

Notice of Meeting:

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

Date: Thursday 19 November 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

12 November 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: 19 November 2015

Report Name: Finance Committee Meeting -
Open Minutes - 22 October
2015

Author: Ian Loiterton

Status	<i>Open</i>
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Recommendation

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 22 October 2015.

1. Attachments

- Attachment 1 - Finance Committee Meeting - Open Minutes - 22 October 2015

Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 22 October 2015 at 1.30pm.

PRESENT

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

In Attendance:	Richard Briggs – Chief Executive
	Paul Conder – Chief Financial Officer
	Lance Vervoort – General Manager Community
	Blair Bowcott – Executive Director – Special Projects
	Chris Allen – General Manager City Infrastructure
	Sean Murray – General Manager Events and Economic Development
	Debra Stan-Barton – Acting General Manager City Growth
	Stephen Halliwell – Accounting Manager
	Carol Serra – PMO Manager
	Andrew Parsons – Waters Manager
	Cory Lang – Building Control Unit Manager
	Christopher Barton – Project Development Manager
	Sally Sheedy – Parks and Open Spaces Manager
	Scott Copeland – Procurement Manager
	Nathanael Savage – Infrastructure Planner
	Phil Saunders – Principal Building Advisor
	Renee McMillan – Team Leader Planning and Assets

Committee Advisor	Mary Birch – Democracy Team Leader
	Ian Loiterton – Committee Advisor

1. Apologies

Resolved: (Cr Mallett/Chesterman)

That apologies from Councillors King, O'Leary and Forsyth (absence) be received and accepted.

2. Confirmation of Agenda

Resolved: (Cr Tooman/Yeung)

The Committee to confirm the agenda.

3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

4. Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes was set aside for a public forum.

No members of the public requested the opportunity to speak.

5. Finance Committee Meeting - Open Minutes - 20 August 2015

Resolved: (Cr Mallett/Yeung)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 20 August 2015.

6. Finance Committee Action List - Open - 22 October 2015

The Chair gave a verbal update on the status of:

- **Item 11 – Te Awa River Ride Easement** (page 19 of the Agenda):
Completed – the documents had been signed by Te Awa and were in the process of being signed by Council as at 16 October 2015.
- **Item 8 – 10-year Monitoring Report – ICMP** (page 21 of the Agenda):
In progress – It would be included as an agenda item for a Councillor Briefing at a date to be confirmed.
- **Item 8 - 10-Year Monitoring Report – report on Water World and gym KPIs by business areas** (page 21 of the Agenda):
Postponed to November or December meeting with the agreement of the Chair.

Action: The Chief Financial Officer (CFO) to report to the 19 November 2015 meeting of the Committee on the Claudelands Event Centre’s cumulative losses for the previous three years.

Action: Democracy to develop a universal numbering system within action lists for ease of reference.

Resolved: (Cr Mallett/Chesterman)

That the report be received.

Councillor Wilson joined the Meeting at 1.36pm and was present for the voting on the matter.

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

Action: Chair of the Finance Committee to liaise with staff regarding the timing of reports for both the Finance Committee and Audit and Risk Committee and whether both the 19 November 2015 and 9 December 2015 meetings of the Finance Committee were required.

Resolved: (Cr Mallett/Chesterman)

That the report be received.

8. 10-Year Plan Monitoring Report

The CFO spoke to the report with input from the General Managers (GM) of Community, City Infrastructure, Events and Economic Development and the Acting General Manager City Growth.

It was highlighted that the year to date was a positive result, noting it was still early and that trends would need to be confirmed. In particular, that development contributions to date had been high and that this would result in lower collections later in the financial year.

Action: CFO to report on consent and development contributions revenue at the 19 November 2015 meeting of the Committee.

Action: GM Community to confirm the amount of funding allocated to Aged Concern and report back to the 19 November 2015 meeting of the Committee (refer Item 8, Attachment 5 on page 55 of the Agenda).

Action: CFO to ensure the use of 'Group of Activity' as standard terminology in future reports to the Committee as per the Annual Plan (refer Item 8, points 8 – 9 on page 24 of the Agenda).

Action: CFO to ensure the use of 'Short Term Investments' as standard terminology in Statement of Financial Position tables in future reports to the Committee (refer Item 8, Attachment 1 on page 30 of the Agenda).

Action: Following changes in format from previous meetings that included the removal of 'waterfall graphs', CFO to investigate options for the reporting of information (for example, in regard to Claudelands Events Centre) and report back to the next meeting of the Committee on 19 November 2015 (For example refer Item 8, Attachment 2 page 37 of the Agenda).

Action: GM Community to report on revenue from community leases and report back to the next meeting of the Committee on 19 November 2015 (refer Item 8, Attachment 2 on page 41 of the Agenda).

Action: CFO to investigate decrease in transportation revenue as compared to the previous financial year and report back to the next meeting of the Committee on 19 November 2015 (refer Item 8, Attachment 2 on page 44 of the Agenda).

Action: GM Events and Economic Development to investigate what line item 'CE10048 – Stadia building renewals' is comprised of and report back to the next meeting of the Committee on 19 November 2015 (refer Item 8, Attachment 5 on page 50 of the Agenda).

Action: GM Community to investigate the orange status of line item 'CE15027 – Proposed development programme' and report back to the next meeting of the Committee on 19 November 2015 (refer Item 8, Attachment 5 on page 50 of the Agenda).

Resolved: (Cr Pascoe/Chesterman)

That the report be received.

9. Key Projects - August 2015

The PMO Manager took the report as read.

Resolved: (Cr Pascoe/Yeung)

That the report be received.

10. Procurement Report

The Procurement Manager took the report as read and responded to questions.

Resolved: (Cr Mallett/Pascoe)

That:

- a) the report be received;
- b) staff review the current format of the Procurement Report, and make a recommendation to the 19 November 2015 meeting of the Finance Committee on an alternative reporting process, that:
 - (i) captures an executive overview of the information contained in the current quarterly Procurement Report, for inclusion in the 10-Year Monitoring Report going forward; and
 - (ii) a detailed procurement report, either in its current quarterly form or in a more appropriate format, be uploaded quarterly onto the Councillors' FTP and the Hamilton City Council's web site, and that a link to this report be included in the executive overview referred to in b)(i).

11. Hamilton Ring Road Quarterly Project Update

GM City Infrastructure spoke to the report and highlighted that independent consultant estimates confirmed the Downer NZ rates represented value for money and responded to questions.

Action: GM City Infrastructure to report design options for the future pedestrian overpass adjacent to Hamilton Gardens to the Strategy and Policy Committee at a date to be advised.

Resolved: (Her Worship the Mayor/ Cr Tooman)

That:

- a) the report be received;
- b) subject to successful negotiation with Downer NZ, construction of the final section of the Wairere Drive Extension from Cambridge Road to Cobham Drive is awarded as a variation to the existing Contract 10044 for the Hamilton Ring Road Upgrade and Extension with Downer NZ; and
- c) subject to successful negotiation with Downer NZ as outlined in (b) above Council approves an increase to the Approved Contract Sum of Contract 10044 by \$5,682,366 to a maximum value of \$76,172,466.

12. Rubbish and Recycling Contract

GM City Infrastructure and Manager Waters spoke to the report and highlighted that changes to the regulatory environment plus other Councils' procurement strategies meant the extension of the current contract would provide Hamilton City Council with an opportunity to develop a best practice approach.

Resolved: (Her Worship the Mayor/Cr Gallagher)

That:

- a) the report be received;
- b) the Committee supports in principle the recommendations of staff; and
- c) staff report back to the 19 November Meeting of the Committee with the terms of reference and timeframes of the working party.

Councilor Green retired from the meeting (3.10pm) and rejoined the meeting (3.14pm) during the above item, and was not present when the matter was voted on.

The meeting adjourned (3.17pm – 3.35pm) for afternoon tea.

13. Dixon Road / Ohaupo Road (SH3) Intersection Business Case

Action: GM City Infrastructure to facilitate the amendment of the Business Case template to reflect that Hamilton City Council does not capitalise interest; namely, that terminology under the heading 'Debt funding' be amended to reflect that this was a cost of borrowing (refer Item 13, Attachment 1 on page 103 of the Agenda).

Resolved: (Cr Pascoe/Mallett)

That:

- a) the report be received; and
- b) the Dixon Road / Ohaupo Road (SH3) Intersection project business case is approved.

14. Southern Links Investigation (Pre-construction) and Land Procurement Business Case

GM City Infrastructure spoke to the report and highlighted that there were no appeals to the Environmental Court.

Resolved: (Cr Pascoe/Wilson)

That:

- a) the report be received; and
- b) the Southern Links Investigation (Pre-construction) and Land Procurement project business case is approved.

15. Contract 14106 - Rototuna Reservoir Bulk Watermains Contract Award

The Manager Waters spoke to the report, highlighted that West Construction Ltd was the best respondent in terms of both quality and price and responded to questions.

Resolved: (Cr Mallett/Chesterman)

That:

- a) The report be received;
- b) Contract 14106 for Rototuna Reservoir Bulk Watermains is awarded to West Construction Ltd in the contract sum of \$7,712,854.60 excluding GST; and
- c) The Approved Contract Sum for Contract 14106 is set at \$8,500,000 excluding GST comprising the tender amount of \$7,712,854.60 plus a contingency allowance of \$787,154.40.

16. Community Occupancy Applications - Various

The Parks and Open Spaces Manager and Team Leader Planning and Assets spoke to the report and responded to questions.

It was confirmed that each application was assessed as being eligibility in terms of Hamilton City Council's relevant policy.

Resolved: (Cr Pascoe/Chesterman)

That:

- a) the report be received;
- b) Council approves the granting of a new community group lease to the **Hamilton Cadet Forces Building Charitable Trust** for premises at 60 Dey Street as shown in Attachment 1, being Part Section 36 Hamilton East Town Belt, subject to the following terms and conditions:
 - (i) Term – two years;
 - (ii) Rent – \$2,428.13 plus GST per annum in accordance with the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.
- c) Following s54(1)(b) of the Reserves Act 1977, Council approves the granting of a new community group lease to **Metro Judo Club Incorporated** for premises at Pembroke Park as shown in Attachment 2, being Lot 1 DPS1727 and Lot 1 DPS 70567, subject to the following terms and conditions:
 - (i) Term – 10 years;
 - (ii) Rent – \$4,565.50 plus GST per annum in accordance with the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines;
- d) Following s54(1)(b) of the Reserves Act 1977, Council approves the granting of a new community group lease to **Arts for Health Community Trust** for premises at Ward Park as shown in Attachment 3, being Pt Allot 11 Hamilton West Town Belt, subject to the following terms and conditions:
 - (i) Term – 10 years;
 - (ii) Rent – \$406.25 plus GST per annum in accordance with the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines;
- e) Following s54(1)(b) of the Reserves Act 1977, Council approves the granting of a new community group lease to **Artmakers Community Artists Trust** for premises at Ward Park as shown in Attachment 3, being Pt Allot 11 Hamilton West Town Belt, subject to the following terms and conditions:
 - (i) Term – 10 years;
 - (ii) Rent – \$2,431.25 plus GST per annum in accordance with the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines; and

- f) Following s54(1)(b) of the Reserves Act 1977, Council approves the granting of a new community group lease to the **Hamilton Community Men's Shed Trust** for premises at Ward Park as shown in Attachment 3, being Pt Allot 11 Hamilton West Town Belt, subject to the following terms and conditions:
- (i) Term – 10 years;
 - (ii) Rent – \$455.55 plus GST per annum in accordance with the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.
- g) Council grants approval for the **Hamilton Community Men's Shed Trust** to locate a 20 foot storage container on the premises within the asphalt carparking area adjacent to the existing storage container for the purpose of storing materials for the use and benefit of its members subject to the storage container:
- (i) being painted to match the colours of the main building;
 - (ii) being kept and maintained in good clean order and condition free of graffiti and other malicious damage;
 - (iii) being removed from the premises at the expiry or earlier determination of the lease.

17. Weathertight Buildings Report

The Building Control Unit Manager and Principal Building Advisor took the report as read.

Resolved: (Cr Chesterman/Macpherson)

That the report be received.

18. Resolution to Exclude the Public

Resolved: (Cr Tooman/Chesterman)

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 - 20 August 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 22 October 2015) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 30 September 2015 & Bad Debts Writeoffs 2015/16		
C4. Development Contributions Report		
C5. Contract 14123 - Approval to vary contract Future Proof Implementation Advisor		

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 to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (a) Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (a) 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 to maintain legal professional privilege	Section 7 (2) (a) Section 7 (2) (g)
Item C5.	to enable Council to carry out negotiations	Section 7 (2) (i)

The meeting moved into Public Excluded Session from 4.32pm until 5.30pm.

The meeting was declared closed at 5.30pm.

Committee: Finance Committee**Date:** 19 November 2015**Report Name:** Finance Committee Action List
- Open - 19 November 2015**Author:** Ian Loiterton

Status	<i>Open</i>
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Recommendation

That the report be received.

1. Attachments

- Attachment 1 - Finance Committee Action List - Open - 19 November 2015

Finance Committee - Action List - Open

D-1385914

INSTRUCTIONS

Please update **status** and **notes** columns as appropriate using the dropdown list. All other cells are locked and unable to be edited except by Democracy - please contact the relevant Committee Advisor if you experience any issues

ACTION LIST KPIs by 'Status'

	No.	Percentage
Not started	0	0%
In progress	12	16%
Overdue	0	0%
Completed	64	84%
GRAND TOTAL	76	100%

Notes:

Not started = default status applied to all new action items by Democracy.

Overdue = items not reported back to Committee by date stipulated in original action

Completed can include items that weren't able to be actioned but have been reported back to Co

D-1385914

Ref.	Meeting Date	Item #	Item	GM Responsible	Action	DUE DATE for reporting back to Committee	Status (relative to due by date)	Notes
2	24-Sep-13	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.	Parks and Open Spaces, Strategic Property	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	December 2015	In progress	Elected Members notified of commissioners decision in February 2015. Consequential development options will be reported back to Council in December 2015
39	19-Feb-15	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	In progress	The Project is now scheduled to be completed end of December 2015 due to unseasonably high river levels causing a small delay.
47	21-May-15	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.	19-Nov-15	In progress	In Progress. The Six Monthly Chair report will be presented at the 19 November 2015 Finance Committee Meeting (postponed from 22 Oct with agreement of the Chair).
53	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. 	19-Nov-15	In progress	In progress - currently working with contractors.
56	23-Jul-15	8	10-Year Monitoring Report - ICMF	GM City Infrastructure	Elected Members to be briefed on Integrated Catchment Management Plans	TBC	In progress	In Progress - This has been included as an agenda item for 17 November Councillor Briefing
59	20-Aug-15	9	10-Year Plan Monitoring Report	GM Community	Report on Water World and gym business areas (inclusive of KPIs, with the four Water World departments disaggregated) to be provided to the next Finance Committee Meeting on 22 October 2015, by the GM Community.	08-Dec-15	In progress	In Progress - reporting date to Finance Committee on 8 December 2015
60	20-Aug-15	9	10-Year Plan Monitoring Report	GM Events and Economic Development	Report on the Claudelands Event Centre's cumulative losses for the previous three years be made to the next Financial Committee Meeting on 22 October 2015, by the GM Events and Economic Development.	N/A	Completed	Completed / Replaced by action 13 below.
61	20-Aug-15	14	Multi-Year Grant Follow Up Report	GM Community	GM Community to report back to the Finance Committee on the Community Facilities Review and how this related to Age Concern's current premises; namely, the Celebrating Age Centre.	08-Dec-15	In progress	Community Facilities Report will be reported at the 8 December 2015 Strategy and Policy Committee by the Community Development and Leisure Manager
62	20-Aug-15	14	Multi-Year Grant Follow Up Report	GM Community	GM Community to investigate Surf Lifesaving's claims to have submitted a funding request, and to report back to the Finance Committee.	19-Nov-15	Completed	Staff have met with Surf Lifesaving representatives, and they have agreed that a regional Funding model is the most appropriate approach. The Mayoral Forum have resolved to support Waikato Regional Council's proposal to establish a regional services fund and will consult on it as part of the 2016/17 Draft Annual Plan.
63	22-Oct-15	6	Action List	Chief Finance Officer	Report on the Claudelands Event Centre's cumulative losses for the previous three years be made to the next Financial Committee Meeting on 19 November 2015, by the Chief Finance Officer	19-Nov-15	In progress	In progress - email sent to Elected Members by Paul Conder on 1/9/15, report to Committee at 19 November 2015 meeting
64	22-Oct-15	5	Action List	Democracy Manager	Democracy to develop a universal numbering system within action lists for ease of reference.	01-Feb-15	In progress	In progress

Ref.	Meeting Date	Item #	Item	GM Responsible	Action	DUE DATE for reporting back to Committee	Status (relative to due by date)	Notes
65	22-Oct-15	7	Recommended dates for reports to be presented to Finance Committee	Chair	Chair of the Finance Committee to liaise with staff regarding the timing of reports for both the Finance Committee and Audit and Risk Committee and whether both the 19 November 2015 and 9 December 2015 meetings of the Finance Committee were required.	In progress - both 19 November and 9 December meeting to be held following advice from CFO.	Completed	19 November and 9 December meeting to be held following advice from CFO.
66	22-Oct-15	8	10-Year Monitoring Report	Chief Finance Officer	CFO to report on consent and development contributions revenue at the 19 November 2015 meeting of the Committee.	19-Nov-15	Completed	In Monitoring report 19 November
67	22-Oct-15	8	10-Year Monitoring Report	GM Community	GM Community to confirm the amount of funding allocated to Aged Concern and report back to the 19 November 2015 meeting of the Committee (refer Item 8, Attachment 5 on page 55 of the Agenda).	19-Nov-15	Completed	At the Finance meeting on 7 August the committee approved \$56,000 to Age Concern
68	22-Oct-15	8	10-Year Monitoring Report	Chief Finance Officer	CFO to ensure the use of 'Group of Activity' as standard terminology in future reports to the Committee (refer Item 8, points 8 – 9 on page 24 of the Agenda).	19-Nov-15	Completed	Noted. For future reports.
69	22-Oct-15	8	10-Year Monitoring Report	Chief Finance Officer	CFO to ensure the use of 'Short Term Investments' as standard terminology in Statement of Financial Position tables in future reports to the Committee as per the Annual Plan (refer Item 8, Attachment 1 on page 30 of the Agenda).	19-Nov-15	Completed	Generally Accepted Accounting Practice are used for consistency across all reporting. Notes to the statement clarified.
70	22-Oct-15	8	10-Year Monitoring Report	Chief Finance Officer	Following changes in format from previous meetings that included the removal of 'waterfall graphs', CFO to investigate options for the reporting of information (for example, in regard to Claudelands Events Centre) and report back to the next meeting of the Committee on 19 November 2015 (For example refer Item 8, Attachment 2 page 37 of the Agenda).	19-Nov-15	In progress	As per Chairmans instructures to be delivered by email.
71	22-Oct-15	8	10-Year Monitoring Report	GM Community	GM Community to report on revenue from community leases and report back to the next meeting of the Committee on 19 November 2015 (refer Item 8, Attachment 2 on page 41 of the Agenda).	19-Nov-15	Completed	On adoption of the Community Occupancy Policy in November 2013, projected annual revenue from community occupancy was \$139,242.16. Actual annual revenue is estimated to be \$130,527.97. The variance is the result of: - granting further subsidies to three groups; Order of St John, NZ Riding for the Disabled and the Hamilton Roller Skating Club.- confirming lease areas and building categories- additional groups being covered by the Policy e.g. Celebrating Age Centre The Policy takes a phased-in approach to rental. Those groups facing a change of annual rental is being phased in over a period of two years from 1 January 2015. From 1 January 2016 100% of the change of annual rental (after subsidies have been applied) will be implemented. Rent review letters will be issued to groups this month.
73	22-Oct-15	8	10-Year Monitoring Report	GM Events and Economic Development	GM Events and Economic Development to investigate what line item 'CE10048 – Stadia building renewals' is comprised of and report back to the next meeting of the Committee on 19 November 2015 (refer Item 8, Attachment 5 on page 50 of the Agenda).	19-Nov-15	Completed	GM has spoken to Deputy Chairperson to advise this line item is for the renewals of stadia building structures including air conditioning, roofing, plumbing, electrical, security systems, lighting, carpeting, fixed seating, fire protection equipment, windows and doors, The renewals are based on property unit asset management system.
74	22-Oct-15	8	10-Year Monitoring Report	GM Community	GM Community to investigate the orange status of line item 'CE15027 – Proposed development programme' and report back to the next meeting of the Committee on 19 November 2015 (refer Item 8, Attachment 5 on page 50 of the Agenda).	19-Nov-15	Completed	Advised by Finance that this was in "orange status" in error and should be changed to green - On Track
75	22-Oct-15	10	Procurement Report	Procurement Manager	Staff review the current format of the Procurement Report, and make a recommendation to the 19 November 2015 meeting of the Finance Committee on an alternative reporting process, that: (i) captures an executive overview of the information contained in the current quarterly Procurement Report, for inclusion in the 10-Year Monitoring Report going forward; and (ii) a detailed procurement report, either in its current quarterly form or in a more appropriate format, be uploaded quarterly onto the Councillors' FTP and the Hamilton City Council's web site, and that a link to this report be included in the executive overview referred to in point (i).	19-Nov-15	In progress	Report being made to Finance Committee meeting, 19 November 2015
76	22-Oct-15	11	Hamilton Ring Road Quarterly Project Update	GM City Infrastructure	GM City Infrastructure to report design options for the future pedestrian overpass adjacent to Hamilton Gardens to the Strategy and Policy Committee at a date to be advised.		In progress	Added to agenda for S&P on 23rd February 2016, on Councillor Briefing agenda for 16th February 2016.
77	22-Oct-15	12	Rubbish and Recycling Contract	GM City Infrastructure	Staff to report back to the 19 November Meeting of the Committee with the terms of reference and timeframes of the working party	19-Nov-15	Completed	In progress - report to Finance Committee 19 November 2015 inclusive of kerbside and transfer station contracts, with recommendations to form a working party to develop a business case to identify the scope of new services

Ref.	Meeting Date	Item #	Item	GM Responsible	Action	DUE DATE for reporting back to Committee	Status (relative to due by date)	Notes
78	22-Oct-15	13	Dixon Road / Ohaupo Road (SH3) Intersection Business Case	GM City Infrastructure	GM City Infrastructure to facilitate the amendment of the Business Case template to reflect that Hamilton City Council does not capitalise interest; namely, that terminology under the heading 'Debt funding' be amended to reflect that this is a cost of borrowing (refer Item 13, Attachment 1 on page 103 of the Agenda).	09-Dec-15	Completed	Business Case ammended as requested

Committee: Finance Committee

Date: 19 November 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								Comments
	February 02/14/15	April 03/14/15	May	July	August 08/14/15	October 09/15/15	November	December	
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	x	
Quarterly/Six Monthly Reports (Internal)									
Quarterly Financial and Non-financial Report. 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				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		x			

Committee: Finance Committee

Date: 19 November 2015

Report Name: Six Monthly Reports from the
Chairs of the Subcommittees
to the Finance Committee

Author: Ian Loiterton

Status	<i>Open</i>
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Recommendation

That the reports from the respective Chairpersons of the Council Controlled Organisations, External Funding, and Event Sponsorship Subcommittees be received.

1. Attachments

2. Attachment 1 - External Funding Subcommittee Chairperson's Report - Nov 2015
3. Attachment 2 - Council Controlled Organisations (CCO) Subcommittee Chairperson's Report - Nov 2015
4. Attachment 3 - Event Sponsorship Subcommittee Chairpersons's report - November 2015

External Funding Subcommittee Chairperson's Report



November 11, 2015

1. **This is the six monthly Chairperson's Report to the Finance Committee of Council.**
2. **Subcommittee Meetings since last report:**
 - 15 April 2015
 - 3 June 2015
 - 23 July 2015
 - 3 September 2015
 - 11 November 2015

Please note: A large proportion of reports to this Subcommittee are taken as publically excluded items to enable Council to carry out commercial activities without disadvantage.

3. **Update on the Subcommittee's Work Programme**
 - The Subcommittee meets quarterly to ensure external funding applications are approved by the Subcommittee and are aligned to the Major funding organisations funding deadlines
 - The Subcommittee has identified Councils major projects and have been prioritised for external funding and sponsorship applications.
 - The Subcommittee is in the process of prioritising key projects for the next financial year, with an additional workshop scheduled prior to Christmas.

4. Major Achievements

- \$6,195,421 in funding awarded in 2014/15. Successful projects include cycle ways, Hamilton Gardens and playgrounds
- As at October 2015, the Hamilton Gardens Development Project had achieved \$5.59M of an overall target of \$7.03M (refer to the Sponsorship and Funding Barometer shown at right).



5. Emerging Issues

- Nil

6. Attachments

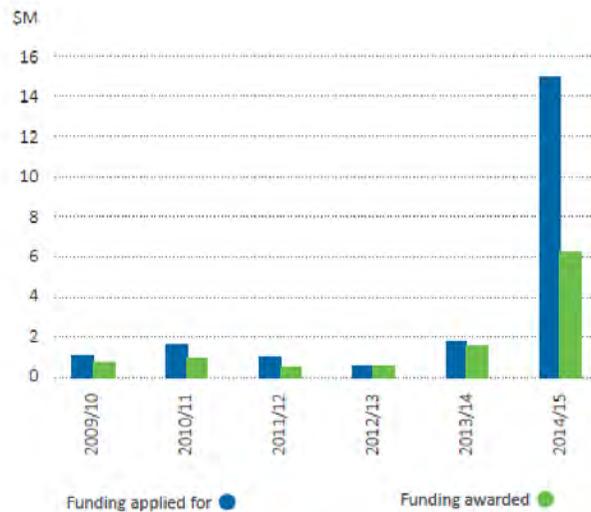
Draft 'External Funding Trend Data 2009/10 – 2014/15'

7. Recommendation

That the report be received.

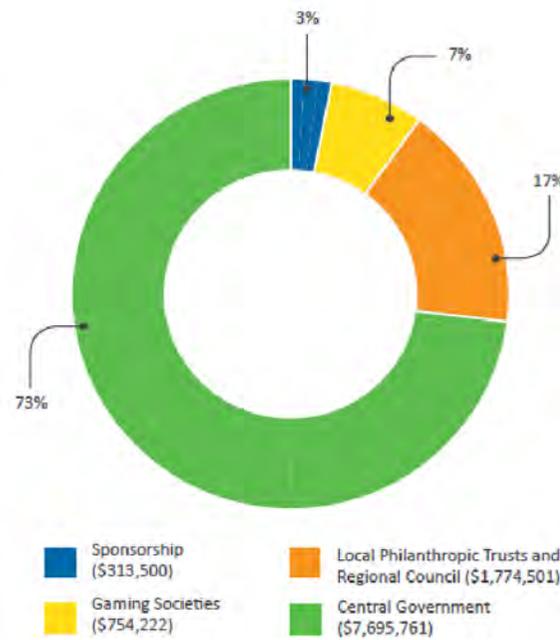
External Funding Trend Data 2009/10 - 2014/15

EXTERNAL FUNDING APPLIED FOR VS. AWARDED



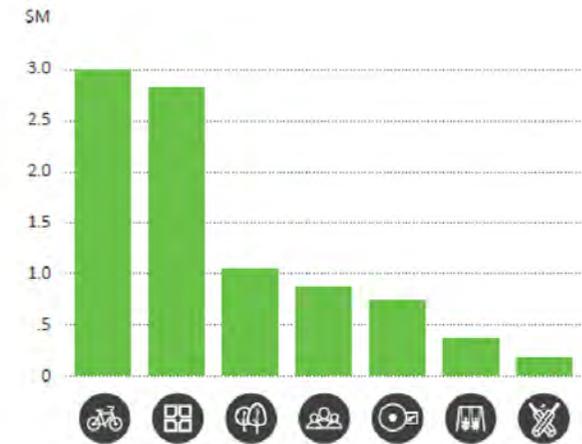
Year	Applied	Awarded
2009/10	\$1,079,600.00	\$749,000.00
2010/11	\$1,664,465.00	\$962,005.00
2011/12	\$1,064,286.00	\$482,036.00
2012/13	\$627,522.00	\$592,522.00
2013/14	\$1,811,478.00	\$1,548,000.00
2014/15	\$14,902,659.41	\$6,195,421.58

SOURCES OF SUCCESSFUL FUNDING



Sponsorship (\$313,500)	Local Philanthropic Trusts and Regional Council (\$1,774,501)
Gaming Societies (\$754,222)	Central Government (\$7,695,761)

KEY PROJECTS BEING FUNDED



Project	Funding
Cycleways	\$3,000,000.00
Hamilton Gardens	\$2,826,000.00
Waiwhakareke and Gullies	\$1,060,346.00
Youth Related Projects	\$859,884.00
World War One	\$745,264.00
Playgrounds	\$365,000.00
Seddon Park Upgrade	\$150,000.00

¹ Please note: the above dashboard is in the process of being updated

Council Controlled Organisations (CCO) Subcommittee Chairperson's Report



November 19, 2015

1. This is the six monthly Chairperson's Report to the Finance Committee of Council.
2. Subcommittee Meetings since last report:
 - 22 April 2015
 - 21 October 2015
 - 13 November 2015
3. **Summary**

When appointed Chair of the CCO Sub-committee in late 2013, I, along with the other members of the sub-committee, set about:

- a) Reducing the complexity of our CCO arrangements; and
- b) Reducing the Hamilton City Council's (HCC) risk exposure.

I think we've made real, but slow, progress towards these goals.

- c) We have gifted our investment in SODA to WINTEC. HCC no longer has any ownership, governance or financial responsibility to SODA.
- d) We led a refresh of the board of the Waikato Regional Airport Ltd (WRAL). The new board has been in place for about two years and has refocused and tightened its scope of activity e.g.:
 - i) WRAL is focused on stabilising and growing its core domestic business, flight training activity, aircraft maintenance, regional tourism promotion and is not "chasing" international business.
 - ii) WRAL is looking to restructure and reduce its property development activities (Titanium Park).
 - iii) WRAL has largely completed the requirements for Hamilton Airport to act as a 'back-up' to Auckland airport.

- e) We led a refresh of the board at Waikato Innovation Park Ltd (WIPL) and a refocusing of activity back to its core business of:
- i) Specialised (innovation/incubator/agri-business) property management.
 - ii) Specialised manufacturing services – i.e. drying services and nutritional ingredient mixing and blending which have grown significantly in the 2015 financial year.
 - iii) We also tasked the WIPL Board with restructuring its governance arrangements, including:
 - Consideration of HCC’s future ownership/investment role within WIPL; and
 - Possible capital raising.
- f) As with WRAL and WIPL, we have exercised appropriate oversight/governance over our remaining CCO’s; namely:
- i) Civic Assurance;
 - ii) Local Authority Shared Services Ltd (LASS);
 - iii) Local Government Funding Agency Ltd (LGFA); and
 - iv) Vibrant Hamilton Trust (VHT). We have asked the VHT Board to review and suggest an updated Constitution.

4. Update on the Subcommittee’s Work Programme

The Subcommittee’s activities at a meeting on the 22 April 2015 included the review of Statements of Intent from:

- a) Civic Assurance;
- b) Local Authority Shared Service Ltd (LASS);
- c) Local Government Funding Agency Ltd (LGFA);
- d) Vibrant Hamilton Trust;
- e) Waikato Ltd and Group; and
- f) Waikato Regional Airport

Other items of business at that meeting included:

- g) Monitoring / review of Soda Inc., WRAL Airfares and Vibrant Hamilton Trust activities;
- h) Consideration of the purposes of CCOs with regard to the Local Government Act (2002) as required by Audit NZ; and
- i) Consideration of HCC’s future regarding its majority ownership in Waikato Innovation Park Ltd (WIPL), together with oversight of WIPL Board appointments.

Main agenda items for consideration at the 21 October 2015 meeting of the Subcommittee included Annual Reports from:

- j) Civic Assurance;
- k) Local Authority Shared Services;
- l) Local Government Funding Agency;
- m) Vibrant Hamilton Trust;
- n) Waikato Regional Airport Limited; and
- o) Waikato Innovation Park Limited.

The meeting of the Subcommittee on 13 November 2015 was held to consider Local Government Funding Agency Director Fees.

5. Major Achievements

- a) Mrs. M. Devlin and Mr. J. Spencer reappointed as Directors of Waikato Regional Airport Ltd;
- b) Mr. Earl Rattray appointed as Chair of the Board of WIPL; and
- c) Helen Cross appointed as a new Director of the Board of WIPL.

6. Emerging Issues

The following were considered at a meeting of the Subcommittee on 21 October 2015:

- a) HCC's majority ownership in WIPL; and
- b) Letters of Expectations to Council Owned Organisations.

The above issues are scheduled to be further discussed at a meeting of the CCO Subcommittee, to be held on 30 November 2015.

7. Recommendation

That the Report be received.

Event Sponsorship Subcommittee Chairperson's Report



November 19, 2015

1. This is the six monthly Chairperson's Report to the Finance Committee of Council.
2. Subcommittee Meetings since last report:
 - 5 August 2015

Please note: The majority of reports to this Subcommittee are taken as publically excluded items to enable Council to carry out negotiations relating to event sponsorship.

3. Update on the Subcommittee's Work Programme

Event Sponsorship Fund 2014/15

The remaining sponsored event for the 2014/15 financial year was completed since the last Chairperson's Report; namely, the FIFA U-20 World Cup 2015 (31 May - 14 June 2015).

