs, if the Trust is not able to lock in the current prices, the options are to:

- Abandon the project. Due to having already committed to some prior works under the proposed construction contract and the intention to commit to purchase of timber in February, the Trust would be in the position of owning these materials but not being able to use them. It would seek to on-sell the timber in order to refund donations from the public. It is unlikely there would be sufficient funds to refund the Council its capital. The project costs paid or committed for payment to date (Geotech, consents, timber purchases, and the steel purchase commitment) total \$1,698,696.
- Delay the award of the balance of contract works. This would mean that construction costs are likely to continue to rise. Fundraising may also wane due to uncertainty that the jetty will be rebuilt.
- Reduce the length of the jetty. The contractor has advised that this would only be minimally cheaper due to inefficiencies in fixed construction costs, e.g. planning and compliance, barge and other material and equipment costs.

4. Alternative Options Considered / Ētahi atu Kōwhiringa

Option A: Approve the loan application. Not Recommended

4.1 Council approve a loan facility of up to \$1,575,000 that the Trust can draw on throughout the construction schedule.

4.1.1 Advantages:

- The loan agreement gives the Trust confidence to sign a construction contract without needing to include a termination of convenience clause in the construction contract that allows it to stop the rebuild and pay the contractor an amount that reflects the costs to that stage.

4.1.2 Disadvantages:

- This option creates risk to Council and ratepayers as if the Trust defaults on the loan it would need to be repaid through rates revenue or additional borrowing.
- The Trust is not able to provide robust security for the loan.
- The Trust's fundraising plan assesses the "likely" amount it will fundraise as less than the requested loan facility – the trust itself is not confident it can repay.

5. Detail / Te Whakamahuki

5.1 Recommendations are in line with the purpose of the Community Loan Scheme Guidelines, which is designed to help organisations to improve or develop new or existing facilities and other major projects.

5.1.1 Applications must be able to provide security against their loan by way of mortgage or other financial instrument.

5.1.2 The Community Organisation Loan Scheme guide is attached in Attachment A.

5.2 Descriptions of the applicant's project and the corresponding staff assessment is attached in the matrix in Attachment B.

- 5.3 The Trusts fundraising plan is attached in Attachment C.
- 5.4 The decision affects the following wards/Community Board areas:
- 5.4.1 The benefits of the proposed loan would primarily be enjoyed by residents from the Te Pātaka o Rākahautū Banks Peninsula Community Board.

6. Policy Framework Implications / Ngā Hīraunga ā- Kaupapa here

Strategic Alignment / Te Rautaki Tīaroaro

- 6.1 This report supports the :
- 6.1.1 Activity: Community Development and Facilities
- Level of Service: 2.3.2 Effectively administer the community loans scheme and all other grant funds under management. - 100% compliance with agreed management and administration procedures for community loans scheme and all other grant funds
 -

Policy Consistency / Te Whai Kaupapa here

- 6.2 The decision is consistent with these Council Plans and Policies:
- 6.2.1 The Community Organisation Loan Scheme guidelines, attached in Attachment A.

Impact on Mana Whenua / Ngā Whai Take Mana Whenua

- 6.3 The decision does not involve a significant decision in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions. This is primarily because the decision is whether to approve a loan facility is independent to decisions relating to consenting of the jetty.

Climate Change Impact Considerations / Ngā Whai Whakaaro mā te Āhuarangi

- 6.4 There is no climate change impact because the decision is whether to approve a loan and not whether the benefited-projects proceed or not.

Accessibility Considerations / Ngā Whai Whakaaro mā te Hunga Hauā

- 6.5 Accessibility considerations apply to the projects themselves rather than a loan application as such there are no accessibility considerations.

7. Resource Implications / Ngā Hīraunga Rauemi

Capex/Opex / Ngā Utu Whakahaere

- 7.1 Cost to Implement – No cost for the recommended option. If the loan is approved, additional staff time would be required to facilitate this estimated at a maximum of \$1,000.
- 7.2 Maintenance/Ongoing costs:
- 7.2.1 If the loan is approved, the cost of monitoring the new loan and its repayment will be minimal as it will be undertaken alongside the monitoring of other current loans.
- 7.2.2 Interest repayments will cover Council's cost of borrowing within the proposed community loan.
- 7.2.3 If the loan was unable to be repaid by the Trust, it would be would have a 0.27% impact on rates if funded by an OPEX grant, otherwise it would be covered by borrowing.
- 7.3 Funding Source – the loan would be funded from borrowing.

8. Legal Implications / Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report / Te Manatū Whakahaere Kaupapa

- 8.1 The statutory power to undertake the proposal derives from Council's Status and Powers in S12 (2) of the LGA 2002.







