

Notice of Meeting:

I hereby give notice that an ordinary meeting of Finance Committee will be held on:

Date: Thursday 20 August 2015
Time: 1.30pm
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Finance Committee OPEN AGENDA

Membership

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker Cr G Chesterman Cr M Forsyth Cr M Gallagher Cr K Green Cr A King Cr D Macpherson Cr A O'Leary Cr L Tooman Cr E Wilson Cr P Yeung

Quorum: A majority of members (including vacancies)

Meeting Frequency: Six weekly

Ian Loiterton
Committee Advisor

14 August 2015
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Terms of Reference:

- To monitor the Council's financial and non-financial performance against the Long Term Plan and Annual Plan.
- To monitor the delivery of key projects.
- To approve and monitor contracts.
- To approve acquisition or sale or lease of properties owned by the Council, or owned by the Municipal Endowment Fund and the Domain Endowment Fund with reference to the strategy developed by the Business and Investment Sub-committee, for any endowment properties.
- To consider and approve deferred capital expenditure.
- To approve changes to projects resulting from staff recommendations within the Key Projects monitoring report.
- To consider and approve business cases referred by the Senior Leadership Team.

Power to act:

- Write off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).
- To approve all contractual and other arrangements for supply and services and revenue generating contracts where the term of the contract (including renewal periods) and the total value of the contract is within limits set and delegated by Council.
- To approve contracts and other arrangements where the amount of work involved in a decision not to go to public tender exceeds \$100,000 (GST excluded) or in accordance with Council's Procurement Policy.
- To approve all other matters in accordance with the terms of reference of this committee.

Sub-committees:

This Committee will be supported in its work by the:

- Events Sponsorship Sub-committee.
- External Funding Sub-committee.
- Council Controlled Organisations (CCO) Sub-committee.

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1 Apologies

2 Confirmation of Agenda

The Committee to confirm the agenda.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Democracy Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6772.

Committee: Finance Committee

Date: 20 August 2015

Report Name: Finance Committee - Open
Minutes - 23 July 2015

Author: Ian Loiterton

Status	<i>Open</i>
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Recommendation

That the Committee confirm and adopt as a true record the Open Minutes of the Finance Committee Meeting held on 23 July 2015.

1. Attachments

2. Attachment 1 - Finance Committee Meeting - Open Minutes - 23 July 2015

Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in the Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 23 July 2015 at 1.30pm.

PRESENT

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker
	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr A O'Leary
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung

In Attendance	Paul Conder - Chief Financial Officer
	Chris Allen - General Manager City Infrastructure
	Lance Vervoort - General Manager Community
	Jason Dawson - General Manager Customer Relationships
	Blair Bowcott – Executive Director Special Projects
	Deanne McManus-Emery - Community Development & Leisure Manager
	Andy Mannering - Manager Social Development
	Andrew Parsons - Waters Manager
	Jeff Neems - Communications Advisor

Democracy Advisors	Mrs J Pani and Mrs M Birch
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1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Tooman)

That the apologies from Councillor Chesterman (for absence) and for Councillor Gallagher (for lateness) be received and accepted.

2. Confirmation of Agenda

Resolved: (Crs Mallett/Yeung)

That the Agenda be confirmed.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

Gail Gilbert (CEO) and Jenny Magee (President) - Age Concern Hamilton Incorporated - Ms Magee spoke in respect of the letter from Age Concern that had been circulated to Committee Members prior to the meeting regarding the Multi-Year Community Grant Allocation. She explained Age Concern's error in failing to apply for the grant and requested Council's consideration of a late application.

5. Finance Committee - Open Minutes - 21 May 2015 and 7 July 2015

Resolved: (Crs Mallett/Tooman)

That the Committee confirm and adopt as a true and correct record:

- a) the Open Minutes of the Finance Committee Meeting held on 21 May 2015; and
- b) the Open minutes of the Extraordinary Finance Committee Meeting held on 7 July 2015, with the additional wording "*with regards to the BNZ loan, funding the construction of the Tetra Pak building*" being added to the "Liability" bullet point of Item 5 - Shareholder Approval Required – Waikato Innovation Park Funding Contract.

6. Finance Committee Action List - Open - 23 July 2015

Resolved: (Crs Pascoe/Green)

That the Report be received.

7. Recommended dates for reports to be presented to Finance Committee

Resolved: (Crs King/Mallett)

That the Report be received.

8. 10-Year Plan Monitoring Report

The Chief Financial Officer (CFO) spoke to the report. He explained that the reports included the financial results and projected financial risks and opportunities for the eleven months ended 31 May 2015. He highlighted the following, and responded to questions from Committee Members:

- Year End procedures were underway.
- There had been improved financial performance.
- **Leave Accrual** - There had been a significant change in the unfavourable annual leave accrual. This was due to the correction of a historic problem associated with a change in legislation in 2003 and staff entitlements whilst on maternity leave. Staff were asked to confirm whether Audit New Zealand had covered this issue during the audit process.
- **Legislation Updates** – Staff review formed the basis of the internal mechanisms for ensuring Council incorporated any legislative updates into their processes, with each manager being responsible for his/her own area. Additional reference materials to support staff included daily updates, via a subscription service, court cases, toolkits from Local Government New Zealand (LGNZ), newsletters received from the Inland Revenue and Government departments and on-going staff training.
- **Depreciation** – Depreciation was unfavourable and reflected the impact for the assets revaluation for building and Parks and Gardens improvements; it was noted that it was difficult to forecast three years in advance. However, in future, the figures would be received earlier, which in turn, would make forecasting more accurate.
- **Advertising and Marketing** – The favourable result was largely as a result of H3 activity. It was confirmed that the reduced expenditure was not impacting on securing the events or attendance at them.
- **Deferral** – Most deferrals were for one financial year only. Staff were asked to provide a breakdown of any capital expenditure projects which deferred across two financial years.
- **Customer Relationships Group Personnel Variance** – The unfavourable personnel variance was being managed at group level and it would not have any impact on the level of service provided.
- **Integrated Catchment Management Plans (ICMP)** - This had been identified as a deferred project as there was currently no funding. In future, it was likely to be funded by partnerships with the development community. This topic would be covered at a future briefing session.
- **Corporate Entertaining** – The costs and accounting details in respect of the Clarke Lounge (the corporate box at Waikato stadium) and tickets for shows/events were to be provided to Elected Members prior to the Strategy and Policy Committee Meeting on 11 August 2015.

Resolved: (Crs Pascoe/Mallett)

That the report and the Risk and Opportunities Schedule be received.

Councillor Gallagher joined the meeting (2.25pm) during the above Item. He was present when the matter was voted on.

9. Key Projects Report - June 2015

The Executive Director Special Projects introduced the report. The CFO confirmed that the amber status for the Financial System IT Implementation reflected a delay in the implementation timings and did not impact on costs.

Resolved: (Crs Wilson/Tooman)

That the report be received.

10. Procurement Report

The report was taken as read.

Resolved: (Crs Wilson/Tooman)

That the report be received.

11. Contract 14378 - Three Waters Network Physical Works Contract Award

General Manager (GM) City Infrastructure introduced this report. He confirmed that the contract was for routine work. Having undertaken a public Request for Tender for this contract, the GM confirmed that this contract provided the best value for Council.

Resolved: (Her Worship the Mayor Hardaker/Cr Forsyth)

That:

- a) the report be received;
- b) the tender submitted by HEB Construction Ltd, in the sum of sixteen million, eight hundred and six thousand, five hundred and eighty one dollars and sixteen cents (\$16,806,581.16) excluding GST, be approved for Contract No. 14378 – Three Waters Network Physical Works; and
- c) the Approved Contract Sum be set at \$18,500,000.00, excluding GST, comprising of \$16,806,581.16, the tendered amount, and \$1,693,418.84 for contingency and provisional work (if deemed necessary) in accordance with the staff report.

**12. Contract 0663 Collection and Disposal of Biosolids
Contract 12046 Disposal of Sewage Sludge by Vermicomposting**

GM City Infrastructure introduced this report and explained that the contract had been very successful during the past three years.

Resolved: (Her Worship the Mayor Hardaker/Cr Forsyth)

That:

- a) the report be received;
- b) a 3 year extension for Contract 12046 Disposal of Sewage Sludge by Vermicomposting from 1 February 2016 to 1 February 2019 be approved;
- c) the Approved Contract Sum of \$2,025,000 for Contract 12046 Disposal of Sewerage Sludge by Vermicomposting be extended by \$2,863,000 to \$4,888,000 excluding GST for the period to 1 February 2019; and
- d) the Approved Contract Sum of \$8,769,000 for Contract 0663 Collection and Disposal of Biosolids be increased by \$2,852,000 to \$11,621,000 excluding GST for the period to 1 February 2019.

The Meeting adjourned (3.10 – 3.25pm) at the conclusion of this Item

13. Lottery Significant Project Funding - Acceptance of Grant

GM Community introduced this report. Staff and the External Funding Subcommittee Members were congratulated on the successful application.

Resolved: (Crs Forsyth/O'Leary)

That:

- a) the report be received;
- b) the Finance Committee approves and accepts funding of \$2,500,000 from the Lottery Significant Project Fund for the Hamilton Gardens Development Project, to be paid in three installments between 2015/16 and 2017/18; and
- c) delegated authority is granted to the CEO and General Manager Community to sign the online Lottery Funding agreement as acceptance of the funding and associated terms and conditions.

14. Community Assistance Funding 2014/15 - Single-Year Grant Allocations

The Community Development & Leisure Manager and the Manager Social Development introduced the Report. In response to questions from Committee Members, they confirmed the following:

- This was the final year that the Small Grant (Community), Arts and Culture Grant and Performing Arts Contestable fund would be allocated, as the new Community Assistance Policy had now come into effect.
- The Allocation Committee ensured that a particular organisation was not getting more than one grant for the same project.
- If acquittals were not received by the due date, future funding would be impacted.
- Creative Waikato had administered the Arts and Culture and Performing Arts Contestable Fund on behalf of Council. However, with effect from 2015/16, Creative Waikato will no longer administer these.

It was noted that moving forward, the Strategy and Policy Committee, through its Policy Monitoring Report, would ensure that new policies met their intended purpose.

Resolved: (Crs Wilson/Yeung)

That:

- a) the report be received;
- b) the list of successful recipients be published; and
- c) the External Allocation Committees be acknowledged for their contribution.

15. Community Assistance Funding 2015/16 - Multi-Year Community Grant Allocation

The Community Development & Leisure Manager and the Manager Social Development introduced the Report. In response to questions from Committee Members, they confirmed that community engagement had been ongoing since 2012. The team had engaged with each organisation to alleviate their concerns and keep them updated on the policy review, the timelines involved, the details of the opening and closing application deadlines, the changes in the process and the use of the on-line tool.

Motion: (Crs Wilson/Yeung)

That:

- a) the report be received;
- b) the list of successful applicants is published;
- c) the External Allocation Committee be acknowledged for their contribution; and
- d) the CE report back on a way forward regarding the letter from Age Concern which requests that a late application for a multi-year grant be accepted by Council.

Amendment: (Cr Forsyth/Her Worship the Mayor Hardaker)

That:

- a) the report be received;
- b) the list of successful applicants is published;
- c) the External Allocation Committee be acknowledged for their contribution; and
- d) the unallocated amount of \$32,000 be moved to the Single-Year Community Grant for the funding years 2015/16, 2016/17 and 2017/18, increasing the Single-Year Community Grant availability to a total of \$292,000 per annum.

The Amendment was then put.

Those for the Amendment: Her Worship the Mayor Hardaker,
Councillors Mallett, Forsyth and Tooman

Those against the Amendment: Councillors King, Gallagher, Green,
Wilson, Macpherson, Pascoe,
Chesterman, O'Leary and Yeung

The Amendment was declared lost.

The Motion was then put.

Resolved: (Crs Wilson/Yeung)

That:

- a) the report be received;
- b) the list of successful applicants is published;
- c) the External Allocation Committee be acknowledged for their contribution; and
- d) the CE report back on a way forward regarding the letter from Age Concern which requests that a late application for a multi-year grant be accepted by Council.

The Meeting adjourned (4.30pm to 4.45pm) during consideration of this Item.

16. Hamilton Gardens Nursery Review

GM Community introduced this report. He confirmed the following:

- Shared Service Agreement - the consultant had given consideration to a shared service agreement with other authorities; whilst other authorities were keen to buy the plants, there was no interest in becoming involved with the running of the nursery.
- A business plan would look at the implementation of the option chosen.
- Options - the Options were not mutually exclusive. For example, Option 4, once established, could be enhanced at a later stage to expand and incorporate Option 5.

Motion: (Cr O'Leary/Her Worship the Mayor Hardaker)

That:

- a) the report be received;
- b) staff implement Option 5 as outlined in the report;
- c) a business plan (including a plan for external funding) is developed and staff make a recommendation to the 2016/17 Annual Plan on any required adjustments to revenue, expenditure and capital budgets; and
- d) the business plan considers opportunities for tourism, visitor and education opportunities that align with the strategic direction of the Hamilton Gardens Development Plan.

Amendment: (Crs Forsyth/Wilson)

That:

- a) the report be received;
- b) staff implement Option 4 – enhance the existing model through improved operational systems and processes, irrigation and greenhouse infrastructure; and
- c) a business plan (including a plan for external funding) is developed and staff make a recommendation to the 2016/17 Annual Plan on any required adjustments to revenue, expenditure and capital budgets.

The Amendment was then put.

Those for the Amendment: Councillors King, Gallagher, Wilson, Forsyth, Macpherson, Pascoe, Tooman and Yeung

Those against the Amendment: Her Worship the Mayor Hardaker, Councillors Chesterman and O'Leary

The Amendment was declared carried and became the substantive motion.

Resolved: (Crs Forsyth/Wilson)

That:

- a) the report be received;
- b) staff implement Option 4 – enhance the existing model through improved operational systems and processes, irrigation and greenhouse infrastructure; and
- c) a business plan (including a plan for external funding) is developed and staff make a recommendation to the 2016/17 Annual Plan on any required adjustments to revenue, expenditure and capital budgets.

Councillors Mallett and Green retired from the meeting at the start of the above Item. They were not present when the matter was voted on.

17. Resolution to Exclude the Public

Resolved: (Crs Forsyth/Yeung)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee - Public Excluded Minutes - 21 May 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 23 July 2015) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 30 June 2015 & Bad Debts Writeoffs 2014/15		
C4. Development Contributions Report		
C5. Community Assistance Funding - Declined Applications		
C6. New Zealand Community Trust resolution to Apply for Funding for Hamilton Gardens Development Project		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C5.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C6.	to enable Council to carry out negotiations	Section 7 (2) (i)

Finance Committee - Action List - Open

D-1385914					
Meeting Date	Item #	Item	GM Responsible	Action	Status
24 September 2013	15	Waiwhakareke Smart Subdivision – Retention or Disposal Options Current options for retention and disposal presented to Council on 29 May 2014. Council resolved to continue to manage the land status quo and deferred a decision on the disposal or inclusion of the land in Waiwhakareke Natural Heritage Park until the costs and timing of required network infrastructure upgrades, that would allow development of the land to occur, are known.	GM Community & City Environments	Commissioners released their decision to apply a residential zoning to the Smart Subdivision site on 18 February 2015. The network infrastructure upgrades needed to facilitate the development of the Smart Subdivision are being considered within Council's draft LTP. Consequential development options will be reported back to Council in December 2015	Elected Members notified of commissioners decision in February 2015. Consequential development options will be reported back to Council in December 2015
20 February 2014	11	Caro Street - Road Stopping (Telecom to purchase of small strip of land on Caro St to carry out Earthquake strengthening to the Telecom Building) - Any unresolved objections to be reported to Council for determination.	Infrastructure	September 2014 Update: Telecom has put its plans back one year and aren't proposing to start any work on the Caro Street building until the 15/16 financial year. The legal agreement between ourselves and Telecom has yet to be signed. Upon signing, Telecom will commence the public consultation process (and survey work) that is required due to the partial road stopping. The potential for objections will arise from that public consultation process. Public consultation may not commence this year. Any objections to the road stopping as a result of the consultation process will need to go to Council.	Work not expected to commence until the 2015/16 Financial Year.
4 December 2014	11	Community Occupancy Applications Staff to carry out an analysis on whether the renewed leases would provide the projected income outlined in the policy and also concerning comparison of projections and actual outcome of rent charged and length of lease from original schedule of projections. Information to be circulated to Elected Members offline.	GM Community	Information is now part of the regular Community Occupancy Applications Report to the Finance Committee.	Completed
19 February 2015	12	Business Case for New Structure to Extract Water from the Waikato River	GM City Infrastructure	Upon completion of the project a Completion Report will be provided to the Finance Committee.	The Project is contractually committed and forecast for completion in November 2015

Meeting Date	Item #	Item	GM Responsible	Action	Status
23 April 2015	10	New Lease Request at Melville Park	GM Community	Lease application was publicly notified. Public consultation closed 6 June, 31 submissions were received, 22 opposed the proposed speed skate track. Hearings held 24 June. On recommendation of the Hearings Panel, staff are working in consultation with the park users (dog obedience clubs and the Hamilton Roller Skating Club) to develop suitable landscape solutions both parties agree too and which meets Council's requirements. Recommendation will be reported back to 22 October Finance Committee.	In Progress, currently with the Melville Speed Skate Park - Hearings Panel. Meeting scheduled 19/8/15. Recommendation will be reported back to 22 October Finance Committee.
23 April 2015	11	Te Awa River Ride Easement - Horotiu Landfill	GM Community	Council to grant an easement in favour of Waikato District Council for the purposes of Te Awa River Ride over the Horotiu Landfill, subject to Council obtaining partial surrender of existing leases and licences. Partial surrender of existing leases and licences obtained. Council to authorise the CE to negotiate the terms of the easement and any other instrument required to give effect to this resolution. Negotiations with Te Awa are in progress regarding easement terms.	As at 10 August, agreement is with Te Awa's solicitors and is expected to be returned in final form by 14 August for signing by WDC and HCC CE.
21 May 2015	8	Six monthly report from Chair of External Funding Subcommittee to Finance Committee	GM Community	A document setting out funding received for different projects would be completed, which would state the different projects and amounts received for them.	In Progress. The Six Monthly Chair report will be presented at the 22 October 2015 Finance Committee Meeting as requested.
21-May-15	9	Six monthly report from Chair of Event Sponsorship Subcommittee to Finance Committee	CM Events and Economic Development	A recommendation on an amendment to the terms of reference relating to external membership will be presented to Finance Committee 20 August 2015.	Completed - Agenda Item for 20/8/15 Finance Committee Meeting
21-May-15	11	Key Projects Report	PMO Manager	The Report content to be reviewed based on feedback from the Committee	Completed - report now in the new

Meeting Date	Item #	Item	GM Responsible	Action	Status
21-May-15	16	Refuse Transfer Station	CE and General Manager Infrastructure	<ul style="list-style-type: none"> • Set processes in terms of formal press releases by HCC to be looked into by CE. • Research about waste minimisation, together with recycling and littering issues, should be looked at prior to further discussions about comprehensive Recycling/Waste Management Policies. • Staff to request that the increase in fees by the Refuse Station timed to coincide with when HCC looked at its fees and charges schedule as part of the budgets. Also, when the next Refuse Station Fees Report is drafted, 5 and 10 year comparisons should also be made. 	In Progress - A communications process for agenda items will be discussed and agreed by the Chair and General Manager at the Agenda Setting meeting. The matter of the RTS gate fees has been raised by staff. A formal meeting is scheduled for 13 August to explore a variation to the lease agreement in relation to changing the 10 week minimum notification period for fee changes at the RTS.
23-Jul-15	8	10-Year Monitoring Report - Annual Leave Accrual	CFO	Annual Leave Accrual - historic problem associated with staff on maternity leave. CFO to confirm whether Audit NZ or the Internal Audit programme covered this.	Completed. CFO to give verbal update at 20 August 2015 meeting.
23-Jul-15	8	10-Year Monitoring Report - ICMP	GM City Infrastructure	Elected Members to be briefed on Integrated Catchment Management Plans	In Progress - This has been included as an agenda item for 20 October 2015 Councillor Briefing session.
23-Jul-15	8	10-Year Monitoring Report - Clarke Lounge	CFO	Report back to Elected Members in respect of the Clarke Lounge at Waikato Stadium prior to the next the Strategy and Policy Committee Meeting.	Completed. Info to Elected Memnbers sent from CEO on 10 August 2015. This issue was discussed at the Startegy and Policy Meeting on 11/8/15
23-Jul-15	8	10-Year Monitoring Report - Expenditure Overrun	CFO	Elected Members to be updated on expenditure overrun amount for the stadia - via email.	Complete - email sent to Elected Members by Sean Murray 5/8/15

Committee: Finance Committee **Date:** 20 August 2015
Report Name: Recommendations to Finance Committee - Event Sponsorship Subcommittee Meeting 5 August 2015 **Author:** Brendan Stringer

Status	<i>Open</i>
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Councillor Chesterman, Chair of the Event Sponsorship Subcommittee, will present recommendations from a meeting of the Event Sponsorship Subcommittee held on 5 August 2015.

The 5 August 2015 Subcommittee Open Agenda is available via the following link:

<http://www.hamilton.govt.nz/AgendasAndMinutes/Event%20Sponsorship%20Subcommittee%20-%20Open%20Agenda%20-%205%20August%202015.pdf>

1. Recommendation

That:

- a) the Event Sponsorship Subcommittee's Terms of Reference be amended with the effect that the requirement for two externally-appointed members be reduced to one such member; and
- b) Sandra Peek be re-appointed as the Subcommittee's external member until the end of the current triennium.

2. Attachments

3. There are no attachments for this report.

Committee: Finance Committee

Date: 20 August 2015

Report Name: Recommended dates for reports to be presented to Finance Committee

Author: Kay Lindsay

Recommendation

That the Report be received.

1. Attachments

2. Attachment 1 - Recommended dates for reports to Finance Committee

3. Purpose of the report

4. This report provides detail of the regular reports that will be presented to this committee as well as estimated timing. Any new reports requested can be added to the attached list.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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Reports to Finance Committee	Frequency/Timing 2015								
	January Q1 14/15	April Q2 14/15	July	10/15	August YE 14/15	October Q1 15/16	November	December	Comments
Standard Monitoring Reports									
List of standard monitoring reports	x	x	x	x	x	x	x	x	
Financial Summary			x	x			x	x	
Key Projects Status Report			x	x	x		x	x	
Quarterly/Six Monthly Reports (Internal)									
Quarterly Financial and Non-financial Report, Key Projects Report (end of Q). Includes Open Development Contributions commentary	Dec-14	Mar-15			Jun-15	Sep-15			
IS Programme Update (Quarterly)	x		x		x		x		
Procurement Report (Quarterly)		x		x		x			
Ring Road Progress Report (Quarterly)						x			
Weathertight Buildings Update (Six monthly)						x			
Confidential Reports									
Overdue Debtors/Bad Debt Writeoffs	x	x	x	x	x	x	x	x	
Development Contributions Remissions (aligned with Q-reporting)		x		x		x			

Committee: Finance Committee

Date: 20 August 2015

Report Name: 10-Year Plan Monitoring Report

Author: Iain Anderson

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2012-22 10-Year Plan 2014/15 Annual Plan</i>
Financial overview	<i>Included in the report</i>

1. Purpose of the Report

- To provide Council with progress reporting on the Draft Financial results for the year ended 30 June 2015 against the targets set and approved by Council in the 2014-15 Annual Plan.

3. Executive Summary

- The financial results presented in this report are based on the unaudited final results for the year ended 30 June 2015. Audit New Zealand are currently onsite and mid way through the audit. The results in this report should be considered DRAFT as changes may be identified through the audit. To date no significant changes have been identified. The final result will be presented to the Council meeting on 24 September 2015.
- The Accounting Result for the year ended 30 June 2015 is a surplus of \$8.524m, which is \$2.984m unfavourable against the target surplus of \$11.508m from the Council Approved Annual Plan. The main contributor to the unfavourable accounting result was the unrealised losses on interest rate swaps of \$14m.
- Council has achieved a balancing the books surplus for the year ended 30 June 2015 of \$5.165m which is \$8.431m favourable against the target deficit of \$3.266m from the Approved Annual Plan. This is an excellent result with staff delivering the Annual Plan target while addressing a number of unfavourable variances through the risks and opportunities allowing Council to fully utilise the favourable Development Contributions income to reduce debt. (paragraph 45)
- Total capital expenditure was \$58.3m, this represents 85% of the 2014-15 Approved Annual Plan. Fifteen projects (15) with a net value after subsidies of \$15.2m have not been completed and require budget deferral into the 2015-16 financial year. (paragraph 38)
- The total Overall Debt for the year ended 30 June 2015 is \$368.4m which is \$48.8m favourable against the year end target of \$417.3m. The debt to revenue ratio is 188% against a target of 213%. The 2015-25 10 Year Plan assumed an opening overall debt position of \$399.5m.
- The total value of Development Contributions received was \$16.069m, this is \$8.498m favourable. This is the largest contributor to the favourable balancing the books result.
- There are 86 performance measures contained in the 10-Year Plan and the attached report indicates that 73% of performance measures have met their targets.

11. Recommendation/s from Management

- a) That the report be received.
- b) That \$21m of capital expenditure be deferred into the 2015-16 financial year.

12. Attachments

Attachment 1 - Dashboard Summary

Attachment 2 - Statement of Comprehensive Revenue and Expense

Attachment 3 - Statement of Financial Position

Attachment 4 - Capital Expenditure Statement

Attachment 5 - Deferred Capital Project Schedule

Attachment 6 - Risks and Opportunities

Attachment 7 - Treasury Report

Attachment 8 - Individual Activity Statements

Attachment 9 - Performance Measures

13. Key Financial Strategy Measures

- 14. The structure of this report includes the following sections:
 - a) Accounting and Balancing the Books Result
 - b) Capital and Deferred Expenditure
 - c) Debt and Treasury Management
 - d) Development Contributions
 - e) Rates and Debtors
 - f) Services
- 15. The Council's financial performance is measured against its 2012-22 Financial Strategy and the 2014-15 Annual Plan, primarily using the 'Balancing the Books' and the 'Debt to Revenue ratio' targets. The Financial Strategy was developed in the 2012-22 10 Year Plan and the 2014-15 Annual Plan is the third year of implementing this strategy. The financial report includes attachments 1-6 listed above.

16. Accounting Result

- 17. The accounting result is from the Statement of Comprehensive Revenue and Expense. The statement complies with Tier 1 Public Benefit Entity accounting standards which include the requirement to report the Surplus / (deficit) before tax. This measure is less conservative than the balancing the books target as it includes revenue from non-cash items such as assets

vested in Council from developers, the revaluation of interest rate swaps and gains/(losses) on the sale of properties.

18. The Accounting Result for the year ended 30 June 2015 is a surplus of \$8.524m, which is \$2.984m unfavourable against the target surplus of \$11.508m from the approved Annual Plan.

19. Balancing the Books

20. Through the 2012-22 Long Term Plan the Council planned to balance the books by 2017, the new 2015-15 Long Term Plan has brought the target forward to 2016.
21. The balancing the books measure is more conservative than the traditional accounting surplus/(deficit) referred to above as it excludes non cash items such as gains or losses from the valuation of financial instruments, vested assets and capital subsidies on the Ring Road.
22. The result for the year ended 30 June 2015, is a surplus of \$5.165m which is \$8.431m favourable against the target deficit of \$3.266m from the Approved Annual Plan. This means the books are balanced one year ahead of the new 10 year plan.

23. Variance analysis for the Accounting and Balancing the Books results

24. The following table summaries the key variances to both the Accounting Result and the balancing the books result for the year ended 30 June 2015.

(000`s)	Note	Accounting Result	Balancing the Books
Budget as at 30 June - Surplus/(Deficit)		11,508	(3,266)
Variations - Favourable/(Unfavourable)			
Rates	1	213	213
Subsidies and grants	2	(3,687)	2,036
Development and financial contributions	3	8,498	8,498
Fees and charges	4	2,956	2,956
Interest revenue	5	1,119	1,119
Other revenue (Including Vested Assets)	6	13,645	2,235
		22,744	17,057
Personnel costs	7	(6,102)	(6,102)
Depreciation and Amortisation	8	(983)	(983)
Finance costs	9	1,297	1,297
Other expenses	10	(2,838)	(2,838)
		(8,626)	(8,626)
Gains	11	501	-
LOSSES (Unrealised losses on swaps, gifting of the Clarence St Theatre)	12	(17,603)	-
Actual as at 30 June- Surplus/(Deficit)		8,524	5,165

25. Variance Analysis

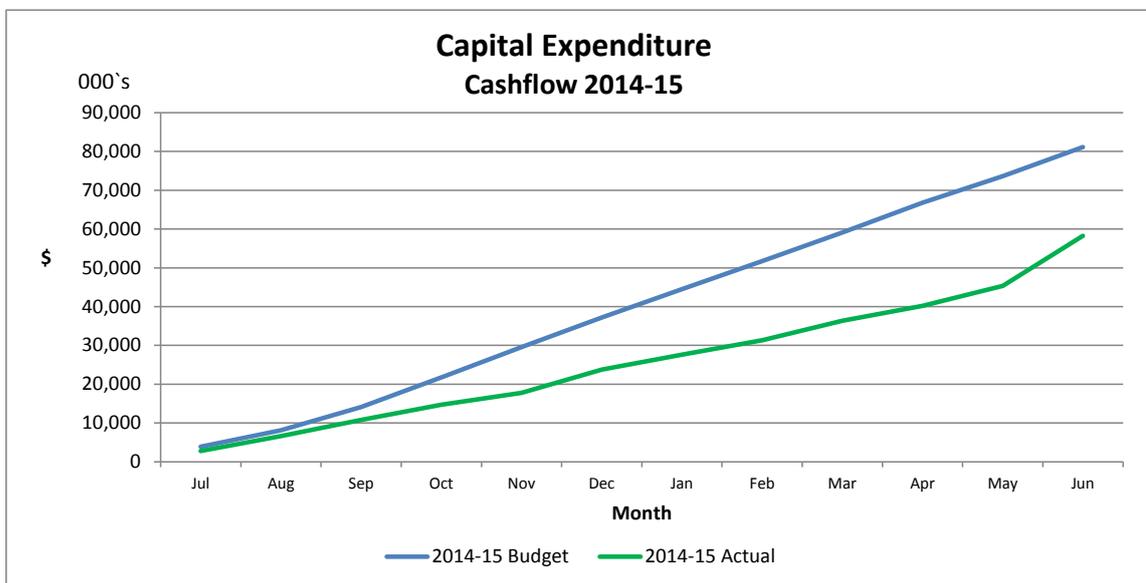
26. The following explanations focus on the primary reasons for the variance result. More detail is provided on the individual activity statements (attachment 8).
27. In achieving the overall balancing the books surplus, staff addressed through the risks and opportunities (attachment 6) the loss of revenue following the sale of buildings, reduced subsidies, increased maintenance costs, an adjustment to capital work in progress due to changes in accounting rules, organisational restructuring and recruitment costs.
28. Rates (Note 1) - favourable due to lower remissions than expected and additional rates penalties being received. Council revised thresholds for the 2015-16 year to improve the uptake of remissions.
29. Subsidies and Grants (Note 2) – the unfavourable variance is due to the deferral of the Ring Rd. The subsidy will be received when the expenditure is incurred.
30. Development and Financial contributions (Note 3) – The city continues to experience a high growth period resulting in a greater level of contributions. More detail is contained within para 40-33.
31. Fees and Charges (Note 4) – As reported previously variances include: building control fees, Cricket World Cup, shared services (offset by expenditure) and infringement fees
32. Interest Revenue (Note 5) – The higher interest revenue is the result of Council having higher cash investments throughout the year.
33. Other Revenue (Note 6) – As reported previously vested assets and Capital Contributions are higher than expected.
34. Personnel costs (Note 7) - the unfavourable position has two drivers.
- a) The first is the transposition error that was reported to the committee at the end of the March quarter. This error had the personnel budget understated by \$3.7m and it was off-set by reduced budget in other expense along with increase in revenue. Overall these errors were neutral and have no effect on Councils bottom line results.
 - b) The remaining \$2.4m is from the groups, these variances have been previously reported; in summary they have occurred through additional staff requirements where the cost is off-set either by additional revenue or from reduced expenditure in other areas. There have also been unbudgeted redundancy costs of \$414k.
35. Depreciation and Amortisation (Note 8) – The unfavourable variance is the result of the valuation of Parks and Gardens assets and operational buildings. While an allowance had been made the final valuation on this class of assets was higher with estimated lives being shorter than expected.
36. Finance Costs (Note 9) – As previously reported the favourable position is due to the overall debt being lower than was expected throughout the year. The cause for the lower debt is explained more fully in the table in paragraph 49.
37. Other Expenses (Note 10) – The June result is affected by a \$492k reduction in the carrying value of assets following the impairment review, a \$913k reduction in Work in Progress due to the review of items that are no longer considered assets under the PBE accounting standards, and a provision for restructuring costs of \$753k. As previously reported other major variances include favourable in energy costs and consultants costs along with unfavourable recruitments costs.
38. Gains (Note 11) - include upward movement in the value of Council investment properties and gains for the sale of Investment Properties. These are non cash items and as such Council does not budget for them.

39. Losses (Note 12) – As previously reported the unfavourable variance is due to the unrealised accounting loss on financial instruments i.e. Interest Rate swaps. This is a non cash item and is expected to balance to zero over multiple years (last year was an unrealised gain) and the budget reflects the NIL net expected change over time.

40. Capital Expenditure and Deferred Capital Expenditure

The capital programme for the 2014-15 financial year was:	\$m
Approved Annual Plan 2014-15	67.9
plus Approved Deferred Projects from 2013-14	13.2
Total Capital Programme for 2014-15	81.1
Less Proposed Deferred Projects for 2014-15	21.0
Less Other Risk and Opportunity changes	1.8
Revised Capital Programme for 2014-15	58.3

41. For the year ended 30 June 2015, Capital Expenditure of \$58.3m (May \$45.3m) has been expended. This represents 85% of the 2014-15 Approved Annual Plan and 71% of the total capital programme.
42. The following graph shows the total capital expenditure cash flow against the YTD actual result. Note while each individual project is cash flowed to reflect the expected spend, when the Council's entire programme is consolidated the cash flow appears even.



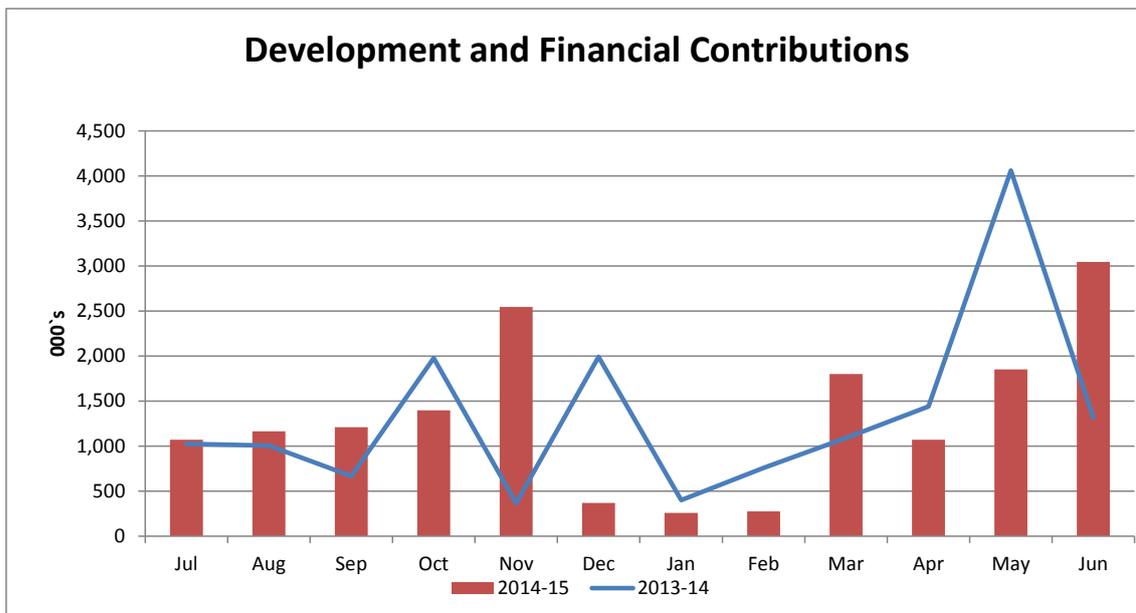
Budget includes approved deferrals.

43. A total of fifteen (15) projects with a net value of \$15.2m have been identified that were not completed by end of year and require the budget funding to be deferred into the 2015-16 financial year. This consists of \$ 21.0m gross capital expenditure off-set by related revenue of \$5.8m (the subsidy on the Ring Road). A full schedule is included in attachment 5.

44. If approved these budgets will be added to the approved 2015-25 Long Term Plan for 2015-16 financial year and reported to Council through the 10 year monitoring report.

45. Development and Financial Contributions

46. The graph and table below shows the actual Development and Financial Contributions revenue collected month by month beginning from July 2013.

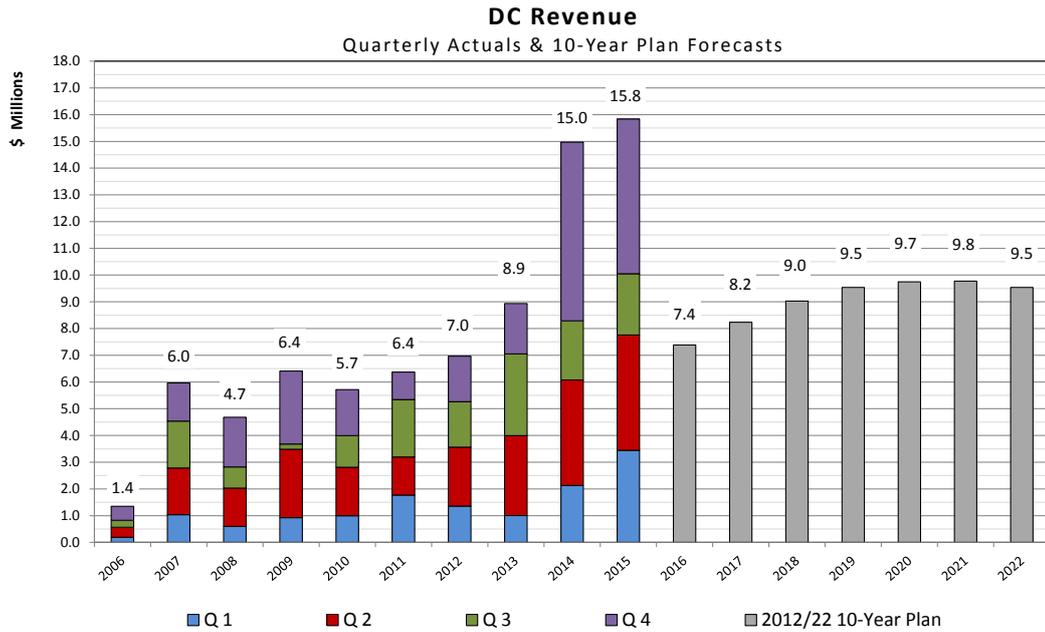


(000's)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
2013-14	1,025	1,006	668	1,977	367	1,992	401	760	1,091	1,440	4,060	1,316	16,103
2014-15	1,072	1,165	1,211	1,397	2,547	370	259	277	1,801	1,071	1,854	3,045	16,069

47. The Financial Contributions that are included in the total above relate to consents issued under the old system, these are decreasing over time and will eventually stop. In 2013-14 they were worth \$1.1m and for 2014-15 they were \$237k. DC only is \$15m for 2013-14 and \$15.8m for 2014-15 (see next graph).