Event Sponsorship Fund Applications 2015/16

As an outcome of the application process, the following events were approved funding from the 2015/16 Event Sponsorship fund:

- Balloons Over Waikato 2016
- Hamilton Gardens Arts Festival 2016
- Hamilton Christmas Events 2015

Subject to the return of FIFA U-20 World Cup surplus (approved by Council 27 August 2015), a small balance will remain in the 2015/16 Event Sponsorship fund with a final allocation meeting for the year currently scheduled for December 2015.

Event Sponsorship (Community) allocations 2014/15

- A total funding amount of \$141,115 was requested.
- The Events Sponsorship (Community) fund allocated \$50,000 to 25 successful applicants
- A total of seven applications were declined.
- The maximum amount of funding an organisation could request from the Events Sponsorship (Community) fund was \$5,000.
- All acquittals have been received.

4. Major Achievements

Support of major events included the FIFA U-20 World Cup, Hamilton Christmas Events 2015, Hamilton Gardens Arts Festival 2016 and Balloons over Waikato 2016.

5. Emerging Issues

Event Sponsorship Fund Status 2015/16

- The event sponsorship fund was cut back significantly under the 10-Year Plan (2015-25) to \$222,596. As a result, sponsored applicants were restricted to long standing and iconic events such as the Balloons over Waikato, Christmas events, Hamilton Gardens Arts Festival or major one off world cup hosting events.
- Under the reduced 10-Year Plan budget, a \$50,000 commitment for allocation to community event specific funding was no longer available. Eligible community groups are now directed to the Single Year Grant.

Event Sponsorship Subcommittee – External Memberships

Given the limited amount of sponsorship decisions required by this Subcommittee as a result of the reduced 2015/16 budget, at a meeting of the Finance Committee on 20 August 2015 it was resolved that:

- 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.
- Sandra Peek be re-appointed as the Subcommittee's external member until the end of the current triennium.

6. Recommendation

That the report be received.

Committee: Finance Committee

Date: 19 November 2015

Report Name: 10-Year Plan Monitoring
Report - YTD October

Author: Stephen Halliwell

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2015-25 10 Year Plan 2015-16 Annual Plan</i>
Financial status	<i>There is not budget allocated</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 Council with an update for the four months ended 31 October 2015 on Council's performance in delivering the 2015-16 Annual Plan (as documented in the 2015-25 10-year Plan).

Numbers in Brackets in Commentary

Where a number is followed by a number in brackets, the number in brackets is the comparative result from the 30 September 2015. For example: The financial performance in paragraph 6 for October is \$17.3 and the bracketed figure represents the September position (\$12.1).

3. Executive Summary

- Council is on target for delivering the 2015-16 Annual Plan, the first year of the 2015-25 10-Year Plan. No material variances are identified that would result in Council not meeting financial strategy or performance targets.
- Council's financial performance identifies a YTD surplus of \$17.3m (\$12.1m) which is \$15.5m (\$11.1m) better than budget.
- As reported last month the majority of this variance results from growth related activity that is exceptional and significantly greater than budgeted. We could not have predicted the level of activity that has occurred in the first 4 months of this year.
- Building consents lodged are up 17% (23%) on previous years by volume and 19% (37%) by value. LIMs are up 51% (62%) on previous years by volume and 57% (67%) by value. These are indicators of the exceptional growth activity.

8. Staff identified this change after reviewing the August results and have instigated work programmes to further understand the growth and its implications. At this stage staff are not certain the extent to which this is a permanent step change or a timing difference arising from activity occurring earlier than expected. This work will inform the 2016-17 Annual Plan work programme.
9. The group of activities and capital expenditure reports also show favourable variances to budget. Managers have reported that this is largely due to a lag in expenditure as activity builds up during the year. With the exception of Planning and Development (KPIs) reported last month, activity managers are reporting that they are on target to deliver the 2015-16 Annual Plan budgets and service levels.

10. Recommendation from Management

That the report be received.

11. Attachments

12. Attachment 1 - Financial Statements
13. Attachment 2 - Group of Activities
14. Attachment 3 - Capital Expenditure
15. Attachment 4 - Growth Information
16. Attachment 5 - Debt and Treasury Report
17. Attachment 6 - Risks and Opportunities

18. Summary of Operational Results



19. The accounting result for the four months ended 31 October is a surplus of \$17.3m (\$12.1m), which is \$15.5m (\$11.1m) favourable against the target YTD surplus. The annual surplus is budgeted at \$9.2m.
20. The balancing the books result is more conservative than the accounting result, excluding non-cash items such as gains or losses from the valuation of financial instruments, vested assets and capital subsidies on the Ring Road. For the four months ended 31 October the balancing the books result is a surplus of \$11.8m (\$7.0m), which is \$12.1m (\$8.1m) favourable against the target year end surplus of \$0.8m.
21. The *Financial Statements* (attachment 1) show the accounting result, balancing the books reconciliation and balance sheet. Variances greater than \$250,000 by class of revenue and expenditure are explained in this attachment.

22. *Group of Activities Financial Reports* (attachment 2) explain variances greater than \$100,000.
23. The major contributors to the favourable accounting results are:

		October 2015	September 2015
Vested assets	Assets handed to Council on completion of subdivisions, these are non-cash and eliminated from the balancing the books result. Vested assets will result in an increase in depreciation costs in future periods and additional maintenance costs in future years.	11.5m	10.2m
Development contributions	Payments from developers under the development contributions policy to contribute funding to growth related capital projects.	5.6m	4.0m
Planning and Development Revenue	Revenue continues to increase due to higher than expected building consents and LIMs. The rate of increase declined during October. Additional costs are being incurred on these consents in this and other activities.	0.9m	0.8m
Group of Activities	Across all other activities expenditure is behind budget as activity builds up. Explanations of variances are explained in the <i>Group of Activities Financial Report</i> .	4.0m	3.0m
Less Loss on Swaps	This loss is a non-cash adjustment to the balance sheet resulting from an adverse unrealised variance between Council's interest rate swaps and the floating interest rate. This is eliminated from the balancing the books result.	(6.5)m	(7.0)m
Total variance		\$15.5m	\$11.0m

24. Summary of Capital Expenditure



25. The capital program is comprised of the Annual Plan budgeted programme of \$65.6m and deferred projects of \$18.1m. This gives a total programme of \$83.7m.

- 26. The Capital Expenditure Report (attachment 3) provides a list of all projects, variances to budget and the projects status. Note the traffic light analysis has been simplified since the last committee meeting to identify projects that are either not on time or not on budget.
- 27. For the four months ended 31 October 2015, Capital Expenditure of \$13.4m (\$9.2m) has been expended. This is \$4.9m (\$1.7m) favourable against year to date budget and represents 6% (2%) of the total capital expenditure programme. This means overall we are \$4.9m behind on the capital programme.
- 28. Of the 128 projects that form the 2015-16 capital programme 119 are on track from a timing and budget perspective while 9 are indicated to potentially have timing or budget issues (attachment 3).
- 29. Staff have also established a capital programme delivery team which is focusing on supporting asset managers to deliver the programme.

30. Summary of Risks and Opportunities

- 31. The *Risks and Opportunities Schedule* (attachment 5) is used to forecast the 30 June 2016 year-end results for Council. It records budget adjustments greater than \$100,000 that are impacting the year end forecast.
- 32. As at 31 October 2015 the year end accounting result is forecast to be a surplus of \$31.5m, this would be a \$22.3m improvement over the Annual Plan target of \$9.2m. The major drivers continue to be the additional revenue from vested assets, development contributions and favourable interest costs. The balancing the books year end forecast is a surplus of \$11.6m, this would be an improvement of \$10.8m over the Annual Plan target of \$0.8m.

33. Summary of Debt and Treasury Management



34. Total Overall Debt

- 35. Total Overall Debt is currently \$363.7m (\$360.9m), which is \$43.1m (\$45.8m) less than the year end budget target of \$406.8m.
- 36. The favourable position is the difference between the actual for October and the year end target. Contributing to this position is the favourable result in balancing the books and capital expenditure. Council also started the year with a favourable opening balance. Any permanent reduction in debt will be addressed during the 2016-17 Annual Plan work programme.

37. Treasury Management

- 38. The Council is compliant with the Borrowing Management Policy measures.
- 39. The *Treasury Report* is attached (attachment 6).

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE FOUR MONTHS ENDED 31 OCTOBER 2015

	Notes	Year to Date			Annual Budget	Prior YTD Oct 2014
		Actual	Budget	Variance favourable/		
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates excluding water rates	1	45,538	44,910	628	138,472	44,307
Water rates		2,793	2,791	2	7,772	2,512
Revenue from activities	2	15,442	14,443	999	41,744	15,150
Subsidies and grants		3,004	2,955	49	9,257	2,898
Development and financial contributions	3	8,378	2,814	5,564	9,500	4,845
Other revenue	4	16,300	4,376	11,924	13,381	10,675
Total revenue		91,455	72,289	19,166	220,126	80,387
Expenses						
Personnel costs	5	20,958	22,081	1,123	66,546	22,508
Depreciation and amortisation	6	18,885	19,423	538	58,269	18,475
Finance costs		7,300	7,549	249	22,647	8,297
Other expenses	7	20,414	21,406	992	63,432	20,907
Total expenses		67,557	70,459	2,902	210,894	70,187
Operating surplus/(deficit)		23,898	1,830	22,068	9,232	10,200
Gains		1	-	1	-	-
Losses	8	(6,587)	-	(6,587)	-	(5,784)
Surplus/(deficit)		17,312	1,830	15,482	9,232	4,416

BALANCING THE BOOKS MEASURE FOR THE FOUR MONTHS ENDED 31 OCTOBER 2015

Surplus/(deficit)		17,312	1,830	15,482	9,232	4,416
Adjustments for balancing the books measure						
Gains		1	-	1	-	-
Losses		(6,587)	-	(6,587)	-	(5,784)
Vested assets		12,101	2,120	9,981	8,481	8,890
Ring Road subsidy		11	-	11	-	220
Total adjustments		5,526	2,120	3,406	8,481	3,326
Balancing the books surplus/(deficit)		11,786	(290)	12,076	751	1,090

Notes to the Statement of comprehensive revenue and expense

Note 1: Rates excluding water rates

The major drivers of the \$628k favourable variance are:

- Increase in penalties income \$202K. As part of the rates review it was identified that we needed to change the timing of the rates arrears penalty. This changed the date from 1 September to the date set by legislation being 7 July.
- Decrease in the rates remissions expense – Council of \$216k. As part of the rates review, rates remissions budgets were increased. The actual remissions when the rates were struck were lower than expected for council and rural commercial properties.
- Decrease in the rates remissions expense – Hardship of \$132k. Mainly a timing difference.

Note 2: Revenue from activities

Favourable variance of \$1.0m is due to the higher Land Information Memorandums and Building Consents being processed in Planning and Development. Additional expenditure is expected to be incurred over the coming months as a result.

Note 3: Development & financial contributions

The favourable variance of \$5.6m is due to higher than expected receipts - see attachment 4.

Note 4: Other revenue

\$12.0m favourable. This is due to higher than expected vested assets - see attachment 3.

Note 5: Personnel costs

\$1.1m favourable. Predominantly across three activities: Planning and Development \$244k, Economic Development \$260k and Overheads \$411k. Explanations of these variances are contained in the Group of Activities Financial Reports. See attachment 2.

Note 6: Depreciation and amortisation

\$538k Favourable. This is predominately due to the extension of the useful life of the Claudelands Events Centre reducing the depreciation expense.

Note 7: Other expenses

\$991k favourable variance across the Group of Activities. Variances greater than \$100k are explained in the Activity Financial Reports. See attachment 2.

Note 8: Losses

\$6.6m unfavourable variance mainly due to an unrealised loss of \$6.5m on the revaluation of interest rate swaps.

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2015

	Notes	Council		
		Actual \$000	Annual Budget \$000	Actual Oct 2014 \$000
Assets				
Current assets				
Cash and cash equivalents	1	19,453	45,000	39,182
Receivables	2	43,177	17,101	40,320
Prepayments		1,048	1,663	644
Inventory		132	237	151
Other financial assets	1	29,010	-	439
Non-current assets held for sale		-	-	569
Total current assets		92,820	64,001	81,305
Non-current assets				
Property, plant and equipment	3	3,247,493	3,294,067	3,200,724
Intangible assets		18,562	19,184	14,225
Investment property		24,139	24,308	41,330
Investment in associates		7,430	7,430	7,430
Other financial assets	1	8,570	8,280	8,647
Investment in subsidiaries		10,150	10,150	10,150
Total non-current assets		3,316,344	3,363,419	3,282,506
Total assets		3,409,164	3,427,420	3,363,811
Liabilities				
Current liabilities				
Employee entitlements		7,027	5,013	4,867
Payables	4	45,119	13,621	41,481
Borrowings	5	73,251	79,048	72,333
Derivative financial instruments	6	138	-	21
Provisions		2,049	1,724	1,724
Total current liabilities		127,584	99,406	120,426
Non-current liabilities				
Employee entitlements		881	886	886
Borrowings	5	305,935	336,036	341,460
Derivative financial instruments	6	32,461	-	17,770
Provisions		8,478	8,085	8,085
Total non-current liabilities		347,755	345,007	368,201
Total liabilities		475,339	444,413	488,627
Net assets		2,933,825	2,983,007	2,875,184
Equity				
Accumulated funds		1,627,971	1,609,284	1,630,097
Other reserves	7	1,305,854	1,373,723	1,245,087
Total equity attributable to Hamilton City Council		2,933,825	2,983,007	2,875,184
Total equity		2,933,825	2,983,007	2,875,184

Notes to the Statement of financial position

Note 1: Cash and financial assets

	Actual	Annual budget	Prior YTD
	\$000	\$000	\$000
Cash and short-term deposits	19,453	45,000	39,182
Other financial assets - current and non-current			
Term deposits	32,600	3,303	3,860
Shares	4,870	4,977	4,977
Loan investments	110	-	249
	<u>37,580</u>	<u>8,280</u>	<u>9,086</u>
Total cash and financial assets	57,033	53,280	48,268

The financial statements separate term deposits with maturities of greater than 3 months and less than 1 year from those with maturities of less than 3 months at acquisition. The above table shows that total cash and financial assets at 31 October is above budget of \$53.3 million.

Note 2: Rates and debtors receivables

Notes	Actual			Prior YTD		
	\$000	\$000	\$000	\$000	\$000	\$000
Rates	Rates	Arrears	Total	Rates	Arrears	Total
Balance as at 1 July	(1,885)	3,829	1,944	(1,710)	3,323	1,612
Instalments to date	80,866		80,866	76,987		76,987
Penalties, adjustments & postponed	467		467	364		364
Remissions and govt rebates instalments 1-2	(1,447)		(1,447)	(996)		(996)
Rates receipts	(46,153)	(2,421)	(48,574)	(44,203)	(1,965)	(46,168)
	<u>31,848</u>	<u>1,408</u>	<u>33,256</u>	<u>30,441</u>	<u>1,358</u>	<u>31,799</u>
Remissions and govt rebates instalments 3-4	(1,447)		(1,447)	(996)		(996)
Balance as at 31 October	<u>30,401</u>	<u>1,408</u>	<u>31,809</u>	<u>29,445</u>	<u>1,358</u>	<u>30,802</u>
Water by meter			1,177			833
Sundry debtors						
Debtors			3,895			3,588
Rentals			354			325
NZTA	2		882			592
Rates rebates Internal Affairs			1,092			1,165
H3 debtors			556			0
			<u>6,779</u>			<u>5,671</u>
Parking			4,069			6,009
Debtor accruals			2,610			2,460
Provision for doubtful debts			(3,267)			(5,456)
Total rates and debtors receivables			<u>43,177</u>			<u>40,320</u>

Commentary

Rates and debtors have increased due to:

1. Water by meter revenue review undertaken found meter reading and invoicing issues in 2014/15.
2. NZTA debtor is higher due to the operating subsidy increasing from 45% in 2014/15 to 51% in 2015/16.
3. Parking debt of \$1.957 million was written off at 30 June 2015.
4. Provision for doubtful debts reduced by \$1.957 million at 30 June 2015 due to parking debtors write off.

	Notes	Actual \$000	Prior YTD \$000
Debtors aging			
Rates		as at 1 July	as at 1 July
		2012/13	2012/13
	5	2013/14	2013/14
		2014/15	
		Penalties	
		1st qtr	
		2nd qtr	
		3rd qtr	
		4th qtr	
		<u>3,828</u>	<u>3,323</u>
Sundry debtors		as at 31	as at 31
		October	October
		Current	Current
		0-30 days	0-30 days
		30-60 days	30-60 days
		60-90 days	60-90 days
	6	>90 days	>90 days
		<u>6,779</u>	<u>5,671</u>

Commentary

5. As at 31 October 2015 the 2013/14 arrears were \$39k of which \$19k relates to a rates postponed arrangement.

6. >90 days includes MOE \$1.349 million for their contribution for Rototuna Road.

The invoice was paid by MOE into Tompkins Wake Trust account, which is a condition of our contract with MOE.

The revenue is treated as Income in advance until the funds are released to Hamilton City Council by Tompkins Wake on receipt of invoices for completed work.

Note 3: Fixed assets work in progress

Asset categories

	Balance 1 July 2015 \$000	New WIP Jul-Oct \$000	WIP capitalised Jul-Oct \$000	Balance 31 Oct 2015 \$000
Parks & Gardens Land	2,514	316		2,830
Land under Roads	1,540	-		1,540
Operational Buildings	7,314	527		7,841
Parks & Gardens Improvements	5,455	302		5,757
Refuse	1,841	23		1,864
Wastewater	11,251	1,188	(1)	12,438
Stormwater	4,034	585		4,619
Transportation	19,717	5,608	(157)	25,168
Water Supply	10,894	2,050	(690)	12,254
Wastewater Treatment Plant	2,210	532		2,742
Water Treatment Station	2,793	990		3,783
Operational Plant & Equipment	4,001	663	(333)	4,331
Intangible Assets	2,850	186	(21)	3,015
Other	1,559	412	(1,282)	689
	<u>77,973</u>	<u>13,382</u>	<u>(2,484)</u>	<u>88,871</u>
Fixed Assets Vested	12,856	14,333	(650)	26,539
Total Fixed assets work in progress	90,829	27,715	(3,134)	115,410

Work in progress is a part of Council Property, plant and equipment non-current assets. Costs are recorded as work in progress until an asset becomes operational.

Note 4: Payables

	Actual	Annual budget	Prior YTD
	\$000	\$000	\$000
Payables	45,119	13,621	41,481
Total payables	45,119	13,621	41,481

Payables includes rates income in advance of \$23 million as rates income has been invoiced for two quarterly instalments whereas only four months (July-October) rates income has been recognised in the Statement of comprehensive revenue and expense.

Note 5: Borrowings

	Actual	Annual budget	Prior YTD
	\$000	\$000	\$000
Borrowings (current)	73,251	79,048	72,333
Borrowings (non-current)	305,935	336,036	341,460
Total external debt	379,186	415,084	413,793

The calculation for Net External Debt and Total Overall Debt is shown in the Treasury Report (attachment 6). Total Overall Debt is the Financial Strategy benchmark.

Note 6: Derivative financial instruments

	Actual	Annual budget	Prior YTD
	\$000	\$000	\$000
Interest rate swaps - held for trading (current)	138	-	21
Interest rate swaps - held for trading (non-current)	32,461	-	17,770
Total derivative financial instrument liabilities	32,599	-	17,791

The revaluation of interest rate swaps held by Council show an unrealised mark-to-market revaluation loss for 2016 of \$6.5 million (2015 loss \$2.7 million) as shown in the Statement of comprehensive revenue and expense. This revaluation loss has increased the derivative financial instrument liability and occurs because floating interest rates were lower than the fixed rates of the swaps.

Note 7: Restricted and Council created reserves

	Balance 1 July 2015	Transfers into fund	Transfers out of fund	Balance 31 Oct 2015
	\$000	\$000	\$000	\$000
Total restricted reserves	30,492	57	-	30,549
Total Council created reserves	10,325	572	(80)	10,817
Total restricted and Council created reserves	40,817	629	(80)	41,366

Transfers into the reserves greater than \$100,000 include interest, Hamilton Gardens targeted rate, reserves contributions and waste minimisation levies.

STATEMENT OF CASH FLOWS FOR THE FOUR MONTHS ENDED 31 OCTOBER 2015

	Council		
	Actual \$000	Annual Budget \$000	Actual Oct 2014 \$000
Cash flows from operating activities			
Cash was provided from:			
Rates revenue	46,502	146,244	48,122
Fees, rents and charges	14,459	42,056	6,213
Subsidies and grants	4,850	9,257	4,181
Other capital contributions	9,800	11,213	6,424
Interest received	622	2,000	895
Dividends received	120	143	132
Sundry revenue	299	1,044	193
	76,652	211,957	66,160
Cash was applied to:			
Payments to employees	21,160	66,546	22,362
Payments for suppliers	27,687	61,845	33,522
Interest paid	6,717	22,647	8,138
Net GST paid	(1,748)	1,900	(4,883)
	53,816	152,938	59,139
Net cash flow from operating activities	22,836	59,019	7,021
Cash flows from investing activities			
Cash was provided from:			
Proceeds from reduction in other financial assets	41	-	(71)
Proceeds from sale of shares	-	-	-
Proceeds from sale of investment property	-	-	-
Proceeds from sale of property, plant and equipment	7	139	230
	48	139	159
Cash was applied to:			
Acquisition of other financial assets (term deposits)	24,000	-	-
Purchase of investment property	-	-	-
Purchase of intangible assets	185	-	506
Purchase of property, plant and equipment	18,359	65,646	15,297
	42,544	65,646	15,803
Net cash flow from investing activities	(42,496)	(65,507)	(15,644)
Cash flows from financing activities			
Cash was provided from:			
Loans raised	7	32,913	15,000
Finance leases raised	-	-	(68)
	7	32,913	14,932
Cash was applied to:			
Loan repayments	18,000	26,000	10,000
Finance lease repayments	185	425	94
	18,185	26,425	10,094
Net cash flow from financing activities	(18,178)	6,488	4,838
Net increase/(decrease) in cash held	(37,838)	-	(3,785)
Opening cash and cash equivalents balance	57,291	45,000	42,967
Closing cash and cash equivalents balance	19,453	45,000	39,182

ARTS AND CULTURE
Theatres | Libraries | Museum | Arts | Active Communities
for the four months ended 31 October 2015

Item 9

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(1) Rates excluding Water rates	(1)	(0)	(1)	(1)
0 Water rates	0	0	0	0
624 Revenue from activities	671	575	96	1,679
251 Subsidies and grants	1	15	(14)	38
0 Development & financial contributions	0	0	0	0
13 Other revenue	8	7	1	20
887 Total revenue	678	595	83	1,736
Expenses				
2,288 Personnel costs	2,130	2,230	100	6,609
475 Depreciation and amortisation	864	870	6	2,611
100 Finance costs	68	68	(0)	203
2,997 Other expenses	2,594	2,539	(56)	7,662
5,859 Total expenses	5,656	5,706	51	17,085
(4,972) Operating surplus/(deficit)	(4,978)	(5,111)	133	(15,349)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(4,972) Surplus/(deficit)	(4,978)	(5,111)	133	(15,349)

Attachment 2

Variance explanation: variances exceeding \$100k are explained in this section.

Personnel costs - \$100k favourable. This variance is predominantly due to vacant positions in the Library and Museum.

RECREATION

Pools | Indoor Recreation | Zoo

for the four months ended 31 October 2015

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
1,353 Revenue from activities	1,415	1,376	40	4,429
114 Subsidies and grants	112	114	(2)	276
0 Development & financial contributions	0	0	0	0
14 Other revenue	9	9	0	28
1,482 Total revenue	1,536	1,499	37	4,733
Expenses				
1,573 Personnel costs	1,609	1,593	(16)	4,896
246 Depreciation and amortisation	469	544	74	1,631
111 Finance costs	97	97	0	292
1,927 Other expenses	1,551	1,504	(47)	4,399
3,857 Total expenses	3,726	3,738	12	11,217
(2,375) Operating surplus/(deficit)	(2,190)	(2,239)	49	(6,484)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(2,375) Surplus/(deficit)	(2,190)	(2,239)	49	(6,484)

Variance explanation: variances exceeding \$100k are explained in this section.

This activity has no significant variances to report.

PLANNING AND DEVELOPMENT

City Planning | Planning Guidance & Compliance | Building Control

for the four months ended 31 October 2015

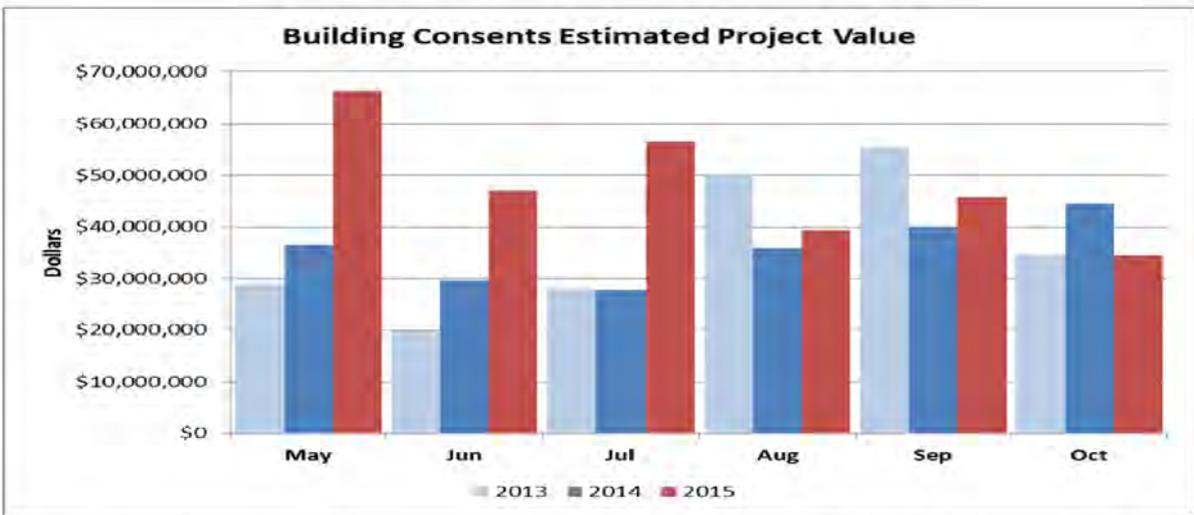
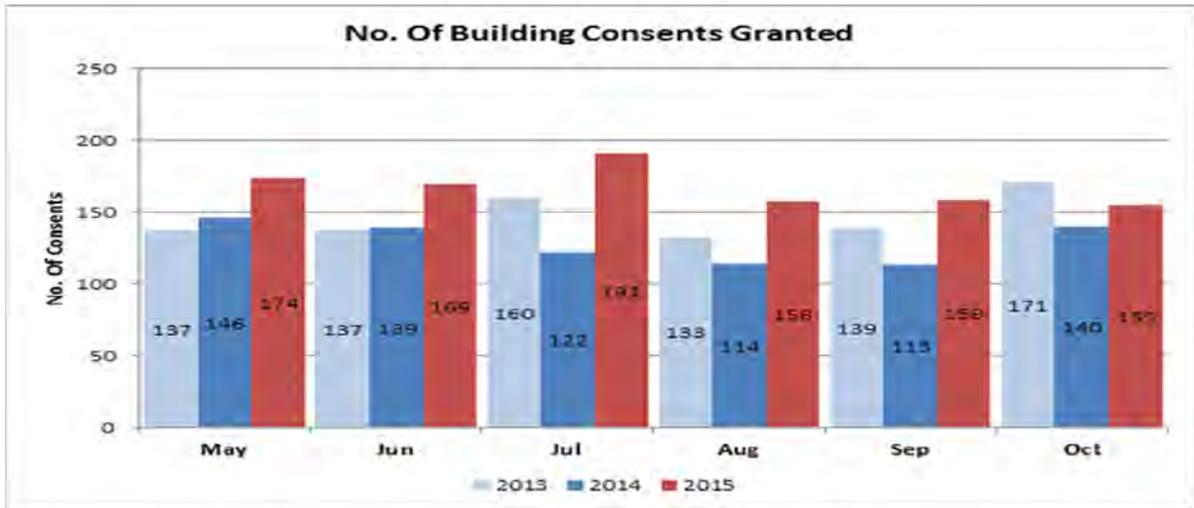
Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
2,558 Revenue from activities	3,398	2,510	888	7,410
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
0 Other revenue	0	0	0	0
2,558 Total revenue	3,398	2,510	888	7,410
Expenses				
1,919 Personnel costs	1,870	2,115	244	6,326
0 Depreciation and amortisation	0	0	(0)	0
0 Finance costs	0	0	0	0
1,339 Other expenses	1,817	1,689	(128)	5,145
3,258 Total expenses	3,688	3,804	116	11,471
(700) Operating surplus/(deficit)	(290)	(1,294)	1,004	(4,061)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(700) Surplus/(deficit)	(290)	(1,294)	1,004	(4,061)

Variance explanation: variances exceeding \$100k are explained in this section.

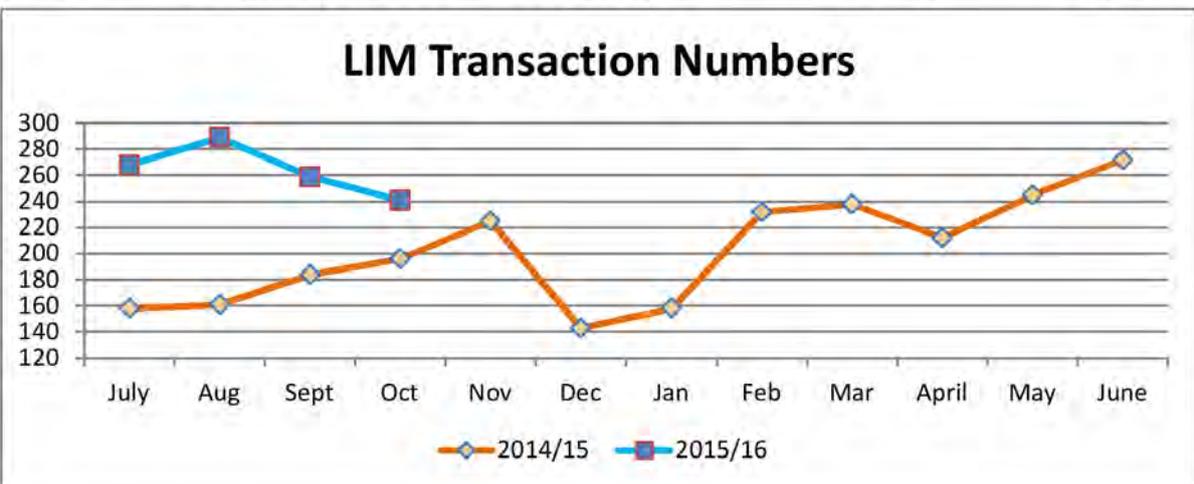
Revenue from activities - \$888k favourable. As was reported last month this variance is predominantly due to growth resulting in increased number of Land Information Memorandums and Building Consents being processed. The following page shows the number and value of building consents granted and LIMs issued in the first quarter compared with the previous year. Since last month there has been a drop in volumes, however these are still above last years numbers. It should be noted that some costs for LIMs is incurred in other activities. Income from building consents will incur costs in future periods.

Personnel costs - \$244k favourable. As was reported last month this variance is due to vacancies which have been advertised and for which recruitment is underway.

Other expenses - \$128k unfavourable. Due to District Plan legal costs being less than expected YTD.



Job Description	Building Type	Value
Bupa St Andrews 62 New Apartments & 40 room Care Home	Retirement Village	\$16,500,000
Wendell B Mendenhall Building - New Entry & Office/Theatre Alterations	Library	\$10,000,000
New Mitre 10 Building Garden Retail Cafe Retail & Yard	Retail Outlet	\$5,000,000
New Build Bulk Retail Commercial Development	Retail Outlet	\$4,500,000
MA - Envelope and Facade Alterations	School Facility	\$4,200,000
Phase 1 - 11x New Detached & Semi-Detached Dwellings (40-48)	Dwelling	\$3,844,850



ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums

for the four months ended 31 October 2015

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(68) Rates excluding Water rates	(57)	(100)	43	(300)
0 Water rates	0	0	0	0
3,433 Revenue from activities	2,766	2,941	(175)	8,559
0 Subsidies and grants	23	0	23	0
0 Development & financial contributions	0	0	0	0
318 Other revenue	192	175	17	524
3,683 Total revenue	2,924	3,016	(92)	8,783
Expenses				
1,198 Personnel costs	934	1,193	260	3,587
854 Depreciation and amortisation	1,669	1,976	307	5,928
2,452 Finance costs	1,711	1,711	0	5,134
6,041 Other expenses	3,938	4,068	130	11,606
10,546 Total expenses	8,252	8,949	697	26,256
(6,863) Operating surplus/(deficit)	(5,327)	(5,933)	605	(17,473)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(6,863) Surplus/(deficit)	(5,327)	(5,933)	605	(17,473)

Variance explanation: variances exceeding \$100k are explained in this section.

Revenue from activities - \$175k unfavourable. As reported last month this variance is primarily due to the shortfall in Strategic Property Investment (vacancy in Beggs Wiseman building) and the Claudelands Events Centre. Revenue for the Claudelands Events Centre is down \$129K against the plan, however there is a corresponding reduction in related expenditure of \$148K. The overall net position of Claudelands is favourable \$319K.

Personnel costs - \$260k favourable. As reported last month this variance is predominantly due to vacancies in the following areas - Strategic Property Investment, Stadiums and Claudelands Events Centre.

Depreciation and amortisation - \$307 favourable. As was reported last month this variance is due to the latest valuation extending the useful life of the majority of the buildings at Claudelands. This has reduced the depreciation expense. The revaluation was completed after budgets were set.

