

**CENTRAL HAWKE'S BAY DISTRICT COMMUNITY TRUST**  
**P O BOX 397**  
**WAIPUKURAU 4242**

2 May 2019

The Chief Executive  
Ms Monique Davidson  
Central Hawke's Bay District Council  
P O Box 127  
WAIPAWA 4240

Dear Monique,

**A W PARSONS HEATED POOL, WAIPUKURAU**

As required under the terms of the Service Agreement you will find enclosed a copy of the budget for pool operations for the 2019/2020 year (commencing on 1 July 2019).

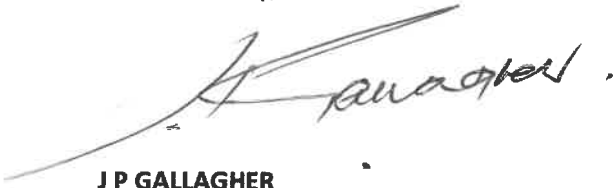
I need particularly to draw attention to an increase in insurance costs which necessitates a request for an increase in annual funding beyond the stipulated annual CPI adjustment. For a few years now the Trust's insurances have been included in the Council's portfolio of covers. Recently the Trust undertook a review of the replacement value of its buildings. The pool facility, inclusive of its operating plant, along with the stadium and gymnasium was valued at just over \$17million to replace. (Additionally the Trust now needs to insure the new hockey turf and netball facility.) The Trustees are of the view that, acting responsibly, they must ensure that the assets are fully insured to the level of the current replacement value.

At the premium rates applied by the Council's underwriters, the total premium for the complex based on the new valuation could well approach \$100,000. The Trust engaged Hurford Parker to explore the possibilities and have accepted their quotation of an annual premium (for all of the Trust's assets) of \$50778.65 exclusive of GST.

The portion of this premium which is applicable to the pool facility alone is \$29517.55 exclusive of GST. This is an increase of \$14,500 for the pool beyond the 2018/19 level and the Trust is requesting that the service payment for the year commencing 1 July 2019 be adjusted to cover this increase. The attached budget includes this increase.

As always, I will be pleased to meet with Councillors to answer any questions they may have concerning this matter.

Yours faithfully,

A handwritten signature in black ink, appearing to read "J P Gallagher", written over a horizontal line.

**J P GALLAGHER**  
**CHAIRMAN**

**CENTRAL HAWKE'S BAY COMMUNITY TRUST**

**WAIPUKURAU HEATED POOL**

**BUDGET 2019/2020**

**Outgoings (Exclusive of GST)**

Aqua Management Ltd \$161,591 plus est CPI adjustment, as per contractual arrangements, say 1%		163,207
Trust Administration Expenses Accountancy and Full Audit		6,500
Insurance (Inclusive of additional premium cost following replacement cost revaluation)		29,500
Provision for Maintenance and Replacement		<u>33,030</u>
Total Expected Outgoings		<u>\$232,237</u>

**Funded by (Exclusive of GST):**

Interest earned on invested Reserves	6,500	
Requested Service Payment from CHBDC	<u>225,737</u>	<u>\$232,237</u>
Total requested from CHBDC (Subject to actual CPI adjustment and incl additional insurance premium cost)	<b>2019/2020</b> <b>+ CPI 1%</b>	<b>2018/19</b> <b>(Actual)</b>
	<b>225,737</b>	<b>209,146</b>
Add: GST	<u>33,861</u>	<u>31,372</u>
Total	<b>\$ <u>259,598</u></b>	<b><u>\$240,518</u></b>