48. The following graph shows the revenue from development contributions (excluding financial contributions under the Resource Management Act) for the last nine years with the 2014-15 year to May 2015 (last quarter) and the 2012-22 LTP DC revenue estimates. The 2015-25 year plan includes increased DC revenue estimates for 2015-25.

49. All additional DC revenue is applied to repayment of debt. This reflects that DC revenue is associated with growth related capital programmes that have generally been funded by debt.



50. Debt and Treasury Management

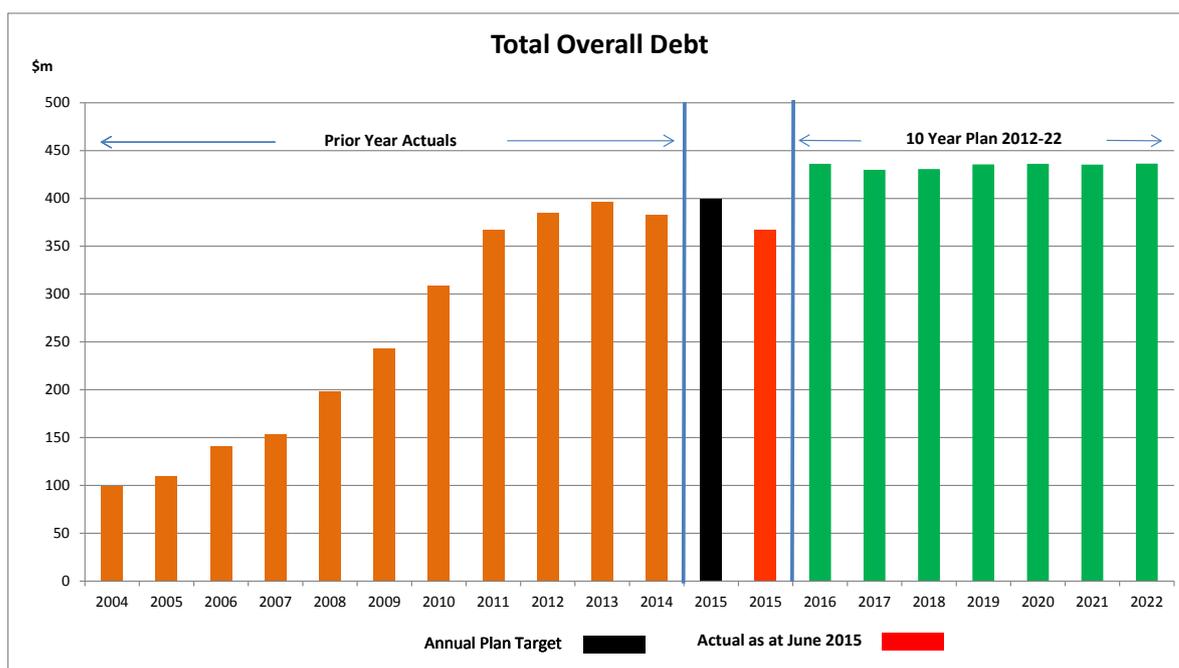
51. Total Overall Debt

52. 'Total Overall Debt' is currently \$368.5m, which is \$48.8m less than Council's year end budget target of \$417.3m. Good financial performance (i.e. the operating surplus), assets sales and capital expenditure deferrals have contributed to this improvement. Total overall debt is calculated as follows:

As at 30 June 2015 Council's total overall debt is calculated as following:	\$m
Total external debt	397.2
plus cash backed reserves	35.8
less cash investments	64.5
'Total Overall Debt' as at 30 June 2015	368.5

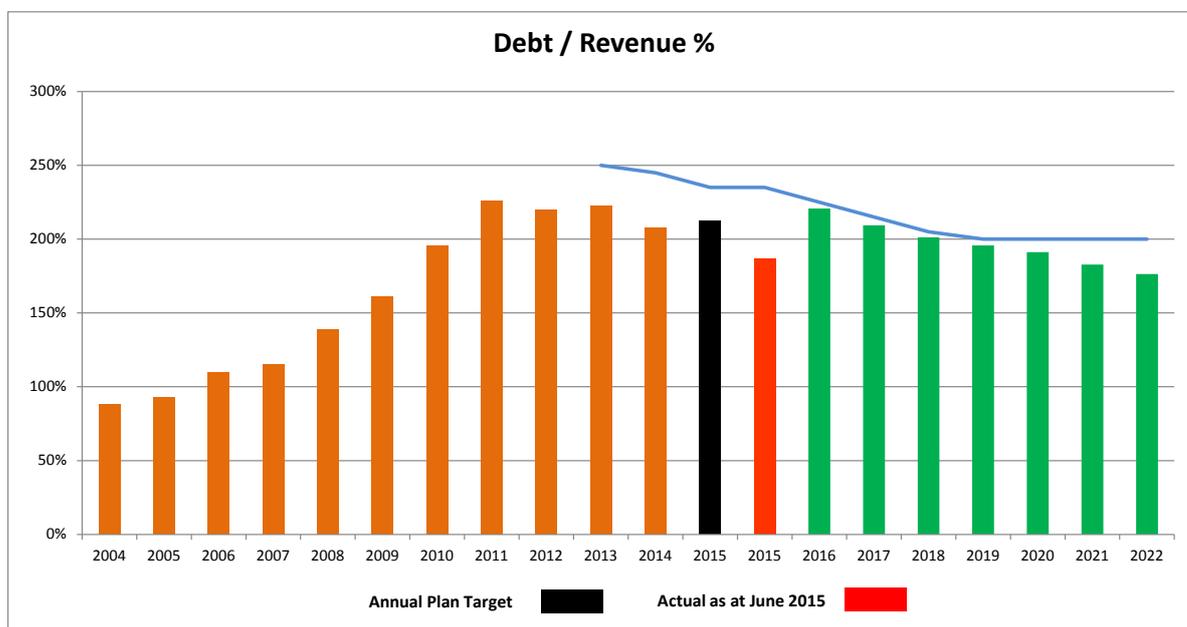
53. The following table shows the difference between the budget target and the actual.

Total Overall Debt - As at 30 June 2015	\$m
Budgeted Closing Debt Position	417.3
Opening Balance Adjustment	14.0
Revenue from Asset Sales	9.0
Net Deferrals of capital programme (Paragraph 41)	15.2
Operating Surplus	8.5
Working Capital	2.1
Actual Closing Debt Position	368.5



The measure for each year is as at 30 June

54. The debt to revenue ratio as at 30 June 2015 is 188%, the Annual Plan target was 213%



The measure for each year is as at 30 June

55. The 2015-25 10 Year plan assumed an opening Total Overall Debt position of \$399.5m and a debt to revenue ratio of 202%. The improved opening figure of \$368.5 allows Council to address deferred capital expenditure with no overall increase in debt above planned year end levels.

56. Treasury Management

57. The Council is compliant with all Treasury Policy measures.
58. The current 12-month weighted average interest rate applicable to Council debt is 5.89%. This has increased very slightly over recent months as extremely low interest rate swaps set in the 2009-10 period have expired. Council has 90% of debt at fixed interest rates meaning that any future increases or decreases of interest rates will not have a significant impact in the short term.

59. Rates and Debtors

60. The following tables present a high level summary of the invoicing and collection of rates, rating statistics, and an aged debtors summary as at 30 June 2015.

61. Table1 – Total Rates

Whole Dollars	June-15		June-14	
	\$	%	\$	%
Rates brought forward as at 1 July includes credit balances	1,612,313		1,792,766	
Instalments to date	153,969,262		146,579,698	
Penalties, Adjustments and Postponed	946,065		829,090	
Rates Receipts	-154,564,784	98.75%	-147,575,852	98.91%
Outstanding Balance	1,962,855	1.25%	1,625,702	1.09%

62. Table 2 – Rates Arrears

	June-15		June-14	
	\$	%	\$	%
Arrears brought forward as at 1 July 2014	3,322,738		3,194,265	
Collected to Date	3,273,508	98.52%	3,063,325	98.55%
Outstanding Balance	49,231	1.48%	46,425	1.45%

63. Table 3 and 4 – Sundry Debtors total debt expressed in dollars and percentage.

	Total	Current	0 - 30 Days	30 -60 Days	60 -90 Days	>90 Days
Debtors	5,389,511	4,692,721	504,059	29,581	28,242	134,908
Rentals	376,684	19,636	47,066	10,960	5,065	293,956
Total	5,766,194	4,712,357	551,125	40,541	33,307	428,865
% (this year)	100%	81.7%	9.6%	0.7%	0.6%	7.4%
% (last year)	100%	39.9%	11.5%	5.6%	2.2%	40.8%

64. Table 5 - **Water by Meter**

Whole Dollars	June-15		June-14	
	\$	%	\$	%
Current	812,568	89.66%	809,038	99.40%
Past Due date	93,730	10.34%	4,868	0.60%
Outstanding Balance	906,298	100.00%	813,907	100.00%

65. Services

66. The 10-Year Plan and 2014-15 Annual Plan contain 86 performance measures across Council's twelve service groups. These are the service performance measures that will be reported in Council's Annual Report.
67. Performance results are collected on a quarterly basis.
68. This report includes a high level graph of the results in the summary dashboard, and an exceptions report that provides more detail for the measures that are reported as not having
69. For a full list of the performance measures, please see the 2014-15 Annual Plan, <http://www.hamilton.co.nz/annualplan>

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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2012-22 10-Year Plan Governance Report Summary

Reporting period: July 2014 – June 2015

Finance Committee – 20 August 2015

FINANCIAL STATEMENT MEASURES (ATTACHMENT 2-8)

ACCOUNTING RESULT

Council's operating result

\$8.5m

Full year outlook

\$3.0m unfavourable

Against an Annual target of \$11.5m

DEVELOPMENT CONTRIBUTIONS

Received from developers to contribute to city growth

\$16.1m

Full year outlook

\$8.5m favourable

Against an Annual target of \$8.5m

CAPITAL EXPENDITURE

To provide new and replacement assets

\$58.3m

Full year outlook

\$22.8m favourable

Against a Revised Annual target of \$81.1m

TOTAL EXTERNAL DEBT

Total borrowings from external institutions

\$397.2m

Full year outlook

\$32.0m favourable

Against an Annual target of \$429.2m

KEY 10-YP MEASURES

BALANCING THE BOOKS

Living within our means

\$5.2m

Full year outlook

\$8.4m favourable

Against an Annual target of (\$3.3m)

TOTAL OVERALL DEBT

Council's net debt position

\$368.5m

Full year outlook

\$48.8m favourable

Against an Annual target of \$417.3m

SERVICES (ATTACHMENT 9)

Performance Measures

0% 20% 40% 60% 80% 100%



KEY: FINANCIAL MEASURES AND SERVICE PERFORMANCE MEASURES

Target achieved

Target not achieved

No data available

CAPITAL PROJECTS

(ATTACHMENT 4)

Status	Actuals YTD	Approved Budget	% of Total Programme
Completed by year end	\$58.3m	\$60.0m	97%
Proposed Deferrals		\$21.0m	
Total Capital	\$58.5m	\$81.1m	71%

HAMILTON CITY COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2015

	Council			
	Actual 2015 \$000	Budget 2015 \$000	Variance	Actual 2014 \$000
Revenue				
Rates	140,738	140,525	213	134,151
Subsidies and grants	10,895	14,582	(3,687)	11,301
Development and financial contributions	16,069	7,571	8,498	16,103
Fees and charges	29,269	26,313	2,956	28,582
Interest revenue	2,319	1,200	1,119	1,279
Other revenue	38,553	24,908	13,645	54,627
Total revenue	237,843	215,099	22,744	246,043
Expenses				
Personnel costs	62,286	56,184	(6,102)	57,248
Depreciation and amortisation	57,278	56,295	(983)	55,060
Finance costs	23,590	24,887	1,297	23,269
Other expenses	69,063	66,225	(2,838)	71,256
Total expenses	212,217	203,591	(8,626)	206,833
Share of associates' surplus/(deficit)	-	-	-	-
Surplus/(deficit) before tax	25,626	11,508	14,118	39,210
Gains	501	-	501	9,158
Losses	(17,603)	-	(17,603)	-
Income tax expense	-	-	-	-
Surplus/(deficit) after tax	8,524	11,508	(2,984)	48,368
Surplus/(deficit) attributable to: Hamilton City Council	8,524	11,508	(2,984)	48,368
Other comprehensive income and expense				
Items that could be reclassified to surplus/(deficit)				
Financial assets at fair value through other comprehensive revenue and expense	-	-	-	106
Items that will not be reclassified to surplus/(deficit)				
Gain on property, plant and equipment revaluations	36,098	143,967	107,869	99,686
Total other comprehensive revenue and expense	36,098	143,967	107,869	99,792
Total comprehensive revenue and expense	44,622	155,475	104,885	148,160

BALANCING THE BOOKS MEASURE FOR THE YEAR ENDED 30 JUNE 2015

	Council			
	Actual 2015	Budget 2015	Variance	Actual 2014
Surplus/(deficit) before tax	8,524	11,508	(2,984)	48,368
Adjustments for balancing the books measure				
Gains	501	-	501	14,985
Losses	(14,091)	-	(14,091)	-
(Loss)/gain on property revaluations	(3,512)	-	(3,512)	(4,508)
Vested assets (included in Other revenue)	19,824	8,414	11,410	34,615
Ring Road subsidy (included in Subsidies and grants)	637	6,360	(5,723)	2,207
Total adjustments	3,359	14,774	(11,415)	47,299
Balancing the books surplus/(deficit)	5,165	(3,266)	8,431	1,069

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Council			
	Actual 2015 5000	Budget 2015 5000	Variance	Actual 2014 5000
Assets				
Current assets				
Cash and cash equivalents	57,292	25,000	32,292	42,967
Debtors and other receivables	19,530	17,661	1,869	17,101
Prepayments	1,465	-	1,465	1,311
Inventory	109	533	(424)	166
Other financial assets	10	242	(232)	119
Derivative financial instruments	-	-	-	15
Non-current assets held for sale	-	-	-	569
Total current assets	78,406	43,436	34,970	62,248
Non-current assets				
Property, plant and equipment	3,237,606	3,901,574	(663,968)	3,198,600
Intangible assets	19,726	9,090	10,636	14,089
Investment property	24,139	57,326	(33,187)	41,203
Investment in associates	7,430	7,431	(1)	7,430
Other financial assets	13,718	9,765	3,953	8,899
Investment in subsidiaries	10,150	-	10,150	10,150
Total non-current assets	3,312,769	3,985,186	(672,417)	3,280,371
Total assets	3,391,175	4,028,622	(637,447)	3,342,619
Liabilities				
Current liabilities				
Creditors and other payables	32,461	18,183	14,278	32,795
Provisions	2,218	2,024	194	1,724
Employee entitlements	7,038	6,177	861	6,230
Borrowings	56,375	107,744	(51,369)	76,292
Derivative financial instruments	234	-	234	-
Total current liabilities	98,326	134,128	(35,802)	117,041
Non-current liabilities				
Provisions	8,477	9,479	(1,002)	8,085
Employee entitlements	881	1,917	(1,036)	886
Deferred tax liability	-	-	-	-
Borrowings	340,989	321,446	19,543	332,569
Derivative financial instruments	25,863	-	25,863	12,021
Total non-current liabilities	376,210	332,842	43,368	353,561
Total liabilities	474,536	466,970	7,566	470,602
Net assets	2,916,639	3,561,652	(645,013)	2,872,017
Equity				
Accumulated funds	1,611,534	1,611,984	(450)	1,618,890
Other reserves	1,305,105	1,949,668	(644,563)	1,253,127
Total equity attributable to Hamilton City Council	2,916,639	3,561,652	(645,013)	2,872,017
Total equity	2,916,639	3,561,652	(645,013)	2,872,017

CAPITAL EXPENDITURE FOR THE TWELVE MONTHS ENDED 30 JUNE 2015

STATUS KEY	
	Project on track or under budget
	Project over budget as per Risks and Opportunities Register
	Project deferral or potential deferral
	Funding reprioritised as per Risks and Opportunities Register

PIF	TYPE	YTD Total Cost			Less YTD External Funding			YTD Net Cost			Annual Budget				Status	
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Approved 2014/15	Approved Deferred	Less External Funding	Net Cost		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		
ARTS AND RECREATION																
Funding for new Public Art	12037	LOS	12	50	38	10	0	10	2	50	48	50		0	50	
Te Rapa Sportsdrome	13005	LOS	123	114	(9)		0	-	123	114	(9)		114	0	114	
Replacement of Library Assets	9036	R	85	88	3		0	-	85	88	3	88		0	88	
Collection Purchases	9037	R	1,035	1,048	13		0	-	1,035	1,048	13	1,048		0	1,048	
Replacement of Sports Parks assets	9058	R	1,078	1,078	0	97	0	97	981	1,078	97	1,078		0	1,078	
Renewal of Waterworld Assets	9033	R	409	373	(36)	13	0	13	397	373	(24)	353	20	0	373	
Replacement of Gallagher Aquatic Centre Assets	9034	R	68	124	56		0	-	68	124	56	70	54	0	124	
Replacement of Fixed Equipment at Theatres	9041	R	68	70	2		0	-	68	70	2	70		0	70	
Replacement of Technical Equipment at Theatres	9042	R	94	126	32		0	-	94	126	32	126		0	126	
Replacement of Museum Assets	9035	R	171	133	(38)	84	0	84	87	133	46	108	25	0	133	
Hamilton Zoo Animal Enclosures Renewal	9043	R	101	140	39		0	-	101	140	39	140		0	140	
Replacement of Zoo Assets (Including Animals)	9044	R	157	131	(26)		0	-	157	131	(26)	101	30	0	131	
New Saimang Exhibit at Zoo	12046	LOS	210	405	195		0	-	210	405	195	405		0	405	
			3,612	3,880	268	203	0	203	3,408	3,880	472	3,637	243	0	3,880	
CITY PROSPERITY																
Replacement of Fixtures, Fittings and Equipment at Claudelands	9038	R	117	137	20		0	-	117	137	20	137		0	137	
Replacement of Furniture, Fixtures and Equipment Rentals at Stadia	9039	R	614	143	(471)	378	0	378	236	143	(93)	143		0	143	
Replacement of Turf Services Equipment at Stadia	9040	R	19	35	16		0	-	19	35	16	35		0	35	
Hamilton Organic Recycling Centre Wall		LOS	8	0	(8)		0	-	8	0	(8)			0	-	
			759	315	(444)	378	0	378	381	315	(66)	315	-	0	315	
CITY SAFETY																
Installation of Additional Security Cameras	12301	LOS	41	48	7		0	-	41	48	7	48		0	48	
			41	48	7	0	0	-	41	48	7	48	-	0	48	
COMMUNITY SERVICES																
Replacement of Furniture & Fittings at Community Facilities	9032	R		11	11		0	-	0	11	11	11		0	11	
Replacement of Cemeteries & Crematorium Assets	9031	R	137	167	30		0	-	137	167	30	167		0	167	
			137	178	41	0	0	-	137	178	41	178	-	0	178	
PARKS AND OPEN SPACES																
Replacement of Parks & Opens Spaces Assets	9030	R	1,097	1,299	202	6	0	6	1,091	1,299	208	1,103	196	0	1,299	
Acquisition of Parks	12012	G	2,254	1,337	(917)		0	-	2,254	1,337	(917)	556	781	0	1,337	
Memorial Gardens		LOS	234	0	(234)	226	0	226	8	0	(8)			0	0	
Hamilton Gardens Replace Fencing	13006	LOS	11	15	4		0	-	11	15	4		15	0	15	
Stabilise Riverbank Walkway	13007	LOS	1,364	301	(1,063)	776	0	776	588	301	(287)		301	0	301	
Upgrade of City Playgrounds	12036	LOS	590	519	(71)	100	0	100	490	519	29	370	149	0	519	
Planting & Track Construction at Waiwhakareke Natural Heritage Park	12133	LOS	10	54	44		0	-	10	54	44	54		0	54	
Completion of Fantasy Gardens at Hamilton Gardens	12124	LOS	371	216	(155)	235	81	154	136	135	(1)	216		81	135	
Hamilton Gardens Development (Targeted Rate)		LOS	142	0	(142)		0	-	142	0	(142)			0	0	

Project on track or under budget
Project over budget as per Risks and Opportunities Register
Project deferral or potential deferral
Funding reprioritised as per Risks and Opportunities Register

PIF	TYPE	YTD Total Cost			Less YTD External Funding			YTD Net Cost			Annual Budget				Status	
		Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Approved 2014/15	Approved Deferred	Less External Funding	Net Cost		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		\$000
		6,073	3,741	(2,331)	1344	81	1,263	4,729	3,660	(1,069)	2,299	1,442	81	3,660		
SOLID WASTE MANAGEMENT																
Replacement of Closed Landfill Assets	9013	R	101	75	(26)	391	0	(0)	101	75	(26)	75	0	75		
Replacement of Refuse Transfer Station Assets	9012	R	406	810	404	0	-	406	810	404	810	0	810			
Closed Landfill Management	12016	LOS	251	250	(1)	0	-	251	250	(1)	161	89	0	250		
			758	1,135	377	391	0	(0)	758	1,135	377	1,046	89	0	1,135	
STORMWATER DRAINAGE																
Replacement of Channel Lining on the Waitawhiriwhiri Stream	9014	R		270	270	0	-	0	270	270	270	0	270			
Replacement of Stormwater Outfalls in Waikato River	9015	R	64	164	100	0	-	64	164	100	164	0	164			
Replacement of Stormwater Assets	9016	R	398	323	(75)	0	-	398	323	(75)	323	0	323			
Rototuna Stormwater	12058	G	456	456	0	0	-	456	456	0	215	241	0	456		
Treatment to Improve Stormwater Recovery	12017	LOS	35	66	31	0	-	35	66	31	66	0	66			
Stormwater Catchment Assessment for Intensification Areas	12018	LOS	360	744	384	0	-	360	744	384	270	474	0	744		
Stormwater Project Watershed Capital Works	12019	LOS	25	54	30	0	-	25	54	30	54	0	54			
Rotokauri Stormwater Infrastructure	12059	G	476	788	312	0	-	476	788	312	538	250	0	788		
Peacocke Stormwater Infrastructure	12060	G	13	395	381	0	-	13	395	381	22	373	0	395		
Local Growth Related Stormwater Projects	12061	G	45	108	63	0	-	45	108	63	108	0	108			
Ruakura Stormwater	12062	G	14	10	(4)	0	-	14	10	(4)	10	0	10			
Citywide Stormwater Upgrades	12094	LOS	292	551	259	0	-	292	551	259	551	0	551			
Stormwater Connections	12174	LOS	98	271	173	75	271	(196)	23	0	(23)	271	271	0		
			2,277	4,200	1,924	75	271	(196)	2,201	3,929	1,728	2,301	1,899	271	3,929	
TRANSPORTATION																
Replacement of Parking Equipment	9010	R	398	107	(291)	0	-	398	107	(291)	107	0	107			
Replacement of Footpaths and Non-Subsidised Renewals	9001	R	2,079	1,780	(299)	192	0	(0)	2,079	1,780	(299)	1,780	0	1,780		
Replacement of Kerbs and Channels	9002	R	1,312	1,490	178	591	671	(80)	721	819	98	1,490	671	819		
Replacement of Road Base	9003	R	549	649	100	247	292	(45)	302	357	55	649	292	357		
Road Resurfacing	9004	R	3,617	4,344	727	1628	1954	(326)	1,989	2,390	401	4,344	1954	2,390		
Replace Bridges and Culverts	9005	R	374	0	(374)	120	0	120	255	0	(255)	0	0	0		
Replacement of Retaining Walls and Structures	9006	R		11	11	4	4	(4)	0	7	7	11	4	7		
Replacement of Street Lights	9017	R	432	503	71	171	227	(56)	261	276	15	503	227	276		
Replacement of Traffic Signals	9018	R	500	271	(229)	225	122	103	275	149	(126)	271	122	149		
Replacement of Street Signs	9019	R	59	55	(4)	27	25	2	33	30	(3)	55	25	30		

Project on track or under budget
Project over budget as per Risks and Opportunities Register
Project deferral or potential deferral
Funding reprioritised as per Risks and Opportunities Register

	PIF	TYPE	YTD Total Cost			Less YTD External Funding			YTD Net Cost			Annual Budget				Status
			Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Approved 2014/15	Approved Deferred	Less External Funding	Net Cost	
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Replacement of Safety Barriers	9020	R	1	54	53	1	24	(23)	1	30	29	54		24	30	
New Roding in Peacocke	12001	G	1,652	671	(981)	53	0	53	1,599	671	(928)	200	471	0	671	
New Roding in Rototuna	12003	G	1,334	2,907	1,573		0	-	1,334	2,907	1,573	1,527	1,380	0	2,907	
Hamilton Ring Road Completion	12005	LOS	4,940	15,362	10,422	637	6275	(5,639)	4,303	9,087	4,783	11,135	4,227	6275	9,087	
Minor Improvements to the Transport Network	12020	LOS	660	742	82	363	408	(45)	297	334	37	742		408	334	
Bus Stop Infrastructure	12022	LOS	96	108	12	129	54	75	(33)	54	87	108		54	54	
Integration of Existing Areas with New Developments in the City	12051	LOS	164	189	25		0	-	164	189	25	189		0	189	
Roding Upgrades in Rotokauri	12053	G	167	390	223	-440575	0	441	(273)	390	663	390		0	390	
Transport Network Planning	12056	LOS	18	85	67		0	-	18	85	67	85		0	85	
Integration of New Transport Modes	12172	LOS	1,698	2,007	309	774	961	(187)	924	1,046	122	2,007		961	1,046	
			20,050	31,725	11,675	5403	11017	(5,614)	14,646	20,708	6,061	25,647	6,078	11017	20,708	
WASTEWATER																
Replacement of Wastewater Pump Station Assets	9022	R	992	888	(104)		0	-	992	888	(104)	888		0	888	
Replacement of Wastewater Assets	9023	R	3,761	3,493	(268)		0	-	3,761	3,493	(268)	3,493		0	3,493	
Upgrade Existing or Build New Wastewater Network in Rototuna	12008	LOS	268	268	0		0	-	268	268	0	27	241	0	268	
Treatment Plant Upgrade	12009	LOS	336	363	27		0	-	336	363	27		363	0	363	
Increase Capacity of Wastewater Pump Stations	12024/25	LOS	680	674	(6)		0	-	680	674	(6)	674		0	674	
Increase Capacity of Wastewater Network in Rototuna	12066	LOS	0	91	91		0	-	0	91	91	5	86	0	91	
Integrate Wastewater Network in New Areas with Existing Network	12067	LOS	38	87	49		0	-	38	87	49	87		0	87	
Increase Capacity of Wastewater Network in Rotokauri	12068	G	189	453	264		0	-	189	453	264	453		0	453	
Increase Capacity of Wastewater Network in Peacocke	12069	G	7	38	31		0	-	7	38	31	22	16	0	38	
Increase Capacity of Wastewater Network Throughout the City	12071	LOS	12	432	420		0	-	12	432	420	432		0	432	
Wastewater Connections	12175	LOS	220	271	51	204	271	(67)	16	0	(16)	271		271	0	
Replacement of Wastewater Treatment Plant Assets	9024	R	1,049	893	(156)		0	-	1,049	893	(156)	893		0	893	
Upgrade of Wastewater Treatment Plant Systems	12026	LOS	380	378	(2)		0	-	380	378	(2)	378		0	378	
Plant Recovery (WWTP)		LOS	438	0	(438)		0	-	438	0	(438)			0	0	
			8,369	8,329	(40)	204	271	(67)	8,165	8,058	(107)	7,623	706	271	8,058	
WATER SUPPLY																
Replacement of Water Mains	9025	R	2,848	2,938	90		0	-	2,848	2,938	90	2,938		0	2,938	
Replacement of Water Meter Valves and Hydrants	9026	R	328	293	(35)		0	-	328	293	(35)	293		0	293	
Replacement of Water Works During Intersection Upgrades	9027	R	0	216	216		108	(108)	0	108	108	216		108	108	
Software for Growth Planning	12027	LOS	310	396	86		0	-	310	396	86		396	0	396	
Upgrade or Build New Watermains in Rototuna	12073	G	49	49	-		0	-	49	49	-	49		0	49	

Project on track or under budget
Project over budget as per Risks and Opportunities Register
Project deferral or potential deferral
Funding reprioritised as per Risks and Opportunities Register

	PIF	TYPE	YTD Total Cost			Less YTD External Funding			YTD Net Cost			Annual Budget				Status
			Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Approved 2014/15	Approved Deferred	Less External Funding	Net Cost	
			\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Additional Water Supply Storage in Rototuna	12074	G	703	4,857	4,154	0	-	703	4,857	4,154	4,857		0	4,857		
City Wide Upgrade of Water Pipes	12076	LOS	466	340	(126)	0	-	466	340	(126)	340		0	340		
Upgrade or Build New Water Mains in Rotokauri	12077	G	223	435	212	0	-	223	435	212	370	65	0	435		
Upgrade or Build New Water Mains in Peacocke	12079	G		96	96	0	-	0	96	96	16	80	0	96		
Integrate Water Mains in New Areas with Existing Network	12080	LOS	44	87	43	0	-	44	87	43	87		0	87		
Ruakura Water Growth	12081	G	(4)	16	20	0	-	(4)	16	20		16	0	16		
Assessment of Demand for Water and Water Loss in the Network	12173	LOS	564	430	(134)	42	0	42	522	430	430		0	430		
Water Connections	12176	LOS	385	271	(114)	287	271	16	98	0	271		271	0		
Replacement of Water Reservoir Assets	9028	R	161	162	1	0	-	161	162	1	162		0	162		
Replacement of Water Treatment Plant Assets	9029	R	353	523	170	0	-	353	523	170	523		0	523		
Installation of Dewatering Facility at the Water Treatment Plant	12029	LOS	0	2,807	2,807	0	-	0	2,807	2,807	2,807		0	2,807		
Upgrade of Water Treatment Plant Equipment	12030	LOS	725	810	85	0	-	725	810	85	810		0	810		
New Structure to Extract Water from the Waikato River	12031	LOS	697	3,240	2,543	0	-	697	3,240	2,543	3,240		0	3,240		
Plant Recovery (WTP) and Chlorine Scrubber		LOS	788	0	(788)	0	-	788	0	(788)			0	0		
			8,639	17,966	9,327	329	379	(50)	8,309	17,587	9,278	17,409	557	379	17,587	
SUPPORT SERVICES																
Extension of Events Booking Management System	12040	LOS	35	0	(35)	0	-	35	0	(35)			0	0		
Upgrade of Specialist Software Applications	9045	R	21	38	17	0	-	21	38	17	38		0	38		
Finance Lease Funding Infrastructure Equipment	12014	LOS	423	1,017	594	0	-	423	1,017	594	1,017		0	1,017		
Upgrade of Council's Core Software Applications	12015	LOS	1,297	2,084	787	0	-	1,297	2,084	787	584	1,500	0	2,084		
Development of Online Services & Mobile Applications	12049	LOS	1,187	1,265	78	0	-	1,187	1,265	78	640	625	0	1,265		
Management of IT Environment Including Security Software	12050	LOS	577	530	(47)	0	-	577	530	(47)	530		0	530		
Replacement of Property Assets	9046	R	3,183	3,191	8	151	0	151	3,032	3,191	3,122	69	0	3,191		
Replacement of Pensioner Housing Assets	9047	R	113	566	453	0	-	113	566	453	566		0	566		
Replacement of Fleet Vehicles	9048	R	707	866	159	0	-	707	866	159	866		0	866		
Upgrade of Council Owned Buildings	12047	LOS	19	38	19	0	-	19	38	19	38		0	38		
			7,561	9,595	2,033	151	0	151	7,410	9,595	2,184	7,401	2,194	0	9,595	
Total			58,276	81,112	22,836	8089	12019	(3,931)	50,187	69,093	18,905	67,904	13,208	12019	69,093	

**DEFERRED CAPITAL EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2015**

	Project No.	Total Deferred + Current Budget (000's)	Actual Spend YTD (000's)	Favourable/ (Unfavourable) Impact (000's)	Proposed Expenditure Deferral 2015-16 (000's)	Proposed Expenditure Deferral 2016-17 (000's)	Related Revenue (000's)	Reason for Deferral
Arts & Recreation								
Siamang Exhibit	12046	405	210	195	195			Project was not completed on time due to a number of reasons: Architect was unavailable for 3 weeks due to family bereavement in UK, delaying tender process. Tender pricing then exceeded budget causing further delays. Construction was further delayed by the very wet weather conditions in June with completion now expected August 2015.
		405	210	195	195			
Parks and Open Spaces								
Minogue Park Playground	9030	1,299	1,097	202	58			Minogue Park playground equipment - unable to complete work by June due to inclement weather, Work will be completed July.
Land Purchase for Sports Parks					130			Awaiting confirmation as the the valuation is close to the amount that has already been paid. Finance Committee approved \$295 for the purchase of Dixon road Land at the April Finance Meeting. \$90k has already been paid based on the valuation received by Council for the land. This is being disputed by the other party who received a higher valuation and an independent valuation is being sought.
		1,299	1,097	202	188			
Stormwater Network								
Peacocke Stormwater Infrastructure	12060	395	13	381	381			Program of works and timing are dependant on third party agreements. Timing of development has not coincided with Council funding allocations.
Local Growth Related Stormwater Projects	12061	108	45	63	63			Program of works and timing for upsizing provision within Peacockes Stage 1 dependant on third party agreements. Timing of development has not coincided with Council funding allocations. No new funding in 2015/16 for this activity.
Integrated Catchment Management Plans		2,420	1,248	1,172	1,172			Integrated Catchment Management Plans (ICMPs) are a necessary requirement for development. This deferral has been previously forecast and reported to the Finance Committee. Total amount has been reallocated from 3 activities - Stormwater Intensification Assessment (440K PIF 12018), Rotokauri Stormwater (215K PIF 12059), Rotokauri Wastewater (75K PIF 12068) and Rotokauri Water (100K PIF 12077).
		2,923	1,307	1,616	1,616			
Transportation								
Hamilton Ring Road (Cambridge to Cobham)	12005	11,135	648	10,487	10,550		5,802	Hamilton Ring Road - Wairere Drive long term construction project, completion of the final section from Cambridge Road to Cobham Drive. This deferral has been previously forecast and reported to the Finance Committee. This stage of the project is funded by the New Zealand Transport Agency (NZTA) through an advanced funding agreement.
New Rooding in Rototuna	12003	2,907	1,334	1,573	1,573			Program of works are contractually committed. Construction timing is dependant on third party agreements for the new Rototuna High School Collector Road and the extension of Borman Road West. No new funding in 2015/16 for this activity.
Rooding Upgrades in Rotokauri	12053	390	167	223	223			Land purchase for future arterial rooding development. Negotiation is almost complete and dependant on third party agreements. Deferral of funds is required in order to enable execution of the agreement. No funding in 2015/16.
		14,432	2,150	12,282	12,345		5,802	
Wastewater								
Increase Capacity of Wastewater Network in Roto	12066	91		91	91			Program of works are contractually committed. Construction timing is dependant on third party agreements. No new funding in 2015/16 for this activity.
Increase Capacity of Wastewater Network Throug	12071	432	12	420	420			Program of works and timing is dependant on third party agreements. Project completion has been optimised for the provision of the wastewater network and pump station associated with developer agreements. No funding in 2015/16 for this activity.
		523	12	511	511			
Water Supply								
Additional Water Supply Storage in Rototuna	12074	4,857	703	4,154	1,154	3,000		Construction of the Rototuna Reservoir and associated bulk water mains. Deferral forecast through the Business Case and previous reports to Finance Committee. In order to align funding with the reservoir construction programme, the amount will be split over two years - 2015/16 (\$1.154 M) and 2016/17 (\$3.0 M).
New Structure to Extract Water from the Waikato	12031	3,240	697	2,543	1,643			Program of works is contractually committed and is forecast to be complete by the end of 2015. Potential deferral forecast through the Business Case. No new funding in 2015/16.
Software for Growth Planning	12027	396	310	86	86			3 water hydraulic model is complete with the exception of the census update and data alignment. To ensure consistency of data across all models, the census update has been deferred to align with the Future Proof programme and the associated traffic model update. No new funding in 2015/16
Plant Recovery (WTP) and Chlorine Scrubber			788	(788)	321			Program of works contractually committed and due to be completed by end of August 2015. Required to complete the installation, testing and commissioning. No new funding in 2015/16.
		8,493	2,498	5,995	3,204	3,000		
Total Deferred Capital Expenditure		28,075	7,273	20,802	18,060	3,000	5,802	

Risks and Opportunities Schedule
for the year ended 30 June 2015
Summary

	Operating Impact		Balance Sheet Impact		
	Balancing the books	Accounting Surplus	Capital Programme impact	Borrowing impact	Following Year
CITY ENVIRONMENTS					
Building Consents - Increase in revenue from building consents, partially off-set by additional expenditure	309,000	309,000			
Southern Links - Recovery of expenditure	192,000	192,000			
Proposed District Plan (PDP) Review Programme - operating savings as costs now estimated to be less than expected	100,000	100,000			
CITY ENVIRONMENTS TOTAL	601,000	601,000	0	0	0
COMMUNITY					
Gym revenue - is \$310,000 less than expected. This has improved from the \$371,000 originally advised to the finance committee.	(310,000)	(310,000)			
Pools expenditure - Additional staffing requirements over summer due to high visitor numbers and increased health and safety requirements and a high number of security incidents at Waterworld. Other variances include an increase in chemical costs (with the conversion from gas to liquid), and electricity.	(425,000)	(425,000)			
One Victoria Trust Grant - is unable to be paid due to a condition in the agreement that states that payment can only be made upon completion of Earth-quake proofing work at the Meteor Theatre. Work will be undertaken in 15/16 at which time payment will be made and disclosed on the 15/16 risk and opportunities list.	75,000	75,000			(75,000)
Performing Arts Grant - agreement determined by the annual expenditure and community use of the grant recipient and the payment was less than expected.	55,000	55,000			
Community Facilities - favourable operational costs in Community Centres and the Te Rapa Sportsdrome.	160,000	160,000			
Hamilton Gardens - Personnel and cleaning budget understated, increased security costs over summer, purchase of new shop merchandise, development project feasibility study, and unfavourable venue hire. Increased maintenance costs due to paint and smaller works associated with \$60k underspent in renewals. The construction of the Fantasy Gardens was \$120k over budget and funded by contributions received from external parties. Net borrowing impact is the net of the \$120k Fantasy Garden overspend and the \$60k underspend on renewals)	(185,000)	(185,000)	(60,000)	(60,000)	
Amenity Parks - contributions received and applied towards construction of WW1 Gardens and Minogue Park net ball courts.	325,000	325,000	(325,000)	(325,000)	
Museum - Operating savings from controlling costs.	25,000	25,000			
Library - higher than anticipated income as budget was based on the understanding Waikato District would cease to use HCC libraries and funding would no longer be received. This is offset by unfavourable operating costs including salaries.	120,000	120,000			

