

# **Facility Partnership Policy**

**(May 2009)**

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## **Introduction**

This policy was developed to help Council, community organisations and other not-for-profit groups form partnerships to develop community, arts, cultural and recreation facilities, including sports fields. Proposals for marae development may be considered if they comply with the Council's Marae Development policy.

The policy sets out how the Council will decide which partnership proposals to explore further for assistance, which partnerships to enter into and what the parameters and objectives of these partnerships are. The policy aims to help make the decision making process more transparent and fair, and define how each partner is accountable in accordance with good management of public funds.

The Council will also seek out potential partnerships to develop facilities in areas identified as high need. Some of these arrangements may be with the private sector and fall slightly outside the bounds of this policy; however, the Council will explore these arrangements through other means.

The policy does not cover partnerships of an operational nature or developing facilities funded through community loans.

## **The Strategic Context**

The council's vision is to be the First City of the Pacific which is delivered through *Auckland City's Long-term Council Community Plan 2009-2019*. Seven strategies set out how the council will achieve this vision.

1. Economic development
2. Lifestyle choices
3. Quality natural environment
4. Efficient and capable council
5. Quality built environment
6. Strong and healthy communities
7. Transport choices

Funding community projects fits well within the Strong and Healthy Communities Strategy and the Lifestyle Choices Strategy.

The Strong and Healthy Communities Strategy: having a city where there are independent, inclusive and resilient communities – a city that has a wealth of volunteers who invest their time in organising and participating in community activities.

Lifestyle Choices Strategy: fostering a vibrant and sophisticated city that attracts people to live, work and invest.

Strategy	Objective	How facility partnership delivers
<b>Strong and Healthy Communities</b>	Fostering connected communities	<ul style="list-style-type: none"> <li>• helps improve the skills and participation levels of the community in volunteer work</li> <li>• funding supports and encourages local groups, initiatives and projects</li> <li>• promotes community partnerships</li> </ul>
	Foster a sense of pride and belonging	<ul style="list-style-type: none"> <li>• funding supports community organisations that reflect Auckland's diversity</li> </ul>
	Make places for people	<ul style="list-style-type: none"> <li>• supports organisations providing facilities that contribute to a sense of community</li> </ul>
	Support healthy communities	<ul style="list-style-type: none"> <li>• supports groups delivering recreational and sporting services to the public</li> </ul>
<b>Lifestyle Choices</b>	A wide range of leisure opportunities	<ul style="list-style-type: none"> <li>• supports arts, recreational, cultural and sport groups</li> <li>• supports facilities that provide recreation and leisure services</li> </ul>

## **Section 1 Key principles**

Auckland City Council's emphasis is on forming partnerships<sup>1</sup> where:

- There is a common vision and goals
- Council agrees that a clear strategic and community need has been identified
- The focus is on increasing the range of facilities or opportunities for the community
- Quality developments can occur

## **Section 2 What we want to achieve**

This section sets out the outcomes and objectives Auckland City Council wants to achieve through establishing partnerships to develop community, arts, cultural and recreation facilities.

### **Outcomes of facility partnerships**

1. Development of facilities that provide outcomes aligned with council's strategic priorities
2. Facilities that support community-based initiatives
3. Development of multi-use facilities
4. Developments that offer innovative solutions to facility demand
5. Contribute to the development of regional facilities that have/ or will have high use/benefit to Auckland City residents
6. Development of facilities in high growth areas in terms of the Growth Management Strategy
7. Development of facilities that increase the range and diversity of activities available in the community in response to identified gaps
8. Developments that enhance the relationship between the Council and communities through partnerships

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<sup>1</sup> Note: although the term "partnership" is used extensively throughout this policy, Council does not intend to enter into legal partnerships with the applicants of potential projects. The term is used to express a desire to work closely together to achieve mutually beneficial outcomes for all parties associated with the project. Unless expressly provided for, no contract of partnership will arise from the Council's allocation of funds as part of the Facility Partnership policy.

## **Objectives of the Facility Partnership policy**

Develop clear decision-making criteria for entering into partnerships to:

1. Maximise the positive effects of partnership investments on the community
2. Help identify how community needs will be responded to
3. Ensure a fair and transparent decision making and prioritization process
4. Form lasting relationships with community organisations
5. Minimise facility duplication

## **Section 3 How the facility partnership process works**

There are three stages to the facility partnership process. These stages enable Council to consider each proposal against a set of criteria and allocate resources to those proposals it wants to develop further before committing for the long term. The Council will pursue partnerships where a strategic need has been identified and the partnership approach is considered the best course of action.

