

Extra-ordinary Whangarei District Council

Creating the ultimate
living environment



WHANGAREI
DISTRICT COUNCIL

Notice of Meeting

An extra-ordinary meeting of the Whangarei District Council will be held
in the Council Chamber & Committee Room 1, Forum North, Whangarei on:

Monday
22 March 2010
10.30 am

Committee

His Worship the Mayor (Chairperson)

Cr C B Christie

Cr V P D Cocurullo

Cr S J Deeming

Cr S M Glen

Cr A D Goodhew

Cr P R Halse

Cr S L Mai

Cr G M Martin

Cr B L McLachlan

Cr S L Morgan

Cr K J Sutherland

Cr W L Syers

Cr M R Williams

Vision Statement

To be a vibrant, attractive and thriving District
by developing sustainable lifestyles based around
our unique environment; the envy of New Zealand
and recognised world wide.

Call to order – all present rise for the Mayor
Opening Prayer
Apologies
Declaration of Conflicts of Interests

INDEX

Item No	Page No
1.	Adoption of Draft Annual Plan 2010/2011 and an Amendment To the 2009-2019 Long Term Council Community Plan1
2.	Property Policy2

**Recommendations contained in the Council agenda are NOT Council decisions.
Please refer to Council minutes for resolutions.**

1. Adoption of Draft Annual Plan 2010/2011 and an Amendment to the 2009-2019 Long Term Council Community Plan

Reporting Officer: Bernard Murphy

Date: 16 March 2010

Vision, Mission and Values

The Draft Annual Plan documents Council's path for the year ahead as it moves toward its vision of 'creating the ultimate living environment'.

Local Government Act 2002 – The Four Well-Beings

The Draft Annual Plan is prepared in the context of the four Well-Beings – cultural, economic, environmental and social – and sets out how Council's activities will contribute to the five Community Outcomes identified by the Whangarei community during the Long Term Council Community Plan process.

Introduction

Under the Local Government Act 2002 Council is obliged to produce an Annual Plan document covering the year from 1 July 2010 to 30 June 2011. Council is required to consult on a draft of this document, hear submissions and approve a final plan before 30 June 2010 in order to set rates for the new financial year. The attached document is the Draft Annual Plan 2010/11 which has been produced with the aim of being as close as possible to Year 2 of the Long Term Council Community Plan (LTCCP).

This Plan delivers on the commitment of council to keep rate increases within the CPI rate and maintain debt levels under the \$130 million cap.

Council is also required to consult on the proposed sale of endowment land. A Statement of Proposal for an Amendment to the 2009-2019 Long Term Council Community Plan has been incorporated into the draft Annual Plan to lower costs of the process.

The combined document is now put to Council for adoption as a draft, following which it will be printed and made available for the public to make submissions from 26 March to 26 April 2010. Submitters who wish to be heard in person will be invited to appear before Council from the 10th May 2010.

Recommendation

That the Draft Annual Plan 2010-11 and Statement of Proposal for an Amendment to the 2009-2019 Long Term Council Community Plan be adopted for consultation.

Under Separate Cover (available on request)

Draft Annual Plan

2. Property Policy

Reporting Officer: Alan Adcock (Group Manager Support Services)
Date: 16 March 2010

Vision, Mission and Values

To define a Property Policy which sets out the framework for managing Council property in an efficient and strategic manner.

Local Government Act 2002 – The Four Well-Beings

- Cultural:*** *Provide Council with an opportunity to be involved in future development that contributes to the cultural development of the District.*
- Economic:*** *To manage strategically Council's properties to provide a long-term source of income to contribute to economic development of the District.*
- Environmental:*** *Manage environmental impact through responsible stewardship.*
- Social:*** *Provide Council with an opportunity to be involved in future development that contributes to the social development of the District.*

The attached Property Policy outlines Council's approach to the governance and management of its property assets.

The policy has been presented for adoption at this time as it underpins various activities associated with the proposed amendment to the 2009-2019 Long Term Council Community Plan outlined in the 2010 Draft Annual Plan.

Once the policy is adopted a Property Governance Committee will be formed and an implementation plan for the policy will be developed.

Recommendation

That the Property Policy be adopted.

Attachment:

[Property Policy](#)



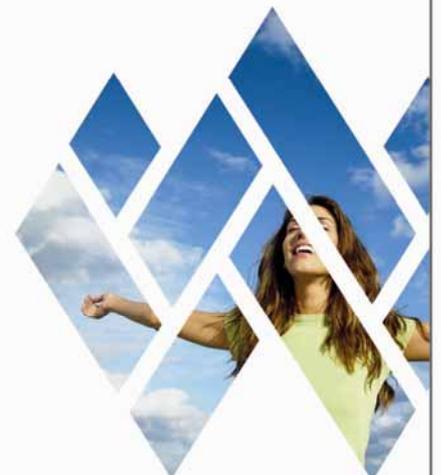
Whangarei District Council

Property Policy

Adopted March 2010

Review Date March 2011

Creating the ultimate living environment



Contents	Page
1. Purpose.....	1
2. Property Objectives and Issues.....	1
3. Property Management Principles.....	1
4. Council’s Property Portfolios	2
5. Key Legislation.....	3
6. General Policy Considerations.....	4
7. Property Governance	5
8. Property Business Plan.....	5
9. Property Funding.....	5
10. Property Disposal	6
11. Property Reinvestment Reserve	7
12. Property Management	7
13. Property Development	7
14. Urban Development.....	8
15. Risk Issues	9
APPENDIX	10

This policy supersedes and replaces all previous Whangarei District Council Property Policies.

