Hamilton City Council
Te kaunihera o Kirikiriroa

Notice of Meeting:

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

Date:	**Thursday 21 April 2016**
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**

Becca Brooke
Committee Advisor

14 April 2016

Telephone: 07 838 6439
Becca.Brooke@hcc.govt.nz
www.hamilton.govt.nz

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.

Subcommittees:

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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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 6439.

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Item 5

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	Finance Committee Minutes - Open - 18 February 2016	**Author:**	Becca Brooke

Status	*Open*

Recommendation

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 18 February 2016.

1. Attachments

2. Attachment 1 - Finance Committee Minutes - Open - 18 February 2016

Finance Committee

OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 18 February 2016 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 Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr A O'Leary
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung
In Attendance	Richard Briggs – Chief Executive
	Lance Vervoort – General Manager Community
	Sean Hickey – General Manager Strategy and Communications
	David Bryant – General Manager Corporate
	Kelvyn Eglinton – General Manager City Growth
	Sean Murray – Executive Director H3 and Events
	Blair Bowcott – Executive Director Special Projects
	Tracey Musty – Financial Controller
	Stephen Halliwell – Accounting Manager
	Brett Brinkworth – Corporate Projects Accountant, Finance
	Deanne McManus-Emery – Community Development & Leisure Manager
	Andrew Parsons – Waters Manager
	Lee Cowan - Communications Manager
	Christopher Barton – Project Development Manager
	Nicholas Wells – Strategic Property Manager
	Sally Sheedy – Parks and Open Spaces Manager
	Scott Copeland – Procurement Manager
Committee Advisors	Mrs Jude Pani and Mr Ian Loiterton

1. Apologies

Resolved: (Crs Pascoe/Wilson)

That apologies be accepted for Councillors Green and Forsyth for early retirement from the Meeting (5.00pm).

Minute Note: the Chair introduced new staff to the meeting, namely David Bryant – General Manager Corporate and Tracey Musty – Financial Controller.

2. Confirmation of Agenda

Resolved: (Crs Pascoe/Mallett)

That the Committee confirm the Agenda, noting Item 13 (Asset Analysis – Waiwhakareke Land – Retention or Disposal Options) would be considered prior to Item 8 (10 Year Plan Monitoring Report) to accommodate Members of the Public attending in relation to Item 13.

3. Declarations of Interest

Cr Chesterman declared a conflict of interest in relation to Item 15 (Legal Services Contract) and stated that he would retire from the Meeting during that Item.

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.

The following Members of the Public spoke during the Public Forum:

Name	Organisation (if Applicable)	Item speaking to.	Position
Kemble Pudney	Tui 2000	Proposed Waiwhakareke Land Sale	Opposed
Anna Casey-Cox	Waikato Environment Centre	Proposed Waiwhakareke Land Sale	Opposed
Prof. Bruce Clarkson	University of Waikato	Proposed Waiwhakareke Land Sale	Opposed
Aaron Wong	Generation Zero	Proposed Waiwhakareke Land Sale	Opposed
Alvina Edwards	n/a	Proposed Waiwhakareke Land Sale	Opposed
Martin Toop	n/a	Proposed Waiwhakareke Land Sale	Opposed
Miles Barker	n/a	Proposed Waiwhakareke Land Sale	Opposed

5. Finance Committee Meeting - Open Minutes - 19 November 2015

Resolved: (Crs Pascoe/Tooman)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 19 November 2015.

6. Finance Committee - Open Action List - 18 February 2016

The Chair spoke to the staff Report and provided a verbal update that the *Hamilton Ring Road Quarterly Project Update* was to be considered at a 15 March 2016 Council Briefing, prior to being reported back to the Strategy and Policy Committee Meeting on 24 March 2016. The Action List would be updated accordingly.

The General Manager (GM) Community responded to questions in relation to a Report due back to the Finance Committee regarding Water World and the Gym. GM Community stated that staff were collating additional information on commercial Gyms to be included in the Report to ensure it be as robust as possible. The Report would be considered at the 19 April 2016 Finance Committee Meeting.

GM City Infrastructure responded to questions in relation the Business Case for a new structure to extract water from the Waikato River. GM City Infrastructure stated that there was no precedent for the project and that design elements had to be revised throughout the project; a contingency plan was in place and this would be implemented in the next couple of months.

Action: GM City Infrastructure to provide a project update in relation to the Business Case for New Structure to Extract Water from the Waikato River to the next Finance Committee Meeting on 21 April 2016.

Resolved: (Crs Pascoe/Mallett)

That the Report be received.

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

Resolved: (Crs Forsyth/Mallett)

That the Report be received.

Item 13 (Asset Analysis – Waiwhakareke Land – Retention or Disposal Options) was considered prior to Item 8 (10 Year Plan Monitoring Report) to accommodate Members of the Public attending the Meeting in relation to Item 13.

13. Asset Analysis - Waiwhakareke Land - Retention or Disposal Options - *Recommendation to Council*

The Strategic Property Manager, supported by the GM Community, Parks and Open Spaces Manager and Executive Director Special Projects responded to questions from Committee Members concerning:

- Parks and Open Spaces view that the addition of the Smart Subdivision to the Waiwhakareke Reserve would add additional benefits in terms of extra open space and water catchment management,
- Development contributions having not been made to the Smart Subdivision to date, as no work had been conducted, and
- The number of lots in the Smart Subdivision would be approximately 52 – 63, with between 52- 63 houses in total to be built.

Motion: (Cr Pascoe/Her Worship the Mayor Hardaker)

That:

a) The report be received; and

b) Council retain as residential land the Waiwhakareke land as described in the schedule.

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

Amendment: (Crs Gallagher/Chesterman)

As per the Council Resolution on 26 September 2013, that:

a) the report be received, and

b) Council declares the Smart Sub-division Land (Lot 2 DP 425316) to be reserved and included within the Waiwhakareke Natural Heritage Park (Lot 1 DP 425316).

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

The Amendment was then Put.

For:	**Against:**
Crs Wilson, Green, Macpherson, O'Leary, Gallagher, Yeung and Chesterman.	Her Worship the Mayor Hardaker and Crs Forsyth, Pascoe, King, Mallett and Tooman.

The Amendment was declared carried.

Further Amendment : (Crs Mallett/King)

That:

a) the report be received;

b) Council sells the Waiwhakareke Land described in the Schedule,

c) the net proceeds from the sale of the Waiwhakareke Land be used to repay debt, and

d) Council authorises the Chief Executive Officer to:

(1) conclude the sale of the land at a price of no less than 90% of the estimated current market value,

(2) execute an Agreement for Sale and Purchase, and

(3) any other instruments that are required to give effect to this resolution.

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

The Further Amendment was then Put.

For:	**Against:**
Crs King, Mallett and Forsyth.	Her Worship the Mayor Hardaker and Crs Wilson, Green, MacPherson, O'Leary, Gallagher, Yeung, Chesterman, Pascoe, and Tooman.

The Further Amendment was declared Lost.

The Amendment as the Substantive Motion was then Put and declared carried.

Resolved: (Crs Gallagher/Chesterman)

As per the Council resolution on 26 September 2013, that:

a) the report be received; and

b) Council declares the Smart Sub-division Land (Lot 2 DP 425316) to be reserved and included within the Waiwhakareke Natural Heritage Park (Lot 1 DP 425316).

SCHEDULE

An estate in fee simple comprising all that land contained in Certificate of Title 499858 South Auckland Land Registry legally described as Lot 2 Deposited Plan 425316 comprising 5.1385 hectares more or less and physically located between Baverstock and Rotokauri Roads overlooking Lake Waiwhakareke.

For:	**Against:**
Her Worship the Mayor and Crs Wilson, Green, MacPherson, O'Leary, Gallagher, Yeung, Chesterman, Forsyth, Pascoe, and Tooman .	Crs King and Mallett.

The Meeting adjourned (3.15pm – 3.35pm).

8. 10-Year Plan Monitoring Report - YTD December 2015

The GM Corporate, Financial Controller and Chief Executive summarised the staff Report and responded to questions from the Committee Members concerning the new Development Contributions software. It was noted that the project included objectives to ensure better management and forecasting of Development Contributions.

The GM City Infrastructure spoke to the Capital Programmes on pages 51 and 55 of the Agenda. It was noted that there were a range of issues that had contributed to project delays including:

- **Third Party Delays:** a total of 10 projects were delayed due to third party issues,
- **Rototuna Reseviour**: approval was sought for the last contract, which would place the project back on schedule. There was a question as to whether all project funds would be expended in the current financial year,
- **Integrated Catchment Management Plans**: there was a risk that not all the project's funds would be expended in the current financial year, and
- **Ring Road**: while there were potential delays to the project, there were no financial implications due to advance funding arrangements with New Zealand Transport Authority (NZTA). Any delays would only be a risk in terms of community expectations.

The Director H3 and Events confirmed the Victoria on the River project works were planned to commence in August/September 2016 and that it would be funded from debt as per a previous Resolution of Council.

Action: Future 10 Year Monitoring Reports were to include unexpended funds with an explanation of project delays; for example, for third party reasons.

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

That:

a) The report be received; and

b) the Chief Executive is delegated to approve the extension of Contract 13087 Committed Bank Facility by two years to a maturity date of 10 December 2019.

Crs King and Macpherson Dissenting.

9. Claudelands Event Centre Reporting - Quarter 2

The Director H3 and Events spoke to the staff Report and responded to questions including:

- **Visitor numbers**: Given the Events Centre started from a zero base, visitor numbers were reasonable, but management were working to increase Events Centre usage.
- **Centre reputation**: A number of successful events, including those involving international promoters, had helped to raise the profile of the Events Centre. It was hoped this would help to increase revenue in the future.
- **Revenue**: The conversion of the number of enquiries received to actual bookings was going well. A plan was in place to increase revenue, considerations of which included:
    - The business mix of higher revenue generating events, as compared to events that had larger visitor numbers which may not necessarily result in a high revenue return,
    - Operational costs were being reduced to offset revenue shortfalls, noting that last year's budget was being matched, but that the current year's growth targets were not on budget.
    - Impediments to increasing revenue included the limitations on overnight accommodation options within the city, noting that business generated from the Events Centre alone would not be sufficient to support growth in the accommodation industry.

Resolved: (Crs Pascoe/Tooman)

That the Report be received.

10. Key Projects Monitoring Report - December 2015

Resolved: (Crs Pascoe/Wilson)

That the Report be received.

11. Victoria on the River (VOTR) - Stage One Works

The Strategic Property Manager spoke to the staff Report and responded to questions concerning:

- **Warning Signs:** It was confirmed that warning signs for the River walkway under VOTR were in place as previously requested at a Meeting of the Finance Committee.
- **Work schedule:** It was planned that site works would commence in April 2016 for completion by approximately mid-May 2016.

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

That:

a) the report be received; and

b) the Committee delegates authority to the Chief Executive Officer to approve and award the contract for the Victoria on the River (VOTR) – Stage One (Bulk Earthworks) for an amount not to exceed $1,650,000 (plus GST if any).

Cr MacPherson Dissenting.

Cr Forsyth (4.50pm) and Cr Green (4.55pm) retired from the Meeting during Item 11 and were not present when the above matter was voted on.

12. Western Rail Trail Physical Works Contract

The GM City Infrastructure spoke to the staff Report, highlighting that the works were on target to be completed in the current financial year.

Resolved: (Crs Tooman/Wilson)

That:

a) the report be received; and

b) Financial delegation be given to the CEO for the award of the physical works Contract 15364: Western Rail Trail Bike Path - Civil Works up to a maximum of $2,000,000 excluding GST.

Cr Mallett Dissenting.

14. Contract 15202 - Rototuna Reservoir Award

The GM City Infrastructure, Project Development Manager and City Waters Manager spoke to the staff Report, noting that the purpose of the Report was to help safeguard water supply, and that other measures were currently in place until the infrastructure was operational in 2017.

Resolved: (Crs Pascoe/Wilson)

That:

a) the Report be received;

b) Contract 15202 for Rototuna Reservoir Build is awarded to Hawkins Group Ltd. in the contract sum of $10,459,261.68 excluding GST;

c) the Approved Contract Sum for Contract 15202 is set at $11,800,000 excluding GST comprising the tender amount of $10,459,261.68 plus a contingency allowance of $1,340,738.32; and

d) the budget for project CE151140 Rototuna Reservoir and Associated Bulkmains be increased by $2,500,000 and included in the 2016/17 Annual Plan.

Cr Chesterman (5.20pm) retired from the Meeting due to a previously declared Conflict of Interest in relation to Item 15 – Legal Services Contract.

15. Legal Services Contract

The Chief Executive and Procurement Manager spoke to the staff Report, and responded to questions, with input from the Executive Director Special Projects, concerning:

- **Market testing:** The last time Council's legal services contract went out to the open market via a tender process, was in approximately 2006.
- **Exclusivity of current provider:** The incumbent provider of legal services, Tompkins Wake, had an exclusive contract in place with Council; Council had, with Tompkins Wake consent, used specialist legal firms as required.
- **Value add:** Examples of benefits from the current provider included their ability to train/provide knowledge to new members of the Senior Leadership Team, the provision of legal advice as a trusted partner, and priority access to legal services at short notice.

Motion: **(**Crs King/Macpherson)

That Council:

a) go to the market for a primary but not exclusive provider and allow the Chief Executive, within his delegations, to contract Legal Services as needed;

b) recommend to the Council that the Chief Executive's delegation for Legal Services increased to $250,000.00 without going to public tender; and

c) Chief Executive to resource an appropriate department, with in house capacity for the provision of legal co-ordination, guidance and direction within the existing budget.

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

That:

a) the report be received;

b) Council looks to appoint an exclusive provider of legal services; and

c) Council looks to undertake a public Request for Proposal process to appoint the exclusive supplier.

The Amendment was then Put.

For:	Against:
Crs Pascoe, Tooman and Yeung.	Crs Wilson, MacPherson, Gallagher, Mallett and King.

The Amendment was declared lost.

A suggested rewording (as below) of the Motion was agreed to by Councillors King and Macpherson as the mover and seconder of the Motion.

The Motion was then Put.

Resolved: (Crs King/MacPherson)

That Council:

a) proceed with a public tender for a primary, but not exclusive, legal services provider;

b) authorise the Chief Executive, within his current delegations, to execute any necessary contracts for the provision of legal services;

c) recommend to the Council to increase the Chief Executive's financial delegation for Legal Services by an additional $250,000.00 without going to public tender; and

d) require the Chief Executive to resource an appropriate department, to provide an in-house service for legal co-ordination, guidance and direction within the existing budget.

Councillors Yeung and Tooman Dissenting.

Her Worship the Mayor Hardaker (6.05pm) retired from the Meeting during the debate on the above Item. She was not present when the matter was voted on.

Councillor Chesterman (6.25pm) re-joined the Meeting after the above matter was concluded. He was not present when the matter was voted on.

16. Southern Links Investigation - Designation Phases Project Completion Report

The GM City Infrastructure took the report as read and highlighted that the designation discussed in the Report did not preclude future installation of rail options.

Action: GM City Infrastructure to provide an update to Elected Members, via email, regarding the objective of including rail in the Southern Links project, inclusive of an overview of correspondence with New Zealand Rail to date.

Resolved: (Crs Tooman/King)

That:

a) the report be received; and

b) no further key project Reporting was required.

17. Easement - Vector Limited

The Strategic Property Manager took the staff Report as read and clarified that Vector Limited had not obtained permission prior to conducting the works and that they had received a reprimand for not doing so.

Resolved: (Crs Wilson/King)

That:

a) the report be received;

b) Vector Limited is granted an easement for gas supply, covering an area of approximately $60m^2$, over Lot 63 DPS 87863 and Lot 701 DP 468283 subject to the Minister of Conservation approval being obtained;

c) Vector Limited being responsible for all costs associated with the easement; and

d) the Chief Executive is delegated authority to sign all documentation relating to the easement.

18. Waikato Regional Services Fund

The Chief Executive and Manager Social Development took the staff Report as read and clarified that regional rates would be the mechanism by which the regional services would be funded. There was no provision for funding Surf Life Saving in the Hamilton City Council Annual Plan.

Resolved: (Crs Chesterman/Macpherson)

That:

a) the report be received;

b) Council supports Waikato Regional Council's proposal to establish the Waikato Regional Services Fund, subject to governance arrangements being in place to the satisfaction of HCC; and

c) the organisations that will be receiving funding support through the Regional Services will not be funded by HCC for the same purposes.

19. Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

Resolved: (Crs Chesterman/Yeung)

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee - Public Excluded Minutes - 19 November 2015 C2. Finance Committee Action List - Public Excluded - 18 February 2016 C3. Report on overdue debtors as at 31 December 2015 & Bad Debts Writeoffs 2015/16 C4. Development Contributions Report C5. Garden Place Carpark	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

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 commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)

The Meeting was adjourned (6.50pm - 7.00pm) and moved into Public Excluded session at 7.00pm.

The Meeting was declared closed at 7.30pm.

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Finance Committee **Date:** 21 April 2016

Report Name: Finance Committee Action List - Open - 21 April 2016 **Author:** Becca Brooke

Status	*Open*

Recommendation

That the Report be received.

1. Attachments

2. Attachment 1 - Finance Committee Action List - Open - 21 April 2016

Updated: 14/04/16 13:55

FINANCE

Action List - 2015/16 **OPEN**

Ref.	GM Responsible	Action	DUE DATE for reporting back	Status (relative to due by date)	Notes
39	GM City Infrastructure	**Business Case for New Structure to Extract Water from the Waikato River:** Upon completion of the project a Completion Report will be provided to the Finance Committee. GM City Infrastructure to provide a project update in relation to the Business Case for New Structure to Extract Water from the Waikato River to the next Finance Committee Meeting on 21 April 2016.	01/11/2015 21/4/2016	**In progress**	This project has experienced a number of issues due to Waikato River water levels, scheduling of plant shutdowns, building consent issues and design complications. Whilst each issue is not significant, combined they have led to the project being delivered approximately 6 months behind schedule. The anticipated completion date is now April 2016. A completion report to the finance committee is now expected to be delivered in May/June 2016. GM City Infrastructure to provide a project update to the next Finance Committee meeting on 21 April 2016, as per action from Finance Committee meeting on 18 February 2016.. The new structure was successfully lifted into the river in March 2016 and the project is on track for completion this financial year. A full completion report will be provided to the July or August 2016 Finance Committee meeting once all the project financials have been finalised.
59	GM Community	**Waterworld Operations:** 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	**Overdue**	Due to changing trends further analysis is being undertaken in conjunction with PWC. An updated report will be available for the 21 April 2016 Finance Committee Meeting
81	GM City Infrastructure	**Ruakura** – Staff to report back to the next Meeting of the Finance Committee (21 April 2016) providing information on number of sections to which Council services have been provided that are yet to come on to the market for sale.	21-Apr-16	**In progress**	Approximately 1250 residential lots in the northern Ruakura area could proceed with the strategic servicing that Council has provided to the development area to date. This includes about 1200 lots of the Chedworth Property Ltd land holdings and 50 lots in the Cosby/Carrs land block. Individual developments still need to provide local infrastructure connections as normal. In order however for the infrastructure to be integrated and sustainable and capable of servicing the broader Ruakura area, council needs to fund upsize infrastructure as per the Report to Council Annual plan meeting of 24 February 2016
82	GM Community	**Arts Post and Waikato Museum -** That staff present a report at the Finance Committee in May 2016 on the process and commission structure for the sale of art at Arts Post. Minute Note: The above was discussed in the context of the appropriateness of Council engaging in the sale of art in reference to the Local Government Act 2002.	19-May-16	**In progress**	Report due back in May 2016

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Updated: 14/04/16 13:55

Ref.	GM Responsible	Action	DUE DATE for reporting back	Status (relative to due by date)	Notes
83	GM Corporate	**Swaps/Interest Rates** – when do they come up for renewal? Information not available. Report to be presented to the Finance Committee meeting to provide clarity around interest rates, the range of periods/rates, expiry dates on the swaps and what we are doing to address the current drop in interest rates.	19-May-16	**In progress**	Stuart Henderson will be providing a presentation around this matter to Elected Members at the 17 May Council Briefing.
85	GM City Infrastructure	**Southern Links Project** - GM City Infrastructure to provide an update to Elected Members, via email, regarding the objective of including rail in the Southern Links project, inclusive of an overview of correspondence with New Zealand Rail to date.	21-Apr-16	**Completed**	Update e-mail sent to Councillors as requested on 3 April 2016.
86	CE	Legal Services - recommendation to Council	21/04/16	**Completed**	Finance Committee recommendation to Council resulted in the following resolution at Council meeting on 25 February 2016: That the Chief Executive's delegation for legal services be increased to $250,000.00 without going to public tender. Please note that this is in addition to the following Finance Committee resolutions, that did not require recommendations to Council: That Council: a) go to the market for a primary but not exclusive provider and allow the Chief Executive, within his delegations, to contract Legal Services as needed; and c) Chief Executive to resource an appropriate department, with in house capacity for the provision of legal co-ordination, guidance and direction within the existing budget.

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Item 7

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	Recommended dates for reports to be presented to Finance Committee	**Author:**	Jessica Ashworth

Recommendation

That the Report be received.

1. Attachments

2. Attachment 1 - Timing of 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	David Bryant, General Manager Corporate

Reports to Finance Committee	Frequency/Timing 2016						
	February	**April**	**May**	**July**	**August**	**Post-Election**	**Comments**
Standard Monitoring Reports							
Minutes & Action Lists	x	x	x	x	x	x	Both open and PX
List of standard monitoring reports	x	x	x	x	x	x	
Key Projects Status Report	**Q2 15/16 (Dec15)**	**Q3 15/16 (Mar16)**	**Apr-16**	**May-16**	**YE 15/16 (Jun16)**	**Q1 16/17 (Sep16)**	Includes IS programme of work update
Quarterly/Six Monthly Reports (Internal)							
10-Year Plan Monitoring Report - Quarterly	**Q2 15/16 (Dec15)**	**Q3 15/16 (Mar16)**			**YE 15/16 (Jun16)**	**Q1 16/17 (Sep16)**	Includes R&O, Proc & other qtly content
10 Year Plan Monitoring Report - Summary			**Apr-16**	**May-16**		**Oct-16**	Excludes R&O and other quarterly content
Weathertight Buildings Update (Six monthly) - financial summary		**Q3 15/16 (Mar16)**				**Q1 16/17 (Sep16)**	Audit & Risk consider risk elements
Claudelands (quarterly update)	**Q2 15/16 (Dec15)**	**Q3 15/16 (Mar16)**			**YE 15/16 (Jun16)**	**Q1 16/17 (Sep16)**	Inlcudes financial, non-financial and forward bookings
Confidential Reports							
Overdue Debtors/Bad Debt Writeoffs	x	x	x	x	x	x	
Development Contributions Remissions (aligned with Q-reporting)	x	x			x	x	
OFFLINE							
Claudelands summary financials							Analysis in Group of Activities reports
Procurement information							to 'probity' portion of HCC website

Post election meetings are likely in October and November

As At 09/02/16 D-41462

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	10-Year Plan Montioring Report - YTD March 2016	**Author:**	Tracey Musty

1.1.1 Report Status	*Open*
Strategy, Policy or Plan context	*2015-25 10 Year Plan* *2015-16 Annual Plan*
Financial status	*Not Applicable*
Assessment of significance	*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*

1. Purpose of the Report

2. To provide Council with an update for the nine months ended 31 March 2016 on Council's performance in delivering the 2015-16 Annual Plan (as documented in the 2015-25 10-year Plan).