Other Legal Implications / Ētahi atu Hīraunga-ā-Ture

- 8.2 There is no specific legal context, issue or implication relevant to this recommendation.
- 8.3 If Council resolved to approve a community loan the documentation and security arrangements would be drafted by Council's Legal Services and Finance Units.

9. Risk Management Implications / Ngā Hīraunga Tūraru

- 9.1 The principal risk to Council is that the sunk cost of the \$935,000 already granted to the Trust for the jetty rebuild would unlikely be returned to Council should the project be abandoned.
- 9.1.1 This is primarily due to uncertainty on whether the Trust could raise sufficient funds to proceed with the project without a Council Loan and the inability to recover costs to date if the project were abandoned.
- 9.2 The principle risk to Council if it were to approve a loan is that the Trust could not repay.
- 9.2.1 This risk can be partially mitigated by ensuring the terms of the loan provide for drawdown in stages as and when the proceeds of fundraising do not cover project costs.

Attachments / Ngā Tāpirihanga

No.	Title	Page
A  	Community Organisation Loans Scheme - Guide	10
B  	Community Loans Matrix - Governors Bay Jetty	11
C  	Funding Strategy Governors Bay Jetty	12

In addition to the attached documents, the following background information is available:

Document Name	Location / File Link
Not Applicable	Not Applicable

Confirmation of Statutory Compliance / Te Whakatūrutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories / Ngā Kaiwaitohu

Author	Sam Callander - Team Leader Community Funding
Approved By	Michael Down - Finance Business Partner John Filsell - Head of Community Support and Partnerships Mary Richardson - General Manager Citizens & Community

Guide to Christchurch City Council's Community Funding Schemes

Community Organisation Loans Scheme

Purpose

The Community Organisations Loan Scheme is designed to help organisations to improve or develop new or existing facilities and other major projects.

Loans are for a maximum of 10 years (normally 5 years) at 2% interest per annum. Organisations who have the ability to repay loans are encouraged to apply for this means of assistance for major capital projects.

Eligibility

Applications are invited from eligible not-for-profit groups whose activities provide opportunities in the areas of community, social, recreation, sports, arts, environment or heritage to the wider community or to specifically defined communities of interest.

To be eligible, the organisation must be incorporated under the Incorporated Societies Act 1908 or the Charitable Trusts Act 1957 and must have provision in their constitution to borrow money.

Criteria

The following criteria must be met by all applicants:

- » A community based not-for-profit community, recreation, sporting, arts, social service, environment or heritage organisation.
- » Be based in the Christchurch City Council area with funded programmes or services being provided primarily for Christchurch City Council residents.
- » Must have provided accountability reports for all previous Council funding and have no unresolved or outstanding accountability issues including outstanding debt to Council.
- » Must have had the funding application approved at a properly convened committee meeting and in writing.
- » Must provide evidence of the need for the project.
- » Have appropriate financial management, accounting, monitoring and reporting practices.
- » Be able to provide security against their loan by way of mortgage or other financial instrument.
- » Make loan repayments on a quarterly basis.
- » Have sound governance and appropriate operational capability and capacity to deliver to the level as agreed. » Be able to commit to collaboration and partnering, where appropriate.

How to apply

By completing a Community Organisations Loan Scheme application form. These are available at all Council Service Centres and the Civic Office and online at www.ccc.govt.nz

Further Assistance

CCC Customer Call Centre

03 941-8999 or communitygrants@ccc.govt.nz

COMMUNITY LOANS SCHEME DECISION MATRIX

Priority Rating

- 1 Meets all eligibility and criteria, contributes significantly to Funding Outcomes and Priorities and strongly satisfies the risk, debt servicing, alignment and security considerations. Strongly recommended for funding.
 2 Meets all eligibility and criteria, contributes to Funding Outcomes and Priorities and satisfies the risk, debt servicing, alignment and security considerations. Recommended for funding.
 3 Meets all eligibility and criteria, has minimum contribution to Funding Outcomes and Priorities and/or has minimal or no satisfactory coverage relating to risk, debt servicing, alignment and security considerations. Not recommended for funding

