

**Chairperson and Committee Members**  
CORPORATE BUSINESS COMMITTEE

29 MARCH 2012

Meeting Status: **Public**

Purpose of Report: For Information

**ECONOMIC DEVELOPMENT SERVICE DELIVERY PROGRESS REPORT**

- 1 The purpose of this report is to provide the Committee with an update on progress with:
  - contracting out the iSites and tourism support activity and the business support activity;
  - businesses at the Clean Technology Centre;
  - on-going investigations into a proposal for the future development of the Clean Technology Park.

**SIGNIFICANCE OF DECISION**

- 2 This report does not trigger the Council's Significance Policy.

**BACKGROUND**

- 3 On 2 February 2012, the Environment and Community Development Committee adopted the Draft Strategy for Supporting Economic Development on the Kāpiti Coast and approved its release for consultation (Report SP-12-460 refers). The Committee also adopted a preferred service delivery option which included contracting out the iSites and tourism support and business support activities (Report SP-11-449 refers).
- 4 Support for the clean technology sector is identified as a key strategic focus area in the Draft Strategy. This includes building on the Clean Technology Centre (the Centre) at Ōtaki and growing a successful clean technology park (the Park) around the Centre. Growing the Park will include establishing a new business model to provide direct services to clean technology business such as access to research and development facilities and commercialisation services.
- 5 Councillors have also asked for regular updates on businesses at the Centre.

**CONSIDERATIONS**

**Contracting out the iSITE and tourism support and business support services**

- 6 The current contract with Nature Coast Enterprise terminates on 30 June 2012. It is therefore important to have new service providers ready to start operating from 1 July 2012. Provision has been made in the Draft 2012 Long Term Plan budget for 2012/2103 of \$375,000 for the tourism related functions and \$160,000 for the

business support function. This level of expenditure does not require an increase in funding or a change of levels of services to the economic development activity area, thus enabling Council to proceed to tender. On 2 February 2012, the Environment and Community Development Committee passed a resolution to this effect (Report SP-11-449 refers).

7 A project plan has been developed for contracting out these services. The plan includes:

- using a request for proposal process rather than an invitation to tender process. It will require applicants to put forward proposals on the services they think should be provided in response to the requirements we have specified and enable us to negotiate with the successful applicant more easily.
- using experienced external people to peer review the request for proposal documents and assist with evaluating the proposals once received.
- legal review of draft documents and draft contracts at appropriate points.
- advertising the requests for proposals on GETS, Tenderlink and in local papers as well as sending the proposals to parties which have already indicated an interest.
- reporting to the Senior Leadership Team at regular points.
- reporting progress to Corporate Business Committee on 29 March and 10 May.

8 The following table sets out deadlines for the necessary actions:

<b>Actions</b>	<b>When</b>
Request for proposal (RFP) documents prepared including peer review, legal review and approval by the Senior Leadership team	By 19 March
RFP advertised	23 March
RFP closes	18 April
Proposals evaluated and short-listed	19 April - 2 May
Report to SLT recommending preferred option	By 2 May
Negotiations commence	3 May
Contract with successful contractor(s)	11 May to 1 June
Report to SLT	6 June
Contacts signed by CEO	Week of 4 June
Contract Start Date	1 July 2012

9 There will be regular updates on the process to the Committee over this period.

10 It should also be noted that the RFPs include a requirement to consider continuity of staff where possible and appropriate, particularly with the iSites. Council staff will be meeting with the iSite staff over the next week to outline the process.