<u>Numbers in Brackets [xx] in Commentary</u>
Where a number is followed by a number in brackets, the number in brackets is the comparative result from the 31 December 2015, the last reported financial results to the Finance Committee. For example: The financial performance in paragraph 5 for March 2016 is $19.8m and the bracketed figure represents the December 2015 position [$24.6].

3. Executive Summary

4. 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 the financial strategy limits.

5. Council's financial performance is a Year to date surplus of $19.8m [$24.6m] which is $14.8m [$20.2m] better than budget.

6. As reported previously the majority of the surplus is due to vested assets and development contributions, both of which are growth related. This level of activity was not predicted in the budget.

7. Building consents lodged are up 16% [19%] on previous years by volume and 25% [31%] by value. LIMs are up 19% [32%] on previous years by volume and 23% [36%] by value. These are indicators of the exceptional growth activity.

8. The group of activities expenditure show favourable variances to budget. A breakdown of the major contributors to this variance is shown in the table in paragraph 27.

9. The capital expenditure statement is reporting a favourable variance to budget of $21.5m [$10.5m]. Management has identified 29 [14] projects that are unlikely to be completed this financial year. These projects have an estimated value of $16.7m [$12.3m] and will require deferral into the 2016-17 financial year. The remainder of the programme is expected to be completed by June 2016 within budget.

10. Recommendations from Management

That the Report be received.

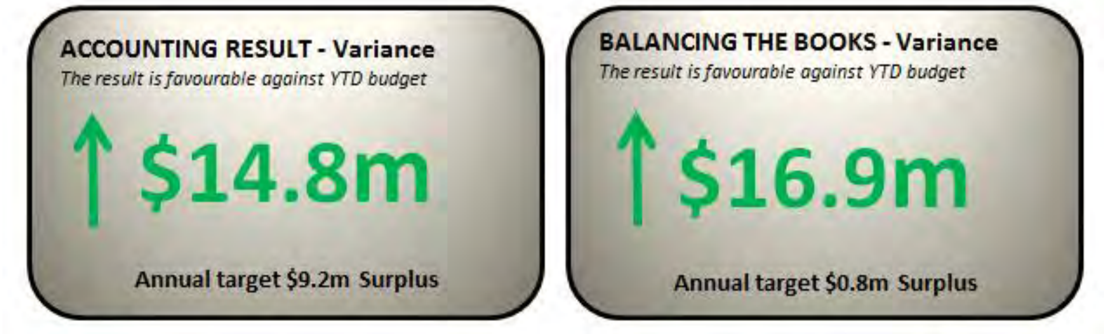
11. Attachments

12. Attachment 1 - Financial Statements
13. Attachment 2 - Group of Activities
14. Attachment 3 - Capital Expenditure
15. Attachment 4 - Growth Information
16. Attachment 5 - Risks and Opportunities
17. Attachment 6 - Treasury Report
18. Attachment 7 - Top 10 Contract Awards

19. The structure of this report includes the following sections:
    a) Summary of operational results
    b) Summary of capital expenditure
    c) Summary of risks and opportunities
    d) Summary of debt and treasury management
    e) Summary of procurement Top 10 contracts
    f) Summary of service performance measures

20. Attachments to this report provide more detailed analysis and explanation of the results.

21. Summary of Operational Results



22. The accounting result for the nine months ended 31 March 2016 is a surplus of $19.8m [$24.6m], which is $14.8m [$20.2m] favourable against the target YTD surplus. The annual surplus is budgeted at $9.2m.

23. The balancing the books result is more conservative than the accounting result as it excludes non-cash items such as gains or losses from the valuation of financial instruments, vested assets and capital subsidies on the Ring Road. For the nine months ended 31 March 2016 the balancing the books result is a surplus of $15.6m [$11.7m], which is $16.9m [$11.6m] favourable against the target year end surplus of $0.8m.

24. The sale of the Pensioner Housing units was effective 7 March 2016. The impact on the operating result was an accounting loss on sale of $4.4m. The sale proceeds along with the closure of the cash backed Housing Upgrade Reserve have impacted favourably on the overall debt position, refer table in paragraph 45.

25. The *Financial Statements* (attachment 1) show the accounting result, balancing the books reconciliation and the balance sheet. Variances greater than $250k by class of revenue and expenditure are explained in this attachment.

26. *Group of Activities Financial Reports* (attachment 2) explain variances greater than $100k.

27. The major contributors to the favourable variance to budget are:

		March 2016 variance	December 2015 variance
Vested assets*	Due to higher levels of subdivisional development than the budget estimated. Vested assets will result in an increase in depreciation costs in future periods and additional maintenance costs in future years.	$19.4m	$10.9m
Development contributions	Payments from developers under the development contributions policy to contribute funding to growth related capital projects.	$11.3m	$5.9m
Planning and Development Revenue	Revenue continues to increase due to higher than expected building consents and LIMs.	$1.7m	$1.4m
Rates (including metered water)	Additional revenue from penalties along with the level of remissions being lower than was budgeted.	$1.3m	$1.1m
Other Revenue	Subsides and Grants and sundry revenue from Activities and Capital contributions	($1.6)m	($0.5)m
Group of Activities Personnel Costs	The personnel cost variance has been reviewed. Two key drivers are in the level of vacancies in the Organisation and the impact from the CE Restructure.	$2.7m	$1.7m
Group of Activities Finance Costs	Finance costs (interest charges) are favourable and this is a direct reflection on the lower level of overall debt Council has. This is being forecast to be $1.5m favourable by the 30 June 2016.	$1.1m	$0.5m
Group of Activities Depreciation	As reported Council has re-valued its 3 Water Assets this year. Due to higher values, depreciation has increased. This has been reflected in both the Risks and Opportunities and the 2016/17 Budget.	($0.4)m	$0.8m
Group of Activities Other Expenditure	Across all other activities expenditure is behind budget as activity builds up. Explanations of variances are explained in the *Group of Activities Financial Report.*	$1.4m	$0.6m
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.	($15.6)m	($2.0)m
Loss of Asset Sales*	Due to the sale of the Pensioner Housing the Beggs Wiseman building and other assets.	($6.6)m	($0.2)m
Total variance		**$14.8m**	**$20.2m**

- **Eliminated from the balancing the books measure**

28. Summary of Capital Expenditure

29. The capital expenditure programme is comprised of the 2015/16 Annual Plan budgeted programme of $65.6m and deferred projects from 2014/15 of $18.1m. This gives a total programme of $83.7m.

30. The *Capital Expenditure Report* (attachment 3) provides a list of all 128 projects, variances to budget and the projects status.

31. For the nine months ended 31 March 2016, the amount of spent on capital expenditure is $35.9m [$22.1m]. This is $21.5m [$10.5m] behind the year to date budget and represents 42.9% [26.4%] of the total capital expenditure programme.

32. As at the 31 March 2016 29 projects have been identified as not being complete by the end of the financial year. The value of these projects total $16.7m.

33. The following tables show the deferrals by number followed by value:

	3rd Party	Contractual	Other External	HCC Control	**Total**
Rototuna	4	2			**6**
Rotokauri	2	1			**3**
Peacockes	2				**2**
Ruakura	1				**1**
City Wide		5	3	4	**12**
Corporate				5	**5**
Total	**9**	**8**	**3**	**9**	**29**

(000's)	3rd Party	Contractual	Other External	HCC Control	**Total**
Rototuna	3,288	1,237			**4,525**
Rotokauri	900	200			**1,100**
Peacockes	1,392				**1,392**
Ruakura	383				**383**
City Wide*		8,132	1,289	(528)	**8,893**
Corporate				440	**440**
Total	**5,963**	**9,569**	**1,289**	**(88)**	**16,733**

*HCC Control includes a reverse deferral of (877k) due to the Hamilton Gardens development being ahead of schedule.

34. Summary of Risks and Opportunities

35. The *Risks and Opportunities Schedule* (attachment 5) is used to forecast the 30 June 2016 year-end results for Council. It records budget adjustments that have the potential to impact on the year end forecast.

36. The shaded items are the new items added since the December report to the Finance Committee. These are:

- Pensioner Housing debt repayment to Housing NZ
- Indoor Recreation Grant
- Founders Theatre Safety Audit
- Losses on Other Asset Sales
- Unrealised loss on interest rate swaps

37. As at 31 March 2016 the year end accounting result is forecast to be a surplus of $14.3m, this would be a $5.0m improvement over the Annual Plan target of $9.2m. The major favourable drivers are revenue from vested assets, development contributions and interest costs, which are being offset by losses on SWAPS and asset sales.

38. The balancing the books year end forecast is a surplus of $8.6m, this would be an improvement of $7.8m over the Annual Plan target of $0.8m.

39. As at 31 March 2016 the year end capital expenditure is forecast to change by $5.1m. The major drivers are:

- $3.0m for the Western Rail Trail cycleway project, this project is fully funded from the Urban Cycleway Fund.
- $1.5m for design and earthworks on the Victoria on the River site (Council approved December 2015)
- $350k for the purchase of a new development contributions modelling tool.

40. As there are a number of approved and proposed changes to the Capital Expenditure budget the following table summaries these to forecast the capital expenditure budget for the 30 June 2016.

Approved Budget as per LTP	$65.6m
Approved Deferrals from 2014-15	$18.1m
Revised Capital Budget for 2015-16 (Para 29)	$83.7m
Plus Risk and Opportunities (Para 39)	$5.1m
Less Proposed Deferrals (Para 32)	($16.7)m
Forecast Capital Budget for June 2016	$72.1m

41. Summary of Debt and Treasury Management

TOTAL OVERALL DEBT- Variance
The result is favourable against Annual target.
$64.8m
Annual debt target for 30/6/16 $406.8m

DEBT TO REVENUE RATIO
The result is favourable against Annual target
170%
Annual target for 30/6/16 205%

42. Total Overall Debt

43. Total Overall Debt is currently $342.0m [$353.4m], which is $64.8m [$53.4m] less than the year end budget target of $406.8m.

44. The favourable position is the difference between the actual as at March 2016 and the year end target.

45. A forecast assessment of overall debt predicts that by the 30 June 2016 the variance is projected to be $59.0m less than the amount from the 10 Year Plan. This is made up of two categories permanent at $22.0m and timing at $37m. The following table details the forecast position:

Overall Debt Position	
LTP Closing balance as at 30 June 2016	**$407m**
Less Permanent	
Favourable opening position from 30 June 2015	$14m
Closed Cash backed Reserve - Housing Upgrade	$4m
Proceeds from asset sales	$4m
	$385m
Less Timing	
Proposed Deferrals from Capital Programme	$17m
Value of Accruals at 30 June (Non Cash)	$9m
Favourable closing position at 30 June 2016	$11m
Forecast closing balance as at 30 June 2016	**$348m**

46. The permanent reduction in debt has been included in the 2016-17 Annual Plan work programme.

47. Treasury Management

48. The Council is compliant with the Borrowing Management Policy measures. Refer attachment 6 for the *Treasury Report.*

49. Summary of Procurement Top 10 Contracts

50. *The 10 Highest Value Contracts Report* (attachment 7) contains the 10 highest value contacts and professional services panel instructions awarded over the last quarter – 1 January 2016 to 31 March 2016.

51. **Summary of Service Performance Measures**

52. Performance results for the 3rd quarter will be presented at the next committee meeting.

Signatory

Authoriser	Tracey Musty, Financial Controller

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE EIGHT MONTHS ENDED 31 MARCH 2016

	Notes	Year to Date Actual	Year to Date Budget	Year to Date Variance favourable/	Annual Budget	Prior YTD Mar 2015
		$000	$000	$000	$000	$000
Revenue						
Rates excluding water rates	1	104,187	103,383	804	138,472	99,583
Water rates	2	6,258	5,777	481	7,772	5,628
Revenue from activities	3	32,113	31,417	696	41,744	33,129
Subsidies and grants	4	6,698	7,643	(945)	9,257	8,041
Development and financial contributions	5	17,063	5,727	11,336	9,500	10,099
Other revenue	6	29,777	9,997	19,780	13,381	16,605
Total revenue		**196,096**	**163,944**	**32,152**	**220,126**	**173,085**
Expenses						
Personnel costs	7	47,242	49,946	2,704	66,546	48,982
Depreciation and amortisation	8	44,085	43,702	(383)	58,269	41,930
Finance costs	9	15,868	16,985	1,117	22,647	17,566
Other expenses		46,851	48,290	1,439	63,432	46,159
Total expenses		**154,046**	**158,923**	**4,877**	**210,894**	**154,637**
Operating surplus/(deficit)		**42,050**	**5,021**	**37,029**	**9,232**	**18,448**
Gains		28	0	28	0	2173
Losses	10	(22,234)	0	(22,234)	0	(14,844)
Surplus/(deficit)		**19,844**	**5,021**	**14,823**	**9,232**	**5,777**

BALANCING THE BOOKS MEASURE

FOR THE EIGHT MONTHS ENDED 31 MARCH 2016

	Actual	Budget	Variance	Annual Budget	Prior YTD Mar 2015
Surplus/(deficit)	19,844	5,021	14,823	9,232	5,777
Adjustments for balancing the books measure					
Gains	28	0	28	0	2173
Losses	(22,234)	0	(22,234)	0	(14,844)
Vested assets	25,792	6,361	19,431	8,481	13,041
Ring Road subsidy	657	0	657	0	741
Total adjustments	**4,243**	**6,361**	**(2,118)**	**8,481**	**1,111**
Balancing the books surplus/(deficit)	**15,601**	**(1,340)**	**16,941**	**751**	**4,666**

Notes to the Statement of comprehensive revenue and expense

Note 1: Rates excluding water rates

The major drivers of the $804k favourable [$707k] variance are:
- Increase in penalties income $330k [$285k]. 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 $217k [$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 $147k [$138k]. Mainly a timing difference.

Note 2: Water Rates

$481k favourable [$424k], this is due to timing of the billing cycles. Council has 40 billing areas which are invoiced every 6 months and high volume users who are invoiced monthly. The annual budget is expected to be achieved.

Note 3: Revenue from activities

Favourable variance of $696k [$973k] 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 4: Subsidies and Grants

The variance of $945k is unfavourable [$755k] due to both the operating and capital programmes being behind the budgeted position. Note that these unfavourable variances are a direct result of the favourable expenditure in Transportation for both operating and capital.

Note 5: Development & financial contributions

The favourable variance of $11.3m [$5.9m] is due to higher than expected contributions - see attachment 4.

Note 6: Other revenue

The variance is $19.8m favourable [$11.6m]. This is due to higher than expected vested assets - see attachment 4.

Note 7: Personnel costs

$2.7m favourable [$1.7m]. Following table is the variance by organisational group

Chief Executive	$(88)k
City Growth	$731k
City Infrastructure	$1,073k
Community	$194k
Corporate	$770k
H3 and Events	$100k
Strategy and Communication	$(74)k
	$2,704k

A review of remuneration budgets has been undertaken, the review compared the approved budget against approved positions from the Human resources system.

Note 8: Depreciation and amortisation

$383k unfavourable [$810k favourable]. Due to the impact from the 3 water revaluation.

Note 9: Finance Costs

The variance of $1.1m favourable [$515k] is due to lower borrowings as a result of the lower starting debt position, the capital programme being behind schedule and the operating result being in a favourable position. The year end is forecast to be favourable $1.5m

Note 10: Losses

$22.2m unfavourable [$2.2m unfavourable]. These losses are non cash and are eliminated from the balancing the books. The variance has two drivers: the unrealised loss on the revaluation of interest rate
The variance has two drivers:
- the unrealised loss on the revaluation of interest rate swaps $15.6m, due to total value of Council debt movement in interest rates can have a significant impact on the swaps.
- losses associated with the sale or disposal of assets, These losses total $6.5m and this included the Pensioner Housing assets with a loss of $4.4m and the Beggs Wiseman building with a loss of $601k.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	Council Actual	Council Annual Budget	Council Actual Mar 2015
		$000	$000	$000
Assets				
Current assets				
Cash and cash equivalents	1	9,371	45,000	71,948
Receivables	2	10,270	17,101	13,048
Prepayments		1,532	1,663	1,416
Inventory		109	237	294
Other financial assets	1	44,010	-	580
Non-current assets held for sale		-	-	-
Total current assets		**65,292**	**64,001**	**87,286**
Non-current assets				
Property, plant and equipment	3	3,382,788	3,294,067	3,200,940
Intangible assets		18,069	19,184	13,912
Investment property		22,332	24,308	24,308
Investment in associates		7,430	7,430	7,430
Other financial assets	1	27,369	8,280	8,419
Investment in subsidiaries		10,150	10,150	10,150
Total non-current assets		**3,468,138**	**3,363,419**	**3,265,159**
Total assets		**3,533,430**	**3,427,420**	**3,352,445**
Liabilities				
Current liabilities				
Employee entitlements		6,359	5,013	6,227
Payables	4	17,355	13,621	16,799
Borrowings	5	78,251	79,048	87,311
Derivative financial instruments	6	-	-	449
Provisions		1,646	1,724	1,724
Total current liabilities		**103,611**	**99,406**	**112,510**
Non-current liabilities				
Employee entitlements		881	886	746
Borrowings	5	286,230	336,036	326,743
Derivative financial instruments	6	41,714	-	26,401
Provisions		8,478	8,085	8,085
Total non-current liabilities		**337,303**	**345,007**	**361,975**
Total liabilities		**440,914**	**444,413**	**474,485**
Net assets		**3,092,516**	**2,983,007**	**2,877,960**
Equity				
Accumulated funds		1,646,301	1,609,284	1,606,716
Other reserves	7	1,446,215	1,373,723	1,271,244
Total equity attributable to Hamilton City Council		**3,092,516**	**2,983,007**	**2,877,960**
Total equity		**3,092,516**	**2,983,007**	**2,877,960**

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		9,371	45,000	71,948
Other financial assets - current	Term deposits	44,000	0	580
	Loan investments	10	0	19
		44,010	0	599
Other financial assets - non-current	Term deposits	3,600	3,303	3,280
	Shares	4,870	4,977	4,977
	Loan investments	18,899	0	143
		27,369	8,280	8,400
Total cash and financial assets		80,750	53,280	80,947

The financial statements separate term deposits with maturities of greater than three months and less than one year from those with maturities of less than three months at acquisition. The above table shows that total cash and financial assets at 31 March is above budget of $53.3m.

Note 2: Rates and debtors receivables

		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		121,296	0	121,296	115,478	0	115,478
Penalties, adjustments & postponed		903	0	903	774	0	774
Remissions and govt rebates instalments 1-3		(2,288)	0	(2,288)	(699)	0	(699)
Rates receipts		(117,763)	(3,559)	(121,322)	(113,371)	(3,137)	(116,508)
		263	270	533	471	186	657
Remissions and govt rebates instalment 4		(763)	0	(763)	(233)	0	(233)
Balance as at 31 March		(500)	270	(230)	238	186	424
Water by meter				1,046			1,019
Sundry debtors							
Debtors				3,412			3,269
Rentals				354			407
NZTA				0			0
Rates rebates Internal Affairs				161			150
H3 debtors				552			1,578
				4,478			5,404
Parking	*			4,001			5,890
Debtor accruals				4,192			5,765
Provision for doubtful debts	**			(3,215)			(5,456)
Total rates and debtors receivables				10,271			13,048

Commentary

* Parking debt of $2.0m was written off at 30 June 2015.

** Provision for doubtful debts reduced by $2.0m at 30 June 2015 due to parking debtors write off.

Debtors aging

		Actual		Prior YTD
		$000		$000
Rates		**as at 1 July**		**as at 1 July**
	2012/13	0	2012/13	32
	2013/14	74	2013/14	3,291
	2014/15	0		0
	Penalties	292		0
	1st qtr	374		0
	2nd qtr	574		0
	3rd qtr	850		0
	4th qtr	1,666		0
		3,829		3,323
Sundry debtors		**as at 31 Mar**		**as at 31 Mar**
	Current	1,239	Current	3,540
	0-30 days	995	0-30 days	563
	30-60 days	319	30-60 days	271
	60-90 days	127	60-90 days	423
*	>90 days	1,798	>90 days	607
		4,478		5,404

Commentary

* >90 days includes MOE $1.3m 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	New WIP Jul-Feb	WIP capitalised Jul-Mar	Balance 31Mar 2016
	$000	$000	$000	$000
Restricted Land	941	0	(734)	207
Parks & Gardens Land	2,514	347	(2,898)	(37)
Land under Roads	1,540	0	(1,451)	89
Operational Buildings	7,314	1,201	(5,604)	2,911
Parks & Gardens Improvements	5,455	1,083	(2,967)	3,571
Refuse	1,841	222	0	2,063
Wastewater	11,251	4,646	(5,299)	10,598
Stormwater	4,034	1,307	(1,201)	4,140
Transportation	19,717	12,085	(5,183)	26,619
Water Supply	10,894	5,992	(5,465)	11,421
Wastewater Treatment Plant	2,210	1,994	0	4,204
Water Treatment Station	2,793	2,936	0	5,729
Operational Plant & Equipment	4,001	2,171	(1,197)	4,975
Intangible Assets	2,850	781	0	3,631
Other	618	1,169	(1,018)	769
	77,973	35,934	(33,017)	80,890
Fixed Assets Vested	12,856	25,791	(11,863)	26,784
Total Fixed assets work in progress	**90,829**	**61,725**	**(44,880)**	**107,674**

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	17,355	13,621	16,799
Total payables	**17,355**	**13,621**	**16,799**

Note 5: Borrowings

	Actual	Annual budget	Prior YTD
	$000	$000	$000
Borrowings (current)	78,251	79,048	87,311
Borrowings (non-current)	286,230	336,036	326,743
Total external debt	**364,481**	**415,084**	**414,054**

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)	0	0	449
Interest rate swaps - held for trading (non-current)	41,714	0	26,401
Total derivative financial instrument liabilities	**41,714**	**0**	**26,850**

The revaluation of interest rate swaps held by Council show an unrealised mark-to-market revaluation loss for 2016 of $15.6m (2015 loss $14.8m) 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: Other Reserves

	Balance 1 July 2015	Transfers into fund	Transfers out of fund	Balance 31 Mar 2016
	$000	$000	$000	$000
Total restricted reserves	30,492	1,703	0	32,195
Total Council created reserves	10,325	816	(3,616)	7,525
Total Revaluation and Fair Value Through Equity Reserves	1,264,464	195,257	(53,226)	1,406,495
Total restricted and Council created reserves	**1,305,281**	**197,776**	**(56,842)**	**1,446,215**

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

Item 8

Attachment 1

STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 31 MARCH 2016

	Council		
	Actual	Annual Budget	Actual Mar 2015
	$000	$000	$000
Cash flows from operating activities			
Cash was provided from:			
Rates revenue	112,637	146,244	107,642
Fees, rents and charges	31,819	42,056	28,385
Subsidies and grants	8,007	9,257	8,615
Other capital contributions	19,362	11,213	12,222
Interest received	1,386	2,000	1,455
Dividends received	120	143	132
Sundry revenue	757	1,044	706
	174,088	**211,957**	**159,157**
Cash was applied to:			
Payments to employees	48,489	66,546	47,887
Payments for suppliers	58,036	61,845	54,335
Interest paid	15,864	22,647	17,431
Net GST paid	(2,641)	1,900	(3,237)
	119,748	**152,938**	**116,416**
Net cash flow from operating activities	**54,340**	**59,019**	**42,741**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from reduction in other financial assets	42	0	0
Proceeds from sale of shares	0	0	0
Proceeds from sale of investment property	1,229	0	17,780
Proceeds from sale of property, plant and equipment	4,304	139	7,461
	5,575	**139**	**25,241**
Cash was applied to:			
Acquisition of other financial assets (term deposits)	39,000	0	0
Purchase of investment property	23	0	0
Purchase of intangible assets	781	0	937
Purchase of property, plant and equipment	35,148	65,646	43,156
	74,952	**65,646**	**44,093**
Net cash flow from investing activities	**(69,377)**	**(65,507)**	**(18,852)**
Cash flows from financing activities			
Cash was provided from:			
Loans raised	383	32,913	15,000
Finance leases raised	74	0	417
	457	**32,913**	**15,417**
Cash was applied to:			
Loan repayments	33,000	26,000	10,000
Finance lease repayments	340	425	325
	33,340	**26,425**	**10,325**
Net cash flow from financing activities	**(32,883)**	**6,488**	**5,092**
Net increase/(decrease) in cash held	(47,920)	0	28,981
Opening cash and cash equivalents balance	57,291	45,000	42,967
Closing cash and cash equivalents balance	**9,371**	**45,000**	**71,948**

ARTS AND CULTURE

Theatres | Libraries | Museum | Arts | Active Communities

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/ (Unfavourable) $000	Annual Budget $000
	Revenue				
(2)	Rates excluding Water rates	(4)	(1)	(3)	(1)
0	Water rates	0	0	0	0
1,244	Revenue from activities	1,228	1,264	(37)	1,679
505	Subsidies and grants	5	29	(25)	38
0	Development & financial contributions	0	0	0	0
32	Other revenue	15	15	0	20
1,779	Total revenue	1,244	1,308	(64)	1,736
	Expenses				
4,976	Personnel costs	4,746	4,966	219	6,609
1,043	Depreciation and amortisation	1,952	1,958	6	2,611
221	Finance costs	147	152	5	203
6,997	Other expenses	5,646	5,643	(3)	7,676
13,238	Total expenses	12,492	12,719	228	17,099
(11,459)	**Operating surplus/(deficit)**	(11,248)	(11,411)	164	(15,363)
0	Gains	0	0	0	0
0	Losses	(97)	0	(97)	0
(11,459)	**Surplus/(deficit)**	(11,345)	(11,411)	67	(15,363)

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

Personnel costs - $219k favourable [$155k]. As previously reported this variance is due to positions that have been vacant in the Library and Museum. Recruitment is underway for front line Library staff and although Museum vacancies will be filled at year end, there is likely to be an underspend as positions were on hold pending the Strategic Plan review which has now been completed. Any under spend will offset unbudgeted expenses such as legal fees related to the Zoo review.

