

4.16. Levels of Service Increases

Art Gallery Funding

(Report prepared by M Fletcher)

R510-021-01

Purpose of report

- To request Council's agreement to change the method of funding Council's \$2.0M grant towards the funding of the new Art Gallery.

Executive Summary

- Currently Council's \$2.0M grant towards the construction of the Art Gallery is by means of "Rate Funded Debt". As the need for this project is partially driven by growth, it is proposed that \$1M of this project is funded by the Land Subdivision Account (LSA). This will generate a rate saving of approximately \$80,000, while still leaving a balance of **\$2,455,558** in the Land Subdivision Account.

RECOMMENDATION

That Council agree to fund up to \$1.0M of the Art Gallery construction cost grant from the Land Subdivision Account.

Background – Land Subdivision Account and Gallery Grant Funding

- The Land Subdivision Account is funded by a combination of Reserve and Community Facility Development Contributions. For Blenheim, the uninflated Reserve contribution is \$14,500 per Household Equivalent Unit (HEU) and \$3,500 per HEU for Community Facilities. The global Library development is listed in the 2021 Development Contributions Policy as a project eligible for funding from the LSA, because of the growth component of this development.
- Currently, Council's \$2.0M grant towards the funding of the new Art Gallery is by means of rate funded debt. It is proposed to fund the growth component of this grant from the LSA. It is assessed that the growth component is 50%, yielding the amount to be funded as \$1.0M. Changing the funding source for this grant as proposed will yield a rate saving of approximately \$80,000.
- Agenda item 4.15 "Community Facilities: Playgrounds and Sports Parks Funding" identified that the closing balance of the LSA, should all the proposals in that paper be approved will be \$3,455,558. Approving this proposal will yield a closing balance of \$2,455,558.

Other Options

- Council could decide that the growth component of this project is different from the proposed. 50%. The table below summarises the financial impacts of deciding on different levels of growth.

Growth Component	Growth Value	Rates Saving	LSA Balance
40%	\$800,000	\$64,000	\$2,655,558
50%	\$1,000,000	\$80,000	\$2,455,558
60%	\$1,200,000	\$96,000	\$2,255,558

It is believed that 50% is appropriate because it recognises both growth and increased Levels of Service pressures.

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