Other expenses - \$130k favourable. As was reported last month this variance is predominantly due to planned maintenance and contracts occurring later than originally anticipated.

A quarterly Claudelands Report will be included on the agenda for future Finance meetings containing information on business performance (financial and non financial) including forecasting information. In addition a system financial report will be distributed to Councillors electronically monthly. Claudelands is currently operating within its financial budget set by Council as part of the LTP for 2015/16.

SAFETY

Animal Control | Environmental Health and Public Safety

for the four months ended 31 October 2015

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
1,463 Revenue from activities	1,569	1,535	35	2,136
61 Subsidies and grants	9	0	9	0
0 Development & financial contributions	0	0	0	0
2 Other revenue	1	1	0	3
1,526 Total revenue	1,580	1,536	44	2,139
Expenses				
733 Personnel costs	739	695	(44)	2,081
17 Depreciation and amortisation	34	28	(6)	84
14 Finance costs	8	8	(0)	25
1,014 Other expenses	968	962	(6)	2,876
1,779 Total expenses	1,749	1,693	(56)	5,066
(253) Operating surplus/(deficit)	(170)	(157)	(12)	(2,927)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(253) Surplus/(deficit)	(170)	(157)	(12)	(2,927)

Variance explanation: variances exceeding \$100k are explained in this section.

This activity has no significant variances to report.

COMMUNITY SUPPORT

Community Development | Emergency Management | Housing
for the four months ended 31 October 2015

Item 9

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(0) Rates excluding Water rates	(42)	(58)	16	(173)
0 Water rates	0	0	0	0
699 Revenue from activities	735	761	(26)	2,289
15 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
1 Other revenue	1	0	0	1
715 Total revenue	694	704	(10)	2,117
Expenses				
533 Personnel costs	460	513	53	1,526
4 Depreciation and amortisation	337	382	44	1,145
8 Finance costs	4	4	(0)	12
1,426 Other expenses	1,206	1,221	15	3,657
1,971 Total expenses	2,007	2,119	112	6,340
(1,256) Operating surplus/(deficit)	(1,313)	(1,415)	102	(4,223)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(1,256) Surplus/(deficit)	(1,313)	(1,415)	102	(4,223)

Attachment 2

Variance explanation: variances exceeding \$100k are explained in this section.

This activity has no significant variances to report.

DEMOCRACY SERVICES

Governance and Public Affairs | Partnership with Maaori

for the four months ended 31 October 2015

	Prior YTD	Year to Date		Variance	Annual
	Actual 2014/15	Actual	Budget	Favourable/ (Unfavourable)	Budget
	\$000	\$000	\$000	\$000	\$000
Revenue					
0 Rates excluding Water rates		0	0	0	0
0 Water rates		0	0	0	0
0 Revenue from activities		7	6	1	17
0 Subsidies and grants		0	0	0	0
0 Development & financial contributions		0	0	0	0
0 Other revenue		0	0	0	0
0 Total revenue		7	6	1	17
Expenses					
187 Personnel costs		169	189	20	565
0 Depreciation and amortisation		0	0	0	0
0 Finance costs		0	0	0	0
1,586 Other expenses		1,366	1,419	53	4,250
1,773 Total expenses		1,535	1,608	74	4,815
(1,773) Operating surplus/(deficit)		(1,528)	(1,603)	75	(4,799)
0 Gains		0	0	0	0
0 Losses		0	0	0	0
(1,773) Surplus/(deficit)		(1,528)	(1,603)	75	(4,799)

Variance explanation: variances exceeding \$100k are explained in this section.

This activity has no significant variances to report.

PARKS AND GREEN SPACES

Hamilton Gardens | Community Parks | Sports Parks | Cemeteries and Crematorium
for the four months ended 31 October 2015

Item 9

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
924 Revenue from activities	854	686	168	2,207
5 Subsidies and grants	0	0	0	7
2 Development & financial contributions	2	0	2	0
159 Other revenue	432	422	10	1,715
1,091 Total revenue	1,287	1,108	179	3,928
Expenses				
688 Personnel costs	715	697	(18)	2,092
658 Depreciation and amortisation	1,149	1,092	(57)	3,275
545 Finance costs	518	519	0	1,557
5,123 Other expenses	4,241	4,607	367	13,863
7,014 Total expenses	6,623	6,915	292	20,787
(5,923) Operating surplus/(deficit)	(5,336)	(5,807)	471	(16,859)
0 Gains	0	0	0	0
0 Losses	(85)	0	(85)	0
(5,923) Surplus/(deficit)	(5,421)	(5,807)	386	(16,859)

Attachment 2

Variance explanation: variances exceeding \$100k are explained in this section.

Revenue from activities - \$168k favourable. As was reported last month Cemetery revenue is \$124k ahead of target due to increased number of cremations and cemetery plot sales. Increased Parks revenue includes a \$27k contribution towards the Plant for Gullies programme that has been received from the Waikato River Authority.

Other expenses - \$367k favourable. This variance is predominantly due to various maintenance contract works which have yet to fully commence. These are expected to be completed by the end of year.

RUBBISH AND RECYCLING

Refuse Collection | Waste Minimisation | Landfill Site Management

for the four months ended 31 October 2015

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
152 Revenue from activities	163	113	51	339
236 Subsidies and grants	260	205	55	410
0 Development & financial contributions	0	0	0	0
7 Other revenue	4	4	(0)	13
395 Total revenue	428	322	105	762
Expenses				
1 Personnel costs	1	0	(1)	0
80 Depreciation and amortisation	111	103	(8)	308
52 Finance costs	43	43	0	129
1,913 Other expenses	2,091	2,250	159	6,947
2,046 Total expenses	2,246	2,396	150	7,383
(1,652) Operating surplus/(deficit)	(1,818)	(2,073)	255	(6,621)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(1,652) Surplus/(deficit)	(1,818)	(2,073)	255	(6,621)

Variance explanation: variances exceeding \$100k are explained in this section.

Other expenses - \$159k favourable. As was reported last month this variance is predominantly due to the timing of waste minimisation works still to be done \$67k and minor variations in the rubbish and recycling contract costs \$51k.

STORMWATER

Stormwater Network | Catchment Management

for the four months ended 31 October 2015

Item 9

Attachment 2

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
6 Revenue from activities	59	62	(3)	241
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
39 Other revenue	54	27	27	82
44 Total revenue	114	90	24	323
Expenses				
13 Personnel costs	0	0	(0)	0
1,855 Depreciation and amortisation	1,876	1,915	39	5,745
139 Finance costs	154	154	0	461
868 Other expenses	904	923	18	2,439
2,874 Total expenses	2,934	2,991	58	8,645
(2,830) Operating surplus/(deficit)	(2,820)	(2,902)	82	(8,323)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(2,830) Surplus/(deficit)	(2,820)	(2,902)	82	(8,323)

Variance explanation: variances exceeding \$100k are explained in this section.

This activity has no significant variances to report.

TRANSPORTATION

Transport Network | Parking Management

for the four months ended 31 October 2015

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(47) Rates excluding Water rates	(34)	(39)	5	(156)
0 Water rates	0	0	0	0
2,377 Revenue from activities	1,993	1,978	15	6,064
2,215 Subsidies and grants	2,597	2,621	(24)	8,527
0 Development & financial contributions	0	0	0	0
607 Other revenue	679	569	110	1,711
5,151 Total revenue	5,235	5,129	106	16,145
Expenses				
287 Personnel costs	261	300	38	899
5,672 Depreciation and amortisation	6,034	5,989	(46)	17,966
2,430 Finance costs	2,690	2,690	0	8,071
6,417 Other expenses	6,077	6,267	190	18,810
14,806 Total expenses	15,063	15,246	183	45,747
(9,655) Operating surplus/(deficit)	(9,828)	(10,117)	289	(29,601)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(9,655) Surplus/(deficit)	(9,828)	(10,117)	289	(29,601)

Variance explanation: variances exceeding \$100k are explained in this section.

Other revenue - \$110k favourable. This variance is due to capital contributions from Ministry of Education for private works done as part of the Rototuna School Collector Road.

As expected, last months \$432k favourable subsidies and grant variances due to NZTA subsidies has corrected itself. The variance had occurred due to renewals works being advanced to the start of the year.

Other expenses - \$190k favourable. The main contributors to this favourable variance is the underspend against time cost charges and support unit allocation costs within Transportation Network. This is being driven in large part by a current vacancy held.

SEWERAGE

Sewerage Collection | Sewerage Treatment and Disposal

for the four months ended 31 October 2015

Item 9

Prior YTD Actual 2015/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
952 Revenue from activities	1,169	1,177	(8)	4,256
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
240 Other revenue	230	129	101	388
1,192 Total revenue	1,399	1,306	93	4,644
Expenses				
341 Personnel costs	352	418	66	1,256
2,559 Depreciation and amortisation	2,722	2,697	(25)	8,092
1,386 Finance costs	1,150	1,151	0	3,452
3,530 Other expenses	3,340	3,650	311	11,232
7,816 Total expenses	7,563	7,916	353	24,032
(6,623) Operating surplus/(deficit)	(6,165)	(6,610)	446	(19,389)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(6,623) Surplus/(deficit)	(6,165)	(6,610)	446	(19,389)

Attachment 2

Variance explanation: variances exceeding \$100k are explained in this section.

Other revenue - \$101k favourable due to capital contributions received for paid connections being \$66k favourable and other capital contributions for capital work performed on behalf of a private entity being \$35k favourable. This additional revenue offsets additional capital expenditure.

Trade waste revenue has recovered this month due to higher than expected revenue. A trade waste revenue review will still be under taken to understand the reasons for these fluctuations.

Other expenses - \$311k favourable, with the major variances being:

Chemicals \$80k favourable - timing issue due to a large order being delayed a month in transit from overseas.

Planned Wastewater Treatment Plant maintenance \$208k favourable - some large expenditure items (e.g. pump refurbishment) have been rescheduled to occur later in the year and will be completed by 30 June 2016.

Service delivery contract \$125k unfavourable - charges have been incorrectly charged to the Sewerage activity and will be transferred to the Water Supply activity.

WATER SUPPLY

Water Treatment and Storage | Water Distribution

for the four months ended 31 October 2015

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
2,512 Water rates	2,793	2,791	2	7,772
72 Revenue from activities	47	34	13	157
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
254 Other revenue	236	105	131	315
2,838 Total revenue	3,075	2,930	146	8,244
Expenses				
23 Personnel costs	(8)	0	8	0
2,192 Depreciation and amortisation	2,344	2,518	174	7,553
1,039 Finance costs	1,079	1,079	0	3,237
2,715 Other expenses	2,488	2,885	396	8,771
5,968 Total expenses	5,903	6,481	579	19,562
(3,131) Operating surplus/(deficit)	(2,827)	(3,552)	724	(11,318)
0 Gains	0	0	0	0
0 Losses	0	0	0	0
(3,131) Surplus/(deficit)	(2,827)	(3,552)	724	(11,318)

Variance explanation: variances exceeding \$100k are explained in this section.

Other revenue - \$131k favourable due to capital contributions received for paid connections. This additional revenue offsets additional capital expenditure.

Depreciation and amortisation - \$174k favourable. The pending revaluation of water assets precludes the updating of asset data in the Fixed Assets Register. Completion of the revaluation (scheduled to be completed in December) will allow the correct depreciation to be charged.

Other expenses - \$396k favourable, with the major variances being:

Planned Water Treatment Plant maintenance \$171k favourable - some large expenditure items (e.g. pump refurbishment) have been rescheduled to occur later in the year and will be completed by 30 June 2016.

Operational planning and works \$110k favourable - underway but behind programme due to staff changes. Recruitment is well advanced and we expect this work to be delivered by 30 June 2016.

Service delivery contract \$125k favourable - charges have been incorrectly charged to the Sewerage activity and will be transferred to the Water Supply activity.

OVERHEADS & SUPPORT UNITS

for the four months ended 31 October 2015

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(46) Rates excluding Water rates	(1)	0	(1)	0
0 Water rates	0	0	0	0
535 Revenue from activities	596	690	(94)	1,964
0 Subsidies and grants	2	0	2	0
0 Development & financial contributions	0	0	0	0
0 Other revenue	0	0	0	0
488 Total revenue	597	690	(94)	1,964
Expenses				
12,726 Personnel costs	11,727	12,138	411	36,707
3,863 Depreciation and amortisation	1,276	1,310	34	3,931
21 Finance costs	24	25	1	75
(16,121) Other expenses	(12,429)	(12,841)	(412)	(38,749)
488 Total expenses	598	632	34	1,964
(0) Operating surplus/(deficit)	(1)	58	(59)	(0)
0 Gains	1	0	1	0
0 Losses	0	0	0	0
(0) Surplus/(deficit)	(0)	58	(58)	(0)

Variance explanation: variances exceeding \$100k are explained in this section.

Personnel costs - \$411k favourable. This variance is predominately due to vacancies in the support units within the City Infrastructure Group, which includes new positions that were approved during the 10- Year Plan. These positions are currently being recruited.

Other expenses - \$476k unfavourable. The variance has a direct relationship to the favourable personnel costs variance. The support units within City Infrastructure recover their actual costs through internal time cost charging, due to the lower staff costs the level of charging (internal revenue) is lower resulting in this unfavourable variance. Note Internal revenue is part of other expenses.

Items not allocated directly to Activities

Rates | Development Contributions | Vested Assets

for the four months ended 31 October 2015

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000	
	Actual \$000	Budget \$000			
Revenue					
44,469	Rates excluding Water rates	45,673	45,106	567	139,102
0	Water rates	0	0	0	0
3	Revenue from activities	0	0	0	0
0	Subsidies and grants	0	0	0	0
4,843	Development & financial contributions	8,377	2,814	5,563	9,500
9,022	Other revenue	14,454	2,927	11,527	8,581
58,337	Total revenue	68,504	50,847	17,657	157,183
Expenses					
0	Personnel costs	0	0	0	0
0	Depreciation and amortisation	0	0	0	0
0	Finance costs	(247)	0	247	0
132	Other expenses	263	263	(0)	525
132	Total expenses	15	263	247	525
58,205	Operating surplus/(deficit)	68,488	50,585	17,904	156,658
0	Gains	0	0	0	0
(5,784)	Losses	(6,502)	0	(6,502)	0
52,421	Surplus/(deficit)	61,986	50,585	11,402	156,658

Variance explanation: variances exceeding \$100k are explained in this section.

Rates - \$567k favourable. This variance has 3 reasons the cost of rates remissions for Council properties is favourable, as the actual remissions were lower when the rates were struck than the budget had expected. The cost for hardship remissions are favourable but this largely timing. Revenue from rates penalties is higher because as part of the rates review it was identified that we needed to change the timing of the rates arrears penalty. This changed the date from 1 September to the date set by legislation being the 7th of July.

Development & financial contributions - \$5,563k favourable. This variance is as previously explained in the Growth Report (attachment 3).

Other revenue - \$11,527k favourable. This variance is due to a higher value of vested assets than budgeted.

Losses - \$6,502 unfavourable. This variance is due to interest rate swaps, as reported previously (attachment 1).

CAPITAL EXPENDITURE for the four months ended 31 October 2015

PROJECT TYPE KEY	
R	Renewal
LOS	Level of Service
G	Growth
	Project within HCC control
	Project dependent on third parties

STATUS KEY	
■	Project on track and on budget
■	Project potentially not on track or potentially over budget
■	Project not on track or over budget

	Type	YTD Total Cost			Annual Budget			Status	Notes
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Cost		
		\$000	\$000	\$000	\$000	\$000	\$000		
ARTS AND CULTURE									
Libraries									
CE10005 - Library collection purchases	R	308	337	29	1,048		1,048	■	
CE10006 - Library asset renewal	R	62	80	18	164		164	■	
CE10007 - Library building asset renewal programme	R	7	6	(1)	9		9	■	
Total libraries		377	423	46	1,221	0	1,221		
Museum									
CE10008 - Museum asset renewal	R	87	85	(2)	139		139	■	
CE10010 - Public art support fund	R	3	10	7	30		30	■	
CE10011 - Museum activity building renewals	R	27	151	125	390		390	■	
Total Museum		118	246	129	559	0	559		
Hamilton City Theatres									
CE10012 - Founders Theatre plant and equipment	R		49	49	97		97	■	
CE10013 - Technical services equipment renewals	R	10	105	95	210		210	■	
CE10014 - Founders Theatre building renewals	R		0	-	152		152	■	
CE10159 - Founders Theatre stage house renewal	R	18	50	32	100		100	■	
Total Hamilton City Theatres		28	204	176	559	0	559		
TOTAL ARTS AND CULTURE		522	872	350	2,339	0	2,339		
COMMUNITY SERVICES									
Housing Services									
CE10025 - Pensioner housing renewals	R	5	30	25	200		200	■	
Total Housing Services		5	30	25	200	0	200		
TOTAL COMMUNITY SERVICES		5	30	25	200	0	200		
ECONOMIC DEVELOPMENT									
Claudelands and Stadia									
CE10041 - Claudelands plant and equipment	R	12	130	118	260		260	■	
CE10042 - Seddon Park plant and equipment	R		54	54	107		107	■	
CE10043 - Waikato Stadium plant and equipment	R	4	376	371	751		751	■	1
CE10044 - Turf services plant and equipment	R	0	13	13	25		25	■	
CE10045 - Claudelands property (outdoors) renewals	R		75	75	150		150	■	
CE10046 - Seddon Park property (outdoors) renewals	R		18	18	35		35	■	
CE10047 - Waikato Stadium property (outdoors) renewals	R	12	125	113	249		249	■	
CE10048 - Stadia building renewals	R		26	26	333		333	■	
CE10049 - Claudelands building renewals	R	40	32	(8)	61		61	■	
CE15050 - Claudelands capital improvement programme	LOS		45	45	90		90	■	
Total Claudelands and Stadia		67	891	824	2,061	0	2,061		
Strategic Property									
CE10052 - Strategic property renewals	R	53	0	(53)	262		262	■	
CE10053 - Tenancy inducement renewals	R		118	118	354		354	■	
Total Strategic Property		53	118	65	616	0	616		
TOTAL ECONOMIC DEVELOPMENT		120	1,009	889	2,677	0	2,677		

	Type	YTD Total Cost			Annual Budget			Status	Notes
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Cost		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
PARKS AND GREEN SPACES									
Cemeteries and Crematorium									
CE10021 - Building renewals cemeteries	R	0	0	-	12		12		
CE10023 - Hamilton Park east and west cemeteries renewals	R		0	-	60		60		
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	32	32	(0)	32		32		
Total Cemeteries and Crematorium		32	32	(0)	104	0	104		
Hamilton Gardens									
CE10026 - Hamilton Gardens renewals	R		9	9	45		45		
CE10028 - Hamilton Gardens building renewals	R	18	38	19	165		165		
CE15027 - Proposed development programme	G	497	413	(84)	1,828		1,828		
Total Hamilton Gardens		515	460	(55)	2,038	0	2,038		
Parks									
CE10029 - Toilet and changing room renewals	R		89	89	284		284		
CE10030 - Building renewals parks and open spaces	R		46	46	233		233		
CE10032 - Parks and open spaces assets and playgrounds renewals	R	60	157	96	969		969		
CE15033 - Land purchase future reserves	G	314	100	(214)	830	130	960		
CE15034 - Destination playground public toilets	LOS		0	-	500		500		
CE15035 - Rototuna Park development	G	63	68	5	350	58	408		
CE15036 - Playground development programme	LOS		0	-	100		100		
Total Parks		437	460	22	3,266	188	3,454		
Sports Parks									
CE10031 - Sports area renewals	R	45	57	12	287		287		
Total Sports Parks		45	57	12	287	0	287		
TOTAL PARKS AND GREEN SPACES		1,030	1,009	(21)	5,695	188	5,883		
RECREATION									
Aquatic Facilities									
CE10001 - Aquatic facilities building renewals	R		17	17	79		79		
CE10002 - Waterworld hydroslide renewal	R		60	60	150		150		
CE10003 - Waterworld operational asset renewals	R	6	0	(6)			0		
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	12	80	68	250		250		
Total Aquatic Facilities		18	157	139	479	0	479		
Hamilton Zoo									
CE10015 - Zoo animal enclosure renewals	R	261	205	(56)	108	195	303		
CE10016 - Zoo building renewals	R	50	58	8	108		108		
CE10017 - Property renewals	R	1	0	(1)	14		14		
CE10019 - Zoo quarantine replacement	R		0	-	80		80		
CE10020 - Zoo animal replacement	R	20	8	(12)	40		40		2
Total Hamilton Zoo		332	271	(62)	350	195	545		
TOTAL RECREATION		350	428	78	829	195	1,024		
SAFETY									
CE10037 - CCTV renewals	R		10	10	40		40		
CE10038 - Animal education and control building - security fencing	R		70	70	70		70		
TOTAL SAFETY		0	80	80	110	0	110		
RUBBISH AND RECYCLING									
CE10054 - Replacement of closed landfill assets	R	11	25	14	100		100		
CE10056 - Replacement of RTS & HOC assets	R		0	-	7		7		
CE15055 - Closed landfill management	LOS	12	50	38	200		200		
TOTAL RUBBISH AND RECYCLING		23	75	52	307	0	307		

	Type	YTD Total Cost			Annual Budget			Status	Notes
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Cost		
		\$000	\$000	\$000	\$000	\$000	\$000		
STORMWATER									
CE10058 - Replacement of stormwater assets	R	226	153	(73)	707		707		
CE15059 - Rototuna stormwater infrastructure	G	2	8	6	574		574		
CE15062 - Peacocke stormwater infrastructure stage 1	G	14	8	(6)	558	444	1,002		3
CE15064 - Stormwater pipe upgrade - growth	G	12	5	(7)	125		125		
CE15066 - Existing network improvements in new areas	G		7	7	100		100		
CE15068 - Stormwater customer connections to the network	G	18	17	(1)	50		50		
CE15162 - Integrated catchment management plan	G	313	715	402	350	1,172	1,522		4
TOTAL STORMWATER		585	913	328	2,464	1,616	4,080		
TRANSPORT									
Parking Management									
CE10069 - Resurfacing off street carpark	R	4	0	(4)	23		23		
CE10070 - Replacement of parking enforcement equipment	R	23	50	27	360		360		
CE10071 - Parking building renewal	R		0	-	256		256		
Total Parking Management		26	50	24	639	0	639		
Transportation Network									
CE10072 - Replacement of footpath	R	679	714	35	2,141		2,141		
CE10073 - Replacement of street furniture	R		0	-	60		60		
CE10074 - Replacement of drainage (kerb and channel)	R	388	410	21	1,229		1,229		
CE10075 - Replacement of road base	R	151	287	136	937		937		
CE10076 - Road resurfacing	R	1,631	1,140	(491)	3,970		3,970		5
CE10077 - Replacement of bridges and culverts	R	7	0	(7)	100		100		
CE10078 - Replacement of retaining walls and structures	R	0	0	-	45		45		
CE10079 - Replacement of environmental controls	R		0	-	10		10		
CE10080 - Replacement of lighting	R	41	120	79	280		280		
CE10081 - Replacement of traffic equipment	R	120	133	14	400		400		
CE10082 - Replacement of street signs	R	0	23	23	70		70		
CE10098 - Building and property renewals	R		0	-	30		30		
CE15085 - Minor improvements to transport network	LOS	44	40	(4)	638		638		
CE15086 - Bus stop infrastructure	LOS	71	3	(68)	113		113		
CE15087 - Network upgrades to allow new development	G	34	12	(22)	175		175		
CE15088 - Roading upgrades and development in Peacocke stage 1	G	36	65	28	975		975		6
CE15089 - Roading upgrades and development in Peacocke stage 2	G	27	688	661	2,025		2,025		7
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	145	81	(64)	777	223	1,000		
CE15092 - Roading upgrades and development in Rototuna	G	1,856	1,265	(591)	2,392	1,573	3,965		8
CE15094 - Traffic signal improvements	LOS	12	15	3	300		300		
CE15095 - Integrated transport initiatives	LOS	252	213	(39)	900		900		
PIF12005 Hamilton Ring Road Completion	LOS	88	70	(18)		10,550	10,550		
Total Transportation Network		5,583	5,278	(305)	17,567	12,345	29,912		
TOTAL TRANSPORT		5,610	5,328	(281)	18,206	12,345	30,551		

	Type	YTD Total Cost			Annual Budget			Status	Notes
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Cost		
		\$000	\$000	\$000	\$000	\$000	\$000		
SEWERAGE									
CE10100 - Replacement of wastewater pump stations	R	173	230	57	1,013		1,013		
CE10101 - Replacement of wastewater assets	R	791	875	84	3,915		3,915		
CE15103 - Increase capacity of wastewater pump stations	LOS	16	230	214	423		423		9
CE15104 - Wastewater pip upgrade - growth	G		9	9	300		300		
CE15105 - Increase capacity of wastewater network - Rototuna	G	101	157	56	1,400	91	1,491		
CE15106 - Wastewater network upgrades to allow development	G	2	7	5	80		80		
CE15107 - Increase capacity of network in Rotokauri stage 1	G	4	6	2	52		52		
CE15109 - Increase capacity of network in Peacocke stage 1	G		24	24	1,722	420	2,142		10
CE15111 - Increase capacity of network throughout the city	G	8	37	29	350		350		
CE15114 - Increase capacity of network (bulk storage)	G	13	90	77	400		400		
CE15161 - Wastewater master plan	G	10	37	27	150		150		
CE10115 - Replacement of wastewater treatment plant assets	R	299	916	617	2,224		2,224		11
CE15116 - Upgrade wastewater treatment plant systems	LOS	25	25	(0)	150		150		
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	65	177	112	950		950		
CE15120 - Wastewater treatment plant compliance	LOS	139	204	66	500		500		
CE15121 - Wastewater customer connections to the network	G	73	17	(57)	50		50		
TOTAL SEWERAGE		1,718	3,040	1,322	13,679	511	14,190		
WATER SUPPLY									
CE10123 - Replacement of watermains	R	1,071	1,040	(31)	3,128		3,128		
CE10124 - Replacement of water meters, valves and hydrants	R	133	160	27	338		338		
CE15126 - Upgrade or build new watermains in Rototuna	G		65	65	773		773		12
CE15127 - Water pipe upgrade - growth	G	2	21	19	300		300		
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	30	17	(13)	505		505		
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G		3	3	75		75		
CE15132 - Water network upgrades to allow new development	G	2	7	5	80		80		
CE15133 - Water demand management - network water loss	LOS	11	90	79	399		399		
CE15136 - Water demand management - Dinsdale reservoir zone	LOS		20	20	25		25		
CE10138 - Replacement of treatment plant and reservoir assets	R	107	757	650	1,341		1,341		13
CE15139 - Water treatment plant compliance - minor upgrades	LOS	106	721	615	1,591		1,591		14
CE15140 - Rototuna reservoir and associated bulk mains	G	763	775	12	6,447	1,154	7,601		15
CE15144 - Upgrade water treatment plant	G	107	188	81	500		500		
CE10145 - Tools of trade renewals	R		17	17	50		50		
CE15146 - Water customer connections	G	103	17	(87)	50		50		
CE15148 - Upgrade or build new watermains in Ruakura	G	8	50	42	513		513		
CE15159 - Water master plan	G	4	40	36	150		150		
CE15166 - Fluoride free water source	LOS		10	10	60		60		
PIF12027 - New software for growth planning	LOS	0	0	-		86	86		
PIF12031 - New structure to extract water from the Waikato River	LOS	444	510	66		1,643	1,643		
Chlorine scrubber	LOS	232	321	89		321	321		
TOTAL WATER SUPPLY		3,122	4,828	1,706	16,325	3,204	19,529		

	Type	YTD Total Cost			Annual Budget			Status	Notes
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Cost		
		\$000	\$000	\$000	\$000	\$000	\$000		
CORPORATE SERVICES									
Corporate Buildings									
CE10151 - Renewals program	R	73	43	(30)	182		182		
Total Corporate Buildings		73	43	(30)	182	0	182		
Information Services									
CE10152 - Network and infrastructure	R	15	95	80	380		380		
CE10153 - Core business applications	R	20	85	65	420		420		
CE10154 - Minor applications	R		0	-	10		10		
CE15155 - Mobility and eservices	LOS	139	59	(80)	214		214		
CE10156 - Lease funding of equipment	R	2	68	66	270		270		
CE15157 - Authority replacement	LOS		90	90	500		500		
Total Information Services		176	396	220	1,794	0	1,794		
Performance									
CE10158 - Replacement of fleet vehicles	R	48	260	212	839		839		
Total Performance		48	260	212	839	0	839		
TOTAL CORPORATE SERVICES		298	699	402	2,815	0	2,815		
TOTAL COUNCIL		13,382	18,312	4,929	65,646	18,060	83,706		

Summary of Projects

Project on track and on budget	119
Project potentially not on track or potentially over budget	9
Project not on track or over budget	0
Total Projects	128

Capital Expenditure Variance Explanations: Variances greater than \$250,000.**1. Waikato Stadium Plant and Equipment**

These works are now underway and on target to be completed by year end.

2. Zoo Animal Replacement

An additional \$40k will be spent to meet the cost of 2 animals expected to arrive in early 2016. This additional cost will be funded from savings elsewhere in the Community Group

3. Peacockes Stormwater Stage 1

This is third party dependent and the possibility exists that these works will not occur this financial year.

4. Integrated catchment management plans

Current forecast Integrated Catchment Management Plans (ICMP) programme of works under review with budget expected to be spent this year.

5. Road Resurfacing

The road resurfacing programme work has been brought forward to ensure earlier completion of works. This is a change of approach in order to complete 80% of renewals by the end of February as this will enable better use of any opportunity that may arise in the alliance partnership prior to the end of the year.

6. Roading Upgrades in Peacockes Stage 1

This is third party dependent and the possibility exists that these works will not occur this financial year.

7. Roading Upgrades in Peacockes Stage 2

A land purchase has been delayed and will now occur in early 2016

8. Roading Upgrades in Rototuna

The year to date variance is due to a land purchase has settled earlier than expected. The remaining works are third party dependent and the possibility exists that these works will not occur this financial year.

9. Increase capacity in wastewater pump stations

This is predominantly driven by the timing of the renewals plan, with works being committed and on track to be completed by the end of the year.

10. Increase capacity of network in Peacockes Stage 1

This is third party dependent and the possibility exists that these works will not occur this financial year.

11. Replacement of wastewater treatment plant assets

This is predominantly driven by the timing of the renewals plan, with works being committed and on track to be completed by the end of the year.

12. Upgrade or build new water mains in Rototuna

This is third party dependent and the possibility exists that these works will not occur this financial year.