RECREATION

Pools | Indoor Recreation | Zoo

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/ (Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
3,235	Revenue from activities	3,344	3,405	(61)	4,429
327	Subsidies and grants	276	251	25	276
0	Development & financial contributions	0	0	0	0
37	Other revenue	20	21	(1)	28
3,599	Total revenue	3,640	3,677	(37)	4,733
	Expenses				
3,740	Personnel costs	3,816	3,752	(64)	4,896
535	Depreciation and amortisation	1,045	1,223	178	1,631
246	Finance costs	212	219	7	292
4,120	Other expenses	3,431	3,322	(110)	4,407
8,641	Total expenses	8,504	8,516	12	11,225
(5,041)	**Operating surplus/(deficit)**	(4,864)	(4,839)	(25)	(6,493)
0	Gains	0	0	0	0
0	Losses	(130)	0	(130)	0
(5,041)	**Surplus/(deficit)**	(4,994)	(4,839)	(155)	(6,493)

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

Depreciation and amortisation costs - $178k favourable [$112k]. As previously reported, this variance is due to the useful lives of the building assets (including indoor pools) at Waterworld and Gallagher Pools being reassessed and extended as part of the latest revaluation carried out during the 2015 financial year, resulting in the reduction of the depreciation expense. This favourable variance will continue to increase through to year end. The revaluation was completed after budgets were set.

Other expenses - $110k unfavourable [$114k]. This variance is due to increased costs incurred during Summer months at the pools. Variances include trade waste charges involved with emptying the Hyrdoslide to allow liner replacement, shop stock purchases that are being recovered from users and variances for chemicals and electricity.

Losses - $130k unfavourable [$0k]. This variance is due to the replacement of building asset components that have reached the end of their physical life but had values on the fixed asset register. Included in the asset replacements are heat vacuum and air conditioning (HVAC) exchange units and building components.

PLANNING AND DEVELOPMENT

City Planning | Planning Guidance & Compliance | Building Control

for the nine months ended 31 March 2016

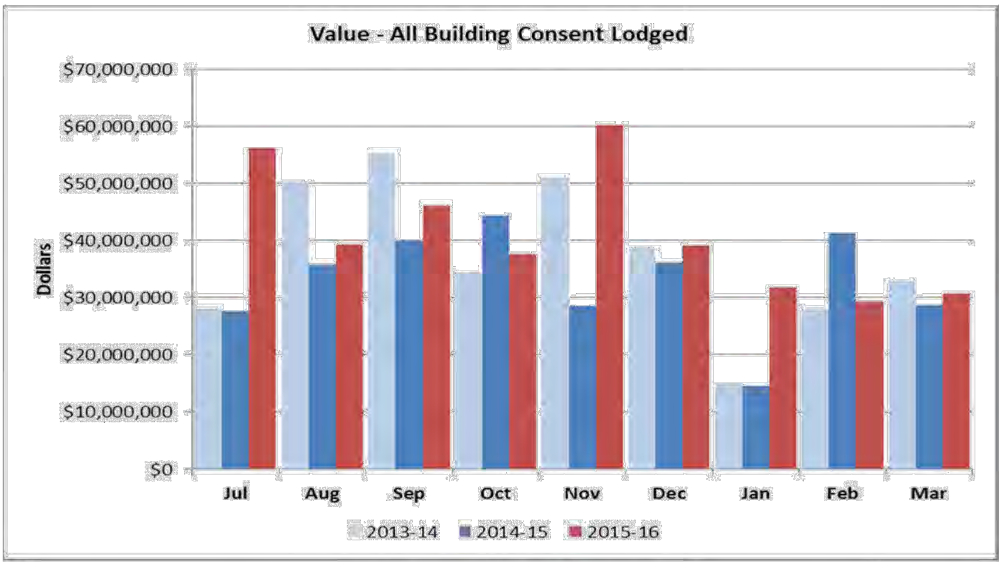
Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/ (Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
5,734	Revenue from activities	7,200	5,472	1,728	7,410
0	Subsidies and grants	0	0	0	0
0	Development & financial contributions	0	0	0	0
0	Other revenue	0	0	0	0
5,734	Total revenue	7,200	5,472	1,728	7,410
	Expenses				
4,210	Personnel costs	4,316	4,746	430	6,326
0	Depreciation and amortisation	0	0	(0)	0
0	Finance costs	0	0	0	0
4,100	Other expenses	4,457	3,739	(717)	5,066
8,310	Total expenses	8,773	8,486	(287)	11,393
(2,576)	**Operating surplus/(deficit)**	(1,572)	(3,013)	1,441	(3,983)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
(2,576)	**Surplus/(deficit)**	(1,572)	(3,013)	1,441	(3,983)

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

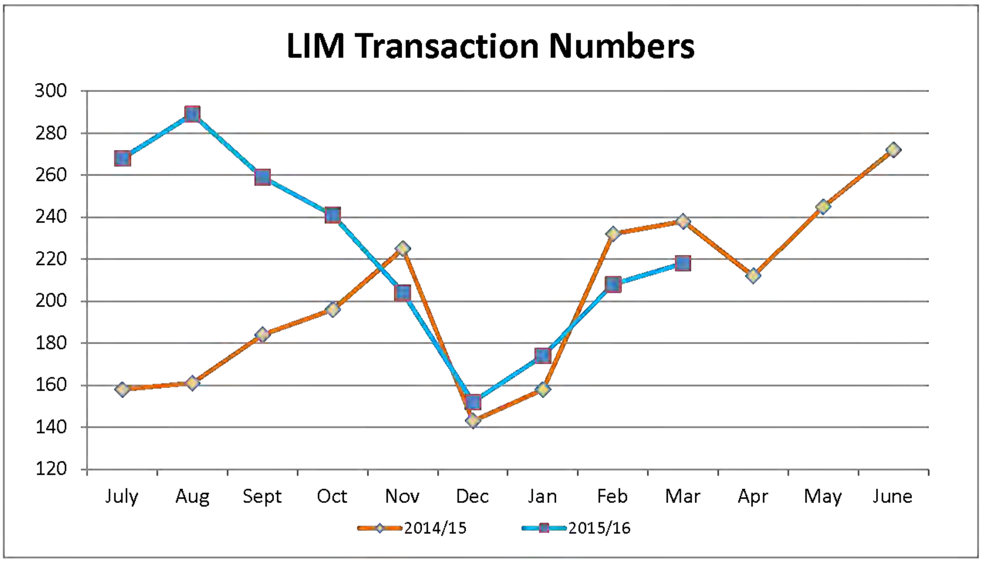
Revenue from activities - $1.7m favourable [$1.4m]. As reported in previous months this variance is also due to an increased number of building ($1.5m) and resource consents being lodged. The following page shows the number and value of building consents lodged. This favourable variance is expected to continue because of the increasing level of demand.

Personnel costs - $430k favourable [$340k] year to date but are close to budget for the month of March. The favourable variance year to date is due to the number of vacancies in the first six months of the financial year. We expect to track on or over budget by the end of the year. This opposite side of this is shown in the unfavourable variance under "Other expenses" which is due to increased contractors. There is also $87k partly due to staff who were on maternity leave returning as part time employees.

Other expenses - $717k unfavourable [$396k] are due to the cost of contractors to cover for vacancies and to assist with the increased number of consents. This unfavourable variance is expected to continue because of the increased level of activity. This opposite side of this is shown in the favourable variance under "Personnel costs" which is due to the number of vacancies in the first six months.



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 nine months ended 31 March 2016

Prior YTD Actual		Year to Date Actual	Year to Date Budget	Variance Favourable/ (Unfavourable)	Annual Budget
$000		$000	$000	$000	$000
	Revenue				
(197)	Rates excluding Water rates	(173)	(224)	51	(300)
0	Water rates	0	0	0	0
7,519	Revenue from activities	5,781	6,213	(433)	8,559
76	Subsidies and grants	6	0	6	0
0	Development & financial contributions	0	0	0	0
922	Other revenue	385	393	(8)	524
8,321	Total revenue	5,999	6,382	(383)	8,783
	Expenses				
2,566	Personnel costs	2,111	2,684	573	3,587
1,933	Depreciation and amortisation	3,870	4,446	576	5,928
5,433	Finance costs	3,728	3,851	123	5,134
12,923	Other expenses	8,813	8,785	(27)	11,619
22,855	Total expenses	18,523	19,767	1,244	26,269
(14,535)	**Operating surplus/(deficit)**	(12,523)	(13,384)	861	(17,486)
0	Gains	0	0	0	0
(14)	Losses	(770)	0	(770)	0
(14,548)	**Surplus/(deficit)**	(13,293)	(13,384)	91	(17,486)

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

Revenue from activities - $433k unfavourable [$199k]. This is primarily driven by the shortfall revenue from Claudelands. The Claudelands shortfall is offset by a reduction in expenditure taking the net surplus against budget for Claudelands to $679k for the March year to date. This variance is also driven by a shortfall in rental income for the Beggs Wiseman Building (property now sold).

Personnel costs - $573k favourable [$396k]. This variance is predominantly due to permanent vacancies in Economic Growth Admin (recruitment for vacant staff x 2 underway) and reduced casual staff hires at Claudelands Events Centre. The majority of positions are expected to be filled by the end of March 2016.

Depreciation and amortisation - $576k favourable [$463k]. As was reported previously, this variance is due to the useful lives of the building assets being reassessed and extended as part of the latest revaluation carried out during the 2015 financial year, resulting in the reduction of the depreciation expense. This favourable variance will continue to increase through to year end. The revaluation was completed after budgets were set.

Finance costs - $123k favourable [$31k]. Due to the favourable debt position for Council.

Losses - $770 unfavourable [$0]. This rep[resents the loss of the Beggs Wiseman building and from building

SAFETY

Animal Control | Environmental Health and Public Safety

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/ (Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
1,861	Revenue from activities	1,972	1,916	56	2,136
122	Subsidies and grants	9	0	9	0
0	Development & financial contributions	0	0	0	0
3	Other revenue	2	2	0	3
1,986	Total revenue	1,983	1,918	65	2,139
	Expenses				
1,603	Personnel costs	1,664	1,563	(101)	2,081
38	Depreciation and amortisation	67	63	(4)	84
30	Finance costs	18	19	1	25
2,142	Other expenses	2,178	2,142	(36)	2,850
3,814	Total expenses	3,927	3,786	(141)	5,040
(1,828)	**Operating surplus/(deficit)**	(1,944)	(1,868)	(75)	(2,901)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
(1,828)	**Surplus/(deficit)**	(1,944)	(1,868)	(75)	(2,901)

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

Personnel costs - $101k unfavourable [$66]. This variance is predominately due to the need for a second Alcohol Licensing Inspector. The position was filled on the basis that it would be self funding and the net impact is nil. This variance is expected to continue through to year end and going forward into the 2016-17 year the budget will be adjusted to accommodate this increased expenditure.

COMMUNITY SUPPORT

Community Development | Emergency Management | Housing

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/(Unfavourable) $000	Annual Budget $000
	Revenue				
(0)	Rates excluding Water rates	(114)	(129)	15	(173)
0	Water rates	0	0	0	0
1,595	Revenue from activities	1,450	1,718	(268)	2,289
15	Subsidies and grants	0	0	0	0
0	Development & financial contributions	0	0	0	0
2	Other revenue	(479)	1	(480)	1
1,611	Total revenue	857	1,589	(733)	2,117
	Expenses				
1,103	Personnel costs	978	1,144	166	1,526
9	Depreciation and amortisation	476	859	383	1,145
19	Finance costs	9	9	0	12
2,879	Other expenses	2,810	2,663	(147)	3,663
4,010	Total expenses	4,273	4,675	403	6,345
(2,399)	**Operating surplus/(deficit)**	(3,416)	(3,086)	(330)	(4,228)
0	Gains	0	0	0	0
0	Losses	(4,387)	0	(4,387)	0
(2,399)	**Surplus/(deficit)**	(7,804)	(3,086)	(4,717)	(4,228)

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

Revenue from Activities -$268k unfavourable [$47k]. This variance represents income that will not be received as the pensioner housing stock has been sold.

Other income - $480k unfavourable. [$0]. This variance is due to the repayment of the Housing New Zealand mortgage on the Graham street Pensioner Housing property.

Personnel costs - $166k favourable [$87k]. This variance is due to vacant positions in the Social Development team. Vacancies are currently being recruited for but the favourable variance will continue until year end.

Depreciation and amortisation costs - $383k favourable [$138k]. As previously reported, this variance is due to the Pensioner Housing sale. The buildings are no longer being depreciated.

Other expenses - $147k unfavourable [$152k]. The variance consists of $85k unfavourable building maintenance work and other variances within the Housing Services activity. $30k has been included on risk and opportunities for the grant to Age Concern.

Losses - $4.387m unfavourable [$0k] The variance represents the loss relating to the sale of the pensioner housing stock.

DEMOCRACY SERVICES

Governance and Public Affairs | Partnership with Maaori

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/(Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
10	Revenue from activities	15	13	2	17
0	Subsidies and grants	0	0	0	0
0	Development & financial contributions	0	0	0	0
(0)	Other revenue	0	0	0	0
10	Total revenue	15	13	2	17
	Expenses				
402	Personnel costs	354	424	70	565
0	Depreciation and amortisation	0	0	0	0
0	Finance costs	0	0	0	0
3,312	Other expenses	3,214	3,166	(48)	4,251
3,714	Total expenses	3,568	3,590	22	4,817
(3,705)	**Operating surplus/(deficit)**	(3,553)	(3,577)	25	(4,800)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
(3,705)	**Surplus/(deficit)**	(3,553)	(3,577)	25	(4,800)

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 nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/(Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
2,275	Revenue from activities	1,852	1,593	259	2,207
414	Subsidies and grants	5	7	(1)	7
3	Development & financial contributions	2	0	2	0
213	Other revenue	1,251	1,225	26	1,715
2,906	Total revenue	3,111	2,825	286	3,928
	Expenses				
1,572	Personnel costs	1,626	1,571	(56)	2,092
1,504	Depreciation and amortisation	2,576	2,456	(119)	3,275
1,207	Finance costs	1,130	1,168	38	1,557
10,861	Other expenses	10,137	10,455	318	13,878
15,144	Total expenses	15,469	15,650	181	20,802
(12,238)	**Operating surplus/(deficit)**	(12,358)	(12,825)	467	(16,874)
0	Gains	0	0	0	0
0	Losses	(379)	0	(379)	0
(12,238)	**Surplus/(deficit)**	(12,738)	(12,825)	87	(16,874)

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

Revenue from activities - $259k favourable [$263k]. As previously reported, Cemetery revenue is $112k ahead of budget due to increased number of cremations and cemetery plot sales. Based on current trends it is expected there will be a favourable variance of between $100k and $150k at year end. Sports Parks revenue tracks ahead of budget that is expected to be on budget at year end. Other variances include Hamilton Gardens shop revenue being favourable (partially offset by stock purchases included in expenditure) and a contribution towards the Plant for Gullies programme received from the Waikato River Authority.

Depreciation and amortisation costs - $119k unfavourable [$84k]. As previously reported, this variance is due to the useful lives of the building assets being reassessed as part of the latest revaluation carried out during the 2015 financial year, resulting in the increase of the depreciation expense. This unfavourable variance will continue to increase through to year end. The revaluation was completed after budgets were set.

Other expenses - $318k favourable [$185k]. This variance is a continuation of previously reported trends where various maintenance works are behind schedule due to contractor availability but it is expected this work will be completed by year end.

Losses - $379k unfavourable [$85k]. This variance is due to the replacement of assets that have reached the end of their physical lives but had values on the fixed asset register.

RUBBISH AND RECYCLING

Refuse Collection | Waste Minimisation | Landfill Site Management

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/(Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
211	Revenue from activities	246	254	(8)	339
357	Subsidies and grants	389	308	82	410
0	Development & financial contributions	0	0	0	0
12	Other revenue	9	10	(0)	13
580	Total revenue	644	571	74	762
	Expenses				
1	Personnel costs	3	0	(3)	0
180	Depreciation and amortisation	253	231	(22)	308
116	Finance costs	93	96	3	129
4,211	Other expenses	5,027	5,174	147	6,952
4,507	Total expenses	5,376	5,501	125	7,389
(3,927)	**Operating surplus/(deficit)**	(4,732)	(4,930)	199	(6,627)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
(3,927)	**Surplus/(deficit)**	(4,732)	(4,930)	199	(6,627)

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

Other expenses - $147k [$216k] favourable. Predominantly due to the timing of waste minimisation programme works, funded from the Waste Levy reserve. A $200k favourable result is expected in this area at 30 June 2016 in relation to the roll-out of the new education campaign and brand.

STORMWATER

Stormwater Network | Catchment Management

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/ (Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
223	Revenue from activities	86	180	(94)	241
0	Subsidies and grants	0	0	0	0
0	Development & financial contributions	0	0	0	0
96	Other revenue	104	62	43	82
319	Total revenue	190	242	(52)	323
	Expenses				
14	Personnel costs	0	0	(0)	0
4,183	Depreciation and amortisation	5,928	4,309	(1,619)	5,745
309	Finance costs	335	346	11	461
1,425	Other expenses	2,100	1,928	(171)	2,442
5,930	Total expenses	8,362	6,583	(1,780)	8,648
(5,611)	**Operating surplus/(deficit)**	(8,172)	(6,341)	(1,831)	(8,325)
0	Gains	0	0	0	0
0	Losses	0	0	0	0
(5,611)	**Surplus/(deficit)**	(8,172)	(6,341)	(1,831)	(8,325)

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

Depreciation and amortisation - $1.62m [$59k favourable] unfavourable. Asset revaluation was completed in February which resulted in the adjustment of required depreciation expenditure.

Other expenses - $171k [$35k] unfavourable. The major variances being due to $53k of emergency physical works awaiting a pending insurance claim and $92k committed work.

TRANSPORTATION

Transport Network | Parking Management

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/(Unfavourable) $000	Annual Budget $000
	Revenue				
(127)	Rates excluding Water rates	(104)	(117)	13	(156)
0	Water rates	0	0	0	0
4,798	Revenue from activities	4,326	4,562	(236)	6,064
6,216	Subsidies and grants	6,008	7,049	(1,040)	8,527
0	Development & financial contributions	0	0	0	0
1,252	Other revenue	1,521	1,281	240	1,711
12,139	Total revenue	11,751	12,774	(1,023)	16,145
	Expenses				
607	Personnel costs	542	674	132	899
12,938	Depreciation and amortisation	13,516	13,475	(42)	17,966
5,384	Finance costs	5,861	6,054	193	8,071
12,470	Other expenses	13,176	14,469	1,293	18,833
31,399	Total expenses	33,095	34,671	1,576	45,769
(19,260)	**Operating surplus/(deficit)**	(21,344)	(21,897)	553	(29,624)
0	Gains	304	0	304	0
(792)	Losses	(913)	0	(913)	0
(20,052)	**Surplus/(deficit)**	(21,953)	(21,897)	(56)	(29,624)

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

Revenue from Activities: $236k [$97k] unfavourable. The main contributors are:
- Unfavourable revenue from On-street parking ($148k)
- Reduction in revenue earning from the Riverbank carpark ($94k)

Subsidies and grants: $1.04m [$844k] unfavourable. An improvement in the NZTA capital subsidy to $305k [$458k] unfavourable. The main contributor of the remaining variance is NZTA roading subsidy $661k [$347k]. The subsidy from NZTA has a direct relationship to expenditure because it is only received after expenditure occurs.

Other revenue: $240k [$184k] favourable. This variance is due to capital contributions from Ministry of Education for private works done as part of the Rototuna School Collector Road.

Personnel Costs: $132k [$71k] favourable. This is due to Parking Warden vacancies which are soon to be filled.

Finance Costs: $193k [$48k] favourable. Due to the favourable debt position for Council.