1. Purpose

The role and purpose of the Property Policy is:

- to articulate the guiding philosophy of Council in considering decisions about the acquisition, management and disposal of property assets and any associated risks;
- to define the strategic policy framework within which specific property related decisions are to be made;
- to identify the specific property related objectives of Council, as a basis for determining the need for and priority accorded to individual transactions; and
- to define the management and decision making framework governing specific property decisions.

2. Property Objectives and Issues

A major strategic objective for Council is to acquire and retain a range of properties that will provide a long-term source of income for Council as well as providing Council with an opportunity to be involved in future development that contributes to the economic and social development of the District. Fundamental to this approach is that Council seeks to achieve a range of strategic objectives in a way that is commercially robust, while accepting that this might compromise the pure maximising of financial returns.

Council seeks to achieve a range of outcomes from the ownership of its property portfolios, including:

- Deriving a sustainable income stream;
- Growing Council's asset base;
- Facilitating economic development;
- Facilitating key strategic development objectives
- Facilitating social and/or community objectives
- Encouraging the development of property amenities / destinations

Pursuit of the first two outcomes can lead to conflict with the other four, particularly when short term objectives are affected by long term planning considerations. The relative weighting placed on these outcomes will vary by property type and is included at Appendix 1.

Conflicts can also arise between Council's overall role and the specific objectives of the Property strategy. Issues of this type should be presented to the Property Governance Committee, who will determine the appropriate course of action.

3. Property Management Principles

The management of Council's property portfolios shall be guided by the following principles:

- Whangarei District Council has a general policy of retaining property assets of a strategic nature and those that generate an acceptable investment return
- Property assets should only be held to support defined outcomes or to achieve strategic objectives, including investment objectives. The only properties that Council should retain (non-regulatory) control over are those that:
 - Are necessary for the efficient and effective performance of its functions.
 - Those that Council is otherwise legally required to control.
 - Those that fit defined strategic or investment criteria.

Where properties do not meet these criteria consideration should be given to their disposal.

- All properties need to be managed and maintained to deliver acceptable and affordable levels of service in line with the outcomes defined for their classification.
- Asset management decisions should be integrated with strategic planning to form part of the overall framework of decision-making for Council. This framework will assist in identifying opportunities to improve asset performance, to alter the mix of assets used or to explore non-asset solutions.

4. Council's Property Portfolios

Council owns a diverse range of properties in freehold and perpetual leasehold tenure. A broad classification of Council properties is:

Commercial Property Portfolio

This includes all Council owned properties held as investments and able to provide a commercial return to Council, and includes a mix of strategic and non-strategic sites.

Strategic investment portfolio properties will generally not be sold. Non-strategic properties may be sold, provided due process is followed.

- *Ground Lease Portfolio* – mainly properties inherited from the Northland Harbour Board after Local Government amalgamation in 1989.
- *Commercial Freehold Property* – various commercial / light industrial sites in the CBD environs.
- *Town Basin* – a boutique shopping and casual dining precinct developed by Council with recreational amenity value.
- *John St Carpark* – a multi-level parking building in the CBD.
- *Parihaka Transmission Mast* – the dominant transmission facility in the District.
- *Future Use* – strategic sites acquired for future development or to aid future urban development or infrastructure needs.

Council Services Portfolio

These are the properties used by Council for the business of Council and provision of services to its stakeholders, both now and in the future. This includes property held for:

- *Civic purposes* – for administration and delivery of Council services, including libraries.
- *Community purposes* – for halls, community centres.
- *Whangarei District Airport* – a joint venture with the Ministry of Transport.
- *Residential property* – pensioner housing, residential housing.
- *Special purposes* – Bus Terminal, quarries, marinas.
- *Future use* – land banking, future infrastructure or recreation development e.g. roads, sports fields.
- *Other property* - This includes various landholdings accumulated over the years that are no longer used to provide Council services, and are generally non-strategic in nature.

Council Infrastructure Portfolio

These are properties that are held and managed by the WDC infrastructure & Services group. While the Property Department may be asked to assist with acquisition, development or disposal of these sites, it does not play an active role in their management.

- *Services and utilities* – for water, storm water or waste water facilities
- *Roads and transport* – car parks (other than John St and Town Basin), bus shelters
- *Forestry Assets* – a portfolio of small pine forests, many of which are planted on drinking water catchment areas.
- *Parks and Reserves* – Recreational spaces e.g. parks, sportsfields, walkways
- *Open spaces* – public open space where it is not intended to give it formal reserve status, access ways, esplanade strips, conservation and catchment areas, land acquired for green belts, etc.

Most of these are strategic properties, which will not be sold. However in some cases the status will change to non-strategic (for instance, where infrastructure needs change) and may be considered for disposal.