If opportunities arise, the Council may invite other organisations to help it develop new facilities that use existing Council-owned facilities or land. In such cases, the guidelines outlined in this policy will apply.

This process also gives the Council the chance to prioritise partnerships for developing facilities against other projects it wishes to fund and priority areas in its Annual Plan process. If a project is not considered a high priority in any one year, it can be reconsidered in subsequent years (unless it is considered unsuitable).

### **Stage 1 February to April – Proposals are received and reported to Council committee**

- High-level proposals need to be received by the end of February each year and must include the information outlined in appendix 1, stage 1 information requirements
- Proposals are screened to ensure they align with the Council's strategic needs and that they will potentially benefit the community
- Proposals are summarised and presented to the appropriate committee (currently Arts, Culture and Recreation committee) in April each year
- Some proposals will be declined at this point, while others will progress to stage 2
- Unsuccessful proposals can be re-submitted for consideration in subsequent years
- Council-initiated or potential projects from the Council's Annual Plan process may be added for consideration at this stage for subsequent years funding. (These are Annual Plan submissions that are not funded in the year they are submitted but are considered worthy of priority consideration in the following year's Annual Plan.)

Note:

If proposals are eligible for a community loan, they may be referred directly for consideration under the loans policy. (This applies to clubs or organisations where the upgrade or development of facilities primarily benefits their membership or clients). Local projects will be referred to the relevant community board for consideration as part of small local improvement projects (SLIPs) funding. Proposals may be declined as unsuitable for consideration under the Facility Partnership policy.

### **Stage 2 May to November – Further assessment and funding decisions**

- Council officers will work with the successful organisations to gather further information in respect of the proposal, outlined in appendix 1, stage 2 information requirements
- Selected proposals are assessed against more stringent criteria and the various funding options identified and agreed to
- If the Committee recommends that a proposal receives financial and/or feasibility planning support through the Facility Partnership scheme, a Memorandum Of Understanding between the proposer of the project and Council will need to be completed. This will acknowledge the criteria that the proposal will continue to be assessed by
- In November the Committee identifies the high priority proposals and recommends which proposals will be included in the following year's Annual Plan (including estimates of funding allocations) or put forward for possible funding in future year's Annual Plans

### **Stage 3 December to July – Annual Plan process**

- Funding for the successful proposals is incorporated into the draft Annual Plan following the Committee's decision above
- The proposals are confirmed for the draft Annual Plan in March. This includes those proposals put forward for possible funding in future years as part of the three-year budget
- Funding for proposals and the three-year budget are confirmed in the Annual Plan in June
- If confirmed in the annual plan funding becomes available 1 July dependent on a Memorandum of Understanding and/or Facility Partnership Agreement having been negotiated and all clauses within such agreements having been satisfied

### **Steps to take after the Annual Plan is adopted**

Council provides help and guidance to refine the project proposal.

- A project control group may be formed to support the partnership depending on the level of Council funding and the ratio of this funding to the total cost of the project.
- A Facility Partnership Agreement will be negotiated

## **Section 4 Does your proposal qualify?**

Council will assess potential partnership proposals against set criteria at various stages of the process. This will help the Council prioritise those

proposals it wants to pursue in any given year and identify potential partnerships for subsequent years. The criteria will also help organisations prepare their proposals.

#### **4.1 Stage 1**

##### **Eligibility criteria**

- Potential partners must be not-for-profit community organisations, iwi, churches and/or religious bodies, schools or educational institutions
- Potential partners must also have been established by law, e.g. as an incorporated society or charitable trust. Once established, council may require groups to be registered with the Charities Commission
- Proposals must be for facility development or enhancement
- The proposed facility must be in Auckland City or if in a neighbouring territorial authority be of proven regional significance with high use by Auckland city residents

##### **Note: the following projects are excluded under this Policy**

- Projects seeking debt servicing and operating expenditure
- Projects for core or primary health, education and welfare facilities or places of worship