Other expenses: $1.29m [$683k] favourable. The main contributors are:
- Time cost charges and support unit allocation costs within Transportation Network $327k favourable. This is being driven in large part by vacancies.
- Insurance is $114k favourable due to changes in the allocation method used by finance.
- Consultants is $509k favourable due to the rescheduling of studies commencing later than originally planned.
- Services is $177k favourable due to delay in commencing WRTM traffic modelling work
- Doubtful Debts is $147k favourable which is due to the timing of realising the doubtful debts

SEWERAGE

Sewerage Collection | Sewerage Treatment and Disposal

for the nine months ended 31 March 2016

Prior YTD Actual $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/ (Unfavourable) $000	Annual Budget $000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
0	Water rates	0	0	0	0
2,720	Revenue from activities	2,978	3,208	(230)	4,256
0	Subsidies and grants	0	0	0	0
0	Development & financial contributions	0	0	0	0
447	Other revenue	510	291	219	388
3,167	Total revenue	3,488	3,499	(11)	4,644
	Expenses				
768	Personnel costs	785	940	156	1,256
5,789	Depreciation and amortisation	6,681	6,069	(612)	8,092
3,071	Finance costs	2,506	2,589	83	3,452
7,830	Other expenses	7,524	8,580	1,056	11,243
17,458	Total expenses	17,495	18,178	683	24,043
(14,291)	**Operating surplus/(deficit)**	(14,007)	(14,679)	671	(19,399)
0	Gains	0	0	0	0
4	Losses	0	0	0	0
(14,287)	**Surplus/(deficit)**	(14,007)	(14,679)	671	(19,399)

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

Revenue from activities - $230k [$337k] unfavourable. This is predominantly due to timing of accruals and billing cycles (quarterly invoicing) for tradewaste fees ($170k).

Other revenue - $219k [$192k] favourable due to capital contributions received for paid connections. This additional revenue offsets additional capital expenditure.

Personal costs - $156k [$96k] favourable, predominately due to extended staff absences in the Shared Service area. This result is shared between Waipa, Waikato and Hamilton Councils.

Depreciation and amortisation - $612k [$37k] unfavourable. Asset revaluation was completed in February which resulted in the adjustment of the required depreciation expenditure.

Other expenses - $1.06m [$669k] favourable, with the major variances being:
- Chemicals $318k favourable due to extended period of stable performance of the treatment process year to date. A $300k favourable result expected in this area at 30 June 2016.
- Planned Wastewater Treatment Plant maintenance currently $474k favourable due to rescheduling to accomodate critical capital upgrade monitoring period. $200k favourable result expected in this area at 30 June 2016.
- Disposal of Biosolids $303k favourable as a result of lower Biosolids production from stable process operation year to date. A $250k favourable result expected in this area at 30 June 2016.
- Water charges are $48k favourable as a result of stable process operation year to date. A $50k favourable result is expected in this area at 30 June 2016.
- Note there is the potential for further favourable results in relation to consumables and Biosolids disposal as a result of the very high level of plant process stability in this financial year.

WATER SUPPLY

Water Treatment and Storage | Water Distribution

for the nine months ended 31 March 2016

Prior YTD Actual		Year to Date Actual	Year to Date Budget	Variance Favourable/(Unfavourable)	Annual Budget
$000		$000	$000	$000	$000
	Revenue				
0	Rates excluding Water rates	0	0	0	0
5,628	Water rates	6,258	5,777	481	7,772
203	Revenue from activities	153	135	18	157
0	Subsidies and grants	0	0	0	0
0	Development & financial contributions	0	0	0	0
472	Other revenue	515	236	279	315
6,303	Total revenue	6,926	6,148	778	8,244
	Expenses				
77	Personnel costs	(1)	0	1	0
5,114	Depreciation and amortisation	4,889	5,665	775	7,553
2,302	Finance costs	2,350	2,428	78	3,237
5,672	Other expenses	5,858	6,800	942	8,777
13,164	Total expenses	13,096	14,892	1,796	19,568
(6,861)	**Operating surplus/(deficit)**	(6,170)	(8,744)	2,574	(11,324)
0	Gains	0	0	0	0
56	Losses	0	0	0	0
(6,805)	**Surplus/(deficit)**	(6,170)	(8,744)	2,574	(11,324)

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

Water rates - $481k [$425k] favourable. This is due to timing of the billing cycles (Council has 40 billing areas which are invoiced every 6 months and high volume users who are invoiced monthly). $450k favourable result expected in this area at 30 June 2016.

Other revenue - $279k [$211k] favourable. Capital contributions received for paid connections are higher than budgeted. This additional revenue offsets additional capital expenditure.

Depreciation and amortisation - $775k [$252k] favourable. Asset revaluation was completed in February which resulted in the adjustment of the required depreciation expense.

Other expenses - $942k [$532k] favourable, with the major variances being:
- Planned Water Treatment Plant maintenance currently $210k favourable. Expect budget to be fully utilised and programme completed by 30 June 2016.
- Operational planning and works $242k favourable - underway but behind programme due to focus on city-wide summer water management initiatives. Expect budget to be fully utilised at 30 June 2016.
- Service delivery contract $179k favourable due to the need to prioritise wastewater works. $200k favourable result expected at 30 June 2016.
- Some contractually committed works are currently $137k favourable in response to managing summer water demand, but expect budget to be fully utilised and programme completed by 30 June 2016.
- Chemicals $154k favourable - favourable due to stable plant operation and consistent river water quality. $100k favourable result expected in this area at 30 June 2016.
- Note there is potential for further favourable results in relation to consumables due to the constant river water quality experienced this financial year.

OVERHEADS & SUPPORT UNITS

for the nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/(Unfavourable) $000	Annual Budget $000
	Revenue				
(136)	Rates excluding Water rates	(6)	0	(6)	0
0	Water rates	0	0	0	0
1,501	Revenue from activities	1,482	1,483	(1)	1,964
8	Subsidies and grants	0	0	0	0
0	Development & financial contributions	0	0	0	0
76	Other revenue	12	0	12	0
1,449	Total revenue	1,488	1,483	5	1,964
	Expenses				
27,343	Personnel costs	26,301	27,481	1,180	36,707
8,665	Depreciation and amortisation	2,832	2,948	117	3,931
46	Finance costs	51	56	5	75
(33,177)	Other expenses	(27,913)	(28,970)	(1,057)	(38,749)
2,877	Total expenses	1,270	1,515	245	1,964
(1,428)	**Operating surplus/(deficit)**	218	(32)	250	(0)
(1,428)	Gains	27	0	27	0
0	Losses	(245)	0	(245)	0
(2,855)	**Surplus/(deficit)**	(0)	(32)	32	(0)

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

Personnel costs - $1.2m favourable [$0.6m]. 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 - $1.1m unfavourable [$0.6m]. The variance has a direct relationship to the favourable personnel cost 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 nine months ended 31 March 2016

Prior YTD Actual 2014/15 $000		Year to Date Actual $000	Year to Date Budget $000	Variance Favourable/(Unfavourable) $000	Annual Budget $000
	Revenue				
100,045	Rates excluding Water rates	104,587	103,854	732	139,102
0	Water rates	0	0	0	0
0	Revenue from activities	0	0	0	0
0	Subsidies and grants	0	0	0	0
10,096	Development & financial contributions	17,060	5,727	11,333	9,500
13,041	Other revenue	25,912	6,461	19,451	8,581
123,183	Total revenue	147,559	116,042	31,516	157,183
	Expenses				
0	Personnel costs	0	0	0	0
0	Depreciation and amortisation	0	0	0	0
(817)	Finance costs	(572)	0	572	0
395	Other expenses	394	394	(0)	525
(422)	Total expenses	(178)	394	572	525
123,605	**Operating surplus/(deficit)**	147,737	115,648	32,089	156,658
0	Gains	0	0	0	0
(14,843)	Losses	(15,617)	0	(15,617)	0
108,762	**Surplus/(deficit)**	132,120	115,648	16,472	156,658

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

Rates - $732k favourable [$670k]. This variance has three reasons the cost of rates remissions for Council properties is favourable, as the actual remissions were lower when the rates were struck that 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 - $11.3m favourable [$7.0m]. This variance is as previously explained in the Growth Report (attachment 4).

Other revenue - $19.5m favourable [$14.1m]. This variance is due to a higher value of vested assets than budgeted.

Losses - $15.6m unfavourable [$13.6k]. This variance is due to interest rate swaps, as reported previously (attachment 1).

CAPITAL EXPENDITURE
for the nine months ended 31 March 2016

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 Actual	YTD Budget	YTD Variance	Annual Budget Approved 2015/16	Annual Budget Approved Deferred	Annual Budget Total	Status	Notes
		$000	$000	$000	$000	$000	$000	Drop List	
ARTS AND CULTURE									
Libraries									
CE10005 - Library collection purchases	R	760	804	44	1,048		1,048		
CE10006 - Library asset renewal	R	104	122	18	164		164		
CE10007 - Library building asset renewal programme	R	11	9	(2)	9		9		
Total libraries		**876**	**935**	**59**	**1,221**	**0**	**1,221**		
Museum									
CE10008 - Museum asset renewal	R	0	0	-			0		
CE10010 - Public art support fund	R	116	144	28	169		169		
CE10011 - Museum activity building renewals	R	52	240	189	390		390		1
Total Museum		**167**	**384**	**217**	**559**	**0**	**559**		
Hamilton City Theatres									
CE10012 - Founders Theatre plant and equipment renewals	R		73	73	97		97		2
CE10013 - Technical services equipment renewals	R	104	158	53	210		210		
CE10014 - Founders Theatre building renewals	R		0	-	152		152		3
CE10159 - Founders Theatre stage house renewal	R	84	75	(9)	100		100		
Total Hamilton City Theatres		**188**	**305**	**117**	**559**	**0**	**559**		
TOTAL ARTS AND CULTURE		**1,232**	**1,625**	**393**	**2,339**	**0**	**2,339**		
COMMUNITY SERVICES									
Housing Services									
CE10025 - Pensioner housing renewals	R	21	30	9	200		200		
Total Housing Services		**21**	**30**	**9**	**200**	**0**	**200**		
TOTAL COMMUNITY SERVICES		**21**	**30**	**9**	**200**	**0**	**200**		
ECONOMIC DEVELOPMENT									
Claudelands and Stadia									
CE10041 - Claudelands plant and equipment	R	12	195	183	260		260		
CE10042 - Seddon Park plant and equipment	R	2	80	79	107		107		
CE10043 - FMG Stadium Waikato plant and equipment	R	502	563	62	751		751		
CE10044 - Turf services plant and equipment	R	23	19	(4)	25		25		
CE10045 - Claudelands property renewals	R		113	113	150		150		
CE10046 - Seddon Park property renewals	R		26	26	35		35		
CE10047 - FMG Stadium Waikato property renewals	R	170	187	16	249		249		
CE10048 - Stadia building renewals	R	77	333	256	333		333		4
CE10049 - Claudelands building renewals	R	61	61	0	61		61		
CE15050 - Claudelands capital improvement programme	LOS		68	68	90		90		
Total Claudelands and Stadia		**846**	**1,644**	**798**	**2,061**	**0**	**2,061**		
Strategic Property									
CE10052 - Strategic property renewals	R	41	138	97	262		262		
CE10053 - Tenancy inducement renewals	R		266	266	354		354		5
Total Strategic Property		**41**	**404**	**363**	**616**	**0**	**616**		
TOTAL ECONOMIC DEVELOPMENT		**887**	**2,048**	**1,160**	**2,677**	**0**	**2,677**		
PARKS AND GREEN SPACES									
Cemeteries and Crematorium									
CE10021 - Building renewals cemeteries	R	45	12	(33)	12		12		
CE10023 - Hamilton Park east and west cemeteries renewals	R	57	60	3	60		60		
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	32	32	(0)	32		32		
Total Cemeteries and Crematorium		**135**	**104**	**(31)**	**104**	**0**	**104**		
Hamilton Gardens									
CE10026 - Hamilton Gardens renewals	R	15	28	13	45		45		
CE10028 - Hamilton Gardens building renewals	R	44	41	(3)	165		165		
CE15027 - Proposed development programme	G	1,493	1,407	(86)	1,828		1,828		6
Total Hamilton Gardens		**1,552**	**1,476**	**(76)**	**2,038**	**0**	**2,038**		
Parks									
CE10029 - Toilet and changing room renewals	R	33	258	224	284		284		
CE10030 - Building renewals parks and open spaces	R	53	184	130	233		233		
CE10032 - Parks and open spaces assets and playgrounds renewals	R	266	969	703	969		969		7
CE15033 - Land purchase future reserves	G	343	394	51	830	130	960		8
CE15034 - Destination playground public toilets	LOS		250	250	500		500		9
CE15035 - Rototuna Park development	G	171	408	237	350	58	408		10
CE15036 - Playground development programme	LOS		100	100	100		100		
Total Parks		**867**	**2,562**	**1,696**	**3,266**	**188**	**3,454**		

	Type	YTD Actual	YTD Budget	YTD Variance	Annual Budget Approved 2015/16	Annual Budget Approved Deferred	Annual Budget Total	Status	Notes
		$000	$000	$000	$000	$000	$000	Drop List	
Sports Parks									
CE10031 - Sports area renewals	R	109	271	162	287		287		
Total Sports Parks		**109**	**271**	**162**	**287**	**0**	**287**		
TOTAL PARKS AND GREEN SPACES		**2,663**	**4,414**	**1,751**	**5,695**	**188**	**5,883**		
RECREATION									
Aquatic Facilities									
CE10001 - Aquatic facilities building renewals	R	9	35	27	79		79		
CE10002 - Waterworld hydroslide renewal	R	138	150	12	150		150		
CE10003 - Waterworld operational asset renewals	R	(0)	0	0			0		
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	25	172	147	250		250		
Total Aquatic Facilities		**172**	**357**	**185**	**479**	**0**	**479**		
Hamilton Zoo									
CE10015 - Zoo animal enclosure renewals	R	415	285	(130)	108	195	303		
CE10016 - Zoo building renewals	R	71	108	37	108		108		
CE10017 - Property renewals	R	15	14	(1)	14		14		
CE10019 - Zoo quarantine replacement	R	26	40	14	80		80		
CE10020 - Zoo animal replacement	R	44	40	(4)	40		40		
Total Hamilton Zoo		**571**	**487**	**(84)**	**350**	**195**	**545**		
TOTAL RECREATION		**744**	**844**	**101**	**829**	**195**	**1,024**		
SAFETY									
CE10037 - CCTV renewals	R		20	20	40		40		
CE10038 - Animal education and control building - security fencing	R	37	70	33	70		70		
TOTAL SAFETY		**37**	**90**	**53**	**110**	**0**	**110**		
RUBBISH AND RECYCLING									
CE10054 - Replacement of closed landfill assets	R	54	88	33	100		100		
CE10056 - Replacement of RTS & HOC assets	R	153	7	(146)	7		7		
CE15055 - Closed landfill management	LOS	21	175	154	200		200		
TOTAL RUBBISH AND RECYCLING		**229**	**270**	**41**	**307**	**0**	**307**		
STORMWATER									
CE10058 - Replacement of stormwater assets	R	450	530	81	707		707		
CE15059 - Rototuna stormwater infrastructure	G	22	389	366	574		574		11
CE15062 - Peacocke stormwater infrastructure stage 1	G	22	17	(5)	558	444	1,002		12
CE15064 - Stormwater pipe upgrade - growth	G	43	91	48	125		125		
CE15066 - Existing network improvements in new areas	G		12	12	100		100		
CE15068 - Stormwater customer connections to the network	G	59	38	(22)	50		50		
CE15162 - Integrated catchment management plan	G	731	1,345	614	350	1,172	1,522		13
TOTAL STORMWATER		**1,327**	**2,420**	**1,093**	**2,464**	**1,616**	**4,080**		
TRANSPORT									
Parking Management									
CE10069 - Resurfacing off street carparks	R	4	23	19	23		23		
CE10070 - Replacement of parking enforcement equipment	R	30	350	320	360		360		14
CE10071 - Parking building renewal	R	6	0	(6)	256		256		
Total Parking Management		**39**	**373**	**334**	**639**	**0**	**639**		
Transportation Network									
CE10072 - Replacement of footpath	R	1,423	1,606	183	2,141		2,141		
CE10073 - Replacement of street furniture	R		30	30	60		60		
CE10074 - Replacement of drainage (kerb and channel)	R	879	922	43	1,229		1,229		
CE10075 - Replacement of road base	R	314	937	623	937		937		15
CE10076 - Road resurfacing	R	3,193	3,640	447	3,970		3,970		16
CE10077 - Replacement of bridges and culverts	R	51	100	49	100		100		
CE10078 - Replacement of retaining walls and structures	R	7	45	38	45		45		
CE10079 - Replacement of environmental controls	R		10	10	10		10		
CE10080 - Replacement of lighting	R	65	270	205	280		280		
CE10081 - Replacement of traffic equipment	R	412	390	(22)	400		400		
CE10082 - Replacement of street signs	R	0	52	52	70		70		
CE10098 - Building and property renewals	R		30	30	30		30		
CE15085 - Minor improvements to transport network	LOS	239	470	231	638		638		
CE15086 - Bus stop infrastructure	LOS	30	64	34	113		113		
CE15087 - Network upgrades to allow new development	G	72	25	(47)	175		175		
CE15088 - Roading upgrades and development in Peacocke stage 1	G	77	150	73	975		975		17
CE15089 - Roading upgrades and development in Peacocke stage 2	G	708	1,725	1,017	2,025		2,025		18
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	202	404	201	777	223	1,000		19
CE15092 - Roading upgrades and development in Rototuna	G	2,281	2,565	284	2,392	1,573	3,965		20
CE15094 - Traffic signal improvements	LOS	248	210	(38)	300		300		
CE15095 - Integrated transport initiatives	LOS	865	663	(202)	900		900		
PIF12005 - Hamilton Ring Road Completion	LOS	940	5,430	4,490		10,550	10,550		21
Total Transportation Network		**12,004**	**19,738**	**7,734**	**17,567**	**12,345**	**29,912**		
TOTAL TRANSPORT		**12,043**	**20,111**	**8,068**	**18,206**	**12,345**	**30,551**		

	Type	YTD Actual	YTD Budget	YTD Variance	Annual Budget Approved 2015/16	Annual Budget Approved Deferred	Annual Budget Total	Status	Notes
		$000	$000	$000	$000	$000	$000	Drop List	
SEWERAGE									
CE10100 - Replacement of wastewater pump stations	R	874	730	(144)	1,013		1,013		
CE10101 - Replacement of wastewater assets	R	2,713	2,750	37	3,915		3,915		
CE15103 - Increase capacity of wastewater pump stations	LOS	543	423	(120)	423		423		
CE15104 - Wastewater pipe upgrade - growth	G	25	292	267	300		300		22
CE15105 - Increase capacity of wastewater network - Rototuna	G	111	755	644	1,400	91	1,491		23
CE15106 - Wastewater network upgrades to allow development	G	11	14	3	80		80		
CE15107 - Increase capacity of network in Rotokauri stage 1	G	5	51	46	52		52		
CE15109 - Increase capacity of network in Peacocke stage 1	G		991	991	1,722	420	2,142		24
CE15111 - Increase capacity of network throughout the city	G	34	242	208	350		350		25
CE15114 - Increase capacity of network (bulk storage)	G	50	290	240	400		400		
CE15161 - Wastewater master plan	G	113	147	34	150		150		
CE10115 - Replacement of wastewater treatment plant assets	R	972	1,894	921	2,224		2,224		26
CE15116 - Upgrade wastewater treatment plant systems	LOS	53	80	26	150		150		
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	455	598	143	950		950		27
CE15120 - Wastewater treatment plant compliance	LOS	543	447	(97)	500		500		
CE15121 - Wastewater customer connections to the network	G	149	37	(112)	50		50		
TOTAL SEWERAGE		**6,652**	**9,740**	**3,088**	**13,679**	**511**	**14,190**		
WATER SUPPLY									
CE10123 - Replacement of watermains	R	1,722	2,340	618	3,128		3,128		28
CE10124 - Replacement of water meters, valves and hydrants	R	239	210	(29)	338		338		
CE15126 - Upgrade or build new watermains in Rototuna	G		422	422	773		773		29
CE15127 - Water pipe upgrade - growth	G	2	174	172	300		300		
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	34	63	29	505		505		30
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G		7	7	75		75		
CE15132 - Water network upgrades to allow new development	G	2	14	12	80		80		
CE15133 - Water demand management - network water loss	LOS	161	290	129	399		399		
CE15136 - Water demand management - Dinsdale reservoir zone	LOS		25	25	25		25		
CE10138 - Replacement of treatment plant and reservoir assets	R	528	1,164	635	1,341		1,341		31
CE15139 - Water treatment plant compliance - minor upgrades	LOS	415	1,402	987	1,591		1,591		32
CE15140 - Rototuna reservoir and associated bulk mains	G	3,697	4,875	1,178	6,447	1,154	7,601		33
CE15144 - Upgrade water treatment plant	G	268	458	190	500		500		
CE10145 - Tools of trade renewals	R	18	38	19	50		50		
CE15146 - Water customer connections	G	140	38	(102)	50		50		
CE15148 - Upgrade or build new watermains in Ruakura	G	8	364	356	513		513		35
CE15159 - Water master plan	G	33	100	67	150		150		
CE15166 - Fluoride free water source	LOS		60	60	60		60		
PIF12027 - New software for growth planning	LOS	9	29	20		86	86		
PIF12031 - New structure to extract water from the Waikato River	LOS	1,494	1,643	149		1,643	1,643		
Chlorine Scrubber Installation WTP	LOS	249	321	72		321	321		
TOTAL WATER SUPPLY		**9,019**	**14,036**	**5,017**	**16,325**	**3,204**	**19,529**		
CORPORATE SERVICES									
Corporate Buildings									
CE10151 - Renewals program	R	255	176	(79)	182		182		36
Total Corporate Buildings		**255**	**176**	**(79)**	**182**	**0**	**182**		
Information Services									
CE10152 - Network and infrastructure	R	46	285	239	380		380		37
CE10153 - Core business applications	R	225	239	13	420		420		37
CE10154 - Minor applications	R		0	-	10		10		37
CE15155 - Mobility and eservices	LOS	212	209	(4)	214		214		
CE10156 - Lease funding of equipment	R	14	203	189	270		270		37
CE15157 - Authority replacement	LOS	60	300	240	500		500		37
Total Information Services		**557**	**1,235**	**678**	**1,794**	**0**	**1,794**		
Performance									
CE10158 - Replacement of fleet vehicles	R	229	400	171	839		839		
Total Performance		**229**	**400**	**171**	**839**	**0**	**839**		
TOTAL CORPORATE SERVICES		**1,041**	**1,811**	**770**	**2,815**	**0**	**2,815**		
TOTAL COUNCIL		**35,895**	**57,438**	**21,543**	**65,646**	**18,060**	**83,706**		

Capital Expenditure Variance Explanations: Variances greater than $250k

for the nine months ended 31 March 2016

1. Museum activity building Renewals
Deferral likely with respect to installation of the new chillers.

2. Founders Theatre plant and equipment renewals
With the current closure of Founders Theatre there is no reason to do these projects.Instead it is proposed to reallocate this funding to other areas within H3 to undertake work to help facilitate smaller performance events.

3. Founders Theatre building Renewals
With the current closure of Founders Theatre there is no reason to do these projects.Instead it is proposed to reallocate this funding to other areas within H3 to undertake work to help facilitate smaller performance events.

4. Stadia Building Renewals
This variance relates to timing as a significant contract for the replacement of FMG Stadium Waikato's PA system has now been let and work commenced.

5. Tenancy inducement renewals

6. Hamilton Gardens Development
The overall 4 year programme is on track to be completed within the $7.033 million budget but the work programme is ahead of what was originally planned in the ten year plan budget as external funds have been secured ahead of when predicted. Funding is made up of external funds and the targeted rate. The combination of these covers this year's spend.

7. Playground Renewals
Due to consenting delays the Lake Magellan Bridge renewal work may not be completed by year end. Estimated deferral $100k.

8. Land Purchase Future Reserves
Deferral may be required as completion is dependent reaching agreement on land valuations and obtaining property titles.