5. Key Legislation

Council must have regard for the specific provisions of various pieces of legislation in managing its property portfolio. As well as the general legislation covering all property issues in the private sector, there are additional issues to consider, including:

Local Government Act 2002

Council's powers, functions and obligations are governed by the Local Government Act 2002. The Act both enables and requires local government to approach property in an organised and strategically consistent manner. The power of general competence given to local government under the Act makes it possible for Council to act as would any other person or organisation in pursuit of its objectives. However, this expansion of capability comes with a series of obligations:

- To explore options and alternatives
- To provide responsible stewardship
- To conduct business in an efficient and prudent manner
- To have regard for the delivery of agreed community outcomes

Council is required to manage its property assets that meet the requirements of the *Local Government Act 2002 (LGA)*. In particular, Council is obliged to have regard to the need to identify those property assets that are considered "strategic" within the meaning of s.5 of the Act, being "*an asset...that Council needs to retain if Council is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future wellbeing of the community*".

Where an asset is deemed to be of significance under this provision, it may only be disposed of after a special consultative procedure, which may include consultation under the annual review of the LTCCP.

Other parts of the LGA that have particular relevance to property matters are:

- Part 6 – Planning, decision-making and accountability
 - s 76 – 81 Decision making
 - s 82 – 90 Consultation
- Part 7 – Specific obligations and restrictions
 - s 137: Partnerships and joint ventures
 - s 138: Restrictions on disposals of parks
 - s 140: Restrictions on disposal of endowment property
 - s 141: Conditions applying to sale or exchange of endowment property
- Part 8 – Regulatory, enforcement and coercive powers
 - s 189: Power to acquire land
 - s 190: Compensation payable by local authority for land taken or injuriously affected

Other relevant legislation includes:

- **Public Bodies Leases Act 1969**
- **Public Works Act 1981**
- **Reserves Act**

6. General Policy Considerations

Council makes over-arching policy and strategy decisions that impact the management of the property portfolio, and this policy must be considered within this broader context. While these additional policies will vary from time to time, current items include:

- **Council's Long Term Community Plan (LTCCP)**

The LTCCP is a document required by legislation that sets out a ten year plan for how Council will deliver its services to help achieve agreed community outcomes. As well as providing a basis for financial planning and an accountability framework to the community, it sets out levels of service for key areas of activity, including Property and Community Services. The property portfolios must be managed to meet these levels of services, and this policy helps to ensure that.
- **Growth Strategy – Sustainable Futures 30/50**

Whangarei District has experienced significant growth over the period 2001 to 2008. Although growth is slowing in line with global and national trends, future growth for the district is projected to continue and in some parts of the district, particularly in the Marsden Point/Ruakaka area, has the potential to be substantial. This growth presents both challenges and opportunities to our communities, businesses and governing bodies - and to us as individuals and families. To manage the projected growth sustainably, Whangarei District Council has committed to formulating a long term Sub-regional Growth Strategy. This project, entitled Sustainable Futures 30/50, will identify economic drivers of development, assess future growth potential, determine existing and potential land use patterns, and assess and plan for infrastructural requirements for the district over a 30-50 year time frame.

It has particular relevance to property matters in terms of urban development and the acquisition, development and management of strategic properties.
- **WDC 20/20: Living the Vision**

Council's *20/20: Living the Vision* sets out the conceptual framework for urban development, with revitalisation of the CBD as the primary objective. It proposes various

'precincts' where development of similar types could occur, such as a cultural precinct around Forum North and a 'visitor destination' in the Town Basin Precinct.

It has been developed as an information memorandum to invite prospective developers to engage with Council over the long-term development of the CBD.

o **Economic Development Policy**

Council will have regard for managing property assets to support the economic objectives of Council, which are to:

- Increase capability throughout the region at child, adult, community/area and business/iwi level.
- Improve the structure and balance of the Northland economic profile – to reduce vulnerability.
- Increase overall prosperity.

All of these policies and strategies are subject to amendment by the current Council.

7. Property Governance

A Property Governance Committee shall be established to enable property decisions to be dealt with in a commercial and prompt manner.

The Committee shall comprise the Mayor, the CEO and two Councillors, with one or two external advisers with relevant skills and experience should the Committee wish. The external advisers will not have voting rights.

The Property Governance Committee is delegated Council authority to sell or buy non-strategic properties within the Commercial Property Portfolio, so better rental yields or more desirable ownership options can be achieved, provided the overall gross value of the investment portfolio is maintained. (It is accepted that cyclical property valuation changes will occur.) All strategic properties will be identified, and the committee will make recommendations to Council on any decisions affecting them at the appropriate time.

The Committee shall make recommendations to Council on Services Properties and Infrastructure Properties as regards acquisition or disposal. Council shall ensure that the pool for Commercial Portfolio investment shall increase over time.

8. Property Business Plan

The Property Governance Committee will have a Property Business Plan, which sets out how Council's property business will be managed. As this will contain commercially sensitive property strategies, it will be presented to Council as a confidential document. The plan will be updated on an annual regular basis.

9. Property Funding

The Property Governance Committee should, subject to Council consent, be able to borrow up to 10% of the investment property value to invest in properties for development of the portfolio, provided they are not simply speculative proposals, but are part of the Committee's Business Plan for portfolio development.

Servicing such borrowings shall be a first charge against commercial rental incomes.