	Operating Impact		Balance Sheet Impact		
	Balancing the books	Accounting Surplus	Capital Programme impact	Borrowing impact	Following Year
Nursery - unfavourable revenue due to less external funding being sourced as was originally forecast	(30,000)	(30,000)			
Rototuna Town Centre - the Rototuna Comprehensive Development Plan (including Area A Town Centre and Area P Sports Park) was originally to be completed 2013/14. Due to the complex nature of this work, it has taken significantly longer than anticipated and \$168K has fallen into 2014/15. No budget was allocated for this project in 2014/15.	(168,000)	(168,000)			
Bryce Street River Slip Remediation - Overall project cost is \$1.357m with \$301k carried forward from 13/14. The capital overspend of \$1.057m is offset by \$670k budgeted in operating and \$775k external funding. \$168K of the expected saving is available to offset work on the Rototuna Town Centre Comprehensive Development Plan.	1,445,000	1,445,000	(1,063,000)	(1,063,000)	
Land Purchase Rototuna West Sports Park - a settlement has been achieved on the purchase of the Rototuna West Sports Park land. The settlement will mean an additional payment by Council \$1.602 million (over and above what has been paid to date for the land). \$462k of funding is available from an approved deferred capital budget. The shortfall of \$1.140million is to be funded from debt as reported to Council as part of the 2014 Financial result.			(1,140,000)	(1,140,000)	
Sports Parks - \$96k capital contribution from Athletic Waikato for Porritt stadium track upgrade.	96,000	96,000			
Toilets - Savings in contract price.	40,000	40,000			
City Landscapes - reduced car park and fountain renewal budgets due to reprioritised work.			85,000	85,000	
Street and Parks - reduced tree replacement budgets due to reprioritised work.	40,000	40,000			
COMMUNITY TOTAL	<u>1,263,000</u>	<u>1,263,000</u>	<u>(2,503,000)</u>	<u>(2,503,000)</u>	<u>(75,000)</u>
CITY INFRASTRUCTURE					
Water revenue is \$426,000 less than budget due in part to a large customer not requiring water in the quantities expected after refurbishing their own independent water plant and two other high water users who have ceased operation.	(426,000)	(426,000)			
Wastewater revenue is \$327,000 less than budget. Trade waste revenue is \$213,000 less than budget due in part to a major customer who is no longer in operation and another major customer not discharging as much as expected. Tankered waste is \$114,000 less than budget due to restrictions at the wastewater treatment plant to facilitate its recovery.	(327,000)	(327,000)			
Plants efficiencies - electricity, gas and chemicals are \$762,000 under budget due to a drier than expected winter, reduced tankered waste processing costs, and one-off reduced processing costs due to unexpected stability at the plant. This is subject to a change in operation resulting from increased conveyance charges.	762,000	762,000			
Water supply expenditure is \$488,000 favourable by year end due to efficiencies in managing the water alert levels and other work programming efficiencies.	488,000	488,000			
Catchment management plans have been reclassified as capital expenditure. The total costs of the catchment management plan work is \$361,000, which has been met within existing Stormwater capital budgets.	361,000	361,000			
River outfall improvements are capital in nature and have been completed within the existing capital expenditure budget, which means the operating budget of \$92,000 is surplus to requirements for this work.	92,000	92,000			
Closed landfill maintenance savings due to optimising the capital programme (instead of maintaining we have renewed).	235,000	235,000			

	Operating Impact		Balance Sheet Impact		
	Balancing the books	Accounting Surplus	Capital Programme Impact	Borrowing Impact	Following Year
Landfill provision - Council's landfill aftercare provision to maintain closed landfill sites (Horotiu, Willoughby, Cobham Drive and Rototuna) had a favourable movement of \$178,000.	178,000	178,000			
Plants recovery - operating costs associated with water and wastewater treatment plants recovery plan funded from PIF 12029 Installation of dewatering facility at the water treatment plant.	(478,000)	(478,000)			
Water and Wastewater Treatment Plants - PIF 12029 Installation of dewatering facility at the water treatment plant has been reprioritised and the funding reallocated in order to fund higher priority projects that have emerged in 2014/15. The first priority is to fund the treatment plant recovery costs. The Finance Committee agreed to allocate the remaining funding of PIF 12029 to off-set additional Health and Safety measures at the water treatment plant. This is expected to cost \$960,000 (down from an original estimate of \$1.7m)			2,807,000	2,807,000	
			(438,000)	(438,000)	
			(960,000)	(960,000)	
Water Supply funding for Carpark - PIF 9027 Replacement of water works during intersection upgrades has been reprioritized to fund the replacement of Garden Place Car Park access control system. Total cost of \$216,000 is no longer required and external funding of \$108,000 will not be received either and therefore the funds available to fund parking equipment is \$108,000.	(108,000)	(108,000)	216,000	216,000	
Parking Equipment - new parking Equipment and access control system for the Underground Car park as approved by the Finance Committee on 2 October 2014. This is funded by PIF 9027 and discretionary transport fund.			(350,000)	(350,000)	
Discretionary Transportation Capital Fund - release of funds for the new Parking equipment for the Garden Place Underground Carpark.			242,000	242,000	
Paid connections revenue for wastewater connections and Stormwater connections are \$263,000 less than budget. However, as this is a user pays services, this is offset by a corresponding decrease in capital expenditure of \$263,000 with a net cost to Council of zero.	(263,000)	(263,000)	263,000	263,000	
Sale of Knox Street Carpark - due to the sale of the Knox Street carpark, revenue is \$380,000 less than budget, direct expenditure is \$178,000 less than budget (net direct cost will be \$202,000 unfavourable), depreciation is expected to be \$86,000 less than budget, and interest from sale proceeds is expected to be \$150,000 favourable. This leaves a total net favourable variance of \$34,000.	34,000	34,000			
Claudlands Bridge abutment - protection works have been completed and the final cost of the works is \$194,000 (\$365,000 capital spend less a subsidy of \$171,000 from NZTA).	120,000	120,000	(267,000)	(267,000)	
Transportation renewals programmes - the programme approved by NZTA was less than the Council approved budget. As such, transportation renewals are \$436,000 less than budget and NZTA subsidy is \$436,000 less than budget.	(436,000)	(436,000)	436,000	436,000	
Southern Links subsidy - in June 2015, NZTA approved additional subsidy for Southern Links. This resulted in a favourable variance against budget of \$450,000.	450,000	450,000			
Transportation capital contributions - this is \$165,000 favourable	165,000	165,000			
On-street parking - net cost is \$222k favourable largely due to doubtful debts being favourable. We did not add to the doubtful debts provision in 2014/15 as we assessed the provision was large enough to cover doubtful parking debts.	222,000	222,000			
New structure to extract water from the Waikato River (PIF 12031) - the total approved cost for this project will be \$900,000 less than the budget per the annual plan.			900,000	900,000	
Replacement of Refuse Transfer Station assets (PIF 9012) - final market is \$400,000 less than expected.			400,000	400,000	

	Operating Impact		Balance Sheet Impact		
	Balancing the books	Accounting Surplus	Capital Programme impact	Borrowing impact	Following Year
Replacement of channel lining on the Waitawhiriwhiri Stream (PIF 9014) - this project is no longer required and funding is being released.			270,000	270,000	
Compassionate Property Purchases - purchase of two properties affected by roading designation on compassionate grounds. Council were advised in approving these purchases that the funding was unbudgeted and the costs would be managed from debt capacity through the Risks and Opportunities schedule. Costs are being charged to PIF 12001 New roading in Peacocke.			(980,000)	(980,000)	
Transportation - Budget surplus in PIF 12053, 12068 \$347,000.			347,000	347,000	
Stormwater - budget surplus in PIF 9015 and 12094 total \$341,000.			341,000	341,000	
Wastewater - Budget surplus in PIF 9024, 12067, 12068 total \$269,000 less budget overspend in PIF 12009 Treatment Plant Upgrade \$117,000 as per Pukete 2 report.			152,000	152,000	
Water supply - budget surpluses in PIF 9025, 12030, 12077, 12079, 12080 total \$407,000.			414,000	414,000	
Ring Road subsidy - due to delays in the project, a deferral of \$10.5m is required. This also results in a reduced subsidy of \$5.8m. Both items will occur in later years. As final timing is dependent on third party agreement this is uncontrollable.		(5,769,000)	10,487,000	10,487,000	(4,718,000)
CITY INFRASTRUCTURE TOTAL	1,069,000	(4,700,000)	14,280,000	14,280,000	(4,718,000)
CUSTOMER RELATIONSHIPS					
Unfavourable operating costs - increase in personnel costs due to permanent replacements in the call centre, and extra casual staff to cover peak periods. There was also additional costs for contract staff and consultants to cover vacancies with other areas of the group and to complete project work. This is offset by favourable variances at group level.	(210,000)	(210,000)			
CUSTOMER RELATIONSHIPS TOTAL	(210,000)	(210,000)	0	0	0
EVENTS AND ECONOMIC DEVELOPMENT					
Lost rental revenue - Due to sale of the BNZ and the ANZ. This is \$734,000 less the partial offset by interest savings of \$300,000. This was approved by Council.	(434,000)	(434,000)			
Lost rental revenue - From the Beggs Wiseman building not achievable due to non tenancy.	(130,000)	(130,000)			
Operating Savings - Savings in Strategic Property and Economic Development from controlling costs.	255,000	255,000			
Revenue shortfall - driven by falling Theatres revenue.	(195,000)	(195,000)			
Structural assessment - Additional costs associated with Founders and Clarence St Theatre gifting.	(34,000)	(34,000)			
Legal costs - Associated with Waikato Shows Trust arbitration (Claudelands).	(171,000)	(171,000)			
Reduced revenue for the Zoo Strategic Plan - Expectation that the cost of the Zoo plan would be recovered.	(80,000)	(80,000)			
Lease Expense - Cost of (1) removal of abandoned tyres and (2) extension to term of lease from Kiwi Rail to allow sufficient time to remove the tyres. The tyres have been abandoned by a failed tenant and Council has a legal obligation to remove them prior to returning the site to Kiwi Rail	(290,000)	(290,000)			
EVENTS AND ECONOMIC DEVELOPMENT TOTAL	(1,079,000)	(1,079,000)	0	0	0

	Operating Impact		Balance Sheet Impact		
	Balancing the books	Accounting Surplus	Capital Programme impact	Borrowing impact	Following Year
FINANCE					
Unfavourable operating costs - additional role required for the Development Contributions team (segregation of duties as required by Internal Audit). Legal and consulting costs related to Development contributions have also been higher than expected. Additional staff resources were also required for the ten year plan and back filling of roles for the financial system implementation.	(352,000)	(352,000)			
FINANCE TOTAL	(352,000)	(352,000)	0	0	0
ORGANISATIONAL DEVELOPMENT					
Licence Fees - favourable variance from the transition in service providers.	140,000	140,000			
Upgrades to Core Software Applications - includes Recoveries from another local authority (\$304k) and project and programme contingency not used			750,000	750,000	
Finance Lease for Infrastructure Equipment - As a result of extending the PC lease time from three to four years savings have been achieved.			190,000	190,000	
ORGANISATION DEVELOPMENT TOTAL	140,000	140,000	940,000	940,000	0
PERFORMANCE					
Insurance - the insurance programme has been placed through a LASS collective programme and has resulted in a reduction of insurance premiums.	50,000	50,000			
Shared Water Business Case - contribution to Water CCO business case project (50% share), along with Waikato and Waipa Councils. Estimated cost is \$325,000 less \$75,000 offset available funding in Performance Admin. This joint project was approved by Council.	(250,000)	(250,000)			
Fuel - savings resulting from lower fuel prices due to the drop in global price of oil.	100,000	100,000			
Major Painting - activity management plan work has identified major painting works have been incorrectly classified as capital expenditure.	(300,000)	(300,000)			
Property Renewals - expenditure was higher than envisaged and are unable to offset major painting works that have been transferred to operating expenditure. An underspend in Fleet renewals partially offsets this variance.			150,000	150,000	
Property Management - increase operating costs including building maintenance, professional services and consultancy costs.	(300,000)	(300,000)			
Pensioner Housing - revenue is ahead of budget and operating expenditure is lower than anticipated.	130,000	130,000			
Art Gallery - contributions received towards the Art Gallery upgrade.	151,000	151,000	(151,000)	(151,000)	
Strategy - professional service are tracking lower than anticipated as various works have been completed in-house.	40,000	40,000			
Partnership with Maori - professional services lower than expected due to a delay in contract work with the service provider.	100,000	100,000			
Pensioner Housing Renewals - reduced renewal programme reflecting essential health and safety works following the decision to sell Pensioner Housing portfolios. All costs are reserve funded and any savings remain in a cash backed reserve.			450,000		
PERFORMANCE TOTAL	(279,000)	(279,000)	449,000	(1,000)	0

	Operating Impact		Balance Sheet Impact		
	Balancing the books	Accounting Surplus	Capital Programme impact	Borrowing impact	Following Year
COUNCIL WIDE					
ACC Levies - budget is higher than expected outcome by \$350k.	300,000	300,000			
Rates - Revenue from penalties is higher, while the level of remission was less that expected.	397,000	397,000			
Restructuring Costs - Provision for cost associated with the organisational restructure.	(753,000)	(753,000)			
COUNCIL WIDE TOTAL	(56,000)	(56,000)	0	0	0
Transposition Error - As part of preparing the 2015-25 Draft Budget, variances were identified between the underlying activity and unit budgets and the Prospective Financial Statements used in the 2014/15 Annual Plan. While these had an overall neutral effect on the budget's bottom line the errors had the effect of understating detailed lines of revenue, personnel costs and other expenditure. The overall effect is neither favourable nor unfavourable.					
- Personnel Costs	(3,700,000)	(3,700,000)			
- Other Expenses	(586,000)	(586,000)			
- Revenue	4,286,000	4,286,000			
TOTAL	0	0	0	0	0
Net Business Impact before Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash	1,097,000	(4,672,000)	13,166,000	12,716,000	(4,793,000)
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS, UNREALISED GAINS/LOSSES, NON CASH ITEMS					
Development Levies and Financial Contributions - As at 30 June the total was total \$16.070 million against an Annual budget of \$7.571 million	8,494,000	8,494,000			
Net interest cost has a favourable variance year to date for the following reasons: <ul style="list-style-type: none"> • Asset sales – these are generally not included in budgets, so when they occur the lower debt balance means lower interest costs • Interest rates – the interest rate that Council is paying is lower than the rate assumed when the budget was prepared • Timing – delayed spending on capital expenditure 	1,900,000	1,900,000			
Vested assets - As at 31 May are \$8.979 million ahead of target.				11,410,000	
Depreciation - Includes the impact from the current revaluation of Buildings and Parks and Gardens Assets.	(982,000)	(982,000)			
WIP Reclassifications - Work in Progress from previous financial years that did not meet the definition of Capital Expenditure and has been expensed.	(912,000)	(912,000)			
Unrealised loss on the revaluation of financial instruments - As at 31 May is \$13.136 million and we estimate the year end position to be similar. The unrealised gain last year was \$9.2 million.				(14,091,000)	
Gifting of Clarence St Theatre -Financial impact from gifting the theatre to the Trust				(3,762,000)	

	Operating Impact		Balance Sheet Impact		
	Balancing the books	Accounting Surplus	Capital Programme impact	Borrowing impact	Following Year
Loss on Disposal of Assets - Loss associated with assets that are replacement as part of the renewal and replacement programmes.			0		
Interest on Landfill provision - Interest associated with accounting liability for the long term aftercare of Councils closed Landfill (Horotiu, Rototuna, and Willoughby St)	(612,000)	(612,000)			
Gain on Sale of Assets - of various parcels of land and vehicles.		501,000			
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS, UNREALISED GAINS/LOSSES, NON CASH ITEMS	7,888,000	1,946,000	0	0	0
Net Business Impact after Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash Items	8,985,000	(2,726,000)	13,166,000	12,716,000	(4,793,000)

SUMMARY					
Future Years	0	(5,769,000)	10,487,000	10,487,000	(4,718,000)
Permanent Impact	1,097,000	1,598,000	2,679,000	2,229,000	(75,000)
Debt Servicing and Development Levies	0	0	0	0	0
Development Contributions	8,494,000	8,494,000	0	0	0
Debt Servicing	1,900,000	1,900,000	0	0	0
Non Cash items	0	0	0	0	0
Vested Assets	0	11,410,000	0	0	0
Depreciation	(982,000)	(982,000)	0	0	0
WIP Reclassifications	(912,000)	(912,000)	0	0	0
Unrealised Gains/Losses	(612,000)	(18,465,000)	0	0	0
Surplus (Deficit)	8,985,000	(2,726,000)	13,166,000	12,716,000	(4,793,000)

TREASURY - SUMMARY REPORT

30 June 2015

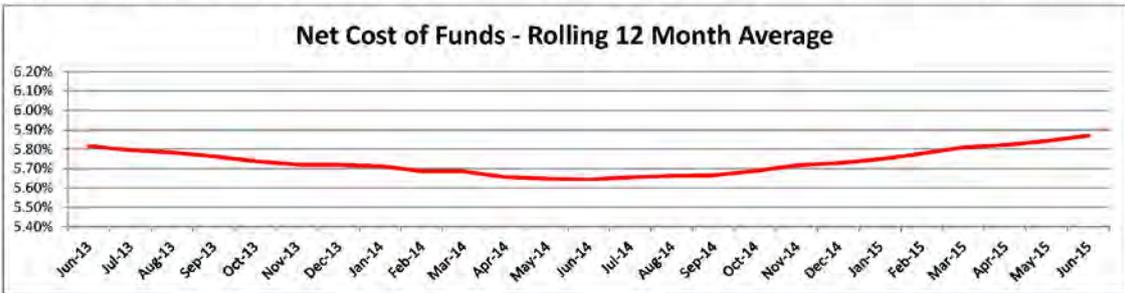
Policy Compliance

		Policy	Result @ 30-Jun-15	Policy Compliance
Fixed debt parameters	fixed	50% - 95%	90%	✓
Fixed rate maturity	all years	within annual parameters	achieved for all years	✓
Funding maturity	0 - 3 years	15% - 60%	58%	✓
	3 - 5 years	15% - 60%	21%	✓
	5 years plus	10% - 40%	21%	✓
Liquidity ratio	minimum	110%	121%	✓
Counterparty credit risk	maximum	\$75m per bank	-	✓

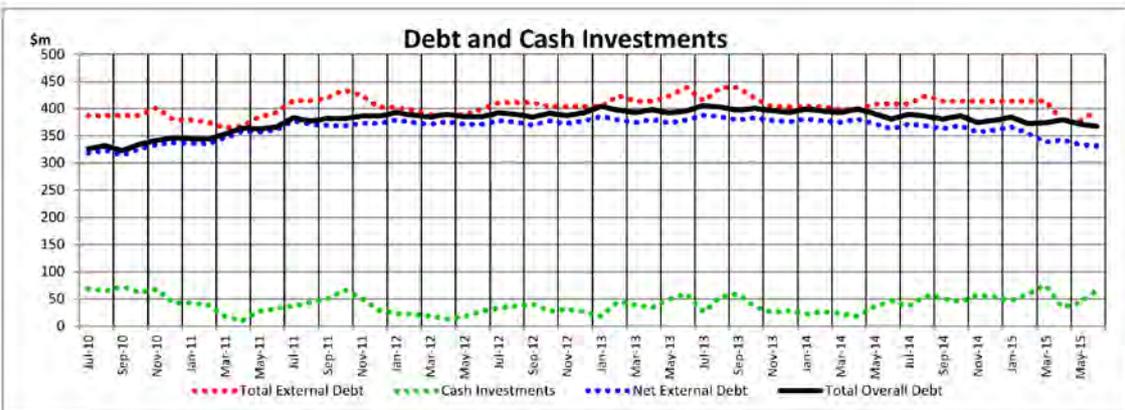
Comments on policy breaches

There are no breaches of policy.

Finance Costs (\$000's)	Result @ 30-Jun-15	Budget @ 30-Jun-15	Variance Fav. / (Unfav.)	Annual Budget
Interest and financing costs paid (net of interest paid to reserves)	22,979	23,809	830	23,809
less Interest received	(2,319)	(1,200)	1,119	(1,200)
Net finance costs	20,660	22,609	1,949	22,609
Weighted average net cost of funds (12 month rolling average)	5.87%	-	-	-



Debt and Cash Investments (\$000's)	Result @ 30-Jun-15	Budget @ 30-Jun-15	Variance Fav. / (Unfav.)
External debt	397,364	429,190	31,826
less Cash investments	(65,892)	(29,300)	36,592
Net external debt	331,472	399,890	68,418
add Cash-backed reserves	35,783	17,368	(18,415)
Total overall debt	367,255	417,258	50,003

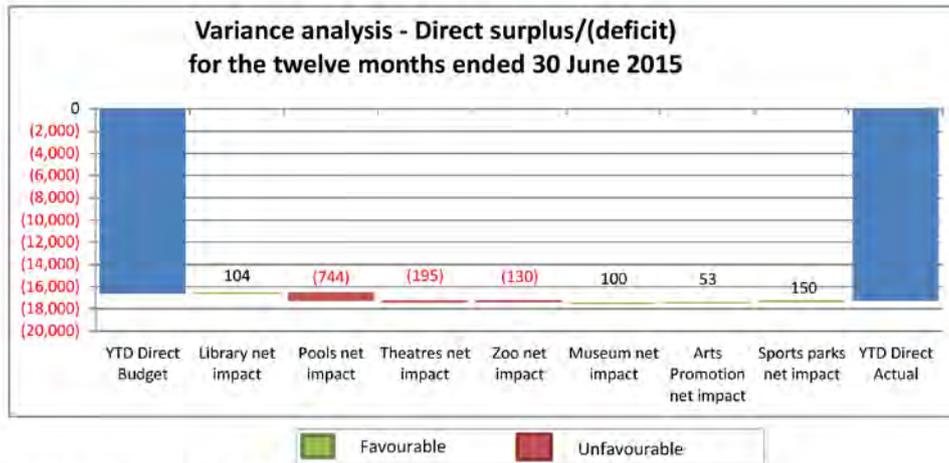


STATEMENT OF ACTIVITY (SUMMARY)
FOR THE TWELVE MONTHS ENDED 30 JUNE 2015

Activity	Operating surplus/(deficit)			Annual Budget 2015	Actual YTD June 2015
	Actual YTD	Budget YTD	Variance YTD		
	\$000	\$000	\$000	\$000	
Activity					
Arts and Recreation	(26,240)	(25,777)	(463)	(25,777)	(25,752)
City Planning and Development	(4,334)	(4,810)	476	(4,810)	(5,452)
City Prosperity	(19,174)	(18,726)	(448)	(18,726)	(19,789)
City Safety	(1,322)	(1,679)	358	(1,679)	(2,197)
Community Services	(4,510)	(4,771)	261	(4,771)	(4,911)
Democracy	(5,713)	(5,261)	(452)	(5,261)	(5,102)
Parks and Open Spaces	(12,805)	(14,370)	1,566	(14,370)	(13,819)
Solid Waste	(5,845)	(5,791)	(54)	(5,791)	(5,966)
Stormwater	(7,475)	(7,914)	440	(7,914)	(8,299)
Transportation	(26,025)	(20,119)	(5,906)	(20,119)	(25,840)
Wastewater	(20,411)	(18,692)	(1,719)	(18,692)	(20,047)
Water Supply	(9,378)	(9,670)	292	(9,670)	(8,937)
Total	(143,230)	(137,580)	(5,650)	(137,580)	(146,113)
Reconciliation to Statement of Comprehensive Revenue and Expense					
Direct					
Revenue	65,675	69,194	(3,519)	69,194	106,655
Expenditure	116,273	116,021	(253)	116,489	145,159
Direct surplus/(deficit)	(50,598)	(46,826)	(3,772)	(57,658)	(38,504)
Indirect					
Corporate overheads	23,026	21,984	(1,041)	21,984	24,325
Asset costs (depreciation)	47,835	45,226	(2,609)	56,235	60,176
Net finance expense	21,771	23,543	1,772	23,687	23,073
	92,632	90,753	(1,878)	79,922	107,573
Operating surplus/(deficit) from Activities	(143,230)	(137,580)	(5,650)	(137,580)	(146,077)
Items not included in the Activities					
Rates, excluding targeted water supply rates	133,644	133,247	397	133,247	127,145
Development and financial contributions	16,066	7,571	8,495	7,571	16,103
Vested assets	19,824	8,414	11,410	8,414	34,615
Rates paid to Waikato District Council	(525)	(525)	(0)	(525)	(525)
Interest on internal borrowings	565	0	565	0	1,064
Gains/(Losses)	(17,782)	0	(17,782)	0	9,158
Miscellaneous	(38)	0	(38)	0	917
Budget adjustment not allocated to activities		381		381	
Operating surplus/(deficit)	8,523	11,508	(2,604)	11,508	42,400

ARTS AND RECREATION
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ (Unfavourable)	Annual Budget
	Actual	Budget		
\$'000	\$'000	\$'000	\$'000	\$'000
Direct				
6,744	7,061	7,830	(769)	7,830
23,672	24,323	24,430	107	24,430
(16,929)	(17,262)	(16,600)	(662)	(16,600)
Indirect				
5,542	5,138	5,356	218	5,356
2,686	3,279	3,196	(83)	3,196
595	561	625	64	625
8,823	8,978	9,177	199	9,177
(25,752)	(26,240)	(25,777)	(463)	(25,777)



Variance explanations on next page.

Variance explanation:

The Arts and Recreation activity comprises Theatres, The Zoo, Sports Parks, Libraries, Museum and Arts, Active Communities, Swimming and Recreation. The activity is \$769K unfavourable in revenue and \$107K favourable in expenditure. This results in a net direct deficit of \$662K with the larger variances explained as follows:

Hamilton theatres - net direct deficit \$195K unfavourable. Theatres have a revenue shortfall against budget of \$588K, the net direct deficit is primarily driven by the revenue shortfall and unbudgeted cost associated with structural assessment for Founders and Theatres gifting \$34K. Expected forward bookings did not eventuate.

Hamilton Zoo - net direct deficit \$130K unfavourable. Revenue ended the year behind budget targets by \$69K. Revenue targets for the year had included an additional \$80K to offset the cost of the Zoo Strategic Plan, this \$80K had been identified as unachievable on the Risk and Opportunity Report dated 31 January 2015. Increased Zoo expenditure of \$61K was due to unbudgeted reactive maintenance required following animal enclosure and tree fall damage, increased food costs and an increase in the leave accrual due to a parental leave adjustment. Hamilton Zoo continued its tight cost containment through to year end.

Swimming Facilities revenue is \$306K unfavourable against budget and includes Club Aqua gym income which is better than the original expected annual shortfall of \$371k previously reported to the Finance Committee. Membership has increased from 600 in July to 719 full time members and a further 433 paying for Gym usage by concession card. The overall net cash contribution towards pool operations from the gym activity for the year is \$191k.

Swimming Facilities expenditure \$438k unfavourable against budget. Personnel costs are \$267k unfavourable due to higher than usual summer staffing requirements, restructuring and recruitment costs, leave accruals and maternity leave pay-outs. Other variances include chemicals, legal fees and professional fees related to facilities reports carried out by independent experts.

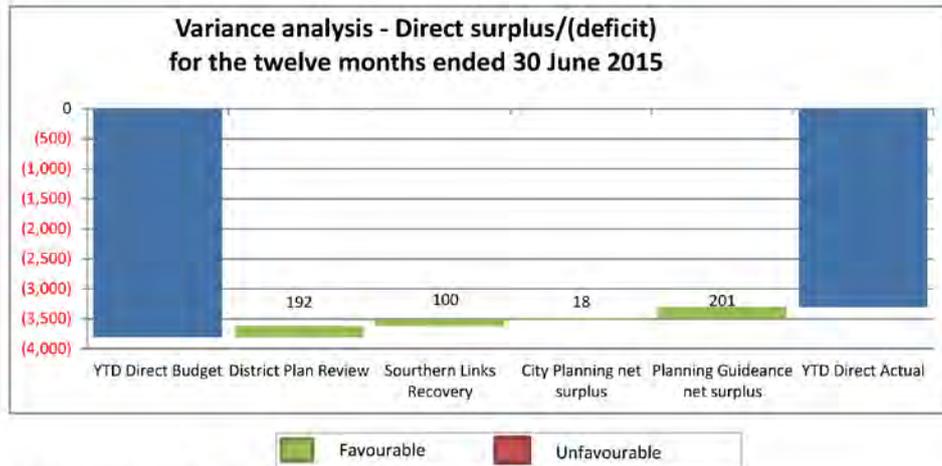
Arts Promotion - \$53k favourable. Reduced grant expenditure as it based on the level of expenditure incurred by the recipient and level of public use of the facility.

Sports Parks - \$150k favourable revenue includes a \$96k external capital contribution for the Porritt Stadium Upgrade. Maintenance charges are also lower than expected.

Museum & Library - Unfavourable salary variances Library \$116k as various positions have been regraded during the year to bring them up to market level. The Library variance is offset by favourable revenue. Museum Income is favourable as insurance proceeds have been received to fund the fire damage repair work and includes the Te Winika canoe exhibit restoration work.

CITY PLANNING AND DEVELOPMENT
for the twelve months ended 30 June 2015

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000	
	Actual \$000	Budget \$000			
Direct					
1,759	Revenue	1,714	1,119	595	1,119
6,174	Expenditure	5,012	4,928	(84)	4,928
(4,415)	Direct surplus/(deficit)	(3,298)	(3,809)	510	(3,809)
Indirect					
1,037	Corporate overheads	1,036	1,001	(35)	1,001
0	Asset costs (depreciation)	0	0	0	0
0	Net finance revenue (expense)	0	0	0	0
1,037		1,036	1,001	(35)	1,001
(5,452)	Operating surplus/(deficit)	(4,334)	(4,810)	476	(4,810)



Variance explanations on next page.

Variance explanation:

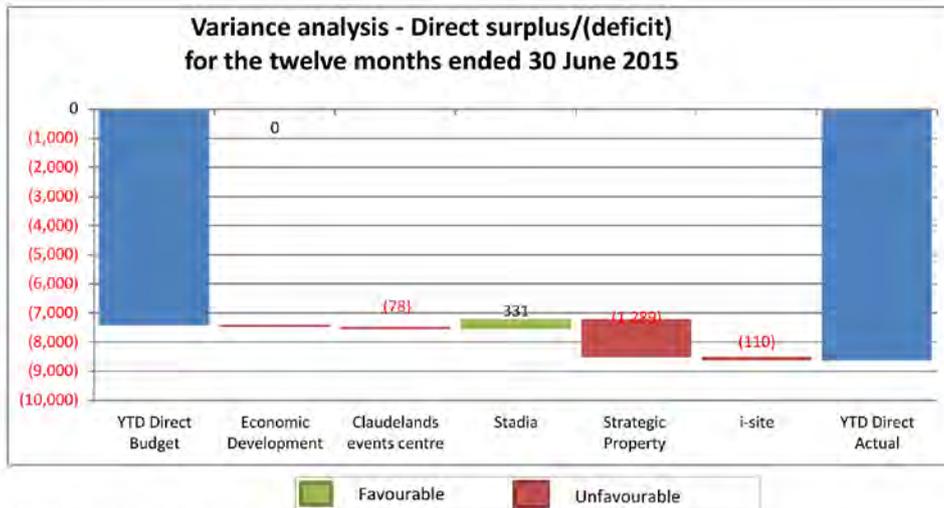
The City Planning and Development activity comprises City Planning and Planning Guidance. The activity is showing a \$595K increase in revenue and a \$84K decrease in costs. This results in a net direct surplus of \$510K with key drivers of this variance explained as follows:

City Planning - net surplus \$310K favourable. The District Plan Review timing and progress in resolving the appeals ended the year on target with budgeted expectations. A \$292K potential saving has earlier been identified on Risks and Opportunities.

Planning Guidance - net surplus \$201K favourable. Revenue is \$487K favourable YTD, offsetting related unfavourable expenditure of \$286K, due to higher activity levels. The favourable revenue was due to the increase in resource consents processed and was also the key driver for increased expenditure.

CITY PROSPERITY
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ Unfavourable	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
10,779	10,630	9,924	705	9,924
18,170	19,243	17,333	(1,910)	17,333
(7,392)	(8,613)	(7,409)	(1,205)	(7,409)
Indirect				
2,354	2,233	2,158	(75)	2,158
3,402	2,058	2,184	126	2,184
6,641	6,269	6,975	706	6,975
12,398	10,560	11,317	757	11,317
(19,789)	(19,174)	(18,726)	(448)	(18,726)



Variance explanations on next page.

Variance explanation:

The City Prosperity activity comprises Economic Development, i-Site, Claudelands Event Centre, Stadia (Waikato Stadium and Seddon Park) and Strategic Property. The activity is showing a net direct deficit of \$1,205K with the big variances shown as follows:

Claudelands Events Centre - net deficit \$78K unfavourable. Claudelands revenue finished the year \$199K favourable. Claudelands expenditure is \$277K unfavourable, predominantly due to legal costs for the Waikato Shows Trust arbitration (refer Risk and Opportunity report) YTD spend \$170K, \$50K above what was reported on Risk and Opportunity and the cost of staff which is on par with 2013/14 actuals.

Stadia - net surplus \$331K favourable. Capital Contributions for Seddon Park contributed \$378K to the favourable revenue. Cricket World Cup activity delivered an on budget result. Expenditure over-run driven by increased contractor costs for temporary stand at Seddon Park.

Strategic Property - net deficit \$388K unfavourable. As previously reported, revenue \$522K unfavourable due to continued vacancy in the Beggs Wiseman building \$108K and the sale of investment properties \$567K. Commercial revenue is forecast to be down on budget target at year end by \$863K primarily as a result of property sales. Associated short term interest savings of \$300K will be achieved as a result of asset sales. Total direct expenditure under budget by \$133K (after including tyre removal payment).

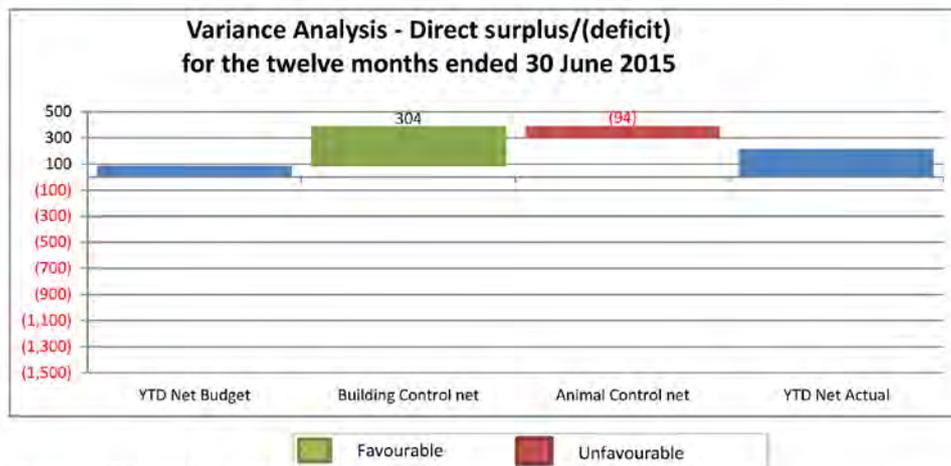
i-Site - net deficit \$110K unfavourable. Revenue \$57K unfavourable - One of the major operators was blocked out for FIFA teams and officials which meant rooms were unavailable for Fielddays. Unfavourable expenditure of \$54K includes increased rental costs. This has been addressed in the 2015-25 ten year plan.

CLAUDELANDS EVENTS CENTRE for the twelve months ended 30 June 2015

Prior YTD Actual \$000	Year to Date		Variance \$000	Annual \$000
	Actual \$000	Budget \$000		
Direct				
3,114	3,234	3,035	199	3,035
7,352	7,262	6,985	(277)	6,985
(4,238)	(4,028)	(3,950)	(78)	(3,950)
Indirect				
682	651	691	40	691
910	922	887	(35)	887
4,231	3,995	4,445	450	4,445
5,823	5,568	6,023	455	6,023
(10,061)	(9,596)	(9,972)	376	(9,972)

CITY SAFETY
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ (Unfavourable)	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
8,077	8,600	7,457	1,142	7,457
8,543	8,386	7,372	(1,014)	7,372
(466)	213	86	128	86
Indirect				
1,630	1,449	1,687	238	1,687
65	51	39	(12)	39
36	35	39	4	39
1,732	1,535	1,765	230	1,765
(2,197)	(1,322)	(1,679)	358	(1,679)



Variance explanation:

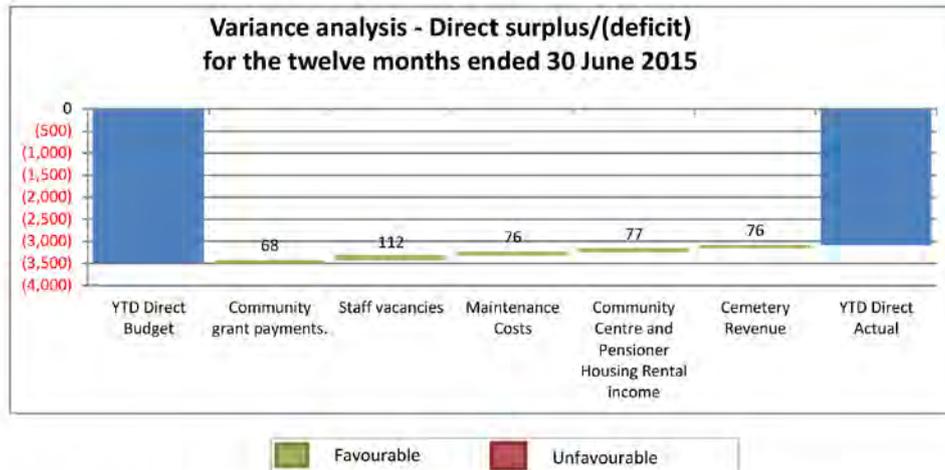
The City Safety activity comprises building control, animal control, city safe operations, food premises, public health, environmental control and liquor licensing. The activity is showing a \$1,142K increase in revenue and a matching \$1,014K increase in costs. This results in a net direct surplus of \$128K with key drivers of this variance explained as follows:

Building control's direct revenue is \$1,061K favourable offsetting unfavourable expenditure of \$757K - a net favourable result of \$304K. The unfavourable expenditure is personnel costs and contractors to meet building consent processing demand and statutory timeframes. The favourable result was applied to speed up the digitisation of paper building records to allow the effective implementation of the Mobile solutions for inspectors.