13. Replacement of treatment plant and reservoir assets

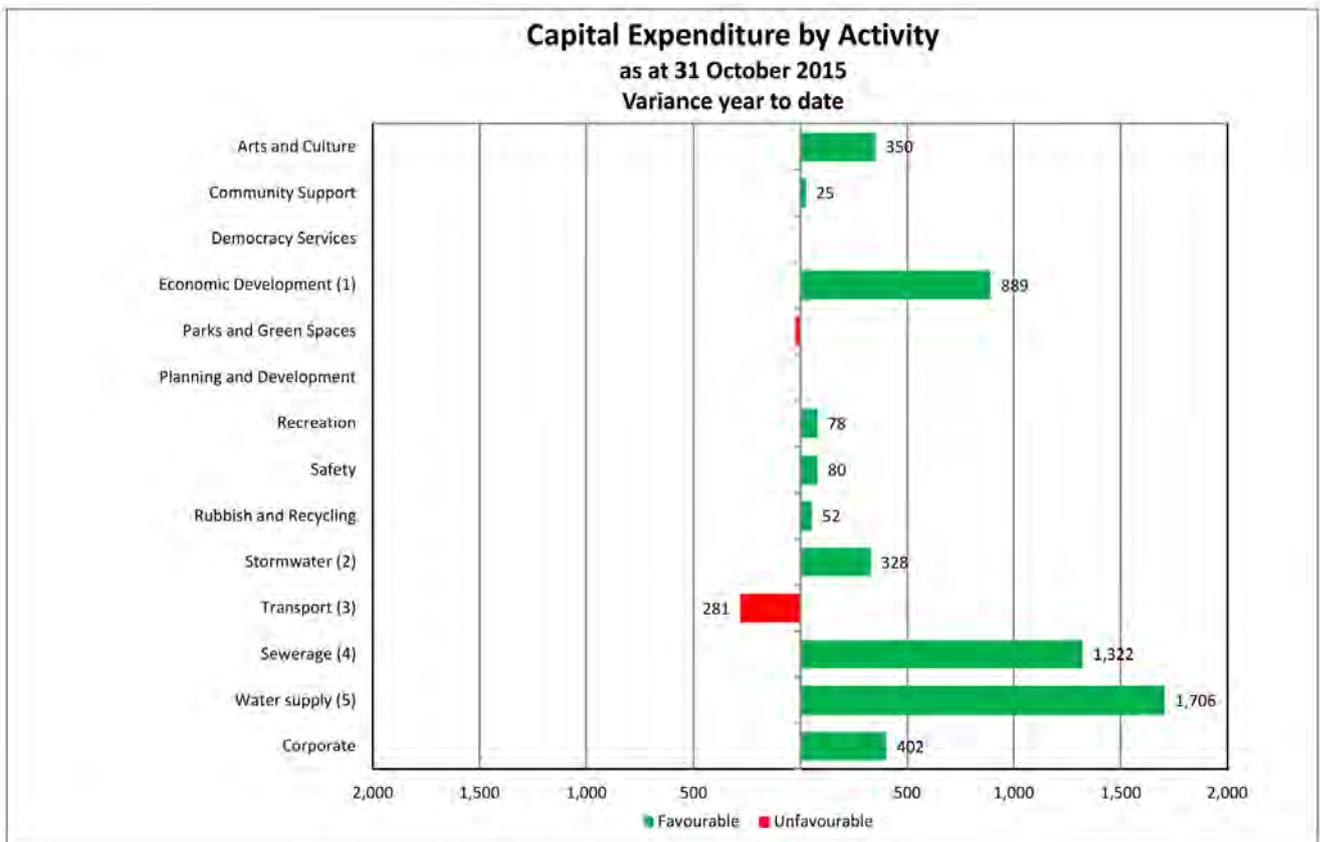
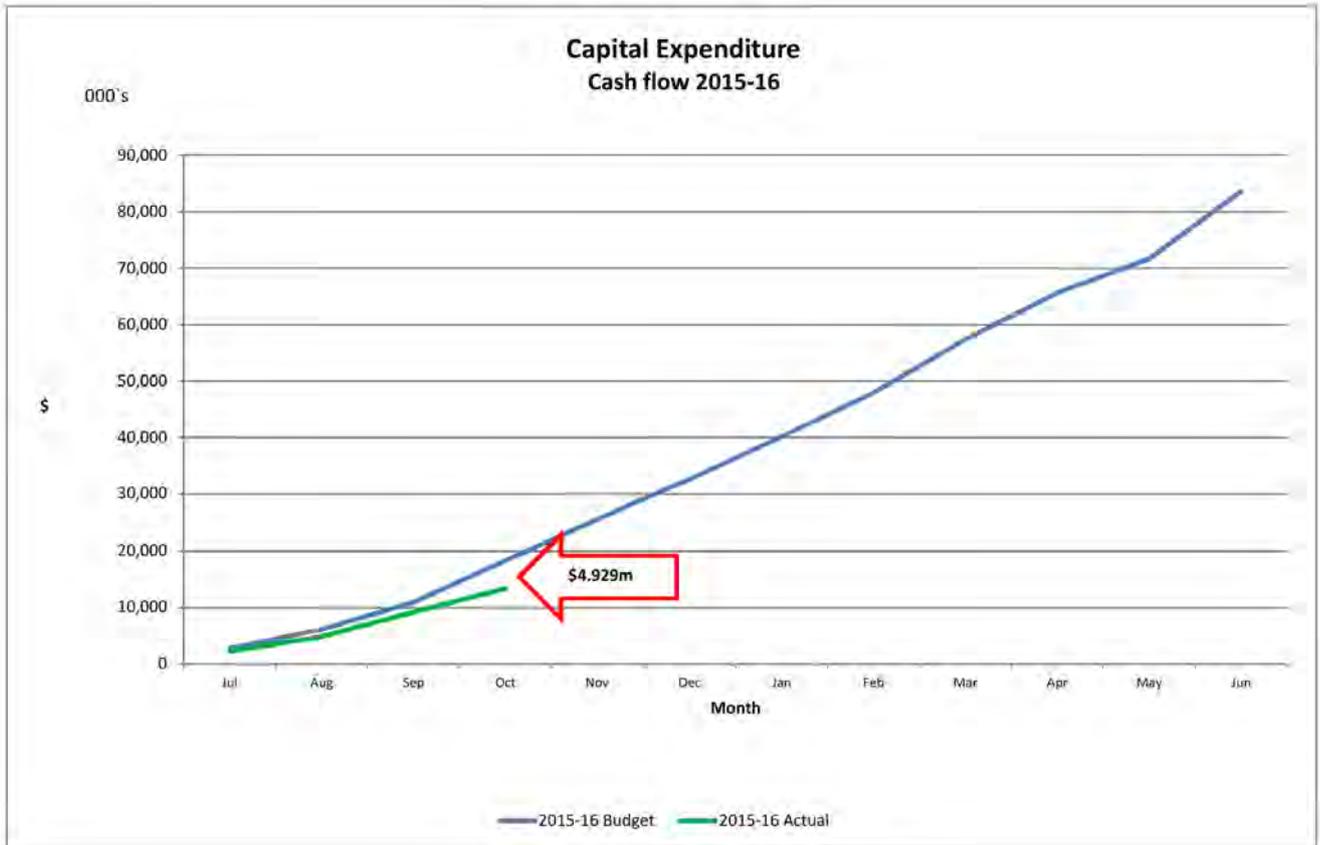
Water treatment plant renewals including minor capex of \$570k have been reprioritised to the Wastewater Treatment Plant. This is reported on the Risk and Opportunities Schedule.

14. Water Treatment Plant compliance minor upgrades

Water treatment plant renewals including minor capex of \$570k have been reprioritised to the Wastewater Treatment Plant. This is reported on the Risk and Opportunities Schedule.

15. Rototuna Reservoir

This project while on time and on budget for 2015-16 may exceed its total project budget. As reported to the Finance Committee 22nd October 2016, agenda item 15.



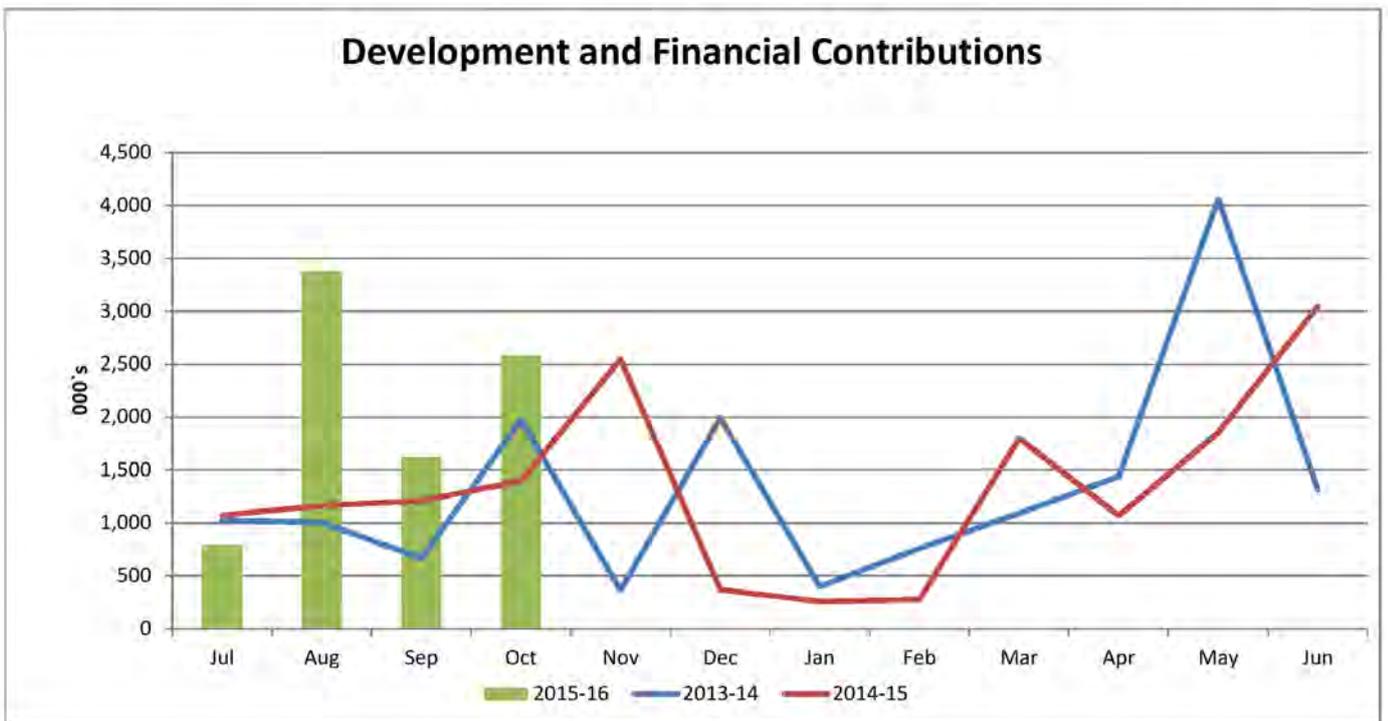
GROWTH RELATED ITEMS

for the four months ended 31 October 2015

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

Trend data for development contributions for the 2013-14, 2014-15 and the current year. This demonstrates the volatile nature of this revenue. In 2014-15 monthly revenue varied from \$0.3m to \$3.0m. Council has budgeted \$9.5m in the current year and this is currently ahead of budget by \$5.6m. The new growth unit is currently developing a DC Growth and Demand forecast model to assist in better predictability of development contribution revenue.

(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
2015-16	789	3,383	1,623	2,583									8,378



VESTED ASSETS

Revenue recognised from the transfer (vesting) of sub divisional assets to Council is \$14.3m (\$12.1m) which results in \$11.5m (\$10.0m) favourable year to date. The annual budget for vested assets of \$8.5m is already exceeded. These additional assets will result in additional depreciation expense in the current year followed by on-going maintenance and operational costs in future years.

Top 5 by value.

Location	\$000's Value
Industrial Subdivision Rotokauri	5,523
Residential Subdivision Rototuna	1,339
Residential Subdivision Peacockes	1,251
Residential Subdivision Rototuna	1,192
Residential Subdivision Rototuna	1,143
	10,449

TREASURY REPORT
for the four months ended 31 October 2015

Policy Compliance

	Policy	Result @ 31-Oct-15	Policy Compliance
Fixed debt parameters	fixed 50% - 95%	92%	✓
Fixed rate maturity	all years within annual parameters	achieved for all years	✓
Funding maturity	0 - 3 years	15% - 60%	56%
	3 - 5 years	15% - 60%	24%
	5 years plus	10% - 40%	20%
Liquidity ratio	minimum 110%	120%	✓
Counterparty credit risk	maximum \$75m per bank	achieved	✓

Comments on policy breaches

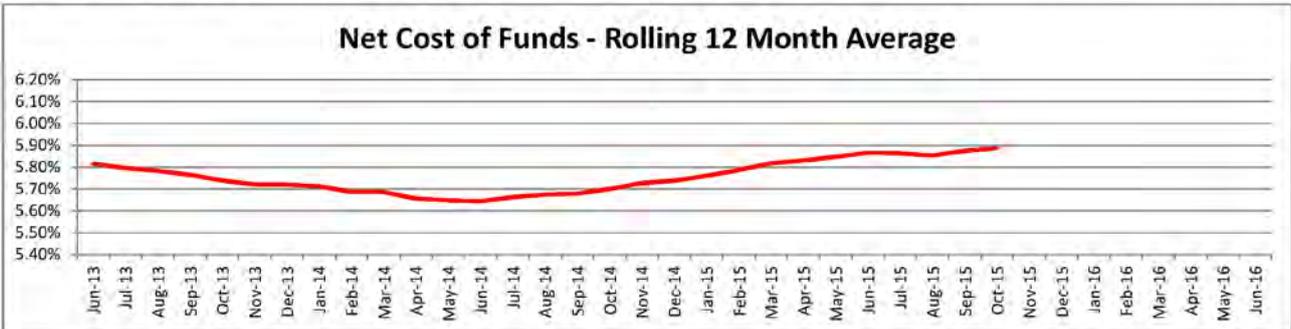
Policy breaches reported last month were rectified on 13 October.

Finance Costs

(\$000's)

	Result @ 31-Oct-15	Budget @ 31-Oct-15	Variance Fav. / (Unfav.)	Annual Budget
Interest and financing costs paid (net of interest paid to reserves)	7,300	7,549	249	22,647
less Interest received	(684)	(667)	17	(2,000)
Net finance costs	6,616	6,882	266	20,647
Weighted average net cost of funds (12 month rolling average)	5.89%	-	-	-

Net Cost of Funds - Rolling 12 Month Average

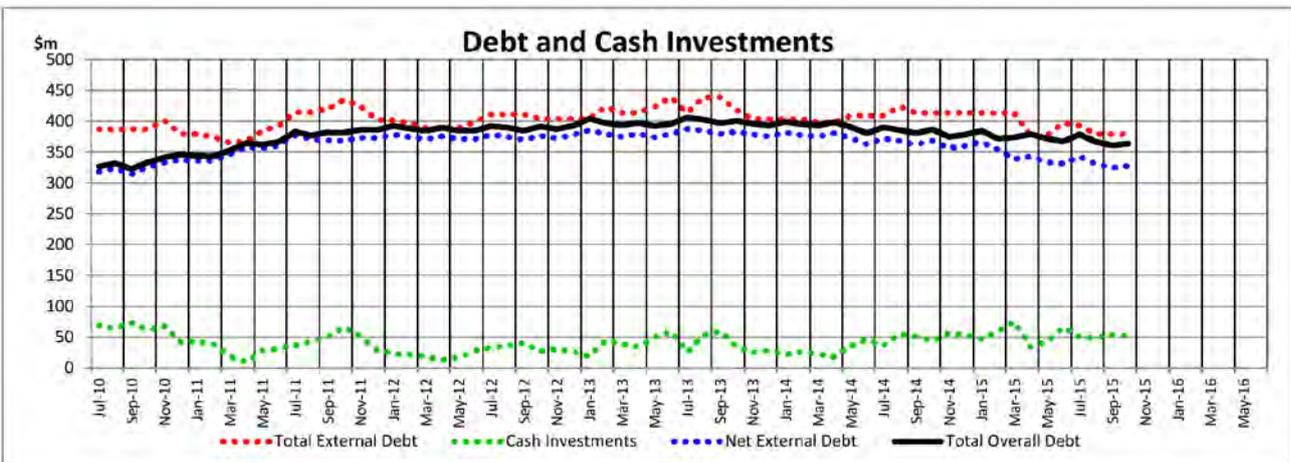


Debt and Cash Investments

(\$000's)

	Result @ 31-Oct-15	Budget @ 30-Jun-16	Variance Fav. / (Unfav.)
External debt	379,186	415,084	35,898
less Cash investments	(51,646)	(45,000)	6,646
Net external debt	327,540	370,084	42,544
add Cash-backed reserves	36,200	36,713	513
Total overall debt	363,740	406,797	43,057

Debt and Cash Investments



Risks and Opportunities Schedule for the year ended 30 June 2016 Summary

	Operating Impact		Balance Sheet Impact	
	Accounting Surplus	Balancing the books	Capital Programme impact	Borrowing impact
CORPORATE				
Energy Efficiency - is an initiative undertaken to provide energy savings. The budget is included in operating and reclassification is required as work is of a capital nature. The impact in later years reduces as the work is part funded by savings in energy budgets.	100	100	(100)	
Caro Wing relocation and subletting - costs associated with the relocation of staff from the Caro Street Wing. Relocation costs are estimated as \$260k with a potential revenue offset estimated to be \$62k 15/16 and \$142k thereafter noting there is a risk the premises may take longer to let with a consequential impact on income.	62	62	(260)	(260)
CORPORATE TOTAL	162	162	(360)	(260)
ED SPECIAL PROJECTS				
Shared Water Business Case - contribution to Water CCO business case project (50% share). Invoices related to 2014/15 were missed in the accruals process despite purchase orders being raised.	(150)	(150)		
Shared Water Business Case - contribution to Stage 2 of the Water CCO business case project (50% share), along with Waikato and Waipa Councils. Estimated cost is \$350,000 and a report will go to Council at the end of September.	(175)	(175)		
ED SPECIAL PROJECTS TOTAL	(325)	(325)	0	0
COMMUNITY				
Amenity Parks - contributions received to be applied towards construction of the Dominion Park Destination Playground.	100	100	(100)	(100)
Rototuna Town Centre - required to complete additional design work to integrate Stage 1 plans and respond to increased complexity – roading and parking detail, additional specific traffic design and a rationale for cost sharing between parties involved. The revised scope includes additional project management fees due to time delays.	(90)	(90)		
Community Facilities - grant funding approval to Age Concern.	(30)	(30)		
One Victoria Trust Grant - was 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)	(75)		
Museum Art Collection - Gifting of Collection to Museum will come with the condition that Council invests 50K per annum in new Art.	(50)	(50)		
COMMUNITY TOTAL	(145)	(145)	(100)	(100)
CITY INFRASTRUCTURE				
Hamilton Organic Recycling Centre Wall - unbudgeted works required to ensure drop off wall structure is safe for public use (offset by \$120,000 opportunity in City Growth)			(120)	(120)
Water treatment plant renewals and minor capex - \$572,000 funding reprioritised from water treatment plant renewals and minor capex to wastewater treatment plant renewals and minor capex.			572	572
Wastewater treatment plant renewals and minor capex - \$572,000 funding reprioritised from water treatment plant renewals and minor capex to wastewater treatment plant renewals and minor capex.			(572)	(572)
Western Rail Trail - \$3m external funding from Urban Cycleways Fund (capital expenditure will be over budget by \$3m but will be offset by capital contributions of \$3m)	3,000	3,000	(3,000)	
CITY INFRASTRUCTURE TOTAL	3,000	3,000	(3,120)	(120)
CITY GROWTH				
Victoria On The River - Phase 1 Planning	(140)	(140)		
LIM's and Building Consents Revenue	495	495		
Online Building Consenting Roadmap - Implement an online consenting solution for the Building Unit	(495)	(495)		
Hamilton Organic Recycling Centre - Funding for drop off wall works to ensure structure is safe for public use			120	120
CITY GROWTH TOTAL	(140)	(140)	120	120

Risks and Opportunities Schedule for the year ended 30 June 2016 Summary

	Accounting Surplus	Operating Impact Balancing the books	Balance Sheet Impact Capital Programme impact	Borrowing impact
H3 & EVENTS				
Legal Costs - Recovery of legal costs associated with defending the Waikato Show Trust. Could be up to 75% of total incurred by Council	100	100		
H3 & EVENTS TOTAL	100	100	0	0
COUNCIL WIDE				
ACC Levies - based on the budget and the actual from previous year there may be a favourable position.	180	180		
Rates - Additional rates revenue. This has occurred due to the timing of the Council resolution and the actual striking of the rates.	100	100		
Rates Penalties - based on the previous years actuals	200	200		
Rates Remissions - Remissions relating Council properties and other qualifying properties (this excludes the hardship remissions) have been processed for the year. Final cost was favourable to budget.	200	200		
COUNCIL WIDE TOTAL	680	680	0	0
Net Business Impact before Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash I	3,332	3,332	(3,460)	(360)
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS, UNREALISED GAINS/LOSSES, NON CASH ITEMS				
Net interest cost - Year end forecast using the actual opening debt position for 2015-16 and current interest rates.	1,000	1,000		
Development Levies and Financial Contributions - based on the actual results after 4 months. These are not forecast amounts	6,500	6,500		
Vested Assets - based on the actual results after 4 months. These are not forecast amounts	11,500			
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS, UNREALISED GAINS/LOSSES, NON CASH ITEMS	19,000	7,500	0	0
Net Business Impact after Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash Ite	22,332	10,832	(3,460)	(360)
SUMMARY				
Future Years	0	0	0	0
Permanent Impact	3,332	3,332	(3,460)	(360)
Debt Servicing and Development Levies	0	0	0	0
Development Contributions	6,500	6,500	0	0
Debt Servicing	1,000	1,000	0	0
Non Cash items	0	0	0	0
Vested Assets	11,500	0	0	0
Depreciation	0	0	0	0
WIP Reclassifications	0	0	0	0
Unrealised Gains/Losses	0	0	0	0
Surplus (Deficit)	22,332	10,832	(3,460)	(360)

Committee: Finance Committee

Date: 19 November 2015

Report Name: Key Projects Monitoring
Report - October 2015

Author: Carol Serra

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2015-2025 10 year plan</i>
Financial status	<i>There is budget allocated Amount \$ – on a per project basis</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's 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

- Provide an overview of the key projects underway at Hamilton City Council for the October 2015 period.

3. Executive Summary

- The October 2015 key projects summary is provided at Attachment 1.
- An under estimate of funds was identified for the Rototuna Reservoir Bulk Watermain development and was discussed at the 22 October Finance Committee – the project is now showing an amber status.
- The previously signaled time delay associated with the implementation of the financial IT system has this project showing amber.
- The full key projects report is available on request (via Mary Birch).

8. Recommendation from Management

That the report be received.

9. Attachments

- Attachment 1 - Key Projects summary report for October 2015

11. Key Issues

- 12. One project is showing an amber status:
 - Rototuna Reservoir Bulk Watermains development - The project is currently showing an amber status as recent revised estimates for the reservoir construction indicate that contract works will likely not be completed within existing approved budget allocations - forecast \$4.5M under allocation.
- 13. One project is showing an amber status:
 - Financial System IT Implementation – previously signalled time delays are driving this status.

14. Financial and Resourcing Implications

- 15. Rototuna Reservoir Bulk Watermains development – recent revised estimates for the reservoir construction have indicated that contract works are unlikely to be completed within existing approved budget allocations. Revised estimates signal a \$4.5M under allocation exists.
- 16. Updated information and more detail regarding this project and its budget requirements was presented to Finance Committee on 22 October.

17. Risk

- 18. 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.
- 19. Any change to risk profile or risk rating is included in the key projects summary report for each project.
- 20. The focus and priorities of the PMO are under discussion with the CIO and CEO.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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Key Projects Status Summary Report - October 2015 (full report available via Mary Birch)

Total Number of Projects	Count	Project Status	Risks
Project Status – On Track	5		Increased = ↑
Project Status – Needs to be Monitored	2		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
Rototuna Reservoir and Bulk Watermains Development	Tony Denton	Chris Barton	01-Mar-15	30-Jun-18	\$ 19,489,000	\$ 1,325,925	\$ 622,975		The project is currently showing an amber status as recent revised estimates for the reservoir construction indicate that contract works will likely not be completed within existing approved budget allocations - forecast \$4.5M under allocation. Risk 2 has reduced to Low from High.	↓
Financial System IT Implementation	Richard Briggs	Mark Donnelly	1-Oct-13	30-Nov-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 November 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	\$ 73,809,537	\$ 88,195			→
District Plan Review – Phase VIII	Debra Stan-Barton	Luke O’Dwyer	01-Jan-10	31-Dec-16	\$ 6,168,163	\$ 5,810,063	\$ 318,719			→
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	\$ 7,374,380	\$ 974,820	\$ 496,820			→
Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	30-Apr-16	\$ 3,187,800	\$ 2,855,074	\$ 1,529,085		A Project Change Request form has been completed and approved and the new completion date is 30 April 2016.	→
Southern Links – Designation as part of the Peacocke Structure Plan	Chris Allen	Tony Denton	01-Jul-09	31-Dec-16	\$ 3,577,000	\$ 3,325,385	\$ 5,200			→

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Committee: Finance Committee

Date: 19 November 2015

Report Name: IS Programme of Work -
Quarterly Update

Author: David Gunn

nReport Status	<i>Open</i>
Strategy, Policy or Plan context	<i>LTP – CE10153 Core Business Applications LTP – CE15155 Mobility and eServices LTP – CE10152 Network and Infrastructure LTP – CE15157 Authority Replacement</i>
Financial status	<i>There is budget allocated Amount \$varies by CE number</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 August to October 2015, including the programme's financial position, activity, current plan and key risks.

3. Recommendation from Management

That the report be received.

4. Attachments

- There are no attachments for this report.

6. Discussion

- At present, the IS Programme of Work consists of four significant projects that are nearing completion, a number of smaller projects that are in progress, and two large projects in the discovery phase.

8. Mobility Project

9. This project consists of two streams; Asset Management mobility and Inspector mobility (incorporating building and environmental health inspections).The Asset mobility stream is now available in production. First use by field staff is expected in the week commencing 16 November. Building Inspector mobility went live in July, and 100% of inspections are now completed in the mobile solution. Liquor licensing inspections went live in August and are functioning as expected. The Animal Control Unit are currently developing their forms and are expecting to go live in December this year. The project close out activities will commence in December.

10. eServices Phase 3: Liquor Licensing

11. The Liquor licensing online service is now live and available for use. Project close out activities are currently underway.

12. Hosting and Managed Services Transition

13. The transition from Dimension Data to Fujitsu went live on 1 July as planned. Activity will continue throughout this financial year while the new services and processes are reviewed and refined.

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 performance. The budgeting module has now been completed and is planned to be available for Finance staff in mid-November and for wider staff in February/March next year. This activity will close out the project.

16. Application Currency

17. HR Payroll Phase 3 - Learning & Development - The Performance Review module is in delivery phase with user acceptance testing underway. This is likely to be completed within two weeks. The solution is expected to be live for a pilot group of users for the next PPR round due for completion by December. Vendor developments for the Training Records Module have now been completed and the initial round of testing is underway. These two modules will complete the delivery of the HR project.
18. InfoCouncil upgrade - The vendor has now provided the necessary fixes, and the project has been restarted. An initial round of testing has been completed and the project has moved to user acceptance testing. The project is on track for go-live, as previously reported, in quarter 2 of the current fiscal year.
19. Authority upgrade - The vendor has upgraded HCC's training environment to the latest version of Authority. An initial round of testing has been completed with a number of issues being highlighted. These issues are now sitting with the vendor for further investigation and resolution before the upgrade continues.

20. Financial and Resourcing Implications

	2015/16 Approved Budget	2015/16 Expenditure	2015/16 Forecast YE Expenditure	Comments
LTP – CE10153 Core Business Applications	\$ 420,000	\$ 20,097	\$ 420,000	Hansen/IPS, Authority currency upgrades underway. HR Payroll, GIS and Record management expected to commence in Q3/Q4
LTP – CE15155 Mobility and eServices	\$ 214,000	\$ 138,814	\$ 214,000	Liquor licensing eService now live. Building and Asset Mobility nearing completion.
LTP – CE10152 Network and Infrastructure	\$ 380,000	\$ 15,000	\$ 380,000	Projects in planning phase. Significant expenditure expected in Q3 & Q4 of FY
LTP – CE15157 Authority Replacement	\$ 500,000	\$ -	\$ 500,000	Work commenced on this with expenditure currently being incurred. Expected to show in next report to Council.

21. The budget outlined above represents the capital costs of the Programme of work. Operational costs such as internal staff resourcing and ongoing software licence maintenance and support are included within the IS Operating budget, which is \$5.6M for the 15/16 financial year.
22. This is the first cycle of reporting under the new Long Term Plan. A programme close out report for the programme known as Phoenix will be prepared and presented to the Finance Committee with the next Programme of Work report.
23. The programme remains on track to deliver the outcomes outlined in respective business cases within allocated budgets.

24. Risk

25. 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.
26. 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.
27. We have received the most recent Audit NZ report on the Programme of Work and this will be presented to the Audit and Risk Committee on 3 December. There were six recommendations in the report of minor nature. The most significant being a recommendation to prepare a close out report for the Programme of Work that completed with the adoption of the new LTP.
28. The next Audit NZ audit on the IS Programme of Work is scheduled for March 2016. These results will be presented to the Audit and Risk Committee.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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Committee: Finance Committee

Date: 19 November 2015

Report Name: Municipal Nursery Business Plan

Author: Maria Barrie

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Plan - Urban Garden</i>
Financial status	<i>There is not budget allocated Amount \$45,000 capex</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

- The Purpose of this report is to provide Council with the Nursery Business Plan which outlines how the Nursery will operate under an enhanced business model.

3. Executive Summary

- The Nursery provides low cost, high quality plants to Council business units and provides flexibility of service and savings of around \$200,000 per annum in plant purchase.
- A review of the Nursery was undertaken in early 2015 to assess the impact of declining internal plant orders as a result of smaller budgets and to address the need for process improvements. Council also requested an assessment of future opportunities for the Nursery, as part of the 10-Year Plan discussions.
- The review explored five options for the Nursery as follows:
 - **Option 1** - Closure and utilisation of contract grower
 - **Option 2** - Storage and dispatch of buy-in plants only
 - **Option 3** - Status Quo
 - **Option 4** - Enhance the existing model
 - **Option 5** - Expansion of current operation servicing other councils and contracts
- A staff report outlining review findings was presented to the 23 July 2015 Finance Committee. The options that were outlined in the report are shown in Attachment 1. Option 4 was the recommended option as it represents low overall financial risk, sound financial benefits, and best non-financial benefits. Option 4 allows security of a quality plant supply for Council, at continuing better-than-market prices, so Council is able to maintain its current levels of service within budget.

8. It was resolved at the 23 July 2015 Finance Committee meeting that:
 - Staff implement Option 4 – enhance the existing model through improved operational systems and processes, irrigation and greenhouse infrastructure; and
 - 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.
9. The Nursery Business Plan (Attachment 2) has been prepared to outline how that business model will be achieved.
10. Financial analysis has been updated based on current information.
11. A key finding is that net operational budgets do not significantly differ from 10-Year Plan projections in 2016/17 and 2017/18 and therefore no adjustment is necessary at this stage.
12. Unbudgeted capital of \$45,000 for glasshouse renewal is required in year 2 to enable the successful implementation of the Business Plan.

13. Recommendations from Management

That:

- a) the report be received; and
- b) capital funding of \$45,000 to fund glasshouse replacement and the nursery is managed through the organisational Risks and Opportunities in the 2016/17 year.

14. Attachments

15. Attachment 1 - Outline of the 2015 Nursery Review Options
16. Attachment 2 - Hamilton Gardens Nursery Business Plan October 2015

17. Key Issues

18. Background - Nursery Business Model
19. The current Nursery Business Model is to grow plants based on advanced orders, thereby making substantial savings in the cost of plants.
20. The old production glass houses are over 40 years old and are in 'poor' condition. They are inefficient in their design with narrow walkways necessitating manual carrying of all stock going in and out and manual temperature control. It is proposed to replace the production houses with a modern single span Greenhouse to allow better work flow, less manual handling and reduced heating costs.
21. There are opportunities to further develop partnerships with local authorities for the Nursery to supply eco-sourced Native plants for their re-vegetation planting needs. The Nursery already provides annual bedding plants to Waikato and South Waikato District Councils and will continue to foster these relations. Staff will also be approaching the Waikato Regional Council and River Authorities to understand their plant requirements, particularly around eco-sourced native plants, with a view to supplying plants for the 2018 winter season. The aim is to increase re-veg production by 30,000 plants to be at full holding capacity of 170,000 plants for winter 2020.

22. Financial Resourcing Implications

23. Nursery revenue and expenditure budgets in the 2015-25 10-Year Plan show an upward trend over the ten years, with a surplus each year, particularly in future years. Revenue targets are not deemed to be achievable over the ten years based on known and projected income. The annual increase is partly due to inflation being applied across all Council budgets.

Nursery 10-Year Plan Budget: Revenue, Expenditure, and Net Operating Impact (Surplus/Deficit)

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	TOTAL
Total Revenue	887.5	896.9	919.7	941.3	962.8	989.2	1,014.7	1,043.4	1080.5	1116.2	9852.2
Total Expenditure (direct)	838.2	858.9	879.7	902.3	926.8	953.2	981.7	1012.4	1045.5	1081.2	9,479.9
Surplus/(deficit) before indirect charges	49.3	38	40	39	36	36	33	31	35	35	372.3
Depreciation	49.3	38	40	39	36	36	33	31	35	35	372.3
Surplus/(deficit) after indirect charges	0	0	0	0	0	0	0	0	0	0	0

24. The table below, shows that expected revenue is less than the 10-Year Plan projections; however by making some operational efficiencies the expenditure is also reduced, resulting in a slightly more favourable total result over the 10 years before indirect charges. The budget is based on PWC modeling undertaken as part of the Nursery Review (Option 4 - enhanced operational model) with some minor adjustments to known revenue, and the addition of depreciation.

Nursery Enhanced Business Model Revenue, Expenditure and Net Operating Impact

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	TOTAL
Total Revenue	769	853	853	801	768	841	846	846	843	841	8,261
Total Expenditure (Direct)	783	803	803	707	707	803	803	803	803	803	7,818
Surplus/(Deficit) before indirect charges	(14)	50	50	94	61	38	43	43	40	38	443
Depreciation	49.3	38	40	39	36	36	33	31	35	35	372.3
Surplus/(Deficit) after indirect charges.	(63.3)	12	10	55	25	2	10	12	5	3	70.7

25. For this business plan to be effectively implemented the Capital investment to replace the current Glasshouses and upgrade irrigation is required in 2016/17. Glasshouse renewal is partially funded by re-prioritising the property renewals budget from the Nursery and Hamilton Gardens to fund \$170,000 towards the replacement in year 2. The remaining \$45,000 will be managed within the organizational Risks and Opportunities.

26. Risk

27. External income is not guaranteed and there is some potential risk of not meeting revenue targets. The Business Plan outlines actions to support the achievement of targets.

Signatory

Authoriser	Lance Vervoort, General Manager Community
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Outline of Options from the 2015 Nursery Review

Options

- Costs, benefits and risks were considered to assess the overall viability of the following five options, with particular emphasis on alignment with Council's Financial Strategy.
- The financial modeling undertaken by PWC exclude indirect costs which average around \$35K per annum over the 10-Year Plan. These indirect costs would be reduced if the Nursery assets were to be disposed of in a contract model (Option 1), noting that there would also be a loss of asset value on disposal.