10. Property Disposal

Council may release funds from its property assets on a planned basis from time to time to finance other initiatives. The disposal of property assets will arise in a number of ways, including:

- Disposal of land held for future development purposes once the project for which it was acquired is ready to proceed.
- Disposal of property found to be no longer required for the purpose for which it was acquired.
- Disposal of property held for community purposes where non-ownership solutions have been found to offer superior outcomes.
- Disposal of property to private ownership where Council are satisfied that wider objectives are met e.g. land held for future urban development.
- Trading or tactical disposal of investment assets.

Wherever practicable, property disposal will be timed to take maximum advantage of market conditions, and the financial return optimised, subject to relevant legal requirements.

In the case of minor or hard to sell properties, the cost of disposal relative to the ongoing cost of ownership will be a factor in deciding whether disposal is warranted.

Disposal process

As a public entity, it is preferable for any property disposal to be conducted in a way that is visible and open to all parties to participate in. However, this can compromise the outcomes sought in managing property assets in the most effective way.

Unless there are compelling reasons otherwise, property disposals will usually be conducted via an open tender or auction process. However, where the Property Governance Committee unanimously determines that a disposal should be managed another way they can do so, provided the disposal furthers previously agreed strategic objectives. If their decision regarding the disposal method is not unanimous it shall be referred to the appropriate committee of Council for a determination.

While sale on the open market offers the benefit of being a completely open and transparent process that helps to set the 'true market value' at a particular point in time, it focuses the transaction on financial issues, whereas there may be other interests or perspectives that Council needs to consider in terms of its overall role in protecting and enhancing the ratepayers' interests. These could include:

- The overall package of benefits offered by the transaction in relation to Council's strategic objectives and current policies,
- Redevelopment of the property in a manner that provides benefits to the District which are not expected to be provided if a contestable process is adopted.
- The timing of a sale by private treaty could allow an opportunity to be captured which sale by a contestable process would not.
- At times it will be important to see immediate development of a site, rather than speculation or land banking.
- Redevelopment of the property by a known entity could lead to a treatment that is consistent with Council's overall development plans for the District

These matters should be considered in relation to each disposal, with the best course of action determined for that particular transaction.

11. Property Reinvestment Reserve

A Property Reinvestment Reserve (PRR) shall be created to fund the ongoing growth and development of the Commercial Property Portfolio

The net proceeds of the disposal of any property in the Commercial Property Portfolio are to be invested in the PRR.

Any sale of Council Services Property or Council Infrastructure Property shall also have a portion transferred to the PRR. Council will nominate the portion to be applied at the time of disposal and it should generally be a minimum of 25% of the net realisation.

Funds from the PRR can be advanced to Whangarei District Council as Council debt (i.e. internal lending), either for specific projects or to temporarily replace bank debt. When advanced to Council, an interest return of not less than Council's cost of funds shall be paid. Where funds are borrowed from the PRR, they are to be repaid within a seven year period from drawdown, to ensure the overall value of the Commercial Property Portfolio is not eroded over time. When repaid, provided the funds are not required for property purposes they may be re-advanced to Council as internal lending.

At the end of each financial year a dividend derived from the operating surplus of the Commercial Property Portfolio shall be transferred to the PRR. The dividend amount will be set by Council each year as part of the Annual Plan process, but in general should be no less than 1% of the capital value of the portfolio. The balance of the surplus shall be applied to Council's general revenue.

12. Property Management

Council's Property and Community Services Department shall be resourced to provide:

- Property Services to Council in accordance with property management best practice.
- Operational property management (as Council's landlord).
- Property investment (maximising commercial rents, undertaking capital works, tenants' landlord, buying and selling properties).
- Reporting to the Property Governance Committee all exceptions to best practice, significant refurbishment requirements and risk matters.
- Feasibility studies as required by the Property Governance Committee and to engage consultants as required to ensure a full complement of property skills are available to Council.
- Community housing (housing and support as landlord to tenants).
- Management and property consultancy to other Council departments.

13. Property Development

Council will consider the subdivision and sale of land to achieve the outcomes required to satisfy its population, economic and transport objectives.

Council will actively consider becoming involved in property development where appropriate or necessary to:

- Act as a catalyst for private sector development and investment, where it is thought that the level of perceived risk would deter private sector developers in rural towns.
- Control the form, scale and timing of development.
- Capitalise on increasing land prices and thus deliver a return to the ratepayers of the District.

Council will not normally compete with private developers in areas where successful development outcomes can be achieved through alternative strategies. However, Council should actively monitor and implement opportunities to capture value from the development of its land, including:

- Development joint ventures.
- Selective withholding of land from sale to capitalise on rising prices.
- Ground leases, with the rent tied to unimproved capital value.
- Deferred payment schemes on land sold for strategic development, where the final purchase price is structured so as to capture some of the development "profit".

14. Urban Development

Council will from time to time selectively acquire or retain such interests in property as may be required to achieve its urban development priorities. This will include property to support the development of the necessary service, social and community infrastructure and property seen as strategically vital to achievement of urban consolidation, good urban design and/or integration of transport infrastructure and land use. Council will also continue to explore the creation of effective partnerships to achieve these objectives.

Council will undertake specialised studies in the rural areas, which may well result in the need for strategic purchases of land and/or provision of infrastructure to provide for future needs in terms of increasing growth and urbanisation.