##### **Criteria to prioritise proposals**

- The extent to which the project meets a need in Council's strategic planning and strategies for community, sport, recreation, or arts and cultural facilities as outlined in section 2 above
- The degree to which a proposal helps or supports Council's other strategies (eg events, employment, tourism, transport) and meets district plan requirements
- The extent to which the proposal will increase community participation
- The degree to which the proposal caters for Council's priority targeted communities and activities
- Whether existing facilities meet the needs of the community, city and region
- Potential partners and their involvement in the project
- How advanced is planning on the project (note: a detailed design is not required at this stage; a list of the number and sizes of rooms required is sufficient)
- How advanced are funding plans for the project. Does the proposal cover prospects and timing for funding from other agencies
- How appropriate is the scale of the proposed project including the amount of funding sought from Council
- How willing is the potential partner to develop and engage in a shared vision for the facility

- Allocation of the potential partners own resources, including financial and the level of access the partner has to other sources of funding/resources
- The financial sustainability of the new facility will be assessed to ensure that the ongoing operational costs of the facility can be met without Council assistance
- Who will and won't benefit from the facility
- Status of any resource and/or building consent applications already lodged

## **Stage 2**

### **Additional considerations**

In stage 2, the proposal is further evaluated on the factors listed below and in addition assesses how confident the Council is about the information it has been supplied to date.

- A track record that shows an ability to undertake and complete the proposal and operate the facility as put forward
- Increased levels of community participation
- Capacity building of the community (grows skills within the community)
- How the facility meets proven regional and local needs
- The amount of community support for, and involvement in, the project
- Acceptable community access to the facility
- Positive spin-offs for the community, with minimal negative effects
- Potential for funding from other providers
- The overall cost of the project is credible and funding is achievable
- The proposed start and finish dates for the project and whether they span more than one financial year.

## **Section 5 Parameters and minimum requirements for facility partnerships**

Council has set some parameters and minimum requirements that it seeks when entering into facility partnerships, though it is recognised that each partnership will be different. The degree to which these minimum requirements are applied and the level of commitment that Council will make to each partnership will be discussed and developed with each partner. In general terms the extent to which the minimum requirements are applied will be relative to the level of financial involvement, the strategic nature of the facility, the outcomes sought by each party, the assistance sought by the partner and the nature of the partnership.

**5.1 All Facility partnership grants from Council will come with the following minimum requirements that will be detailed in a Memorandum of Understanding and/or a Facility Partnership Agreement**

- The Memorandum Of Understanding and/or Facility Partnership Agreement will clearly state the intentions of each party, shared objectives and the outcomes each party wishes to achieve
- Council's contribution to the facility is to be acknowledged on publicity material and signs commensurate with the level of Council's funding
- Promotion of the facility for community use
- Affordable hire charges comparable to, and sometimes approved by Council
- Regular reports provided to Council on community use, hire fees, promotions, income and expenditure of the facility, and that all reports also be provided to the ASB Community Trust (when that organisation has provided funding to a project)
- If requested, Council access to the facility for customer surveys or community research be provided
- If requested, the facility be made available as a welfare centre in the event of an emergency
- Evidence of an agreed minimum level of funding raised by the organisation
- The funding mix will be discussed and agreed by both parties. Council needs to know as soon as possible if there are any proposed changes to this mix
- The start and finish dates of the project need to be within the timeframes agreed to at the time of executing the Memorandum Of Understanding and/or Facility Partnership Agreement
- If funds are not uplifted by the agreed dates, approved funding may lapse at Council's discretion
- Appropriate business processes for tendering and all aspects of work associated with developing the facility be used
- That "NZS 3910:2003 Conditions of Contract for Building and Civil Engineering Construction", or a variation thereof, be the basis of any construction contract, given the conditions of contract contained therein are well known and widely accepted by contractors as industry standard
- Facilities are to be insured to full replacement value
- Council will monitor the terms of the agreement in line with good management practices
- Council will have input into the sale/lease of the facility's naming rights
- Council will recover some of its financial contribution if the use of the facility changes significantly within the terms of agreement or agreed timeframe
- Council takes no liability for ongoing operational or maintenance funding, nor responsibility for long-term asset replacement. It may, at its discretion, agree to contribute to operational funding based on a maximum level of Council assistance. The future operational model will be agreed prior to construction commencing
- No Council funding will be released until all funding is in place for the project to be completed

