

Finance and Performance

Tabled Documents

29 November 2018

Matters for Follow up from last Financial Report presentation

Item 10

Insurance Details – October 2018

Item 13

RDC Development Agreement Template – Draft – November 2018

MEMORANDUM

TO: Ross McNeil

COPIES: Finance and Performance

FROM: Jo Devine & Ashley Dahl

DATE: 28/11/2018

SUBJECT: **Matters for follow up from last Financial Report presentation**

At the last Finance & Performance Committee there were some matters for follow up to be presented at the Finance & Performance Meeting on the 29th of November 2019

1. **Rates Provision on Investments**

The 2019 Budget FY Rates by activity pie graph shows a figure of 30% as an apportionment as part of investments. This term 'Investments' also relates to the term Treasury which is one of the Councils Activity or Cost Centres. The 30% relates to the 2018/19 budget for General Rates \$2.8M and the Uniform Activity Charge \$3.8M as an apportionment of the total budget for rates \$21.4M. This is consistent treatment with previous periods.

2. **Over Expenditure in Roothing**

The September 2018 Financials highlighted that Roothing and Footpath expenditure was above budget. This trend has continued in the October 2018 YTD Financials. The total expenditure on Roothing is \$4.678M against a budget of \$4.276M a \$402K variance. This is partly due to some of the high value projects been ahead of schedule. The AWT program (Area wide treatment) has also taken advantage of the recent favourable weather conditions in areas such as road layer surfacing.

3. **Nga Tawa Turf project**

In the activity budget for Domains cost centre 40101 for the period 2017/18 there was a budgeted amount of \$117K for grants. The actual amount expended for this period was \$3K. The amount of \$117K is the budget amount for grants in the 2018/19 period. This budget allows for the \$100k commitment to Nga Tawa which will be paid when the balance of the project funding is in place.

Jo Devine & Ashley Dahl
GM Finance and Business Support & Financial Services Team Leader

TABLED DOCUMENT

Tabled at:

on:



MEMORANDUM

TO: Ross McNeil

COPIES: Finance and Performance

FROM: Jo Devine & Ashley Dahl

DATE: 26/11/2018

SUBJECT: **Insurance details – October 2018**

Background

At the last Finance & Performance Committee meeting a query was raised in regard to the Insurance arrangements and level of coverage that the Council has.

Prior to 2013 each Council sourced their insurance requirements individually through the domestic market. In 2013 12 councils including Rangitikei including some from Waikato and MW Lass sourced cover from London for the Infrastructure assets.

For the most recent round 42 Councils were represented to get cover from a Lloyds syndicate with a total asset value of \$40 billion. Up until 2 years ago the purchasing was occurring in a soft market but the market has since hardened. As there is past history in purchasing on the London market and the extent of the cover required coverage can continue to be provided.

The Lloyds underwriters are currently reviewing their portfolio. As a result they are placing more emphasis on the quality of data required so they can better perform a risk assessment. It is not helped by the fact that Natural Disasters are on the rise and New Zealand is ranked number 2 in the world behind Bangladesh as the most hazardous country for natural disasters. Areas that are deemed to be earthquake prone will then have a reduction limitation on the cover available.

The MW Lass and HB group have identified that they need to combine resources to have consistent valuations of infrastructure and perform loss modelling so that as a group they can provide accurate information which will assist the underwriters to feel that they have a level of trust in the data been provided.

Current Insurers

The current insurance is arranged with AON New Zealand through brokers from their Waikato office. The council has a solid working relationship here and as a result of the MW Lass relationship workshops and regular reviews are undertaken.

Current levels of cover

1. Material Cover \$50,000,000

The excess on Natural Catastrophic \$250,000

The \$50,000,000 cover is for below ground assets. The material damage catastrophic insurance has a limit of \$125,000,000 which is a regional cover for MW Lass insured councils. This is a primary level of cover. An assessment undertaken around maximum probable loss indicated that the level of cover was about right.

2. Motor Vehicle The standard excess is \$500 and increases to \$1000 depending on time driver has had licence. The total third party liability for property damage and bodily injury is \$20,000,000

3. Employers Liability Policy

The limit of the liability is \$2,000,000 and excess is \$1000

4. Statutory Liability

This covers defence costs, Fines and Penalties arising from unintentional breaches of insured acts. The limit of the liability is \$2,000,000 and excess is \$25,000

5. Professional Indemnity

This relates to claims made or notified from actual or alleged acts, errors or omissions or conduct committed. The limit of the liability is \$50,000,000 and the excess is \$25,000.

6. Public/General Liability

This is the liability to third parties arising from or in connection with council operations for those amounts that the council is legally liable to pay. The limit of the liability is \$50,000,000 and the excess is \$25,000.

7. Crime Insurance

This relates to a direct financial loss sustained at any time consequent upon a single act or series of related acts of theft fraud dishonesty or criminal acts of employees and or third parties. The limit of the liability is \$1,000,000 with an excess of \$25,000.

8. Personal Accident & Illness Insurance This covers elected representatives, Executive senior staff and full time staff at a limit of \$30,000. It then provides additional cover such as Funeral benefit \$2,000, Loss of enjoyment of life \$25,000, Replacement staff/recruitment costs \$10,000.

It is for death by accident only, not natural causes.

9. Corporate Travel Insurance

Surgical cover up to \$5,000, Unlimited medical, Loss of deposit, baggage claims, loss of travel documents up to \$5,000.

10. Standing Timber Policy

Provides coverage for hail strike, windstorm, Firefighting. Some events provide coverage for up to \$1,000,000.

11. Business Interruption insurance

This covers the locations where the council has properties for the purpose of business with a max limit of \$1,000,000

12. Building/property Cover

This covers the locations where the council has properties and the values are based upon the schedule of values provided. This takes in to account cresta zones and age and structure of the buildings insured. The cover is limited to the amounts specified.

