

Document: 638371

29 July 2009

**Chairperson and Members
Executive Committee**

Notice of Meeting

Notice is hereby given that a meeting of the **Executive Committee** will be held in the Taranaki Regional Council Chambers, 47 Cloten Road, Stratford on:

Monday 3 August 2009 commencing at 10.00 am

B G Chamberlain
Chief Executive

**THE TARANAKI REGIONAL COUNCIL REQUESTS THAT THIS
AGENDA REMAINS EMBARGOED UNTIL COMMENCEMENT OF THE
MEETING**

**Agenda for the Executive Committee meeting of the
Taranaki Regional Council to be held in the Taranaki
Regional Council Chambers, 47 Cloten Road, Stratford on
Monday 3 August 2009 at 10.00 am.**



Councillors

D N MacLeod
D L Lean
R F H Maxwell
N W Walker

In Attendance

Messrs

B G Chamberlain (Chief Executive)
M J Nield (Director-Corporate Services)
R A Phillips (Director-Operations)
A W Young (Financial Services Manager)
P Ledingham (Information Officer)

Apologies

Notification of Late Items

	Pages
<u>Item 1</u> Confirmation of Minutes Executive Committee 22 June 2009	1 – 5
Resolve	
THAT the Executive Committee of the Taranaki Regional Council	
1. <u>takes as read</u> and <u>confirms</u> the minutes of the Executive Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council Chambers, Cloten Road, Stratford, on Monday 22 June 2009 at 9.30 am	
2. <u>notes</u> the recommendations therein were adopted by the Taranaki Regional Council on 30 June 2009.	
Matters arising	
<u>Item 2</u> Contract Awards: Southlink bus services	6 – 8
• Recommendations	8

<u>Item 3</u>	Inglewood to New Plymouth bus service	9 – 13
	• Recommendations	13

Item 4 **General Business**

Item 5 **Public Excluded**

THAT the Taranaki Regional Council

resolves that the public be excluded from the following part of the proceedings of the Executive Committee Meeting of the Taranaki Regional Council, namely

Item 6 Annual Report

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of the resolution are as follows:

General Subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Grounds under Section 48(1) for the passing of this resolution
Item 6 – Annual Report	Where the withholding of the information is necessary to protect information where the making of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	NZS9202:2003 Incorporating Amendment No.1 A2(b)(ii)

Item 6 2008/2009 Annual Report - Draft

15 - 18
**One Separate
Report**
18

- **Recommendations**

**Minutes of the Executive Committee
Meeting of the Taranaki Regional
Council, held in the Taranaki Regional
Council Chambers, 47 Cloten Road,
Stratford, on Monday 22 June 2009 at 9.40
am.**

Present	Councillors	D N MacLeod D L Lean R F H Maxwell	(Chairperson)
In attendance	Messrs	B G Chamberlain A W Young R A Phillips	(Chief Executive) (Financial Services Manager) (Director-Operations)
	Mrs	K van Gameren	(Committee Administrator)
Apologies		The apology from Councillor N W Walker was received and sustained.	
Notification of Late Items		General Business – EnviroSchools Programme and Marfell Park	

1. Confirmation of Minutes
Executive Committee
11 May 2009

Resolved

THAT the Executive Committee of the Taranaki Regional Council

1. takes as read and confirms the minutes of the Executive Committee meeting of the Taranaki Regional Council held in the Taranaki Regional Council Committee Room, 47 Cloten Road, Stratford, on Monday 11 May 2009 at 10.00 am
2. notes the recommendations therein were adopted by the Taranaki Regional Council on 19 May 2009.

09/132

MacLeod/Lean

Matters arising

There were no matters arising.

2. Financial and Operational Report

- 2.1. The Committee received and considered the Monthly Financial Reports for April and May 2009 outlining the operational and financial performance of the Council for the month and year to date. The documents signed under Council Seal during the period to 22 June 2009 were noted.

Recommended

THAT the Taranaki Regional Council

1. receives this memorandum and adopts the Monthly Financial Reports for April and May 2009
2. notes the Common Seal has been affixed to the following documents:
2009/05 Consent to refinance – 7-11 Port View Crescent, New Plymouth
09/133 Lean/Maxwell

3. Purchase of emergency generator for the Taranaki Emergency Management Office

- 3.1. The Committee received and discussed the memorandum recommending the purchase of an emergency generator for the Council's New Plymouth Emergency Management Office, primarily for emergency generation of power. Members agreed with the recommendations contained in the officer's report.