Option	Operations	Financial Impact	Implementation Cost	Benefit/Risk
Option 1 - Closure and utilisation of contract grower	<ul style="list-style-type: none"> • Nursery operation is wound down • Appoint contract grower • Staffing - 2 FTE purchasing and contract staff 	<ul style="list-style-type: none"> • Net operating deficit of around \$238K pa (staff related and support unit costs) - \$2.38m deficit over 10 years • Other units over-run \$250K pa in increased plant purchase costs • Overall impact - \$500K net deficit pa 	<ul style="list-style-type: none"> • Estimated demolition cost of \$200k - some offset from budgeted renewals savings • Cost to renew site • Loss of asset value on disposal • Redundancy costs 	<ul style="list-style-type: none"> • Most expensive option (high rates revenue impact) • High cost of implementation • Highest loss of revenue /increasing market costs
Option 2 - Storage and dispatch of buy-in plants only	<ul style="list-style-type: none"> • Retain current infrastructure and 3.7 FTE production and contract staff • Source and purchase plants on the open market 	<ul style="list-style-type: none"> • Net operating deficit of \$1.38m over 10 years (staff related and support unit costs) • Other units over-run \$250K pa in increased purchase costs • Overall impact of \$390K net deficit pa 	<ul style="list-style-type: none"> • Replace glasshouses with greenhouse in 2019/2020 - \$215k (partially funded by renewals) • Redundancy costs 	<ul style="list-style-type: none"> • Significant loss of revenue • Risk of increasing market costs

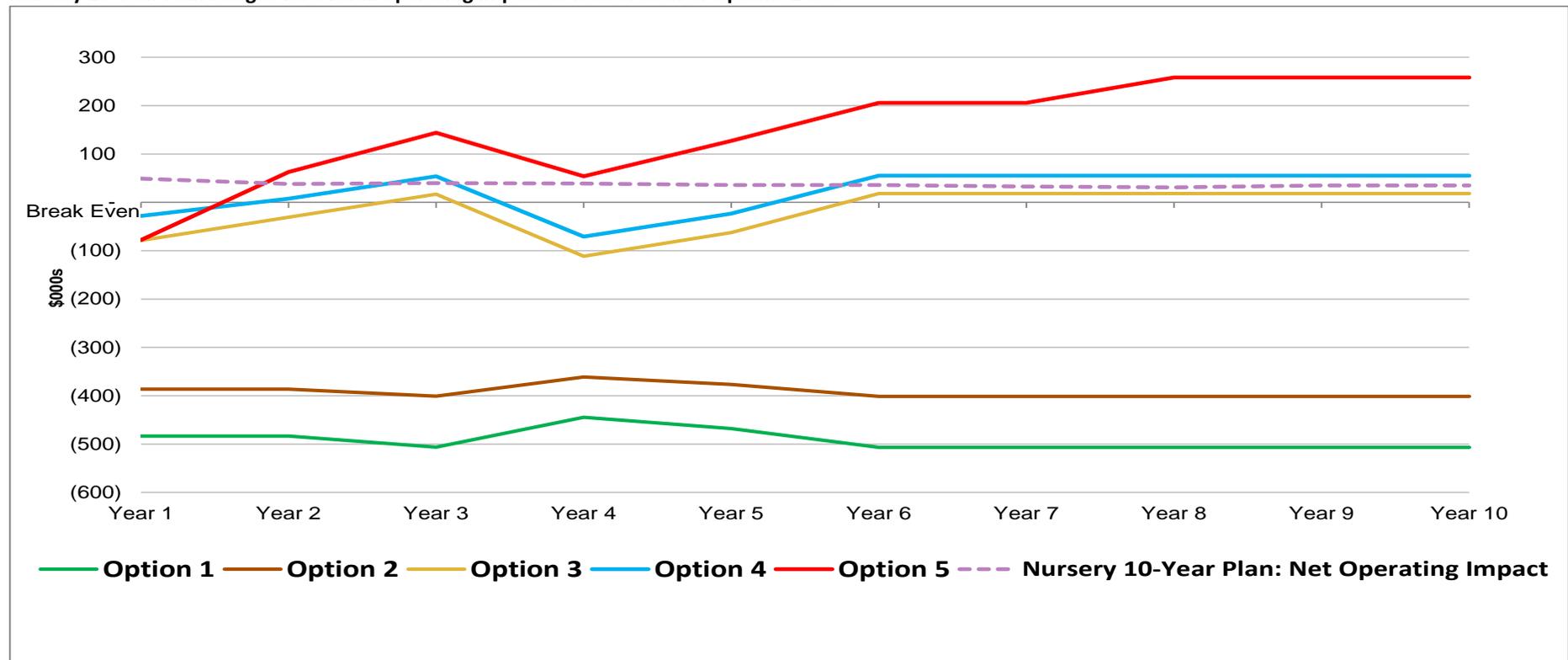
Option	Operations	Financial Impact	Implementation Cost	Benefit/Risk
Option 3 - Status Quo	<ul style="list-style-type: none"> No change to current operation – continue with existing resources, systems and processes 	<ul style="list-style-type: none"> Net operating deficit up to 2020/21 and total net operating deficit of \$176K over 10 years No financial operating impact on the other units 	<ul style="list-style-type: none"> Replace glasshouses with greenhouse in 2023/24 - \$215k (partially funded by renewals) 	<ul style="list-style-type: none"> Ongoing operational inefficiencies Potential revenue opportunities not leveraged Not achieving revenue targets
Option 4 - Enhance the existing model	<ul style="list-style-type: none"> Implement a demand-driven production plan Replacement of glasshouses and improved irrigation Improve systems 	<ul style="list-style-type: none"> Nursery net operating surplus of \$737K over 10 years Unfavorable \$521K impact on other unit budgets over 10 years* Overall Council operating surplus of \$216K over 10 years 	<ul style="list-style-type: none"> Replace glasshouses with greenhouse in 2017/18 - \$215k (partially funded through renewal reprioritisation - \$170k available) 	<ul style="list-style-type: none"> Lowest risk model Implement efficiencies and robust business planning Budgets generally achievable
Option 5 - Expansion of current operation servicing other councils and contracts	<ul style="list-style-type: none"> Option 4 with the addition of sourcing external contracts Reconfiguration of building infrastructure Improved irrigation 	<ul style="list-style-type: none"> Nursery's 10-Year Plan budgets are easily achieved from 2016/17 onwards, driven by additional external contract revenue 	<ul style="list-style-type: none"> Replacement of glasshouses with one greenhouse in 2015/16 - \$215k Enhance infrastructure and irrigation –\$225K Total Capex \$440k (partially funded through renewals) 	<ul style="list-style-type: none"> Most financially sustainable option Comparatively high initial capital investment. Market demand and supply requires further investigation

**This models assumes a slight increase to plant prices creating a small unfavourable expenditure budget variance of approximately \$50K per annum (on average), across the rest of Council.*

Financial and Resourcing Implications

- The figure below shows the net operating impact of each of the five options represented against the Nursery’s budgeted 10-Year Plan net operating position. Option 5 is the most profitable model, but needs further investigation to scope for feasibility. Option 1 and 2 are unsustainable over the long term with increased budget impacts and potential loss of control over plant quality and service flexibility. Option 4 is the lowest risk option and is closest to meeting 10-Year Plan budgets.

Comparison of Net operating impact (revenue less expenditure):
Nursery 10-Year Plan budget vs. Overall operating impact to HCC of each of Options 1 to 5



- The reduction in operating surplus in years 4 and 5 (for options 3, 4 and 5) shown in the graph above is due to no confirmed external funding for planting projects in those years. External funding revenue varies from year to year and is not a highly reliable source of income, although Council and its partners have a good history of attracting non-rates funding for planting projects.
- A baseline of plants is required each year to generate revenue for the Nursery. Sound forward planning can assist with attracting external funding towards planting projects that provide benefit to the city, including natural areas such as Waiwhakareke.
- Nursery revenue and expenditure budgets in the 2015-25 10-Year Plan show an upward trend over the ten years, with a favourable net operating impact (a surplus) each year. The annual revenue increase is partly due to inflation being applied across all Council budgets.

**Nursery 10-Year Plan Budget: Revenue, Expenditure, and Net Operating Impact (Surplus/Deficit)
Compared to Options 4 Current Projection**

Figures represent \$000s

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Total Revenue	887.5	896.9	919.7	941.3	962.8	989.2	1014.7	1043.4	1080.5	1116.2	9852.2
Total Expenditure (direct)	838.5	858.9	879.7	902.3	926.8	953.2	981.7	1012.4	1045.5	1081.2	9480.2
Surplus/(Deficit) Before indirect charges	49.0	48.0	40.0	39.0	36.0	36.0	33.0	31.0	35.0	35.0	382.0
Option 4 projected Surplus*	15.9	57.8	110.9	(31.7)	22.7	112.2	112.2	112.2	112.2	112.2	736.6

Nursery Business Plan 2015/16 – 2024/25

Introduction

A review of the HCC Municipal Nursery was carried out in May-June 2015.

The Hamilton Gardens Nursery Review Report was considered by the Finance Committee on 23 July 2015. The Committee identified the preferred Business Model to enhance the status quo operation at the Nursery. This Business Plan defines how that model will be achieved.

Creating an attractive urban garden is one of the City's 10 goals in the Hamilton Plan

The Nursery strives to contribute to creating an attractive city full of trees, birds and flowers by producing high quality, low cost plants. We will do this by:

- Ensuring Council has a secure, consistent supply of high quality plants that are available when Council needs them.
- Provide plants at the lowest possible cost.
- Provide native species from locally eco-sourced seed to ensure the genetic integrity of Hamilton's natural areas is conserved.
- Propagate rare plants that are not currently available in the market place to ensure the integrity of Hamilton Gardens collections is maintained.
- Maintain the Victorian Display Houses and the backup stock for Hamilton Gardens.

Nursery Business Model

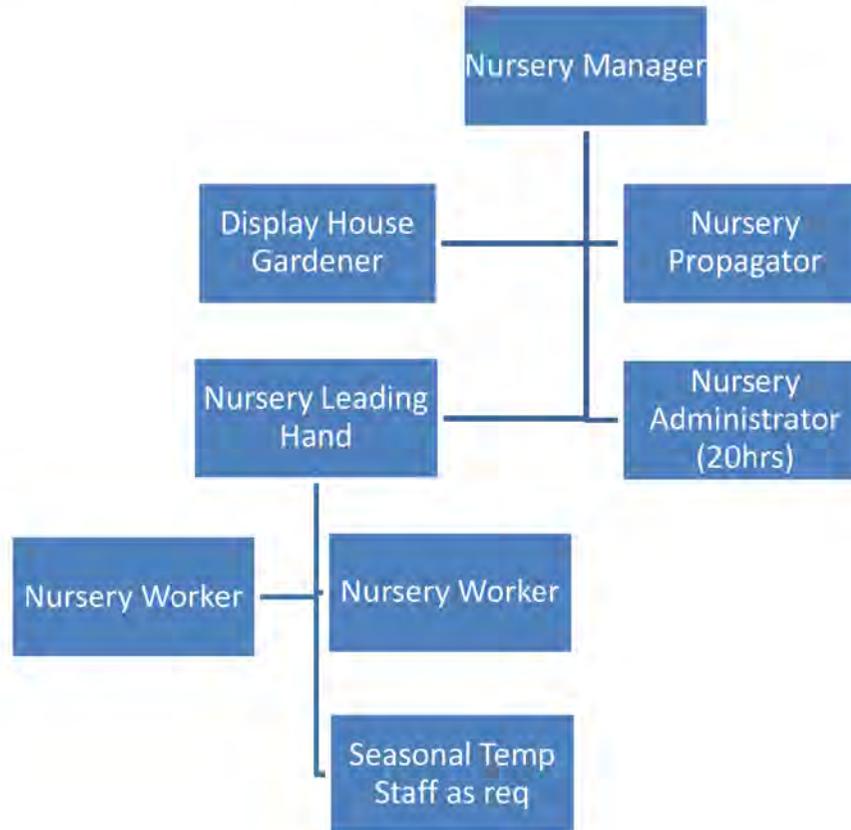
The current Nursery Business Model is to grow plants based on advanced orders to ensure there is little waste. This model is successful as the nursery can grow to order and save costs through reducing transport costs, not incurring GST, low sales & marketing costs or a requirement to make a significant profit although operating surpluses are desirable. Nursery staff are able to offer their skills and experience to assist other units make informed plant purchases.

Whilst eco-sourced natives make up the largest percentage of Nursery income, the Nursery also sources native and exotic plants for internal business units ensuring they are purchased at the best possible price/quality. The Nursery maintains plant records for Hamilton Gardens. Large plant orders are organised by project and maintained until required by the client.

A diverse range of production lines are being grown at the Nursery including annual bedding trays, potted colour, eco-sourced natives, indoor plants, specimen trees and ornamental shrubs. This diverse range of production puts pressure on staffing levels and Nursery infrastructure for periods of time. Some lines have been discontinued because they were uneconomic including plants for hire, vegetables for community groups and plants for sale at the Hamilton Gardens Information Centre.

Current staffing levels have been reviewed in 2014/15 and reduced by 0.5 FTE. The Nursery is staffed by 5 full time and 1 part time staff including the manager. Fixed Term Temps are utilised as required to cope with the fluctuating seasonal workloads. The display houses are maintained by a further 1 FTE reporting to the Nursery Manager and is funded by Hamilton Gardens.

NURSERY STAFF STRUCTURE



Nursery Infrastructure

The Nursery buildings are of 'average' to 'good' condition with the exception of the six Glasshouses which are in 'poor' condition. Four of the six Glasshouses are used to produce seedlings and cuttings and the remaining two carry stock to service the Public display houses. The production houses are inefficient in their design with narrow walkways necessitating manual carrying of all stock going in and out and manual temperature control. It is proposed to replace the production houses with one single span Greenhouse to allow better work flow, less manual handling and reduced heating costs.

Shade house structures are in good condition with the exception of shade house 2 which requires renovation. This can be funded from operational maintenance budgets.

Irrigation on site is partially automated and has the advantage of being on dual town and river supply. The system components are dated and not delivering in the most reliable or efficient manner. Nursery Irrigation technology has improved significantly and now focuses on even water dispersal which is better for plant health and uses less water. This will also result in less staff time spent hand watering, allowing for production increases within current staffing levels. The partial river supply of the Nursery water creates issues with fine irrigation nozzles. The upgrade can be funded from Operational Budgets.

Production

The Nursery's main production line is eco-sourced Native plants. The process from seed collection to saleable plant can take 1-2 years depending on the species. The production plan will see the Nursery producing 110,000 plants for winter 2016, this added to the total plants carried over (including ornamentals) the nursery will hold 130,000 plants in the container blocks. The Nursery is capable of carrying 170,000 plants in the container blocks allowing for an increase in current production levels without capital investment. The nursery is at maximum capacity for bedding plants without significant capital investment and boundary expansion. The nursery is currently working with Parks & Open Spaces Unit on a 3 year plan to grow on tree species to meet their needs and fully utilise the available space in the tree block.

There are opportunities to approach and partner with surrounding local authorities for the Nursery to supply eco-sourced Native plants for their re-vegetation planting needs. The Nursery already provides annual bedding plants to Waikato and South Waikato District Councils and plans to market itself as a 'one stop shop' to meet the rest of their planting needs. In addition the nursery is approaching the Waikato Regional Council and River Authorities to understand their plant requirements aiming to start supplying plants for the 2018 winter season. The aim is to increase re-vegetation plant production by 30,000 plants to be at full holding capacity of 170,000 plants for winter 2020.

Eco-sourced plant demand in the region is currently difficult to assess from the available information. The Nursery may participate in a research project being run by the Waikato University's Environmental Research Institute (ERI) which intends to gauge the demand in the region. This is currently in a consultation phase to determine if it is a viable project.

Financial Implications

During the recent Nursery Review, PWC were engaged to provide financial analysis of the options provided. The financial modelling was completed over a short period of time and was based on a number of assumptions including improvements to nursery irrigation, forward ordering process and a 50c price increase. Since the PWC models, figures below have been re-worked and are based on actual known income from the current point in time. External funding from Natural Areas has been re-allocated over year 1-4 and 3 & 4 to lessen the impacts of the two lower funding years that fall within that four year period. Projected external and 'one off project' revenue is based on trend data from the last 3 years which now shows an increase in one-off project revenue with a corresponding increase in external clients. Operational expenses have been reviewed and adjusted to reflect costs and savings.

Revenue vs. 10 yr plan With Known Revenue + External Estimates										
Known Revenue	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Natural Areas - Rates Funded	161	162	162	162	162	162	162	162	162	162
Natural Areas - Externally Funded	103	141	143	122	101	110	110	110	110	110
Park Landscapes	191	194	194	193	193	193	193	193	193	193
Hamilton Gardens	87	88	88	88	88	89	89	89	89	89
Sports Parks	17	17	17	17	17	17	17	17	17	17
Infrastructure Alliance	28	33	38	39	27	34	39	39	36	34
Hamilton Gardens Development	26	33	26							
Other Internal	17	17	17	17	17	17	17	17	17	17
Internal revenue total	630	685	685	638	605	622	627	627	624	622
External regular orders (Bedding)	21	20	20	20	20	21	21	21	21	21
External income	45	45	45	45	45	95	95	95	95	95
One off projects/New Customers		30	30	25	25	30	30	30	30	30
Hamilton Gardens Glasshouses	73	73	73	73	73	73	73	73	73	73
TOTAL INCOME	769	853	853	801	768	841	846	846	843	841

Projected income figures are based on known income from 10-year plan budgets with the following exceptions:

- "Natural Areas – Externally Funded" is based on known revenue for the first five years and trend data from the last 3 years.
- Hamilton Gardens Development revenue is based on orders received for 15/16

External income and one off projects are based on trend data from the last 3 years plus implementing business plan actions to grow the customer base.

Nursery revenue and expenditure budgets in the 2015-25 10-Year Plan show an upward trend over the ten years, with a surplus each year. These targets are not deemed achievable based on current known and projected revenue. The annual increase is partly due to inflation being applied across all Council budgets.

Nursery 10-Year Plan Budget: Revenue, Expenditure, and Net Operating Impact (Surplus/Deficit)

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	TOTAL
Total Revenue	887.5	896.9	919.7	941.3	962.8	989.2	1,014.7	1,043.4	1080.5	1116.2	9852.2
Total Expenditure (direct)	838.2	858.9	879.7	902.3	926.8	953.2	981.7	1012.4	1045.5	1081.2	9,479.9
Surplus/(deficit) before indirect charges	49.3	38.0	40.0	39.0	36.0	36.0	33.0	31.0	35.0	35.0	372.3
Depreciation	49.3	38.0	40.0	39.0	36.0	36.0	33.0	31.0	35.0	35.0	372.3
Surplus/(deficit) after indirect charges	0										

Nursery Enhanced Business Model Revenue, Expenditure and Net Operating Impact

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	TOTAL
Total Revenue	769	853	853	801	768	841	846	846	843	841	8,261
Total Expenditure (Direct)	783	803	803	707	707	803	803	803	803	803	7,818
Surplus/(Deficit) before indirect charges	(14)	50	50	94	61	38	43	43	40	38	443
Depreciation	49.3	38	40	39	36	36	33	31	35	35	372.3
Surplus/(Deficit) after indirect charges.	(63.3)	12	10	55	25	2	10	12	5	3	70.7

The table above shows that expected revenue is less than the 10-Year Plan projections; however by making some operational efficiencies the expenditure is also reduced, resulting in a slightly more favourable result over the 10 years before indirect charges.

For this business plan to be effectively implemented the capital investment to replace the current glasshouses and upgrade irrigation is required in 2016/17. Glasshouse renewal is partially funded by re-prioritising the property renewals budget from the Nursery and Hamilton Gardens to fund \$170,000 towards the replacement in 2016/17. The remaining \$45,000 can be managed within organisational Risks and Opportunities.

Three year Goals

- The Nursery demonstrates a substantial saving to council each year – enabling internal customers to purchase more plants estimated at \$350,000
- The Nursery is acknowledged for producing high quality plants that the city needs on time and on budget.
- The Nursery is producing at full capacity – production
- Budget targets are met

Strategic Objectives

To enable the Nursery to meet its goals, the business plan identifies 3 strategic objectives for staff to work to. Over the next 3 years the Nursery will aim to:

- Maximise Income
- Make Optimum Use of Resources
- Meet our Customer's Needs.

Progress against these objectives will be reported on quarterly.

Strategic objective	Action	Timeframes	Responsible	Measurable outcome
Maximising income	Develop partnerships with local authorities to source external orders where the profit can offset the cost of plants to Council units	30 Jun 2016	Nursery Manager	External income is tracked, reported on annually and meets budget targets set.

	<p>Work with the Parks & Open Spaces unit to develop an external funding plan for Natural Areas plant purchases.</p> <p>Review production costs and costs of alternative sources</p> <p>Utilising the Nursery facilities to full capacity</p> <p>Tracked spread sheets and invoice tracking to ensure all income is recorded.</p> <p>Complete a viability (commercial model) assessment and pricing of Option 5 from the Nursery Review</p>	<p>30 Jun 2016</p> <p>30 Jun 2015</p> <p>On-going</p> <p>On going from 1 Jul 2015</p> <p>By January 2019</p>	<p>Natural Areas Team Leader</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>Group Accountant</p> <p>External consultant</p>	<p>External income targets are tracked and met</p> <p>Clarity is gained about which areas of production the Nursery should continue</p> <p>Production numbers equal the growing capacity of the Nursery</p> <p>Income is reconciled each month with AX report, any variances are corrected</p> <p>Recommendations are made to expand or continue the Nursery operation and are included in the next LTP</p>
Optimum use of resources	<p>Increasing flexibility of staffing to meet seasonal demand and varied annual demand</p> <p>Ensuring Nursery facilities are fit for purpose</p> <ul style="list-style-type: none"> - Replacing the existing glasshouses with new greenhouse - Upgrading and automating the irrigation system - Better use of Hortbase or similar system 	<p>Implemented – On-going</p> <p>Jun 2018</p> <p>Jul 2016</p> <p>Jun 2016</p> <p>Jun 2017</p> <p>Jun 2016</p>	<p>Nursery Manager</p> <p>Property Unit</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>Geraldine Finnegan</p>	<p>Work planning enables staff levels to expand and contract to meet production cycles & available budgets.</p> <p>New greenhouse is reflecting energy savings in the budget and Nursery production targets are met.</p> <p>Irrigation is reliable, efficient and time spent hand watering is reduced by 30%.</p> <p>Production information and stock lists are up to date and accurate at all times.</p>

	<p>Review and document Nursery procedures and the production planning cycle.</p> <p>Review historic work groups continued activity in the Nursery</p> <p>Utilise WINTEC student training to assist with production</p> <p>Investigate the use of new technology such as hand held devices for data stocktaking out in the blocks</p>	<p>Jun 2017</p> <p>Jun 2017</p>	<p>Nursery Manager Nursery Staff</p> <p>Nursery Manager Nursery Manager Wintec</p> <p>Nursery Manager</p>	<p>Nursery desk files are complete and accurately reflect practice</p> <p>Any volunteer groups working in the Nursery are contributing to the Nursery business model.</p> <p>Regular onsite training is provided to small groups of students that Nursery staff can also benefit from.</p> <p>Hand held Technology is introduced and improves stocktaking accuracy.</p>
Meeting our customer needs	<p>Service level agreements developed with Council units which purchase plants are supplied to.</p> <p>Regular consultation with those plants are supplied to.</p> <p>Conduct an annual customer survey</p> <p>Meet with potential customers to understand their needs</p> <p>Complete a market demand analysis for eco sourced plants in the Region</p> <p>Develop a KPI to demonstrate the annual Nursery cost saving to council</p>	<p>Nov 15</p> <p>On-going</p> <p>6 monthly minimum</p> <p>On-going</p> <p>On-going from 1 Jul 2015</p> <p>Aug 2016</p>	<p>Nursery Manager</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>Nursery Manager</p> <p>External consultant</p> <p>Nursery Manager</p>	<p>SLA signed off by GM Community Group</p> <p>Nursery Manager attends Quarterly meetings.</p> <p>Customer needs are surveyed and improvements are made</p> <p>The Nursery is able to meet the needs of customers</p> <p>The Nursery grows eco-sourced plants to meet the wider regional demand</p> <p>Nursery demonstrates value for money</p> <p>KPI exercise completed and externally validated</p>

Item 12

Attachment 2

Committee: Finance Committee

Date: 19 November 2015

Report Name: Rotokauri Far Western
Wastewater Interceptor
Extension Business Case

Author: Christopher Barton

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Urban Growth Strategy, Hamilton Economic Development Agenda, Hamilton Plan, Hamilton Proposed District Plan (including the Rotokauri Structure Plan), 2015-25 10 Year Plan, 2015-45 30 Year Infrastructure Strategy</i>
Financial status	<i>There is budget allocated Amount \$7,721,000 (Capital and Operational)</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 seek approval of the Rotokauri Far Western Wastewater Interceptor Extension project business case.

3. Executive Summary

- This report includes the full business case for the Rotokauri Far Western Wastewater Interceptor Extension project for approval to spend \$7.656M (capital) for installation of the wastewater line over the next three years as provided for in the 2015-25 10 Year Plan.
- This project involves investigations, consenting, design, land access and construction works to provide wastewater infrastructure necessary to service the residential stage 1 area within Rotokauri, and to provide the additional operational capacity to enable other critical planned network upgrades to be carried out.
- Estimates have been developed for the project based on the information that is available at this stage of the project development which indicate it is able to be delivered within the available budgets, but there are still a number of risk items that will need to be closely managed and monitored as the project progresses which could impact project affordability.

7. Recommendations from Management

That:

- a) the report be received; and
- b) the Rotokauri Far Western Wastewater Interceptor Extension project business case is approved.

8. Attachments

9. Attachment 1 - Rotokauri Far Western Wastewater Interceptor Extension Project Business Case

10. Key Issues

11. Background

12. The Far Western Interceptor has already been extended through to service the Rotokauri stage 1 industrial area as part of the Te Rapa Bypass transport project.
13. The permanent bulk wastewater infrastructure is necessary to provide for further development of the Rotokauri stage 1 residential area notwithstanding that some limited development is progressing through use of temporary infrastructure.
14. Extending the interceptor pipeline and connecting it into the existing Western Interceptor with a smart flow management device will provide operational flexibility not already available within the interceptor network. With this new ability to manage and divert flows, Council will then be able to undertake other key capital upgrades including fixing a critical bottleneck in the network at Moreland Avenue in Pukete.

15. Business Case

16. Council has a management policy that supports the development of robust business cases for selected projects from the 10 Year Plan.
17. 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.
18. 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 optimizes 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
19. Staff are seeking Council approval of this business case due to the significance of the project and the capital cost involved.
20. Strategic Case
21. This project delivers on part of the citywide wastewater strategy as proposed in the Wastewater Master Plan.
22. The project will support planned growth in the residential stage 1 Rotokauri area which is consistent with the Hamilton Urban Growth Strategy and the District Plan.

23. It will also provide operational flexibility within the existing interceptor network necessary to carry out other critical works.
24. This 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.
25. Economic Case
26. The business case supports the preferred option which is to construct a waste water line between 2 identified points of known levels. There are some alignment options which will be considered as part of the project as it progresses.
27. Commercial Case
28. The business case supports the view that the project is commercially viable over the project term and that it can be delivered using a mixture of core in house resources from the City Development Unit supplemented with specialized resources from the professional services panel and physical works contractors procured through a conventional contract.
29. Financial Case
30. Current estimates indicate sufficient funding is available in the 2015-25 10 Year Plan financial allocations (\$7.841M) to complete the project as scoped.
31. A summary of the financial details are set out in the Financial and Resourcing Implications section of this report. Section 4 of the business case further describes the financial details for this project.
32. Management Case
33. This project will be delivered using an appropriate management structure with oversight through a Programme Governance Group. Section 5 of the business case describes the management details for this project.

34. Financial and Resourcing Implications

35. The capital cost for the Rotokauri Far Western Interceptor Extension project is funded within the 2015/25 10 Year Plan within CE15111 to a total value of \$7,656,000. Project cost estimates are outlined in the table below:

Phase	Cost Estimate	Comments
Investigation and Design	\$100,000	Investigation, design, specifications, drawings, and procurement (includes \$10k contingency).
Construction	\$6,715,000	Pipe supply and physical works (includes \$875k contingency).
Project / Contract Management and other costs	\$841,000	Project management, contract MSQA, property access, asset hand over, as building, capitalisation (includes \$250k contingency).
Total Capital Costs	\$7,656,000	

36. Consequential project operational and maintenance costs have also been allowed for and are included in current 10 Year Plan allocations to a value of \$65,000, resulting in an overall project cost of \$7,721,000.
37. Ongoing asset depreciation costs have also been allowed for and are included in current 10 Year Plan allocations, as outlined within the business case.

38. Cost estimates are based on current market estimates; however there is a risk that project costs could escalate as a result of further detailed investigation, design and market pricing when tendering.
39. Reports will be provided at key milestones to Finance Committee including end of Investigations, end of design and pre tender award where the cost estimates will be updated and approval to proceed sought.
40. The capital project budgets are across years 1, 2 and 3 of the 2015-25 10 Year Plan, with construction funding in years 2 and 3. An opportunity may exist as a result of project tendering to reallocate funding between years to optimise construction programmes and provide better project value. As the project develops these opportunities will be reported to Council via financial forecasting and contract award reports.

41. Risk

42. 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. A list of key assumptions is included in section 1.14 of the business case.
43. There are a set of key risks generally relating to higher than expected costs and/or delays arising from the findings of further investigation and design works, and land access agreements. Estimate reviews are planned at key milestones to enable confirmation from Council about proceeding with the project if additional funding is required.
44. There are also some risks that involve third parties such as obtaining the land access required to install the waste water interceptor. These risks could have significant impact to the project timeframes.
45. In addition to waste water infrastructure there are other infrastructure requirements for transport, water and storm water required. Staff are working with various developers to co-ordinate delivery of infrastructure.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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Hamilton City Council Business Case Case Details

Rotokauri Far Western Wastewater Interceptor Extension

HAMILTON CITY COUNCIL BUSINESS CASE SUMMARY

Summary

Business Case Name Rotokauri Far Western Wastewater Interceptor (FWI) Extension

Business Case Type (choose from list) Full

Business Case Focus (choose from list): Address issue

Risk Rating (circle from list) Medium

Financial Commitment

This business case seeks approval to invest \$7,656,000 (capital) to extend the Far Western Wastewater Interceptor through a part of the Rotokauri growth cell.

All of the funding necessary to complete the project is included within existing 2015-25 10 Year Plan budgets (this includes the capital costs, depreciation, ongoing maintenance, and interest on borrowing for the first seven years of the assets life), with the construction anticipated to take place in years 2 and 3. The spend profile may be altered depending on actual construction time frames developed through the open tender process.

This project will commit Council to ongoing operating and depreciating costs outside of the current 10 Year Plan as the life expectancy of the asset is designed to be 100 Years. Annual depreciation of \$75,000 and annual operating costs of up to \$2000 will continue to be incurred by Council through to the year 2117. These are included in the table below.

PIF No. **CE15111 – Increase capacity of network throughout the city**

Activity	2015-25 10 Year Plan (inflated costs)			Comment	
Construction Costs					
Wastewater	CE15111	Years 1 to 3	2015/16 to 2017/18	\$7,656,000	Investigation and Reporting, Design and Project Management, Construction, MSQA, and Maintenance contract period
Other Consequential Costs					
Wastewater Operation & Maintenance	2100-951-M0000000	Years 4	2018/19	\$65,000	Operational expenses relating to commissioning the pipe and any minor defect works necessary.
Depreciation		Year 4 to 10	2018/19 to 2024/25	\$525,000	This will be ongoing. This line shows what is included in the current 10 Year Plan.
Total commitment				\$8,246,000	
Total future costs sitting outside of the 2015-25 10 Year Plan (93 years depreciation and operation)				2025 – 2117/18	\$7,161,000
Total whole of life cost				\$15,407,000	

Annual Operation and Maintenance Costs:

- \$65,000 included in year 4 of the current 2015-25 10 Year Plan to allow for any operational works associated with commissioning stage
- \$2,000 per year from 2025 onwards has been assumed.

The wastewater infrastructure will incur an annual depreciation charge of approx. 1% of the project cost (\$75,000)

from 2018/19 onwards (assumed 100 year life of asset). Depreciation is allowed for separately within the 2015-25 10 Year Plan, and is not included in capital project budgets.

Executive Summary

This business case seeks approval to commit \$8,246,000 (including depreciation) as allocated within the 2015-25 10 Year Plan to extend the Far Western Wastewater Interceptor (FWI), a strategic wastewater (only) connection, from its current termination point, through the Rotokauri residential stage 1 area and connecting into the existing Western Interceptor.

The connection with the Western Interceptor is a critical point which will incorporate a smart flow management mechanism to split and balance wastewater loads between the two interceptor pipelines

This project seeks to achieve two primary objectives:

1. provide a bulk wastewater (only) solution for the Rotokauri growth area
2. provide a strategic connection into the existing Wastewater interceptor network which adds capacity and enables operational flexibility (necessary to achieve other network outcomes).

Preferred Option

Considerable investigation and analysis has been undertaken to develop a thorough understanding of the wastewater collection and treatment systems in Hamilton. This information has been compiled over a number of years and is drawn together into the Wastewater Master Plan (refer trim D-1850063). The Wastewater Master Plan executive summary is attached at appendix 1.1 of this business case.

Version 1 of the plan was finalised in 26 June 2015 and is one of the key informing documents for the HCC Infrastructure Strategy, 10 Year Investment Plan, and the 30 Year Infrastructure Strategy.

This business case identifies the preferred option as:

Extending the FWI from the current termination point, through the residential stage 1 of the Rotokauri Structure Plan area, and connect into the existing Western Interceptor at a point near Myrlene Place using a smart flow management connection. This option maintains the current pipe size, diameter, and depth to provide the maximum possible capacity at the connection with the existing Western Interceptor.

The proposed project is consistent with the long term wastewater network and planned investments in Rotokauri and city-wide, necessary to facilitate growth and provide flexibility in the ongoing operation of the wastewater network.