9. Destination Playground public Toilets
Work will commence April and may not be completed by end of year.

10. Rototuna Park development
Deferral is required due to third party delays (developer) in the development of the swale upgrade (ditch) adjoining the park.

11. Rototuna Stormwater
This is third party dependent and part of these works will not occur this financial year requiring a deferral.

12. Peacockes Stormwater Stage 1
This is third party dependent and the possibility exists that these works will not occur this financial year. Reallocate $360k to ICMP programme for Mangatukutuku catchment in Peacockes.

13. Integrated catchment management plans
An ICMP works program is in place to complete works and expend the allocated budget this financial year, however a potential deferral of up to $682k has been identified as project delivery is reliant on a number of modelling outputs which if delayed would impact on works completion timeframes

14. Parking Enforcement Equipment
Timing with programme expected to be complete by June 2016.

15. Replacement of Road Base
Work planned for November will now occur later. The programme will be completed by April 2016.

16. Road Resurfacing
All chip sealing sites have been completed; The asphalt surfacing sites are scheduled to be completed March & April 2016, which is later than originally forecast.

17. Roading Upgrades in Peacockes Stage 1
This is third party dependent and the possibility exists that these works will not occur this financial year.

18. Roading Upgrades in Peacockes Stage 2
Reliant on a third-party agreement and development timing to spend funds. Also reliant on a successful land purchase. Potential for deferral.

19. Roading Upgrades in Rotokauri
Reliant on a third-party agreement for Rotokauri Rd upgrade and also investigations underway for Ruffell/Onion intersection upgrade. Potential deferral $700k to complete construction in 16/17.

20. Roading Upgrades in Rototuna
There are third party dependent timing and third party agreements that will require deferral of $1.2m to match development timing.

21. Hamilton Ring Road completion
Contractual commitments and construction programme will require deferral of $7M to 16/17 year. This project is 100% advance funded from NZTA.

22. Pipe Upgrade Growth
Timing with programme expected to be complete by June 2016.

23. Increase capacity of wastewater network in Rototuna
This is third party dependent and will require deferral of up to $1.05m for North City and River Road improvements to 16/17 year.

24. Increase capacity of network in Peacockes Stage 1
This is third party dependent and will require deferral $889k to 16/17 year.

25. Increase capacity of network throughout the city
Currently tracking behind baseline program, however a program is in place to award Far Western Interceptor contract in May. Potential deferral of up to $200k to align with Contractor construction program. Project reliant on land access agreements.

26. Replacement of wastewater treatment plant assets
Currently tracking behind baseline program, however contractual commitments are in place to complete the work program in 15/16 year.
Forecast potential underspend of up to $219k identified due to attractive tender pricing and work programme reprioritisation. Refer R&O.

27. Upgrade wastewater treatment plant (Pukete 3)
Currently tracking slightly behind baseline program. Potential deferral of spending to 16/17 year needed of $150k dependent on project progress.

28. Replacement of Watermains
Currently tracking slightly behind baseline programme. Program in place to complete works.

29. Upgrade or build new water mains in Rototuna
This is third party dependent and will require a deferral of $544k to 16/17 year.

30. Upgrade/build new watermains in Rotokauri stage 1
Potential deferral of up to $200k to complete Pukete Reservoir bulkmain duplication works.

31. Replacement of treatment plant and reservoir assets
Currently tracking behind baseline program, however contractual commitments are in place to complete works.
Forecasting a potential underspend of $348k due to favourable tender price for Hamilton South Reservoir roof renewal works ($150k saving) and work programme reprioritisation - refer Risks & Opportunities schedule.

32. Water Treatment Plant compliance minor upgrades
Currently tracking behind baseline program, however contractual commitments are in place to complete works.
Forecasting a potential underspend of $556k due to favourable market pricing and work programme reprioritisation - refer Risks & Opportunities.

33. Rototuna Reservoir
Slightly behind baseline program, however contractual commitments are now in place for bulk main installation and reservoir construction.
This project while on time and on budget for 15/16 may exceed its total project budget. As reported to the Finance Committee 22nd October 2015, agenda item 15.

35. Upgrade or build new water mains in Ruakura
This is third party dependent and will require a deferral of $383k to 16/17 year.

36. Corporate Building Renewal programme
Budget has been exceeded but it includes the Caro Wing relocation work and Energy Efficiency costs where the budget is included in operating. Both items are on risk and opportunities.

37. Information Services
Projects are in progress but unlikely to be completed by the 30 June 2016, the unspent portion would be required to be carried over into the 2017 financial year to allow completion of these projects.

GROWTH RELATED ITEMS

for the nine months ended 31 March 2016

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

For the current financial year total development contributions received are $13.5m [$13.5m] , this is $8.6m [$8.6m] favourable against the year to date budget of $5.7m [$4.9m]. The annual budget of $9.5m has already been exceeded.

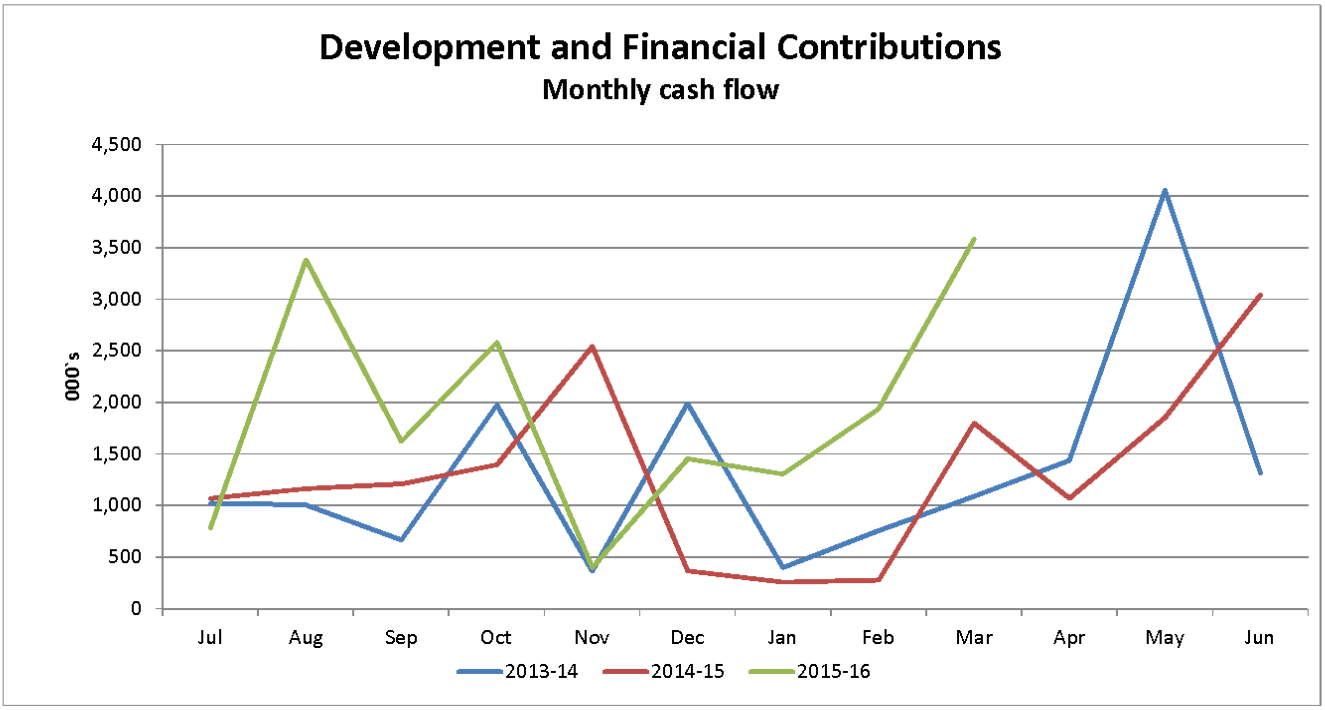
The following table and graphs provide trend data for the 2013-14, 2014-15 and the current year.

Table 1: actual contribution received per month

(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	402	1,455	1,307	1,938	3,582				17,062

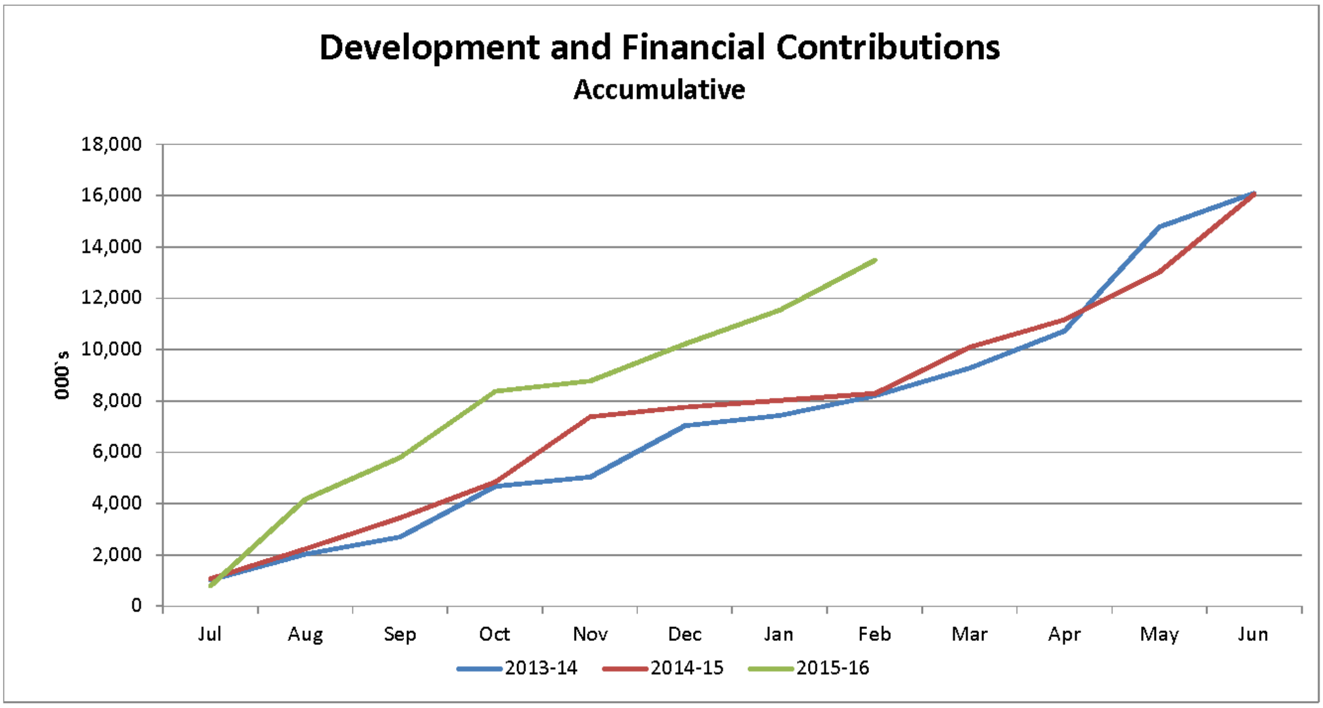
Graph 1 - Monthly actual cashflow

This graph tracks the actual contributions on a monthly basis this demonstrates that not only are the contributions volatile over the past 3 year (as low as $250k and as high as $4.0m) there is also little consistency between months .



Graph 2 - Accumulated actual cashflow.

This graph tracks the accumulated trends over the past 3 years. This highlights that for the current year contributions are tracking above the previous two years and potentially trending to a annual level in excess of what Council received over the past two years.



VESTED ASSETS

Revenue recognised from the transfer (vesting) of sub divisional assets to Council is $25.8m ($19.7m) which results in $19.4m ($14.1m) 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 year to date

Month	Location	$000`s Value
August-15	Industrial Subdivision Rotokauri	5,523
January-16	Residential Subdivision Rototuna	1,635
January-16	Residential Subdivision Rototuna	1,547
February-16	Te Awa River Ride	1,435
September-15	Residential Subdivision Rototuna	1,339
		11,479

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

	Accounting Surplus $000	Capital Programme $000
Actual Risks and Opportunities		
CORPORATE		
Pensioner Housing Renewals - reduced renewal programme reflecting essential health and safety works following the decision to sell Pensioner Housing portfolios. All costs are reserve funded and any savings remain in a cash backed reserve.		180
Pensioner Housing Debt - When the sale and purchase agreement is signed in March 2016 Council will become liable for the repayment of a suspensory loan to Housing New Zealand.	(480)	
Pensioner Housing Sale - corporate overhead charges will have to be redistributed across other activities. 2015/16 impact from 7th of March 2016 is $75k with later years as shown.	(75)	
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)
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	(260)
CORPORATE TOTAL	(393)	(180)
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)	
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 $350k and a report will go to Council at the end of September.	(175)	
River Plan - Budget for the River while approved during the Long term plan was to funded by savings identified from the Support Service Review	(250)	
ED SPECIAL PROJECTS TOTAL	(575)	0
COMMUNITY		
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 extended time required to manage the various complexities.	(90)	
Community Facilities - grant funding approval to Age Concern.	(30)	
Pensioner Housing Sale - reduced ground maintenance charge impact of sale of Pensioner Housing Stock. 2015/16 impact from 7th of March 2016 is that City Park income will decrease by $44k with later years as shown.	(44)	
One Victoria Trust Grant - was unable to be paid 14/15 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 is to be undertaken in 15/16 at which time payment will be made.	(75)	
Museum Acquisitions - Gifting of Collection to Museum will come with the condition that Council invests $50k per annum in new Art.	(50)	
Zoo Tiger Service Area - construction of Tiger service area fencing.		(120)
Library - repair of the Central Library concrete flooring and relocation of library stock. The maintenance work is expected to cost $165k with a further $20k requirement for offsite storage and document retrieval.	(185)	
Indoor recreation centre - Council approval 24th February 2016 for funding to be brought forward from 2021/22 to the 2015/16 financial year and increased by up to $500k as a grant towards the construction of two of the four courts to be built at the new Rototuna High Schools.	(4,500)	
COMMUNITY TOTAL	(4,974)	(120)
STRATEGY & COMMUNICATION		
STRATEGY AND COMMUNICATION TOTAL	0	0

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

	Accounting Surplus $000	Capital Programme $000
CITY INFRASTRUCTURE		
VOTR Carpark Revenue - Reduced capacity due to ground conditions.	(135)	
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)
Water treatment plant renewals and minor capex - $572k funding reprioritised from water treatment plant renewals and minor capex to wastewater treatment plant renewals and minor capex.		572
Wastewater treatment plant renewals and minor capex - $572k funding reprioritised from water treatment plant renewals and minor capex to wastewater treatment plant renewals and minor capex.		(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)
CITY INFRASTRUCTURE TOTAL	2,865	(3,120)
CITY GROWTH		
Victoria On The River (VOTR) - Phase 1 Planning	(140)	
VOTR Site - Year 1 costs approved 15 December for design and consents.		(350)
VOTR Site - Year 1 costs approved 15 December for earthworks.		(1,150)
LIM's and Building Consents	495	
Online Building Consenting Roadmap - Phase 2: implement an online consenting solution for the Building Unit	(495)	
Hamilton Organic Recycling Centre - Funding for drop off wall works to ensure structure is safe for public use		120
Economic Growth - Budget required to scope and purchase a DC modelling tool.		(350)
CITY GROWTH TOTAL	(140)	(1,730)
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	
Clarence St Theatre - Council resolved in July 2015 to gift the Theatre to a Trust. This removes the net direct cost budget.	120	
Clarence St Theatre - As part of the resolution to gift the Theatre to a trust Council approved a one-off $75k grant.	(75)	
Founders Safety Assessment - This is as a result of our current investigations into Founders Theatre and a consequential decision to undertake additional health and safety and building structure assessments. The engineers work may possibly be capitalised.	70	
H3 & EVENTS TOTAL	215	0
COUNCIL WIDE		
ACC Levies - based on the budget and the actual from previous year there will be a favourable position.	180	
Rates - Additional rates revenue. This has occurred due to the timing of the Council resolution and the actual striking of the rates.	100	
Rates Penalties - based on the previous years actuals	300	
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	
COUNCIL WIDE TOTAL	780	0
Net Business Impact before Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash Items.	**(2,222)**	**(5,150)**
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.	1,500	
Development Levies and Financial Contributions - based on the actual year to date results. These are not forecast amounts	11,336	
Vested Assets - based on the actual year to date results. These are not forecast amounts	19,431	
Depreciation - based on preliminary results from the 3 water revaluation.	(2,800)	
Pensioner Housing Sale - Loss on sale associated with sale of Pensioner Housing Stock.	(4,388)	
Losses on Asset Sales - based on the actual year to date results. These are not forecast amounts	(2,201)	
Unrealised Losses - this is on interest rate swaps, based on the actual year to date results. These are not forecast amounts	(15,617)	
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS, UNREALISED GAINS/LOSSES, NON CASH ITEMS	7,261	0
Net Business Impact after Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash Items.	**5,039**	**(5,150)**
IMPACT ON THE ACCOUNTING RESULT		
10-Year Plan - Surplus(Deficit)	9,232	
Risks and Opportunities	5,039	
Revised Accounting Result - Surplus(Deficit)	**14,271**	
IMPACT ON BALANCING THE BOOKS		
10-Year Plan - Surplus(Deficit)	751	
Risks and Opportunities	5,039	
Items eliminated		
-Vested Assets	(19,431)	
-Loss on Pensioner Housing	4,388	
-Loss on Other Asset Sales	2,201	
-Loss interest rate swaps	15,617	
Revised Balancing the Books - Surplus(Deficit)	**8,565**	

TREASURY REPORT
for the nine months ended 31 March 2016

Policy Compliance

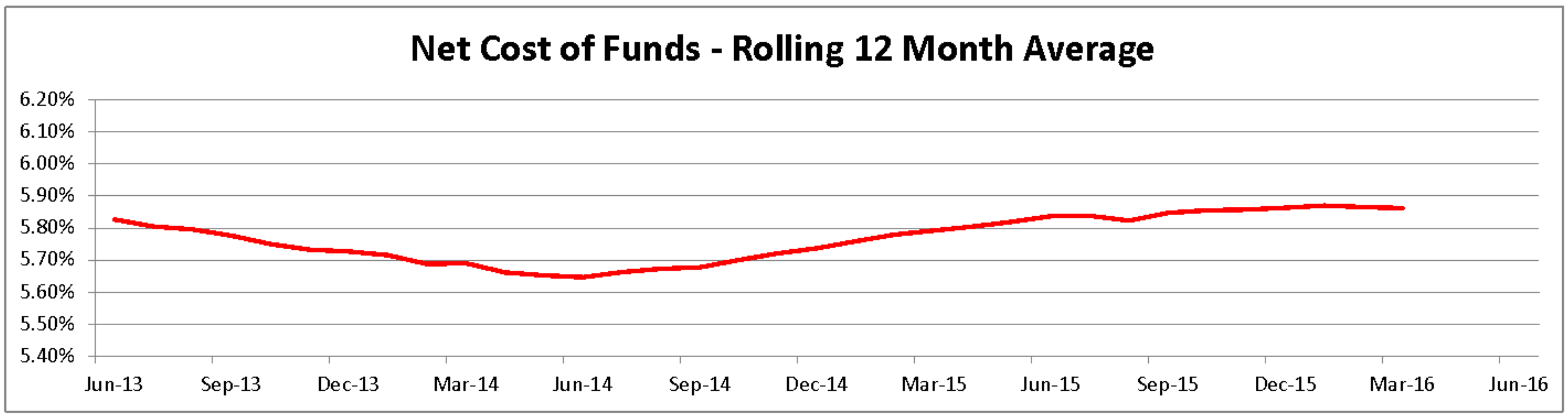
		Policy	Result @ 31-Mar-16	Policy Compliance
Fixed debt parameters	fixed	50% - 95%	**88%**	✓
Fixed rate maturity	all years	within annual parameters	**not achieved for the current month**	✓
Funding maturity	0 - 3 years	15% - 60%	**55%**	✓
	3 - 5 years	15% - 60%	**25%**	✓
	5 years plus	10% - 40%	**21%**	✓
Liquidity ratio	minimum	110%	**121%**	✓
Counterparty credit risk	maximum	$75m per bank	**achieved**	✓

Comments on policy breaches

The amount of debt at fixed rates of interest compared to total net debt for the current month is greater than the 95% upper limit. As per the Investment and Liability Management Policy this is not a breach in policy if it self corrects within 90 days. Current forecasts of debt levels indicate a return to below 95% during June, but if that does not happen fixed interest rate exposure will be adjusted to avoid a policy breach. All other annual fixed rate maturities are within policy parameters.