Animal Control direct revenue is \$12K favourable due to locating more dogs that have previously been unregistered and cost recovery of some vet fees. Direct expenditure is \$106K unfavourable - the three major contributors to the increased expenditure were legal fees associated with prosecutions, court fees and staff costs. Measures have been put in place to reduce legal fees by upskilling staff to process prosecutions in house. Staff budgets have historically not fully reflected actuals and was corrected in the LTP 2015-25 adopted 30 June 2015.

COMMUNITY SERVICES
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ Unfavourable	Annual Budget	
	Actual	Budget			
\$000	\$000	\$000	\$000	\$000	
Direct					
3,714	Revenue	3,853	3,698	155	3,698
7,102	Expenditure	6,933	7,187	254	7,187
(3,388)	Direct surplus/(deficit)	(3,080)	(3,489)	409	(3,489)
Indirect					
1,310	Corporate overheads	1,145	1,051	(94)	1,051
125	Asset costs (depreciation)	203	139	(64)	139
88	Net finance revenue (expense)	81	91	10	91
1,523		1,429	1,281	(148)	1,281
(4,911)	Operating surplus/(deficit)	(4,510)	(4,771)	261	(4,771)



Variance explanations on next page.

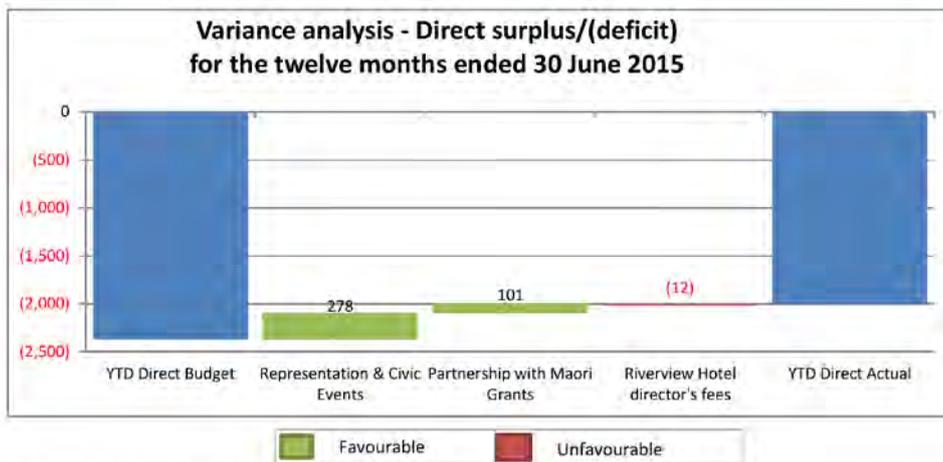
Variance explanation:

Revenue - favourable variance \$153k consists of \$76k for Cemetery plot sales and burials and \$77k rental income from Community Centres and Pensioner Housing.

Expenditure - favourable variance of \$254k includes One Victoria Grant \$75k that has yet to be paid, favourable staff costs \$112k (the result of vacancies that existed earlier in the year) and lower than budgeted maintenance works.

DEMOCRACY
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ Unfavourable	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
218	17	30	(13)	30
2,302	2,024	2,403	379	2,403
(2,084)	(2,006)	(2,373)	367	(2,373)
Indirect				
3,019	3,707	2,888	(818)	2,888
0	0	0	0	0
0	0	0	0	0
3,019	3,707	2,888	(818)	2,888
(5,102)	(5,713)	(5,261)	(452)	(5,261)



Variance explanations on next page.

Variance explanation:

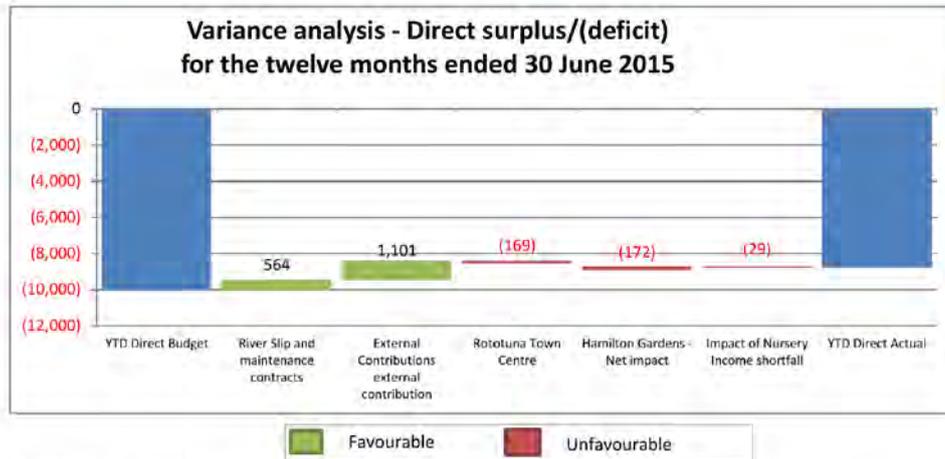
Unfavourable revenue relates to the loss of the Riverview Hotel's directorship income as Council's interest in the venture has been sold.

Partnership with Maori - \$101k favourable variance as lower professional costs were incurred due to the contract commencing part way through the year. \$70k is included as a saving on the risk and opportunities report.

Representation and Civic Affairs. Various favourable variances including training, civic ceremony costs, photocopying and elected member remuneration.

PARKS AND OPEN SPACES
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ Unfavourable	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
1,235	2,899	1,347	1,552	1,347
Revenue				
10,533	11,648	11,390	(257)	11,390
Expenditure				
(9,298)	(8,749)	(10,043)	1,295	(10,043)
Direct surplus/(deficit)				
Indirect				
1,604	1,417	1,288	(129)	1,288
Corporate overheads				
1,527	1,328	1,580	252	1,580
Asset costs (depreciation)				
1,389	1,311	1,460	148	1,460
Net finance revenue (expense)				
4,521	4,056	4,327	271	4,327
(13,819)	(12,805)	(14,370)	1,566	(14,370)
Operating surplus/(deficit)				



Variance explanations on next page.

Variance explanation:

Parks and Open Spaces. Favourable revenue includes contributions received for Bryce Street Riverbank Slip remediation work \$775k and the WW1 Memorial Gardens \$226k. Both items are included on the risk and opportunities report.

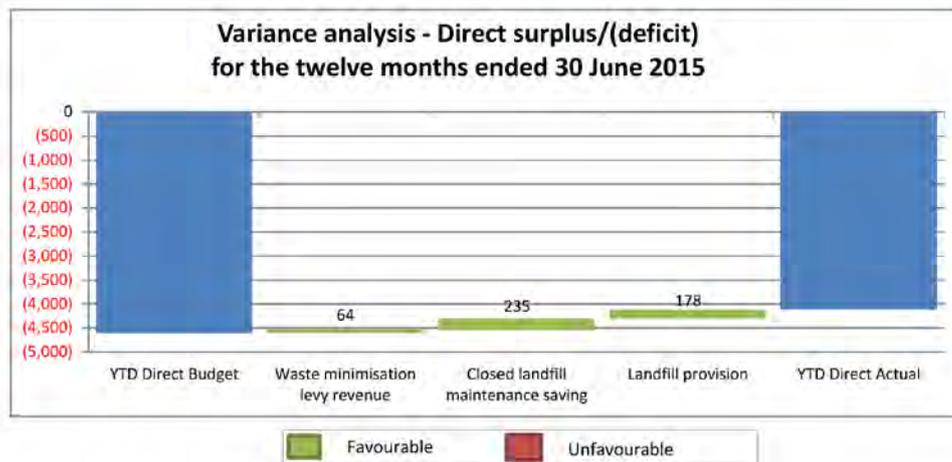
Favourable expenditure as the project has been incorrectly budgeted as operating expenditure. The project value is \$670k and the overall impact is nil as any operating expenditure under-spend is offset by increased capital expenditure. The favourable variance is offset by costs associated with the Rototuna Town Centre Comprehensive Development plan. (refer risk and opportunities)

Nursery revenue has improved considerably and is now just \$29k unfavourable against budget due to a high level of June plant sale activity. A review of operations was completed and the Committee was advised of the outcome of the review in July. The net position was a favourable \$12k variance.

Hamilton Gardens is \$172k unfavourable. Maintenance costs were high as items originally budgeted as renewals have fallen beneath the asset capitalisation threshold. This cost is offset by reduction in the renewals spend. Other unfavourable variances reflect delivering an increased work programme to accommodate increased visitor numbers (personnel costs \$123k, cleaning costs \$87, and costs associated with the purchase of shop stock from the Friends of the Gardens.) This is offset by favourable revenue - capital contribution towards gardens development.

SOLID WASTE
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ (Unfavourable)	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
313 Revenue	819	755	64	755
4,451 Expenditure	4,915	5,358	442	5,358
(4,138) Direct surplus/(deficit)	(4,096)	(4,602)	506	(4,602)
Indirect				
804 Corporate overheads	711	646	(65)	646
272 Asset costs (depreciation)	292	395	103	395
752 Net finance revenue (expense)	746	148	(598)	148
1,828	1,749	1,189	(560)	1,189
(5,966) Operating surplus/(deficit)	(5,845)	(5,791)	(54)	(5,791)



Variance explanations on next page.

Variance explanation:

The solid waste activity is showing a direct favourable variance of \$506k with the larger variances being:

Operating revenue is \$64k favourable.

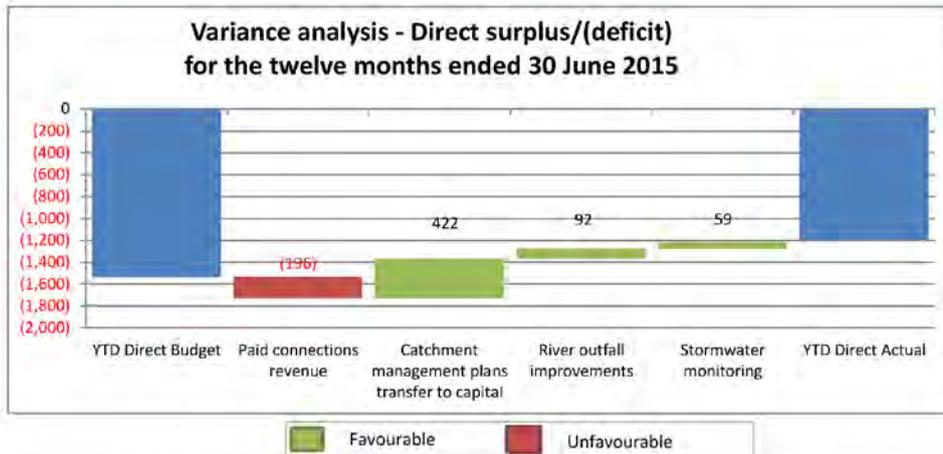
Waste minimisation levy revenue received is \$64k favourable due to the levy we have received from the Ministry for the Environment being more than budget.

Operating expenditure is \$442k favourable.

Closed landfills are \$413k favourable due to \$235k of maintenance savings due to optimising the capital programme (instead of maintaining we have renewed). This saving has been reported on the risks and opportunities register throughout the year. Council's landfill aftercare provision to maintain closed landfill sites (Horotiu, Willoughby, Cobham Drive and Rototuna) had a favourable movement of \$178k.

STORMWATER
for the twelve months ended 30 June 2015

Prior YTD Actual \$000	Year to Date		Variance Favourable/ Unfavourable \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
133	360	574	(213)	574
1,785	1,548	2,107	559	2,107
(1,652)	(1,188)	(1,533)	346	(1,533)
Indirect				
347	307	279	(29)	279
5,924	5,624	5,706	82	5,706
377	356	396	40	396
6,647	6,287	6,381	94	6,381
(8,299)	(7,475)	(7,914)	440	(7,914)



Variance explanations on next page.

Variance explanation:

The stormwater activity is showing a direct favourable variance of \$346k with the larger variances being:

Operating revenue is \$213k unfavourable.

Capital contributions for paid connections are \$196k below budget but as this is a user pays service this is offset by reduced capital expenditure. This unfavourable revenue variance is included on risks and opportunities together with other revenue implications from other connections.

Operating expenditure is \$559k favourable.

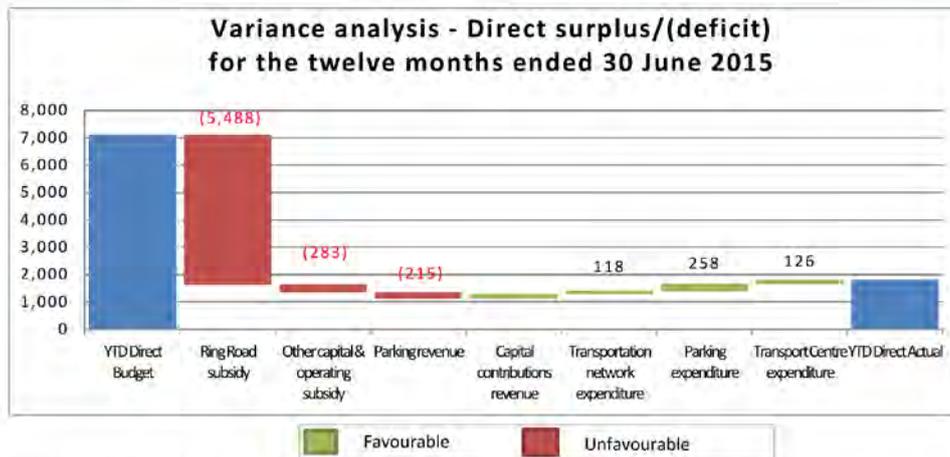
Catchment management plans are \$361k favourable due to it being reclassified as capital expenditure, which has been met within existing stormwater capital budgets. This operational favourable variance has been reported on the risks and opportunities register throughout the year.

River outfall improvements are \$92k favourable due to the works being capital in nature and being completed within the existing capital budget. This favourable variance has been reported on the risks and opportunities register throughout the year.

Stormwater monitoring is \$59k favourable due to a review of required monitoring programme resulting in adjustments to deliver a programme over a two year period instead of a one year period.

TRANSPORTATION
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ (Unfavourable)	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
17,486	16,431	22,250	(5,819)	22,250
Revenue				
14,897	14,636	15,136	500	15,136
Expenditure				
<u>2,589</u>	<u>1,795</u>	<u>7,114</u>	<u>(5,319)</u>	<u>7,114</u>
Direct surplus/(deficit)				
Indirect				
3,636	3,148	2,915	(233)	2,915
Corporate overheads				
18,218	18,460	17,406	(1,054)	17,406
Asset costs (depreciation)				
6,575	6,213	6,912	700	6,912
Net finance revenue (expense)				
<u>28,430</u>	<u>27,820</u>	<u>27,233</u>	<u>(587)</u>	<u>27,233</u>
Operating surplus/(deficit)				
<u>(25,840)</u>	<u>(26,025)</u>	<u>(20,119)</u>	<u>(5,906)</u>	<u>(20,119)</u>



Variance explanations on next page.

Variance explanation:

The transportation activity comprises Transportation Network (including Travel Demand Management), Parking, and Transport Centre. The transportation activity is showing a direct unfavourable variance of \$5,319k with the larger variances being:

Operating revenue is \$5,819k unfavourable.

NZTA subsidy received for the Ring Road project is \$5,488k lower than expected due to delays in the project. As this project will now occur in 2015/16 this revenue will be collected then. This revenue shortfall has been reported on the risks and opportunities register throughout the year.

Other capital subsidy is \$145k below budget but this is offset by reduced subsidised capital expenditure due to the NZTA approved work programme being less than the approved budget. This has been reported on the risks and opportunities register throughout the year. Other operating subsidy is \$138k below budget but this is offset by reduced subsidised expenditure due to non-subsidised maintenance work programmes, such as litter control and landscape maintenance, being prioritised.

Parking revenue is \$215k unfavourable due largely to the sale of Knox Street but offset by increased parking revenue elsewhere. Knox Street revenue is also offset by reduced expenditure, depreciation, and interest, which is reported on the risks and opportunities register.

Capital contributions revenue is \$165k favourable.

Operating expenditure is \$500k favourable.

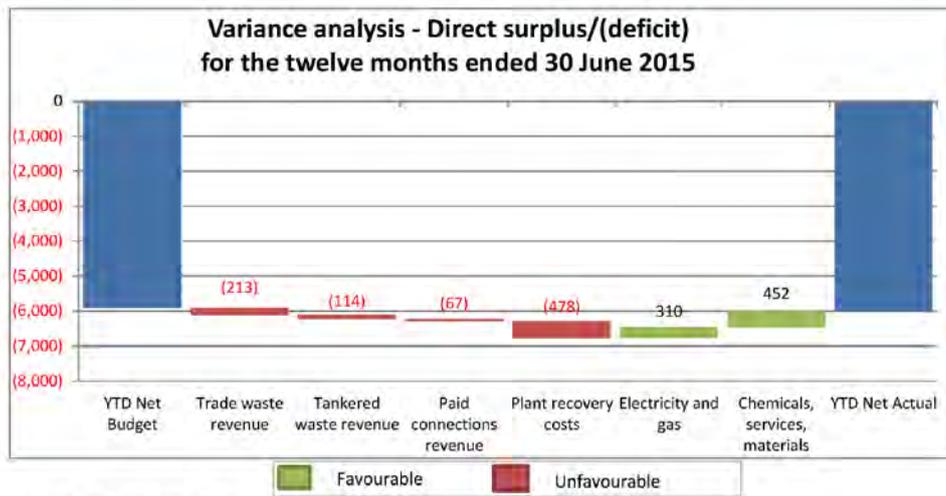
Transportation Network is \$118k favourable, which offsets unfavourable operating NZTA subsidy.

Parking expenditure is \$258k favourable largely due to the sale of Knox Street.

Transport Centre expenditure is \$126 favourable due to reduced operational costs such as rent, electricity, and rates.

WASTEWATER
for the twelve months ended 30 June 2015

Prior YTD Actual	Year to Date		Variance Favourable/ Unfavourable	Annual Budget	
	Actual	Budget			
\$000	\$000	\$000	\$000	\$000	
Direct					
5,353	Revenue	5,004	5,402	(398)	5,402
12,232	Expenditure	11,015	11,299	284	11,299
(6,879)	Direct surplus/(deficit)	(6,011)	(5,897)	(114)	(5,897)
Indirect					
1,718	Corporate overheads	1,585	1,462	(124)	1,462
7,698	Asset costs (depreciation)	9,271	7,391	(1,880)	7,391
3,752	Net finance revenue (expense)	3,543	3,943	399	3,943
13,168		14,400	12,795	(1,605)	12,795
(20,047)	Operating surplus/(deficit)	(20,411)	(18,692)	(1,719)	(18,692)



Variance explanation:

The wastewater activity comprises wastewater and shared services. The wastewater activity is showing a direct unfavourable variance of \$114k with the larger variances being:

Operating revenue is \$398k unfavourable.

Capital contributions for paid connections are \$67k below budget but as this is a user pays service this is offset by reduced capital expenditure. This unfavourable revenue variance is included on risks and opportunities together with other revenue implications from other connections.

Trade waste revenue is \$213k unfavourable due to reduced revenue from 2 major customers, one which has closed and one which is not discharging as predicted. Tankered waste revenue is \$114k unfavourable due to tankered waste being prohibited to protect the treatment plant during a breakdown event. These two items have been reported on the risks and opportunities register throughout the year.

Unfavourable revenue is partially offset by corresponding favourable expenditure on consumables (power, gas, chemicals).

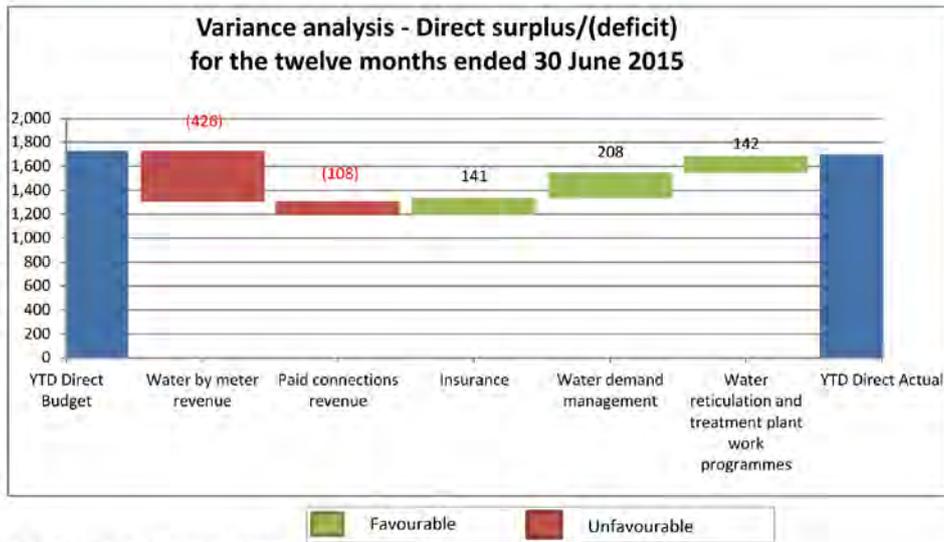
Operating expenditure is \$284k favourable.

Operating plant recovery costs are \$478k, which has been reported on the risks and opportunities register throughout the year.

The plant recovery costs are being offset by favourable variances on processing resources (e.g. electricity and gas \$310k favourable, and chemicals, services and materials \$452k favourable) due to one-off reduced processing costs due to stability at the plant, a drier than expected 2014 winter, and reduced tankered waste processing costs. These favourable variances have been reported on the risks and opportunities register throughout the year.

WATER SUPPLY
for the twelve months ended 30 June 2015

Prior YTD Actual \$'000	Year to Date		Variance Favourable/ Unfavourable \$'000	Annual Budget \$'000
	Actual \$'000	Budget \$'000		
Direct				
8,361	8,287	8,807	(520)	8,807
6,626	6,590	7,078	488	7,078
<u>1,735</u>	<u>1,697</u>	<u>1,729</u>	<u>(32)</u>	<u>1,729</u>
Indirect				
1,323	1,150	1,254	104	1,254
6,536	7,269	7,190	(79)	7,190
2,812	2,656	2,955	299	2,955
<u>10,671</u>	<u>11,075</u>	<u>11,399</u>	<u>324</u>	<u>11,399</u>
<u>(8,937)</u>	<u>(9,378)</u>	<u>(9,670)</u>	<u>292</u>	<u>(9,670)</u>



Variance explanation:

The water activity is showing a direct unfavourable variance of \$32k with the larger variances being:

Operating revenue is \$520k unfavourable due to water by meter revenue (\$426k), and a project with assumed subsidy not proceeding (\$108k).

Project 9027 to replace water mains during an intersection upgrade has not proceeded and has not received \$108k of assumed subsidy. The local share of funding has been reprioritised on risks and opportunities to fund the Garden Place car parking equipment.

Water by meter revenue is \$426k unfavourable due to a reduction in use by major customers with the biggest reduction from a customer who has completed their own private plant upgrades resulting in less water than expected from Council. This unfavourable variance has been reported on the risks and opportunities register throughout the year.

Operating expenditure is \$488k favourable.

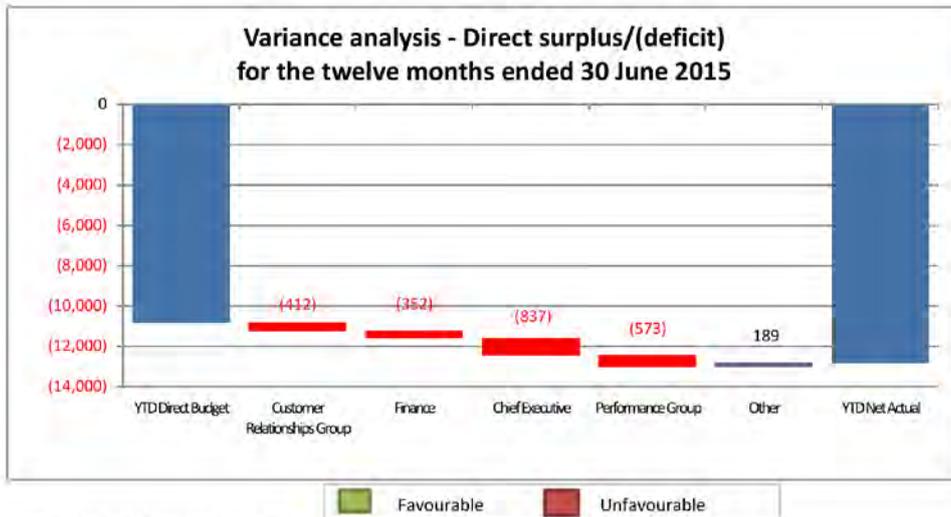
Insurance is \$141k favourable due to the premium for insurance on underground assets being less than expected. This forms part of the overall insurance saving on the risks and opportunities register.

Water demand management expenditure is under budget by \$208k. Savings have been made in the water alert level campaign due to a shorter than expected alert period this summer and from only managing one alert level (i.e. we did not move from one alert level to another). Savings have also been achieved in the water demand management plan actions. This favourable variance has been reported on the risks and opportunities register throughout the year.

Water reticulation and treatment plant work programmes are \$142k favourable due to prioritisation of work programmes and workloads.

OVERHEADS
for the twelve months ended 30 June 2015

Prior YTD Actual \$000	Year to Date		Variance Favourable / \$000	Annual Budget \$000	
	Actual \$000	Budget \$000			
Direct					
42,483	Revenue	17,283	17,300	(18)	17,300
28,670	Expenditure	30,099	28,132	(1,967)	28,132
<u>13,813</u>	Direct surplus/(deficit)	<u>(12,816)</u>	<u>(10,831)</u>	<u>(1,984)</u>	<u>(10,831)</u>
Indirect					
	Corporate overheads	(23,026)	(21,984)	1,041	(21,984)
13,723	Asset costs (depreciation)	10,144	11,009	865	11,009
54	Net finance revenue (expense)	66	144	78	144
<u>13,777</u>		<u>(12,816)</u>	<u>(10,831)</u>	<u>1,984</u>	<u>(10,831)</u>
<u>36</u>	Operating surplus/(deficit)	<u>0</u>	<u>(0)</u>	<u>0</u>	<u>(0)</u>



Variance explanations on next page.

Variance explanation:

Customer Services (\$180k) Unfavourable - Variance is due to recruitment and training of new call centre staff, timing of income and expenditure.

Customer Relationships (\$150k) Unfavourable. Variances include unbudgeted spend on business activities covered by contract staff and consultants.

Communication and Marketing (\$82k) Unfavourable. Variances due to additional marketing expenditure during this period and timing with revenue income for sponsorship.

Strategy \$40k Favourable - professional service costs track lower than budget as various works have also been completed in-house. Savings of \$237k have been achieved which is offset by an unfavourable personnel cost variance of (\$197k).

Performance (\$236k) Unfavourable. Contribution to Water CCO business case project (50% share), along with Waikato and Waipa Councils. Total estimated cost HCC \$325,000 less \$75,000 available funding in Performance Admin. This item is included in the Waters Business Case report to full Council on 30 October 2014. This will be offset by savings from within the Performance group.

Portfolio Management (\$42k) Unfavourable. Variance relates to a revenue target that is unachievable. This has been corrected in the ten year plan and will be managed within existing budgets at Performance group level.

Property Management (\$335k) Unfavourable. The unfavourable expenditure variance includes (\$342) building maintenance, and (\$266k) of painting work reclassified as operating expenditure to capital offset by favourable fuel and insurance variances. This is offset by favourable variances in Fleet and capital contributions towards the Museum Gallery upgrade.

Finance (\$352k) Unfavourable. Variances due to costs associated with development levy support, external support for the ten year plan and the recruitment of the interim Chief Financial Officer. Internal and External Audit fees also exceeded budget.

Chief Executive (\$836k) Unfavourable. Variance relates to restructuring provision (\$753k) and recruitment costs associated with the Chief Executive.

Organisational Development \$140k Favourable. Variance reflects the change in service provider to Fujitsu.

STATEMENT OF OVERHEADS (SUMMARY)
FOR THE TWELVE MONTHS ENDED 30 JUNE 2015

	YTD External Revenue	YTD Internal Revenue	Total YTD Revenue	Total YTD Expenditure	Net YTD Recovery	YTD Budget
Overhead Areas						
Approved Budget	319	15,540	15,859	35,837	19,978	20,152
Chief Executive's Office	0	0	0	1,416	1,416	579
Finance	127	160	287	4,467	4,180	3,828
Performance Group	231	14,174	14,405	18,226	3,821	4,791
Organisation and Development Group	8	2,317	2,325	12,250	9,924	9,464
Customer Relationships	265	0	265	3,949	3,684	3,322
Total	631	16,652	17,283	40,309	23,026	21,984

The net recovery from the Overheads are allocated across the 12 Council activities.

Council Activities		
Arts and Recreation	5,138	5,356
City Planning	1,036	1,001
City Prosperity	2,233	2,158
City Safety	1,449	1,687
Community Services	1,145	1,051
Democracy	3,707	2,888
Parks and Open Spaces	1,417	1,288
Solid Waste	711	646
Stormwater	307	279
Transportation	3,148	2,915
Wastewater	1,585	1,462
Water Supply	1,150	1,254
	23,026	21,984

10-Year Plan Performance Measures

Reporting Period: July 2014 - June 2015

This is an exceptions report. It includes the targets that have not been met in 2014/15.

 Target Not Achieved

 No Data

Summary 2014/15 Results		
Target met: 73%	Target not met: 24%	No Data: 2%

#	LEVEL OF SERVICE	MEASURE	2014/15 Target	YEAR END	2014/15 Result	
				Result	Status	Comments

ARTS AND RECREATION						
1	Quality experiences for residents who use Council's arts and recreation facilities.	The percentage of Residents Survey respondents who provide a rating, satisfied with Founders Theatre.	75%	69%		Founders Theatre is currently in need of a significant upgrade to ensure it meets hirer and customer needs. Funding is allocated in the Long Term Plan in the 2015/16 year for a Business Case for the upgrade.
2	Quality experiences for residents who use Council's arts and recreation facilities.	The percentage of Residents Survey respondents who provide a rating, satisfied with The Meteor.	60%			The Meteor Theatre was handed over to a community organisation in January 2014 so it was not included in the Residents Survey.
3	Quality experiences for residents who use Council's arts and recreation facilities.	The number of visits to Waikato Museum each year.	118,000	110,202		This quarter achieved 34,400 visitors which is 4.3% up on the Q4 target of 33,000 but overall the result is 6.6% below target. The Te Winika waka restoration project and fire damage repairs may have had some influence along with a hot dry summer resulting in low Q3 results.

#	LEVEL OF SERVICE	MEASURE	2014/15 Target	Result	Status	Comments
ARTS AND RECREATION						
4	Facilities that support a range of activities and learning opportunities.	The number of people participating in education programmes at Hamilton Zoo.	8,000	7,890		Inclement weather in Q4 led to fewer school visits.
5	Facilities that support a range of activities and learning opportunities.	The number of people participating at education programmes at Waikato Museum.	8,000	5,381		This quarter achieved 2,405 students which is 32.7% below the Q4 target despite a good curriculum alignment with For Us They Fell. Overall the result is below target. There was no blockbuster exhibition in this calendar year. An education plan is in development for next year.
6	Facilities that support a range of activities and learning opportunities.	The number of activities held at the theatres each year.	110	93		One event in this quarter was for 16 days (Mamma Mia) at Founders Theatre attracting an audience of 13,000 people over 14 shows. The target for this measure was revised to reflect that The Meteor Theatre was handed over to a community organisation in January 2014. (Reduction from 150 to 110)
CITY PLANNING AND DEVELOPMENT						
7	Applications to be processed within agreed timeframes.	The percentage of land use and subdivision consent applications processed within agreed timeframes.	100%	100%		Two applications out of 573 were not processed within the Statutory timeframe. This was due to complexity and desire to achieve the best environmental outcomes for the City.

#	LEVEL OF SERVICE	MEASURE	2014/15 Target	Result	Status	Comments
CITY PROSPERITY						
2	A financial return from the Council's commercial property investments.	The percentage of Council's commercial and retail premises that are occupied.	90%	83%		This is the first quarter that does not include the BNZ and ANZ buildings, which were sold in February/March 2015. Ongoing vacancy at Beggs Wiseman Building. The property is to be sold.
CITY SAFETY						
3	Premises selling food and liquor to be regularly monitored.	The percentage of high risk premises selling food monitored annually.	100%	96%		There were 12 food businesses remaining to be inspected. Four of these are seasonal and difficult to get hold of. The others are scheduled for inspection during July.
COMMUNITY SERVICES						
10	Professional and people-focused services.	The percentage of housing tenant survey respondents who provide a rating, satisfied with Council's landlord service.	80%			Because the Council has decided to sell its pensioner housing units, a survey has not been completed this year.
11	The cost of housing to be recovered through rents.	The percentage of annual costs of the housing activity recovered through rentals.	100%	94%		Net costs for pensioner housing have increased. Contributing factors were increased vacancies (impacting rental income) and a higher depreciation cost resulting in an overall recovery of 94%. Council decided to hold any rent rises for the 2015/16 year in view of the pending sale of the pensioner housing complexes and will reduce operating costs as well for 2015/16. Reduced costs during the sale process have continued this quarter which has helped to offset the cost of the activity.

#	LEVEL OF SERVICE	MEASURE	2014/15 Target	Result	Status	Comments
12	Community spaces to be well used.	The percentage of bookable time that Enderley Community Centre is used by the community.	90%	65%		A project to increase usage of centres is underway, and has started to take effect. In addition, staff have presented to elected members on Community Facilities and have been asked to produce further information prior to a decision being made on developing a Facilities Strategic Action Plan.
13	Community spaces to be well used.	The percentage of bookable time that the Celebrating Age Centre is used by the community.	90%	71%		A project to increase usage of centres is underway, and has started to take effect. In addition, staff have presented to elected members on Community Facilities and have been asked to produce further information prior to a decision being made on developing a Facilities Strategic Action Plan.

DEMOCRACY

14	Timely and open access to public information.	The percentage of official information requests responded to within 20 working days.	100%	99%		All requests received during Q4 were responded to within the 20 day timeframe. One request was not in Q2.
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SOLID WASTE

15	Council will promote and encourage recycling and reuse.	The percentage of waste recovered for recycling.	34%	29%		The Waste Services Review has been completed and has informed improvements to rubbish and recycling including funding requirements within the 2015-25 10-Year Plan.
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#	LEVEL OF SERVICE	MEASURE	2014/15 Target	Result	Status	Comments
TRANSPORTATION						
16	Roads, cycleways and footpaths will be kept in good condition.	The number of complaints about the "look and feel" of the network, including cleanliness and landscaping.	No more than 1550	1,775		Service requests relating to litter (412) have increased in the last quarter due to leaf fall. Sweeping requests (which include leaf fall) attributed to almost 60% of these requests. The growth of the network due to the addition of Wairere Drive has also stretched resourcing.
17	A transport network that is safe to use.	The percentage of fatal and serious casualties in urban Hamilton that involve pedestrians, cyclists and motorcyclists	A steady or decreasing trend for the 5-year average results	57%		There was a variation to the data from a boundary change over the last 5 years. 2010-2014 = 57%; 2009-2013 = 54%; 2008-2012 = 55%; 2007-2011 = 53%; 2006-2010 = 49%. A 3% average increase has occurred in the last 5 years trend data.
18	A transport network that is safe to use.	The percentage of fatal and serious casualties occurring as a result of crossing/turning crashes in urban Hamilton	A steady or decreasing trend for the 5-year average results	35%		There was a variation to the data from a boundary change over the last 5 years. 2010-2014 = 35%; 2009-2013 = 32%; 2008-2012 = 32%; 2007-2011 = 31%; 2006-2010 = 27%. A 3% average increase has occurred in the last 5 years trend data.
19	Transport infrastructure and services that support sustainable travel choices.	The percentage of Hamilton primary schools with active school travel plans.	96%	89%		Direct contact occurred with all 36 primary schools in Hamilton and 32 are actively engaged (including the new Endeavour Primary) in delivering various programmes and safety initiatives. This is an increase of 4 schools from the previous year.

#	LEVEL OF SERVICE	MEASURE	2014/15 Target	Result	Status	Comments
WASTEWATER						
20	Reliable wastewater services.	The number of unplanned interruptions to service.	No more than 500	527		April - (45), May - (73), June - (39) There is an increasing trend of blockages occurring. It is to be addressed with ongoing education and communication programmes.
21	Reliable wastewater services.	The percentage of service interruptions to customers resolved within 8 hours	100%	96%		April - (41 of 45), May - (69 of 73), June - (34 of 39) 13 interruptions were not resolved within 8 hours. Improvements to asset data capture have commenced via a mobility project to ensure efficient and accurate asset data capture and management.
WATER SUPPLY						
22	A reliable supply	The number of unplanned interruptions to service per year.	No more than 410	472		April - (46), May - (49), June - (36) An increased number of interruptions is due to 3rd party damages.
23	Sustainable management of water resources.	Litres of water lost in the network through leaks per connection, per day.	Less than 110 litres	149 Litres		Assessments are carried out every three years. The first assessment was carried out in 2009/10 and the second in 2012/13. The result from both of these assessments was 149 litres of water lost per connection per day. The next assessment is due in 2015/16. To meet future targets a programme is underway to install additional bulk metres and valves to sectionise the network enabling a more comprehensive leak assessment to occur. Funding is included in the 2015-25 10-Year Plan.

Committee: Finance Committee

Date: 20 August 2015

Report Name: Key Projects Report - July 2015

Author: Carol Serra

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Long Term Plan – 2012-2022 10 Year Plan – 2015-2025</i>
Financial status	<i>There is budget allocated Budget is as per project – noted in detail on individual project reports</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To provide an overview of the key projects underway at Hamilton City Council for the July 2015 period.

3. Executive Summary

- The July 2015 Key Projects Summary report is provided as Attachment 1.
- Project YTD spend, where shown, is provisional – month end processing for July will occur after production of this report.
- There are three amber status projects.
 - Financial System IT Implementation – previously signaled time delays.
 - Hamilton Ring Road Upgrade and Extension – a deferral from 2014/15 is awaiting formal approval by Council.
 - The Rototuna Reservoir and Bulk Watermains Development – a deferral from 2014/15 was approved by Council as part of the business case. A new “High” risk has been added to this project.
- PMO will continue to address PWC review recommendations.
- The full key projects report for July 2015 is available on request (via Mary Birch).

9. Recommendation from Management

That the report be received.

10. Attachments

11. Attachment 1 - Key Projects Summary report for July 2015
12. The Total Project Cost to Date for 2014/15 is provided for each project in the report.
 - No projects have exceeded budget.
 - 2014/15 deferral requirements were previously signaled for Hamilton Ring Road Extension and Rototuna Reservoir and Bulk Watermains Development – these await formal Council approval at the August Finance Committee meeting.
13. Where provided, YTD Spend figures are provisional only for July 2015, as July month end processing will be completed after the production of this report.
14. Three projects are showing amber:
 - Financial System IT Implementation – the original project timeline has been exceeded; however, no other project impact is foreseen and completion is currently scheduled for October 2015.
 - Hamilton Ring Road Upgrade and Extension – a deferral of \$10.48m of 2014/15 funds to 2015/16 is required in order to complete works (this is still to be formally approved by Council).
 - Rototuna Reservoir and Bulk Watermains Development – a deferral of \$4.15m is required from 2014/15. This has been signalled previously and endorsed by Council as part of the Business Case approval. A High risk has been added to this project but in and of itself has not triggered the amber status.
15. PMO is continuing to work through a process in conjunction with City Transportation staff to finalise the business case process which will be required to be applied to all projects seeking NZTA funding.