Review / Approval Summary

Prepared By Business Owner  Date: 29 October 2015
Chris Barton – Project Development Manager

Reviewed By PMO  Date: 3 November 2015
Carol Serra – PMO Manager

Reviewed By SLT _____ Date: 9 November 2015
(Name / Signature of individual)

SLT Decision (choose from list) Refer to Council

Council / Committee Meeting (circle one) Finance Date: 19 November 2015

Resolution (adopted following Council/Committee consideration)

HAMILTON CITY COUNCIL BUSINESS CASE DETAILS

1.0 Strategic Case – complete for ALL business cases

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

1.1 Position (refer 1.1 specific notes for greater detail)

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)

Where are we now

The Rotokauri area comprises approximately 956 hectares on the north western fringe of Hamilton city. It was brought into the City in 1989 to provide part of a larger land bank to facilitate city expansion on the north western side of Hamilton, which was further split into residential, employment, and industrial zones.

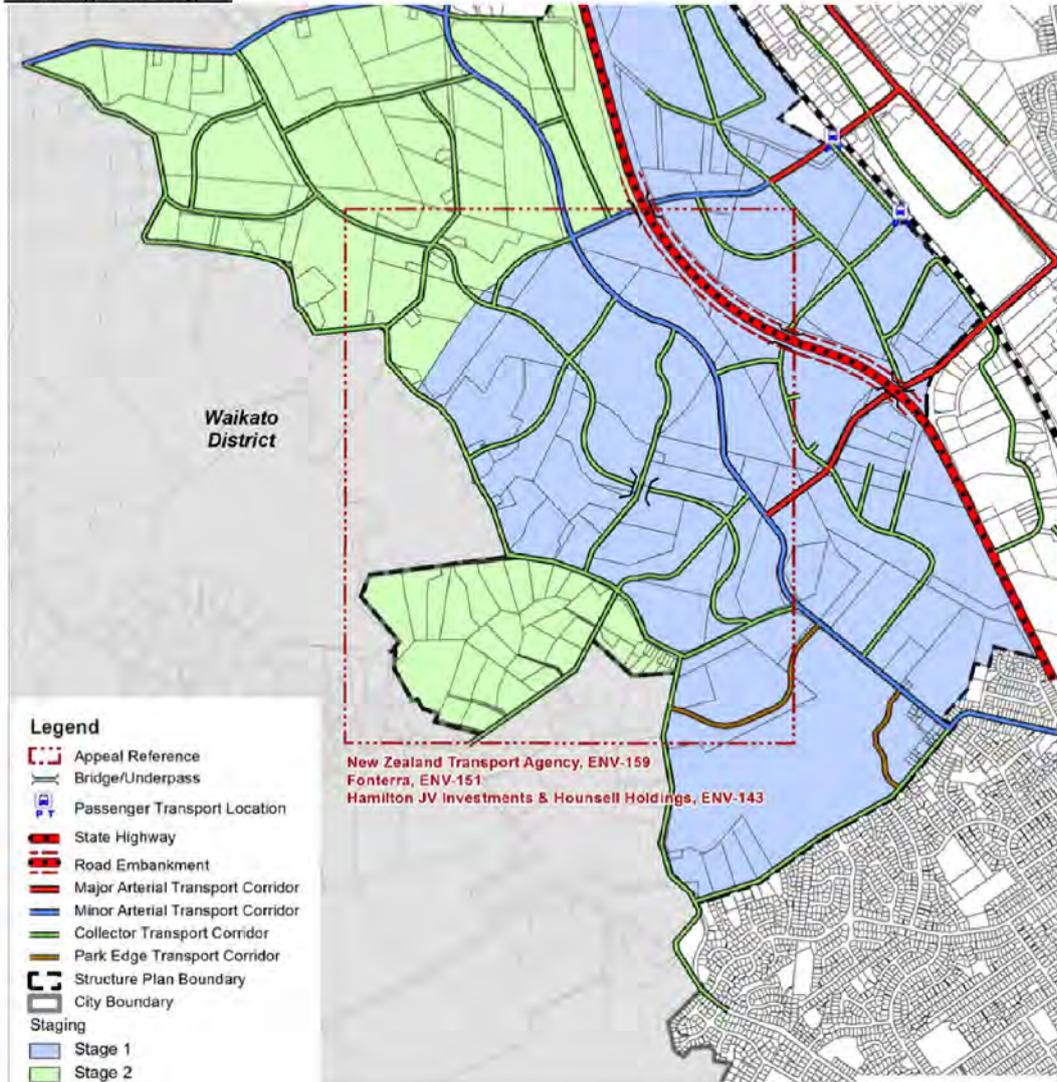
In 2005 Hamilton City Council began development of the Rotokauri Structure Plan which aims to deliver a resource management framework to guide future use and development within the Rotokauri growth area and provide the following:

- An area based, strategic context for urban growth in Rotokauri over the next 20-30 years
- Infrastructure provision and proposals for community facilities to support and serve a population of between 16,000-20,000 people, and for population base of 3,000 residents within the first ten years
- The establishment of a 280 hectare expansion of the City's industrial land supply as an extension of the City's western industrial corridor
- Employment areas that are accessible to a wider regional catchment based around direct access from the SH1 interchange to the Waikato Expressway, connections to the North Island Main Trunk Railway, and strong east-west arterial roading connections to the eastern suburbs of Hamilton
- A Comprehensive approach to the staged development of a Neighbourhood Centre in Stage 1 that will act as the principal community focal point based around a suburban shopping centre
- Choice and variety in its residential neighbourhoods through four distinct residential environments based on enhanced design controls for:
 - Lake Waiwhakereke Landscape Character Area, which seeks to retain existing landform and create a strong relationship between residences, the lake and to the Heritage Park
 - The Ridgeline Character Area, which seeks to retain legibility of these locally important landforms in a suburban context
 - High Density and High Density Interface Areas, for localities within walking distance of the suburban centre
 - Generally, residential development that fronts public spaces being oriented to these spaces, with low fencing and visible entrances aimed at achieving improved security and public surveillance of these spaces.
- The recognition and protection of locally important landscapes, natural features, and historically important cultural values
- A reduced need to travel by providing for local needs to be met largely within Rotokauri and by walking, cycling and passenger transport connections to employment, community and commercial centres elsewhere, including commercial facilities located adjacent to Te Rapa Road
- A transportation network and hierarchy that serves long term sub-regional growth and supports a variety of travel modes
- The promotion of community wellbeing, health and recreation through provision of a network of open spaces, active reserves, footpath links and cycleways
- The promotion of public safety by design principles and controls that focus on people and public places
- The provision of opportunity for the market to develop creative and innovative design solutions
- The coordination of development with the availability of new infrastructure and network capacity

The Rotokauri growth cell is made up approximately of the following zoning:

- 485 Ha - Residential (split approx. 248 Ha in Stage1 and 237 Ha in Stage 2)
- 100 Ha - Light commercial
- 170 Ha - General industrial
- 140 Ha - Reserves
- 6 Ha - Suburban/town centre

Showing new stage 1



The review of the operational District Plan (notified 2012 and decision 2014) has seen the Plan keep many of the same provisions; however the development potential available within Stage 1 residential zoning was increased significantly from 1300 to approximately 2700 future residential lots. Controls on the release of land are still in place to ensure that development can be adequately managed so as not have an adverse effect on network services and capacity servicing the remainder of the City, aligning with Council’s “just in time” approach to providing infrastructure.

Prior to the increase in size of the Stage 1 residential area, wastewater servicing for the few possible developments ahead of the bulk infrastructure being available, was addressed through temporary and sacrificial infrastructure. A temporary wastewater pumping station has been installed by one developer, and a collection tank installed in another location, both of which will later be removed once a connection to the bulk network is possible.

At a larger scale this approach of using temporary infrastructure is less desirable and carries a higher risk of not being

successfully integrating back into a permanent long term solution. It also represents a significant capital outlay which may be more effectively put towards funding the right bulk solution.

The Far Western Interceptor (FWI)

The FWI is a strategic wastewater service which was extended into the north east of the Rotokauri growth cell in 2009 with the ultimate aim to provide wastewater service to the growth cell, along with providing future upstream capacity and greenfield development solutions once fully extended.

It was extended for a further 2.3 kilometres along the eastern side of the Te Rapa Bypass and through the stage 1 industrial zoned area. Connections were made under the Te Rapa Bypass into future employment, and residential areas to be extended later by others. The current termination point is at the southern end of the industrial area, and has been laid at a bridge under the Te Rapa Bypass in anticipation of this next and final extension.

10 Year Plan

Through the process of developing the 2015/25 10 Year Plan, a number of submissions were received by developers and landowners in Rotokauri advocating for the FWI to be further extended through the stage 1 residential area to enable planned development. In recognition of the demonstrated need to construct the FWI extension sooner, funding is now available earlier than in previous 10 Year Plans and is programmed within years 1, 2, and 3 of the current 10 Year Plan. The developers strongly support the programme to extend the FWI.

Wastewater Master Plan

The first version of the Wastewater master plan was finalised on 26 June 2015. This document pulls together and aligns all of the strategic work for wastewater and identifies a critical path, balancing the capital investments between treatment capacity and reticulation operation requirements.

This first version has been developed to inform long term funding predictions at a high level and is one of the key documents informing the wastewater components of the; HCC Infrastructure Strategy, 10 Year Investment Plan, and the 30 Year Infrastructure Strategy.

A key objective of the master plan is to ensure the nature and timing of infrastructure requirements are understood and planned for in order to support growth, and to optimise the use of existing infrastructure as much as practicable to avoid or delay network upgrades. In order to meet this objective the first recommendation is to implement the planned Far Western Interceptor which will both support growth, and provide increased network flexibility through smart flow management within the interceptor network.

Whilst the first version is limited to interceptor level (bulk), the second version, soon to be commissioned, will go into more detail on trunk mains in both existing and planned networks as well as more detailed investigation into the larger capital projects necessary to inform business cases. A strategy for a combination of solutions has been developed to address both growing population and aging infrastructure.

The existing interceptor network has been modelled as part of the wastewater master plan. It is largely in good condition for its age, but is at or reaching its capacity in a number of locations. Those locations along the interceptor route with capacity issues are at a higher risk of wastewater overflows. A large portion of greenfield areas are still yet to be serviced for wastewater by a permanent wastewater solution and require extensions to the respective interceptor networks.

The Rotokauri Integrated Catchment Management Plan (ICMP)

The ICMP process began at the beginning of 2014, and is an iterative process involving ongoing collaboration with all key stakeholders within the Rotokauri area including developers, Waikato Regional Council, Waikato District Council, and numerous other interest groups.

Modelling is now nearing completion and will provide information needed to make good decisions into the sizing and operation of the stormwater and wastewater networks in Rotokauri. There are some aspects of this which are similar to the wastewater master plan and being carried out first will go on to inform chapters in version two of the wastewater master plan.

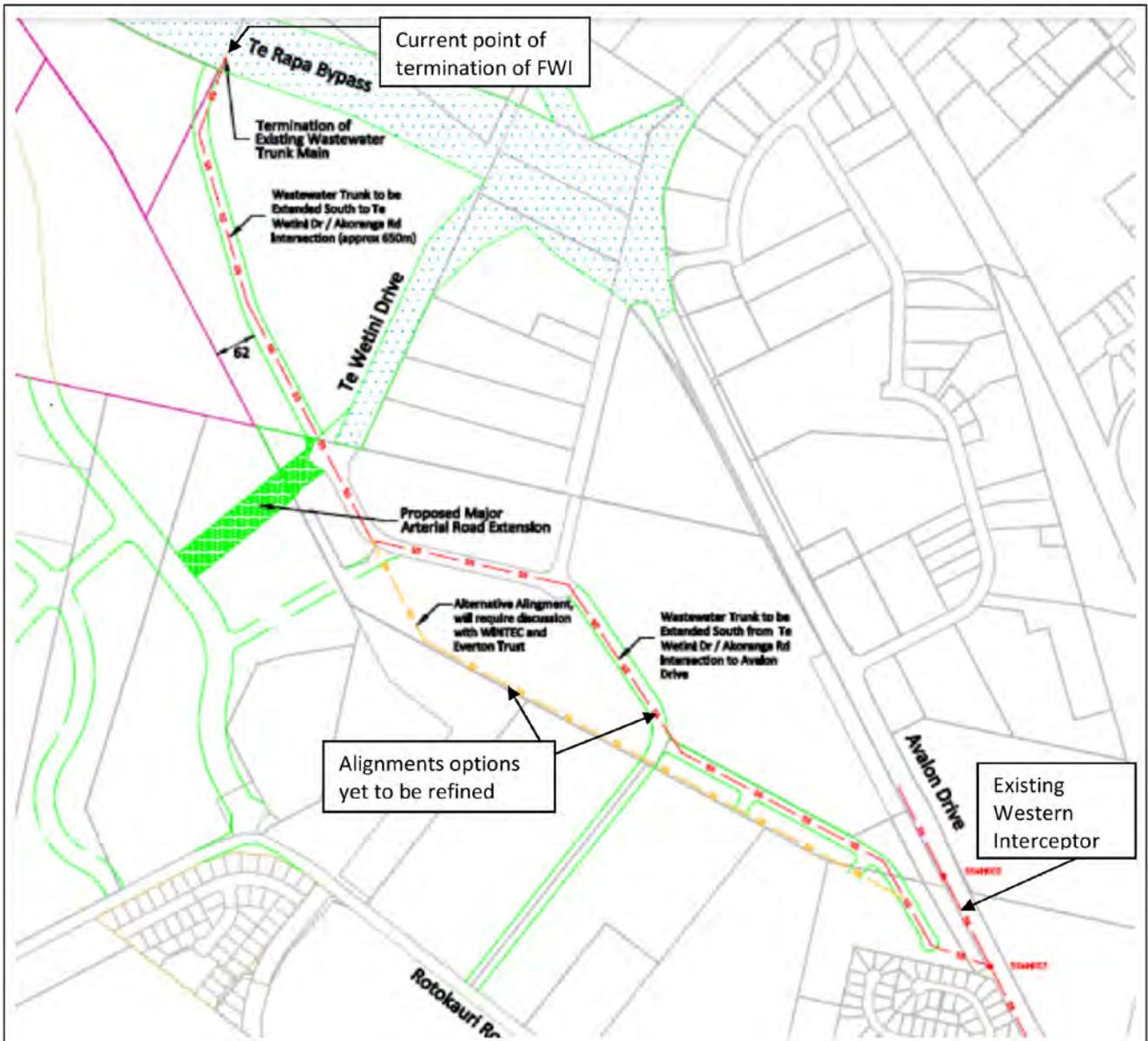
Project Scope

The beginning and end points are fixed in terms of location and depth, which also fixes key design parameters. The maximum fall possible between the two points is 2.2m which equates to a gradient of approximately 1 in 1000m.

The project scope includes:

- Active project and programme management
- Develop and implement the Stakeholder Engagement Plan. This will identify what consultation and engagement will occur with internal and external stakeholders
- Land access agreements
- Development of any Private Developer Agreements
- Procurement of professional services (including project management)
- Contract management (PSP and internal)
- Detailed design which will confirm:
 - Alignment and route of the pipeline
 - Actual impacts on property
 - Other constructability constraints
- Application for necessary resource consents not already obtained (e.g. earthworks, stormwater diversion)
- Tender and award of physical works contract
- Construction of the pipeline:
 - Site clearance and access
 - Environmental controls
 - Excavation and installation of approx. 2 kilometres of 1050mm diameter concrete pipe (or equivalent) at an average depth of 4.5m
 - Approx. 8 x 1800mm diameter manholes
 - Stormwater management and diversion
 - Reinstatement
 - Testing, commissioning, and quality assurance
- Engage with utility services providers and complete any necessary service relocations as well as identifying opportunities for strategic installations as part of these works

The plan below shows the indicative project scope.



The connection into the existing Western interceptor is more than just two pipes joining. This connection will be made using a smart flow management device that will enable flows to be redirected. This will provide operational flexibility that is traditionally very difficult to achieve. It will enable planned downstream capital and renewal improvements to be carried out at significantly less cost and risk normally associated with work on high capacity wastewater interceptors. The additional capacity delivered by the FWI and using smart flow management will also present upstream opportunities where capacity constraints are resulting in high overflow risks which will likely be able to be reduced through flow balancing between the existing and new interceptors.

Other Issues

Extending the FWI is one key ingredient to enable planned residential development in Rotokauri to go ahead, however for development to be fully enabled, transportation, water and stormwater must also be considered.

Transportation

Until now, the availability and capacity of the transportation network has been a major factor in determining the amount of land that can be rezoned and developed Rotokauri. Following the opening of the Te Rapa Bypass in 2013,

the infrastructure constraints from a transport perspective have been largely mitigated.

Water & Stormwater

Development is also reliant on the outcomes of the Rotokauri ICMP which will also detail the stormwater and water infrastructure necessary to support the development. Any physical works that require Council input will be identified through the ICMP with separate projects and business cases developed however at this stage it is anticipated all costs for the water and stormwater infrastructure are to be met by developers.

Do Nothing

Doing nothing now will mean that the construction will take place later in an environment which is more built up. This will cost more than constructing it as programmed. Not proceeding now will also mean developers will have to rely on temporary infrastructure if they are to develop which carries a high risk to Council of ending up as suboptimal infrastructure costing more to operate in the medium to long term.

These works are also prerequisites for further capital and operational works on the wastewater interceptor network which are necessary. Not proceeding means that these cannot be delivered.

Summary

The approach of this business case supports staged implementation of strategic wastewater infrastructure to provide services just in time. The extension of the FWI to date has been sufficient to enable industrial development to occur, and now the timing of residential development is the focus.

Objective

The two key objectives of the project are the extension of the Far Western Wastewater Interceptor (FWI) to safely collect, convey, and treat wastewater within the Rotokauri area, and to provide sufficient operational flexibility to enable the city to compliantly operate and to grow as planned.

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

Outcomes

The project will:

- Provide strategic permanent wastewater infrastructure necessary to support residential development and growth in Rotokauri
- Provide a higher degree of operational flexibility in the wastewater interceptor network
- Extend the interceptor network in a manner that optimises the opportunities to incorporate multiple methods to deal with growth such as wet weather storage facilities on other parts of the network
- Inform key chapters of the Rotokauri ICMP

Rotokauri Structure Plan

The project is consistent with the objectives and policies of the Rotokauri Structure Plan. For example, the project will contribute to the wastewater master objectives "To ensure the nature and timing of infrastructure requirements are understood and planned for in order to support growth".

Proposed District Plan – Appeals Version

- This project will provide a wastewater system within three years that will enable the Stage 1 zoned residential land to be developed by landowners
- Residential development is already underway (50 lot sub division) utilising an undesirable temporary wastewater pumping station. Approval of this business case will limit that activity to those areas that have already been consented only, whilst providing an effective long term solution for all future development.
- Beginning now enables a construction process in a largely greenfield situation where optimal long term design objectives can be achieved at most efficient cost.

1.3 Strategic Alignment

Describe how the proposed work aligns to either individual or multiple Council strategies (which in turn support the Hamilton Plan (http://www.hamilton.govt.nz/our-council/hamilton-plan/Documents/HAM0001%2010%20Year%20Plan_web.pdf) <http://www.hamilton.govt.nz/our-city/city-strategies/Pages/default.aspx>)

Supporting growth in Rotokauri through delivery of key wastewater infrastructure is well aligned with a number of Council's strategies and plans.

Strategic document		How this project delivers
Hamilton Plan	We want to: <ul style="list-style-type: none"> - Provide outstanding infrastructure - Provide access to affordable housing 	The project is well aligned with the Hamilton Plan, it will: <ul style="list-style-type: none"> - Deliver outstanding strategic wastewater infrastructure solutions to support economic development and growth in Rotokauri - Enable residential development in Rotokauri which: <ul style="list-style-type: none"> o Increases the rate base of the city o Increases the supply of land for housing in a high demand period.
Hamilton Urban Growth Strategy (HUGS)	HUGS is Council's spatial vision for the city	HUGS recognises and prioritises Stage 1 of the Rotokauri Structure Plan within the context of city wide growth Stage 1 land area increased through the PDP process further signalling the growth objective in Rotokauri
Economic Development Agenda	The role of Council in economic growth is: <ul style="list-style-type: none"> - Leadership - Responsibility - Strategic investment - Relationships <p>To ensure growth and strengthening of the Hamilton economy</p>	Growth in Hamilton, particularly Rotokauri, includes large areas of light and heavy industrial development, along with land to support 2700 new residential dwellings (including medium density) Land developers are actively engaging with Council with forward works programmes indicating a readiness to go Council has led a collaborative approach of integrated infrastructure discussions for best overall outcomes
Sustainable Hamilton	Changing the way we live for a better future Three priorities: <ul style="list-style-type: none"> - Healthy natural environment - City living and business - Leadership and collaboration 	This project will contribute to the Sustainable Hamilton priority of 'City Living and Business' by providing infrastructure that enables planned residential development while managing its impact on the natural environment More operational network flexibility will enable better management leading to reducing network pressures and overflows
Hamilton 30 Year Infrastructure Strategy	Identifies proposed approaches and estimated infrastructure requirements to support realistic growth forecasts over 30 years	This project is necessary to facilitate the growth as assumed in the 30 yr infrastructure strategy Stage 1 Rotokauri has been identified as Priority 1 with funding for strategic wastewater advanced as soon as possible. It has been placed in the first 3 years to unlock residential development in Rotokauri

1.4 Organisational Context

Outline how this work will assist HCC achieve its business goals (Refer guidelines for more information)

This project will provide outstanding wastewater infrastructure in Rotokauri following the huge investment in transport and water over the previous three years, further enabling growth, now focused on residential development.

The project will contribute to delivery of Council's business goals of providing outstanding infrastructure to embrace growth. The project is the final link in the current FWI network. Although it is a standalone project, it is a pre-requisite for network optimisation, and enabling other major capital and renewal works on the adjacent wastewater networks.

The project is being delivered by the City Development Unit who plan and manage the transport and waters inputs into future city growth, planning, development and city improvements. The unit focuses on strategic direction including planning, managing and delivering innovative infrastructure solutions for water, wastewater, stormwater, solid waste and transportation.

Through the 10 Year Plan process, City Infrastructure has responded to strong advocacy for strategic wastewater service in Rotokauri by accelerating the programme for this work. This aligns with Councils aim by providing the right investment at the right time with a focus on core services.

Business Goal	Project Relevance
Hamilton City Council's Purpose	<ul style="list-style-type: none"> • Shaping a world class city through smart thinking and exceptional service. • Extending the FWI is the final link in a strategic wastewater network extension which will deliver on a number of SMART objectives. • Provide a wastewater service for Rotokauri in time with development needs • Provide additional capacity to manage compliance and growth elsewhere in the city just as required • Deliver operational flexibility to better manage critical works elsewhere on the network
Embrace Growth	<ul style="list-style-type: none"> • Deliver infrastructure Solutions <ul style="list-style-type: none"> ○ The construction of strategic wastewaters infrastructure will both respond to and facilitate planned city growth (Rotokauri), and give effect to the District Plan, Hamilton Urban Growth Strategy and the infrastructure investment priorities established by the 10 Year Plan. • Leverage the best opportunities <ul style="list-style-type: none"> ○ Construction of the FWI extension will allow for growth and opportunities within Stage 1 to be realised ○ Delivering the right bulk network at the right time will minimise sacrificial investments while maximising growth opportunities.
Best in Business	<ul style="list-style-type: none"> • Right People, Right Outcomes <ul style="list-style-type: none"> ○ 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 enable the development of a further 2700 dwellings in Stage 1 of the Rotokauri Structure Plan Area ○ Best practice integrated catchment management principles are being used in developing the right outcomes in collaboration with the right stakeholders ○ Ensuring Council'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 with programmed financial timeframes, and will maximise savings through contract model opportunities ○ Other non-rates funding options are identified and applied, for example subsidies, development contributions and developer agreements ○ Minimising investment in temporary or sacrificial infrastructure • Wow The Customer <ul style="list-style-type: none"> ○ High quality infrastructure supports development in Rotokauri which will provide ease of doing business (developing)

1.5 Organisational Impact

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

The project impacts on the organisation across a number of units and functions.

City Development

City Development Unit will manage the project through all phases. This will be undertaken using existing internal and external resources, the Professional Services Panel, and physical works contracts as necessary. The project phases include:

- Investigation (partially completed through development of the ICMP and the ongoing stakeholder liaison included in that process, and partly through development of version 1 of the wastewater master plan)
- Procurement of and/or access to the required land
- Design and consenting
- Construction
- Project close out

City Waters

City Waters is responsible for levels of service for water across the city. Planning and implementation of this project must be integrated with three waters infrastructure operations and projects planned by the City Waters Unit. This will include liaison on the design and construction of stormwater treatment and conveyance, water supply and wastewater infrastructure.

City Transport

City Transport is responsible for maintenance and operation of a safe local transport network. This is predominantly a greenfield project, however there is likely to be an impact on daily operations as site access is managed. Wastewater interceptors are ideally located within road corridors where future access is largely protected and so as the roading network is still to be developed there will need to be close liaison with City Transport in testing roading assumptions through alignment choice at the design stage.

City Environment – Planning Guidance Unit

Planning and implementation of this project must be integrated with the Planning Guidance Unit (PGU). PGU staff will need to process outline plans, land use consents and certify compliance with any conditions as part of administering the regulatory functions of Council (as the territorial authority) under the Resource Management Act. Therefore PGU requires an understanding of the timing and scope of the future transport network and infrastructure necessary to facilitate development.

City Environment – City Planning

City Planning are responsible for maintaining and managing changes to the District Plan, of particular relevance to this project is that City Planning is responsible for processing any alterations to the Rotokauri Structure Plan as the future roading network is confirmed. City Planning also contributes land use planning guidance to the Strategic Growth Group who track progress of greenfield structure plan development. City Planning will be interested in how the delivery of strategic infrastructure gives effect to the District Plan rules regarding infrastructure in Stage 1. This requires an understanding of the timing and scope of the work and what it means in relation to enabling residential development. It is also noted that Stage 1 Rotokauri has some additional rules under the District Plan that are still under appeal so City Planning will want to understand how the wastewater infrastructure is considered within the ICMP and how it may be impacted by resolution of District Plan appeals.

Property

Access to land is required to enable extension of the FWI from the current end point at the southern underbridge on the Te Rapa Bypass, through to connection with the western interceptor near Myrlene Place. The FWI will largely follow future Collector and Local roads, both of which are not normally built by Council. Council property staff (and consultants) will be required to negotiate and settle land access agreements onto land that we do not currently own. Property will need to be provided quite detailed drawings and alignment details to inform their discussions with land owners to progress what will likely be complex land access negotiations.

Legal

There will be a need to involve Council's legal advisors to clarify the most appropriate mechanisms to use to deliver and manage the land access agreements. This will include determining the most appropriate RMA process to follow.

Legal advice may be required should consent processes involve hearings or the preparation of developer agreements or multi-party funding arrangements.

Finance

The finance group, through a project financial accountant, will be required to review financial elements on an ongoing basis. This will include financial reporting, calculation of debt funding, assistance with private developer agreements and capitalisation of assets.

Procurement

The design and property access phases will require engagement of external consultants through the Professional Services Panel. The construction phase will require a publically tendered contract process undertaken in accordance with Hamilton City Council's Procurement Policy. Both engagements will be supported by the Procurement Management team.

Communication

This project will closely align with the ICMP stakeholder management process which is now well established. Although it will go further in that it will involve an execution/project delivery phase. The key stakeholders will be largely the same group as those in the ICMP process, however the process of engaging them will be reviewed and adjusted to suit.

The Communications team will be required to manage the development and implementation of a communication and consultation plan, as well as provide input into and review of the below leading up to and during physical work stage:

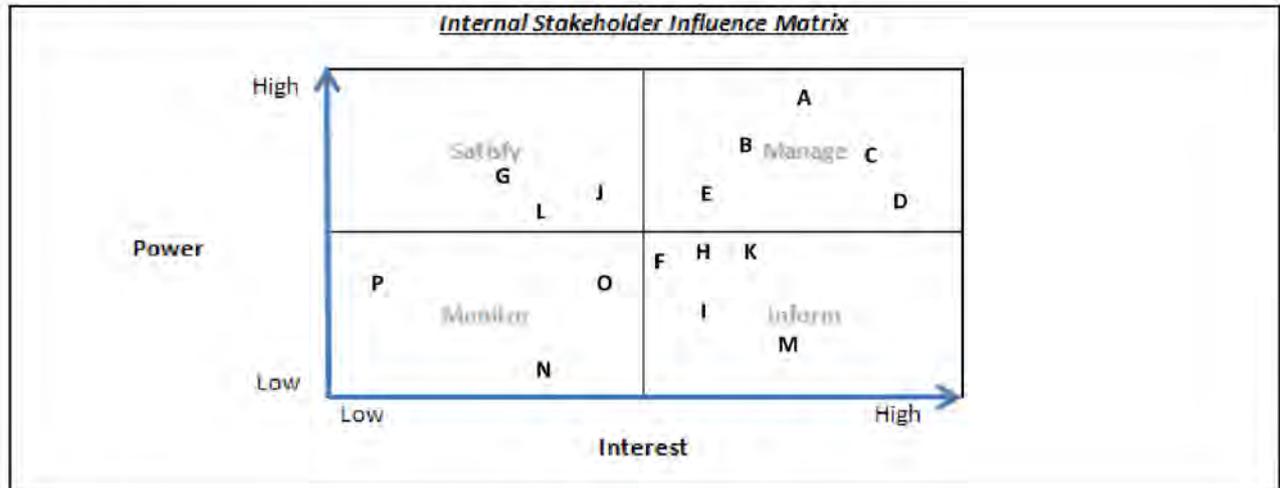
- Public messages and updates
- Complaints received
- Media releases and enquires

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](#).

The Rotokauri ICMP project established a stakeholder database that identified individual stakeholders and affected landowners. This list has been used as a starting point and built on to develop the list of stakeholders for this project. There is some cross over, however stakeholders have been assessed based on the requirements of this project. The following summarises the stakeholders and is separated by **Internal** and **External**.

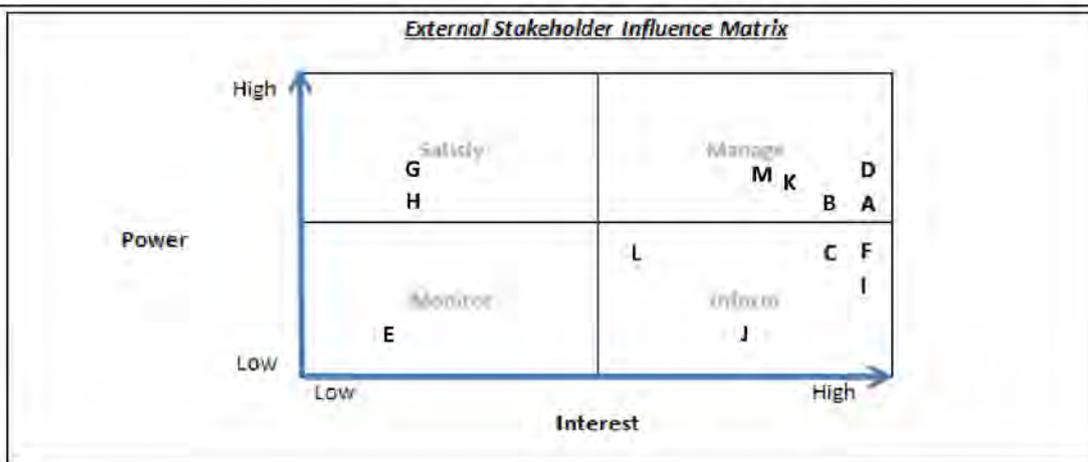
The assessment of their impact has been described using Council’s Project Stakeholder Management – Tools and Techniques.