Recommended

THAT the Taranaki Regional Council

1. receives the memorandum on the provision of emergency generation capacity for the Council's TEMO facility
2. agrees that provision of emergency generation capacity is necessary to ensure a resilient CDEM response capability for the community
3. approves the purchase of an emergency generator of at least 30 kVA capacity for a sum not exceeding \$40,000 ex GST
4. delegates to the Chief Executive final approval of the purchase.
09/134 Maxwell/MacLeod

4. Environmental Enhancement Grant funding for Key Native Ecosystems

- 4.1. Mr R A Phillips, Director-Operations, spoke to the memorandum seeking approval for environmental enhancement grant funding for three key native ecosystems, being Umutekai Bush, Maketawa Stream Forests and Huiakama Lagoon. The total funding sought through the environmental enhancement grant is \$13,179.00.

Recommended

THAT the Taranaki Regional Council

1. receives the memorandum; and
2. approves environment enhancement grants of:
 - a) \$4,850 (exclusive of GST) for the maintenance and enhancement of indigenous biodiversity values on Umutekai Bush
 - b) \$2,245 (exclusive of GST) for weed and pest control to protect the Maketawa Stream Forest
 - c) \$6,084 (exclusive of GST) for the maintenance and enhancement of indigenous biodiversity values on Huiakama Lagoon.

09/135

MacLeod/Lean

5. Criteria and delegations relating to biodiversity funding

- 5.1. Mr B G Chamberlain, Chief Executive, spoke to the memorandum introducing, for members' consideration, new criteria and revised delegations relating to the Council's Environmental Enhancement Grant.
- 5.2. The Committee agreed to the amendments noting that they align the financial delegations relation to Environmental Enhancement Grants with similar delegations covered in the Council's Delegations Manual. Members of the Committee requested that they still be informed of environmental enhancement grant funding to ensure all Councillors are kept informed of the promotion and undertaking of environmental protection work in the region.

Recommended

THAT the Taranaki Regional Council

1. receives the memorandum
2. agrees to the criteria presented in paragraph 10 of this memorandum for assessing Environmental Enhancement Grant applications
3. agrees to amend the Delegations Manual and delegate the authority to approve works and/or expenditure:
 - up to a value of **\$50,000** (exclusive of GST) from the Taranaki Regional Council's Environmental Enhancement Grant to the Chief Executive; and
 - up to a value of **\$20,000** (exclusive of GST) from the Taranaki Regional Council's Environmental Enhancement Grant to the Director – Operations;
4. notes that the exercise of the delegated authority will be referred to Committee for members' information
5. notes that funding applications above the delegated authority will continue to be referred to Committee for members' approval

6. agrees that approval of future Environmental Enhancement Grant funding applications can be for a suite of works for up to two years
7. notes that in respect to Environmental Enhancement Grant funding, all Members will be informed of the location and protection of key native ecosystems in Taranaki through the implementation of the Council's biodiversity plans during any given year.

09/136

Lean/Maxwell

6. Puke Ariki Projects

- 6.1. The Committee received and discussed the memorandum presenting a report on two projects, being the '60 Springs' environmental education programme and 'The Amazing Backyard Adventures' exhibition, funding through the Council's partnership with Puke Ariki.

Recommended

THAT the Taranaki Regional Council

1. receives the report on '60 Springs' and the Amazing Backyard Adventures exhibition.

09/137

Lean/Maxwell

7. Civic Assurance – 2008 Annual Report

- 7.1. The Committee received and noted the memorandum to receive Civil Assurance's Annual Report for the year ended 31 December 2008. The Council holds 1,000 shares in New Zealand Local Government Insurance Corporation Ltd (trading as Civic Assurance). In its *Investment Policy*, the Council notes that it will receive and review annual reports, but also notes that the risks associated with its investment are limited and immaterial.

Recommended

THAT the Taranaki Regional Council

1. receives and adopts the 2008 Annual Report of New Zealand Local Government Insurance Corporation Ltd (Civic Assurance).

09/138

MacLeod/Maxwell

8. General Business

Enviroschools Programme

It was discussed that a letter will be sent to the Ministry of Education in support of continued government funding of the national enviroschools programme and Members noted the Council's role in talking to Taranaki schools in the programme to provide assistance with the proposed changes.