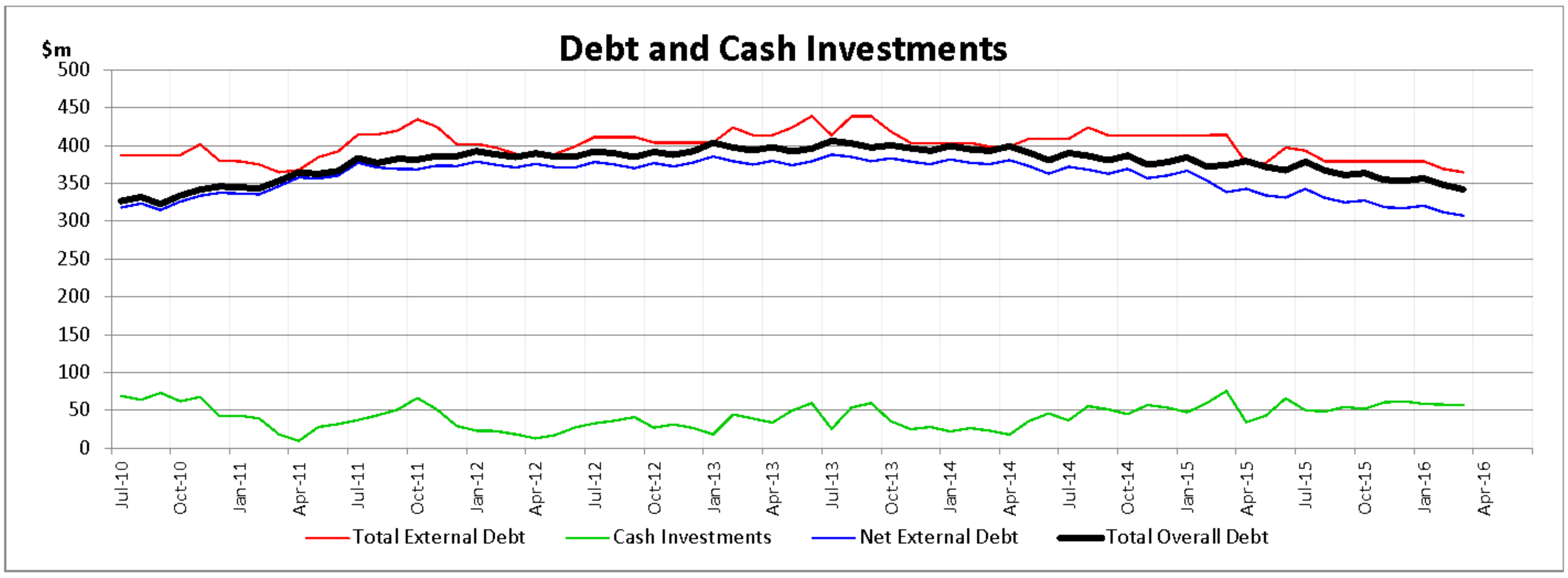
Finance Costs ($000's)

	Result @ 31-Mar-16	Budget @ 31-Mar-16	Variance Fav. / (Unfav.)	Annual Budget
Interest and financing costs paid (net of interest paid to reserves)	15,868	16,985	1,117	22,647
less **Interest received**	(1,535)	(1,500)	35	(2,000)
Net finance costs	**14,333**	**15,485**	**1,152**	**20,647**
Weighted average net cost of funds (12 month rolling average)	**5.86%**	**5.90%**	**0.04%**	**5.90%**



Debt and Cash Investments ($000's)

	Result @ 31-Mar-16	Budget @ 30-Jun-16	Variance Fav. / (Unfav.)
External debt	**364,635**	415,084	50,449
less **Cash investments**	**(57,107)**	(45,000)	12,107
Net external debt	**307,528**	370,084	62,556
add **Cash-backed reserves**	34,437	36,713	2,276
Total overall debt	**341,965**	**406,797**	**64,832**



Item 8

Attachment 7

Top 10 (By Contract Value) Contracts and PSP's Awarded Between 1 January and 31 March 2016

	Contract No.	Contract Description / Name	NZTA	Public or Private	RFX Method	Supplier Selection Method	Contract Delivery Model	Approved By	Approved Date	Contractor	Current Approved Contract Sum	Approved Contract Start Date	Approved Contract End Date
1	CON 15356	AoG IT Hardware	Not Funded	Public	AoG / Sydicated Agreement	AoG / Sydicated Agreement	Bespoke	Richard Briggs - Chief Executive	5/02/16	Ministry of Business, Innovation and Employment	$ 1,200,000.00	24/09/15	23/09/20
2	CON 15192	Hamilton South Reservoir Roof Coating	Not Funded	Public	RFT	Price Quality	NZS 3910 Traditional	Chris Allen - General Manager - City Infrastructure	28/01/16	Watertight the Waterproofing People	$ 500,000.00	23/02/16	30/05/16
3	CON 15217	Performance Transformation Programme	Not Funded	Public	RFP	Quality	Government Model Services	Richard Briggs - Chief Executive	14/12/15	Steel Institute of Performance	$ 495,000.00	15/01/16	14/01/19
4	PSP 15340	BIM Implementation Phase 1 - Professional Services	Not Funded	Private	PSP Appointment	PSP Appointment	Instruction for Service	Chris Allen - General Manager - City Infrastructure	21/01/16	Aecom	$ 180,000.00	1/02/16	30/03/16
5	PSP 15299	Waiora 2 Water Treatment Plant Upgrade Function Design	Not Funded	Private	PSP Appointment	PSP Appointment	Instruction for Service	Chris Allen - General Manager - City Infrastructure	4/02/16	GHD Ltd	$ 178,148.00	25/12/15	30/06/15
6	PSP 15306	Claudelands Bridge Life Plan	Funded	Private	PSP Appointment	PSP Appointment	Instruction for Service	Chris Allen - General Manager - City Infrastructure	28/01/16	Beca Ltd	$ 130,000.00	18/01/16	30/06/16
7	CON 15273	Central Library Exterior Repaint	Not Funded	Public	RFT	Price Quality	Minor Work	Helen Paki - Acting General Manager - Community	15/01/15	JL Connolly Ltd	$ 110,000.00	18/02/16	30/04/16
8	PSP 15432	Ring Road Project Management	Funded	Private	PSP Appointment	PSP Appointment	Instruction for Service	Chris Barton - Acting City Development Unit Manager	11/03/16	Beca Ltd	$ 100,000.00	9/03/16	30/12/16
9	PSP 15305	HPMV Access to HCC Network	Funded	Private	PSP Appointment	PSP Appointment	Instruction for Service	Jason Harrison - City Transportation - Unit Manager	25/02/16	Beca Ltd	$ 98,000.00	18/01/16	30/06/16
10	CON 15419	Minogue Park Car Park Repairs	Not Funded	Private	Direct Appointment	Direct Appointment	Minor Work	Lance Vervoort - General Manager Community	29/03/16	Armstrong Landscape Contractors Ltd	$ 95,000.00	29/03/16	17/06/16

1

Item 9

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	Key Projects Monitoring Report – March 2016	**Author:**	Cerice DeLacy

Report Status	*Open*
Strategy, Policy or Plan context	*2015-2025 10-Year Plan*
Financial status	*There is budget allocated on a per project basis, as per attachment 1*
Assessment of significance	*Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is/is not considered to have a high degree of significance*

1. Purpose of the Report

2. Provide an overview of the key projects underway at Hamilton City Council for the March 2016 period.

3. Executive Summary

4. The March 2016 key projects summary is provided as attachment 1.
5. Three new key projects have commenced reporting:
   - Waiora 2 Water Treatment Plant (WTP) Upgrade project - City Development
   - Pukete 3 Wastewater Treatment Plant (WWTP) Upgrade project – City Development
   - North City Road Urban Upgrade project – City Development
6. The Hamilton Ring Road remains in an amber status as at March 2016.
7. The Southern Links – Designation as part of the Peacocke Structure Plan project is successfully completed and closed.
8. The full key projects report is available on the Councillor's FTP site (request via Mary Birch).

Recommendation from Management

That the Report be received.

9. Attachments

10. Attachment 1 - Key Projects Status Report - March 2016

11. Key Issues

12. One project is showing an amber status:
    - **Hamilton Ring Road Upgrade and Extension:** the project is currently showing an amber status due to a number of construction methodology elements which need to be agreed with NZTA regarding the connection to the State Highway and confirmation of the pedestrian overbridge design, including confirming construction staging and traffic management requirements, which could have a significant impact on project cost and time.
    - An update on cost and time impacts will be provided as part of the Cobham Drive pedestrian overbridge options report to the 7 June Strategy and Policy Committee.

13. Financial and Resourcing Implications

14. **Hamilton Ring Road Upgrade and Extension:** the project is subject to advanced funding from NZTA, including 100% advanced funding for the Cambridge Road to Cobham Drive section. The local share is to be repaid to NZTA in line with agreed timeframes.

15. Risk

16. 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.
17. Any change to risk profile or risk rating is included in the key projects summary report for each project.

Signatory

Authoriser	David Bryant, General Manager Corporate

Hamilton City Council
Te kaunihera o Kirikiriroa

Key Projects Status Summary Report - March 2016

Total Number of Projects	Count	Project Status	Risks
Project Status – On Track	7	Green	Increased = ↑
Project Status – Needs to be Monitored	1	Amber	Unchanged = →
Project Status – Needs urgent management attention	0	Red	Decreased = ↓

Project/ Programme Name	Project Sponsor	Project Manager	Start date	Expected completion date	Total project budget	Total project cost TD	YTD spend 2015/16	Project Status	Project Exception Report	Risks
District Plan Review – Phase VIII	Kelvyn Eglinton	Luke O'Dwyer	01-Jan-10	31-Dec-16	$ 6,168,163	$ 6,265,546	$ 774,202			→
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	$ 7,374,380	$ 1,970,905	$ 1,492,905			→
Hamilton Ring Road Upgrade and Extension	Chris Allen	Chris Barton	1-Jul-03	31-Dec-16	$ 84,270,900	$ 74,661,043	$ 939,701		One of the top 5 risks has increased from medium to high, due to an increased likelihood of Cobham Dr roundabout and pedestrian bridge design scope issues resulting in potential increased project cost and delays to the project program.	↑
North City Road Urban Upgrade	Tony Denton	Matthew Lillis	01-Feb-16	23-Dec-21	$ 8,126,000	$ 146,211	$ 146,211			→
Pukete 3 Wastewater Treatment Plant Upgrade	Andrew Parsons	Barry Hu	1-Feb-16	30-Jun-20	$ 18,446,000	$ 455,029	$ 455,029			→
Rototuna Reservoir and Bulk Watermains Development	Tony Denton	Chris Barton	01-Mar-15	30-Aug-17	$ 21,898,000	$ 3,696,539	$ 4,399,539			→
Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	30-Apr-16	$ 3,262,800	$ 3,225,376	$ 1,899,387			→
Waiora 2 Water Treatment Plant Upgrade	Andrew Parsons	Barry Hu	1-Feb-16	30-Jun-21	$ 28,746,000	$ 267,589	$ 267,589			→

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Item 10

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Finance Committee **Date:** 21 April 2016

Report Name: Hamilton Gardens Development Project Progress Report **Author:** Helen Paki

Report Status	*Open*
Strategy, Policy or Plan context	*Hamilton Plan*
Financial status	*There is budget allocated* *The total project budget is $7.033m* *$2.437m is budgeted in targeted rates. The balance of $4.596m is funded from external sources.*
Assessment of significance	*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*

1. Purpose of the Report

2. To provide Council with an update on the progress of the Hamilton Gardens Development Project including costs expended to date.

Recommendation from Management

That the Report be received.

3. Attachments

4. There are no attachments for this report.

5. Key Issues

6. Background

- The Hamilton Gardens Development Project (the Project). The project was approved by Council at the Extraordinary Council meeting on 4 March 2014 and includes the completion of five themed gardens, a destination playground and improved infrastructure across four years, from 2014/15. Councillors can view the project on the Council website: [Hamilton Gardens Development Project]
- Phase 1 of the Project included the completion of the Tudor Garden which opened in February 2015. Funding for this garden was allocated in the 2012-22 10-Year Plan.
- Phase 2 of the project has a total cost of $7.033m and is underway, with completion planned for June 2018.
- Implementation of the Project is running ahead of schedule, largely due to the successful fundraising and effective project and contract management. All earthworks and underground infrastructure for the full site have been completed. Many of the major above-ground structures comprising the garden development have either been completed or are underway, including the Mansfield Garden house façade which will be a major attraction for visitors.
- Construction of the new destination playground will begin in July 2016, with a planned completion date of December 2016. The playground will have a unique ‘garden fantasy’ theme and will appeal to children and families.
- The project is overseen by a project management group.
- Visitor numbers are consistently increasing as the new gardens are being developed and the Gardens’ profile increases. There has been a 10 per cent increase in visitor numbers in Q3 2015/2016 (39,386) compared with the same period in 2014/2015 (31,989). Easter 2016 visitor numbers have been the highest on record.
- Hamilton Gardens is consistently rated #1 on Trip Advisor of the 46 things to do in Hamilton. Creating and developing relationships with filming and production companies has resulted in primetime television coverage in 2015 and 2016, on Our First Home, Story, and the “Community Winners” feature as part of the Saturday Lottery draw.
- Engagement with Hamilton Gardens across all channels is increasing every year. Online activity in March 2015/16 compared with March 2014/15 shows the following increases:

Facebook	35% ↑
Instagram	140% ↑
Website	33% ↑

7. Financial and Resourcing Implications

8. Council is funding one-third of the total project costs of $7.033m with a targeted rates contribution of $10 (GST exclusive) per ratable Separately Used or Inhabited part of a Property (SUIP) over four years from 2014/15 – an estimated total of $2.437m.

9. The one-third funding commitment from Council is required for leveraging external funding, specifically the Lottery Significant Projects Fund. Council secured has a $2.5m grant from the Lottery Significant Project Fund.

10. To date, $3.485m has been confirmed in external funding from the following funders, donors and sponsors:

Friends of the Hamilton Gardens (Fundraising commitment - includes donations from donation boxes at HG)	150,000
WEL Energy Trust	40,000
Lottery Significant Projects Fund	2,500,000
Vibrant Hamilton Trust	200,000
Trust Waikato	215,000
WEL Energy Transformational Major Projects Fund EOI	160,000
Screech Family Donation	20,000
Braithwaite Family Donation	100,000
Foster Construction (in-kind sponsorship)	100,000
Total	**3,485,000**

11. The total remaining funding to be raised is $1.111m (rounded), as shown in the table below.

Targeted rates	2,437,212
Confirmed External funding	3,485,000
Total confirmed Income	**5,922,212**
Total project cost	7,033,000
Total funds to raise	**1,110,789**

12. A number of sponsorship, donation and funding applications to the value of $2.380m are in progress (with further applications planned dependent on success of current applications). It is anticipated that the remaining funding target will be reached well within the remaining project timeframe.

13. Project expenditure year to date is $1.494m. At the time the 10-Year Plan budget was set at $1.828m for the 2015/16 financial year, the amount and timing of external funding that might be received in 2015/16 was unknown.

Figures represented in $000s	**Past Years 2014/15**	**Current Year 2015/16**	**Future Year 2016/17**	**Future Year 2017/18**	**Total Years Budget (Actual + Projected)**
LTP Budget	0	1,828	2,560	2,645	7,033
Current Budget	136	2,605	2,871	1,421	7,033
2015/16 YTD Actual	136	1,494			1,630
2015/16 Projected	0	1,111	2,871	1,421	5,403

14. The re-projected 2015/16 annual budget, taking into account the actual income secured from external sources, is $2.605m. Budget is allocated to the project as funds are raised and the physical works programme adjusted accordingly.

Signatory

Authoriser	Lance Vervoort, General Manager Community

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Item 11

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	Provision of unfluoridated water source	**Author:**	Andrew Parsons

Report Status	*Open*
Strategy, Policy or Plan context	*Hamilton Plan: Providing outstanding Infrastructure*
Financial status	*There is budget allocated* *Amount $60,000 capital, $5,000pa operating*
Assessment of significance	*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*

1. Purpose of the Report

2. The purpose of this report is to seek approval to implement the recommended options noting that the option relating to the Taitua Arboretum has largely been implemented due to recent upgrade work to achieve compliance with drinking water standards.

3. Executive Summary

4. Four location options were considered in consultation with Fluoride Free Hamilton for the provision of an un-fluoridated water source.

5. Staff recommend the Claudelands Event Centre option as it best meets the site selection criteria of security, public accessibility and the level of service requirements of the treatment system noting that the capital cost for this option is $70,000.

6. The Claudelands Event Centre option would achieve an 'A' grade under the New Zealand Drinking Water Standards.

7. There is an existing water supply bore at the Taitua Arboretum which is naturally low in fluoride, and due to recent upgrade work achieves the requirements for a 'B' grade under the New Zealand Drinking Water Standards.

Recommendations from Management

That:

a) the report be received;

b) Council endorse Taitua Arboretum as a public source of non-fluoridated water;

c) Council approve the Claudelands Event Centre option as a public source of non-fluoridated water as outlined in this report; and

d) staff report the estimated additional $10,000 capital budget requirement as part of the Risks and Opportunities Register.

8. Attachments

9. Attachment 1 - Factsheet - non-fluoridated water supply

10. Attachment 2 - Non-fluoridated water supply – Design Assumptions

11. Attachment 3 - Site Location at Claudelands Event Centre

12. Key Issues

13. Background

14. At its meeting on 4 June 2015, Council received the factsheet (Attachment 1) and resolved the following as part of its 2015-25 10-Year Plan:

> *That a capital budget of $60,000, and an annual operating budget $5,000 from year 1, for a non-fluoridated water station be provided, with staff to report back on the options for the Council following consultation with the groups requesting the facility.*

15. In response to the resolution, Staff have considered four options for the location of an un-fluoridated water source (tap) in discussion with Fluoride Free Hamilton. These are:
Option 1 – Claudelands Event Centre
Option 2 – Taitua Arboretum
Option 3 – Hamilton Lake Domain
Option 4 – Commercial Water Supplier

16. Site Selection Criteria

17. Site selection for the tap requires consideration of security, public accessibility and the services requirements of the treatment system as set out in Attachment 2. Based on this criteria, option 1 and 2 are recommended noting that recent work on the Taitua Arboretum water supply means it is now available to the public as an un-fluoridated water source. The general location for the Claudelands Event Centre site is shown in Attachment 3.

18. Recent feedback from Fluoride Free Hamilton indicates strong support for the two recommended options.

Item 11

19. Financial

20. Capital cost implications for recommended options:

Option 1 implementation cost	$70,000
Total Annual Capital Budget	**$60,000**

21. Operating cost implications for recommended options:

Option 1 operating cost	$6,000
Total Annual Operating Budget	**$5,000**

22. Risk

23. Implemented options do not meet community expectations.
Fluoride Free Hamilton has been involved since early in the process and a copy of a background technical report has been provided for feedback. There is a clear desire to see option 1 implemented.

24. Implemented options do not meet community demand.
At this time, the utilization of an un-fluoridated water supply is unknown. The recommended options 1 and 2 can accommodate a doubling or quadrupling of demand.

25. Actual cost to implement exceeds the cost estimates in this report.
Independent expert advice has been used to compile the estimated costs for each option. Actual costs will be based on market pricing at the time of procurement.

26. Actual costs to operate the selected options exceed the cost estimates in the report.
This is not considered a significant issue for the recommended options 1 and 2.

27. Public health risks from hygiene and storage
It is likely that customers collecting water from these sites will be storing water and using it over an extended period of time. With option 2, as there is no chlorine residual present to protect from potential contamination, there are risks associated with how the water is managed after it is taken. This could be mitigated with either appropriate educational signage or the addition of chlorine disinfection, both of which would require additional capital and operational funding.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group

FACTSHEET

Opportunities for a non-fluoridated water supply in Hamilton

What is a non-fluoridated water supply?

Currently all water leaving the water treatment plant is fluoridated. Since 2013, members of the community have been requesting the provision of a non-fluoridated water supply. At the time of the fluoride hearings there were 74 submissions that requested the Council establish a number of public access points with non-fluoridated water.

The Council discussed the provision of a source of water with no added fluoride on the 28 November 2013. The options for the provision of a non-fluoridated supply are outlined in this factsheet.

What do other Councils do?

Several Councils, including Hastings and Palmerston North, that fluoridate their water have already installed a tap that provides non-fluoridated water to those who wish to use it. They have identified that the demand of non-fluoridated water is largely unknown.

HASTINGS:

- use an existing aquifer with installed drinking fountain (see image)
- the bore (access to the aquifer) has been monitored and assessed against the requirements of the Drinking Water Standards of New Zealand (DWSNZ) by the Ministry of Health and has achieved secure status
- no treatment or fluoride removal is required
- the fountain was initially installed with a small filter, but it was removed as it was restricting the flow
- cost approximately $18k fully installed including drainage. The stainless steel housing for the pump was left over from another project
- usage currently averages around 300 litres per day
- outlet operational since December 2014, with an additional outlet currently being installed
- hastingsdc.govt.nz/non-fluoridated-water-supply-hastings.

PALMERSTON NORTH:

- use an existing bore in the town centre that supplies 20% of the community demand
- the bore is deep and accesses a high quality aquifer
- final treated water quality is a lower water standard than Hamilton City Council's current AA standard
- a pipe and tap is connected to the supply after the chlorination and before the fluoridation point
- cost $6k to $7k but may not have included the additional costs of securing the site or the additional monitoring that is required to show compliance against DWSNZ (as it's a parallel distribution process)
- outlet operational in late May 2015 and has limited hours of operation (6:30am to 9pm)
- pncc.govt.nz/news-events-and-culture/news/fluoride-free-water-now-available.

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What are the options for Hamilton providing a public source of non-fluoridated water?

Hamilton City Council has no aquifer or bore access, so can only look at options related to the existing water supply from the Waikato River. Although there are some shallow bores that are present in Hamilton, none of them are currently on property owned by the Council or meet the requirements of the DWSNZ.

There are five options available to Hamilton City Council:

1. Having a tap at the treatment plant (pre-fluoridation)
2. Installing a water cooler structure that treats mains water to remove the fluoride
3. Install a water cooler that provides untreated water that is trucked in from an alternative source.
4. Access Hamilton bore supply
5. Option 2 but provide for an external water fountain as shown in the Hastings example

OPTION 1 – A SOURCE OF WATER WITH NO ADDED FLUORIDE AT THE WATER TREATMENT PLANT

To provide a non-fluoridated water supply that would be compliant with the DWSNZ, the existing treatment process would need to be rearranged to locate the appropriate pipework to supply the non-fluoridated water. Therefore adding a tap at the treatment plant would be costly and technically and operationally challenging. It would add risk to compliance with the drinking water standards. The cost to implement this was estimated in 2013 to be in the order of $200,000 to $300,000 (unbudgeted).

OPTION 2 – PROVIDE A PUBLIC NON-FLUORIDATED SUPPLY OF DRINKING WATER USING TECHNOLOGY TREATMENT PROCESS - IN ANY LOCATION

Installing a standard water cooler that is refilled via a reverse osmosis (RO) unit is achievable but comes at a cost. It could be located in or close to a Council building that has the necessary power, water and wastewater services.

The cost estimated in 2013 is in the order of $10,000 to $15,000 to install and up to $3,000 operational cost per annum (unbudgeted). The estimate is based on the installation of a standard office water cooler being located inside an existing building.

OPTION 3 - INSTALL A WATER COOLER THAT PROVIDES UNTREATED WATER (TRUCKED IN FROM AN ALTERNATIVE WATER SUPPLY)

During 2013, staff contacted a supplier of premium bottled water suitable for water cooler installations. The supplier's assessment showed the fluoride levels in the water source varied widely and at times could potentially be similar to Hamilton's fluoridated water supply levels.

OPTION 4. BORE SUPPLY

A bore supply is not an option for Hamilton as this would require resource consent for water allocation and incur a significant cost to drill and then prove safe against DWSNZ. It would also require at least one year of monitoring to prove it met the DWSNZ – which means it would not be a quick option. As Hamilton only has shallow ground water, influenced by surface conditions and activities, it is unlikely that a bore will meet DWSNZ.

OPTION 5: REPLICATE HASTINGS

This would deliver Option 2 but provide for an external water fountain as shown in the Hastings example. Costs for this option are likely to be $40,000 to $60,000 capex with $3,000 to $5,000 opex each year. The final cost would be influenced by the location.

Next steps:

If the Council chooses to proceed in principle with any option, it is recommended that a more detailed investigation and cost analysis is undertaken that would be reported back to Council.

FACTORS TO CONSIDER INCLUDE:

- user group needs
- an assessment of likely demand
- access (vehicle, pedestrian)
- services (power, water and wastewater)
- scalability

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Te kaunihera o Kirikiriroa

Attachment 2 – Design Assumptions

In general, a suitable site for the tap(s) will:

- Be close to an HCC water main, or have a HCC owned water supply in close proximity.
- Be open to the public with reasonable hours of access.
- If possible be centrally located to allow access for all users.
- Have vehicle access and safe, legal parking.
- Have power and sewer services available either on-site or nearby.
- Be well-lit and generally a safe location.

Technical parameters include:

Parameter	Value	Comment
Flow rate Instantaneous Daily Total	 5 L/min minimum 1000 L/day	 Based on Submitter requests. Assuming 10 L/person, 96 people/day
Final fluoride concentration	0.2 mg/L maximum	Based on current 'background' Fl concentrations in Hamilton's raw water supply
Tap options	Drinking fountain Mid-level tap for drink bottles Low-level tap for large containers	Based on Submitter requests
DWSNZ compliance grade	'A' or 'B'.	As advised by HCC.
System Capital Cost	$60,000	Total for all sites, as advised by HCC
System Operating Cost	$5,000 p.a.	Total for all sites, as advised by HCC

Attachment 3 – Site Location at Claudelands Events Centre

Proposed Location for Non-Fluoride Taps at Claudelands Grandstand

Proposed style of tap

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	Contract 15216 for Supply of Library Collection Material	**Author:**	Scott Copeland

Report Status	*Open*
Financial status	*Approximately $1,950,000 million over the initial three years of the contract period* *Within budget allocated*
Assessment of significance	*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*

1. Purpose of the Report

2. The purpose of this report is to seek approval to award Contract 15216 for Supply of Library Collection Materials.
3. Approval of the Committee is sought because the contract value exceeds the Chief Executives delegation.