	Internal Stakeholder	Interest in the Project	Assessment of Impact	Strategies for engagement
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 - Not holding up people wanting to develop. 	Manage closely	Provide sufficient information and opportunities for Elected Members to understand project status and potential risks by: <ul style="list-style-type: none"> • Reporting the business case and any private developer agreement for approval to the Finance Committee • Regular project reporting via Key Projects Report as the project progresses
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	Provide sufficient information and opportunities for SLT to understand project status and potential risks by: <ul style="list-style-type: none"> • Reporting the business case for review and approval by SLT ahead of submission to Finance Committee • Regular project updates on progress and risks through General Manager City Infrastructure
C	General Manager City Infrastructure and City Infrastructure Waters Programme 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 - Stakeholder management 	Manage closely	Engage with PGG on strategic and project governance issues through: <ul style="list-style-type: none"> • Providing regular PGG updates on high level financial and project risks • Coordinating of activities and projects between City Development and City Waters

D	City Development	<ul style="list-style-type: none"> - Project management, delivery of project and developer liaison - KPI reporting for this business case 	Manage closely	<ul style="list-style-type: none"> • Appoint a dedicated project manager who will define project roles and responsibilities • Appoint a Communication, Consultation and Property Liaison Manager who will implement the Pre-Construction Communication and Consultation Plan (PCCP)
E	City Waters	<ul style="list-style-type: none"> - Project Sponsor (UM) - Owner of wastewater infrastructure - Provision of wastewater infrastructure in line with growth requirements - KPI reporting for this business case 	Manage closely	<p>Engage directly with Operations and Asset teams at each project phase. Provide opportunities for engagement with relevant City Waters staff through regular workshops during the design phase to:</p> <ul style="list-style-type: none"> • Identify opportunities to integrate design of three waters infrastructure • Identify cost savings through joint procurement and construction
F	City Transport (including Infrastructure Alliance)	<ul style="list-style-type: none"> - Owner of local transport infrastructure 	Keep informed	<p>Provide opportunities for engagement with relevant City Transport and IA staff through regular workshops leading up to the construction phase to ensure construction activities are undertaken appropriately.</p>
G	City Environment – Planning Guidance	<ul style="list-style-type: none"> - Processing team for any consents required - Regulatory compliance 	Keep satisfied	<p>Provide opportunities for early engagement with relevant PGU staff and use the existing pre-application process to confirm regulatory requirements prior to lodging any consent applications, outline plans and the certification of plans required by designation conditions</p>
H	City Environment – City Planning	<ul style="list-style-type: none"> - Integration with land use planning - Managing PDP- Appeals version appeals process which involves a number of the same external stakeholders 	Keep informed	<p>Provide opportunities for early engagement with relevant PGU staff prior to lodging any consent applications</p>
I	Community – Parks and Open Spaces	<ul style="list-style-type: none"> - Asset owner for public reserves and open spaces 	Keep informed	<p>Provide opportunities for key Parks and Open Space staff to be involved in the planning and design as the FWI passes through or at least near a future sports field.</p>
J	Procurement Management team	<ul style="list-style-type: none"> - Procurement and contract administration compliance 	Keep satisfied	<p>Provide opportunities for PMT to be involved early in the development of the procurement plan in accordance with Council policy</p> <p>Seek early advice and confirmation of proposed procurement strategy (methods and timing) from PMT</p>
K	Communications Team	<ul style="list-style-type: none"> - Liaise with media - Develop and support implementation of all project communication 	Keep informed	<p>Work with Communications Team to establish a single source for external engagement by:</p> <ul style="list-style-type: none"> • Engaging Ken Cunningham – Strategic Land Manager to lead land access agreements • Develop a Communication and Consultation Plan

L	Finance Team	<ul style="list-style-type: none"> - Assist with financial reporting for the project - Provide guidance on developer agreements and multi-party agreements. 	Keep satisfied	<p>Work with the Finance Team to identify a financial accountant to provide assistance on financial reporting</p> <p>Provide regular updates to the financial accountant on the progress of the project and to identify financial tasks that will require assistance</p> <p>Seek early engagement into agreement preparations.</p>
M	Strategic Property Unit	<ul style="list-style-type: none"> - Land procurement, legalisation and disposal 	Keep informed	<p>Involve relevant Strategic Property staff in the development of the property access and procurement process.</p> <p>Take guidance from Strategic Property in terms of statutory requirements and the potential time risks.</p>
N	Customer Services Team	<ul style="list-style-type: none"> - Co-ordinate response to any customer complaints or enquiries 	Monitor	<p>Provide information and regular updates to Customers Services staff to allow them to respond to public enquires, including:</p> <ul style="list-style-type: none"> • Project summary describing project scope and programme • Early notification of any construction activities which could result in complaints
O	Strategic Growth Group	<ul style="list-style-type: none"> - Delivery of Organisational Goals - Compliance with 10 Year Plan budgets and timeframes - Delivery of infrastructure in growth areas - KPI reporting for this business case 	Monitor	<p>Project manager to provide regular updates on project progress to inform growth monitoring and reporting undertaken by the Strategic Growth Group</p>
P	Health and Safety	<ul style="list-style-type: none"> - Delivery of Organisational H&S Goals - Council's Reputation 	Monitor	<p>Involve Health and Safety staff in relevant parts of the project phases and ensure any site safety plans are reviewed by Health and Safety team</p> <p>Early engagement with Health and Safety staff where high risk activities are identified</p>



	External Stakeholder	Interest in the Project	Assessment of Impact	Strategies for engagement
A	Directly affected land owners (Developers)	<ul style="list-style-type: none"> - Property acquisition - Property access - Personal interests in efforts/costs to connect. 	Manage closely	<ul style="list-style-type: none"> • Ensure communication undertaken at appropriate project phases so as to properly understand all interests • Appoint Communication, Consultation and Property Liaison Manager to act as a key contact point • Attempt to strike balance between fairness among this group, with achieving the best for project outcome
B	Directly affected land owners (Non-developers)	<ul style="list-style-type: none"> - Property acquisition - Property access - Interested in the effects of this work on the saleability of their property in the future. 	Manage closely	<ul style="list-style-type: none"> • Ensure communication undertaken at appropriate project phases so as to properly understand all interests • Appoint Communication, Consultation and Property Liaison Manager to act as a key contact point • Be understanding and sympathetic to their situation
C	Adjacent land owners	<ul style="list-style-type: none"> - Maintaining property access - Construction related effects - May still have personal interests in connecting into the wastewater service 	Manage closely	<ul style="list-style-type: none"> • Ensure communication undertaken at appropriate project phases so as to properly understand all interests • Appoint Communication, Consultation and Property Liaison Manager to act as a key contact point • Attempt to strike balance between fairness among this group, with achieving the best for project outcome
D	Wintec	<ul style="list-style-type: none"> - Also a directly affected land owner - Running an educational facility/business - Access potentially affected by alignment choice (Akoranga Road may be the preferred alignment) 	Manage closely	<ul style="list-style-type: none"> • Engage early during the alignment conversation to understand effects • Provide appropriate communications support necessary to inform students and others at their facility • Discuss construction methodology with Wintec • Engage on future internal roading layout

E	Hamilton City residents/road users	<ul style="list-style-type: none"> - Interested in overall transport network interruptions 	Monitor	<p>Provide consistent messages to the public through:</p> <ul style="list-style-type: none"> • Appropriate project signage with City Development contact information • Project updates via HCC webpage • Media releases as required
F	Waikato Tainui (Iwi)	<ul style="list-style-type: none"> - Also a directly affected land owner (through Rotokauri Developments Limited a subsidiary of TGH (RDL)) - Iwi relationship - Interest in ecological monitoring and mitigation 	Keep informed	<p>Establish a single point of contact for engagement that identifies opportunities for collaboration (restoration planting, blessings, etc.) as appropriate</p>
G	Waikato Regional Council (WRC)	<ul style="list-style-type: none"> - Responsible for determining, monitoring and enforcing regional plan resource consents - Provider of public transport services (although not anticipated to be affected) 	Keep satisfied	<p>Identify key staff at WRC to regularly engage with (including via pre-application meetings) to:</p> <ul style="list-style-type: none"> • Ensure compliance with relevant resource consent conditions. • Aim to establish regular communications as the project phases progress. • Monitor for any impact on bus service.
H	NZ Transport Agency – Highway and Network Operations	<ul style="list-style-type: none"> - Operation of State Highway 1 (Mangaharakeke Drive) - Impacts on road and traffic of the connection at south end of the FWI extension 	Keep satisfied	<p>Identify and engage with organisational representatives at NZTA to liaise with to develop temporary traffic management plans.</p>
I	Private developers	<ul style="list-style-type: none"> - Want to understand future development opportunities - Most likely looking to connect into the new wastewater service and will be interested in costs/effort required - Some will also be affected land owners (and as such will be treated as the highest assessment of impact) 	Keep informed	<ul style="list-style-type: none"> • Use the existing developer forum to provide updates on project progress • Keep developers informed through methods identified in Pre-construction Communication and Consultation Plan • Undertake specific one-on-one discussions with on the potential for Private Developer Agreements • Attempt to strike balance between fairness among this group, with achieving the best for project outcome
J	Project Consultants	<ul style="list-style-type: none"> - Contractual responsibilities to complete design and investigation - Prepare contract documents - Carryout specialist supervision and quality assurance 	Manage closely	<p>Develop contractual engagements that provide clear project scope, deliverables, programme and costs</p>
K	Construction contractor	<ul style="list-style-type: none"> - Contractual responsibilities to complete physical works to an acceptable standard. - Obligations for maintaining a safe and secure site 	Manage closely	<p>Develop contractual engagements that provide clear project scope, deliverables, programme and costs</p>
L	Network Utility Providers	<ul style="list-style-type: none"> - Maintenance, operations and providers of other network services (e.g. gas) with an interest in potential relocation of existing services and opportunities to install new infrastructure 	Monitor	<p>Provide updates to the existing network utility operators liaison meetings</p> <p>Engage in direct discussions with relevant network utility representatives if service relocations are required</p>

M	Rotokauri ICMP project manager	<ul style="list-style-type: none"> - Integration of three waters services - Keeping consistency of information to similar group of stakeholders - Impact on stormwater swale through alignment choices 	Keep informed	
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In summary, this is a significant project both internally and externally due to the significant capital investment, and the development community who have been actively lobbying for this through the most recent 10 Year Plan process. There is a significant interest by a number of competing parties which will need to be closely managed. Managing the external stakeholders will go a long way to satisfying the major internal stakeholders. See Appendix 5.1 for the full Stakeholder Management Plan.

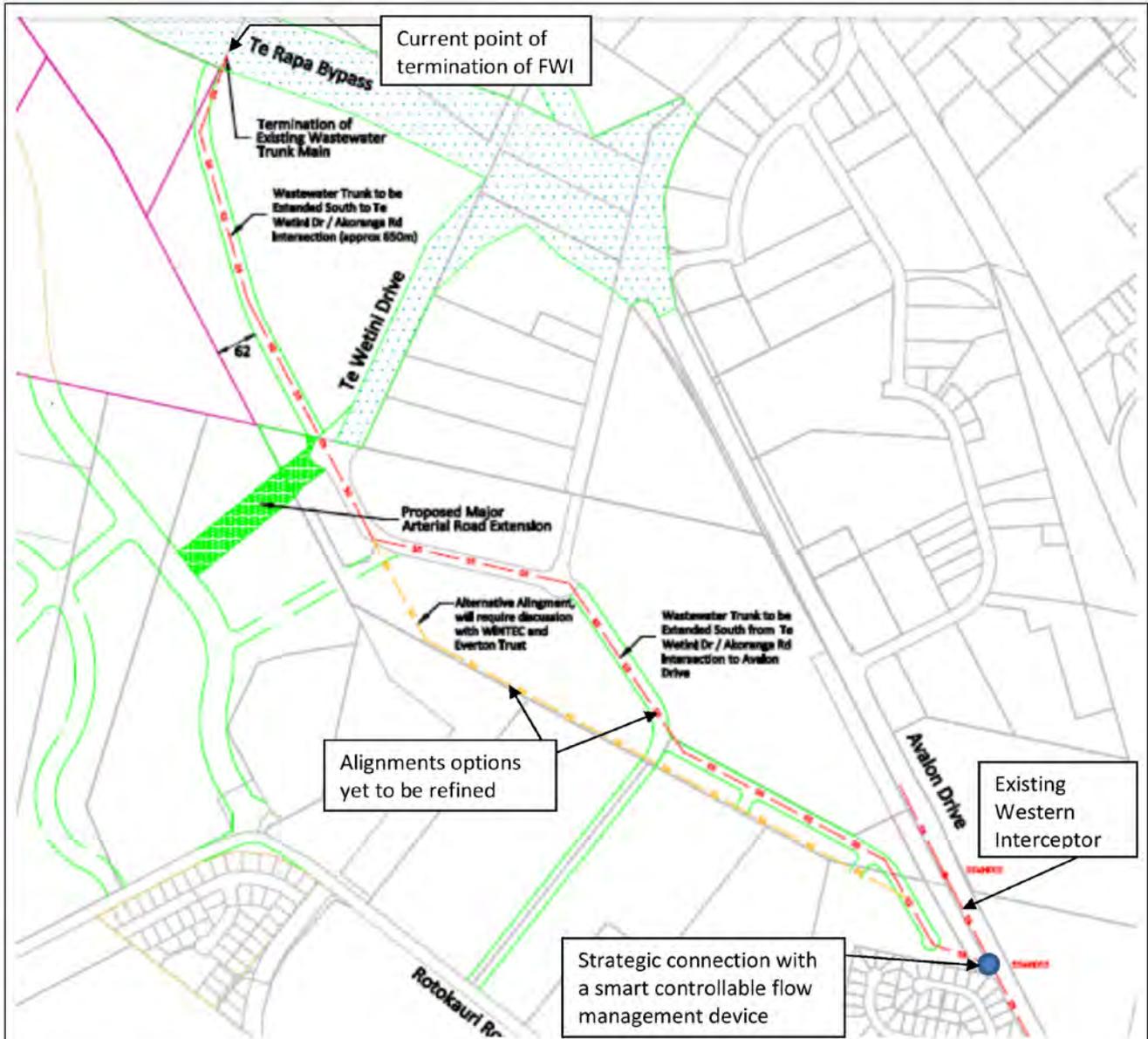
1.7 Scope of the Work - What's included in the scope of this proposal, and what is specifically excluded – ensure you define impact of change?

What is included in the scope:

The project involves investigation, design, consenting, procurement, and construction of an extension to the Far Western Interceptor (FWI). Picking up from the current termination point under the southern local road bridge under the Te Rapa Bypass, it will extend a further ~2000m south to connect to the existing western interceptor. The pipe will be 1050mm internal diameter reinforced concrete with a further sacrificial internal liner.

As the beginning and end points are already in fixed locations and depths, the design parameters become largely fixed. The maximum fall is 2.2m which equates to a gradient of approximately 1 in 1000m. The scope includes:

- Active project and programme management across all aspects of the project from pre-construction to asset capitalisation and project closure
- Develop and implement Communication and Consultation Plan. This will identify what consultation and engagement will occur with external stakeholders
- Engagement and communication with internal stakeholders
- Development of any Private Developer Agreements
- Procurement of any required land or access agreements, and management/lease arrangements for land acquired prior to construction
- Procurement of professional services (including project management)
- Detailed design which will:
 - Confirm alignment and route of the pipeline
 - Determine the appropriate smart flow management device at the southern connection to the Western Interceptor
 - Identify actual impacts on property
 - Identify and address other constructability constraints
- Engage with utility services providers and complete any necessary service relocations
- Application for necessary resource consents not already obtained (e.g. earthworks, stormwater diversion)
- Tender and award of physical works contractor
- Construction of the pipeline:
 - Site clearance and access
 - Environmental controls
 - Excavation and installation of approx. 2000m of 1050mm diameter concrete pipe (or equivalent) at an average depth of 4.5m.
 - Approx. 8 x 1800mm diameter manholes
 - Stormwater management and diversion
 - Reinstatement
 - Testing, commissioning, and quality assurance
- Contract management (PSP and other)
- Resource consent compliance and reporting
- Capitalisation or assets and lodging of as-builts



What is excluded from scope:

There are other projects underway in parallel processes which will also, to varying degrees, be required to be successfully completed to enable the residential developments to occur in entirety.

To that extent this project will meet Council's obligations in a scale appropriate to construction of the FWI extension. The following are required but do not form part of this project.

- Construction or funding of any strategic water or storm water infrastructure necessary to facilitate development
- Removal of current temporary wastewater infrastructure (specifically Rotokauri Road pumping station)
- Any consents necessary for land development or any other activities
- Any works required to connect private (or development) wastewater service into the FWI (unless a funding contribution is made later by way of developing a private developer agreement)
- Any roading works other than site access or reinstatement to the current condition
- Development of the Rotokauri ICMP
- Installation of any third party utility services over and above relocation works

<ul style="list-style-type: none"> Relocation or upgrade of an existing services 	
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)
<p>Rotokauri Stage 1 - 2700 residential lots serviced by bulk wastewater service</p>	<p><u>Key Performance Indicator</u> Number of consents being issued for residential lots in Rotokauri</p> <p><u>Target</u> 1300 new residential lots created in Rotokauri by 2027/28 – at the rate of approximately 130 per year</p> <p><u>Reporting and Owner</u> Organisational benefits will be reported by Strategic Growth Group</p> <p><u>Frequency</u> Reporting every three years as part of 10 Year Plan process.</p>
<p>Operational ability to switch the majority of wastewater flows from the existing western interceptor to the FWI</p>	<p><u>Key Performance Indicator</u> City Waters Unit has the operational ability to manage flows at the new connection point near Myrlene Place through use of a smart flow management system</p> <p><u>Target</u> Temporary diversion of the Western Interceptor flows up to the reasonable downstream capacity can be diverted through the new FWI pipeline</p> <p><u>Reporting and Owner</u> Benefits will be reported by City Development through the works project</p> <p><u>Frequency</u> Through business case for offline wet weather storage units, and when developing version 2 of the wastewater masterplan.</p>
<p>Reduce the cost and difficulty of downstream works on the Western Interceptor by reducing the flow after diversion</p>	<p><u>Key Performance Indicator</u> Lower flows in the Western Interceptor at location of other capital projects</p> <p><u>Target</u> Up to 300 litres per second of sewerage does not need to be diverted through over pumping while network upgrades are carried out at Moreland Avenue in FY 2018/19</p> <p><u>Reporting and Owner</u> Benefits will be reported by City Development through the works project</p> <p><u>Frequency</u> Through business cases for Moreland Ave upgrade</p>
<p>Extending the FWI means that no other duplication of the Western Interceptor will be necessary</p>	<p><u>Key Performance Indicator</u> Completed interceptor network on west side of the city</p> <p><u>Target</u> FWI extends through the Rotokauri growth cell and connects to the existing Western Interceptor near Myrlene Place</p> <p><u>Reporting and Owner</u></p>

	<p>Benefits will be reported by City Waters through the wastewater master plan</p> <p>Frequency Through business case for offline wet weather storage units, and when developing version 2 of the wastewater masterplan.</p>
<p>1.9 Qualitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)</p>	<p>1.9a Indicator of Success Identify the benefit owner and who specifically will report on the progress/realisation of the benefit</p>
<p>Citywide Economic Benefits realised through residential growth in Rotokauri Stage 1</p>	<p>Indicator of Success Residential development in Rotokauri Stage 1, indirectly measured by number of subdivision consents issued and population data</p> <p>Reporting City population and Rotokauri Stage 1 area growth reported by Strategic Growth Group using consent and population growth information</p> <p>Frequency Reporting three years as part of 10 Year Plan process.</p>
<p>1.10 Dis-benefits</p>	<p>1.10a Impact on the business (identify who will be impacted as a result)</p>
<p>Adjacent land owners – Through construction phase with adverse noise, visual and amenity effects from construction activities such as affected access to property. May result in complaints</p> <p>Wintec, under one alignment option, will have their entrance affected during construction as the pipeline would follow Akoranga Road which although is Council road, is their one and only entrance way.</p>	<p>Who will be impacted:</p> <p>External - Those who live and work in the area.</p> <p>Internal - City Transportation Unit, City Development Unit and potentially Customer Call Centre</p> <p>These dis-benefits will be managed through the normal contract conditions relating to dust, vibration, working hours, traffic management, and site access.</p> <p>Who will potentially be impacted: Wintec, City Transportation, and the Infrastructure Alliance</p> <p>Mitigation measures will be factored into the project costs.</p>
<p>1.11 Opportunities Arising (identify who will own and report the opportunity)</p>	<p>1.11a Strategies to Exploit, Enhance &/or Share Each Opportunity</p>
<p>Development – This project will remove the strategic wastewater barrier to residential development commencing.</p> <p>This opportunity will be owned by City Development and City Planning</p>	<ul style="list-style-type: none"> • Continue to engage with key developers/landowners to communicate project time frames to enable them to prepare to capitalise on the opportunity • Continue to engage and communicate with City Planning who administer the District Plan rules that the developers must follow, and are currently working through District Plan appeals.

<p>Private Developer Agreements – Private developer agreements provide opportunities for infrastructure funding and construction ahead of Council's programme of work</p> <p>This opportunity will be owned by City Development</p>	<ul style="list-style-type: none"> Continue to engage with the development community around our ability to gain access to land, when determining alignment, and when establishing construction phases so as to maximise collaboration and benefits realisation.
<p>Optimised infrastructure – Constructing this infrastructure at the right time (ASAP) in a largely greenfield site means that we have the ability to deliver a preferred design without compromises arising from designing around constraints that become introduced as development occurs</p> <p>This opportunity will be owned by City Development</p>	<ul style="list-style-type: none"> Undertake the project as programmed in the current 2015-25 10 Year Plan
<p>Invest in the permanent solution – This avoids the capital cost and risks associated with sacrificial, temporary servicing (similar to the temporary pump station that was installed to facilitate the early development of 50 lots and that carries a risk of costing more to remove than originally anticipated to integrate into the permanent solution noting this is not incorporated into the scope of this project).</p> <p>This opportunity will be owned by City Development</p>	<ul style="list-style-type: none"> Engage with key internal and external developers when developing the detailed design parameters so that this opportunity is realised to its fullest extent
<p>Integrated catchment planning – The opportunity exists to integrate the land footprint of this wastewater service with future roading, stormwater, and reserve layouts which will optimise organisational and community outcomes of this investment.</p> <p>This opportunity will be owned by City Development</p>	<ul style="list-style-type: none"> Engage with the ICMP project team, and Parks & Open Spaces as they develop their planning in the southern Rotokauri area Provide information to the above stakeholders with alignment information and liaise to understand and realise optimisation opportunities
<p>Wastewater network operation – Smart flow management between the existing western interceptor and the new FWI extension to be used to realise the opportunities of balancing flow to achieve operational flexibility in the interceptor network. This will greatly assist to deliver capital and renewal works elsewhere on the network, along with using the additional capacity to realise upstream opportunities where capacity constraints are resulting in high overflow risks.</p> <p>This opportunity will be owned by City Development and City Waters</p>	<ul style="list-style-type: none"> Engage with City Waters to fully understand the operational requirements of the smart flow management device at the southern connection point. Ensure that the design incorporates the design parameters required to deliver on the requirements established. Ensure accurate SOP's are developed as part of the commissioning process so that operation of the smart flow management device is well understood
<p>Utilities installations – Other companies/network operators.</p>	<p>Through this project, the opportunity will be extended to other utilities network providers to collaborate for services installations. E.g. Ultra-fast fibre.</p>
<p>Construction Staging – The 2015-25 10 Year Plan has the construction funding split across years 2 and 3. Opportunities exist in being able to explore and adopt the most effective programme offered by the contractor. This may be to accelerate the construction and complete in one season, or to strategically construct in stages.</p>	<ul style="list-style-type: none"> Allow flexibility within the public tendering process for contractors to optimise construction methodologies and timing. Where an opportunity is considered worth pursuing, it will be reported through the appropriate project governance channels, with any financial cash flow impacts reported to Council as appropriate.

Note: An optimised construction programme may impact the spend profile currently anticipated within the 2015-25 10 Year Plan.				
1.12 Risks Identified <u>D-1030981</u> – risk statements <u>D-722311</u> – risk register template	1.12a Gross Risk Rating Council's risk calculator – <u>D-1030989</u>	1.12b Risk Trigger Points	1.12c Risk Management Approach	1.12d Residual Risk
As a result of progressed investigations and design the project cost may exceed current estimates and/or available funding which could lead to the project being undeliverable	High	Stage reviews: - At business case development - Detailed design - Tender	<p><i>Prevention</i></p> Develop a priced schedule at each stage (investigation, design, and tender) to provide visibility and ensure project continues to be within budget available. Identify regular hold points in project to confirm budget provisions align with project scope and deliverables. A constructability and project estimate will be carried out at the concept stage to more thoroughly test the project estimate and construction methodology assumptions. Review design to ensure cost effective solutions are developed that are not gold plated without considering budget impacts. <p><i>Response</i></p> Review project scope to identify opportunities to manage over-engineering. Follow appropriate project and Governance related change and communication processes to reposition/reforecast budget provisions such as informing annual plan changes.	Medium
As a result of delays obtaining land access agreements, construction might not be able to begin on 1 st July 2016 which could lead to delayed completion and capital deferrals being necessary.	Medium	Property access discussions are not concluded by	<p><i>Prevention</i></p> Early and open consultation with affected property owners to develop realistic expectations and with sufficient lead in time to allow access agreements Early communication of property	Medium

			<p>access risks to SLT</p> <p>Updated costs and cashflow forecasts to be reported.</p> <p><i>Response</i></p> <p>Follow appropriate project and Governance related change and communication processes.</p> <p>Have designated person progressing the agreements as a priority.</p> <p>Involve the relevant legal advice as required without delay.</p>	
<p>As a result of construction material (specifically purpose made concrete pipes) lead times, construction works may misalign with the ideal construction season which would lead to delays in completion and even increased project overhead costs</p>	Medium	<p>Through tendering process this will be evident through submitted construction programmes</p>	<p><i>Prevention</i></p> <p>Be aware of the likely lead times and look to undertake tender process with enough lead time before ideal construction season so as to allow appropriate lead times.</p> <p>Explore purchasing the critical materials (the specialist pipes) outside of the main contract to enable HCC to start procurement process at a time that optimises delivery time. Adjust the main contract to reflect that pipe supply would not be required. This has been done successfully in the past.</p> <p><i>Response</i></p> <p>Follow appropriate project and Governance related change and communication processes to reposition/reforecast budget provisions</p> <p>Utilise appropriate contingency following PGG approval.</p>	Medium
<p>Unsuitable soil materials may be encountered that need replacing with appropriate quality pipe bedding material which would lead to increased project costs and time delays.</p>	High	<p>Construction excavation</p>	<p><i>Prevention</i></p> <p>Review existing geotechnical investigation data and include appropriate quantity scheduling in the contract estimate.</p> <p><i>Response</i></p> <p>Follow best practices in quantities scheduling and contingency allocation</p> <p>Include separate contingency sum in project budget as deemed necessary</p>	Medium
<p>As a result of tendering for the</p>	High	<p>Following public</p>	<p><i>Prevention</i></p>	Medium

<p>construction, the costs may be higher and not fit within the funding available, which would lead to additional funding being required.</p>		<p>tender but before tender award.</p>	<p>Seek value engineering opportunities with the preferred tenderer.</p> <p>Review and rationalise the scope to be completed.</p> <p>Review alignment where it may allow for more efficient construction methods (note: this will be done as a matter of normal design, however the preferred tenderer may offer new information or methodology not previously considered viable)</p> <p><i>Response</i></p> <p>Review scope in liaison with City Waters to ensure over-engineering is managed. Opportunities to rationalise will be taken.</p> <p>Report emerging project costs as appropriate</p> <p>Follow appropriate project and Governance processes to recommend not to award the contract where the above prevention measures still make it unaffordable.</p>	
<p>As a result of multiparty private developer agreements being protracted or delayed, the project may have to be put on hold until they are resolved, which would lead to time delays and increased costs</p>	<p>Medium</p>	<p>As stakeholder engagement reaches a cost share discussion (if at all)</p>	<p><i>Prevention</i></p> <p>Begin works to understand any cost sharing early so adequate lead time can be given to landing an agreement that will not hold up construction.</p> <p><i>Response</i></p> <p>Make a benefit/costs based decision on whether to delay construction. It will depend on the stage of works.</p> <p>Follow appropriate project and Governance communication processes to keep PGG and SLT informed.</p>	<p>Medium</p>
<p>As a result of constructing the FWI before final developer plans are known, the alignment of the developer's internal collector and local roads may change which would result in the FWI sitting outside a future road corridor</p>	<p>Medium</p>	<p>Once final development consent plans are provided to Council</p>	<p><i>Prevention</i></p> <p>Liaise early with the development community so as to let them know what we are doing, and to prompt them to provide input into the process.</p> <p><i>Response</i></p>	<p>Medium</p>

			Work with developers to make necessary adjustments to their internal roading layouts so as to reach a satisfactory outcome.	
As a result of increased developer and government works in the Waikato region, there may be limited contracting resources available to carry out the physical works which would lead to increased costs and/or delays to the construction programme. Note: This is specialised work with 3-4 capable contractors operating in the Waikato. One of which has just won a HCC tender for similar works.		Leading up to the public tender process	<p><i>Prevention</i></p> <p>Communicate the upcoming construction project to the industry early so as to ensure resources from the wider region or even Auckland are well aware of the scale and type of work so as to be able to competitively price.</p> <p>Avoid where practical highly specialised methodology that would limit those able to carry out the works.</p> <p>Not nominating resources which can lead to resource scarcity issues.</p> <p><i>Response</i></p> <p>Utilise Councils supplier quality premium to gain visibility of cost implications</p> <p>Follow appropriate project and Governance communication processes to keep PGG informed on construction timing as appropriate.</p> <p>Where possible weigh up costs of delays verses more expensive resources.</p>	
<p>1.13 Issues Identify and describe</p> <p>Resources to deliver the project The project will be managed by HCC City Development Unit, with external assistance via the Professional Services Panel as required.</p> <p>Alignment The future transport corridors are currently only indicatively shown under the Rotokauri Structure Plan. Here the issue is that the process to determine the optimal alignment for the FWI is taking place ahead of developers planning where their roads are going to be. This issue is being managed through planning and liaison between internal departments of Council, and the various developers to establish what alignment works for everyone. In some cases, the landowner is still the original farmer who has little interest in strategic development discussions.</p>				
<p>1.14 Constraints/Dependencies/Assumptions Define and describe the factors under each of the headings</p> <p>Constraints</p> <ul style="list-style-type: none"> • Land <ul style="list-style-type: none"> – Although currently the project itself does not specifically require land to be purchased, Council is party to a number of land purchase discussions in relation to Rotokauri Residential Stage 1 which could be considered constraints depending on how those discussions progress. The project's objective is to run 				

parallel to those discussions rather than be captured by the need to realign timing.

- That being said, there are access agreements needed to enter onto what is currently private property over the majority of the length to carry out the works.
- The capital budget (\$7.656m) is allocated within the first three years of the 2015-25 10 Year Plan.
- Construction to be complete by end of the 2017/18 FY construction season.

Dependencies

- Appropriate resource consents from Waikato Regional Council and Hamilton City Council must be obtained prior to construction.
- Land access agreements in place.

Assumptions

- Funding remains as shown in the 2015-25 10 Year Plan.
- That any changes to the current planning rules that the project is required to be delivered under do not impact on the ability to deliver the works
- There will be contracting resources available to carry out the physical works. This is specialised work with 3-4 capable contractors operating in the Waikato. One of which has just won a HCC tender for similar works
- Geotechnical conditions are not so inconsistent with site investigations and findings to date that it surpasses project contingency sums (actual sum to be set through detailed design and contract procurement processes)
- A way forward can be found with key landowners in the area to secure land access agreements.
- That an alignment is confirmed that does not require destruction of Akoranga Road.
- That an alignment is found that does not require reinstatement greater than to greenfield level. Spread topsoil and re-grass. Anything over and above this is not allowed for and will require consideration through cost estimate review at detailed design stage.
- That access can be gained to the land necessary to deliver these works, and that no land is actually required to be purchased specifically to facilitate these works.
- That the ICMP does not push compromises onto this project (for the greater good of the catchment) that increase the costs over those required to deliver the service as currently scoped. Eg additional length of pipe from significantly different alignment, or significantly more manholes etc.

2.0 ECONOMIC CASE – complete for ALL business cases

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**

The requirements for the project are:

Core (must have outcomes)

- A pipeline between the current end termination point of the FWI at the southern underbridge on the Te Rapa Bypass, through to connection with the western interceptor near Myrlene Place
- The pipe must be laid at a gradient so as to be at or lower than the invert level (bottom of the pipe) of the existing western interceptor at Myrlene Place
- 100 year design life of the construction materials
- Points where local connections can be made (by others at a later date)
- Smart flow management mechanism at the southern connection with the existing western interceptor.
- A bulk wastewater solution in place by end of 2017/18 FY.

Desirable (consider on a cost/benefit basis)

- Alignment chosen that balances the core aspects of the project, with ease and cost effectiveness of later connections into the pipe
- Stage construction to align with the dollars in the 2015-25 10 Year Plan (this is in reference to timing not amounts)
- Stage construction to maximise use of the asset. This may mean that there are separable portions in two construction seasons
- Construction to be staged in such a way as to enable earliest practicable development opportunities
- Delivery of the benefits of the wastewater service fairly among developers so as not to disadvantage some with unreasonably higher costs of connection
- The ability to design the FWI so as to make the current temporary pumping station on Rotokauri Road redundant and able to be removed (by others)
- To share the future collector/local roading layouts to maximise land utilisation
- To split flows between the western and FWI so as to reach an optimal flow rate that does not require a flushing programme to be put in place.

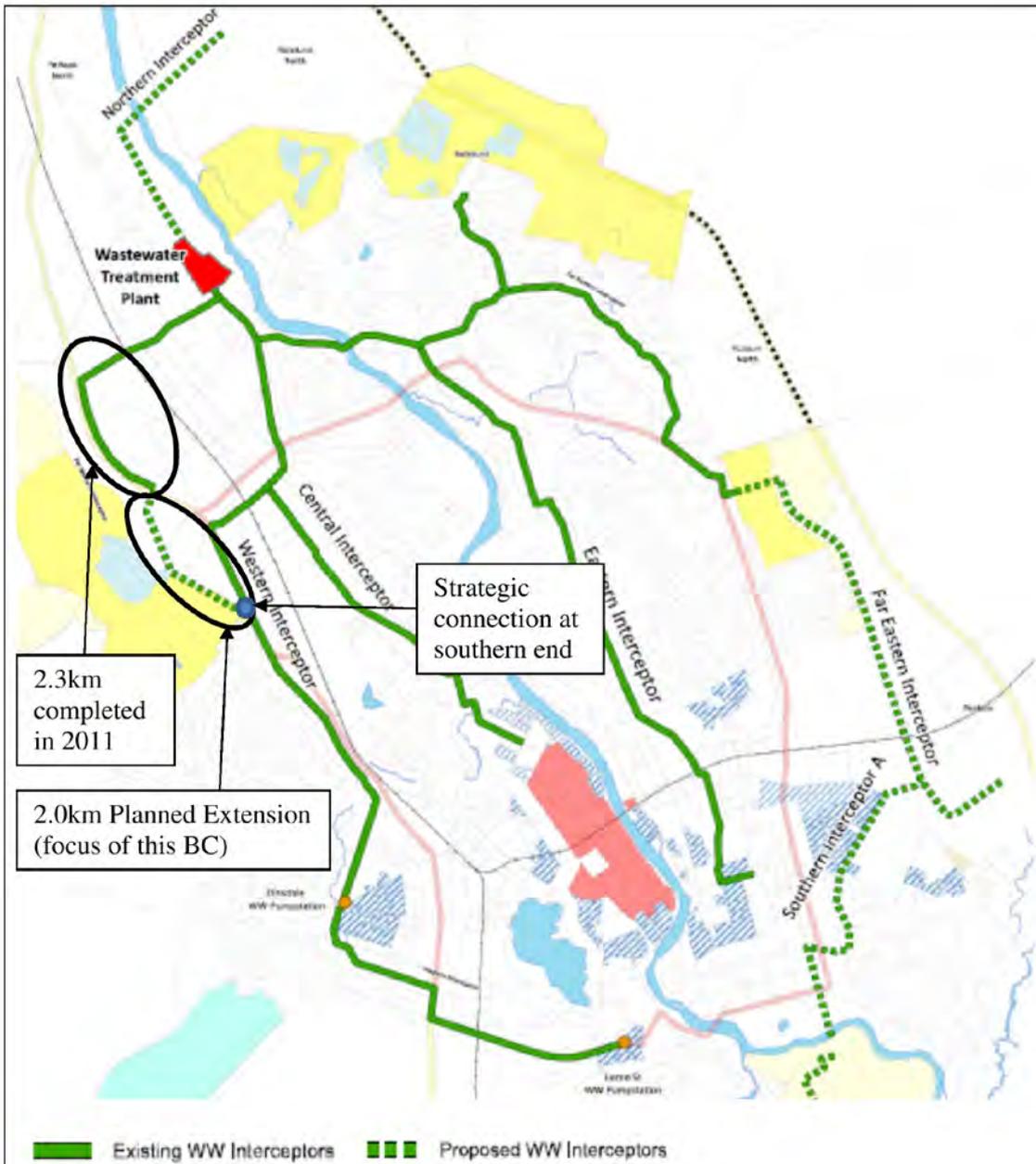
2.2 Available Options – Long List (refer more detail in the specific notes section)

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

Considerable investigation and analysis has been undertaken to develop a thorough understanding of the wastewater collection and treatment systems in Hamilton. This information has been compiled over a number of years and is drawn together into the Wastewater Master Plan (D-1850063). Version 1 of the plan was finalised in 26 June 2015 and is one of the key informing documents for the HCC Infrastructure Strategy, 10 Year Investment Plan, and the 30 Year Infrastructure Strategy.