Marfell Park

Council Chairperson, Councillor D N MacLeod, gave thanks to Council management and staff for the timely response and actions taken to date at Marfell Park, New Plymouth, following the recent excavation of chemical drums during earthworks by the New Plymouth District Council.

There being no further business, the Chairperson Mr D N MacLeod, declared the Executive Committee meeting closed at 10.10 am.

Confirmed

Chairperson _____
D N MacLeod

Date: **3 August 2009**

Document: 633987

3 August 2009

**Memorandum to
Chairperson and Members
Executive Committee**

Contract Awards: SouthLink bus services

Purpose

1. The purpose of this memorandum is to inform the Committee of the results of the Tender round for the three SouthLink bus services.

Background

2. Members will recall that at the Committee meeting held 16 February 2009 approval was given to contract the three once-a-week SouthLink services (being Opunake to New Plymouth, Opunake to Hawera, and Waverley to Hawera) after the successful completion of the two year trials.
3. Each of the Tenders was assessed by a Tender Evaluation Panel with the Chief Executive approving the Panels' recommendations on the 18 June 2009. A summary of these follows.

Tenders and contract awards

Contract 09/02: Opunake to New Plymouth bus service (SouthLink)

4. A total of three (3) Tenders were received, all from the incumbent operator Pickering Motors – one conforming Tender and two Alternative Tenders. The Alternative Tenders were rejected as the vehicles proposed were unsatisfactory.
5. The Conforming Tender from Pickering Motors at a first year cost of \$18,244.44 (GST exclusive), being the only Conforming Tender, was accepted.

Contract 09/03: Opunake to Hawera bus service (SouthLink)

6. A total of six (6) Tenders were received. Three from the incumbent operator Pickering Motors – one as a Conforming Tender and two Alternative Tenders. Three from Hawera Taxis - one as a Conforming Tender and two Alternative Tenders. The Alternative Tenders from Pickering Motors were rejected as the vehicles proposed were unsatisfactory. Hawera Taxis Alternatives proposed additional services at no extra cost to the Council.
7. The Alternative Tender (No.2) from Hawera Taxis at a first year cost of \$14,560 (GST exclusive) was evaluated and accepted as the Lowest Cost Conforming Tender. This Alternative proposed changing the day of service from Thursday to Friday and introducing

a new service leg from Hawera to Opunake (via Manaia) and return. In addition this provides a link to the Opunake - New Plymouth service which also operates on Fridays. Furthermore, the vehicle proposed was wheelchair accessible.

Contract 09/04: Waverley to Hawera bus service (SouthLink)

8. A total of three (3) Tenders were received. One from Weir Bros, as a Conforming Tender. Two from Hawera Taxis - one as a Conforming Tender and one Alternative Tender.
9. The Alternative Tender from Hawera Taxis at a first year cost of \$12,480 (GST exclusive) was accepted as the Lowest Cost Conforming Tender. This Alternative proposed introducing a new service leg from Hawera to Waverley and return. The vehicle proposed was also wheelchair accessible.

Overview of SouthLink bus services

10. The combined cost of the tenders is well under the costs budgeted in the LTCCP. This provides scope to investigate improvements in the SouthLink services.
11. Apart from the financial savings, the operational changes accepted create two new service legs. First, Hawera–Patea–Waverley (return) which will operate on Thursday as part of the Waverley–Hawera service. Second, Hawera–Manaia–Opunake (return) which will operate on Fridays as part of the Opunake to Hawera service.
12. Both of these extra service legs are at no additional cost to the Council, while increasing the links between the South Taranaki communities and creating a passenger transport link from Hawera to New Plymouth. They also provide opportunities for the generation of additional revenue from passenger fares.

Decision-making obligations

13. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendation(s) made in this item comply with the decision-making obligations of the Act.

Policy considerations

14. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002 and the Public Transport Management Act 2008.

Financial considerations

15. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

16. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendations

THAT the Taranaki Regional Council:

1. receives this memorandum regarding the results of the SouthLink bus services;
2. notes the award of the Opunake to New Plymouth once-a-week bus service to Pickering Motors Limited as approved by the Chief Executive Officer;
3. notes the award of the Opunake to Hawera once-a-week bus service to Hawera Taxis Limited as approved by the Chief Executive Officer; and
4. notes the award of the Waverley to Hawera once-a-week bus service to Hawera Taxis Limited as approved by the Chief Executive Officer.