16. Financial and Resourcing Implications

17. Nil new

18. Risk

19. Project risks are identified on a project specific basis and are actively managed and monitored by the assigned project manager in conjunction with the relevant project governance group/GM project sponsor.
20. Any change to risk profile or risk rating is included in the key projects summary report for each project. One new high risk added to the Rototuna Reservoir and Bulk Watermains Development.
21. As previously reported (Finance Committee 23 April 2015) the PWC assurance review of HCC's project management framework identified two high and six moderate risks and recommendations.
22. The support services review process and the organisational structure changes have been significant contributors to slowing progress in addressing the above referenced PWC recommendations. Both the review and the structural changes are expected to impact on previously reported timelines and priorities which may need to be adjusted to reflect the appointment of new General Managers and updated organisational priorities.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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Key Projects Summary Report - July 2015 (Full Key Projects report available from Mary Birch)

Total Number of Projects	Count	Project Status	Risks
Project Status – On Track	4		Increased = ↑
Project Status – Needs to be Monitored	3		Unchanged = →
Project Status – Needs urgent management attention	0		Decreased = ↓

Project/ Programme Name	Project Sponsor	Project Manager	Start date	Expected completion date	Total project budget	Total project cost TD	YTD spend 7/2015- 6/2016	Project Status	Project Exception Report	Risks
Financial System IT Implementation	Richard Briggs	Mark Donnelly	1-Oct-13	15-Oct-15	\$ 2,312,740	\$ 2,301,817	No spend		The timing has been exceeded for this project, therefore it will remain in an Amber status until completed. Following a change request, this project is now due to be completed in October 2015. No other project impact arising.	→
Hamilton Ring Road Upgrade and Extension	Chris Allen	Chris Barton	1-Jul-03	31-Dec-16	\$ 84,270,900	\$ 73,784,342	\$ TBC		The project is showing in amber as a deferral of \$10.48m of 2014/15 funds to 2015/16 is required in order to complete works, and this is still to be formally approved by Council.	→
District Plan Review – Phase VIII	Brian Croad	Luke O’Dwyer	01-Jan-10	31-Dec-16	\$ 6,168,163	\$ 5,491,344	\$ TBC		Risk 1 removed and 1 new risk (row 5) (Medium) - As a result of variations to the PDP (eg Ruakura) going through the RMA Schedule 1 process, the plan may be delayed in becoming operative by December 2016. No change to risk ratings	→
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	\$ 7,587,000	\$ 477,000	\$ TBC			→
Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	29-Nov-15	\$ 3,187,800	\$ 1,325,989	\$ TBC			→
Southern Links – Designation as part of the Peacocke Structure Plan	Chris Allen	Tony Denton	01-Jul-09	31-Dec-16	\$ 3,577,000	\$ 3,320,185	\$ TBC			→
Rototuna Reservoir and Bulk Watermains Development ❖	Tony Denton	Chris Barton	01-Mar-15	30-Jun-18	\$ 19,279,000	\$ 951,755	\$ 250,000		The project is showing in amber as a deferral of \$4.15m is required from 2014/15, which has been signalled previously and endorsed by Council through the Business Case process, but is still to be formally approved by Council. Risk 3 removed and 1 new risk (row 3) (High) - As a result of limited water supply and storage capacity in the Rototuna area in the interim until the new reservoir is commissioned, residential water supply to some areas of Rototuna during high demand and usage periods over the summer period may be limited or restricted, which could result in Hamilton City customers not receiving water via the reticulation network.	↑

❖ Note: YTD spend 7/2015-6/2016 figures are provisional. July month end processing has yet to be completed. Confirmed spend will be provided in the August report.

Committee: Finance Committee

Date: 20 August 2015

Report Name: Resolution Drive Extension
 Multi Party Funding
 Agreement and Business Case

Author: Christopher Barton

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Waikato Regional Land Transport Plan, Access Hamilton Strategy, Hamilton Urban Growth Strategy, Hamilton Economic Development Agenda.</i>
Financial status	<i>There is budget allocated Amount \$12,375,000</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

2. To seek approval of the Resolution Drive and Borman Road Extensions project business case and for approval to enter into a Multi Party Funding Agreement (MPFA) with the New Zealand Transport Agency (NZTA) for the construction and delivery of the Resolution Drive extension project.

3. Executive Summary

4. Strategy and Policy Committee has previously agreed the macro scope of this project and approved entering into a Memorandum of Understanding that sets out the respective responsibilities for delivery of the Waikato Expressway.
5. Strategy and Policy also agreed in principle to NZTA undertaking the construction of the Resolution Drive extension project as part of their Waikato Expressway project and it was agreed that a further report to this Committee would seek approval to enter into a Multi Party Funding Agreement to secure this arrangement.
6. This report includes the full business case for both the Resolution Drive extension works to be covered by the MPFA and also the extension of the Borman Road city minor arterial to the west to link with Kay Road on the basis that it is an important part of network connectivity in the area.
7. The Resolution Drive extension project is still subject to successful planning approval in the form of an alteration to Waikato Expressway designation and this has been allowed for in the MPFA and the project timetable.

8. The discussions over the Osborne Road bridge and the Horsham Downs Link in the Waikato District are ongoing but do not affect the MPFA that is subject to this report. There is a risk that further works may be required at the intersection of Kay Road and Resolution Drive and that additional funding will be required. Staff believe that there is sufficient budgeted funding to manage this risk.

9. Recommendations from Management

- a) That the report be received;
- b) That the Resolution Drive and Borman Road Extensions project business case is approved and Council agrees to proceed with the projects recommended in the business case;
- c) That Council delegates approval to the CE to enter into a Multi Party Funding Agreement with NZTA for an agreed sum of \$9,829,000 to construct the Resolution Drive Extension and associated works as part of the Waikato Expressway Hamilton Section construction contract; and
- d) That the Approved Contract Sum for the Multi Party Funding Agreement be set at \$10,329,000 excluding GST comprising \$9,829,000 the agreed sum and \$500,000 for contingency.

10. Attachments

11. Attachment 1 - Resolution Drive Extension Concept Plan
12. Attachment 2 - Business Case
13. Attachment 3 - Multi Party Funding Agreement

14. Background

15. Approval was received at the 7 July 2015 Strategy and Policy Committee meeting to enter into a Memorandum of Understanding (MOU) with the New Zealand Transport Agency (NZTA), Waikato District Council (WDC) and Tainui Group Holdings for the development of the Hamilton section of the Waikato Expressway that sets out the respective responsibilities for delivery of the Expressway.
16. At the same Strategy and Policy Committee meeting Council approved in principle NZTA undertaking the construction of HCC's Resolution Drive extension project subject to reporting back to Finance Committee with a Multi Party Funding agreement (MPFA). The macro scope of the Resolution Drive extension project (Attachment 1) that HCC is responsible for was agreed as;
 - Provision of a 4 lane corridor with initial 2 lane construction and a 3m off road shared walking and cycling path
 - Pedestrian/Cycling Underpass between Borman Road and Kay Road
 - Pedestrian/Cycling Underpass between land on the southern side of Expressway and HCC residential land in Rototuna north east on the other side of the Expressway
17. In addition to the above components that are proposed to be built by NZTA under a MPFA, Council proposes to independently undertake the following project which is part of the network macro scope agreed at the Strategy and Policy meeting;
 - Completion of the Borman Road west Link to Kay Road

18. Strategy and Policy Committee were advised that there was still some uncertainty over the Osborne Road overbridge (NZTA responsibility) and the Horsham Downs Link (Waikato District Council responsibility). At the Time of the Strategy and Policy Committee meeting NZTA had indicated that they may not include the Osborne Road overbridge and this is why it is shown as road closed in the Resolution Drive Extension-Concept Plan (Attachment 1) which was provided to the Strategy and Policy Committee.
19. Further analysis and engagement with the community and Waikato District Council has lead NZTA to do further analysis which might lead to keeping the Osborne Road overbridge. This would be seen as positive by some members of the community but it does make it more challenging for WDC and NZTA to fund the Horsham Downs Link and discussions are ongoing. A possible outcome is that the HDL might be staged rather than built as part of the initial project.
20. While HCC considers the Horsham Downs Link and the Expressway south facing ramps to be strategically important they are separate to HCC's Resolution Drive responsibilities and there is nothing to stop the MPFA with HCC being agreed. HCC will continue to advocate for this infrastructure and for NZTA and WDC to at least designate for the works and to complete as much enabling work as possible.
21. The only known area of remaining risk to HCC is a potential connection between Kay Road and Resolution Drive. Strategy and Policy previously agreed to omit this connection from the macro scope on the basis that the Borman Road west/ Kay Road connection would be made in the time period of the Expressway completion and due to the fact that the road network at that time would have generated additional traffic on Kay Road which is not suitable from a safety perspective. The reintroduction of the Osborne Road bridge may mean that there is no significant increase in current traffic on Kay Road.
22. While no connection between Kay Road and Resolution Drive is still our preferred outcome, it is still subject to testing through ongoing engagement with the community and through the fully publically notified alteration to designation. That is required. Further traffic modeling and social impact assessments are underway that will help inform this decision. The outcome of this decision will not be known until later in the year and it is proposed to proceed on the understanding that there is a risk that some form of connection other than a walking and cycling connection may be required.
- 23. Business case**
24. Council has a management policy that supports the development of robust business cases for selected projects from the 10-Year Plan.
25. The business case approach used by Council is based on the Treasury 2010 Better Business Case (BBC) model which now has wide acceptance throughout New Zealand.
26. The BBC is a five case model incorporating:
- Strategic case - a compelling case for change, strategic fit and business needs
 - Economic case - preferred option that optimises value for money
 - Commercial case - Commercially viable over the project term
 - Financial case - affordable from available funding
 - Management case - achievable and can be successfully delivered
27. Staff are seeking Council approval of this business case due to the significance of the project and the high capital cost involved. The business case incorporates the full macro scope including Resolution Drive extension and the Borman Road extension while the MPFA

discussed further on in this report only relates to the Resolution Drive extension project which is proposed to be built by NZTA.

28. Strategic Case

29. The Resolution Drive extension project is a key component of Hamilton's Strategic Roding network identified in Access Hamilton. It is also identified in the Waikato Expressway Network plan as a key link to leverage the economic development opportunity of the Expressway.
30. The project is also identified in the Waikato Regional Land Transport Plan 2015-2045 as a regional road corridor serving the economic development needs of the greater Hamilton Urban area enabling the distribution of trips and the management of travel and congestion around the city.
31. The project aligns with the Hamilton Plan including providing outstanding infrastructure and supporting economic development and growth in line with the goal of becoming the third economy in New Zealand. It is also a priority of the HCC Economic Development Agenda to partner with NZTA to complete key transport projects.
32. The project will deliver improved travel times, improved safety, enhanced amenity and improved network efficiency. It will also facilitate more specific growth in Hamilton's north east including Rototuna.
33. The proposal to have the project constructed by NZTA as part of the Waikato Expressway will create value for money for HCC by leveraging off the scale of the \$980million dollar Waikato Expressway. The proposal to agree a lump sum with NZTA will also manage the risk of cost variations for HCC and provide a known cash flow requirement within existing budgets.
34. The Borman Road west extension to Kay Road is a planned arterial project by HCC and is considered a necessary part of the north east transport network and is therefore included as part of the business case.

35. Economic Case

36. The Land for the extension was purchased off NZTA when it became surplus to their requirements. This limits the core options to those within the purchased corridor. The corridor is sufficient for an ultimate 4 lane corridor but the analysis indicates that a 2 lane corridor is all that will be required for many years. The design will take into account ease of future upgrading.
37. Strategy and Policy has approved the macro scope of the project which is described elsewhere in this report.
38. The project includes extensive walking and cycling off road facilities which is standard for any major road project receiving NZTA subsidy. The provision of these is a key consideration for the local community particularly with the schools in the area and is expected to be a requirement of the planning designation.
39. The current proposal agreed to by Council is to not connect Kay Road west with Resolution Drive but this may need reconsidering once a social impact assessment is complete and following further engagement with the Community and Waikato District Council through the designation planning process.

40. Commercial Case

41. The business case supports the view that the recommended approach is commercially viable over the project term and that it can be delivered.

42. Financial Case

43. The project as scoped has sufficient funding in the 2015-25 10-Year plan and the financial details are set out in paragraph 50 of this report.

44. The anticipated project is a four year programme aligned with the construction of the Hamilton section of the Waikato Expressway. NZTA expect to award their contract on 1 October 2015 and the project is expected to be completed by 2020.

45. Management case

46. This project will be delivered using an appropriate management structure with oversight through a Programme Governance Group.

47. Multi Party Funding Approval (MPFA)

48. It is a requirement of NZTA to enter into a MPFA for any project where there are multiple funders. The MPFA is intended to cover the works that NZTA will build on behalf of HCC and does not include the Borman Road west extension to Kay Road which HCC will build.

49. In addition to the Resolution Drive extension project scope listed in paragraph 16 of this report, it is proposed to include some additional water infrastructure works to the value of \$220,000. This infrastructure is the form of upsizing storm water to cater for future growth and to make provisions on the road bridges over the Expressway for future services. These works are funded from their own budgets as set out in the Financial and Resourcing Implications section of this report.

50. The MPFA is subject to HCC receiving a funding subsidy from NZTA for the strategic components of the Resolution Drive extension project only. There will be no subsidy for the Borman Road west extension project nor will there be subsidy for the walking and cycling underpass to the Rototuna north east lands and the future utility services work. The subsidy would be 51% on the applicable components which is \$5,080,000 of the \$9,829,000 MPFA cost. The subsidy application will be made once this MPFA is agreed by Committee.

51. The MPFA will provide for HCC to make its payments in accordance with its funding provisions in the 2015-25 10-Year Plan as set out in the section below, notwithstanding how NZTA chooses to programme the works. This is added benefit to HCC. One of the benefits for NZTA in choosing to include HCC's Resolution Drive project, notwithstanding our cashflow requirements is that it allows NZTA to undertake optimum programming and resource management.

52. HCC staff have considered in detail the proposed MPFA costs and have negotiated with NZTA to base the costs on incremental costs which don't include an allowance for Preliminary and General costs. These will be paid for by NZTA as part of their main project which has allowed NZTA to offer a price for the various HCC components which is significantly below HCC estimates and in staff opinion offers best value for money for HCC.

53. The MPFA includes a Structure Plan layout (Figure 1) that shows Osborne Road bridge included as well as the Horsham Downs Link but this will be dependent on the outcomes of the ongoing discussions and planning processes.

54. Financial and Resourcing Implications

55. The Financial details including budgets and cost are set out below.

Resolution Drive and Borman Road Budgets

Year	2015/16 \$M	2016/17 \$M	2017/18 \$M	2018/19 \$M	2019/20 \$M	2020/21 \$M	Total Cost \$M
Transport Budget	0.720	0.852	1.415	4.999	4.329	0.060	12.375
Stormwater Budget			0.062				0.062
Waste water Budget			0.059				0.059
Water Budget				0.099			0.099
Total Budget	0.720	0.852	1.536	5.098	4.329	0.060	12.595

Resolution Drive and Borman Road Costs

Year	2015/16 \$M	2016/17 \$M	2017/18 \$M	2018/19 \$M	2019/20 \$M	2020/21 \$M	Total Cost \$M
Budget	0.720	0.852	1.536	5.098	4.329	0.060	12.595
MPFA costs	0.400	0	0.121	5.008	4.300	0	9.829
*Remaining budget	0.320	0.852	1.415	0.090	0.029	0.060	2.766

*(Borman Road west, contingency, other project costs)

56. The MPFA is for works to the value of \$9,829,000 and approval is also sought to delegate an additional approval top the CEO to instruct further works to be funded from the remaining budget up to a maximum value of \$500,000.
- 57. Risk**
58. Section 1.12 of the business case includes a summary of the identified risks for this project together with a high level summary of the proposed risk treatments to mitigate those risks.
59. The Borman Road extension project is already designated and the main risk to timetable is the successful purchase of the land. HCC will commence land purchase negotiations and may need to use its powers under the various statutes if these negotiations are not successful.
60. The Resolution Drive extension project is subject to an alteration to designation and there are unknown risks associated with this like any planning process.
61. A potential outcome of the planning process may be that HCC has to connect Kay Road west with Resolution Drive which is currently not part of the approved scope. If this risk eventuates staff will report back to Council.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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Resolution Drive Extension Concept Plan



HAMILTON CITY COUNCIL BUSINESS CASE SUMMARY

Summary

Business Case Name: Resolution Drive and Borman Road Extensions

Business Case Type: Full

Business Case Focus: Address issue

Risk Rating: Medium

Financial Commitment

2015-2025 10 Year Plan: CE15092 – Roading Upgrades & Development in Rototuna

- a) Capital: \$12,375,000 gross budget allocated in 2015-25 10 year plan
(note HCC share is \$7,294,380 incorporating NZTA subsidy)
- 2015/16 - \$720,000 for investigation, design and statutory processes
 - 2016/17 - \$852,000 for land procurement and construction
 - 2017/18 - \$1,415,000 for construction
 - 2018/19 - \$4,999,000 for construction
 - 2019/20 - \$4,329,000 for construction
 - 2020/21 - \$60,000 for construction
- b) Annual City Infrastructure Operating Costs: \$443,600 comprising:
- Operating Cost - \$34,000 per year from 2020/21 - budget allocated in 2015-25 10 Year Plan
 - Depreciation - \$495,000 per year from 2020/21 (nominal 25 year life)
- c) Total debt funding cost of \$2,779,542, as included in 2015-25 10 year plan budget approval.

Executive Summary

The Resolution Drive and Borman Road extension project comprises two construction elements, a 1.9km extension of Resolution Drive from Borman Road to tie in to a grade-separated intersection to be formed as part of the Waikato Expressway and a 400 metre extension of Borman Road to connect to Kay Road. The Resolution Drive Extension is recognised as a key strategic arterial in the Regional Policy Statement, Regional Land Transport Plan, Waikato Expressway Network Plan, Access Hamilton Plan and Hamilton's Proposed District Plan.

This extension project aligns with the objectives of the Hamilton Plan, including providing outstanding infrastructure and supporting economic and population growth in line with the goal of becoming the third city economy in New Zealand. The project will contribute to the city's economic performance by improving connections between the city's strategic road network and the national strategic corridor and inter-regional transportation network.

The project aligns with the Access Hamilton Strategy, the Hamilton Urban Growth Strategy, the Hamilton Economic Development Agenda and Future Proof, and is a crucial piece of infrastructure serving the economic development needs of the greater Hamilton Urban area enabling the distribution of trips and the management of travel and congestion around the city. The project also facilitates both residential growth and development of the Rototuna suburban centre in north-east Hamilton.

Council has approved the macro scope of the project (Strategy & Policy Committee – 7 July 2015) to include:

- Provision of a four lane road corridor with initial two lane construction
- Construction of a 3m wide offroad shared walking and cycling path from Borman Road to the Expressway
- A grade-separated walking and cycling path connection under Resolution Drive, in the form of an underpass located between Borman Road and Kay Road
- A grade-separated walking and cycling path connection under the Waikato Expressway, in the form of an underpass to service the north-east Rototuna area
- A 400m extension of Borman Road to Kay Road to complete the local arterial network connection.

The economic efficiency of the project, based on New Zealand Transport Agency (NZTA) economic evaluation criteria, is assessed as medium-high with a Benefit Cost Ratio of approximately 4. Benefits are derived mainly from travel time saving, reduced vehicle operating costs and improved safety on the existing network. Intangible benefits include reduced noise and severance on existing roads (e.g. River Road, Tramway Road), improved amenity and levels of service for road users and providing improved access for growth in the Rototuna Structure Plan area.

Council has been working with NZTA to ensure integrated land use and infrastructure planning for the connection with the Waikato Expressway at Resolution Drive, and have developed a draft Memorandum of Understanding (MoU), which has been endorsed by Council (Strategy & Policy Committee – 7 July 2015).

Procurement of construction will be through NZTA's contract for the Waikato Expressway, for which NZTA have selected two consortia to bid for the work via a shortlisting process. NZTA are currently engaged in an interactive tendering phase for this work, with a programme to complete construction by early 2020.

A draft Multi Party Funding Agreement (MPFA) between HCC and NZTA has been developed to manage the financial arrangement between these two parties, which will be as a fixed amount to be paid by HCC to NZTA, with cost risks borne by the consortium delivering the Expressway project. The MPFA is expected to be provided to Finance Committee for approval on 20 August 2015. Delivery of works as part of the Expressway construction contract makes the most of an opportunity to leverage off competitive rates and economies of scale to provide value for money and significantly reduce the risk of additional costs.

Review / Approval Summary

Prepared By Business Owner

Chris Barton – Project Development Manager

Date

Reviewed By PMO _____

Date

(Name / Signature of individual)

Reviewed By SLT _____

Date

(Name / Signature of individual)

SLT Decision (choose from list) *Choose an item.*

Council / Committee Meeting (circle one) Finance _____

Date

Resolution (adopted following Council/Committee consideration)

HAMILTON CITY COUNCIL BUSINESS CASE DETAILS

1.0 Strategic Case

Ensuring an appropriate strategic fit and making a robust case for change

1.1 Position

Where are we now - what's the issue / opportunity we are trying to address? Where do we want to be? Define clear SMART objectives that can be directly linked to your proposed outcomes (benefits)

Hamilton is a growing city, and appropriate roading network infrastructure is required in order to continue to facilitate growth and economic development.

The Hamilton City arterial road network, in the Rototuna area, is currently incomplete with the Resolution Drive major arterial only constructed to Borman Road and Borman Road (at the western end) not extending to Kay Road. As outlined in the Hamilton Urban Growth Strategy, the Rototuna growth cell is Hamilton's primary growth area for residential development.

The Waikato Expressway project is a NZTA project which involves construction of a new state highway corridor throughout the Waikato, from north of Rangiriri to south of Cambridge, to ultimately replace the existing State Highway 1.

The Hamilton Section of the Waikato Expressway project involves construction of a new state highway corridor around the eastern side of Hamilton City, from Horotiu in the north to Tamahere in the south. This is programmed to be complete by early 2020. As part of the Hamilton Section of the Waikato Expressway a number of new road connections and changes to existing road networks are proposed. In the Rototuna area the primary network change is the introduction of a new expressway interchange in the location of the proposed Resolution Drive extension, as demonstrated in Figure 1 below.



Figure 1 - Proposed Waikato Expressway and Resolution Drive Extension Concept Plan

The proposed Resolution Drive Extension site is also adjacent to the proposed Rototuna suburban centre development, as shown on Figure 2 below.

Development of the Rototuna suburban centre is currently progressing and includes the construction of the new Rototuna High School site. Plans for retail development are also being progressed by the Developer.



Figure 2 - Rototuna Suburban Centre Structure Plan

Development of the Waikato Expressway and Rototuna suburban centre as well as the overall Rototuna residential growth cell provide both opportunities and challenges to Hamilton City with regard to realising the Hamilton Plan objectives of balancing our books, providing outstanding infrastructure and supporting economic and population growth in line with the goal of becoming the third city economy in New Zealand. Specific project objectives in response to identified opportunities and challenges are:

- Hamilton City's strategic transportation network is consistent with the State Highway network, including the Waikato Expressway.
- Road network benefits to Hamilton City and its residents are optimised, including travel time savings, improved safety, enhanced amenity and improved network efficiency.
- Resolution Drive is extended to connect with the Waikato Expressway by 2020.
- Borman Road is extended to Kay Road by 2020.
- Procurement and construction opportunities arising from the Waikato Expressway project are leveraged to provide best value for money.
- Project works are completed within the approved 10 year plan budget allocations and timeframes.

1.2 Outcomes

What are the expected outcomes that will be delivered as a result of this work – Develop these with Stakeholders along with SMART objectives and defined long term value for money this BC work will deliver

In response to the project objectives identified in Section 1.1 above, specific outcomes of the construction of the proposed Resolution Drive extension in conjunction with extension of Borman Road to Kay Road (as shown on Figure 1) are:

- The Hamilton City strategic transportation network is consistent with the State Highway network including the Waikato Expressway.
 - The proposed Resolution Drive and Borman Road extensions will be designed to cater for higher traffic loads than the existing local and rural standard roads and will provide appropriate arterial corridors for access to the new expressway.
 - Road hierarchy and network architecture considerations are reflected in the purpose-built major arterial connection (Resolution Drive to the Expressway) i.e. local or rural roads are not directly linked to the Waikato Expressway.
- Overall transportation network benefits to Hamilton City and its residents will be optimised, including travel time savings, improved safety, enhanced amenity and improved network efficiency.
 - Connection of Resolution Drive to the Waikato Expressway enhances connectivity and transport efficiency in north-east Hamilton through the provision of a link from Hamilton's arterial network to the national strategic corridor and inter-regional network.
 - Extension of Resolution Drive and connection to the Waikato Expressway network will provide a better network outcome for connecting Hamilton City residents (particularly those in Hamilton's north-eastern suburbs of Rototuna and Flagstaff) to inter-regional destinations (particularly destinations north of Hamilton such as Huntly or Auckland) through a purpose built major arterial connection on a desirable north-south route to the State Highway network.
 - Assessment of network benefits of the project using NZTA economic evaluation criteria demonstrates that by introducing the Resolution Drive Extension to the Expressway, compared with using existing networks, significant overall benefit in regard to improved individual travel time and network safety is achieved.
 - Completion of the strategic arterial transport networks also includes dedicated pedestrian and cycle facilities. These will improve network connectivity and safety for pedestrians and cyclists, both on the new purpose built road and on existing networks where traffic is expected to reduce.
 - Improved amenity, through reduced noise, vibration and pollution emissions, for land use near existing corridors where traffic reduces i.e. Kay Road.
- Resolution Drive is extended to the Waikato Expressway including a connection of Kay Road East and Borman Road is extended to Kay Road by 2020.
 - Construction of the Resolution Drive Extension and an associated connection at Kay Road East / North City Road will provide improved access to and associated development attractiveness of the Rototuna Suburban Town Centre, where the new Rototuna High School is currently being constructed and further development of the Rototuna Town Centre is proposed including a combination of community, employment, retail and residential development sites. The development of Resolution Drive in conjunction with other strategic transport routes will ensure appropriate accessibility and transport network operation within this development area.
 - Construction of the Borman Road extension will provide appropriate access and network connectivity to unlock existing undeveloped land areas for subdivision and residential development, as construction of arterial roads completed in a timely way will reinforce the road hierarchy and encourage appropriate development consistent with the structure plan.
 - Development of the Resolution Drive extension will facilitate and unlock future residential

development north of the current city boundary of Kay Road. This area is not currently zoned for development so doesn't provide an immediate benefit to Hamilton City, but will provide long term value in facilitating future development.

- Procurement and construction opportunities will be leveraged by using the Waikato Expressway project.
 - The Waikato Expressway contract is currently being tendered as an "alliance type" contract, with an estimated project cost of approximately \$980 million. The contract model and project scale provide opportunities to achieve lower construction costs than HCC would be able to achieve by separately tendering for and procuring construction of the Resolution Drive extension.
 - Through negotiating an agreement with NZTA (a draft MPFA has been developed), HCC will be able to pay a fixed amount for the delivery of the extension project with cost risks borne by the consortium delivering the Expressway project. This significantly reduces HCC's exposure to the risk of additional costs as well as the overall project risk profile.
- Project works will be completed within approved 10 year plan budget allocations and timeframes.
 - Project delivery in accordance with approved and budgeted financial parameters provides sustainable development – facilitating growth through infrastructure investment while ensuring our books are balanced.

1.3 Strategic Alignment

Describe how the proposed work aligns to either individual or multiple HCC strategies

<http://www.hamilton.govt.nz/council/00-strategies/pages/default.aspx>

Strategy	Vision/Goals	Project Relevance
Access Hamilton	Meet the changing travel demands of the city in a way that is consistent with national and regional objectives	The Resolution Drive corridor and its strategic connection to the Waikato Expressway is outlined in both the strategy and the Access Hamilton Network Action Plan, to appropriately meet and manage transportation demand in Hamilton's north-east suburbs (refer attachment 1.2). The project also includes appropriate provision for walking and cycling networks in line with the strategy.
Active Hamilton	People are active, spaces and facilities enable Hamilton's active communities to thrive, and work together.	Part of the proposed Resolution Drive extension project includes the extension of purpose built walking and cycling networks. This will enable easy active mode (walking and cycling) utilisation and provide additional active mode connectivity within the Rototuna area.
Hamilton Urban Growth Strategy	Setting Council's spatial vision for the city.	Development of Rototuna and associated provision of appropriate infrastructure to facilitate growth are key priorities within both the Hamilton Urban Growth Strategy and Future Proof.
Hamilton Economic Development Agenda	To ensure growth and strengthening of the Hamilton economy.	A priority identified within the Development Agenda is to provide key infrastructure and precincts through partnering with NZTA to complete key projects, of which the Waikato Expressway and associated strategic connections is one.

The strategic importance of the Resolution Drive corridor and its linkage between the Hamilton Ring Road network and the State Highway network is recognised in the NZTA Regional Policy Statement, the NZTA Regional Land

Transport Plan, the NZTA Waikato Expressway Network Plan, and the Hamilton Proposed District Plan.

The strategic alignment of the project is also recognised in the Waikato Expressway Hamilton Section Memorandum of Understanding (MoU) between NZTA, Hamilton City Council, Waikato District Council and Tainui Group Holdings which was endorsed by Council at Strategy & Policy Committee on 7 July 2015.

The MoU expressly mentions the construction of Resolution Drive Extension to the Waikato Expressway and outlines the proposed delivery of the Resolution Drive Extension project via an extension of the Waikato Expressway construction contract (refer attachment 2.3 - [D-1835853](#)).

1.4 Organisational Context

Outline how this work will assist HCC achieve its business goals (Refer HCC's Organisational Plan [D-797552](#))

Business Goal	Project Relevance
We Embrace Growth	<ul style="list-style-type: none"> • Deliver infrastructure solutions <ul style="list-style-type: none"> ○ The project delivers strategic transport network assets (including integrated walking and cycling facilities) and associated connections to both respond to and facilitate planned growth citywide and in Rotorua, in accordance with structure plans and allocated 10 year plan budgets. ○ The completed project will enhance customer levels of service for safety, efficiency, access and mobility. • Leverage the best opportunities <ul style="list-style-type: none"> ○ Procurement of design and construction services under the umbrella of the Waikato Expressway alliance construction contract enables network infrastructure integration and leverages both a value for money and reduced risk opportunity to Hamilton City. • Facilitate a strong economy <ul style="list-style-type: none"> ○ The extension of Resolution Drive will improve access for north-east Hamilton's increasing population, improve links between residential and employment areas and support the development of the Rotorua suburban centre - assisting with facilitating Hamilton City economic and population growth.
We are Best in Business	<ul style="list-style-type: none"> • Right People, Right Outcomes <ul style="list-style-type: none"> ○ Preliminary investigation of this project has included consultation with key internal and external stakeholders in the development of a robust business case. ○ Stakeholder analysis and communication planning in keeping with project management best practice will enable the success of this project and ensure the right outcomes for the city are delivered. • Do The Basics Well <ul style="list-style-type: none"> ○ This project delivers critical infrastructure to ensure Hamilton City's transportation network continues to operate effectively in response to continued citywide and Rotorua development and growth. ○ Ensuring HCC's project management principles are utilised throughout the implementation will ensure effective delivery of appropriate outcomes. • Financial Sustainability <ul style="list-style-type: none"> ○ Works will be delivered within existing 10 Year Plan budgets and in-line

	<p>with programmed financial timeframes, and will maximise savings through contract model opportunities.</p> <ul style="list-style-type: none"> • Wow The Customer <ul style="list-style-type: none"> ○ Rototuna, Flagstaff and wider Hamilton City residents, will be able to utilise a purpose built major arterial corridor to connect to the new Waikato Expressway, saving travel time and enhancing user satisfaction. ○ Will provide an appropriate 'gateway' to the city for inter-regional trips, including enhanced network efficiency, safety and amenity.
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1.5 Organisational Impact

How / where does this piece of work integrate with / impact on the rest of the organisation's activities?

The proposed project works are to be delivered utilising City Infrastructure Group resources supported by external consultants and contractors, and NZTA staff.

It is not anticipated that construction and implementation of these works will restrict or adversely impact on any other works being delivered within Council.

City Development will be able to provide the project management required for this project without impact on or by any other works being project managed by this unit.

Other parts of Council will be required to support this project moving forward:

- City Transport Unit – Project design review and asset owner upon project completion
- Finance Team – Project financial management including forecasting, reporting and capitalisation
- Communications Team – Facilitating communications plans, drafting media releases and co-ordinating public project updates.
- Parks & Open Spaces – Review of design plans as developed
- Planning Guidance – Review and approval of project related resource consent applications

1.6 Stakeholders

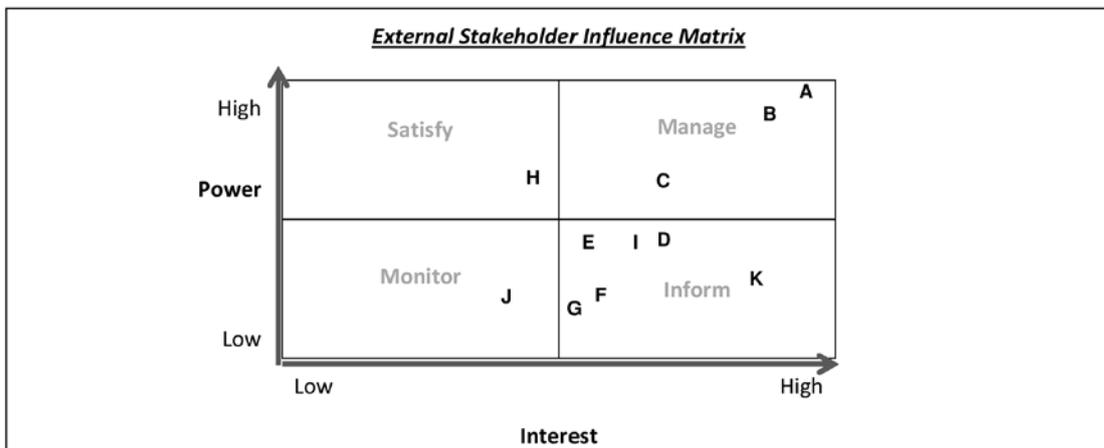
Need to be identified and their level of influence and interest in the BC needs to have been defined – use the analysis tool if helpful [D-1166068](#).

External Stakeholders

	Stakeholder	Interest in the Project	Assessment of Impact	Strategies for Engagement	Project Engagement to Date
A	NZTA Highway & Network Operations	- Project and contract management of the Waikato Expressway - and potentially also contract management of the Resolution Drive Extension project on behalf of HCC.	Manage Closely	- Direct engagement to align expectations and confirm roles and responsibilities. - Identification of appropriate organisational representatives. - Development of contractual agreements to confirm responsibilities.	- Ongoing formal and informal communication between delegated representatives of HCC & NZTA. - Development of Draft MoU to confirm high level roles and responsibilities. - Development of Draft MPFA for construction of the Resolution Drive Extension.

B	NZTA Planning and Investment	<ul style="list-style-type: none"> - Review and approve Council subsidy application for the Resolution Drive Extension. 	Manage Closely	<ul style="list-style-type: none"> - Direct engagement to ensure aligned expectations of requirements for submission of funding application to approve project subsidy. - Early submission of HCC expectations to NZTA Regional Land Transport Programme to ensure allocation of funding. - Ongoing regular forecasting and cost updates. 	<ul style="list-style-type: none"> - Preliminary discussions to confirm expectations around funding application. - Submission of project costs to Regional Land Transport Programme
C	Waikato District Council	<ul style="list-style-type: none"> - Road Controlling Authority of Resolution Drive land north of Kay Road. 	Manage Closely	<ul style="list-style-type: none"> - Co-ordination of discussions facilitated through NZTA. - Formal Resolution Drive Extension designation application to be lodged. 	<ul style="list-style-type: none"> - Signatory to Draft MoU - Engagement regarding proposed project macro scope.
D	Adjacent Landowners	<ul style="list-style-type: none"> - Potential accessibility benefits as well as noise and amenity disbenefits 	Keep Informed	<ul style="list-style-type: none"> - Targeted, early and ongoing communication. 	<ul style="list-style-type: none"> - Direct discussion with all adjacent land owners regarding project macro scope.
E	Local Community	<ul style="list-style-type: none"> - Potential accessibility benefits and network connectivity disbenefits 	Keep Informed	<ul style="list-style-type: none"> - Targeted and ongoing communication. 	<ul style="list-style-type: none"> - Public information sessions have been held in conjunction with Waikato Expressway project.
F	Local Developers	<ul style="list-style-type: none"> - Development interest in unlocked growth areas 	Keep Informed	<ul style="list-style-type: none"> - Targeted and ongoing communication. 	<ul style="list-style-type: none"> - Discussions have occurred with key local developers including Kirkdale, Tristram Jones, and Colin Litt.
G	Service Utility Providers	<ul style="list-style-type: none"> - Servicing requirements to 	Keep Informed	<ul style="list-style-type: none"> - Early notification of network 	<ul style="list-style-type: none"> - No direct communication to date.

		new development areas		development and timeframes to co-ordinate required service installation.	
H	Tainui Group Holdings	- Ensure development in line with expectations	Keep Satisfied	- Notification of project scope prior to submitting resource consent of designation applications. - Co-ordination of discussions facilitated through NZTA.	- Engagement to date primarily regarding other components of the Waikato Expressway project, particularly in Ruakura. - Signatory to Draft MoU
I	Waikato Regional Council	- Ensure construction and development aligns with associated discharge consent requirements	Keep Informed	- Early notification of anticipated consent applications. - Co-ordination of required consent monitoring.	- Early discussions commenced as facilitated through the Waikato Expressway project team.
J	Hamilton City Residents	- Interested in overall network connectivity benefits	Monitor	- Project updates via HCC webpage - Media releases as required	- Project media releases in conjunction with Waikato Expressway project.
K	Project Consultants	- Complete design and investigation	Keep Informed	- Contractual engagements to provide scoped outcomes and deliverables	- Contractual engagements for preliminary scheme design works in place.