The **scale and scope** section, and the **service solution** section are informed by this document, while the **service delivery, implementation, and funding** sections have been further informed through other sources more specific to the context of this project.

Appendix A from the Wastewater Master Plan below shows the existing interceptor network along with planned extensions in a city wide context.



The strategic purpose of the FWI has been determined through the Wastewater Master Plan and is broadly based on growth development patterns and wastewater network operational constraints and requirements. This information has been used to develop the core business requirements which have then been used to evaluate the available options and arrive at the preferred option.

The Business Case describes a 'do nothing' option and five options for improvements at this location:

- Do nothing
- Option 1: Continue using temporary servicing solutions
- Option 2: Construct partial trunk network
- Option 3: Construct FWI extension as described (preferred)
- Option 4: Construct FWI extension with offline wet weather storage
- Option 5: Low pressure wastewater services

Do nothing is considered the base case. This would maintain the existing situation where residential development beyond those already within the catchment of the temporary wastewater pumping station cannot start.

The following table focuses on the preferred option (Option 3 construct the FWI right through to connect with the western interceptor). The other options have been broadly assessed as part of the wastewater master plan core business outcomes.

Dimension	Description	Options
Scale and scope	<p>In relation to the proposal how big/small could this be?</p> <p>e.g. by levels of functionality, unit/group/organisation-wide</p>	<p>Do nothing: Not considered a viable option as it does not meet the strategic objectives of the Hamilton Plan, the PDP – Appeals Version or the requirements listed elsewhere in this Business Case. Specifically it does not facilitate growth, nor does it provide any operational relief in the existing network.</p> <p>Option 1: Continue using temporary servicing solutions:</p> <p>This option at a large scale carries a high risk of being more expensive because with sacrificial, temporary servicing (similar to the temporary pump station already installed at Rotokauri Road) it is highly likely that not all of the temporary assets created will actually tie together into an integrated final solution. In this instance the ongoing costs can be very significant to operate, maintain, and upgrade once vested to Council. With this option a bulk solution still needs to be delivered which still carries a capital cost eventually. This option also does not provide the operational flexibility within the existing network to facilitate other capital and renewal projects such as Moreland Road works.</p> <p>Option 2: Construct partial trunk network: A trunk (normally smaller local network) is required in addition to the bulk service. Installing early will enable the bulk to be delayed by a 2-5 years and it will enable development on a sub catchment level. The areas that will developed first are along the route of the FWI and so this option will only result in the bulk service being more difficult and expensive to install later because it will then be through a built up area with much higher re-establishment requirements. This option also does not provide the operational flexibility within the existing network to facilitate other capital and renewal projects such as Moreland Road works.</p> <p>Option 3: Construct FWI extension as described (preferred): An extension of the FWI through the Rotokauri growth cell and connecting into the western interceptor near Myrlene Place will provide the long term (estimated 30 years of capacity) wastewater solution to development in Rotokauri and in the time frame required, while also adding significant capacity into the existing network which will be utilised to manage the network for urgent other capital and renewal projects in the network. Completing this work within the timeframes indicated will mean the most efficient, cost effective environment to be carrying out these type of works.</p> <p>Option 4: Construct FWI extension with offline wet weather storage: Offline wet weather storage will likely be required in addition to any extension of the FWI to serve the growth cell once it is near full capacity. This is a step beyond the extension (option 3) project which is required now and would be an over investment. Whilst it meets the immediate business goals, the uncertainty of when and ultimately 'if' this storage is</p>

		<p>required means that it should not be considered as part of this project. The Wastewater Master Plan indicates that this will not be required prior to 2045 and even then will be thoroughly tested.</p> <p>Option 5: Low pressure wastewater services: A fundamentally different approach to wastewater servicing normally only used in landscapes that don't allow for gravity drainage. It relies on an individual pump for each property which leads to ongoing operational costs and renewal programmes which are not necessary when a gravity solution is available.</p> <p>Further, because this is a solution suited to isolated locations, it will not provide any extra capacity to the greater city wastewater network which is precisely what the existing pipe is designed to deliver (in addition to servicing Rotokauri area)</p> <p>This option also does not provide the operational flexibility within the existing network to facilitate other capital and renewal projects such as Moreland Road works.</p>
Service Solution	<p>How can services be provided?</p> <p>e.g. potential solutions and answers, use of technologies</p>	<ul style="list-style-type: none"> • There are no other current commercially viable options to provide the wastewater connectivity required as identified in the wastewater master plan. The preferred solution provides both the growth and the operational flexibility functions • The project will allow for innovative solutions to be proposed by the designer and contractor. This could include alternative pipe material or installation methods. City Development staff have experience in capitalising on opportunities of value engineering and innovative methodologies
Service Delivery	<p>Who can deliver the services?</p> <p>e.g. in-house, out sourced, alternative procurement strategies</p>	<ul style="list-style-type: none"> • City Development in house project management resources would provide the necessary project management resource – having recently delivered the two FWI extension project up to the current termination point. This was over 2km of similar works and so in house experience will be drawn on for lessons learnt and in developing the risk register, as well as general input as necessary • There is insufficient in-house design and planning resource to completely deliver this project and so these elements will be supported through utilisation of the PSP • The current preferred method is in-house project management with design services provided by external consultant and construction delivered through a traditional contract • Due to the size and nature of the physical works, a public tendering process will be carried out to procure the appropriately experienced resources to deliver the works and ensure value for money • Alternative contractual methods will be investigated but would only likely be prompted by significant third party collaboration e.g. partnering with a developer who is carrying out major works of a similar nature at the same time
Implementation	<p>When can the services be delivered?</p> <p>e.g. timing and staging, big bang, phased, modular</p>	<ul style="list-style-type: none"> • Timing for this work was considered during development of the 30 Year Infrastructure Strategy, and the 2015-25 10 Year Plan • Submissions were received in support of bringing it forward in the programme, which has seen it programmed in years 1, 2, and 3 of the 2015-25 10 Year Plan • Notwithstanding the risks, constraints, and issues identified elsewhere in this business plan, the works programme anticipates physical works beginning in the construction season after 1 July 2016

		<ul style="list-style-type: none"> The remaining investigation works will confirm micro-scope details such as final alignment, and whether benefits can be gained through staged construction
Funding	How can it be funded? e.g. Capital, operating, PPP, grant	<ul style="list-style-type: none"> The 2015-2025 10 Year Plan has funding for the capital works within the first three years for this project Ongoing operating expenditure is included in the 10 Year Plan budgets Further detailed investigation and design work will continue to inform whether the funding available is sufficient to complete the project. Cost sharing opportunities with third parties may be explored where benefits might reasonably accrue to others. Any cashflow implications arising from construction methodology will be reported through the appropriate key project reporting structure.

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 is to extend the FWI from where the most recent construction terminated in 2011 at the southern underbridge on the Te Rapa Bypass, through to the western interceptor near Myrlene Place where it will complete a strategic connection utilising a smart flow management connection arrangement. Construction beginning 1 July 2015 with completion no later than 30th June 2018. The scope includes:

- Investigation and design
- Land access agreements (no land purchase identified at this stage)
- 2,000 metres of new 1050mm diameter wastewater interceptor pipeline between the current end termination point of the FWI at the southern underbridge on the Te Rapa Bypass, through to connection with the western interceptor near Myrlene Place
- Concrete reinforced pipe with a further sacrificial liner installed
- Laid at 1 in 1000 gradient at an average depth of 4.5m
- Smart flow management mechanism at the southern connection with the existing western interceptor near Myrlene Place
- 100 year design life on all materials
- Locations with manholes at appropriate locations where local connections can be made (by others at a later date)
- Physical works beginning in the July 2016/17 financial year
- Management, supervision, and quality assurance (MSQA).

The preferred option has no significant dis-benefits when compared with the other options outside of constructability constraints and risks normally associated with a project of this nature. It meets all of the core business requirements with any mitigation steps allowed for within operational budgets.

Selection of the preferred option is consistent with the objectives, and supported by the recommendations, of the wastewater master plan which is the comprehensive technical document informing Council's key strategic and funding decisions including the 30 Year Infrastructure Strategy.

All of the project costs are included within the first three years of the existing 2015-25 10 Year Plan. Project estimates as at the investigation stage are outlined in the table below:

Depreciation

The wastewater infrastructure will incur an annual depreciation charge of \$77,000 from 2018/19 onwards (assumed 100 year life of asset).

Ongoing maintenance and operating costs

Ongoing maintenance and operating costs are provided for within the 2015-25 10 Year Plan operational budgets with \$65,000 in 2018/19 to manage any new operational issues arising from the construction as can happen during and following the commissioning stage.

2.4 Potential Value for Money

Describe how the preferred option maximises value for money

The preferred option maximises value for money as:

- It maximises the use of in-house resources and supplements known gaps through the engagement of consultants and contractors
- It is consistent with the long term networks identified within the wastewater master plan which allows the right investment to be made for now and the long term
- Once complete, it will provide network operational flexibility that will:
 - Add significant value to other capital and renewal projects on the interceptor network.
 - Enable better network control that is anticipated to contribute to reducing wastewater overflows within the wider network
- The Professional Services Panel was publicly tendered in 2014. This was a competitive tender with price as well as key skills being measured
- The physical works will be put out to public tender to ensure value for money is maximised.

2.5 Achievability

Outline how the preferred option will be successfully delivered

This project can be successfully delivered using Council's standard project management and procurement procedures. Although this is a major construction project, it is not expected to have an adverse impact on Council's normal operations. It will create a new wastewater asset that can be operated and managed using existing resources, procedures, asset management plans and budgeted operational funds.

Successful delivery of the project requires input across a number of internal business units and external support.

Internal

- City Development Unit – overall programme management and procurement of consultants and contractors in accordance with Council policies and procedures
- City Development is well placed to deliver these works with in-house project management resources having recently delivered the two FWI extension project up to the current termination point. This was over 2km of similar works and so the in-house experience will be drawn on for general input as necessary
- City Waters Unit – will provide input into technical aspects of the design along with asset management upon completion of the physical works.

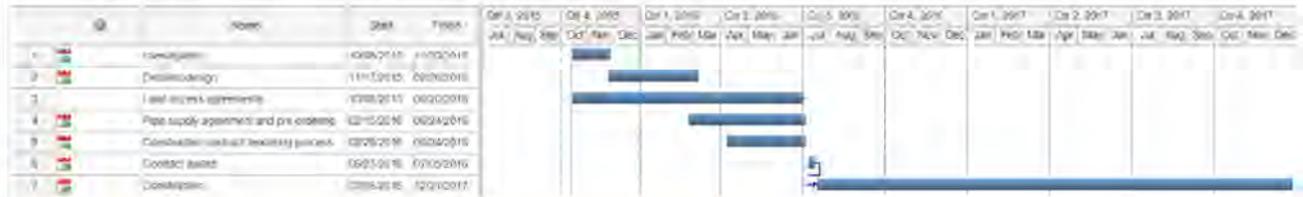
External

- Consultants – will undertake design of the works including detailed design, assist with consultation, consenting, and supervision during construction
- Construction – physical works delivery to be procured in line with Council's procurement policy. Council approval will be required due to the financial delegations required
- There are a number of contractors known to have significant experience who operate in the Waikato area. The contract documentation will include appropriate conditions to ensure robust measures against which to evaluate the submitted tenders. This will include track record, experience on projects of similar size and complexity, and the skills of the specific staff of the company. Council's "buy local" policy will also be applied to this contract which will further emphasise the importance of local knowledge for successful delivery of the works
- Cooperation with the affected land owners to obtain access agreements and site management during the

works

Timing

- This project is currently in the investigation phase with detailed design beginning
- Tendering and pipe purchase from 1 July 2016
- Construction planned to begin in the latter months of 2016. Due to the ground conditions and depth of excavation, this will ideally be a summer activity.



2.6 Affordability

Outline how the preferred option will be funded

Funding

The capital costs required to deliver the project are included within existing 2015-25 10 Year Plan budgets, and the costs of extending the FWI have been factored into the Developer Contribution model.

The useful life of the asset has been designed for 100 years. The asset will be depreciated over 100 years at a rate of 1% per year.

Operation and maintenance costs for a gravity pipeline are negligible, but an allowance of up to \$2,000 per year has been included. Renewal costs have not been factored into these calculations.

Depreciation and O&M costs add up to \$77,000 per year for 100 years from when the project is scheduled to be completed in 2017/18. This does mean that 93 years of ongoing costs are being committed that sit outside the current 2015-25 10 Year Plan. These costs are included in the table below.

Costs in the 2015-25 10 Year Plan	\$8,246,000
Costs sitting outside of the current 10 Year Plan	\$7,161,000
Total whole of life costs	\$15,407,000

As detailed design is progressed, the project costs will be reviewed and any changes reported in accordance with the project management structure. Refer to 4.1 and 4.2 for more detail on rough order project costs.

Ongoing maintenance and operating costs are provided for within the 2015-25 10 Year Plan operational budgets with \$65,000 in 2018/19. It is anticipated that any further cost requirements will be included in the operational budgets of subsequent 10 Year Plans.

The project is not subsidised by NZTA and does not rely on external funding such as third party contributions to complete.

3.0 COMMERCIAL CASE – Complete for FULL business cases only

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](#)

City Development has recently completed works of a similar nature using a combination of in house project management resources, and external design specialists and physical works contractors. The team has a project of a larger scale currently beginning which also uses this approach and is proving successful. For the FWI extension it is proposed to follow the same proven approach of core in house team supplemented with specialised resources from the PSP, and physical works contractors procured through public weighted attributes tender.

An itemised resource break down is provided below.

Internal

Resourced out of the City Development Unit

- Programme manager
- Contract manager

HCC Communications Unit

- Project specific communication/public relations advisor
- Communication, Consultation and Property Liaison Manager
- Project financial accountant

External

Professional Services Panel (PSP)

- Project manager
- Specialist professional services (design and consenting aspects)
- Specialist construction and quality assurance supervisor

Public tender

- Construction contractor procured by way of a weighted attributes contract.

The PSP procurement process will be followed as necessary, and procurement plans will be developed in accordance with the Procurement and Policy Manual for the pipe supply and construction phase.

Market analysis

There are 3-4 experienced contractors operating in the Waikato region who would be capable and competent to carry out the works. As the sections of Waikato Expressway are beginning in a similar time frame as the anticipated project, along with some large scale developments, we may see local resources becoming busier and therefore unavailable. To mitigate this we will send early indications of the timing of this project out to the contracting industry. There would likely be Auckland based contractors who would submit tenders for this work, however there is a preferred approach to "buy local".

Concrete suppliers have recently indicated upcoming price increases of up to 20% on some products. Council will likely explore the option of a separate contract for pipe supply and will consider a number of material options to manage supply lead times along with material costs.

Construction Staging

The 2015-25 10 Year Plan has the construction funding split across years 2 and 3. It is the opinion of the author that should the appropriate access arrangements be secured, that within the actual construction, opportunities may exist in optimised construction programmes being offered by the contracting industry. This may be to accelerate the construction and complete in one season, or to strategically construct in stages.

A critical aspect of any optimised programme is the materials procurement, specifically the pipes which are required

4.0 FINANCIAL CASE – Complete for ALL business cases

Affordability and funding requirements

4.1 Description	4.2 Amount	4.3 Timing	4.4 Funding	4.5 Budget Notes
Project cost – indicative breakdown				
Investigation and Design	\$100,000	2015/16	CE15111	Investigation, design, specifications, drawings, procurement.
Construction	\$6,715,000	2016/17 to 2017/18	CE15111	Pipe supply and physical works.
Project / Contract management and other costs	\$841,000	2016/17 to 2017/18	CE15111	Project management, contract MSQA, property access, asset hand over, as building, capitalisation and project contingency.
Total - Capital	\$7,656,000	2015/16 – 2017/18		
Operational – Maintenance and Operations expense	\$65,000	2018/19	2100-951-M0000000	Consequential project operational and maintenance costs
Depreciation	\$525,000	2018/19 to 2024/25	Depreciation expense line in 10 Year Plan	1% of capitalised project value
Total in 2015/25 10 Year Plan	\$8,246,000	2017/18 – 2024/25		

The table below shows the breakdown of the whole of life costs of this project, and identifies those costs within the current 10 Year Plan, and those which will come of following years through to the end of the assumed asset life.

Costs within 2015-25 10 Year Plan	
Capital Project Costs	\$7,656,000
Operation and Maintenance during commissioning stage	\$65,000
Depreciation (project completion through to 2025)	\$525,000
Total costs within 2015-25 10 Year Plan	\$8,246,000
Future costs outside (after) the current 2015-25 10 Year Plan	
Operation and Maintenance Costs from 2025 to year 2117 (to end of assumed asset life at \$2,000 per year)	\$186,000
Depreciation (from 2025 – 2117)	\$6,975,000
Total future costs outside (after) the current 2015-25 10 Year Plan	\$7,161,000
Total whole of life costs	
Total whole of life costs	\$15,407,000

Indicative project costs breakdown above will be further refined as investigation and detailed design progress. At the tender stage a hold point will be implemented and a report to Council will be undertaken – Finance Committee approval will be required due to the delegated authority necessary.

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

The itemised project costs are rough order costs based on the project costs of similar works undertaken recently. Project costs will be updated as design is progressed and will be updated through appropriate reporting mechanisms.

Private developer agreements may be explored as a contractual mechanism to carry out the works. This opportunity will be explored should it arise, however it is currently considered unlikely given the already accelerated programme for delivery.

5.0 MANAGEMENT CASE – Complete for ALL business cases

Ensuring successful delivery

5.1 Stakeholder Engagement

External Stakeholders

During the investigation to date and the dialogue developed through the Rotokauri ICMP process which has been underway preceding this project, an initial list of stakeholders and directly affected landowners has been developed. Council is actively engaged with the most directly affected land owners to establish the most effective process to follow to gain the necessary access. Ongoing liaison is currently taking place with the private developer community in Rotokauri. Although most are also affected landowners they are all actively promoting the accelerated programme of works to have this project completed.

Communication with external stakeholders will be through a Communication and Consultation Plan developed in liaison with the project steering group and HCC communications team. During each phases of the project the plan will be updated to include the most appropriate communication approaches for the work being undertaken.

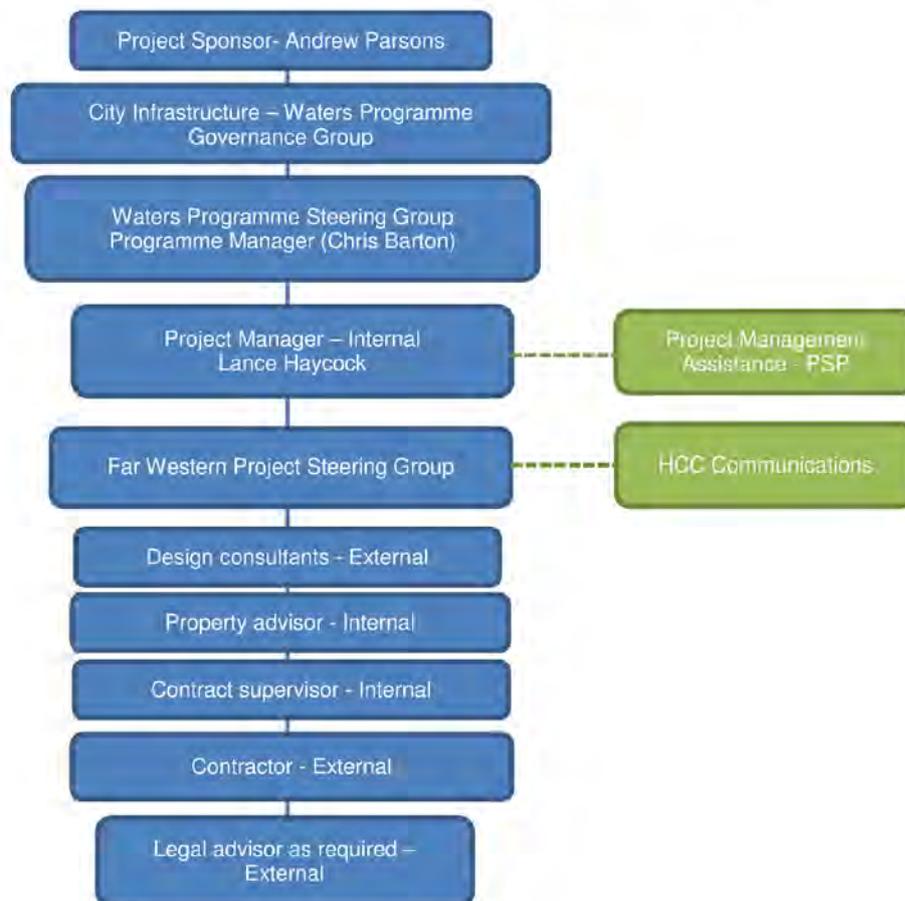
See appendix 5.1 draft stakeholder engagement plan.

5.2 Proposed Implementation Plan

This project will be delivered in keeping with Council's best practice project management principles and practice. A full project scope and project plan will be developed by the project manager.

1. Governance Structure

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



2. Reporting Arrangements

This project will use the existing City Infrastructure Project Governance Group structure. This group meets on a regular basis to monitor, discuss and make key strategic decisions on all significant City Infrastructure projects.

The project will be considered for the organisational Key Project reporting process at the appropriate stage.

3. Proposed Project Management Plan

The project management plan will include these key project milestones:

4. Project Deliverables

- Property access agreements
- Design and consenting
- Construction

5. Budget Allocation

Capital Only

- Wastewater infrastructure \$7,656,000 CE15111

6. Contract Management Arrangements

The contracts identified for this project are a combination of:

- Council and LASS PSP
- Publically advertised tenders in accordance with Council Procurement Policy
- Private developer agreements (where identified as necessary)

7. Engagement of external specialists

Specialists will be engaged via the existing Council and LASS PSP as required for components such as:

- Property advisor to assist Council property team
- Design consultants
- Physical works contractors

8. Communication Strategy

Communication with external stakeholders will be through a Communication and Consultation Plan developed in liaison with the project steering group and HCC communications team. During each phase of the project the plan will be updated to include the most appropriate communication approaches for the work being undertaken.

Communications with internal stakeholders will be via the project and programme steering groups, along with regular updates on project progress and key milestone achievements.

9. Change Management Planning Requirements

The extension of this wastewater interceptor will not lead to significant change requirements. Appropriate commissioning documentation will be handed to City Waters Asset, and Operations teams as part of the hand over process.

10. Risk Management

The Project Manager will be responsible for identifying and managing the risks associated with design and construction of the interceptor. The Programme Manager will hold a risk register of these risks and report by exception to the City Infrastructure Project Governance Group.

A risk register will be developed and this will be used to identify, monitor, and report risks for this project.

11. Contingency Planning Arrangements

Once the detailed design is completed, the timing of construction is to follow as quick as practicable to facilitate the anticipated development demand.

At the conclusion of the work, the Programme Manager will complete a project closure report. The project sponsor will be responsible for signing off the completed project.

Hamilton City Council Business Case

Appendices

4

- 1.0 Strategic Case**
 - 1.1 Wastewater Master Plan Version 1 - Trim D-1850063
- 2.0 Economic Case**
 - 2.1 n/a
- 3.0 Commercial Case**
 - 3.1 n/a
- 4.0 Financial Case**
 - 4.1 Project Cost Estimate - Trim D-1976458
- 5.0 Management Case**
 - 5.1 Draft Project Stakeholder Engagement Plan – Trim D-1976471

Committee: Finance Committee

Date: 19 November 2015

Report Name: Rubbish and Recycling Contract
and Working Group

Author: Emily Botje

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Waste Management and Minimisation Plan</i>
Financial status	<i>There is budget allocated in 2015/16 for the completion of a business case and contract documentation Amount \$100,000</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

- The purpose of this report is to establish a Waste Working Group and agree the Terms of Reference for this Group, and to formally extend the existing contracts while the business case is developed and implemented.

3. Executive Summary

- At its Finance Committee meeting of 22 October 2015, Council agreed to support in principle the extension of 3 contracts managed under a 2001 Memorandum of Understanding with Waste Management Ltd and to form a Waste Working Group comprising 2 elected members, staff and an independent expert to enable the successful development of a business case for the new services.
- Delegation is now sought to the Chief Executive to allow the contracts to be formally extended
- A Terms of Reference and timeframes for the Waste Working Group are attached to this report for approval by Committee and to enable the elected member representation to be agreed.

7. Recommendations from Management

That:

- a) the report be received;
- b) the Chief Executive be delegated authority to extend each of the following contracts with Waste Management Ltd by up to 24 Months:
 - i. Contract 0201- Kerbside Collection and Disposal
 - ii. Contract 0202- Kerbside Recycling collection and disposal
 - iii. Contract 0203- Refuse Transfer Station Operations and Lease
- c) the Terms of Reference and timeframes for the Waste Working Group attached to this report be approved; and
- d) Council appoint [*elected member*] and [*elected member*] to the Waste Working Group.

8. Attachments

9. Attachment 1 - Terms of Reference Waste Working Group

10. Key Issues

11. Contract Extensions

12. In 2001 Council called public tenders for and entered into a number of 15 year Contracts with Waste Management for the collection, disposal and operations of the kerbside collections and transfer station. These include:

- 0201 Kerbside refuse collection and disposal
- 0202 Kerbside recycling collection and disposal
- 0203 Refuse transfer station operations and lease.

13. The contracts and lease agreement are due to expire on the 30th June 2017.
14. Finance Committee at its 22 October 2015 meeting supported in principal the staff recommendation to extend the period of these 3 contracts by 18-24 months following negotiation with the incumbent contractor, Waste Management Ltd.
15. The contract extensions would allow a considered business case to be developed, improved engagement with the community and sufficient lead in time for the incoming contractor to secure the appropriate collection fleet.
16. The period of the contract extension allows the incumbent contractor to deliver the extended service on the same payment conditions. If the period is shorter than 18 months additional equipment will be required and a variation to the payment conditions will be required.
17. A delegation is required to the Chief Executive to enable the contracts to be extended.
18. Waste Working Group Terms of Reference and Timetable
19. The Terms of Reference and timetable for the Waste Working Group is attached to this report.

20. Financial and Resourcing Implications

21. Funding is available in the 2015/16 year within existing operational budgets to deliver a business case and complete the procurement process.

22. Prior to commencing any service change verification will take place to ensure that the existing funding within the 2015-25 10 Year Plan is sufficient to deliver future services with:

23. Risk

24. The business case to be developed will fully identify the project risks.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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Waste Working Group: Terms of Reference

Purpose

In 2017 the current kerbside rubbish and recycling collection suite of contracts ends. Prior to the procurement of a new contractor a business case is to be prepared to look at alternative service provisions.

The purpose of the Waste Working Group is to maintain political oversight of the development of the business case and to provide political direction.

Membership

The Group will consist of two elected members, Senior City Infrastructure Management, staff and an independent expert. Decisions will be made by consensus.

Commencement and Completion

The Group will commence immediately, and will continue to run until such time a business case has been approved.

Meetings

The Group will meet as required for the duration of the project. Meeting dates and times will be determined by the group. It is expected that the group will meet no more than fortnightly but no less than monthly.

Specific Roles and Delegations

The Waste Working Group is not a Joint Committee. Specific roles of include:

- Ensuring the business plan gives regard to the vision and objectives of the Waste Management and Minimisation Plan.
- Discussion and direction-setting for the business case, including service options to be considered as part of the business case.
- Issues to be addressed by the group and presented in the business case include (but not limited to):
 - Use of wheeled bins for recycling and rubbish
 - User pays for rubbish collection
 - Ownership of the refuse transfer station and organic centre
 - Service within the city centre, intensification areas, mixed use and gated communities
- Identification and consideration of social, environmental, economic and cultural implications of a service change.
- Ensuring that issues of public interest (which can be reasonably expected to arise in relation to a kerbside collection service change) are identified and a mutually agreed position is adopted within the business case.
- Presenting the business case to Council.
- Providing direction on issues as they arise throughout the project.

Indicative Time Line for a Service Change

Indicative Dates	Key Milestones
November 2015	<ul style="list-style-type: none"> • Establishment of a working group
November – May	<ul style="list-style-type: none"> • Business case is prepared and finalised
May 2016	<ul style="list-style-type: none"> • Presentation of the business case to Council. Business case is approved. • 10 Year Waste Education, Communication and Engagement Strategy launched with roll out of first community engagement project • Waste Working Group disbanded
May – October 2016	<ul style="list-style-type: none"> • Expressions of Interest are received from interested contractors.
October – December 2016	<ul style="list-style-type: none"> • Business case reviewed against information received through the expressions of interest process. • Business case amended if required.
February 2017	<ul style="list-style-type: none"> • Council engagement • Determination if a second Waste Working Group is required to provide political direction for the implementation of the service change. • Working group established (if required)
March – May 2017	<ul style="list-style-type: none"> • Request for Tender process initiated and advertised
June – August 2017	<ul style="list-style-type: none"> • Tender evaluation • Council approval of new contractor • New contractor appointed • Service provision operational costs included in 2018-28 10 Year Plan and confirmed through Council process
September 2017 – January 2019	<ul style="list-style-type: none"> • Contractor procures all necessary bins, plant and equipment for service change • High level of engagement between contractor and Council staff to ensure successful service commencement
January – June 2019	<ul style="list-style-type: none"> • Community engagement and education of service • Roll out of wheeled bins to all residential customers • New service commences • Date yet to be confirmed with contractors
6 to 12 months after contract commences	<ul style="list-style-type: none"> • Community engagement and education of service continues • Evaluation of service • Report to Council on progress • 2nd Waste Working group disbanded.

9. Key issues

- 10. The current Procurement Report contains information on contracts and professional services panel (PSP) instruction for services awarded by Council as well as the procurement KPI dashboard and information on professional services spend over the last two financial years.
- 11. As part of the update in procurement reporting an external facing procurement page will be available on Hamilton City Councils web site. As well as some of the information that was originally contained in this report it will also contain a link to Councils e-tenders website <https://www.tenderlink.com/hcc>. This will enable potential suppliers a clearer view of all current public tender opportunities and the process for registration for viewing and responding to these.
- 12. The web page will contain the current information from the Procurement Report on contracts awarded, PSP instructions awarded and P-Card spend. This will be updated on a monthly basis with previous months archived and available for viewing.
- 13. The web page will contain the current information from the Procurement Report on professional services spend. This will be updated on a quarterly basis with previous quarters archived and available for viewing.
- 14. The same assumptions that applied to the data on professional services spend in the Procurement Report would still apply. For the purpose of this information a professional services provider has been defined as a company or individual who provides professional advice.
- 15. The data has been pulled from our financial system and all vendors with a spend of greater than \$5,000 during the financial year have been classified as either a consultant or not a consultant and then sub categorised as Professional Services Panel, Sub Regional Growth Strategy/District Plan Review, Valuation, Legal Services, Recruitment/Temping, Financial/HR, IT or Other.
- 16. The information that will be contained on the web page includes the commonly requested items under the Local Government Official Information and Meetings Act 1987.
- 17. The final view of how the information will be presented on the web page will worked through with the Communications Unit. The web page will be available from January 2016.
- 18. The 10-year Monitoring Report will contain a section on Procurement that looks at the 10 highest value contracts or PSP instructions awarded over the last quarter as well as any major procurement processes scheduled for commencement in the next quarter. The report will contain a link to the web page where more detailed information as contained in this report can be viewed.

19. Risks and legal implications

- 20. Not Applicable

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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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 - 22 October 2015) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 19 November 2015) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 31 October 2015 & Bad Debts Writeoffs 2015/16		
C4. Southern Links Rooding Designation Property Purchase - 46 Weston Lea Drive		
C5. Variation to Contract 14416 - Development Contributions Policy Support		

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