Approved:

RA Phillips
Director – Operations

B G Chamberlain
Chief Executive

3 August 2009

**Memorandum to
Chairperson and Members
Executive Committee**

Inglewood to New Plymouth bus service

Purpose

1. The purpose of this memorandum is to:
 - provide Members with an update on the Council's trial of the once-a-week Inglewood to New Plymouth bus service, including the impact of the SuperGold Card scheme; and
 - Make recommendations on "where to from here" for this service, including a decision on the procurement option to be used.

Key points for Members' consideration in the item are:

- This memorandum updates Members on the performance of the current Inglewood to New Plymouth trial service;
- To request from Members, approval to implement an ongoing contracted Inglewood to New Plymouth service having met pre-trial criterion; and
- To request approval from Members to use a gross contract system for those services approved to continue.

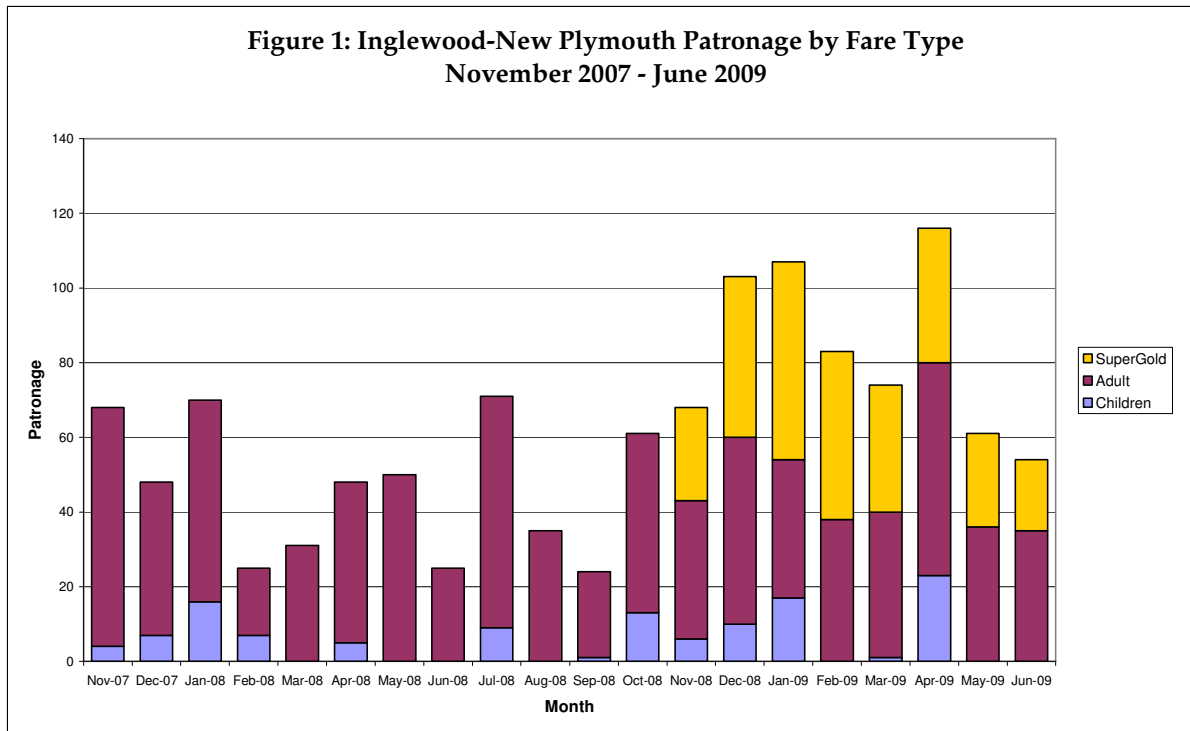
Background

2. Members will recall at the Executive meeting held Monday 16 February 2009 it approved the extension of this trial service from 20 months to 24 months, so further evaluation could be conducted.
3. The trial will end on 31 October 2009. It is therefore necessary for the Council to receive an update on the trial and make a decision on the future of these services post 1 November 2009.
4. **The trial evaluation criterion for this service is 6 passengers per trip.**
5. As this service is provided in partnership with the New Zealand Transport Agency (NZTA) which provides 50% funding assistance, it was necessary for the Council to "procure" this service through the NZTA rules specified in the *Competitive Pricing Procedures Manual*.