4. Executive Summary

5. Council has undertaken a public Request for Proposal (RFP) process to award the contract for the Supply of Library Collection Materials.
6. The scope of this contract includes the selection, supply, cataloguing and physical processing of Library Collection Material (printed material, e-books and junior DVDs) for the Hamilton City Libraries within pre agreed budgets. A key aspect is the timely provision of a carefully selected collection relevant to the Hamilton community.
7. Following the evaluation of tenders the recommendation is to award Contract 15216 for Supply of Library Collection Material to Wheelers Book Club Limited who was the highest ranked respondent against the evaluation criteria listed in the RFP.

8. Recommendations from Management

That:

a) the report be received;

b) the tender submitted by Wheeler Book Club Limited for Contract 15216 for Supply of Library Collection Material is accepted by Hamilton City Council;

c) the Chief Executive is delegated to negotiate and approve final contract terms with Wheeler Book Club Limited based on the Hamilton City Council Request for Proposal;

d) the Approved Contract Term is set at three years with a right of renewal of two years at Councils sole discretion; and

e) the Approved Contract Sum for the first three years of the contract is set One Million Nine Hundred Thousand Dollars ($1,950,000) being the estimated total spend over the first three years of the contract.

16. Purpose and Structure of Contract

17. The scope of the contract includes providing shelf-ready material for the lending, reference and heritage collections. This includes printed material, eBooks and junior DVDs. It excludes large print, world language material, talking books, eAudio books, eMagazines, print magazines and newspapers, Zines, CDs, DVD titles, kits, music scores, puzzles and original heritage items.

18. The proposed term of the contract was three years with a right of renewal of two years at Councils sole discretion.

19. The pricing structure for the contract is a fixed fee per book for the tasks of selection and ordering, accessioning and cataloguing, and the physical processing of most books and e-books acquired for Hamilton City Libraries. Books are provided at a fixed discount off recommended retail price based on the discount levels available from each publisher. All books are provided in a shelf ready state.

20. The current total annual collections budget is $1,048,000 ex GST (based on 2015/2016). A portion of this is retained for expenditure by HCL staff. Currently, approximately $650,000 ex GST per annum of the total collections budget is spent through this contract.

21. Council has a strategy to transition the Libraries collection expenditure to 30% electronic content by 2020. This will impact on the number and type of print materials to be supplied each year under this contract.

22. Evaluation Process

23. Council issued a public Request for Proposal for Contract 15216 for Supply of Library Collection Materials.

24. The two parties who responded to this Request for Proposal were James Bennett PTY Limited and Wheeler Book Club Limited.

25. Tenders were evaluated using a weighted attributes evaluation method as outlined in the Request for Proposal documents. Non priced attributes were 80% of the evaluation criteria and priced attributes 20%.

26. Members of the Tender Evaluation Team (TET) were Rebecca Whitehead (Acting Library Director), Fiona Hancock (Senior Collections Librarian), Mark Caunter (Heritage Team Leader) and Christine Brown (Librarian - Acquisitions). Scott Copeland (Procurement Manager) managed the tender process.
27. Both tenderers provided presentations to the Tender Evaluation Team.
28. The final weight attributes scores were:

		James Bennett PTY Limited	Wheelers Book Club Limited
Relevant Experience and Track Record	35%	24%	31%
Relevant Skills	15%	9%	13%
Methodology	25%	14%	22%
Local Impact	5%	3%	4%
Price Grade	20%	12%	8%
Total Final Indicies		**62%**	**78%**
FINAL PLACING		2	1

29. Following evaluation the highest ranked respondent on the combination of priced and non priced attributes was Wheeler Book Club Limited.
30. Some the key benefits the TET saw in the Wheelers Book Club Limited proposal was their more tailored selection methodology, a better discount structure from major publishers, their ability to meet all of Councils requirements, a proven history of providing service to customers and their innovative technology platform.

31. Preferred Tenderer and Contract Sum/Term

32. Following evaluation of the responses the Tender Evaluation Team has recommended that Council appoint Wheelers Book Club Limited as their supplier of Library Collection Martials for an Approved Contract Term of three years with a right of renewal of a further two years at Councils sole discretion.
33. The Approved Contract Sum for the first three years of the contract is set at One Million Nine Hundred and Fifty Thousand Dollars ($1,950,000) being the estimated spend.

34. Risk

35. Wheeler Book Club Limited is a long term supplier to Council and has provided a high level of service.
36. Credit checks on Wheelers Book Club Limited have been carried out and have found to be satisfactory.
37. The structure of the contract allows for the strategy to transition the Libraries collection expenditure to 30% electronic content by 2020 and also for variation in the overall library budget during the course of the contract.

Signatory

Authoriser	Lance Vervoort, General Manager Community

Item 13

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	Claudelands Event Centre Reporting - Quarter 3	**Author:**	Sean Murray

Report Status	*Open*
Strategy, Policy or Plan context	*Hamilton Plan, 2015-2025 10-Year Plan, Economic Development Agenda, Central City Transformation Plan*
Financial status	*There is budget allocated*
Assessment of significance	*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*

1. Purpose of the Report

2. To present the Claudelands Event Centre performance report for quarter 3 (1 July 2015 to 31 March 2016).

3. Executive Summary

4. The report is a quarterly summary of financial and non-financial performance of Claudelands Event Centre as requested by the Finance Committee at it's meeting on 19 November 2015.

5. Following four years of solid growth, the 2015/16 non-financial performance has slipped largely as a result of reduced exhibition and performance activity. However, it should be noted that the 2014/15 financial year had abnormally high activity in the performance space skewing the year on year comparison.

6. As budgeted, the quarter 4 (April-June 2016) will be a particularly busy period for the Claudelands team with a high concentration of activity and short turnaround times between events especially in the arena.

7. Recommendation from Management

8. That the Report be received.

9. Attachments

10. Attachment 1 - Claudelands Quarterly Report 2015-16 Quarter 3

Signatory

Authoriser	Sean Murray, Executive Director H3 and Events

790,000
PEOPLE SINCE 1 JULY 2011

ONE MILLIONTH
VISITOR EXPECTED IN SEPTEMBER/ OCTOBER 2016.

53%
REVENUE GROWTH SINCE 1 JULY 2011
(Based on 2015-16 Forecast as at 31 March 2016)

CLAUDELANDS

QUARTERLY REPORT 2015 -16 1 JULY - 31 MARCH Q3

PROGRESS AGAINST ANNUAL PLAN

NON FINANCIAL MEASURES

YTD vs Previous YTD, as at 31 March 2016

NUMBER OF EVENTS:
149
UP 1% ON LAST YEAR

ATTENDANCE:
96,579
DOWN 42%ON LAST YEAR
(Driven by a decline in large exhibitions and extraordinary attendance at a one off performance event in the previous year)

REVENUE:
DOWN 10% ON LAST YEAR

PLANNED CAPITAL EXPENDITURE
IS ON TRACK FOR THE YEAR

	Conferences, Meetings & Functions	Exhibitions	Performances	Sport	Total
Number of events	129 ↓ 1%	9 ↓ 36%	4 ↓ 60%	7 ↓ 250%	149 ↑ 1%
Attendees	22,886 ↓ 6%	53,650 ↓ 32%	5,664 ↓ 90%	14,379 ↓ 201%	96,579 ↓ 42%
Hire Days*	213 No Change	77 ↓ 41%	10 ↓ 68%	24 ↓ 24%	324 ↓ 18%

* The term 'hire days' reflects the total number of days that each hireable space is booked at a particular venue.

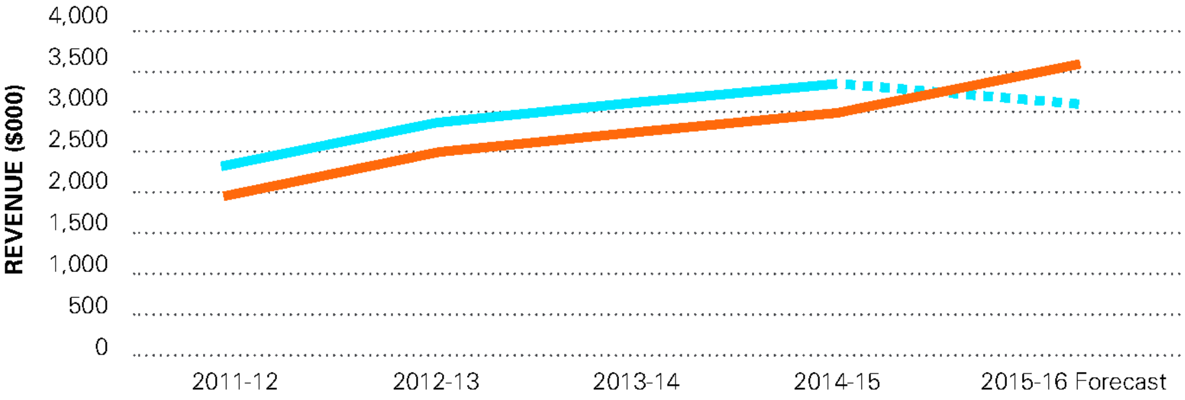
YEAR TO DATE PROFIT AND LOSS SUMMARY

For the nine months ended 1 July 2015 – 31 March 2016

Prior YTD Actual 2014/15		Year to Date Actual	Year to Date Budget	Variance Favourable (unfavourable)	Annual Budget	Annual Forecast
$000		$000	$000	$000	$000	$000
	Revenue					
2,576	Total Revenue	2,316	2,873	(557)	3,954	3,416
	Expenses					
849	Personnel Costs	805	969	164	1,299	1,087
681	Depreciation & Amortisation	2,369	3,038	669	4,051	3,171
3,462	Finance Costs	2,294	2,370	75	3,160	3,039
5,027	Other Expenses	3,347	3,621	274	4,839	4,675
10,019	Total Expenses	8,815	9,998	1,182	13,349	11,972
(7,443)	**Surplus (Deficit)**	(6,499)	(7,125)	625	(9,395)	(8,556)

FORWARD OUTLOOK

Actual/Forecast Revenue to Budget (excluding interest), as at 31 March 2016



KEY: Actual / Forecast Revenue   Budget Revenue

Item 13

Attachment 1

REPORT AGAINST HOWARTH HTL REPORT (2012)

The Howath report of February 2012 was an independent review of the Claudelands Strategic Plan which identified a revision of the projected performance of the business at the time. The following is a summary of actual performance including the 2015-16 financial year forecast end position against projections in the Howath report.

NON FINANCIAL

Claudelands non financial performance against Howarth report 2012-2016, as at 31 March 2016

Type	Number of events			Attendance		
	Howath 2014-15	Claudelands 2014-15	Claudelands 2015-16 Forecast	Howath 2014-15	Claudelands 2014-15	Claudelands 2015-16 Forecast
Conference Meetings & Functions	236	187	174	31,790	34,588	34,757
Exhibitions	32	22	15	168,025	95,405	76,750
Performance	10	18	14	29,700	79,991	39,864
Sport	8	7	10	8,160	14,149	23,379
	286	234	213	237,675	224,133	177,750

FINANCIAL

Claudelands financial performance against Howarth report 2012-2016, as at 31 March 2016

	2012-13			2013-14			2014-15			2015-16
	Howarth	Actual	Variance	Howarth	Actual	Variance	Howarth	Actual	Variance	Forecast
Total Revenue* $000	$1,812	$1,857	↑ 2%	$2,028	$2,089	↑ 3%	$2,176	$2,517	↑ 16%	$2,524

***Note:** Total Revenue in the Howarth Report excluded income resulting from on charged event services and interest income, therefore the actual and forecast revenue amounts above have been adjusted to enable comparison.

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Finance Committee **Date:** 21 April 2016

Report Name: Gallagher Academy of Performing Arts Annual Report 2015 **Author:** Deanne McManus-Emery

Report Status	*Open*
Strategy, Policy or Plan context	*Agreement between Hamilton City Council and University of Waikato (1998-2018)*
Financial status	*There is budget allocated* *Amount $165,000*
Assessment of significance	*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*

1. Purpose of the Report

2. The purpose of this report is to present the draft annual report of the Gallagher Academy of Performing Arts for the year ending 31 December 2015.

3. This report will be presented by the Academy Manager, Jeremy Bell.

4. Executive Summary

5. A wide range of music, theatre and dance events were held at the Academy of Performing Arts during the reporting period which has contributed to enhancing the performing arts community of the wider Waikato.

Recommendation from Management

That the Report be received.

6. Attachments

7. Attachment 1 - Gallagher Academy of Performing Arts Annual Report 2015

8. Key Issues

9. Background

10. Hamilton City Council and University of Waikato entered into an agreement in November 1998 for the Gallagher Academy of Performing Arts (the Academy).

11. Council made an initial contribution to the capital costs of the Academy of $2,000,000.

12. The agreement is for an annual grant towards operating costs of the Academy for a 20 year term, ending 2018/19.

13. The annual grant provided by Council is calculated at 25% of the Academy's net operating cost, conditional on the community use of the Academy remaining at or above 25% of the total usage of the Academy.

14. The primary purpose of the Academy is to meet the teaching and academic needs of the University of Waikato. The secondary purpose is to provide a space for use by performing arts and other community groups or individuals from the Waikato, of which Hamilton organisations are the major beneficiaries.

15. The Academy has 4 areas of high quality theatre space ranging in capacity of 100 – 340 people.

16. The table below shows the percentage of community use over the previous four University years and the grant paid by Council.

	2015	2014	2013	2012
Total number of uses	742	876	829	822
Total number of "Community" uses	237	291	293	348
Community Use as %	32%	33%	35%	42%
HCC Grant	$134,413	$142,416	$128,150	$144,469

17. Financial and Resourcing Implications

18. A budget of $165,000 is allocated to cover this operational grant. The grant is paid out in two installments annually.

Signatory

Authoriser	Lance Vervoort, General Manager Community

Gallagher Academy of Performing Arts

University of Waikato

Annual Report 2015

www.waikato.ac.nz/academy

Prepared by Jeremy Bell

Manager
April 2016

Image: *At the End of My Hands* – Playhouse Theatre - May

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Contents

The Bookbinder – Playhouse - July

1. Staff & Services

1.1 Permanent Staff

Manager	Jeremy Bell
Technical Manager	Brad Thomson
Administrator	Jo Hayes (till June)
Front of House Manager	Kathy Courtney
Front of House Assistant	Vicki Newton-Smith (from April)
House Technician	Dion Rutherford (part-time)

1.2 Casual & Contract staff

The Academy employs a large number of skilled casual staff for its many events and functions on an "as required" basis. These include: lighting, sound and audio-visual operators; Front of House ushers and box office cashiers; technical set-up and pack-out crew. It also contracts in specialized professional contractors such as Piano Tuners, Lighting Designers and Sound Engineers as required.

1.3 Services

Cleaning
Cleaning services in 2015 were supplied by Spotless Services Ltd until August. In September OCS Ltd became the contracted cleaners for the Academy

Catering
The Academy continued to have an exclusive contract with Spotless Services Ltd for all its food and beverage services. Spotless Services trade as Oranga Catering on the University of Waikato campus, and hold the alcohol license for the Academy premises.

Ticketing
In January 2015 the Academy moved to Patron Base Ltd as its ticketing services provider. The Patron Base system offers several benefits for a venue of the Academy's size and scale of operation, including: increased flexibility and cost reduction in ticketing fees; development of in-house customer relationship management system; increased control over ticketing set-ups.

2. Manager's Report

2.1 Usage in 2015

The following table shows a comparison of use of the Academy between 2014 and 2015 in the four different categories laid out in the contract between Hamilton City Council and the University of Waikato.

Nature of use	2014	**2015**	Variance
Community/Educational	291	**237**	-54
Commercial/Private	5	**12**	+7
University "Other"	122	**98**	-24
Timetabled University teaching and assessment	458	**395**	-63
Total	876	**742**	-134

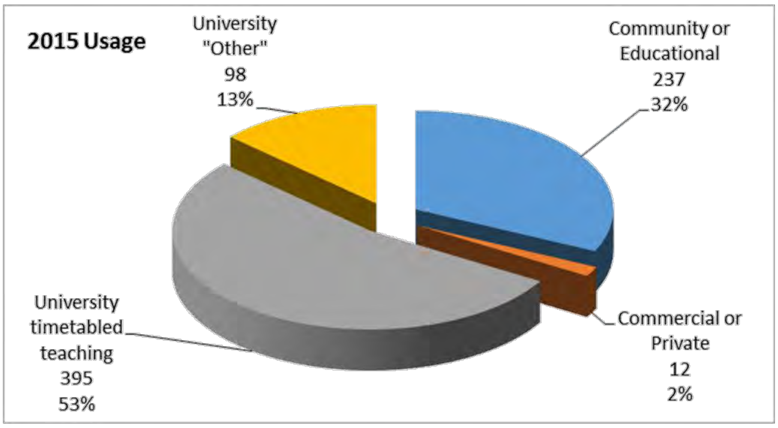
Overall the number of uses in the four categories defined in the contract between Hamilton City Council and the University of Waikato showed a - 134 decrease from 876 in 2014 to 742 in 2015.

The extent of this decrease is attributable to several factors. In the Community/Educational category the decrease of -54 is primarily due to the loss of regular term-time weekly classes from the charity group StarJam (ca 30 uses per year), and a significant reduction of the Accelerando programme for secondary schools music students due to university teaching staff study leave. In the University Timetabled teaching and assessment use category staff study leave and course cancellations led to a -63 decrease in use. In the University "Other" Use category there were 15 fewer rehearsals for the annual Conservatorium of Music opera production than in 2014, and a slight drop-off in university social functions, perhaps compatible with the new Vice Chancellor's policy on reducing the university's hospitality expenditure.


NZ Youth Choir - September

2.2 Proportion of Community/Educational use in 2015

The following pie chart demonstrates the share of use of the Academy in 2015 according to the four categories in the table in Section 2.1.



The pie chart demonstrates that community and/or educational use of the Academy was **32%** of total use of the Academy in 2015. This is 7% higher than the minimum 25% required in the contract between Hamilton City Council and the University of Waikato.

2.3 Visit Numbers

The total number of recorded visits to the wide range of events and functions in the building throughout the year was 35,080. Of these 26,591 were in the in the “Community/Educational” category – 76% of recorded visitors to the facility.

These recorded numbers do not include the many students and teaching staff attending classes or rehearsals throughout the four teaching semesters, or casual daytime visitors to the Academy’s café or Calder & Lawson Gallery.


Lara & Amalia Hall – joint soloists with OPUS Orchestra, March

2.4 Income & Expenditure 2015

See also section 3 “Statement of Income & Expenditure 2015”

2.4.1 Income

Total revenue for 2015 was $444,316, a 6% reduction of $29,952 from 2014. Almost half of this decrease is in the area of Grants Hamilton City Council 2014 (decrease -$14,786), with further smaller decreases in Venue Hire, Commission and Sundry Income, partly attributable to the smaller number of uses by both community and university hirers in 2015.

2.4.2 Expenditure

Total operating costs for 2015 were $765,002, an overall 6% reduction of $44,985 from 2014.

Salaries & Salary Related Costs

Salaries for permanent staff increased by $910 in 2015, an increase of less than 1%. Casual staff costs increased by $18,980 from 2014, mainly attributable to both considerable staff Sick Leave in 2015 requiring casual staff cover, and increased technical staff hire.

Other Operating Costs
There was a significant 17.5% $67,380 reduction in Other Operating Costs from 2014. The most significant areas of reduced spending from 2014 were:

- Advertising and Publicity (-$9,224)
- Cleaning & Housekeeping (-$19,202) – (invoices not received till 2016 for several months cleaning in 2015)
- Equipment Hire (-$10,618)
- Professional Services Fees (-$12,397)
- Building Maintenance (-$26,703)

Capital Equipment

In 2015 the Academy continued to improve both the experience and the efficiency of the building and its operation with several key capital purchases. New foyer armchairs replaced the ageing stock and new wooden tables replaced the hazardous and impractical glass top tables in the Upstairs Lounge. A new automatic projection screen was also purchased for the Playhouse Theatre, enabling faster, more efficient turnaround between events in a multi-use room. Most significantly a successful application was made to the university under its Discretionary Capital Funding scheme for the purchase of a new Steinway Model D concert grand piano. It is hoped the new Steinway will arrive from the Hamburg showroom before the end of 2016.

2.4.3 Wash-up

The shared operational cost of the Academy after inclusion of Equipment Replacement costs and deduction of earned income in 2015 was **$537,650**. Under the contract between City Council and the University of Waikato the Council is responsible for 25% of those costs, i.e., **$134,413**. A grant of **$125,460** was paid in 2015, leaving Hamilton City Council to reimburse the University **$8,953**.

2.5 Year Highlights

The Academy again enjoyed a strong programme of bookings and events organized by Community/Educational users and the University that were attended and enjoyed by many different audiences and visitors from Hamilton and the wider Waikato region. Many of these events are from regular clients to the Academy.

Of particular note in 2015 were the first scheduled shows from the newly formed Creative New Zealand funded national arts touring agency, Tour-Makers. Tour-makers replaced the previously regionally-based touring consortia, and its first shows at the Academy were the very popular Modern Māori Quartet and a major hit of the 2015 Auckland and Taranaki arts festivals, theatre production *The Mooncake and the Kūmara*.