Organisation Name	Organisation and Loan Request Overview	Amount Requested	Total Project Cost	Amount Recommended	Council and Community Board Funding History	Staff Recommendation	Priority
Governors Bay Jetty Restoration Trust (the Trust)	<p>The main purpose of the Trust is to fundraise for, and manage, the rebuild Governors Bay Jetty.</p> <p>The Trust has applied for a loan facility of up to \$1,575,000 to rebuild the Jetty at current construction costs, rather than waiting until the Trust has reached its fundraising target.</p>	\$1,575,000	\$3,602,042	\$0	<p>2018/19 OPEX \$535,000 2019/20 OPEX \$50,000 2021/22 OPEX \$350,000</p> <p>Total \$935,000 - in advance of fund matching by the Trust's fundraising</p> <p>Other Grant Funding Sources Rata Foundation \$50,000 Parkinson Memorial Park Trust \$30,000 Stout Trust \$20,000 Rod Donald Banks Peninsula Trust \$10,000</p>	That Council: Decline the loan request	3

Organisation and Project Description:

Governors Bay Jetty was a Council asset that was closed in 2011 due to being unsafe. The Council decided in 2015 that it would not allocate funding to restore the jetty. At this point the community formed the Trust for the purpose to fundraise for and manage a rebuild of the jetty. The concept was that the Trust and Council would co-partner on the rebuild. It became clear within the first year that repairing or rebuilding the jetty would be cheaper if it were community owned. Council agreed to sell the jetty to the Trust for \$1, on the condition that the Trust sold the jetty back to Council for \$1 once it is rebuilt. The Trust took over ownership in this way in November 2019.

The Trust's governing board is made up of lawyers, an engineer, a professional fundraiser, a retired chief medical officer, a communications manager, and an industrial designer; who are all volunteering their time. The Trust has connections with stakeholder groups and organisations including; Rapaki Rūnanga, the Governors Bay Community Association, Naval Point Club, and Governors Bay Volunteer Fire Brigade. It has also engaged with Living Springs, Cholmondeley Children's Centre, Governors Bay School, Lyttelton Rotary Club, Lyttelton Information Centre, Cashmere Rotary Club, and the Banks Peninsula Geo Park committee.

The Loan Application

Governors Bay Jetty Restoration Trust are seeking to fundraise a total of \$3,602,042 (made up of \$3,203,593 and \$400,449 of contingencies) of build costs and to complete the restoration of the Governors Bay jetty. Council has funded \$935,000 towards the project, with the Trust planning to make a request of a further \$400,000 to the 2022/23 Annual Plan as matched to the Trusts fundraising. At the time of writing this report, the Trust has raised \$483,836, in addition to in-kind contributions donated through pro bono services and volunteer work, and will be launching a new fundraising campaign with Christchurch Foundation on 17 February 2022.

To lock in construction contracts at today's prices the Trust seek a loan facility of up to \$1,575,000, which it would draw from as required throughout the construction process. The Trust projects that construction could be completed by December 2022. In its application the Trust refers to Council's loan as being "for the Trust's 50% [fundraising]." The Trust proposes to repay the loan through its fundraising and has provided a detailed fundraising plan, attached in Attachment C, which is summarised in the Financial Management Unit analysis, to the right. The bulk of the fundraising is planned for 2022 with the remainder earmarked for 2023. Letters of support were provided in the application from Cholmondeley Children's Centre, Governors Bay Community Association, Rod Donald Banks Peninsula Trust and Showtime.

The Trust aims to sign a construction contract as soon as possible, due to increasing construction costs. It views a Council loan as bridging finance that will not need to be drawn down in full. Its financial projections state that if the Trusts 'Key Fundraising Items' are successful it would draw on \$760,450 of the loan.

If the loan request is not approved by Council on 10 March 2022, the Trust will not be able to sign the construction contract for the current fixed pricing. With continued escalating construction costs, if the Trust is not able to lock in the current prices, the options are to:

- Abandon the project.** Due to having already committed to some prior works under the proposed construction contract and the intention to commit to purchase of timber in February, the Trust would be in the position of owning these materials but not being able to use them. It would seek to on-sell the timber in order to refund donations from the public. It is unlikely there would be sufficient funds to refund the Council its capital. The project costs paid or committed for payment to date (Geotech, consents, timber purchases, and the steel purchase commitment) total \$1,698,696.25.
- Delay the award of the balance of contract works.** This would mean that construction costs are likely to continue to rise. Fundraising may also wane due to uncertainty that the jetty will be rebuilt.
- Reduce the length of the jetty.** The contractor has advised that this would only be minimally cheaper due to inefficiencies in fixed construction costs, e.g. planning and compliance, barge and other material and equipment costs.

The Jetty

Governors Bay Jetty is a unique structure, being low to the water and long, it the same length as New Brighton Pier. Due to silting of the bay, access to the water from the land is limited to an hour or two a day during high tide. Once open, the jetty will extend the period each day that the community is able to access the water. Previously, it was used by generations of people from across Christchurch for kayaking, boating, fishing, swimming, walking, and jetty jumping. Cholmondeley Children's Centre and Governors Bay School are both nearby and, before the jetty was closed, they used it for recreation and education.