### **The Clean Technology Centre**

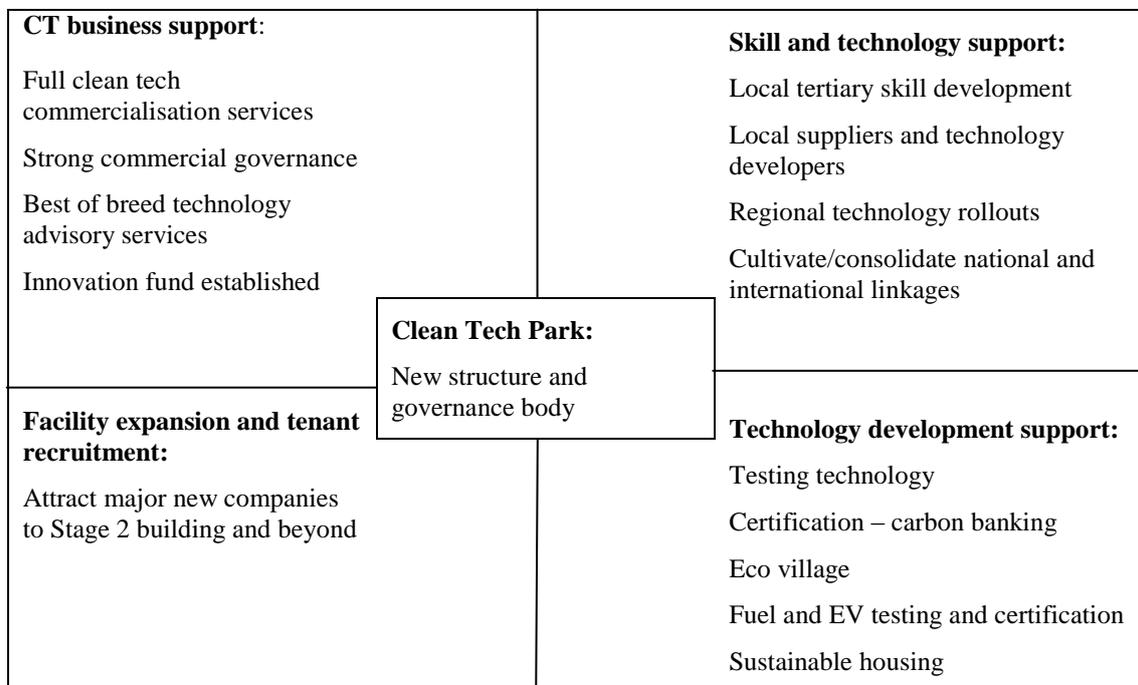
- 11 As councillors are aware, the Centre at Ōtaki opened in November 2010. The Centre is managed by Grow Wellington. It provides physical space and a range of support services to a number of small clean tech businesses at the start up stage. It initially started with six businesses but has grown over time to 14 businesses. A number of other businesses have off-site connections with the Centre enabling them to network with similar businesses and gain some support from Grow Wellington. The Centre is designed to act as an incubator for start-ups.
- 12 Mary-Anne Webber, General Manager Business Growth and Jeff Smith, Business Growth Manager, Grow Wellington, will be attending the meeting to update the Committee on Grow Wellington support for the businesses at the Centre.
- 13 As Councillors are aware the Council works directly with some of the businesses as the Centre. Recent developments are discussed below.
- 14 *Blended Fuel Solutions NZ & APT NZ* - A contract was signed in January 2012 to trial the use of emulsified diesel in a tractor mower. Councillors will have been updated on progress during the course of the visit on 16 March. Should the trial prove successful, it has been agreed to investigate on-going use of the fuel in the Council vehicle fleet.
- 15 *Zero Emissions Vehicles Ltd* – this company is developing electric vehicle solutions specifically for the heavy commercial road transport fleet. The potential for converting a council vehicle to an electric vehicle (specifically a rubbish and recycling compactor truck) is being explored. The cost of the initial proposal for a new truck was too high but a new proposal was received for a refurbishment of the existing truck which is more competitive. The proposal has been referred to the Senior Leadership Team for its consideration.
- 16 *Regeneration Centres (NZ) Ltd* – this is a partnership of a number of companies including SpectioNZ, Critchlow, Weltec, Silaca and Astara Technologies all of which are Clean Tech Centre members. They are developing innovative solutions for managing waste at source using a variety of different technologies. A key aspect will be research and development aimed at producing new products from waste materials. They would like to work from the Ōtaki transfer station so they can access the waste stream and have a base for activities located close to the Clean Tech Centre. Discussions are progressing with a view to Regeneration Centres having access to recyclable materials during the first half of the next financial year and taking over the whole operation from July 2013.
- 17 *Greenkeeper Systems* - During the first half of 2011, the Council trialled Green Keeper on selected computers. The trial is complete and by June 2012 the Council plans to have the system installed on all computers. The company won the 2011 Bright Ideas Challenge and has subsequently secured contracts with companies in the energy and health sectors.

### **Growing the Clean Technology Park**

- 18 At its last meeting on 16 February, the Committee considered a report on the proposal to support the future development of the Clean Technology Park. The Committee gave approval for further investigations into the potential to support

the future development of the Park with a report back to Council as part of the 2012 Long Term Plan process.

- 19 The proposal involves the establishment of a Trust to run the Park and manage its development. The types of services that would be offered by this new organisation are outlined in the diagram below:



- 20 At present, work is being done on the legal documents required to establish the Trust. Green Chip Limited has been employed to project manage the development of the various strands of work needed, prior to reporting back to the Council for final decision.

### Financial Considerations

- 21 The financial considerations of contracting out the iSITE and tourism support services and the business support services have been previously considered by the Environment and Community Development Committee in February 2012.
- 22 The financial considerations related to supporting the further development of the Clean Tech Park include the following - the proposed mechanism for supporting in the Park would be via a loan of \$1.5 million to the Trust to be used to set up the new organisation and establish the services outlined above. This loan will be cost neutral over time with income generated by the Trust used to pay it off. The Trust income is expected to come from two sources – payments for services and revenue from some of the technologies as they become commercially viable.
- 23 The new 2012 Long Term Plan budget prepared as part of the economic development activity review includes funding from the Clean Tech innovation fund to service a loan in the initial period until the Trust is generating sufficient income to cover the loan repayments. The estimated payback period is 8-10 years.

- 24 Financial considerations will be further investigated as part of the preparation of a final proposal for the Committee to consider following the consultation on the draft 2012 Long Term Plan.

### Legal Considerations

- 25 The legal considerations related to supporting the further development of the Clean Tech Park will be fully investigated as part of the preparation of a formal proposal for the Committee to consider.

### Delegation

- 26 The Committee may make a decision under Section B3 of the Governance Structure approved by Council on 21 April 2011 (clause 7.5):

*“Authority to monitor performance of the Council’s financial activities, including income, operating and capital expenditure against budgets, remissions, key financial indicators and investment and debt/borrowings management”.*

### Consultation

- 27 No public consultation is required at this stage.

### Policy Implications

- 28 All the issues discussed above are consistent with the Draft Strategy for Supporting Economic Development on the Kāpiti Coast.

### Tāngata Whenua Considerations

- 29 There are no issues at this stage.

### Publicity Considerations

- 30 No publicity is required at this stage.

## **RECOMMENDATIONS**

- 31 That the Corporate Business Committee notes the updates provided in Report SP-12-492 on:
- contracting out the iSites and tourism support and business support activities;
  - businesses at the Clean Technology Centre;
  - on-going investigations into a proposal for the future development of the Clean Technology Park.

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