In order to facilitate such strategic land purchases in an environment of rapidly changing prices, Council recognises the need for property acquisition processes and management structures that will allow rapid responses to specific opportunities in the property market and/or the ability to take specific initiatives ahead of likely developer interest.

Objectives underpinning such acquisitions will be defined in each case in terms of:

- i. the ability to control the pace, scale and style of development in the town or rural centre;
- ii. economic, social and environmental benefits to the District and its ratepayers that might be obtained through a medium-term strategy of holding property as an appreciating investment; and
- iii. exploitation of Council's land ownership to encourage appropriate private sector investment or development.

Formulation of these objectives will have regard to the need to manage potential conflicts of interest arising from the multiple planning, regulatory and ownership roles of Council, and the need for equity and transparency in all matters involving Council either acting in direct competition with private sector ratepayers or taking other initiatives that might directly or indirectly advantage particular parties.

Council will also identify and develop effective partnerships with other stakeholders including:

- affected communities including business communities;
- private sector developers;
- existing and potential providers of service, social and community infrastructure;
- existing landowners, whose properties can contribute to required outcomes;
- transport operators and infrastructure providers.

15. Risk Issues

As a local authority Council has a relatively low appetite for risk, and property issues should accordingly be managed on a conservative basis. Any decisions and actions should have regard for various categories of risk:

Financial Shortfalls in budgeted revenue due to unpaid rents/leases, vacancies, uninsured damage, losses on development projects, loss on disposal etc.

Reputational Service failures, negative media coverage in relation to sale/purchase decisions, evictions, recovery of outstanding rents etc.

Legal Terms and conditions of leases / agreements, legislative requirements around disposals, including consultation requirements, operating within delegated authority etc.

Loss or Damage Fire, flooding, earthquake, vandalism etc.

Mitigants for these risks should be established for every category of property, with operating procedures established as required. Examples include:

- Use of standard legal documents for all leases.
- Comprehensive insurance cover for all assets.
- Outsourcing of high-risk activities to third parties to reduce reputational risk.
- Monitoring of rent arrears, with early intervention.

APPENDIX

PROPERTY MANAGEMENT OBJECTIVES BY PORTFOLIO

The objectives for each property portfolio are:

1. Commercial Property Portfolio

Council's overall Commercial property investment strategy objectives include:

- Investing in property that has a clear economic benefit to Council by meeting the minimum forecast average annual return on capital invested in accordance with Council investment guidelines. Specific targets will be set for each property class within the portfolio.
- Investing in property that provides cash returns.
- Investing in property that has specific strategic policy objectives, including urban regeneration, social or community benefit to Council (this will need to be defined but may include the acquisition of suitable properties where there is an urban design or aesthetic quality that provides a demonstrable benefit to a community).

Commercial Property Acquisition

Council will undertake a programme of selectively acquiring property with the specific purpose of utilising its growth in value to finance the increased demands generated by the management of growth. Where possible, such acquisitions should also serve a strategic purpose in terms of urban design or economic development considerations. Council will also seek to increase, over time, its portfolio of income-producing properties to supplement its income from rating

- The acquisition and ongoing ownership of investment properties will be assessed on the basis of portfolio management principles, including asset diversification (to spread risk) and the ability to generate financial returns (from holding income and capital gains) superior to that obtainable from other investments.
- Any decision to hold property assets for investment purposes must address the potential for conflict of interest between Council's different roles, and the total economic cost of ownership (including any future need for development finance).
- Analysis of the total cost of ownership should be undertaken for each investment property, including maintenance costs (based on lifecycle costings) and holding costs.
- Condition assessments and asset management plans should be prepared for each property.
- Exit strategies in the short, medium and long term should be developed so as to provide a clear framework for evaluating the benefits of ownership.

Objectives by Classification

1.1. Ground Lease Portfolio

This category is primarily composed of land vested to Council from the Northland Harbour Board after local government amalgamation in 1989. The bulk of this land is 'endowment land' which is subject to specific provisions under the LGA. The sites are held under perpetual ground lease, with rent review periods ranging from 5 to 21 years.

Council owns the freehold title to these sites, but lessees have perpetual ground leases that are renewable at their discretion. They also own all improvements on the sites e.g. the buildings and any additional site-works.

In general terms, the blocks that mainly comprise waterfront sites in the inner Whangarei Harbour above the harbour crossing from Pohe island, (Lower Dent St, Herekino St, Upper Port Road) are viewed as strategic sites, while those in other areas (e.g. Lower Port Rd, Fraser St, Hewlett St, Kioreroa Rd) are seen as non-strategic.

- Maximise cash returns.
- Reduce rent review periods from 21 years to 5 or 7 years by negotiation.
- Dispose of non-strategic sites for reinvestment in other commercial properties.
- Encourage development of sites by lessee to stimulate economic growth.
- Manage groups of properties as one unit where appropriate e.g. block of adjacent sites.

1.2. Commercial Freehold Property

This category includes sites where Council owns both the land and buildings. These sites have been acquired over time for a variety of reasons, including new roading developments or future urban development. While the initial purchase may be made for a strategic purpose, this can change over time and should be reviewed regularly.

While held within the portfolio, every effort should be made to keep the property tenanted and achieve a market rental. It may be appropriate to make alterations for a new tenant in some instances, and this may be considered if the costs can be recovered in a reasonable timeframe.