The Trust see a new jetty as a community asset that could be used for walking, boating, and fishing. It would be free for all to use and will be accessible to everyone from all walks of life, including people in wheelchairs. It could be used for education and recreation by the children's respite centre, locals, and Living Springs education camp. Once completed there will be a series of information boards on the jetty telling people about the local environment and history of the Bay.

The needs the Trust propose to meet are to:

- Access to the sea for swimming, boating, and other water-based recreation.
- Connect with others. The jetty would be a bumping space where conversation ensues and connections are made
- A place to learn about water safety.

Alongside the jetty project, the Trust is managing a project to save the historic Canterbury Yacht and Motor Boat Club house, built by volunteers in 1923 and until recently located above the water on the inner harbour of Lyttelton. The building will be relocated to a site adjacent to the jetty and renovated and will provide an indoor facility with toilets, a mini-museum, and an artists' studio to be used alongside the jetty.

Finance Unit's Analysis:

The Trust proposes to repay the loan through fundraising summarised in the table below. Figures and likelihood ratings are provided by the Trust:

Fundraising Method	Target Amount by Likelihood			
	Very Likely	Likely	Fairly Likely	Possible
Donations from 'high net worth' individuals	\$50,000	\$100,000	\$150,000	\$200,000
Plank sponsors (\$500 per plank)	\$150,000	\$300,000	\$450,000	\$600,000
Merchandise sales	\$50,000	\$75,000	\$100,000	\$120,000
Grants	\$150,000	200,000	\$300,000	\$400,000
Sales of unrequired timber	\$30,000	\$50,000	\$80,000	\$100,000
Events: - Showtime tribute shows - Jetty to Jetty kayak challenge	\$30,000	\$80,000	\$120,000	\$140,000
General donations/Givealittle	\$10,000	\$20,000	\$35,000	\$50,000
Sales of reclaimed jetty timber	\$20,000	\$30,000	\$40,000	\$50,000
Total Projected Fundraising	\$490,000	\$855,000	\$1,275,000	\$1,660,000

Fundraising revenue, including grants, is usually treated with uncertainty when assessing loan serviceability. The method to determine the quantum of fundraising revenue to include in serviceability calculations is to allocate a percentage to it, based on its likelihood or reliability. The following table offers this calculation based on the information provided by the Trust:

Likelihood	Very Likely	Likely	Fairly Likely	Possible
Total Projected Fundraising	\$490,000	\$855,000	\$1,275,000	\$1,660,000
Allocated %age for Serviceability Calculation *	90%	75%	60%	50%
Fundraising revenue that could service the loan	\$441,000	\$641,250	\$765,000	\$830,000

* Percentage allocations are intentionally at the high [generous] end of a range and have not been rigorously tested.

From the table above the best scenario of loan servicing revenue (\$830,000) is less than the requested loan amount. Alternatively, even if Council treated fundraising that the Trust self-assessed as "likely," to be able to repay the loan; the \$855,000 is also materially less than the \$1,575,000 loan facility requested.

Staff have also reviewed the financials of the Trust from the last three years. Staff consider the Trust does not have historic revenue streams which would enable the repayment of the loan. If the loan was unable to be repaid by the Trust, it would be would have a 0.27% impact on rates. Given that Council have already funded the projected through grants, Council's Finance Unit do not support the loan application.

Staff Recommendation Rationale:

Staff recommend that Council decline the loan application from Governors Bay Jetty Restoration Trust. However, allowance could be given for the trust to re-apply to Council for a significantly lower loan facility if its fundraising were more complete. Rationale for this recommendation is:

- The Trust is not able to provide security for the loan
- Council has already contributed \$935,000 towards the restoration of the jetty
- The Trust is requesting a further \$400,000 through the Annual Plan, a loan facility of \$1,575,000 would bring Council's total contribution/exposure to \$2,910,000
- The Trust's fundraising plan assesses the likely amount it will fundraise as less than half of the requested loan facility
- Once the jetty is restored and fundraising is for the purpose of repaying the Council Loan, motivation of donors to contribute is likely to reduce. This is acknowledged by the Trust itself, when speaking to the reason the jetty was transferred from Council to the Trust, its application states that "the Trust would be unlikely to be able to secure funding from the community if people were, effectively, donating for the Council..."
- With considerable further fundraising required, even a smaller loan from Council would risk not being repaid, as the Council loan would be repaid after all other costs