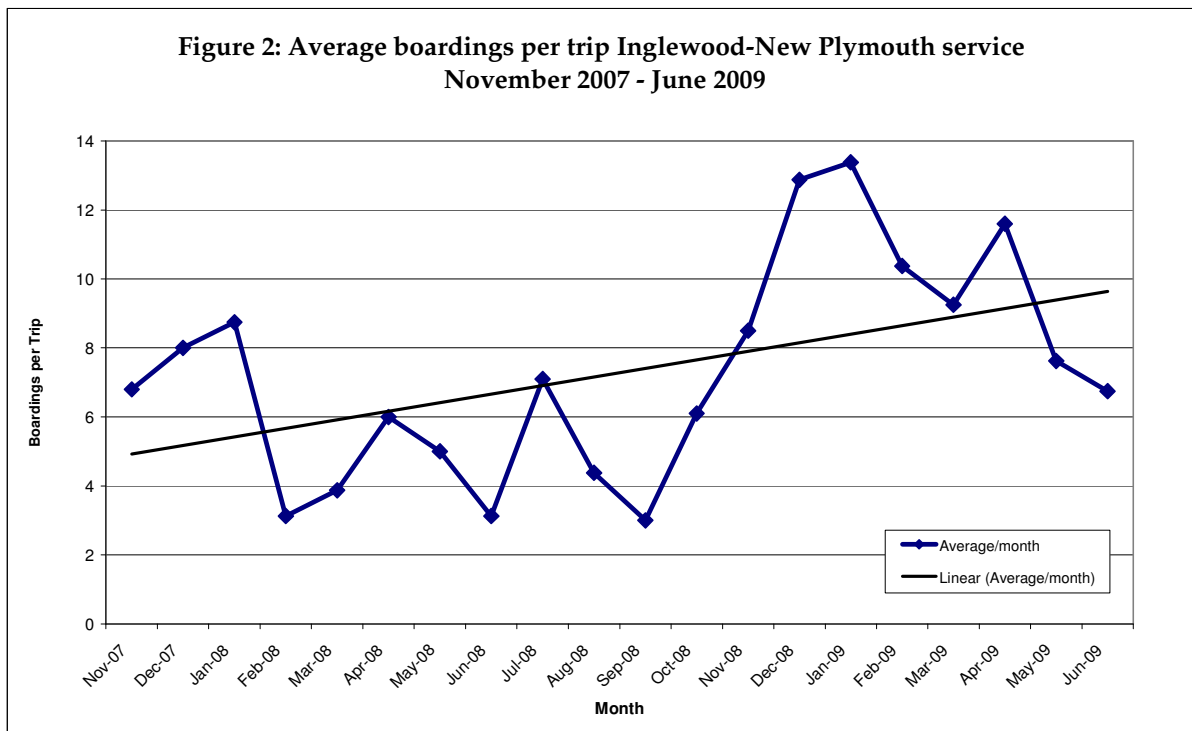
- Members will be aware that the SuperGold Card scheme was introduced to bus services in Taranaki from 1 November 2008. This free off-peak travel for card holders, of which this is an eligible service, has resulted in additional patronage as anticipated.

Trial patronage

- Figure 1 show the monthly patronage information for the Inglewood to New Plymouth service which has now been operating for 20 months.



- June 2009 patronage totalled 54 (35 adults, 19 SuperGold users, 0 children) with an average of 6.75 passengers per trip. This compares with June 2008 where patronage totalled 25 (25 adults, 0 children).
- The total patronage for the trial up until the end of June 2009 is 1222.
- Average monthly patronage over the trial period is 61. Passengers per trip averages 7.3, compared to the criterion of 6. Figure 2 below, shows the trend in patronage thus far. The impact of the SuperGold Card scheme (accounting for 42% of all passengers since its introduction) has pushed the average passengers per trip, consistently, above the trial criterion. Total patronage over the last eight months since the Scheme was introduced is 666 with passengers per trip averaging 10.1 – well above the criterion of 6.