Other significant events in the year included:

- the filming in the Playhouse of the first ever TEDx Ruakura event, replicating the hugely popular online TED series
- a sold-out first visit of the National Youth Choir prior to an international tour
- *At the End of My Hands* (stories for deaf and hearing audiences) a play developed and performed by deaf actors about the experience of growing up and living with deafness in our communities. The production subsequently enjoyed successful seasons in Auckland and Wellington
- first visit by Auckland-based Touch Compass Dance, a company of dancers with physical and mental disabilities
- University Hillary Scholars' production of *Blue Stockings*, a play dramatizing the struggle for women in late 19th century Cambridge to be recognized as the academic equals of men
- the NZ Tree Project Launch – a 4m high photograph of a giant North Island kauri tree acted as the centerpiece of the launch of this groundbreaking research project examining ecosystems in and around our native trees
- full houses for Arts on Tour New Zealand touring productions of *Meeting Karpovsky* (with Helen Moulder and Sir John Trimmer), and Trick of the Light's award-winning show for children and families, *The Bookbinder*

3. Statement of Income & Expenditure 2015

THE UNIVERSITY OF WAIKATO
ACADEMY OF PERFORMING ARTS
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2015
GST EXCLUSIVE

	2015 ACTUAL $	2014 ACTUAL $	FAV (UNFAV) VARIANCE $	2015 BUDGET	2014 BUDGET
REVENUES					
Grants Hamilton City Council 2014	125,460	140,246	(14,786)	169,600	159,296
Grants Hamilton City Council Washup 2013			0	0	0
Venue Hire	83,930	89,420	(5,490)	44,800	54,500
Equipment Hire Recoveries	35,169	31,706	3,463	37,300	74,600
Staff Hire	110,458	110,120	338	88,046	69,500
Commission Income	22,529	31,326	(8,797)	33,650	29,500
Sundry Income	66,770	71,450	(4,680)	96,000	83,000
TOTAL REVENUE	**444,316**	**474,268**	**(29,952)**	**469,396**	**470,396**
LESS COSTS					
Salaries & Salary Related Costs					
General Salaries	326,216	325,306	(910)	314802	304,614
Casual Salaries	117,462	98,482	(18,980)	71212	60,000
Salary Related Costs	3,901	1,396	(2,505)	0	500
Total Salaries & Salary Related Costs	447,579	425,184	(22,395)	386,014	365,114
Other Operating Costs					
Advertising & Publicity	6,205	15,449	9,244	6,000	18,000
Administrative Fees	0	0	0		
Catering & Hospitality	7,678	9,190	1,512	10,000	10,600
Cleaning & Housekeeping	43,376	62,578	19,202	81,816	79,112
Communications	3,595	5,295	1,700	6,360	6,360
Equipment & Furniture <$2000	30,004	37,391	7,387	37,780	46,220
General Office Expenses	5,581	3,162	(2,419)	15,143	8,280
Equipment Hire	12,950	23,568	10,618	7,250	7,250
Equipment Repairs & Maintenance	40,700	41,094	394	47,719	38,900
Professional Services Fees	14,602	26,999	12,397	22,250	37,740
Travel & Accommodation	2,852	2,972	120	4,000	5,800
Building Maintenance	38,728	65,431	26,703	0	0
Electricity	73,900	66,886	(7,014)	0	0
University Overhead	16,047	16,775	728	0	0
Miscellaneous	21,205	8,013	(13,192)	7,150	10,062
Total Other Operating Costs	317,423	384,803	67,380	245,468	268,324
TOTAL COSTS	**765,002**	**809,987**	**44,985**	**631,482**	**633,438**
NET LOSS BEFORE CAPITAL COSTS	**(320,686)**	**(335,719)**	**15,033**	**(162,086)**	**(163,042)**
Add Equipment	38,530	84,398	45,867		
NET LOSS AFTER CAPITAL COSTS	**(359,216)**	**(420,117)**	**60,900**		

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UNIVERSITY OF WAIKATO
ACADEMY OF PERFORMING ARTS
RECONCILIATION OF HAMILTON CITY COUNCIL GRANT
FOR THE YEAR ENDED 31 DECEMBER 2015

	$ 2015
Total Net Operational Costs as per Profit and Loss	765,002
Equipment Replacement costs based on Asset Schedule 2015	91,504
LESS Total Income	(318,856)
Shared Operational Costs	537,650
25% of Shared Operational Costs payable by HCC	134,413
Less Grant actually Paid	(125,460)
Balance Over (Under)	(8,953)

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Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Item 15

Committee: Finance Committee **Date:** 21 April 2016

Report Name: Weathertight Homes Update **Author:** Phil Saunders

Report Status	*Open*
Strategy, Policy or Plan context	*Update on weathertight building claims*
Financial status	*There is budget allocated- refer Financial Information on Page 4*
Assessment of significance	*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*

1. Purpose of the Report

2. This report updates the Committee on the present status of weathertight buildings claims.

3. Executive Summary

4. There are a few changes to the position of the claims since last reported to the Committee in October 2015. These are explained in more detail under key issues.
5. Council are continuing to see a reduction in the number of new claims and continue to have the least number of claims of any of the major Metro Councils.
6. Council have one new claim that was previously found ineligible by the Weathertight Homes Resolution Service (WHRS) but is now within time as a result of the recent legislative changes.
7. Council continues to see a smaller number of new claims in accordance with previous assessments of risk.

Recommendation from Management

That the Report be received.

8. Attachments

9. There are no attachments for this report.

10. Key Issues

11. Background

12. Council have been joined to one commercial claim of a minor nature that involves damage as a result of a leaking roof. Council is a minor party and we expect the claim will eventually be settled between the major parties.

13. Council have received notification from WHRS of one multi-unit claim on the basis that the claimant will be seeking to make application to WHRS for the Financial Assistance Package (FAP). Council is not a member of the FAP and therefore is not liable for any contribution requirements and the claimant will only have access to the Government contribution. Staff are aware that one of the Units has had some repair work carried out however, the owners did this work without advising Council or obtaining a building consent. In effect the repair work has been carried out within the 10 year limitation liability period. Council has obtained legal advice that it is safe from litigation given the claim was made after the expiry of the 10-year limitation liability from the date of the code compliance certificate. Because the repair work was completed without notice to Council and without a building consent then the owners will probably be unable to meet the WHRS criteria for a claim to be accepted.

14. Council have one house claim that is proceeding to a court hearing. This claim is quite complex where a number of attempts have been made by the owners to repair the building. The judgement in this case will be based on a particular point of law in terms of the Building Act. Council staff and legal advisors are confident that we are well prepared for the hearing which should occur sometime in the next few months.

15. Legislative requirements or legal issues

16. The Weathertight Homes Resolution Services Amendment Act 2016 was passed into Law on the 14 March 2016. The Bill brings about changes to the Weathertight Homes Resolution Services Act 2006. The purpose of this Bill is to amend the Weathertight Homes Resolution Services Act 2006 (the Act) by removing any doubt about the validity of the criteria in clauses 1B and 1C of the notice published under the authority of the Act in the *Gazette* on 28 July 2011 entitled “Contribution Criteria: Financial Assistance Package” (the notice); and to deem certain claims determined as ineligible on the basis of the meaning of the term built in sections 14 to 18 of the Act to be eligible claims (as a result of the Supreme Court’s decision in *Osborne* v *Auckland Council* [2014] 1 NZLR 766 (SCNZ)); and to widen the definition of qualifying claimant in section 125B of the Act to include claimants that are actively progressing claims so that these persons are not prevented from having recourse to the provisions in the Act relating to the financial assistance package (the FAP) established under Part 1A of the Act.

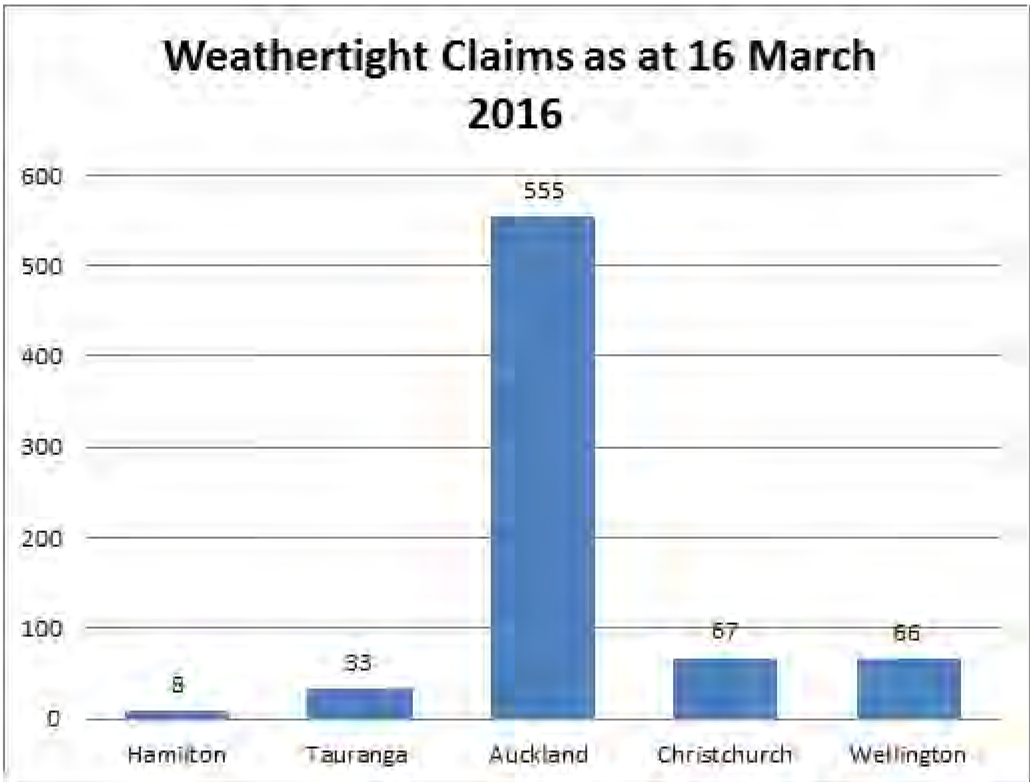
17. By way of explanation this means the 10 year eligibility window for lodging a weathertight claim with the WHRS has been redefined.

18. To be eligible for WHRS, a claim must be made within 10 years of the affected building work being built.

19. On 10 June 2014, the Supreme Court decided that the 10 year period for lodging a claim should be interpreted similarly to section 393 of the Building Act 2004. This differed to previous interpretation which was based on when the building work was compliant with the building code (often when it passed its final inspection). This decision means that the 10 year eligibility window for WHRS is now from the date the code compliance certificate was issued.

20. The Act now recognises this new interpretation. For new claims, it means they must be lodged within 10 years of the date of the code compliance certificate. A small number of previous claimants are potentially affected, and the Ministry is contacting them directly to discuss their situation.

21. Staff are aware there is a possibility of some claims that had previously been found ineligible to be considered eligible, where the claim had been made within 10 years of the code compliance date. We have received one of these claims recently as a result of the changes. We asked the Ministry of Business, Innovation and Employment if there were any other claims and they have advised us that they have not found any other ineligible claims that are now eligible.



22. Financial and Resourcing Implications

23. As ther are a small number of claims staff are able to do a bulk of the work with a small number of experienced staff keeping costs to a minimum while also achieving excellent results.

Financial information as at 31 March 2016	**($000's)**	**Note**
Councils Total Costs of Settlements to 31 March 2016	**3,007**	
Annual Budget 2015/16 to settle claims	266	
Less Costs:		
Property Settlements	0	**2**
Expert and legal costs	14	
Estimated cost to settle 2015/16 claims	450	
	464	
Expected deficit to settle 2015/16 claims	**(198)**	

Resolved claims as at 31 March 2016	**($000's)**	
Property Settlements as at 31 March 2016	0	
	Claim #'s	
Claims 1/7/2015	6	**1**
New claims	0	
Less claims settled/withdrawn	0	**2**
Claims as at 31 March 2016	**6**	

Note 1.

WHRS figures show 8 active claims. The number shown does not reflect the actual number of active claims that we are currently dealing with as some claims remain on the WHRS files after settlement and until the claimant advises WHRS that the settlement has occurred. Often the claimants do not advise WHRS for some time after settlement.

Note 2.

No weathertight claim settlements have occurred between the period after 1 October 2015 to 31 March 2016.

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24. Risk

25 In terms of current risk we remain of the view that Hamilton is in good shape with a small number of claims compared with other Metros. Claims have become more complex with better informed claimants and experts involved ultimately pushing up claim costs, however, staff continue to use the best experts and actively manage claims.

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee: Finance Committee **Date:** 21 April 2016

Report Name: Riverlea Theatre - Sale and Purchase **Author:** Nicolas Wells

Report Status	*Open*
Strategy, Policy or Plan context	*The land adjoining Riverlea Theatre was included in the 2012-22 10-Year Plan for consideration for sale.*
Financial status	*No sale proceeds have been anticipated in the 2015-25 10 Year Plan.*
Assessment of significance	*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.*

1. Purpose of the Report

2. To obtain a decision on Riverlea Theatre and Arts Centre's ["RTAC"] request for a 24% reduction ($110,000) in the agreed sale price from $460,000 to $350,000 (plus GST if any).

3. Riverlea Theatre – Sale and Purchase Agreement

4. This report should be read in conjunction with a confidential staff report to Council on 25 September 2014 and a further staff report to Council on 30 July 2015 both of which fully detail this matter – including comparisons between the Meteor, Clarence Street and Riverlea Theatres and the value of the land.

5. On 25 September 2014 Council considered the sale of the Riverlea Theatre land and resolved:

   a) *The report be received;*

   b) *Council approves the sale of the land physically located at 83 Riverlea Road, Hamilton, and described in the Schedule;*

   c) *Council offers the property for sale by private treaty to the existing lessee for a sum at a level acceptable to the Chief Executive having regard to the current market value assessed by a registered valuer;*

   d) *If the property is not sold to the existing lessee then Council markets the property for sale through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy;*

   e) *Staff will report back to Council and seek further direction in respect of any matters or issues arising that materially affect the disposal process or detrimentally affect the sale price;*

   f) *Net sale proceeds be used to repay debt;*

   g) *Council authorises the Chief Executive Officer to prepare and execute (1) an Agreement for Sale and Purchase and (2) any other instruments required to give effect to this resolution.*

Item 16

6. On 30 July 2015 Council considered a request from RTAC to provide further time to enable them to raise the funds necessary to complete the purchase. Council resolved:

   a) The report be received;

   b) Council confirms the resolution of 25 September 2014 described in this report and authorises the Chief Executive Officer to execute (1) the conditional Agreement for Sale and Purchase and (2) any other instruments required to give effect to this resolution.;

7. The Agreement for Sale and Purchase was fully executed and dated 6 August 2015. The agreement is conditional on:

   - RTAC obtaining a feasibility study of the proposed purchase as appropriate to meet the requirements of any grant application by 1 September 2015. This condition was satisfied on 1 September 2015.
   - RTAC obtaining sufficient funding (by way of grants and other applications) to complete the purchase of the property by 1 May 2016 – which is a Sunday and accordingly this condition is to be satisfied on the last working day before the nominated date – Friday 29 April 2016.
   - Settlement of the purchase on 1 June 2016 or earlier by mutual agreement.

8. On 7 April 2016 Council received a letter from RTAC's lawyers requesting *"a variation to the Sale and Purchase Agreement to reduce the purchase price to $350,000 (plus GST if any). If the Council agrees to this variation then the Agreement for Sale and Purchase can be declared unconditional. The requested variation is to enable our client* [RTAC] *to continue to operate given the impact this process has had on the applications for operational funding grants and in further consideration of the generous grants for operational expenses made by the Council to similar organisations."*

9. There are four options for consideration – option 4 is the recommended option:

   - <u>Option 1</u> – Accept the RTAC request and resolve to vary the Agreement for Sale and Purchase selling the land for $350,000 (plus GST if any).
   - <u>Option 2</u> – Accept the RTAC request subject to conditions allowing the land area to be sold to RTAC to be reduced to the existing leased area and for Council to retain, subdivide and sell the eastern vacant land.
   - <u>Option 3</u> – Reject the RTAC request and place the land on the open market for sale at the highest price.
   - <u>Option 4</u> – Reject the RTAC request but agree to vary the Agreement for Sale and Purchase by extending the date by which RTAC must obtain sufficient funding to complete the purchase by a further six months (or other agreed period) from 1 May 2016 to 31 October 2016.

10. If Council rejects the RTAC request and the Agreement for Sale and Purchase lapses then in accordance with Council's resolution of 25 September 2014 the land will be marketed for sale through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy.

11. Recommendations from Management

That:

a) The report be received;

b) Council agrees to vary the Agreement for Sale and Purchase of the land described in the schedule by extending the date by which the purchaser must obtain sufficient funding to complete the purchase by a further six months from 1 May 2016 to 31 October 2016;

c) Council confirms clause d) of the resolution of 25 September 2014 that if the property is not sold to the existing lessee then Council markets the property for sale through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy; and

d) Council authorises the Chief Executive Officer to execute any instruments required to give effect to the resolution.

SCHEDULE

All that land contained in Certificate of Title SA1031/22 South Auckland Registry legally described as Lot 15 DPS 988 comprising 1.0459 hectares more or less and physically located at 83 Riverlea Road, Hamilton [Riverlea Theatre].

12. Attachments

13. Attachment 1 - Riverlea Theatre Aerial Photograph

14. Options

15. **<u>Option 1</u> – Accept the RTAC request**

16. Council accepts the RTAC request and resolves to vary the Agreement for Sale and Purchase and sell the land for $350,000 (plus GST if any). The purchase would settle on 1 September 2016.

17. <u>Financial and risk implications</u>

18. The request is $110,000 less than (1) the estimated market value of the land and (2) the price stipulated the Agreement for Sale and Purchase and represents a 24% discount.

19. Sale proceeds will be used to repay debt. If Council accepts the request from RTAC it will sell the land below estimated market value, and not generate the full value of the asset to repay debt.

20. **<u>Option 2</u> – Accept the RTAC request subject to conditions**

21. Council accepts the RTAC request and resolves to vary the Agreement for Sale and Purchase and sell part of the land for $350,000 (plus GST if any) subject to the following conditions:

- The land area sold to RTAC is reduced to include only the area of the current lease (shown in yellow on attachment 1 = 71% of the total site area).
- The vacant land to the east (shown in blue on attachment 1 = 28% of the total site area) is retained in Council ownership. This land would then be subdivided and sold by Council on the open market through a competitive process intended to maximise the sale price.
- RTAC consent to execute all documents required to complete the subdivision.

- If RTAC does not accept the Council's conditions then the Agreement for Sale and Purchase will lapse and in accordance with Council's resolution of 25 September 2014 the land will be marketed for sale through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy.

22. Financial and risk implications

23. The requested price of $350,000 when applied to a reduced area (shown in yellow on attachment 1) is consistent with the estimated market value for the site as a whole.

24. Previous analysis of the viability of subdivision and sale of the vacant area (shown in blue on attachment 1) shows that there is a hypothetical financial benefit of $75,000 to be gained by subdividing the site subject to a number of unquantified variables, specifically up-front costs, holding costs, length of time to achieve a sale and market demand and fluctuation.

25. Sale proceeds will be used to repay debt however net sale proceeds from this option are unlikely to exceed $425,000 while imposing a greater level of risk associated with the uncertainties inherent in subdivision.

26. This option is consistent with realising the full estimated market value of the land, subject to the subdivision process.

27. Option 3 – Reject the RTAC request

28. Council rejects the RTAC offer. If RTAC does not satisfy the purchase price condition of the Agreement for Sale and Purchase the agreement will lapse on 1 May 2016.

29. If Council rejects the RTAC request and the Agreement for Sale and Purchase lapses then in accordance with Council's resolution of 25 September 2014 the land will be marketed for sale through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy.

30. However Council could also reject the RTAC request and revoke the resolution of 25 September 2014 in order to consider other options to utilise the land, such as:

    - Retain the land and continue to lease to RTAC on the existing basis.
    - Retain the RTAC land (shown in yellow on attachment 1) and continue to lease to RTAC on the same basis but subdivide and sell the vacant east section (shown in blue on attachment 1) through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy.
    - Gift the land to RTAC.
    - Gift the leased land (shown in yellow on attachment 1) to RTAC but subdivide and sell the vacant east section (shown in blue on attachment 1) through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy.

31. Sale proceeds will be used to repay debt however net proceeds from this option are likely to fall between $0 - $75,148. This option is inconsistent with realising the full estimated market value of the land. The risks associated with subdivision and sale are outlined in option 2 above.

32. Option 4 – Reject the RTAC request subject to conditions

33. Council rejects the RTAC offer but agrees to vary the Agreement for Sale and Purchase by extending the date by which RTAC must obtain sufficient funding to complete the purchase by a further six months (or other agreed period) from 1 May 2016 to 31 October 2016.

34. If RTAC does not satisfy the purchase price condition of the Agreement for Sale and Purchase the agreement will lapse on 31 October 2016 (or other agreed date).

35. If Council rejects the RTAC request and the Agreement for Sale and Purchase lapses then in accordance with Council's resolution of 25 September 2014 the land will be marketed for sale through a public sale process for a sum not less than the current market value assessed by a registered valuer in accordance with Council policy.

36. Sale proceeds will be used to repay debt. This option is consistent with realising the full estimated market value of the land.

37. Valuation

38. On 25 September 2014 when Council resolved to sell the land to RTAC the current market value was assessed at $460,000 (plus GST if any) which took into account the current lease held by RTAC. The current market valuation does not represent a discount but reflects the impact of the RTAC lease on the value of the land. The value of the land unencumbered by the lease has been assessed at $960,000 (plus GST if any). RTAC is uniquely positioned to potentially realise this difference in value.

39. The estimated market valuation for the land is now nineteen months out of date. The land is likely to have increased in value during that time (potentially by as much as 10%). A valuation update has been commissioned and will be available at the meeting.

40. Council could stipulate that the land be revalued and the sale price increased to reflect the current market value (rather than the value as at 25 September 2014 when the resolution to sell was passed).

41. Cost of debt savings from estimated net sale proceeds (sale price less costs) of $439,600 would be approximately $25,057 per annum more than the net income generated by ownership of the asset.

42. In terms of current net yield the return on investment from 83 Riverlea Road is less than the current 5.9% cost of funds

43. Risk

44. The risks inherent in each of the options are included in the summaries above.

45. If the property does not sell to RTAC then it will be offered for sale on the open market in accordance with the Council's resolution. A competitive sale process will maximise the number of potential purchasers thereby ensuring that Council receives the best possible price through a fully transparent and robust process.

46. The operational and service delivery risks of holding the asset during the sale process are low. There is no risk associated with retaining the property should the sale process collapse. Similarly there is no operational or service delivery risk associated with sale of the asset.

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth

Item 16

Attachment 1

Hamilton City Council
Te kaunihera o Kirikiriroa

Disclaimer: Hamilton City Council does not guarantee that the data shown on this map is 100% correct.

Riverlea Theatre

D-1557703

Scale :- 1 : 1075

Date :- 10/09/2014

N

Hamilton City Council
Te kaunihera o Kirikiriroa

council report

Committee:	Finance Committee	**Date:**	21 April 2016
Report Name:	Contract 11050 - Internal Audit Services	**Author:**	Scott Copeland

Report Status	*Open*
Financial status	*Approximately $150,000 over the one year right of renewal* *Within budget allocated*
Assessment of significance	*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*

1. Purpose of the Report

2. The purpose of this report is to seek approval to extend Contract 11050 for Internal Audit Services.
3. Committee approval is required because the value of the right of renewal is greater than $100,000 and has not been publicly tendered.

4. Executive Summary

5. Council has an existing four year contract for internal audit services with PricewaterhouseCoopers (PwC) that was publicly tendered in 2012. This agreement is due to expire on 1 May 2016.
6. The scope of the contract includes undertaking an annual audit programme, as agreed between PwC and Council.
7. It is recommended that Council extend the current contract term with PwC for an additional 12 months, to align with the current review of Council's Risk Management Framework.
8. The approximate value of the additional right of renewal is $150,000.
9. Council's Internal Audit Services contract will be publicly tendered prior to the expiry of the additional 12 month term on 1 May 2017.

10. Reasons for Extending the Existing Contract

11. Council is currently reviewing its existing Risk Management Framework. The Risk Framework and identified risks drives Council's internal audit programme of work.
12. The completion of this review will enable Council to develop a targeted approach for the internal audit programme and further reduce risk.

Item 17

13. Recommendations from Management

That:

a) the report be received;

b) the additional one year right of renewal for Contract 11050 for Internal Audit Services with PricewaterhouseCoopers (PwC) be approved;

c) the Approved Contract Sum is extended from the existing $810,000 to $960,000 to allow for the costs of the additional twelve month contract extension; and

d) the contract for Internal Audit Services for Council is publicly tendered prior to the expiry of the renewed agreement on 1 May 2017.

Signatory

Authoriser	David Bryant, General Manager Corporate

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 Minutes - Public Excluded - 18 February 2016 C2. Finance Committee Action List - Public Excluded - 21 April 2016 C3. Report on overdue debtors as at 31 March 2016 & Bad Debts Writeoffs 2015/16 C4. Development Contributions Report C5. Waterworld Operations Report	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

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

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