Jo Devine & Ashley Dahl

GM Finance and Business Support & Financial Services Team Lead

TABLED DOCUMENT

Tabled at:

on:



AGREEMENT¹ FOR THE DEVELOPMENT OF

[insert name/scope of development]

THIS AGREEMENT made this _____ day of _____ 20____

BETWEEN **RANGITIKEI DISTRICT COUNCIL** (“RDC”)

AND [insert name of developer(s)] (“Developer”)

PREAMBLE

This Agreement sets out the assistance/support that RDC will provide to the Developer in exchange for the Developer completing the development as specified herein. This Agreement also sets out the conditions under which RDC will provide the assistance/support specified in this agreement. This Agreement may be amended/modified at RDC’s sole discretion, and may be terminated by either party as set out herein.

PROPOSED DEVELOPMENT

Development Description (attach plans/documents as appropriate):

Address: _____

Legal Description: _____

Property/Business Owner: _____

Contact Details of Developer/Developer Representative:

Name: _____ Ph/Mob: _____

Address: _____

¹ This Agreement is made in general accordance with Sections 207A – F of the Local Government Act 2002 (which relate to Development Agreements).

Nature of Support Covered by this Agreement (check X all boxes that apply)

- Proposal requires a resource consent or subdivision consent from RDC, and the Developer has sought a waiver or reduction in fees/charges.
- Proposal requires a building consent from RDC, and the Developer has sought a waiver or reduction in fees/charges.
- Developer has sought rates relief (remission/postponement) from RDC.
- RDC Infrastructure
- Other Considerations

IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

Consent Fees

1. RDC will waive **XX**% of the fee payable in respect of processing any application for a resource consent and/or subdivision consent required for the proposed development. Should the application require notification and there are objections, the costs for a hearing remain with the applicant. This does not commit RDC to granting a resource consent or a certificate under section 224 of the Resource Management Act.
2. RDC will waive **XX**% of the fee payable in respect of processing any application for a building consent required for the proposed development, and includes the cost of any inspections undertaken by RDC staff. Note: RDC will only waive internal consenting costs. External levies, such as EQC, Fire Service, BRANZ, etc will still need to be paid. This does not commit RDC to issue a building consent or code compliance certificate under the Building Act.

Rates Remission/Postponement

3. RDC agrees to remit and/or postpone rates as follows (delete as required):
 - a) A rates remission of **XX**% of rates payable per annum for **X** years.
 - b) A rates postponement of **XX**% of rates payable per annum for **X** years. Note: this condition requires the payment of all rates owed during the period of postponement.
 - c) Where the development relates to a subdivision, RDC will only levy the rates payable on the parent (original) lot until legal title has been issued for each of the new lots created. Where new lots are sold, RDC will reduce the rates payable by the Developer as a proportion of the area/lots remaining unsold (calculated at the start of each rating year (being 1 July). This remission will be for an initial period of one (1) year. Any decision to extend the remission after that period will be at RDC's sole discretion.

d) Where the purchaser of each new lot intends to build on that lot, then RDC may enter into a development agreement with the new owner on such terms and conditions as RDC may decide. Separate from and independent of this or any other arrangement with the Developer.

Infrastructure

4. RDC will confirm that its roading, water, wastewater and stormwater infrastructure has sufficient capacity to meet the needs of the proposed development. If it does not, RDC agrees to cover XX% of these costs. Any commitment to provide infrastructure and its timing will be at RDC's sole discretion.

RDC will provide, subject to any conditions specified, the following infrastructure in support of the proposed development:

5. The Developer must meet on-site costs for connecting (in accordance with RDC's requirements) to RDC's roading, water, wastewater and stormwater infrastructure and for providing the required range of services within the development.

Other Considerations (if applicable)

6. RDC agrees to provide additional support as specified below:

a) _____

b) _____

Terms/Conditions: _____

Other Conditions

7. The following specific conditions apply to this agreement:

a. _____

b. _____

General

8. The Developer agrees to undertake the development in accordance with this Agreement. Where the development is not undertaken or completed in accordance with this Agreement, then RDC reserves to right to seek the repayment of any and all fees waived, rates remitted or postponed, or the cost of infrastructure provided/funded by RDC to support the Development, and the Developer agrees to repay, within the time set by RDC, any and all fees waived or rates remitted by RDC. The Developer acknowledges that RDC may register a charge against the Developer's property to recover any costs incurred by RDC should the Developer default on
9. The Developer agrees to progress the development without undue delay, and to undertake the development in accordance with the relevant laws and regulation of New Zealand, and the bylaws, rules and requirements of RDC.
10. Nothing contained in this Agreement shall be construed as creating a partnership, agency, trust or other association of any kind between the parties.
11. RDC may, at its sole discretion, agree to enter any further agreements with the Developer, with the content and scope of any such agreement to be solely determined by RDC.
12. This Agreement terminates when all actions, obligations or undertakings of either party set out herein have been completed, unless a termination date is specified below:

Unless the parties otherwise agree, this Agreement shall terminate on the **XX** day of **YYYYY** **20ZZ**.
13. This Agreement, the legal relations between the parties, and any claim arising out of or related to this Agreement, the negotiation, terms, validity or performance of this Agreement or the transactions contemplated hereby whether in contract or otherwise shall be given by and construed and enforced in accordance with the laws of New Zealand.

SIGNED by
RANGITIKEI DISTRICT COUNCIL

) Rangitikei District Council
)
) _____
Chief Executive

SIGNED on behalf of)
[insert name of developer(s)])
By its authorised signatories in the)
Presence of:)

Print Name(s)

Position(s)