- Maximise cash returns.
- Dispose of non-strategic sites over time, unless providing exceptional returns.
- Maintain asset to optimise returns over long term.
- Consider capitalising improvements into lease to increase returns and/or encourage effective use.

1.3. Town Basin

The Town Basin properties were developed in the mid-1990's, and while established as commercial tenancies, the overall precinct is managed as a public amenity. Property interests need to be balanced against its importance as a visitor destination (for both local residents and tourists), an entertainment area (cafes, restaurants, playground and park), and the setting for the Town Basin marina. While the property tenancies should be managed on a commercial basis, it may be necessary to slightly compromise overall financial returns in order to retain the best mix of tenants.

A portion of the revenue received should also be re-invested in the overall precinct to ensure visual and amenity standards are met, to encourage as many visitors as possible. Regard should be had for linkages with related activity e.g. cultural, art and heritage attractions and events.

- Manage as overall precinct, ensuring public amenity values are considered
- Tenants to be primarily a mix of high quality / boutique retail, café / restaurant
- Portion of revenues to be reinvested to maintain / enhance amenity value
- Wherever possible integrate commercial aspects with other interest eg passive recreation, cultural attractions, water-based activity
- Where appropriate accept a slightly lower rate of return, given need to ensure public amenity values etc

1.4. John St Carpark

This parking building is the only significant parking building available to the general public. It is not considered to be a strategic asset, as the service could be provided by

the private sector. However, given limitations on parking revenue in the local market, it is prudent to retain this asset until a market conditions produce a higher return on capital, at which point it could be sold.

In the meantime, returns can be maximised by leasing some spaces for dedicated use eg for staff parking, while retaining the balance for casual use.

- Maximise cash returns.
- Integrate operations with wider WDC parking strategy.
- Manage security issues to minimise public concerns.
- Consider disposal to private operator.

1.5. Parihaka Transmission Mast

Council owns the prime transmission facility for the District. It provides an excellent rate of return, and has strategic importance in ensuring the full range of digital and wireless services is available to residents of the District.

It is important that there is regular investment in the facility to ensure it adapts to technological advances in a timely manner. Over time, this should allow a rationalisation of the masts to a single structure.

It should be noted that the Parihaka site is of significance to local iwi, and the asset management plan must take this into account.

- Maximise cash returns
- Ongoing development in line with technology advances e.g. wireless
- Rationalise masts over time, with aim of one mast covering all needs
- Manage site in conjunction with Parks Department
- Consider iwi issues, especially minimising impact on overall site and location.

1.6. Future Use – Property Held for Strategic Development Purposes

This category includes land acquired and held for the purposes of securing strategic urban development objectives such as town centre projects, aggregation of strategic parcels for the purpose of controlling or influencing development of the surrounding property, and property held with the intention of initiating development projects in pursuit of Council's planning objectives.

- The purpose for which each property is held shall be noted in the property database.
- Each property shall be regularly reviewed to ascertain that it remains consistent with its proposed future use.
- Pending utilisation, opportunities to obtain rental income should be explored.
- Where practicable, opportunities should be sought to combine strategic development and investment objectives in relation to such properties.
- While efforts should be made to produce returns that at least meet their holding costs, it is recognised that these properties will not realise significant financial returns until they are converted to their intended use.

2. Council Services Portfolio

One of Council's core objectives is to ensure the provision of adequate and appropriate facilities for the delivery of a range of social and community services for the needs of the District and its residents both now and in the future. However, Council recognises the need to identify the most appropriate and cost-effective means of achieving these goals given resource constraints and competing priorities. Considerations in this regard include:

- the need to acquire property in strategic locations or areas of strong projected growth;
- the relative merits of ownership versus leasing of buildings that house such facilities;
- ensuring wherever practicable that community facilities are available to multiple users;
- assisting service providers in their formative stages, with a view to longer term self-sufficiency;
- understanding the roles of central government agencies in providing services at a local level;
- the role of Council as a catalyst for private investment in ancillary facilities; and
- protocols for cost-recovery through shared facilities with private enterprise, leasing out when not in use, complementary commercial activity etc.

Objectives by Classification

2.1 Civic Purposes

This category includes all property which has as its dominant purpose the administration and delivery of Council services, including libraries. Acquisition or disposal of such properties will be determined solely on the basis of suitability for its functional purpose.

Council owns and rents buildings to enable it to provide services to ratepayers. They will be managed on a cost effective basis to meet the needs of ratepayers, visitors and staff. A 'civic presence' will be maintained at Forum North, while opportunities to bring staff together under one roof are explored.

Satellite offices will be housed in locations where there is sufficient resident population and service demand to justify the capital and staffing costs.

2.2 Community Purposes

This category includes local halls and community centres, recreation facilities (where located on freehold land), properties leased to community groups (e.g. the Old Library) and any other property for which the dominant purpose is of a like nature. Whilst the successful delivery of these services does not always require Council ownership of the assets, Council recognises that there are some aspects of service delivery for which only a public body such as Council is able or willing to provide the necessary infrastructure.

- The purpose for which each property is held shall be noted in the property database.
- Each property shall be regularly reviewed to ascertain that its dominant use remains as noted.
- Alternatives to Council ownership will be considered where this is practicable without compromising ongoing function or amenity.
- Opportunities will be sought where practicable to generate ancillary commercial activities to help defray the cost of facilities.
- Wherever possible, the use of facilities will be maximised through multiple user arrangements.