Evaluation of trial

11. The Inglewood to New Plymouth service struggled in the first 12 months. However, the introduction of the SuperGold Card Scheme has seen a significant jump in patronage with over 50 passengers travelling per month in May 2009 and June 2009 (although this is down from the high of over 100 in December 2008 and January 2009). The average patronage per trip prior to the Scheme was 5.7 (now 7.3), which would have suggested that the service was not meeting the needs of the community, and put its ongoing viability in question.
12. The drop off in patronage for the last two months reflects a similar pattern to that of May and June 2008. However the average number of patrons this year has remained above the criterion of 6. It is concluded that this drop is a seasonal occurrence and numbers will be similarly down in September and October 2009. Correspondingly, an increase in patronage (as occurred at this time last year) is likely in July 2009 with school term holidays occurring in this month.

Decisions for the future

13. Members will recall that the pre-trial criterion for the service was 6 passengers per trip with the message given to the community of 'use it or lose it'. Table 1 summarises the overall average passengers per trip for the trial.

Table 1

Service	Average Number of Passengers per Trip		
	Criterion	Over duration of trial	Over last eight months
Inglewood to New Plymouth	6	7.3	10.1

14. As the trial only has another few months to go before the end of October 2009, decisions now need to be made on:

- a. Whether to continue the Inglewood to New Plymouth service, having now surpassed the trial criterion, on an ongoing contract basis after 1 November 2009, but with a termination clause which is triggered when revenue from fares falls below 25% of the cost of the contract. This would allow Council to withdraw the service should patronage levels fall to an unacceptable level.
 - b. The type of contract type the Council wishes to establish: a gross or net contract?
15. Table 2 shows a projection of the first year contract cost with anticipated revenue for this service (based on the last 12 months). The costs have been provided by an independent consultant, Brian Horlor.

Table 2

Service	Estimated Gross Cost	Projected Revenue (based on last 12 months)	Net Cost
Inglewood to New Plymouth	\$12,000	\$3,370	\$8,630

16. Members will recall for the SouthLink bus service contract that the option of either a gross contract or net contract with the benefits and disbenefits for each was presented. Council approved a gross contract system. A gross contract is based solely on the cost of providing the service irrespective of the fare revenue likely to be generated i.e. the Council meets the full cost of the service. Fare revenue from the service is credited to the Council and the difference between this and the total cost is effectively the net cost of the contract. Officers again recommend a gross contract system be approved for this service.
17. The advantages of a gross contract for the Council are that it:
- Allows Council greater control over the contract, although it incurs increased monitoring costs.
 - Favours Council as they have access to information.
 - Increases competition as providers compete on a per km basis.
 - Provides greater flexibility for route and fare variations.
 - Allows council greater control over implementing service variations e.g. frequency, routes, integrated ticketing etc.
 - Allows Council to reinvest any increases in revenue back into the service or implement new trials.
 - Is more attractive when tendering for new services where anticipated revenue is often difficult to assess.
 - May be attractive to smaller operators due to the reduced operator risk.

Conclusion

18. The Inglewood to New Plymouth service initially struggled but has benefited from the SuperGold Card Scheme. It is now performing above the criterion. A decision now needs to be made on whether this service should continue.
19. The average number of passengers per month over the last 8 months is the second highest of the Council's once-a-week bus services. Contracting this service would be consistent with the Executive Committee's decision to contract the three SouthLink services.
20. The option of a gross contract system is preferred as it gives the Council full control over the contracted service.

Decision-making obligations

21. Part 6 (Planning, decision-making and accountability) of the Local Government Act 2002 has been considered and documented in the preparation of this agenda item. The recommendation(s) made in this item comply with the decision-making obligations of the Act.

Policy considerations

22. This memorandum and the associated recommendations are consistent with the policy documents and positions adopted by this Council under various legislative frameworks including, but not restricted to, the Local Government Act 2002 and the Public Transport Management Act 2008.

Financial considerations

23. This memorandum and the associated recommendations are consistent with the Council's adopted Long-Term Council Community Plan and estimates. Any financial information included in this memorandum has been prepared in accordance with generally accepted accounting practice.

Legal considerations

24. This memorandum and the associated recommendations comply with the appropriate statutory requirements imposed upon the Council.

Recommendations

THAT the Taranaki Regional Council:

1. notes the update of the Inglewood to New Plymouth trial service;
2. agrees to implement an ongoing contracted system, subject to continuing to meet set performance criteria, for the Inglewood to New Plymouth services from 1 November 2009; and
3. agrees that a gross contract system be implemented for the ongoing contracted service.

RA Phillips
Director – Operations

Approved:

B G Chamberlain
Chief Executive