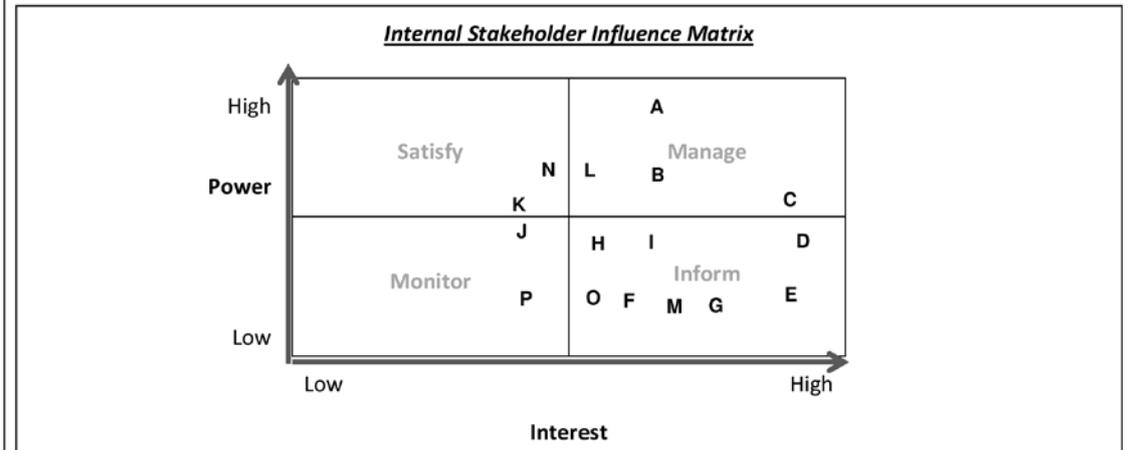


<i>Internal Stakeholders</i>					
	Stakeholder	Interest in the Project	Assessment of Impact	Strategies for Engagement	Project Engagement to Date
A	Elected Members (Mayor and Councillors)	<ul style="list-style-type: none"> - Hamilton Plan Delivery - Compliance with strategic alignment - Compliance with 10 Year Plan budgets and timeframes - Council's Reputation 	Manage Closely	<ul style="list-style-type: none"> - Macro scope approval through Strategy and Policy Committee - MPFA and Business Case approval from Finance Committee - Regular project reporting via Key Project Reports if desired 	<ul style="list-style-type: none"> - Elected member drop-in project information sessions facilitated - Strategy and Policy Committee report (7 July 2015) including confirmation of project macro scope and endorsement of MoU with NZTA
B	Chief Executive and Senior Leadership Team	<ul style="list-style-type: none"> - Hamilton Plan Delivery - Compliance with strategic alignment - Delivery of Organisational Goals - Compliance with 10 Year Plan budgets and timeframes - Council's Reputation 	Manage Closely	<ul style="list-style-type: none"> - Early communication of project scope and ongoing progress updates from General manager City Infrastructure - Review and approval of project Business Case ahead of submission to Finance Committee - Regular project reporting via Key Project Reports 	<ul style="list-style-type: none"> - SLT endorsement of project macro scope and associated budget allocations
C	General manager City Infrastructure and City Infrastructure Transport and Waste Governance Group (PGG)	<ul style="list-style-type: none"> - Delivery of Organisational Goals - Compliance with 10 Year Plan budgets and timeframes - Service Delivery - Council's Reputation 	Manage Closely	<ul style="list-style-type: none"> - PGG to include GM City Infrastructure, UM City Development and UM City Transport - Regular PGG updates including financial and risk information. 	<ul style="list-style-type: none"> - Project updates provided to City Infrastructure PGG throughout 2014/15
D	City	<ul style="list-style-type: none"> - Management 	Keep	<ul style="list-style-type: none"> - Identification of a 	<ul style="list-style-type: none"> - Dedicated project

	Development Unit – Project Development Team	and delivery of project - Management of any subsequent contractual engagements (including MPFA)	Informed	dedicated project manager - Clear definition of project roles and responsibilities - Ongoing communication with all associated parties	manager assigned
E	City Transport Unit (including Infrastructure Alliance)	- Will take over subsequent operation and maintenance of the new corridor. Key considerations include safety, operability and maintainability of the new road	Keep Informed	- Early engagement regarding proposed scope - Review and approval of all design plans - Post-construction acceptance and defect liability walkovers - Capitalisation of new assets	- Consultation regarding proposed scheme designs well progressed.
F	Parks and Open Spaces Unit	- Input into landscaping design	Keep Informed	- Review and approval of all landscaping design plans	- Early consultation regarding street tree options
G	Finance Team	- Monitor financial performance of the project in regard to Council budgets - Co-ordinate NZTA financial claims in regard to subsidised project elements	Keep Informed	- Confirmation of HCC 10 Year Plan financial allocations and timeframes - Ongoing financial monitoring, forecasting and reporting - Co-ordination of NZTA subsidy claims	- Early engagement regarding 10 Year Plan financial allocations and timeframes
H	Planning Guidance Unit	- Review construction related consents in line with statutory requirements	Keep Informed	- Early engagement regarding resource consent requirements. - Co-ordination to ensure all required information is provided	- No direct communication to date
I	Communications Team	- Liaise with media - Facilitate public	Keep	- Early and ongoing engagement	- Engagement with a communications unit

		project update communications	Informed	<ul style="list-style-type: none"> - Development of a project Communications Plan - Development of media releases as required - Co-ordination of an HCC project webpage - Co-ordination with the NZTA Waikato Expressway project communications team 	representative regarding the overall project scope and to provide media releases to accompany Council reports.
J	City Planning	<ul style="list-style-type: none"> - Ensure construction in accordance with district plan, structure plans and associated planning provisions - Updates of plans and maps post-construction 	Monitor	<ul style="list-style-type: none"> - Early engagement to ensure alignment of scope and objectives 	<ul style="list-style-type: none"> - Co-ordination to understand requirements of structure plan and other provisions in terms of route hierarchy and connectivity requirements.
K	Rototuna Reservoir Project	<ul style="list-style-type: none"> - Co-ordination of timing and location between the road construction and installation of the bulk water main feeding the reservoir 	Keep Satisfied	<ul style="list-style-type: none"> - Early engagement and co-ordinated review of design – plans - Review of design plans to be co-ordinated as designs are further progressed 	<ul style="list-style-type: none"> - Designs and construction timeframes co-ordinated to ensure alignment between projects - Scheme designs completed by the same consultant (Aecom)
L	Rototuna Suburban Centre PGG	<ul style="list-style-type: none"> - Co-ordination of timing and interaction between the road construction and the adjacent suburban centre development. 	Manage Closely	<ul style="list-style-type: none"> - Early engagement to ensure co-ordination of development timeframes 	<ul style="list-style-type: none"> - Engagement with Rototuna Suburban Centre PGG underway
M	City Waters Unit	<ul style="list-style-type: none"> - Provision of 3-waters network 	Keep Informed	<ul style="list-style-type: none"> - Early engagement regarding 	<ul style="list-style-type: none"> - Consultation regarding proposed scheme

		assets in accordance with growth requirements.		proposed scope - Review and approval of all design plans - Capitalisation of new assets	designs well progressed
N	Procurement Team	- PSP and Contractual Engagements	Keep Satisfied	- Compliance with procurement policies and procedures	- PSP concept design engagements
O	Strategic Property Unit	- Land procurement, legalisation and disposal	Keep Informed	- Early engagement regarding scope and deliverables	- Consultation regarding proposed scope - Procurement of land valuations
P	Customer Services Team	- Co-ordinate response to any customer complaints or enquiries	Monitor	- Notification of work scope and programme - Notification of any construction activities which could result in complaints.	- No direct communication to date



1.7 Scope of the Work - What's included in the scope of this proposal, and what is specifically excluded – ensure you define impact of change?

The project involves investigation, designation, design, procurement, consenting and construction of 1.9km of a new major arterial road from the existing Borman Road roundabout to a new interchange (Resolution Drive Interchange) which is proposed as part of the construction of the Hamilton Section of the Waikato Expressway. The scope includes:

- Concept design development
- Development of aspects of the MoU with NZTA regarding the Resolution Drive Extension project
- Development and agreement of the MPFA with NZTA to undertake further designation, detailed design, procurement, consenting and construction
- Project management
- Contract management of PSP engagements and the MPFA with NZTA
- NZTA Funding Application
- Procurement of any required land
- Co-ordination of any required road stopping or severance requirements within Hamilton City
- Road legalisation following construction

The project deliverables include:

- Provision of a four lane road corridor with initial two lane construction (single lane in each direction)
- A priority-T intersection with Kay Road/North City Road, including severance and road closure of Kay Road on the western side of the new Resolution Drive extension alignment
- Construction of a 3m wide offroad shared walking and cycling path from Borman Road to the Expressway
- A grade-separated walking and cycling path connection under Resolution Drive in the form of an underpass located between Borman Road and Kay Road
- Associated stormwater service provision including swales, wetland treatment and discharge to existing open drains and watercourses.
- Associated road corridor landscaping to enhance amenity
- Provision of corridor space for city 'gateway' features
- An associated grade-separated walking and cycling path connection under the Waikato Expressway in the form of an underpass to service the north-east Rototuna residential area.
- Land procurement, design and construction of an associated 400m extension of the Borman Road minor arterial to Kay Road to complete the local arterial network connection, including a priority-T intersection with existing Kay Road.

For further details of the project deliverables, refer to attachment 2.2 (Proposed Concept Drawing) and attachment 2.4 (Draft Preliminary Design Report - [D-1850768](#)).

Elements excluded from the project scope include:

- Construction of the Hamilton section of the Waikato Expressway
- Co-ordination of any required road stopping or severance requirements within Waikato District
- Ongoing road maintenance and operation post-construction

1.8 Quantitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)	1.8a KPI/Target/Frequency of reporting Also Identify the Benefit owner and who will report the KPI/ Target and Frequency (ie as 3 separate items)
1.9 Qualitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)	1.9a Indicator of Success Identify the benefit owner and who specifically will report on the progress/realisation of the benefit
Citywide Economic Benefits - realised through facilitation of ongoing city growth and development.	Indicator of Success Continued and timely development of the Rototuna residential and suburban centre areas. Owner City Growth Reporting Citywide and Rototuna area residential growth and development monitored and reported via strategic updates.
Improved transport network efficiency and reduced congestion on other arterial routes in north-east Hamilton.	Indicator of Success Indirectly measured through Resolution Drive traffic flows. Owner City Transport Reporting Annual traffic counts undertaken by City Transport Unit, to be reported as part of annual network traffic flow map update.
Improved amenity, safety, mobility and accessibility on existing routes where current vehicle usage levels are expected to reduce (ie Kay Road, Gordonton Road and River Road) due to trip transfer to the new arterial routes.	Indicator of Success Indirectly measured through traffic flow reduction. Owner City Transport Reporting Annual traffic counts undertaken by City Transport Unit, to be reported as part of annual network traffic flow map update.
Improved Rototuna area pedestrian and cycle network connectivity and utilisation	Indicator of Success Utilisation of new pedestrian and cycle path networks Owner City Transport – Sustainable Travel Team Reporting Reported via strategic walking and cycling network updates
Reduced Council exposure to contract financial overheads and risks via utilising the Waikato Expressway contract for project delivery.	Indicator of Success Construction completed in accordance with MPFA provisions and 10 Year Plan budget allocations with no additional costs to Council. Owner Project Manager Reporting Project close-out report upon completion of works.

1.10 Dis-benefits		1.10a Impact on the business (identify who will be impacted as a result)		
Increased noise and vibration to adjacent landowners – note however that construction will include mitigation conditions as part of the designation and consenting process.		Potential for dis-benefit both through construction process and post-opening. Potential for unhappy residents or developers and negative impact on Council’s reputation.		
1.11 Opportunities Arising (identify who will own and report the opportunity)		1.11a Strategies to Exploit, Enhance &/or Share Each Opportunity		
Utility Corridor Access – including Council 3-waters services as well as external utility providers (power, gas and telecommunication). Owner – Project Manager		Ensure co-ordination of construction with trunk and bulk networks required to facilitate growth as outlined in 3-Waters Master Plan documents. Ensure co-ordination with external utility service providers via liaison meetings to enable opportunity of service installation.		
City Gateway – Appropriate landmarks, signage and amenity on a key linkage into Hamilton Owner – Project Manager		Ensure incorporation of principles within the City Gateways policy which is currently being developed, including landscaping and urban design consideration.		
1.12 Risks Identified <i>D-1030981</i> – risk statements <i>D-722311</i> – risk register template	1.12a Gross Risk Rating Council’s risk calculator – <i>D-1030989</i>	1.12b Risk Trigger Points	1.12c Risk Management Approach	1.12d Residual Risk
Project costs exceed estimates and approved funding	High	Stage reviews: -Detailed design -Tender -MPFA	Upon establishment of MPFA, an HCC Lump Sum price is to be confirmed which will transfer associated designation, consenting, design and construction cost risk to NZTA and the alliance team engaged to construct.	Low
Scope creep resulting in increased costs or time delays	Medium	Stage reviews: -Concept Design -MPFA -Designation -Detailed Design -Construction	The application of robust project management principles. Project scoping commences at concept stage and includes stakeholder agreement of Principals Requirements. Scope to be locked upon execution of MPFA.	Low

Resultant conditions of the Resolution Drive extension designation could result in amended scope, increased cost or time delays.	High	Designation Notice of Requirement Designation Decision	Early stage risk assessment Active risk management Issues arising are resolved as quickly as possible. Open and timely liaison with associated consenting authorities (WDC). Transfer of designation, consenting, design and construction cost risk to NZTA and the alliance team engaged to construct.	Medium
Resultant conditions of Resolution Drive extension resource consents are excessive or cumbersome – resulting in increased cost or time delays	Low	Resource Consent conditions Designation Notice of Requirement Designation Decision	Early stage risk assessment Active risk management Issues arising are resolved as quickly as possible. Liaise with associated consenting authorities (HCC, WRC & WDC). Transfer of designation, consenting, design and construction cost risk to NZTA and the alliance team engaged to construct.	Low
Delays to MPFA agreement with NZTA or subsequent design and construction process delays affect works completion.	Medium	Construction milestones are missed	Ongoing programme monitoring throughout design, procurement and construction. Incorporation of timeframes in contractual agreements with NZTA to ensure contractual commitment to deliverables and associated penalties for late delivery.	Low
Personnel and public safety risk during construction.	Medium	Site investigations Construction commences	Transfer of responsibility to NZTA alliance contract - HCC will not be principal or client of the contract. Ensure incorporation of standard NZTA H&S processes as a minimum standard.	Low

1.13 Issues

Identify and describe

Further development and execution of agreements (MoU & MPFA) and subsidy funding approval with New Zealand Transport Agency

In order to achieve the preferred outcome of co-ordinating with NZTA to deliver the Resolution Drive Extension works as part of the alliance contract being established to deliver the Hamilton section of the Waikato Expressway, further progression and execution of funding agreements is required by August 2015. In order to achieve this three key agreements with NZTA need to be in place:

- Memorandum of Understanding (MoU) – signed by all parties (including NZTA, Waikato District Council and Tainui Group Holdings) to ensure consistency of scope and associated roles and responsibilities. The draft MoU has been endorsed by Strategy and Policy Committee (7 July 2015).
- Resolution Drive Extension Multi-Party Funding Agreement (MPFA) – development of this is underway, but confirmation and execution of this document is required to lock in agreement with NZTA to construct the Resolution Drive Extension. Key pieces of this agreement will be consistency with both 10 Year Plan funding allocations and the associated subsidy approval to NZTA. Delegation to approve this engagement sits with Finance Committee.
- Subsidy Funding Application – to be submitted to NZTA Planning & Investment Team by HCC. Consistency with both 10 Year Plan funding allocations and the MPFA is key.

Resolution Drive Extension (Kay Road to Expressway) Designation

To facilitate subsequent design and construction further designation of the proposed Resolution Drive extension from Kay Road to the expressway is required. This will be further progressed and completed by NZTA once the MPFA has been executed.

Land

To confirm that currently owned land is sufficient for construction of required works. There is potential for additional land requirement at the intersection of Resolution Drive / Kay Road / North City Road in order to ensure appropriate intersection form. Investigation is underway and any additional land requirement will be included in subsequent designation processes.

1.14 Constraints/Dependencies/Assumptions

Define and describe the factors under each of the headings

Constraints:

- Land – HCC currently own land required for the Resolution Drive Extension construction, though as designs progress additional land may be required, particularly at the Resolution Drive / Kay Road intersection location. Additional land will be HCC cost and allowance has been made within the project budget for this. Strategic Property unit have been engaged and have undertaken a preliminary valuation exercise, and existing landowners have been consulted.
- Funding – To ensure 10 Year Plan budget allocations are consistent with subsequent MPFA requirements.

Dependencies:

- Programme and timing co-ordination with Expressway – Development of Resolution Drive needs to be consistent with development timeframes of the Waikato Expressway, which is programmed to be complete and open in early 2020.

Assumptions:

- Establishment of MoU and MPFA with NZTA – scope/cost agreements will be finalised and included as part of Expressway pricing to achieve fixed price. Current provision exists within the draft MoU outlined below (refer draft MoU [D-1835853](#)):

8.0 Resolution Drive Extension MPFA

8.1 *This agreement will be covered in a separate document and will be a joint agreement*

- between the Transport Agency and HCC respectively.*
- 8.2 *The agreement will be based on the following principles:*
- The Resolution Drive Extension will be constructed as part of the Hamilton Section scope of works;*
 - The Transport Agency will be responsible for obtaining statutory consents for Resolution Drive Extension;*
 - The form of Resolution Drive Extension will consist of a median-divided, two-lane road incorporating a shared path on one side of the road which will fit with the anticipated classification under the One Network Road Classification (ONRC);*
 - HCC will be financially responsible for the cost of consenting and constructing the Resolution Drive Extension and have included funding provision in the 10 Year Plan from 1 July 2015.*

2.0 ECONOMIC CASE		
Critical success factors & the preferred way forward		
2.1 Business Requirements (refer more detail in the specific notes section)		
Identify the requirements that must be met – Define them according to core vs desirable vs optional		
<ul style="list-style-type: none"> • Core requirements: <ul style="list-style-type: none"> ○ Designation, design and construction of a 2-lane urban major arterial roading corridor to connect the existing Resolution Drive Extension to the Waikato Expressway ○ Land procurement, design and construction of an associated 400m extension of the Borman Road minor arterial to Kay Road to complete the local arterial network connection, including a priority-T intersection with existing Kay Road. ○ Appropriate storm water collection, treatment and discharge ○ Appropriate provision for pedestrians and cyclists, including connectivity along the corridor (on-road cycle lanes and 1.8m footpath) and across the corridor (crossing facilities in the vicinity of the Rototuna Suburban Centre). ○ Appropriate intersection form and associated land procurement for connections to HCC network at Kay Road / North City Road. • Desirable requirements: <ul style="list-style-type: none"> ○ Provision for future corridor 4-Laning ○ Enhanced provision for pedestrians and cyclists, including connectivity along the corridor (3m wide offroad shared paths) and across the corridor (grade-separated crossing facility in the form of an underpass in the vicinity of the Rototuna Suburban Centre). ○ Inclusion of appropriate landscaping for amenity ○ Environmentally friendly design ○ Co-ordinated installation of required utilities and services. ○ Space for and inclusion of Gateway features 		
2.2 Available Options – Long List (refer more detail in the specific notes section)		
Consider a wide range of realistic options for meeting the business requirements. Has a feasibility study been done? You must include a base case: chose either status quo or do nothing or do minimum for this purpose		
A preliminary investigation and design report has been completed which further considers design options (refer attachment 2.4 – D-1883374)		
Dimension	Description	Options
Scale and scope	In relation to the proposal how big/small could this be? eg by levels of functionality, unit/group/organisation-wide	<p>Option 1</p> <p>Do minimum – provide core requirements as outlined in 2.1 above.</p> <p>Option 2</p> <p>Enhanced option – include desirable requirements as outlined in 2.1 above.</p>
Service Solution	How can services be provided? eg potential solutions and answers, use of technologies	<p>Inclusion of desirable requirements (Option 2 above) allows for enhanced and integrated design and construction now rather than piecemeal and costly future development or improvement to provide features such as landscaping, off-road cycle facilities or road 4-laning.</p> <p>Utilisation of a MPFA which will see NZTA and the Alliance deliver the construction components</p>
Service Delivery	Who can deliver the services?	Service delivery options remain the same for either Option 1 or Option 2 above:

	eg in-house, out sourced, alternative procurement strategies	<ul style="list-style-type: none"> • Investigation, Designation and Design via either <ul style="list-style-type: none"> ○ NZTA Alliance for Waikato Expressway Hamilton Section (MPFA) ○ HCC direct contract engagement with Professional Services Panel • Construction via either <ul style="list-style-type: none"> ○ NZTA Alliance for Waikato Expressway Hamilton Section (MPFA) ○ HCC direct contract engagement following public tender process <p>Review of cost prices to deliver works via an MPFA with NZTA (refer attachment 4.3) demonstrates significant value saving compared with cost estimates completed as part of the preliminary design for HCC to separately procure works (refer attachment 2.4)</p>
Implementation	<p>When can the services be delivered?</p> <p>eg timing and staging, big bang, phased, modular</p>	<p>Timeframes for delivery remain the same for either Option 1 or Option 2, and are primarily dependent of the timeframes of the Waikato Expressway construction (scheduled to be complete in early 2020). Options do exist within both options to stage construction, including:</p> <ul style="list-style-type: none"> • Resolution Drive extension with staged construction <ul style="list-style-type: none"> ○ Stage 1 – Borman Road to Kay Road ○ Stage 2 – Kay Road to Waikato Expressway • Resolution Drive extension with no staging <ul style="list-style-type: none"> ○ Borman Road to Waikato Expressway • Option to separate Borman Road Extension and Resolution Drive Extension works in terms of procurement and delivery timeframes
Funding	<p>How can it be funded?</p> <p>e.g. Capital, operating, PPP, grant</p>	<p>Funding sources and mechanisms remain the same for either Option 1 or Option 2, and existing budget allocations are sufficient to provide the desirable requirements as provided by Option 2.</p> <p>Project funding includes:</p> <ul style="list-style-type: none"> • Capital Expenditure <ul style="list-style-type: none"> ○ HCC 2015-25 10 Year Plan – Transportation Capital Expenditure Allocations ○ New Zealand Transport Agency Subsidy (at a 51% Funding Assistance Ratio) for Resolution Drive Extension • Operating <ul style="list-style-type: none"> ○ HCC 2015-25 10 Year Plan – City Transport Operational Expenditure Allocations

2.3 Preferred Option – engage with stakeholders to develop this and identify whole of life cost of the proposal
Identify the preferred option, describing strategic fit, how well it meets the business requirements and its advantages and disadvantages

The preferred option includes construction of 1.9km of a new major arterial road (Resolution Drive) from the existing Borman Road roundabout to a new interchange (Resolution Drive Interchange), as well as an associated 400m extension of Borman Road to Kay Road. The scope includes:

- Provision of a four lane road corridor with initial two lane construction (single lane in each direction)
- A priority-T intersection with Kay Road/North City Road, including severance and road closure of Kay Road on the western side of the new Resolution Drive extension alignment
- Construction of a 3m wide offroad shared walking and cycling path from Borman Road to the Expressway
- A grade-separated walking and cycling path connection under Resolution Drive in the form of an underpass located between Borman Road and Kay Road
- Associated stormwater service provision including swales, wetland treatment and discharge to existing open drains and watercourses.
- An associated grade-separated walking and cycling path connection under the Waikato Expressway in the form of an underpass to service the north-east Rototuna residential area.
- Land procurement, design and construction of an associated 400m extension of the Borman Road minor arterial to Kay Road to complete the local arterial network connection, including a priority-T intersection with existing Kay Road.
- Provision of appropriate landscaping requirements to enhance amenity.
- Provision of corridor space for city gateway features
- Resolution Drive Extension works to be designed and constructed as part of the construction of the Hamilton Section of the Waikato Expressway.

The proposed scope delivers the best whole of life cost for the project by delivering integrated transport outcomes including appropriate walking and cycling services and retaining provision for future growth in the form of 4-laning. The extra-over cost to include these services now is minimal compared with the cost of retrofitting solutions later. Co-ordination with landscaping and transport operations and maintenance teams will continue throughout the detailed design phase to ensure ongoing consideration of whole of life operation and maintenance.

This extension project aligns with the objectives of the Hamilton Plan, including providing outstanding infrastructure and supporting economic and population growth in line with the goal of becoming the third city economy in New Zealand, and aligns with the Access Hamilton Strategy, the Hamilton Urban Growth Strategy, the Hamilton Economic Development Agenda and Future Proof, and is a crucial piece of infrastructure to facilitate both residential growth and development of the Rototuna suburban centre in north-east Hamilton.

The project will contribute to the city's economic performance by improving connections between the city's strategic road network and the national strategic corridor and inter-regional transportation network.

The scope meets all of the core and desirable business requirements as outlined in section 2.1, and will deliver these in accordance with approved 10 Year Plan budget allocations and timeframes.

Delivery of the design and construction as part of the NZTA contract to deliver Hamilton Section of the Waikato Expressway provides an opportunity to Council to deliver extension works for a lower cost and with a lower risk profile than procuring and delivering separately.

This project macro scope was endorsed by Strategy and Policy Committee on 7 July 2015.

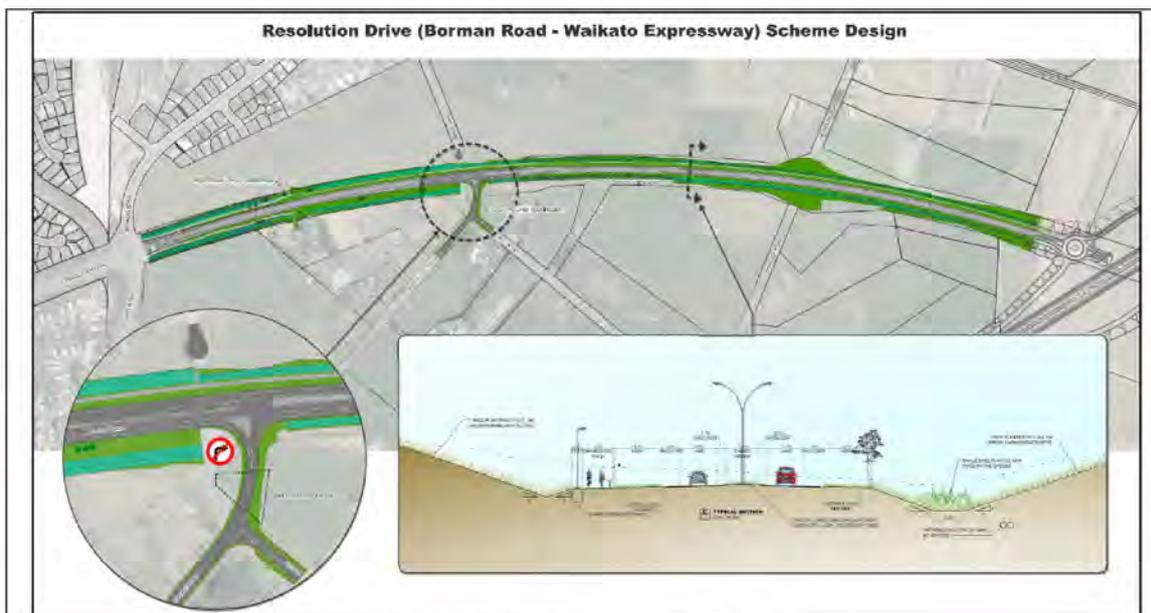


Figure 3 - Preferred Option Concept Design

2.4 Potential Value for Money

Describe how the preferred option maximises value for money

The preferred option maximises value for money through a number of mechanisms:

- Project scope maximises level of service for foreseeable future without overinvestment or investment in sacrificial infrastructure.
- Co-ordination with NZTA ensures integrated network planning and associated alignment of strategic transport infrastructure, which has maximised Council's ability to capitalise on NZTA funded infrastructure investment (ie/ Resolution Drive interchange).
- Co-ordination with service and utility providers can ensure integrated strategic network development to ensure ongoing servicing of residential growth and development areas beyond just transportation requirements.
- Procurement and delivery as part of the construction of the Hamilton Section of the Waikato Expressway enables leveraging of the scope and scale of the expressway contract including economy of contract rates and maximised Contractor plant size and skills availability. Establishment of a lump sum engagement to complete the scope of works also significantly reduces the financial risk profile of the project to Council.
- Council will also be seeking subsidy from NZTA for the HCC share of the works on the major arterial corridor (Resolution Drive), which if successful will result in a Council cost apportionment of 49%.

An economic assessment of the project has also been undertaken based on NZTA economic evaluation criteria, which demonstrates a project benefit cost ratio of approximately 4, which is considered a medium-high. Details of economic assessment are attached in Appendix 2.1.

2.5 Achievability

Outline how the preferred option will be successfully delivered

It is proposed that the preferred option is procured and delivered as part of as part of the alliance contract being developed to deliver the Hamilton Section of the Waikato Expressway, as per provisions within the subsequent MPFA. Project works within this alliance contract will be design-build based on HCC specified scope and minimum requirements.

NZTA are currently in the interactive tendering phase for the alliance contract, and are on-track to complete the expressway by early 2020, which aligns with HCC's timeframes for funding and construction.

The project will be managed internally by the City Development Unit, and specifically within the Project Development Team from which a dedicated project manager has been assigned. The project manager will:

- Continue to co-ordinate and engage with identified internal and external stakeholders (refer section 1.6)
- Co-ordinate design reviews
- Manage project planning and delivery
- Manage contractual engagements (PSP with designers and MPFA with NZTA) including reporting as required

Project outcomes are achievable within the outlined timeframes for delivery and within 2015-25 10 Year Plan approved funding allocations.

2.6 Affordability

Outline how the preferred option will be funded

Project works will be funded through a combination HCC Capital Expenditure and NZTA Financial Assistance, and can be delivered within existing 10 Year Plan budget allocations. All associated debt funding and ongoing operational and maintenance costs have also been included in 10 year plan funding assessment and allocations.

Refer to Section 4 – Financial Case for additional funding details.

3.0 COMMERCIAL CASE Resource requirements	
3.1 Identify the resource requirements – define internal and external?	3.1a Proposed procurement strategy – the how not the what Council's Procurement Policy & Procedures Manual
<p>Internal</p> <p><u>City Development Unit</u> Project Development Team – Co-ordination with all key stakeholders to develop project scope and co-ordination with NZTA to develop and confirm associated funding agreements. To provide ongoing project monitoring and supervision to ensure Council project expectations and requirements are met.</p> <p><u>City Transportation Unit</u> Operations Team – Involved as key stakeholder through development of the project scope via the City Development project manager. To undertake review and approve design plans prior to construction.</p> <p>Assets Team (Infrastructure Alliance) - Involved as key stakeholder through development of the project scope via the City Development project manager. To review and approve design plans prior to construction, and upon completion of the works will capitalise assets and carry out future maintenance and renewal of assets developed as part of this project.</p> <p><u>City Waters Unit</u> Operations Team - To review and approve relevant design plans prior to construction, and upon completion of the works will manage future maintenance and operation of water, wastewater and stormwater assets developed as part of this project.</p> <p>Assets Team - To review and approve relevant design plans prior to construction, and upon completion of the works will capitalise and manage future renewal of water, wastewater and stormwater assets developed as part of this project.</p> <p><u>Parks & Open Spaces Unit</u> Planning Team – Involved as key stakeholder through development of the project scope via the City Development project manager. To undertake review and approve landscaping design plans prior to construction.</p> <p><u>Planning Guidance Unit</u> To review and approve subsequent construction related consents in line with statutory requirements.</p>	<p>Preliminary concept design is to be procured through the HCC Professional Services Panel.</p> <p>All subsequent procurement of the Resolution Drive Extension is proposed by means of a funding agreement (MPFA) with NZTA. This will deliver all required investigation, designation, consenting, design and construction as part of the alliance contract currently being set-up by NZTA to deliver the Hamilton Section of the Waikato Expressway.</p> <p>The above procurement strategy has been endorsed by the Strategy and Policy Committee (7 July), and a funding agreement will be reported to the Finance Committee on 20 August 2015 for approval in accordance with financial delegation and Council's Procurement Policy and Procedures Manual.</p>

<p><u>Communications Unit</u> Liaise with media and facilitate public project update communications in co-ordination with NZTA media team.</p> <p><u>Finance Unit</u> Will monitor financial performance of the project in regard to Council budgets, co-ordinate NZTA financial claims and payments in regard to subsidised project elements and MPFA provisions, and reconcile capitalised costs.</p> <p><u>Strategic Property Unit</u> To manage any required land procurement or sale, and to co-ordinate required road legalisation following construction.</p> <p>External <u>NZTA</u> Highway & Network Operations Team – Co-ordination with HCC project manager to develop and confirm project scope and associated MoU & MPFA. To progress establishment of contract to deliver the Hamilton Section of the Waikato Expressway.</p> <p>Planning & Investment Team - Co-ordination with HCC to develop and approve Resolution Drive Extension project subsidy funding application.</p> <p><u>NZTA Expressway Alliance Team (Contractors & Consultants)</u> Delivery of all required investigation, designation, consenting, design and construction.</p> <p><u>Aecom (Resolution Drive Concept Design Consultants)</u> Delivery of design deliverables as per PSP engagement</p> <p><u>Waikato District Council</u> Co-ordination of development of the Resolution Drive Extension through the Waikato District including ensuring alignment with Waikato District development (ie/ Horsham Downs Link road) and processing and approval of the Resolution Drive Extension designation.</p> <p><u>Waikato Regional Council</u> Review, approval and monitoring of road construction related consents.</p>	
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4.0 FINANCIAL CASE				
Affordability and funding requirements				
4.1 Description	4.2 Amount	4.3 Timing	4.4 Funding	4.5 Budget Notes
Project cost estimates (gross costs excluding NZTA subsidy) were completed as part of the 2015-25 10 year plan planning process (refer attachments 4.1 & 4.2 for detailed project cost estimates) and budgets were subsequently allocated in the now approved 10 year plan as outlined in the table below, which are sufficient to complete the full project scope (refer section 1.7).				
<u>Resolution Drive Extension</u>				
Investigation, design and statutory processes	\$450,000 ¹	2015/16	CE15092	Funded Capital Expenditure in 10 Year Plan
Construction (including Rototuna Severance Area Underpass)	\$9,328,000	2018/19 to 2020/21	CE15092	Funded Capital Expenditure in 10 Year Plan. <ul style="list-style-type: none"> • 2018/19 - \$4,939,000² • 2019/20 - \$4,329,000 • 2020/21 - \$60,000
Operation & Maintenance	\$26,000 per year	Annual from 2020/21	Various O&M Budgets	Additional Network O&M - Funded in 10 year plan
Debt Funding Expenditure	\$1,812,863		Interest	Included in 10 Year Plan budgets.
NZTA subsidy is anticipated at a 51% funding assistance rate for the Resolution Drive extension capital expenditure works. <ul style="list-style-type: none"> • Resolution Drive extension capital expenditure cost \$9,962,000 (as per MPFA – refer attachment 4.3) • Total estimated NZTA subsidy \$5,080,620 (51% of total \$9,962,000) 				
<u>Borman Road Extension</u>				
Investigation, design and statutory processes	\$270,000 ¹	2015/16	CE15092	Funded Capital Expenditure in 10 Year Plan
Land Procurement and Construction	\$2,327,000	2016/17 to 2018/19	CE15092	Funded Capital Expenditure in 10 Year Plan. <ul style="list-style-type: none"> • 2016/17 - \$852,000 • 2017/18 - \$1,415,000 • 2018/19 - \$60,000²
Operation & Maintenance	\$8,000 per year	Annual from 2020/21	Various O&M Budgets	Additional Network O&M - Funded in 10 year plan
Debt Funding Expenditure	\$966,679		Interest	Included in 10 Year Plan budgets.
¹ There is funding in 2015/16 for both the Resolution Drive and Borman Road extension works, with an overall budget of \$720,000				
² There is funding in 2018/19 for both the Resolution Drive and Borman Road extension works, with an overall budget of \$4,999,000				
Gross Capital Cost - \$12,375,000				
Net Capital Cost (HCC cost incorporating NZTA subsidy) - \$7,294,380				
Operation & Maintenance - \$34,000 per year from 2020/21				
Total Debt Funding Expenditure (Interest for debt servicing) - \$2,779,542				
Depreciation of assets is based on a nominal 25 year life, which results in \$495,000 per year from 2020/21.				

No additional insurance costs are anticipated as a result of this project, current Council policy is that capital infrastructure will be self insured with specific risks covered under existing policies.

Funding for this project will be via a combination of development contributions, rates and debt. Incorporation of associated debt funding has been included in organisational forecasting and calculations as included in the 10 year plan review and approval process.

4.6 Comments – describe any contracting mechanisms that may apply and identify costs associated with risk. Provide any additional details on the above as appropriate

Procurement and delivery through the alliance contract being established to deliver the Hamilton Section of the Waikato Expressway enables leveraging of construction economies of scale, and mitigates potential scope or cost creep issues through provision of a lump-sum engagement with NZTA (refer attachment 4.3 – MPFA).

5.0 MANAGEMENT CASE

Ensuring successful delivery

5.1 Stakeholder Engagement

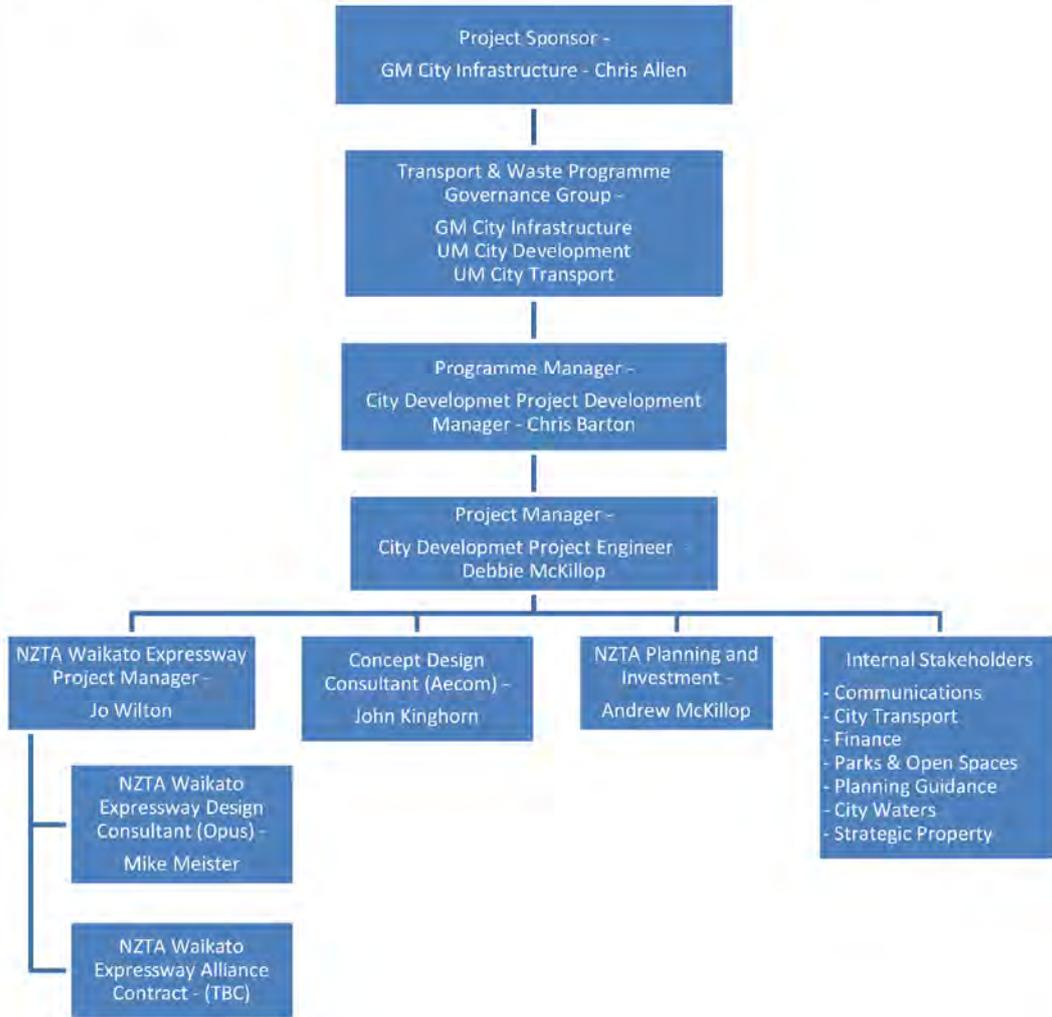
The following table identifies the stakeholders of this project and indicates their involvement in the development of this business case and if future engagement is planned.