Where a Council-owned building is leased by a community group consideration will be given to reducing the rent payable while agreed services are provided to an acceptable

standard. In these instances a 'rent grant' will be paid from the Community Funding budget to the Property department to offset any subsidies received.

2.3 Whangarei District Airport

Whangarei District Airport (Airport), situated at Onerahi in Whangarei, is operated under a joint venture partnership agreement between Council and the Crown, represented by the Ministry of Transport (MoT). The day-to-day operational activities of the Airport are managed under the aegis of Council by way of a management contract with a contractor (currently Northland Aviation Limited). The Airport acts as a gateway to the Whangarei District and Northland, and this aspect remains a focus of Council in providing an airport service of high quality and efficiency.

As a Council Controlled Organisation, the Airport has a Statement of Intent, which sets out the following objectives:

- That the Airport is operated as a fully serviceable District Airport for the use of visitors, residents and ratepayers of the Whangarei District;
- That the short and long term objectives of the Airport operation meet the needs of scheduled and non-scheduled aviation operators and their customers;
- That standards of safety are promoted and maintained, recognising New Zealand Civil Aviation Authority (CAA) and other safety and health requirements;
- That the Airport is operated with regard to appropriate environmental practices, legislation, and in recognition of the designation requirements in the District Plan.

Given the limited scale of operations and its role as a 'gateway' to the district, it is accepted that it will produce modest financial returns. There are restrictions on non-aviation activity, which were established as part of the operative District Plan. This also limits the Airport's ability to generate additional revenue.

The overall operation produces a small operating surplus, which is transferred to reserves to fund ongoing infrastructure development and maintenance. The nature and scope of activities undertaken broadly cover:

- Operating the Airport in a cost effective and efficient manner to meet the objectives set out above, and in accordance with the terms of the Aerodrome Operating Certificate issued by the Civil Aviation Authority;
- Meeting the Civil Aviation Authority certification requirements;
- Continuing to seek opportunities to widen the revenue base in areas consistent with Airport operation. Such activities include leasing land within the Airport precinct for aviation related activities and reviewing both existing charges and exploring other options.

Strategic plans, including future proofing and the potential for development to meet the needs of the district will be determined in a separate document in consultation with the Ministry of Transport.

2.4 Residential property

Council owns 165 Pensioner Housing units, located in 16 sites across the District. They are identified as Strategic Assets in terms of Council's Policy on Significance.

Day to day management (tenancy issues, vacancy management etc), is outsourced under contract to the Masonic Trust. Maintenance of the grounds is similarly outsourced to Crewcut. Council staff manage all building maintenance (both internal and external).

The overall portfolio is managed on a break-even basis, with the weekly rent set as a percentage of National Superannuation. This level is reviewed regularly to ensure there is adequate income for effective long term asset management.

Council's policy is to maintain pensioner housing facilities at their current levels of service. However, should opportunities to source external funding arise (e.g. through Housing NZ) consideration will be given to making capital improvements that could reduce ongoing operational expenses for building maintenance.

Tenancies are restricted to those:

- Ages 65 years and over
- In receipt of NZ superannuation
- Cash assets of no more than \$17,500 (single), \$20,500 (couple)
- Consideration of those nearing 65yrs and in receipt of a invalids benefit

Council also owns a small portfolio of residential flats and houses, many of which were acquired as part of plans for future development e.g. expansion of Kensington Park. Where these properties can be used for residential purposes they are added to this portfolio, for which day to day management is provided under contract by First National Real Estate.

- The purpose for which each property is held shall be noted in the property database.
- Each property shall be regularly reviewed to ascertain that it remains consistent with its proposed future use.
- Opportunities to obtain rental income at market rates should be explored.
- If a property is no longer required for its original use, opportunities for disposal or development of the site should be explored.

2.5 Future use

This category includes land and buildings acquired and held for the purposes of developing community or infrastructure (as opposed to commercial) assets in the future e.g. sports parks, community libraries, civic buildings, future transport routes etc. Where residential houses are acquired during such a process, it is added to the Residential Housing portfolio outlined above, as it is more efficient to manage these properties as a group.

The timeframe for further development and the extent of future site-works will dictate how the property is managed, and it is important that its long term use is not compromised e.g. by entering into leases that limit future access.

- The purpose for which each property is held shall be noted in the property database.
- Each property shall be regularly reviewed to ascertain that it remains consistent with its proposed future use.
- Pending utilisation, opportunities to obtain rental income should be explored.
- Where practicable, opportunities should be sought to combine strategic development and investment objectives in relation to such properties.
- While efforts should be made to produce returns that at least meet their holding costs, it is recognised that these properties will not realise significant financial returns.

2.6 Special Purposes

This category includes any land holdings owned by Council not held under any other category and for which special factors dictate how the land may be used. It includes the Rose St Bus Terminal, productive rural land, quarries, forests, closed landfills, and riparian margins e.g. in the Hikurangi Swamp.

- The purpose for which each property is held shall be noted in the property database.
- Where possible, the property should be managed to produce an ongoing revenue stream while held in ownership.
- Each property shall be regularly reviewed to ascertain that it remains consistent with its proposed future use.
- Opportunities to house organisations providing social or community services should be regularly explored.
- If it is determined that the land is no longer required, it should be disposed of.
- Consideration will be given to offering the property to adjacent and/or previous owners where that is a sensible outcome, provided market value is obtained.