**5.2 Additionally the following requirements will apply in-line with the size of the grant**

<p>grants for \$25,000 - \$100,000</p>	<ul style="list-style-type: none"> <li>• The partners will negotiate and agree to a minimum level of community access of at least 5 years</li> <li>• Council will pay 60% of the grant upon construction work commencing and 40% at the completion of the project</li> </ul>
<p>grants for \$100,001 - \$250,000</p>	<ul style="list-style-type: none"> <li>• The partners will negotiate and agree to a minimum level of community access of at least 10 years</li> <li>• Council will make staged payments of the grant on receipt of invoices in a way agreed to by the project manager and in line with Council policies and procedures for accounts payment</li> </ul>
<p>grants for \$250,001 - \$750,000</p>	<ul style="list-style-type: none"> <li>• The partners will negotiate and agree to a minimum level of community access of at least 15 years</li> <li>• Council will make staged payments of the grant on receipt of invoices in a way agreed to by the project manager and in line with Council policies and procedures for accounts payment</li> <li>• both parties will agree on the governance structure of the facility and level of Council's involvement in this structure, if any</li> <li>• Council will be allowed to appoint a project manager or a project development adviser to the governing body for the construction and warranty period</li> <li>• Council will be allowed sign-off for the various stages of the project development: final design and cost estimate; construction tender; tender acceptance; variations to the contract of more than 10 per cent, or variations that are greater than the contingency or require more funds</li> </ul>
<p>grants for \$750,001+</p>	<ul style="list-style-type: none"> <li>• The partners will negotiate and agree to a minimum level of community access of at least 20 years</li> <li>• Council will make staged payments of the grant on receipt of invoices in a way agreed to by the project manager and in line with Council policies and procedures for accounts payment</li> <li>• Both parties will agree on the governance structure of the facility and level of Council's involvement in this structure, if any</li> <li>• Council will be allowed to appoint a project manager or a project development adviser to the</li> </ul>

	<p>governing body for the construction and warranty period</p> <ul style="list-style-type: none"> <li>• Council will be allowed sign-off for the various stages of the project development: final design and cost estimate; construction tender; tender acceptance; variations to the contract of more than 10 per cent, or variations that are greater than the contingency or require more funds</li> </ul>
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### **5.3 Council will contribute**

- The grant
- Possible representation on the governing body commensurate with the level of Council support and any Council representation to match Council's triennial election cycle
- Ongoing advice and support if requested and/or considered appropriate by the Council
- Providing access to the Council's research and information relevant to the facilities operation or development
- Supporting material for fundraising purposes

## **Section 6 Risk assessment and management**

The risks associated with providing applicants funding under this policy are assessed and managed through the criteria, parameters and minimum requirements set out in sections 4 and 5.

## **Section 7 Monitoring and reporting**

- Where funding is provided under this policy, a Memorandum Of Understanding and/or a Facility Partnership Agreement shall be entered into which sets out the requirements for monitoring and reporting to the Council, including section 5 requirements
- Where it is deemed appropriate and relevant, monitoring and reporting by Council may also be undertaken on behalf of the ASB Community Trust, and/or other funding organisations where agreed
- The extent to which community outcomes are assisted by funding under this policy is assessed by using the criteria in section 4 and the parameters and minimum requirements in section 5  
(These outcomes will be monitored and reported on via the formal agreements set out in section 7.1 above.)

## **Section 8 Facility Partnership budget**

The current budget for the facility partnership scheme is \$10 million per five year budget period as resolved by the Arts, Culture and Recreation Committee May 2009. The budget is reviewable every three years as part of the Long Term Council Community Plan (LTCCP) review process.

# Appendix 1

## 1 Information required at the different stages

### Stage 1

- Proposal outline, including how advanced is planning and the status of any resource and/or building consents
- Estimated cost and proposed timeline for building (from an independent and suitably qualified source)
- The sources and amounts of funding and the proposed timeline for raising funds
- Estimated operational costs of running the facility and sources of income to fund these costs
- Who will benefit
- Who supports it
- Target market
- Estimated use
- Potential partners' financial and other resources
- High level community access proposal
- Detail the need/demand for the facility and how it fits with council policies and plans

### Stage 2

- Preliminary business plan
- Independently prepared feasibility study (if required)
- Community input into the project
- Detailed community access proposal
- Detailed breakdown of expected use
- Benefits to, and effects on, the community
- Identified need(s)
- A detailed capital fundraising plan including the proposed funding mix, clearly identifying funding sources and the amounts involved
- Budget for operational expenditure including cash flow and financial projections for the facility once completed
- Outline of how the facility will be managed and operated
- Outline of how the facility will be maintained in the long-term