Stakeholder	Involvement in preparation of this Business Case	Further engagement planned if the business case is approved
NZTA Highway & Network Operations	Yes	Yes
NZTA Planning and Investment	Yes	Yes
Waikato District Council	Yes	Yes
Adjacent Landowners	No	Yes
Local Community	No	Yes
Local Developers	No	Yes
Service Utility Providers	No	Yes
Tainui Group Holdings	Yes	Yes
Waikato Regional Council	No	Yes
Hamilton City Residents	No	Yes
Project Consultants	Yes	Yes
Elected Members (Mayor and Councillors)	Yes	Yes
Chief Executive and Senior Leadership Team	Yes	Yes
General Manager City Infrastructure	Yes	Yes
City Infrastructure Transport and Waste Governance Group	No	Yes
City Development Unit – Project Development Team	Yes	Yes
City Transport Unit	Yes	Yes
Parks and Open Spaces Unit	Yes	Yes
Financial Accountant	Yes	Yes
Planning Guidance Unit	No	Yes
Communications Team	Yes	Yes
City Planning	Yes	Yes
Rototuna Reservoir Project	Yes	Yes
Rototuna Suburban Centre PGG	No	Yes
Portfolio Management Office	Yes	Yes
Insurance	Yes	Yes
Procurement Team	No	Yes
City Waters	Yes	Yes
Strategic Property Unit	Yes	Yes
Strategic Arts Advisor	No	Yes

5.2 Proposed Implementation Plan

1. Governance and Project Management Structure

An overview of the proposed governance and management structure is provided below:



2. Reporting Arrangements

This project will utilise the City Infrastructure Transport and Waste Programme Governance Group which meets monthly.

Organisational Key Project reporting could also be utilised if desired by Council.

3. Proposed Project Management Plan

Debbie McKillop has been assigned as the dedicated project manager for this project. This role involves co-ordination between all key identified internal and external stakeholders as well as associated works planning and

monitoring.

4. Project Deliverables

Key project milestones are outlined below:

Milestone	Who	Baseline Completion	Actual Completion
Concept Design	Aecom	June 2015	June 2015
Council Macro Scope Approval	Strategy & Policy Committee	July 2015	7 July 2015
Memorandum of Understanding	NZTA – Highways Team	July 2015	
Business Case Approval	Finance Committee	20 August 2015	
Multi Party Funding Agreement	Finance Committee	20 August 2015	
Resolution Drive Extension Subsidy Funding Approval	NZTA – Planning & Investment Team	August 2015	
Resolution Drive Extension Designation	NZTA Alliance Contract	March 2016	
Detailed Design Complete	NZTA Alliance Contract	June 2016	
Resolution Drive Extension Construction	NZTA Alliance Contract	June 2020	
Borman Road Extension	NZTA Alliance Contract	June 2020	

Project deliverables include:

- The extension of the existing Resolution Drive from Borman Road roundabout to the Resolution Drive interchange on the Waikato Expressway, including:
 - A priority controlled T-intersection with Kay Road East / North City Road
 - Walking and cycling facilities in the form of a full length off-road shared path and grade separated crossing facilities in the vicinity of the Rototuna Suburban Centre
 - Stormwater collection, treatment and disposal facilities
 - Appropriate landscaping
 - Provision for future 4-laning and city 'gateway' features
- The extension of the existing Borman Road from the extent of the current contractual agreement with Colin Litt to Kay Road, including:
 - A priority controlled T-intersection with Kay Road
 - Continuation of the existing Borman Road corridor cross section and features

5. Budget Allocation

Gross Budget Allocation (CE 15092)	\$12,375,000
Estimated Gross Project Cost	\$12,375,000
Net HCC Project Cost (incl subsidy)	\$7,294,380

6. Contract Management Arrangements

Required contract engagements identified for this project include:

Deliverable	Type	Contract Number	Value
Concept Design	HCC PSP Engagement	PSP 14358	\$70,000
Assistance with funding application for NZTA subsidy.	HCC PSP Engagement	PSP 14385	\$10,000
Investigation, Designation, Land Procurement, Detailed Design and Construction.	MPFA with NZTA	tbc	\$9,829,000

Debbie McKillop will act as the client representative to these contract engagements.

7. Engagement of external specialists

Engagement of external specialists as detailed in the table above will be required for key components including:

- Concept Design
- Assistance with NZTA Subsidy Funding Application

8. Communication Strategy

A project communications plan will be developed by City Development in conjunction with the Communications Unit and NZTA to ensure appropriate information is provided to public and key stakeholders regarding the project.

Key project communications will include development of a project webpage including regular project updates, as well as media releases at key milestones.

9. Change Management Planning Requirements

Following construction and prior to opening, no specific change management plan is required other than appropriate public information and communications.

10. Risk Management

The project manager will identify and manage the risks associated with the project. The programme manager will hold a register of these risks and report by exception to the Governance Group.

11. Continuity Planning Arrangements

Until the new roads are constructed and opened the existing networks will remain in-place and operational

12. Post Project Evaluation

A project close-out report will be completed by the project manager on completion of the works. The project sponsor and project governance group will be responsible for signing off the completed project.

A **post-implementation review** will be conducted by City Transport within twelve months of project completion to confirm delivery of identified benefits including traffic utilisation of Resolution Drive Extension and associated traffic reduction on Gordonton Road and River Road. Counts will be completed by City Transport and reported to the Transport and Waste Governance Group via the Programme Manager.

BUSINESS CASE APPENDICES

1.0 Strategic Case

- 1.1 Waikato Expressway Context diagram
- 1.2 Access Hamilton Strategic Network Plan

2.0 Economic Case

- 2.1 NZTA Subsidy Economic Evaluation
- 2.2 Scope of Work – Preferred Option
- 2.3 Draft Waikato Expressway Hamilton Section Memorandum of Understanding - [D-1835853](#)
- 2.4 Resolution Drive Extension Draft Preliminary Design Report - [D-1883374](#)

3.0 Commercial Case

- 3.1 None

4.0 Financial Case

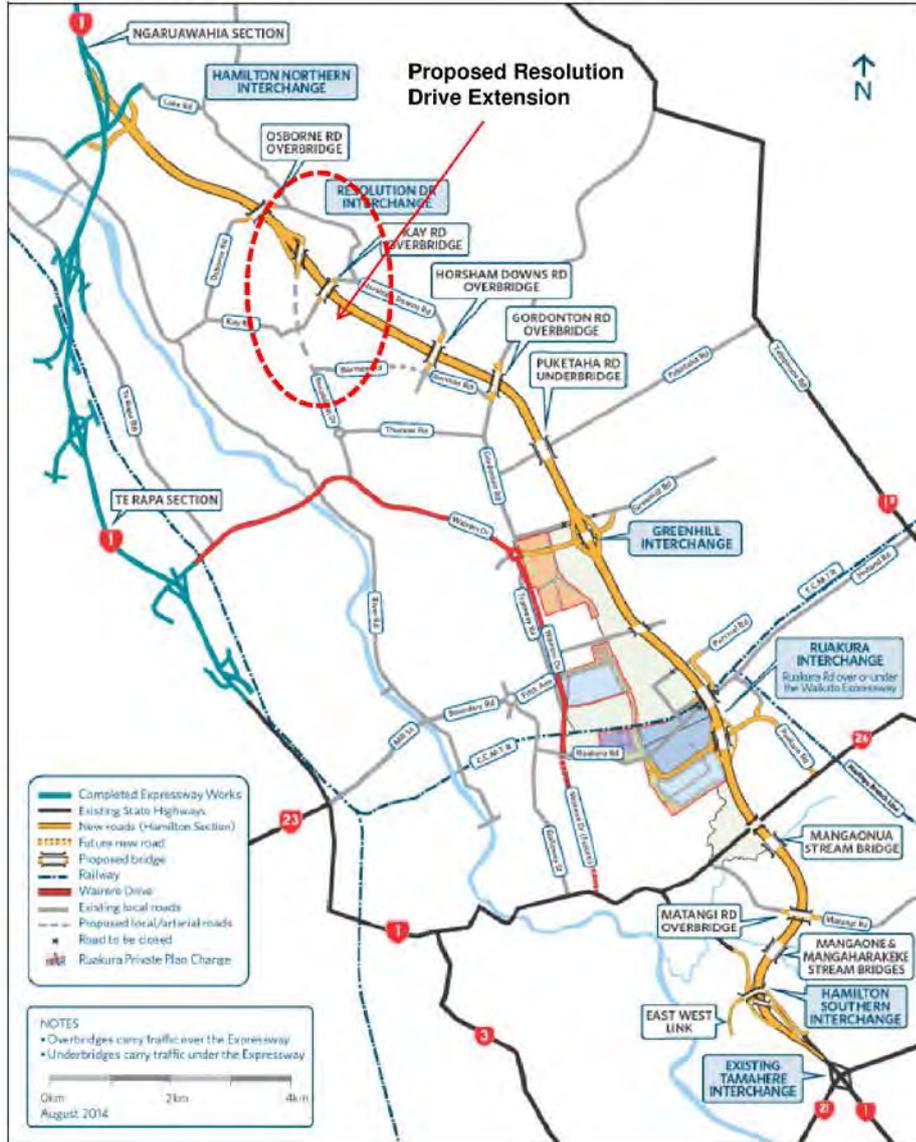
- 4.1 Resolution Drive Extension Project Estimate
- 4.2 Borman Road Extension Project Estimate
- 4.3 Draft Multi Party Funding Agreement with NZTA – [D-1883405](#)

5.0 Management Case

- 5.1 NZTA Hamilton Section Procurement Overview

1.0 Strategic Case

1.1 Waikato Expressway Context



1.2 Access Hamilton Strategic Network Plan

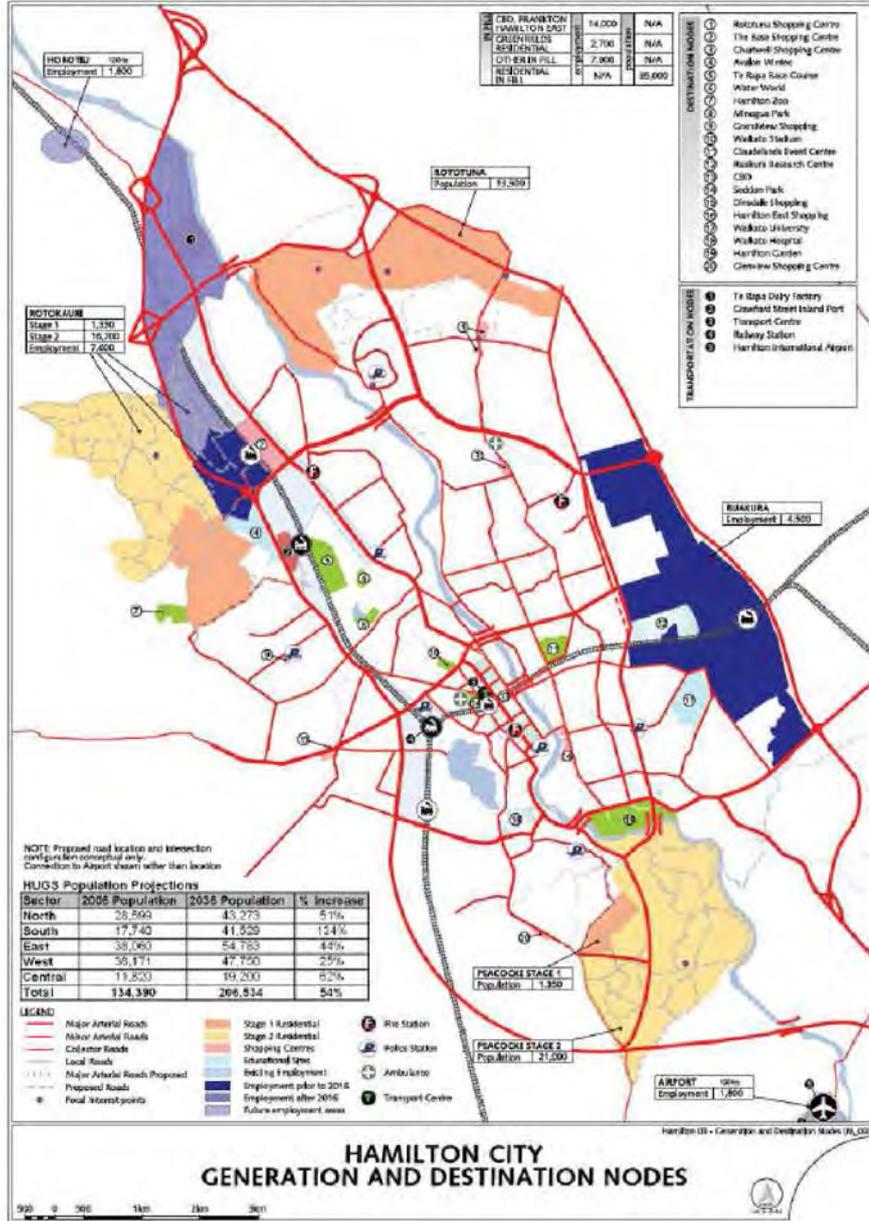


Figure 9 Hamilton's Future Form

2.0 Economic Case

2.1 Economic Evaluation

Copy of resolution drive

SP3-1

SP3 General road improvements

SP3-0001-01-01 (01 July 2013)

Worksheet 1 - Evaluation summary

Worksheet 1 provides a summary of the general data used for the evaluation as well as the results of the analysis. The information required is a subset of the information entered into Transport Investment Online.

1	Evaluator(s)	Vinish Prakash		
	Reviewer(s)	Alastair Black		
2	Activity/package details			
	Approved organisation name	Hamilton City Council		
	Activity/package name	Resolution Drive		
	Your reference			
	Activity description	Completion of Resolution Drive major arterial road to Waikato Expressway		
	Describe the issues to be addressed	connectivity and efficiency		
3	Location			
	Brief description of location	Resolution Drive - Rototuna		
4	Alternatives and options			
	Describe the do-minimum	Nothing - Vehicle must travel via Expressway and Greenhil interchange to reach Rototuna		
	Summarise the options assessed	Resolution Drive Extension - the economics is based on travel time saving for 2000 vehicle a day diverting from the expressway. With the growth of Rototuna the total traffic volume is expected to be 10000 vehicle per day.		
5	Timing			
	Time zero (assumed construction start date)	1 July	2017	
	Expected duration of construction (months)		24	
6	Economic efficiency			
	Date economic evaluation completed (mm/yyyy)		Aug-14	
	Base date for costs and benefits	1 July	2013	
	AADT at time zero		5,500	
	Traffic growth rate at time zero (%)		1.00	
	Existing roughness	IRI or NAASRA	Length of road before works	8.50 km
	Predicted roughness	IRI or NAASRA	Length of road after works	5.00 km
	Existing traffic speed	50 km/h		
	Predicted traffic speed	80 km/h		
7	PV cost of do-minimum		\$ 0	A
8	PV cost of the preferred option		\$ 9,484,600	B
9	Benefit values from worksheet 4, 5, 6			
	PV travel time cost savings	\$ 28,183,042	C x Update factor ^W	1.00 = \$ 28,183,042 W
	PV VOC and CO ₂ savings	\$ 14,551,533	D x Update factor ^Y	1.00 = \$ 14,551,533 Y
	PV crash cost savings	\$ 0	E x Update factor ^Z	1.00 = \$ 0 Z
10	BCR ₀	$= \frac{\text{PV net benefits}}{\text{PV net costs}} = \frac{W + Y + Z}{B - A} = \frac{42,734,575}{9,484,600} = 4.51$		
11	FYRR	$= \frac{\text{PV 1st year benefits}}{\text{PV net costs}} = \frac{[(W + Y) / DF^{0.05}] + (Z / DF^{0.05}) \times 0.94}{B - A} = 1.99 \%$		

NZ Transport Agency's Economic evaluation manual
Effective from Jul 2013

Copy of resolution drive

SP3-3 (1)

SP3 General road improvements

Spreadsheet v2.0 (01 July 2013)

Worksheet 3 - Cost of the option(s)

Worksheet 3 is used to calculate the PV costs of the different options. A separate Worksheet 3 is required for each option evaluated. To convert dollar values from different years to base date values, use the update factors in appendix A12.

Option name	Resolution Drive Extension			
1 PV of estimated cost of proposed work (as per attached estimate sheet)	\$	10,090,000	x	0.94 = \$ 9,484,600 (a)
2 PV of maintenance in year 1	\$			(b)
3 PV of annual maintenance and inspection costs following the work: (years 2 to 40 Inclusive)	\$		x	14.52 = \$ 0 (c)
4 PV of periodic maintenance costs				
Time zero			1st July in the year	2017
Year	Type of maintenance	Amount	APPW	Present Value
				Sum of PV of periodic maintenance costs = \$ 0 (d)
5 PV cost of additional annual maintenance	\$		x	14.25 = \$ 0 (e)
6 PV of total costs of option				PV total costs (a) + (b) + (c) + (d) + (e) = \$ 9,484,600 B

Transfer the PV total costs for the preferred option B, to B on worksheet 1.

NZ Transport Agency's Economic evaluation manual
Effective from Jul 2013

Copy of resolution drive

SP3-5

SP3 General road improvements

Spreadsheet v2.0 (01-July-2013)

Worksheet 5 - Vehicle operating cost savings

Worksheet 5 is used for calculating vehicle operating cost (VOC) savings.

1 Base data

Traffic growth rate (per annum)		%	1.00
AADT (or the traffic volumes affected by the improvement)			5,500

		Do-minimum		Option
Length of route (km)	L^{dm}	2.00	L^{opt}	2.00
Roughness (IRI/NAASRA)		75.00		70.00
Roughness cost (table 4.6)	CR^{dm}	0.02	CR^{opt}	0.02
Mean vehicle speed	VS^{dm}	80	VS^{opt}	60
Gradient		0.00%		0.00%
Base cost (table 4.5)	CB^{dm}	33.90	CB^{opt}	32.20

2 Annual vehicle operating cost for the do-minimum

$$\frac{L^{dm} \times (CR^{dm} + CB^{dm}) \times AADT \times 365}{100} = \$ 1,361,888 \quad \text{(a)}$$

3 Annual vehicle operating cost for the option

$$\frac{L^{opt} \times (CR^{opt} + CB^{opt}) \times AADT \times 365}{100} = \$ 1,293,633 \quad \text{(b)}$$

4 Value of annual vehicle operating cost savings

(a) - (b) = \$ 68,255 (c)

5 PV of vehicle operating cost savings

(c) x DF = \$ 14,551,533 (d)

Transfer PV of vehicle operating cost savings for the preferred option **D**, to **D** on worksheet 1

WORKSHEET 3 - COST-BENEFIT ANALYSIS OF THE OPTIONS

With Ruakura Structure Plan & Tamahere Landuse

Project	Full Waikato Expressway - Staged Construction & Opening Dates			Time Zero:	1st July	1/07/2015
Description	Economic Analysis - using WRTM			Base Date:	1st July	1/07/2014
Calculated by:	Mike Meister - Opus International Consultants			Project Opens		value
Reviewed by:				Benefit Period	years	40.00
				Discount Rate		9%
BENEFITS	PV of Benefits as Calculated			PV of Net Benefits		
		Expressway	Do Min		Expressway	with WEBS
1. Travel Time		\$72,618,402,093	\$74,180,851,541		1,562,449,448	1,562,449,448
2. Vehicle Oper		\$73,320,433,665	\$73,341,793,241		21,359,576	21,359,576
3. Carbon Dioxide		\$1,148,245,669	\$1,168,094,502		18,848,833	18,848,833
4. Reliability		\$1,808,734,839	\$1,858,759,217		45,024,377	45,024,377
5. Crashes		\$16,604,306,187	\$17,492,540,115		888,233,928	888,233,928
6. Agglomeration (benefit calc only)					244,765,405	244,765,405
6. WEBS (benefit calc only)						193,800,000
PV total net benefits		\$165,501,122,453	\$168,037,038,615		2,780,681,567	2,974,481,567
						0
COSTS	PV of Costs as Calculated			PV of Net Costs		
1. Fees (invest)		\$28,177,262	\$0		28,177,262	28,177,262
2. Fees (design)		\$41,665,662	\$0		41,665,662	41,665,662
3. Property		\$405,966,543	\$0		405,966,543	405,966,543
4. Construction (+ MSQA)		\$1,767,906,846	\$0		1,767,906,846	1,767,906,846
5. Maintenance		\$78,944,929	\$0		78,944,929	78,944,929
PV total net costs	\$0	\$2,322,661,243	\$0	\$0	2,322,661,243	2,322,661,243
						0
BENEFIT TO COST RATIO					1.20	1.28

4.0 Financial Case

4.1 10 Year Plan – Resolution Drive Extension Cost Estimate

Rototuna Structure Plan Roding Network 12003 & 12054		Phase	Year 1 15/16	Year 2 16/17	Year 3 17/18	Year 4 18/19	Year 5 19/20	Year 6 20/21	Year 7 21/22	Year 8 22/23
Designations										
Road 56237.8.3 (Resolution Drive)										
-LTCCP 56237.8.3	Designation		350							
-TCCP 56237.8.3	Investigation and Reporting		90							
LTCCP 3000.0 Designation			450							
Designations Grand Total			450							
Designations Grand Total Capex			450							
Major Arterial Network New										
Road 5237.9 Resolution Drive (5000 Wairere Drive to 1314 Kay Road)										
-TCCP 5237.8.3	Project Property Cost				510					
-TCCP 5237.8.3	Investigation and Reporting		270							
-TCCP 5237.8.3	Land procurement			42						
-TCCP 5237.8.3	Design and Project Documentation			300						
-TCCP 5237.8.3	Construction				1300					
-TCCP 5237.8.3	MSGA, HCC Managed Costs and					115				
-TCCP 5237.8.3	Consent monitoring fees						60			
-TCCP 5237.8.3	Maintenance							60		
LTCCP 5237.9.3 Part 3			270	852	1415	60	60			
O&M					8	8	8	8	8	8
O&M per year rate					8	8	8	8	8	8

4.2 10 Year Plan – Borman Road Extension Cost Estimate

Rototuna Structure Plan Roding Network 12003 & 12054		Phase	Year 1 15/16	Year 2 16/17	Year 3 17/18	Year 4 18/19	Year 5 19/20	Year 6 20/21
LTCCP 5466.4								
-LTCCP 5466.4	Project Property Cost				510			
-LTCCP 5466.4	Investigation and Reporting		270					
-LTCCP 5466.4	Land procurement			42				
-LTCCP 5466.4	Design and Project Documentation			300				
-LTCCP 5466.4	Construction				1300			
-LTCCP 5466.4	MSGA, HCC Managed Costs and					115		
-LTCCP 5466.4	Consent monitoring fees						60	
-LTCCP 5466.4	Maintenance							60
LTCCP 5466.4 Part 4			270	852	1415	60	60	
O&M					8	8	8	8
O&M per year rate					8	8	8	8

4.3 Draft NZTA Multi-Party Funding Agreement - [D-1883405](#)

5.0 Management Case

5.1 NZTA Hamilton Section Procurement Overview

Overview

Registration of Interest NZTA Contract No: 2/09 - 015/602 SH 1 Waikato Expressway: Hamilton Section

The NZ Transport Agency invited Registrations of Interest (ROI) from consortia wishing to tender for the SH 1 Waikato Expressway: Hamilton Section. The Works will be carried out under the NZ Transport Agency's Competitive Alliance procurement model.

The Hamilton Section is a 21.8km section of the Waikato Expressway that will provide a four-lane expressway with associated bridges and four interchanges bypassing Hamilton City. This 21.8km section will connect the Ngaruawahia section of the Expressway, completed in late 2013, to the existing Tamahere section and is aimed at improving the strategic networks efficiency and safety with reduced local traffic conflicts.

The works include the construction of up to 27 separate bridge structures, with an accumulated length of 2.2km, including the crossings of the Mangaonua Gully (160m long and 8m in height), the Mangaone Gully (three structures, between 84 and 240 m long and 8 to 10 m in height), earthworks in the order of 5 million cubic metres, and an overall expected construction estimate in excess of \$700M.

The works include the development of the final design for construction, securing the necessary approvals and permits, supply of all Labour, Materials and Plant for the construction of the Expressway to the prescribed standards and conditions.

It is envisaged that the Alliance contract will be awarded in late 2015. This is likely to be October 2015

NZTA are currently in interactive tendering with the two preferred consortia. See extract from June 2015 Expressway Newsletter below.

Tendering phase

The NZ Transport Agency is using a competitive alliance model to select the contractor to undertake the construction of the Hamilton section.

Two consortia have been selected to bid for the work via a shortlisting process. The two consortia are currently engaged in an interactive tendering phase with the Transport Agency and its expert advisors. During this phase the consortia develop and cost their concept designs for the expressway. Although their concept designs may differ from the specimen design already prepared, they must be consistent with the designation and resource consent conditions and meet the high alignment, safety and environmental standards the Transport Agency requires for new sections of expressway.

The selection of the preferred tenderer is based on a combination of the tender price and the quality of their

team, their construction methodology and their concept design. Once the contract is formally awarded the successful consortium forms an alliance with the Transport Agency to undertake the detailed design and construction work.

This contract model is similar to that used for the construction of the Te Rapa section of the expressway, but different to the design and construct model used for the construction of the Ngaruawahia and Cambridge sections. A key advantage of the alliance model is that it allows more flexibility to amend design details as the works progress. The Transport Agency and the consortium then share any cost over-runs, or savings that result from the amendments.

Multi Party Funding Agreement (MPFA)

Between

New Zealand Transport Agency

and

Hamilton City Council

In respect of

the Hamilton Section of the Waikato Expressway,

Resolution Drive Extension

And

Associated Works

August 2015



1.0 Date of Agreement

1.1 This Agreement is made on:2015.

2.0 Parties

- 2.1 The New Zealand Transport Agency (the Transport Agency), a Crown entity, established on 1 August 2008 by Section 93 of the Land Transport Management Act 2003.
- 2.2 Hamilton City Council (HCC), a territorial authority under the Local Government Act 2002.
- 2.3 The parties acknowledge that the following organisations may be involved and will need to be consulted from time to time:
- Waikato District Council (WDC)
 - Transpower
 - Utility Operators
 - Adjacent Land Owners
 - Local Community and Interest Groups

3.0 Recitals

- 3.1 The Transport Agency's Planning & Investment Knowledge Base Funding Assistance for Multi-party Projects, states that funding assistance for multi-party projects is conditional on the parties entering into a formal funding agreement.
- 3.2 The Hamilton Section of the Waikato Expressway (**the Project**) comprises the design and construction of a 22km 4-lane expressway which creates a new eastern bypass of Hamilton City from Lake Road in the north to Tamahere Interchange in the south. The Hamilton Section includes a number of interchanges providing connection between the Waikato Expressway and the local road network.
- 3.3 The Transport Agency intends to construct the Hamilton Section of the Waikato Expressway, including strategic connections to the local road network.
- 3.4 HCC intends to develop Hamilton North, Rototuna and Greenhill area in accordance with the structure plans.
- 3.5 The Transport Agency believes it is sensible and desirable to alter the access configurations of the Waikato Expressway to accommodate the Resolution Drive Extension and Horsham Downs Link, in order to achieve a safe and efficient integrated transport network that enables and supports the economy.
- 3.6 The Transport Agency, HCC (the Parties) have agreed to enter into this formal agreement for the planning, design, construction and funding of the extension to Resolution Drive, and related infrastructure that will provide a connection between the Hamilton Section of the Waikato Expressway and the local road network.
- 3.7 The Transport Agency and HCC have agreed to enter into this formal Agreement for the planning, design, construction and funding of the stormwater, water and wastewater infrastructure and the pedestrian underpass servicing the North-east residential area of the Rototuna Structure Plan, being that area within Hamilton City to the northeast of the Hamilton Section of the Waikato Expressway and bounded by Horsham Downs Road as shown on Figure 1.
- 3.8 The costs in this Agreement are based on the premise that there is no funding assistance from the Land Transport Fund (NLTF) for the costs which are the responsibility of HCC, except that nothing in this Agreement precludes HCC from requesting funding assistance in accordance with the usual policy and procedures of the Transport Agency and noting that the decision to provide a subsidy is at the total discretion of the Transport Agency.

- 3.9 The Transport Agency acknowledges that HCC's funding for the costs it is agreeing to accept under this agreement has been approved on the basis that a 51% subsidy will be provided by NLTF in respect of the costs of construction and acquisition of land, and that HCC's obligations to make payments under this agreement will necessarily be conditional upon that NLTF funding being available. HCC will utilise its best endeavours to secure the NLTF funding.
- 3.10 This Agreement is subject to the relevant parties completing any statutory processes and requirements relevant to Hamilton Section, including (without limitation) those required under the Resource Management Act 1991, Land Transport Management Act 2003, the Local Government Act 2002 and those required by each of the parties to obtain funding.

4.0 **Purpose of this Agreement**

- 4.1 The purpose of this agreement is to record the Parties' agreement to:
1. Co-operate in the preparation and processing of a Notice of Requirement (NOR) and an application for Resource Consents to enable construction of Resolution Drive from Borman Road to Horsham Downs Road.
 2. Co-operate in the preparation and processing of all statutory processes to enable the construction of the pedestrian/cycle underpass, water, stormwater and wastewater services across the Waikato Expressway to service the North-East residential area of the Rototuna Structure Plan.
 3. Allocate responsibilities for funding and performance of activities relating to planning, investigation, design and construction of all aspects relating to the extension of Resolution Drive from Borman Road to the Resolution Drive Interchange and the Tennille Street pedestrian/cycle underpass. The allocation of costs are summarised in Table 1.
 4. Allocate responsibilities for funding and performance of activities relating to planning, investigation, design and construction of all aspects relating to the pedestrian/cycle underpass at Chainage 5300, and the stormwater and wastewater services at Chainage 6200 to service the North-East residential area of the Rototuna Structure Plan.
 5. Work together and use best endeavours to achieve the required outcomes through all phases of the programme in a timely manner, from planning through to final construction, and expediting land acquisitions, including those covered by the Public Works Act.

5.0 **Scope**

- 5.1 The original 2005 designation of the Hamilton Section had no provision for connections between the expressway and the adjacent local road network north of **Greenhill Road**, where a full diamond interchange with connections to a realigned Greenhill Road was provided for. No provision was provided for a pedestrian underpass, water and wastewater services for the North East residential area of the Rototuna Structure Plan bounded by Horsham Downs Road.
- 5.2 A comprehensive assessment of connection options was undertaken in 2013 for the Hamilton Section, and the findings were reported in the Network Connections Summary Report (April 2013), confirming that a full diamond interchange at Resolution Drive was justified, but that construction of south-facing ramps could be deferred until post 2041. The Scheme Assessment Report Addendum (SARA) was completed in 2013 recommending that a half diamond interchange, with north facing ramps only, be constructed at Resolution Drive, and this was approved by the Transport Agency Value Assurance Committee. Subject to Value Assurance Committee approval the south-facing ramp construction could be brought forward and included in the Project.

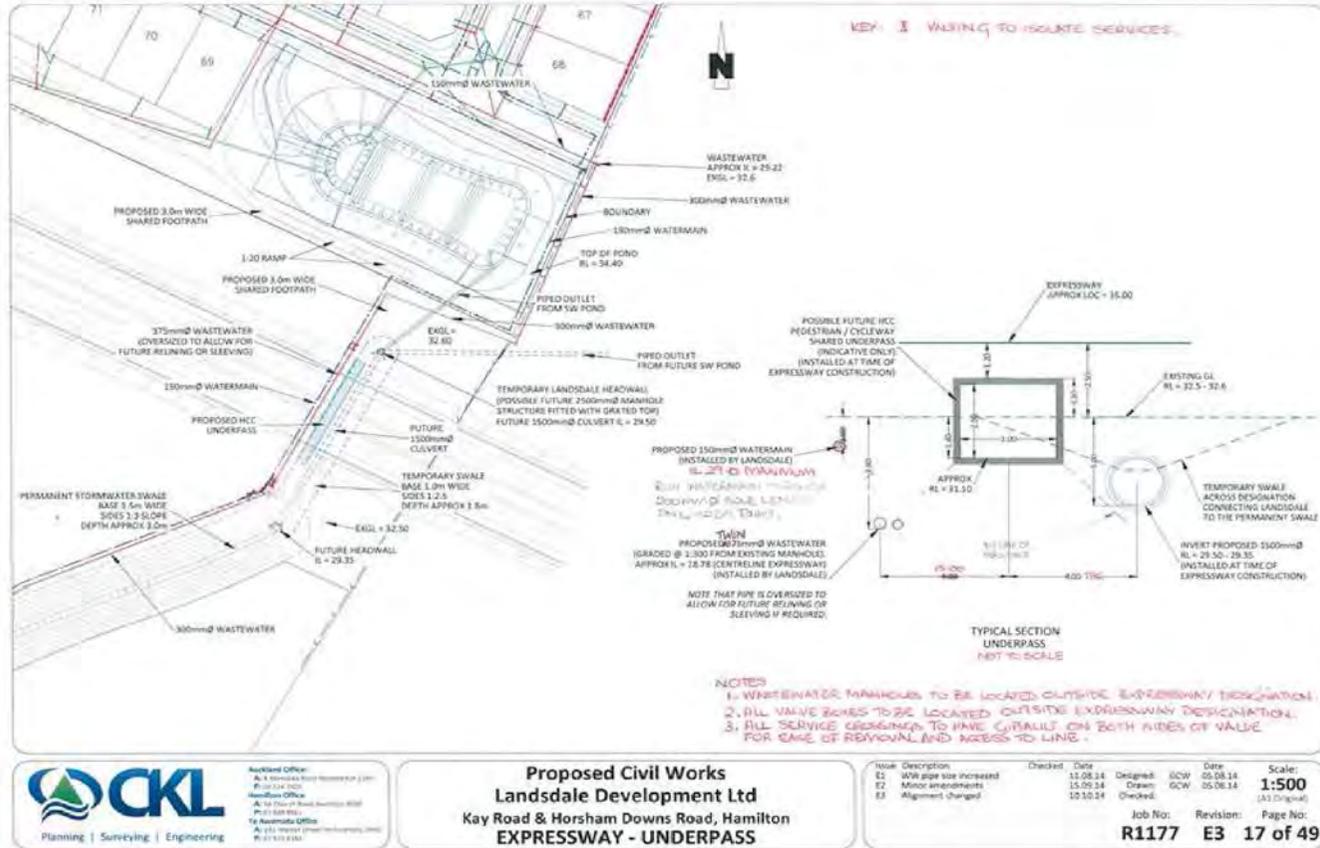


- 5.3 The amendments to the Hamilton Section considered necessary or desirable to establish a half diamond interchange at Resolution Drive include the following (as indicated in Figure 1 below, where the proposed roads are shown in purple):
1. Construction of the extension of Resolution Drive from Borman Road to the interchange, providing connectivity to the HCC arterial network.
 2. Construction of the Horsham Downs Link, providing an arterial connection to Horsham Downs Road and the WDC network to the east.
- 5.4 HCC has undertaken an assessment of the service requirements for the North-East residential area of the Rotoruna Structure Plan and has requested that stormwater, temporary water and wastewater infrastructure and a pedestrian/cycle underpass be allowed to cross the Waikato Expressway below grade at the agreed location as shown in Figure 1 at chainage 5300. HCC has requested wastewater and stormwater infrastructure to cross the Waikato Expressway below grade at approximate Chainage 6200. HCC has requested a 300mm diameter watermain on the Kay Road Bridge.
1. The pedestrian/cycle underpass crosses the Project at Chainage 5300 and is show in Figure 2.
 2. The design shall be undertaken by the Transport Agency, in accordance with HCC standards. The underpass and connecting pathways within the designation will be constructed as part of the construction contract for the Hamilton Section.
- 5.5 The costs detailed in this agreement are based on the HCC provided specimen design for Resolution Drive and the Project 2014 scheme design. Resolution Drive Extension will pass over the expressway and potentially connect into Horsham Downs Road. The HCC specimen design is incorporated in the Project Contract Documentation and the Minimum Requirements that were issued for tender.
- 5.6 If the Parties agree that any significant design changes should be made prior to the awarding of the design and construct contract, the costs detailed in this agreement may change. Any additional services or costs arising from changes in scope will be paid by the party requesting the change, and with regard to who benefits from the change. The Transport Agency acknowledges that HCC's approved funding for this project is limited to that provided for in this agreement and acknowledges that any additional contribution from HCC would need to be approved, and its funding availability is not certain.

Figure 1 Proposed Resolution Interchange and North-East Residential Area of the Rototuna Structure Plan



Figure 2 North-East Residential Area of the Rotuna Structure Plan Pedestrian Underpass and Services.



6.0 Project Planning and Programming

- 6.1 The Waikato Expressway is one of the Roads of National Significance (RONS). The RONS were identified in the Government Policy Statement (GPS) on Land Transport Funding, 2009 as national development priorities. They were confirmed in GPS 2012 as the main focus of funding for the 10 years from 2012 to 2022. The Hamilton Section is included in the Transport Agency's 10-Year State Highway Plan and Forecast for 2008/09 to 2017/18.
- 6.2 Notices of Requirement (NOR) for an alteration of the original designation to make provision for the Resolution Drive Interchange were lodged on 30 September 2013 with a favourable recommendation on the designation received on the 30 June 2014.
- 6.3 The following additional planning matters are yet to be addressed or finalised for the Hamilton Section:
 1. Two outstanding appeals with respect to alterations in the Horsham Downs and Tamahere areas respectively.
 2. Alterations of designation and resource consents for the extension of Resolution Drive from Borman Road to Horsham Downs Road, and alteration to designation to enable improvement of the Ruakura Road / Morrinsville Road (SH26) intersection.
- 6.4 In spite of the outstanding planning issues, the Transport Agency has called for tenders for the construction of the Hamilton Section in March 2015, with the intention of construction commencing late 2015 and the section being opened to traffic by 2020. This timeline is subject to change and tender sustainability.
- 6.5 HCC is committed to developing the North-east residential area of the Rototuna Structure Plan and Resolution Drive. HCC has completed the specimen design for the extension of Resolution Drive and this has been included in the Hamilton Section Tender.