2.7 Other property

This category includes various landholdings accumulated over the years that are no longer used to provide Council services e.g. Whangarei Railway Station, abandoned quarries. It should be managed on the same basis as Special Purposes properties as noted above, with particular regard for the orderly disposal of these properties.

Further Considerations – Heritage Buildings

The Old Library, The Old Municipal Building and the Railway Station are heritage buildings presently owned by Council.

A system of “threat analysis” will be conducted for identified heritage properties not presently owned by Council. Where it is determined that there is a sufficiently urgent case for intervention, having regard to the financial consequences for Council, acquisition or other measures may be instigated.

Action will be taken periodically to analyse the status of any Council-owned heritage properties to identify whether ongoing ownership is the best or only means of protecting these properties. Where practicable, properties will be sold with adequate safeguards (e.g. covenants) in place, thereby freeing up funds for the purchase of other heritage properties under threat.

3. Council Infrastructure Portfolio

These are properties that are held and managed by the WDC infrastructure & Services group. While the Property Department may be asked to assist with acquisition, development or disposal of these sites, it does not play an active role in their management.

Services and Utilities

This category includes freehold land held for water and wastewater facilities and for facilitating the installation of utilities.

- The purpose for which each property is held shall be noted in the property database.
- Each property shall be regularly reviewed to ascertain that it remains consistent with its proposed future use.
- Where a property is larger than is required for its intended purpose, the balance should be evaluated with a view to maximising its investment value.

Roads and transport

This category includes all property which is being held for roading purposes (including future roading works and unformed roads, but not closed roads), car parks and current or future public transport facilities.

Although major roading, including land acquisition, associated with the State Highway network is the responsibility of NZ Transport Agency, Council may selectively acquire sufficient interest in land to facilitate its desired outcomes on key roading projects.

- The purpose for which each property is held shall be noted in the property database.
- Each property shall be regularly reviewed to ascertain that it remains consistent with its proposed future use.
- Pending utilisation, opportunities to obtain rental income should be explored.
- Where a property is larger than is required for its intended purpose, the balance should be evaluated with a view to maximising its investment value.

Forestry Assets

10 small pine forests are managed, most of which are planted on catchment areas critical to the District's drinking water supply. While efforts are made to secure a commercial return from these sites, this is difficult given the small total area (173 ha) and their fragmentation. Council has also made a decision that Parihaka, the largest site at 57 ha, is not to be re-planted as it is harvested, with the site reverting to native bush as it regenerates.

The portfolio is nearing the point where it is no longer viable to operate as an income producing asset, as the harvesting costs will start to exceed the revenue available. This is further complicated by the potential for carbon taxes to be imposed if sites are taken out of production.

A separate Forestry strategy will be prepared that examines potential options for this portfolio.

- Maximise net returns, accepting limitations of small and fragmented sites.
- Ensure needs of other stakeholders are met e.g. water catchment.
- Dispose of non-strategic sites, or convert to best use where possible.
- Ensure carbon taxes are minimised.
- Determine long-term strategy for this portfolio.

Parks and Reserves

Traditionally, land for public open space was acquired using reserve contributions from developers or from other dedicated funding sources. Once acquired, the land is generally given formal reserve status under the Reserves Act. These factors limit the capacity of Council to dispose of or diversify the use of such lands. However, as the community becomes more highly urbanised there is an increasing demand for integration of urban lifestyle and the natural realm through such elements as water-edge developments, hotels and cafes in parks, etc. To the extent that Council might wish to contemplate such developments in future, provision needs to be made in the manner of funding such land acquisitions so as to allow future flexibility.

Council will:

- assist as required with the purchase of conservation areas in the vicinity of the main urban centres, although this will remain the primary responsibility of the Department of Conservation and the Northland Regional Council.
- monitor the need for and progressively acquire land for new water access zones, active and passive open space, and civic squares as the necessity arises.
- identify those areas where future flexibility of use might be appropriate, and ensure that the funding of such acquisitions is arranged so as to allow for such flexibility.

Properties that are used for recreational purposes e.g. sportsfields are managed by the Parks Department and are not covered by this policy. However, there are occasions where the Property Department provide services to Parks, particularly in relation to managing leases of these properties or parts thereof.

Property Held as Open Space

This category includes freehold land held as public open space where it is not intended to give it formal reserve status, access ways, esplanade strips in freehold title, conservation and catchment areas, land acquired as green belts, etc.

- All proposals for acquisition of land for public open space should have regard to alternative choices for resource allocation within Council's Public Open Space Strategy and be prioritised accordingly.
- The purpose for which each property is held shall be noted in the property database.
- Each property shall be regularly reviewed to ascertain that it remains consistent with its proposed future use. These reviews shall generally be by way of Reserve Management Plans as prescribed by the Reserves Act 1977.
- Where a property is larger than is required for its intended purpose, the balance should be evaluated with a view to maximising its investment value.

Properties in this category are generally managed by the Parks Department and are not covered by this policy. However, there are occasions where the Property Department provide services to Parks, particularly in relation to managing leases of these properties or parts thereof.