7.0 Project Funding and Cost Sharing

- 7.1 Funding for the property and investigation phases (including designation and specimen design) for the Project is included in the National Land Transport Programme (NLTP) 2012-15.
- 7.2 Funding for construction of the Project has NZ Transport Agency Board approval.
- 7.3 This agreement is based on the following cost sharing principles:
 1. HCC will pay an agreed sum for the professional services provided by Opus International Consultants Ltd in investigating, designing and obtaining the designation and resource consents for the extension of Resolution Drive. The cost to resolve appeals to the designation for Resolution Drive and any subsequent mitigation arising from resolution of appeals shall be borne proportionally by HCC and Waikato District Council.
 2. HCC will pay the estimated cost for the extension of Resolution Drive from the Borman Road Roundabout to the commencement of the grade separated on ramps.
 3. HCC will pay the estimated cost for the design and construction of the Resolution Drive pedestrian/cycle underpass that will link Tennille Street to the Rototuna Town Centre Area.
 4. HCC will pay the estimated cost for the design and construction of the stormwater and wastewater services at Chainage 6200.



5. HCC will pay the estimated cost for the design and construction of the 300mm diameter watermain on Kay Road Bridge.
 6. HCC will pay the estimated cost for the design and construction of the stormwater, water and wastewater infrastructure and the pedestrian/cycle underpass at Chainage 5300 that will service the North-East residential area of the Rotoruna Structure Plan. As the pedestrian underpass will be utilised for the 100 year flood path a credit will be provided by the Transport Agency for the saving obtained from the removal of the stormwater culverts. .
 7. The standard for the North-east residential area of the Rotoruna Structure Plan stormwater, water and wastewater infrastructure shall be as set out in the **VARIATION TO AGREEMENT IN RESPECT OF INFRASTRUCTURE WORKS** between HCC and Transport Agency dated 13 July 2015 (the Agreement).
 8. The estimated costs for this section of Resolution Drive will be based on the Opus International Consultants Ltd specimen design drawings, a two lane divided arterial road, generally at grade, with provision to widen to four lanes and a grade separated pedestrian/cycle way in the vicinity of Tennille Street.
- 7.4 The costs for acquisition of the land for this section of Resolution Drive are not included in the cost calculation, and will be borne by HCC. This does not preclude HCC from requesting funding assistance in accordance with the usual policy and procedures of the Transport Agency and noting that the decision to provide a subsidy is at the total discretion of the Transport Agency. HCC is intending to apply for funding assistance from NLTF, inter-alia, to reimburse HCC for the cost of land acquisition, and HCC's agreement to make funding contributions under this agreement is conditional upon that funding assistance being available in time to meet HCC's obligations.
- 7.5 The parties will meet their own legal and professional costs in relation to the negotiation, preparation, execution and implementation of this agreement.
- 7.6 Based on the foregoing principles, the HCC contribution to the costs of the Resolution Drive extension from Borman Road to the expressway and all future proofing of HCC services crossing the expressway will be as outlined in Table 1 below.



Table 1 Allocation of Costs

Item	Description	HCC Cost	Comments
1	Resolution Drive Extension from Borman to WEX southern RAB as per Specimen Design	9,268,000	Includes, Asphalt surfacing, four lane ped U/P structure with 7m wide footpath base. Excludes Kay/Resolution Dr RAB and the Interchange RAB.
1.1	Tennile U/P to support only two traffic lanes and a 4m wide base	-556,000	as per HCC request
1.2	Attenuate 2 & 10 yr storm event between Kay Rd and Borman Rd (Provisional Sum)	850,000	1800mm dia pipe by 300m long
1.3	Opus experts preparing AEE, NOR, & RC applications	400,000	
	Sub-total	9,962,000	
2	Rototuna Pedestrian U/P at WEX Chainage 5300 including pathways across designation width	419,000	includes 3m wide concrete pathway to WEX designation boundary
2.1	NZTA to provide 2/1500mm dia* 50m conc culverts.	-199,000	cost to NZTA to convey 1 in 100yr flood across WEX if no pedestrian underpass available
	Sub-total	220,000	
3	Additional infrastructure to support HCC requirements		
3.1	2500mm S/W pipe in lieu of a 1200mm at Chainage 5300 and 6200	62,000	to convey upstream storm event from Rototuna development as per HCC/AECOM request.
3.2	Provide a 300mm duct for future sewer at Chainage 6200	59,000	
3.3	Provide 300mm water pipe on Kay Rd Br	60,000	
3.4	Provide bridge abutment cavity and stub on structures	14,000	Kay Rd and Horsham Downs Road
3.5	Provide bridge abutment cavity for 250mm duct and stub on structures	25,000	Resolution Dr, Ruakura, SH26, Gordonton, Matangi and East/West Link
	Sub-total	220,000	
	TOTAL	10,402,000	
5	Greenhill Land Procurement		
	Honniss Land as agreed with HCC and the Transport Agency in 2010	-573,000	
	TOTAL	9,829,000	

Note: All costs (excluding the Provisional Sum) are an agreed fixed lump sum for design and construction. Connectivity at Kay Road is based on tee intersection on the easter side (not a roundabout). Land Costs are not included.

* The estimated costs for construction are based on the Opus 2014 Scheme Design.

- 7.7 Costs for professional services are based on an assessment of actual costs incurred and costs still outstanding.
- 7.8 An item denoted as a **Provisional Sum** is included in the scope for clarity. The item is subject to further design and investigation and will be costed on the basis of the final design. The item can only proceed with agreement of the Parties. All Preliminary and General costs incurred by the Alliance will be borne by the Transport Agency and the costs for physical works shall be borne by HCC.
- 7.9 Administration and legal costs associated with this agreement lie with the respective Party.

8.0 Staging and Programme Coordination

Successful achievement of the objectives of all Parties to this agreement is dependent on achievement and delivery of a sequence of interdependent actions and decisions. The following table sets out the key actions and decisions with indicative timing. The Responsible Party is the Party responsible for arranging and ensuring that the activity is completed.

Table 2: Staging and Programme Coordination

Item	Date	Description	Party Responsible
1	Jan-15	HCC delivers draft scheme assessment for Resolution Drive Extension	HCC
2	Mar-15	Hamilton Section funding confirmed	Transport Agency
3	Jul-15	Hamilton Section Tenders closed	Transport Agency
4	Sep-15	NoR and RC applied for.	Transport Agency
5	Oct-15	Construction Contract Awarded	Transport Agency
6	Jul-16	HCC review Alliance design of Resolution Drive, the Rototuna services and the pedestrian/cycle underpasses.	HCC
7	Dec-19	Substantial completion of expressway and opening of Resolution Drive, the Rototuna services and the pedestrian/cycle underpass and Resolution Drive Interchange, including connections to the local road network.	Transport Agency

9.0 Project Management

9.1 The Transport Agency's contact person to act as their representative:

Jo Wilton
 Senior Project Manager
 New Zealand Transport Agency,
 PO Box 973
 HAMILTON
 Phone (07) 9587956
 Fax Number (07) 9571437

9.2 HCC's contact person to act as their representative will be:

Chris Allen
 General Manager City Infrastructure
 Hamilton City Council
 Private Bag 3010
 HAMILTON
 Phone (07) 8386748

9.3 HCC will meet its obligations in accordance with the availability of funds allocated for the project in the HCC long-term plan as per the attached schedule in Table 3.

Table 3: Payment Schedule as per the HCC Long-Term Plan

Item	Financial Period (Yr)	Description	Invoice Date	Payment (\$)
1	15/16	NoR and RC applied for.	May-16	400,000
2	17/18	North-east residential area of Rototuna Structure plan stormwater and wastewater services.	May-18	121,000
3	18/19	Resolution Drive Extension and associated works part payment.	May-19	5,008,000
4	19/20	Resolution Drive Extension and associated works part payment (full and final including provisional sum if required).	May-20	4,300,000
Total				9,829,000

- 9.4 Subject to clause 9.5, The Project Manager will arrange for the generation of invoices and forward these to HCC in accordance with Table 3. Payment will be expected during the month following the issue of the invoice. The cost contributions set out in this MPFA exclude GST. GST shall therefore be added to the invoices rendered to HCC.
- 9.5 If, pursuant to the restriction contained in clause 9.5, HCC is not able to comply with the provisions of clause 9.6, payment of any shortfall shall be made by HCC as soon as practicable after 1 July in the year during which funding has been approved under HCC's long-term plan.
- 9.6 For the avoidance of doubt, any shortfall in payment by HCC shall not bear interest if it is paid in accordance with the provisions of clause 9.7. .
- 9.7 This MPFA does not create or offer any benefit or create any obligation enforceable on any person not a party to this MPFA.
- 9.8 Both parties' representatives shall keep each other fully informed of progress during all phases of the project including preparation of the design plans and during physical works construction relating to the elements of work referred to in this MPFA.

10.0 Variations to the project scope

- 10.1 Each party, as it may affect them, may make reasonable requests for changes to the Project scope after completion of the Design Estimate. The party requesting the change shall be responsible for all work necessary to identify the scope of the change and will be responsible for the full cost of the change - but taking into account which party benefits from the change.

11.0 Termination

- 11.1 This Multi Party Funding Agreement (MPFA) is conditional upon the following:
1. If tenders received by the Transport Agency exceed estimates for construction and the Transport Agency is unable to obtain the necessary funds then the MPFA can be terminated by the Transport Agency by 20 Days written notice. The costs for work up to that time shall be met by the party which has incurred the cost.
 2. If project costs exceed funding during construction and the Transport Agency is unable to obtain the necessary additional funds then the MPFA can be terminated by the Transport Agency by 20 Days written notice. The costs for work up to that time will be met by the party which has incurred the cost.
 3. HCC obtaining the necessary subsidies to enable it to meet its obligations under this agreement by date agreed between the parties, and failing agreement by 31 January 2016.



-
4. All necessary land acquisitions and regulatory processes being completed by a date to be agreed between the parties and failing agreement by 31 January 2016.
 5. Any necessary agreements, consents, and arrangements being made, obtained, or achieved with Waikato District Council on terms acceptable to the parties in respect of that portion of the works contemplated by this agreement that is within the district of the Waikato District Council. This condition is to be satisfied by a date to be agreed between the parties and failing agreement by 31 January 2016
- 11.2 This **MPFA** will terminate upon project completion of the Hamilton Section of the Waikato Expressway, providing all parties have met their obligations under this agreement.
 - 11.3 This **MPFA** can be amended or extended from time to time, at the instigation of any Party and subject to agreement of all parties.
 - 11.4 The **MPFA** can be terminated prior to the Transport Agency commitment to construction by the written agreement of the Parties to the **MPFA**. If termination occurs under this clause, three months written notice is required to the other parties. There will be a reconciliation of costs and liabilities under the Hamilton Section Project, which will be apportioned in accordance with the liability of each party.
 - 11.5 Should any Party withdraw from the **MPFA**, then the remaining Parties can resolve to continue without the outgoing Party with any elements of the Project necessary for their development, and which can be completed independently.
- 12.0 Protection of Parties Separate Interests**
- 12.1 The Alliance will consult with and give consideration to the requirements of HCC in regard to the design of road infrastructure associated with the proposed extension of Resolution Drive and Horsham Downs Link. Where HCC requirements conflict with the contract documents or other Transport Agency requirements in relation to the project, the Alliance is required to refer the matter to the Project Manager and provide for further consultation with HCC.
- 13.0 Invalidity**
- 13.1 If any part of this **MPFA** or the application to any person or circumstance is or becomes invalid or unenforceable, the remaining terms, covenants and conditions shall not be affected thereby and such terms covenants and conditions of these presents shall be valid and enforceable to the fullest extent permitted by law.
- 14.0 Disputes**
- 14.1 All differences and disputes between the parties concerning this **MPFA** shall be dealt with as follows:
 1. The parties shall meet and discuss in good faith any dispute between them arising out of this **MPFA**.
 2. If the discussions referred to in 15.1.1 fail to be resolved within 30 days of first being raised in writing, the issues shall be elevated to a meeting between the Chief Executives or their delegated representatives to reach an agreed position.
 3. If the discussions referred to in 15.1.1 and 15.1.2 above fail to resolve the relevant dispute within 60 days of first being raised in writing, any party may (by written notice to the other parties) require that the dispute be submitted for mediation by a single mediator agreed between the parties. In the event of any such submission to mediation:
 - (a) the mediator shall be deemed to be not acting as an expert or as an arbitrator;
 - (b) the mediator shall determine the procedure and timetable for the mediation; and

(c) the cost of the mediation shall be shared equally between the parties.

4. No party may issue any legal proceedings (other than for urgent interlocutory relief), in respect of any such dispute, unless that party has first taken all reasonable steps to comply with clauses 15.1.1 and 15.1.2.

15.0 Interest

- 15.1 Subject to clause 9.8, should HCC not pay the Transport Agency within 30 days of receiving the claim then HCC shall pay the Transport Agency interest compounding monthly on all amounts shown as payable and remaining unpaid after the expiry of the time provided for payment.
- 15.2 The rate of interest shall be equal to one and a quarter times the average monthly interest rate as certified by a chartered accountant or trading bank manager, which is currently payable or which would be payable by the Transport Agency for overdraft facilities.
- 15.3 The right to interest shall be additional to any other remedy to which the Transport Agency may be entitled at law.

16.0 Publicity

- 16.1 Notwithstanding the right for the media to report on any public meeting, all parties, prior to release, will agree to any media release in relation to the works covered by this agreement, relating to the Resolution Drive extension and Interchange component of the Project.
- 16.2 The Transport Agency shall identify HCC as contributing partners in relation to any public statements and in written publications relating to the project.

17.0 General

- 17.1 The parties acknowledge and confirm that they intend to be bound in all respects by the provisions of this MPFA.
- 17.2 This MPFA may be amended or extended at any time, at the instigation of any Party subject to mutual agreement signed in writing by all Parties.
- 17.3 This Agreement constitutes the entire Agreement, understanding and arrangement (express and implied) between the parties relating to the subject matter of this Agreement, and supersedes and cancels any previous Agreement, understanding and arrangement relating to the services, whether written or oral.
- 17.4 Nothing in this Agreement shall create a partnership between the parties.
- 17.5 A waiver of any right under this Agreement shall not be effective unless given in writing. A failure to exercise or delay in exercising any right under this Agreement shall not operate as a waiver of that right.
- 17.6 The laws of New Zealand shall govern the construction, validity and performance of this Agreement.



18.0 **Signing**

18.1 IN WITNESS WHEREOF this Multi Party Funding Agreement has been executed as at the date first written above

<p>Signed for the New Zealand Transport Agency by:</p> <p>Kaye Clark Highways Manager</p> <p>in the presence of:</p> <p>Name:</p> <p>Occupation:</p> <p>Address:</p>	<p>Signed for Hamilton City Council by: :</p> <p>Richard Briggs Chief Executive</p> <p>in the presence of:</p> <p>Name:</p> <p>Occupation:</p> <p>Address:</p>
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9. Recommendations from Management

- a) That the report be received;
- b) That Contract 12100 for the Energy Supply to the Wastewater Treatment Plant with Meridian Energy Limited be approved with a contract term of one year with expiry on 1 July 2016 and an Approved Contract Sum of \$1,003,000 including a contingency value of \$100,000;
- c) That the agreement for the Connection and Distributed Generation of Electricity for the Wastewater Treatment Plant with WEL Network Limited be approved for a term of ten years with staff delegated to make payments on a monthly basis, noting that the agreement also establishes a permanent easement over WEL Networks Limited infrastructure located at the WWTP site; and
- d) That the Chief Executive be given delegated authority to finalise and execute a contract with Meridian Energy Limited and agreement with WEL Networks Limited for the supply connection and distributed generation of electricity at the Wastewater Treatment Plant site.

10. Attachments

There are no attachments for this report.

11. Purpose and Structure of Contract

12. Background

13. To provide continued wastewater treatment services to Hamilton residents, the WWTP requires:
 - An ongoing supply of electricity (proposed through Contract 12100 with Meridian Energy Ltd)
 - A connection to the electricity distribution network and conveyance of energy (proposed through a Connection and Distributed Generation of Electricity Agreement with WEL Networks Ltd) and
14. HCC also owns and operates an engine for electricity generation plant at the WWTP that requires connection to the electricity distribution network to allow for the export of electricity when operating conditions are such that it is cost effective to do so.
15. Contract 12100 for electricity supply is based on Meridian's standard electricity supply terms and is for a one year fixed term period with payment determined by the actual quantity of electricity imported and exported at the WWTP.
16. HCC has an agreement with WEL for a connection to the electricity distribution network and conveyance of energy that is based on special tariffs that took effect in 2000 for a 15 year period. This agreement expires in November 2015 and WEL are no longer prepared to offer special tariffs for the WWTP moving forward.
17. Staff have considered WEL's position carefully and agree that it is reasonable given that the special tariffs relate to an operating environment at the treatment plant that no longer exists.

18. The purpose of the Connection and Distributed Generation of Electricity Agreement is to secure the connection and conveyance of electricity to the WWTP and to set out the terms and conditions for the connection of onsite generation infrastructure to the electricity network.
19. The agreement relates only to the WWTP site and is in addition to the Contract 12100 – Supply of Electricity at the WWTP with Meridian Energy Limited.
20. The agreement is based on WEL’s standard network connection agreement terms and is for a ten year fixed term period.
21. Payment is determined by the actual quantity of electricity imported and exported to and from the WWTP.
22. There is provision within this agreement for a permanent easement over electricity infrastructure owned by WEL situated on the WWTP site.

23. Evaluation Process

24. Contract 12100 - Supply of Electricity
25. Council’s main electricity contract for the organisation is held with Contact Energy and was awarded in 2013 and expires in June 2016. This contract does not currently include the WWTP within its scope.
26. At the time of tendering the supply contract in 2013, Contact Energy had the lowest overall price for energy consumption for the wider organisation; however they were not chosen to supply the WWTP as they did not offer suitable export power rates for the onsite generation facility.
27. As part of the 2013 tender process Meridian Energy Limited offered the best combination of export rates and electricity pricing for the WWTP, so Meridian Energy Limited was awarded a 2 year contract to supply electricity to the WWTP. This contract has reached its expiry at the end of June 2015 an additional 1 year contract with Meridian is proposed by this report in order to align the expiry date with the organisational energy contract.
28. Meridian Energy Limited has confirmed that, for the proposed 12 month contract period, their rates will remain similar to their existing contract and that the current export arrangement will be retained.
29. In the next few months, Council will be engaging with the All of Government Procurement to go out to market for Council’s electricity supply contract commencing 1 July 2016. This process will include the import and export of electricity to WWTP site.
30. The approved contract sum for the Meridian Energy Limited contract for the supply of energy to the WWTP is \$903,000 being the estimated costs to Council over the one year contract term. This value is calculated based on current electricity usage.
31. An additional \$100,000 contingency is also required to allow for the variability in energy usage.
32. Connection and Distributed Generation of Electricity Agreement
33. The provision of an electricity network connection to the WWTP requires 11KV high voltage electricity infrastructure which is already established on site and has been owned by the

current supplier WEL for a number of years. No other supplier has the required major infrastructure in place.

34. At this time, the only option available to council is to negotiate an agreement directly with the existing supplier WEL Networks Limited.
35. Following completion of negotiation it is recommended that council enter into an agreement with WEL for the Connection and Distributed Electricity Generation at the WWTO for an approved contract term of ten years.

36. Financial implications

37. The 2015/16 funding provision within the operational budgets for energy* costs at the WWTP are:

Financial Year	WWTP Annual Energy Budget	WWTP Forecasted Annual Energy Expenditure	Estimated Annual Variance
2015-16	\$1,348,000	\$1,483,000	-\$135,000

**Note: Annual Energy budget includes the budget for total electricity (Supply, connection and distributed electricity) as well as natural gas supply*

38. The forecasted expenditure in the 2015/16 year under the proposed agreement with WEL is estimated to be \$420,000 which is an increase of \$285,000. The move from historic special tariffs to WEL's standard 400v charges would cost HCC an estimated additional \$380,000 per annum however the impact can be reduced to an increase of \$285,000 per annum through the optimal use of on site generation capability.
39. Forecasted energy expenditure has many variables but is based on the current site energy demand and is calculated using the new proposed charging rates detailed within the Meridian Energy Limited contract and WEL agreement. This indicates a risk of a shortfall of \$135,000 in the 2015/16 year budget availability but there are many variables as noted in paragraph 45.
40. Energy costs will be closely monitored during 2015/16 and any variance from forecasted expenditure reported via the Finance Committee monitoring report and will managed within City Waters budget through re-prioritisation of other work programmes or alternatively through the risk and opportunities register if necessary.
41. It is extremely difficult to quantify energy costs beyond year 1 given the unknown electricity supply contract rates from 2016/17 2 outlined in paragraph 25 and, the process restrictions that will occur from time to time on site as part of the proposed future major capital upgrade.
42. Actual costs will be determined by the operational needs at the WWTP and depend on the level of generation achieved, number and intensity of seasonal weather events and any changes in the discharge characteristics of major industries in Hamilton.
43. The impact of moving to the 400v standard changes now is approximately cost neutral compared to moving to the 400v standard changes in November 2015 when the current WEL contract expires. The benefit for HCC in moving to 400v standard changes prior to November is reduced financial risk associated with moving away from the volatile aspects of the special tariffs.

44. Payments determined by the WEL agreement during the 2015/16 financial year will be authorized on a month by month basis using existing staff delegations until the All of Government Contract is in place in mid 2016 at which time payments under this agreement will be integrated with the payments made to the Electricity Supply contract.
45. Going forward, an investigation to review the current WWTP Energy model and determine the optimal utilization of available energy sources will be started soon with a completion date of November 2015. The report is likely to identify further improved levels of process resilience and energy cost efficiencies to assist with ensuring future expenditure is within available budget.

46. Risk

47. Estimations of energy consumption at the WWTP will vary from year to year in response to matters such as city growth, wastewater load characteristics from industry, unexpected major weather events, process optimization, capital upgrades and general operations at the WWTP. It is difficult to accurately estimate energy consumption given these variables.
48. A council decision not to enter into an agreement with WEL for the connection and distributed generation of electricity at the WWTP will require major unfunded capital works on and to the site to replace the existing infrastructure owned by WEL.
49. There is a benefit for HCC in moving to 400v standard changes prior to November 2015 when the current WEL agreement expires as a result of reduced financial risk associated with moving away from the volatile aspects of the special tariffs.
50. Negotiations are continuing with WEL to finalise a small number of non-financial matters associated with the Connection and Distributed Generation of Electricity Agreement. Resolution of these matters to the satisfaction of HCC and WEL will be required prior to the agreement being signed.
51. The contract term, conditions and provisions have been designed based on status quo management of Council 3-waters assets. If any change to asset ownership or management occurs as a result of the current Waikato Water Study, it is likely that this contract would be novated into any new management model or required contract amendments could be incorporated without any associated contract penalties being incurred.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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Committee: Finance Committee

Date: 20 August 2015

Report Name: IS Programme of Work -
Quarterly Update

Author: David Gunn

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>PIF12015 - LTP - Phoenix Capital Funding Request for LTP PIF12049 LTP - Corporate Mobile Applications and Online Services PIF12050 LTP - Infrastructure security software, network infrastructure renewal & DR capability</i>
Financial status	<i>There is budget allocated Amount varies by PIF</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To provide an overview of the status of the IS Programme of work for the period April to July 2015, including the programme's financial position, programme activity, current programme plan and key risks.

3. Recommendation from Management

That the report be received

4. Attachments

- There are no attachments for this report.

6. Discussion

- The IS Programme of work is made up of PIF12015 - Phoenix programme of work, PIF12049 - Corporate Mobile Applications and Online services, PIF12050 - Infrastructure security software, network infrastructure renewal & DR capability, and projects generated out of Contract 10032 - referred to as Infrastructure as a Service (IAAS).

8. Mobility Project

This project consists of two streams; Asset management mobility and Inspector mobility (incorporating building and environmental health inspections). The Asset mobility stream of this project is progressing satisfactorily. The solution is currently being tested and is expected to commence rollout later in the month. The Inspector Mobility Stream is progressing very

well. Six Building Inspectors are now using mobility in the field, with the remainder expected to be live by the end of August.

9. Assets Project

This is now in close-out. The final system changes went live on the 22nd of April. The remaining tasks which were to load property asset data and implement asset revaluation processes have been completed and the project team is handing over to Business Units.

10. eServices Phase 3: Liquor Licensing

This project went live on 5th August as planned. Post Go Live support activities and close out is underway.

11. HR Payroll Phase 3 - Learning & Development

The PPR Module is in delivery phase with user testing to begin 10 August. Vendor developments for the Training Records Module is now underway and is expected to be delivered for testing within the next two weeks.

12. Online Submissions

10 year plan online submission has been completed and went live to the public on the 13th of April. The project remained open to ensure that support is available for the analysis of the responses to the 10 year plan. The project has now closed.

13. Infocouncil

The vendor has now provided the necessary fixes, and the project has been restarted. Replanning is under way with an estimated Go live in Q2 of this financial year.

14. Financials

15. As previously reported HCC went live with Microsoft Dynamics AX in July 2014. The release of the AX Budget Planning module was deferred due to issues with the performance of that module. Microsoft have subsequently provided fixes for the issues identified, and testing recommenced in March with the expectation of releasing the module at the end of April. Testing has identified a number of new high priority issues in the AX Budgeting module. The issues have been escalated within Microsoft to senior management level and Microsoft has confirmed that they will resolve these high priority issues. As the module will not be used by HCC until October a decision was made to delay the Go live until the remaining fixes were available. There are no additional costs to Council of these delays, beyond what we would have incurred through the normal process of testing. As we have fixed the costs associated with the delivery of the Budgeting module, the project will still be delivered on budget. Microsoft are committed to this project and is bringing a senior resource to NZ in September to ensure this is successful.

16. Projects that are expected to be commenced in the coming months include Online Consenting which is currently in the Business Case development phase, and the Regulatory System replacement project which is in the discovery phase.

17. All projects to be completed under Contract 10032 with Dimension Data have now been completed. A new programme of work will be agreed with Fujitsu following the completion of transition.

18. A summary of the projects by PIF is outlined below.

PIF 12015

Activity	Budget inc. Contingency	Expenditure to Date	Remaining budget	Project Contingency	Shared Service Recoveries	Project Status
Cross Programme costs	1,816,672	1,551,371	3,629	261,672		Includes integration, probity & audit, legal, general administration, system architecture, business process modelling, communication, change management and programme contingency. Does not include Shared services recoveries
Authority financial management application - failed installation (now written off)	248,466	248,466	0	0		Closed - Complete
Community Facilities and Events	312,853	312,853	0	0		Closed - Complete
Upgrade of Microsoft Office	25,793	25,793	0	0		Closed - Complete
Library management system	217,224	217,224	0	0		Closed - Complete
Geographical Information System (GIS)	518,928	518,928	0	0		Closed - Complete
GIS External Viewer	41,583	41,583	0	0		Closed - Complete
Electronic document management system	1,313,068	1,313,068	0	0		Closed - Complete
City Growth and Development (Regulatory)	909,966	909,966	0	0		Closed - Complete
Human Resources and Payroll	289,520	291,650	0	-2,130		Core HR and Payroll now finished. Project Close report completed. Health and Safety phase of the project is now live. Learning and Development in progress (final phase). Contingency is expected to be consumed for this project.
Asset management	1,328,635	1,299,631	29,004	0		Project now completely live. Close out phase commenced
Financial management	2,312,740	2,301,817	10,923	0		Project Completed with exception of Budgeting module. Expected Close out in Sept/Oct 15
Customer Engagement Programme (Web programme and CRM)						
SharePoint Platform and Internet	611,967	611,967	0	0	100,000	Closed - Complete
Intranet	248,524	248,524	0	0	48,000	Closed - Complete
E-services and Integration	1,185,662	1,027,761	3,249	154,652	156,000	Project in Close out Phase
CRM (Service Request Management)	250,000	112,741	107,259	30,000	0	SRM Project completed.
Application Currency until 2019	1,256,500	187,659	1,068,841			Centaman upgraded in June/July 14, Vernon upgraded in Nov 14. Previously completed upgrades include Authority, GIS, Library Management System.
Total Budget	12,888,100	11,221,001	1,222,905	444,194	304,000	

PIFS 12049 and 12050

	Total LTP Budget 2012-15	2014/15 Approved Budget	2014/15 Expenditure	2014/15 Forecast YE Expenditure	Comments
PIF 12049 - Online Services/Mobility	1,388,000	1,265,000	1,186,677	1,186,677	Mobility project mostly completed within the financial year as planned. Overall for 14/15 78k under budget
PIF 12050 - Renewal/Refresh of Networking Technology	901,000	530,000	576,726	576,726	Transition projects completed. 46k over annual budget, however still within the overall LTP Budget figure.

19. Financial and Resourcing Implications

20. The budget outlined above represents the capital cost of the Programme. Operational costs such as internal staff resourcing and ongoing software licence maintenance and support are included within the IS Operating budget, which is \$5.7M for the 14/15 financial year.
21. The programme remains on track to deliver the outcomes outlined in respective business cases within allocated budgets.
22. The shared service recoveries identified are a result of a commercial agreement with Rotorua District Council (RDC) to share the cost of the development of the Web/eServices functionality. This figure represents the 40% of agreed costs that have been recovered from RDC.

23. Risk

24. An IS Executive Governance sub-committee meets on a quarterly basis to review and evaluate IS risks using the organisational risk framework. The organisation's risk framework continues to be applied to the Programme. Key risks that have the potential to prevent the programme meeting its business objectives are changes to the organisation's business model, the organisation's capacity to engage with the programme and the speed at which technology evolves.
25. Risks are currently being managed and mitigated by ensuring all future projects have a business case, having committed executive sponsorship and partnering with mature proven vendors and consultants. Other controls include using proven project methodologies and governance structures including utilising Audit NZ and other professional entities for peer review.
26. The next Audit NZ audit on the IS Programme of Work is scheduled for November 2015, the results of which will be presented to the Audit and Risk Committee.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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Committee: Finance Committee

Date: 20 August 2015

Report Name: Multi-Year Grant Follow Up Report

Author: Deanne McManus-Emery

Report Status	<i>Open</i>
Strategy, Policy or Plan context	
Financial status	<i>There is no budget allocated Amount \$NIL</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance</i>

1. **Purpose of the Report**

2. The purpose of the report is to report back on a range of options for the committee to consider, in relation to the provision of support to Age Concern.

3. **Executive Summary**

4. The Community Assistance Funding administered by Council provides grants to support community organisations to deliver a diverse range of services, projects and events that contribute to the wellbeing of our communities.
5. A total amount of \$868,000 was allocated from the Multi-Year Community Grant to 27 applicants by the External Allocation Committee in June 2015, and endorsed by the Finance Committee in July 2015.
6. Age Concern is a social service provider that delivers a range of programmes and services to the older people of Hamilton City. Council has had a long standing relationship with Age Concern since 2004, by providing financial support through the historical Community House Grant Funding.
7. Age Concern did not submit an application for funding through the Multi-Year Community Grant funding process due to an oversight on their part, and as a result Council did not receive an application for funding from Age Concern to consider through the formal funding process.
8. Age Concern presented to the Finance Committee 23 July 2015, requesting the Finance Committee reverse the decision of the External Allocation Committee to decline their late application. The following recommendation was made by the Finance Committee:

That the CE report back on a way forward regarding the letter from Age Concern which requests that a late application for a multi-year grant be accepted by Council.

9. Age Concern holds a Service Level Agreement (SLA) with the Community Development and Leisure Unit, to provide customer service support and general public enquiries. This SLA was negotiated as a result of staff efficiencies made within the Community Facilities Team to ensure Council maintained a consistent level of customer service within the Celebrating Age Centre.
10. Four options have been identified for Council to consider.

11. Recommendations from Management

- a) That the report be received;
- b) That Council considers Option 3; Renew Age Concern's SLA for the provision of Customer Service and include a variation to the SLA for the provision of operational costs associated to the delivery of Education Programmes to the total value of \$56,000; and
- c) That the unallocated amount of \$32,000 be moved to the Single-Year Community Grant for the funding years 2015/16, 2016/17 and 2017/18, increasing the Single-Year Community Grant to a total of \$292,000 per annum.

12. Attachments

There are no attachments for this report.

13. Key Issues

14. Background

- Staff presented the Community Assistance Funding 2015/16 – Multi Year Community Grant Allocation Report to the Finance Committee on July 2015, providing an outline of the funding process implemented as per the Community Assistance Policy, criteria and guidelines.
- Age Concern is a social service provider that delivers a range of programmes and services to the older people of Hamilton City. Council has had a long standing relationship with Age Concern since 2004, by providing financial support through the historical Community House Grant Funding.
- Age Concern did not apply to the 2015/16 Multi-Year Community Grant, due to an oversight by the person responsible for submitting funding applications. Age Concern presented to the Finance Committee meeting of 23 July 2015, acknowledging the error and highlighted the consequences this would have on their ability to deliver services in the future. Age Concern requested the Finance Committee reverse the decision of the External Allocation Committee to decline their late application.
- During the discussions at the Finance Committee meeting, there was acknowledgement from the committee of the long standing relationship Council has had with Age Concern and the contribution Age Concern has made to the older people of Hamilton. The discussion indicated a will of the committee for a solution to be sought to address Age Concern's situation.
- The following recommendations were made at the 23 July 2015 Finance Committee
 - a) That the report be received;
 - b) That the list of successful applicants is published;

c) That the External Allocation Committee be acknowledged for their contribution; and

d) That the CE report back on a way forward regarding the letter from Age Concern which requests that a late application for a multi-year grant be accepted by Council.

- The External Allocation Committee convened on 12 June 2015 to collectively assess, discuss and determine the successful applicants, and during the meeting discussed Age Concerns situation, however the Allocation Committee determined a high level of risk if a late application was to be considered. It was felt this would severely compromise the integrity of the Community Assistance Policy, criteria, guidelines, and would set a precedent, for other providers in the same situation.
- The External Allocation Committee also recommended the unallocated amount of \$32,000 be allocated through the Single-Year Community Grant funding rounds for the financial year 2015/16, 2016/17, 2017/18 as per the Community Assistance Policy.
- Age Concern holds a Service Level Agreement (SLA) with the Community Development and Leisure Unit, to provide customer service support and general public enquiries. This SLA was negotiated as a result of staff efficiencies made within the Community Facilities Team to ensure Council maintained a consistent level of customer service within the Celebrating Age Centre.
- This Service Level Agreement is managed within existing budgets and is separate from any additional funding Age Concern may have received, if they had applied to the Multi-Year Community Grant and been successful.
- The total value of the SLA is \$26,000 per annum, which will be reviewed annually. The SLA will remain in place until the outcome of the Community Facilities Review has been completed and staff have further direction on how Council will manage community facilities it owns in the future.
- Staff engaged with Age Concern after the 23 July 2015 Finance Committee and requested Age Concern provide a proposal for consideration. It was determined that a request for a proposal from Age Concern was more appropriate, to ensure the integrity of the Community Assistance Policy was not compromised.
- Age Concern's proposal received by staff, requests \$30,000 per annum for the next 3 years, to support the operational costs to deliver the Education programmes, which will enable them to effectively deliver services and programme to the older people of Hamilton.

15. Consultation

- All community organisations were consulted throughout the review of the Community Assistance Funding programme, and advised of the new application process and timeframes.

16. Options

- **Option 1: Age Concern's proposal for funding is not endorsed**
- This option would ensure the integrity of the Community Assistance Policy, guidelines, criteria and process is not compromised, and would provide a high degree of transparency to the wider community, giving confidence that due diligence and process was followed.

- This option does not provide a solution to Age Concern's predicament and has some reputational risk which could impact on the community's perception of Council (eg. the lack of support to the older people of Hamilton).
- **Option 2: Utilise the unallocated Multi-Year Community Grant Funding provision of \$32,000.**
- The Community Assistance Policy provides guidance that any unallocated amount from the Multi-Year Grant can be allocated to the Single Year Grant:
- The funding split between multi-year grants and single-year grants for the 3-year term beginning 2015/16 is:
 - a) The Multi-year grant will be allocated up to a maximum of \$900,000 per year for each year of the 3-year term.
 - b) The total funds remaining after allocating the Multi-year grant will be allocated through the Single-year grant. The minimum amount available for the Single-year grant will be \$260,000 per year.
- Council can in extraordinary circumstances and by resolution make a decision outside of a Council policy.
- This option compromises the integrity of the Community Assistance Policy, criteria and guidelines, posing reputation risk that the policy had not been followed, as per the policy, criteria and guidelines, demonstrating a lack of transparency.
- This option, if considered could also set precedence for other organisations to approach Council for financial support outside the current policy, which would have significant financial implications for Council.
- The External Allocation Committee did not want to consider a late application from Age Concern, because of the concerns highlighted above.
- **Option 3: Renew Age Concern's SLA for the provision of Customer Service and include a variation to the SLA for the provision of operational costs associated to the Education Programmes to the total value of \$56,000.**
- This option provides the opportunity to provide a solution to Age Concern's predicament whilst minimalizing the risk of Council being seen to be compromising the integrity of its Community Assistance Funding Policy.
- It would see the current SLA having a second part added to it. It would have part 1 being the current provision of Customer service support at the Celebrating Age Centre at \$26,000 per annum;
- The second and new part to the SLA would provide \$30,000 per annum for the next three years, to enable the provision of operational costs associated with Age Concern's Education Programmes, which Age Concern identified through the recent proposal received by staff. This proposal is consistent with what Age Concern would have applied for under the Multi-Year Community Grant.

- Although this option could be seen to set a precedent for other organisations, to approach Council for financial support outside the current Community Assistance Funding Policy, (compromising the integrity of the Community Assistance Funding Policy), it should be considered as a one off situation which has resulted from the implementation of the new Community Assistance Policy. Staff are of the opinion any risks can be managed in this context.

17. Financial and Resourcing Implications

18. There is a \$30,000 financial impact per annum over the next 3 years, should option 3 be considered, which is not currently budgeted for. This amount would have to be found from across the organisation, by placing it on the Risk and Opportunities register, and reported through the Finance Committee.

19. Risk

20. There is some reputational risk associated with the three options identified as described above, which will need to be considered prior to a final decision being made.

Signatory

Authoriser	Lance Vervoort, General Manager Community
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Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee Meeting - Public Excluded Minutes - 23 July 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 20 August 2015) Official Information and Meetings Act 1987	
C3. Claudelands Park and Waikato Show Trust Operation		
C4. Garden Place Carpark		
C5. Report on overdue debtors as at 31 July 2015 & Bad Debts Writeoffs 2015/16		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to protect the privacy of natural persons	Section 7 (2) (a)
	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C4.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C5.	to protect the privacy of natural persons	Section 7 (2) (a)