

Notice of Meeting:

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

Date: Thursday 14 July 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

8 July 2016

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Terms of Reference:

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

Power to act:

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

Sub-committees:

This Committee will be supported in its work by the:

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

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1 Apologies

2 Confirmation of Agenda

The Committee to confirm the agenda.

3 Declaration of Interest

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

4 Public Forum

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

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

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

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6439.

Committee: Finance Committee

Date: 14 July 2016

Report Name: Finance Committee - Open
Minutes - 19 May 2016

Author: Becca Brooke

Status	<i>Open</i>
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Recommendation

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 19 May 2016.

1. Attachments

- Attachment 1 - Finance Committee - Open Minutes - 19 May 2016

Finance Committee

OPEN MINUTES

Minutes of a Meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 19 May 2016 at 2.00pm.

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 A King
	Cr D Macpherson
	Cr A O'Leary
	Cr L Tooman
	Cr P Yeung

In Attendance:	Chief Executive – Richard Briggs
	General Manager Corporate – David Bryant
	General Manager Infrastructure – Chris Allen
	General Manager Community – Lance Vervoort
	General Manager Growth – Kelvyn Eglinton
	General Manager Strategy and Communications – Sean Hickey
	Executive Director Special Projects – Blair Bowcott
	City Waters Manager – Andrew Parsons
	Director of Operations Waikato Stadiums – Chad Hooker
	Project Development Manager – Chris Barton
	Acting Chief Information Officer – Charles Burns
	Financial Controller – Tracey Musty
	Community Group Business Manager – Helen Paki
	Water Operations Manager – Maire Porter
	Senior Communication Advisor – Diane Crawford
	Communication Coordinator – Nicola Walsh

Committee Advisors:	Mrs B Brooke, Mrs M Birch and Mr I Loiterton.
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1. Apologies

Resolved: (Crs Forsyth/Chesterman)

That the apologies from Cr Wilson and Cr O'Leary (leaving early) be received and accepted.

2. Confirmation of Agenda

Resolved: (Crs Mallett/Tooman)

That the Agenda be confirmed, noting that page 79 in the Open Agenda and page 13 in the Public Excluded Agenda had been replaced, and that Item 15 (Waikato Road Asset Technical Accord (RATA) Contract) Attachment 1 had, been circulated under separate cover.

3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

4. Public Forum

No members of the public wished to speak.

5. Finance Committee Meeting - Open Minutes - 18 February 2016

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

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.

6. Finance Committee Meeting - Open Minutes - 21 April 2016

Resolved: (Crs Pascoe/Mallett)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held on 21 April 2016.

7. Finance Committee Open Action List - 19 May 2016

Resolved: (Crs Pascoe/Mallett)

That the Report be received.

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

Resolved: (Crs Pascoe/Chesterman)

That the Report be received.

9. 10-Year Plan Monitoring Report - YTD April 2016

The Financial Controller took the Report as read, outlining the below points:

- Hamilton was continuing to experience strong growth with increased building consent revenue, development contributions revenue and the value of assets being vested by Council. This had a positive effect in the operating results and debt balance ratio.
- Operating results were showing a favourable variance of \$11.3m against an actual year to date (YTD) result of \$17.0m compared to a budget of \$6.0m. The variance for the month was an unfavourable movement of \$5.0m due to a correction in the accounting treatment of the disposal of the pensioner housing assets.
- The total overall debt to date was now \$348.7m, \$58.1m below the LTP budgeted target.
- There were 27 deferred projects worth approximately \$21.0m that had been identified as not being able to start or finish on time mainly due to third party reasons.
- There was an error on page 66 of the Agenda regarding the variance reasons. It should say the value of assets *decreased* hence favourable depreciation variation.

Staff responded to questions from Committee Members concerning:

- **Hardship Rates Remissions:**

There was concern that the Hardship Remission was not being fully utilised by those needing it. The reason suggested may be insufficient communications of the availability of the remission scheme.

***Action:** Further information to be supplied to Committee Members concerning the Hardship Rates Remission and how the availability of the remission fund is communicated to ratepayers.*

- **Pensioner Housing Asset Sale Timing Impact:**

Committee Members expressed concern around the figures concerning the sale of the Pensioner Housing Assets.

***Action:** Further information and clarity to be included in the next 10-Year Plan Monitoring Report to the Finance Committee on 14 July 2016, concerning the calculations for the adjustment to the loss on the sale of the Pensioner Housing Units.*

- **'Other Expenses' classification in the 10 Year Plan Monitoring Report:**

Committee Members suggested that the 'other expenses' highlighted in the variance sections of the 10 Year Plan Monitoring Report needed greater visibility and explanation if the amounts were significant.

Action: Committee Members requested that there be greater transparency around the 'other expenses' section of the variance reports. Staff are to work with Cr Mallett on how 'other expenses' might be categorised and expanded on for the next 10-Year Plan Monitoring Report to the Finance Committee on 14 July 2016.

- **Deferrals:**

Committee Members raised concerns around the current approach to deferrals and how they are categorised. Better understanding and clarification was needed regarding why projects were being put off or moved forward.

Action: Consideration to be given on a better approach to categorisation of deferrals for future 10 Year Plan Monitoring Reports and through the annual plan process.

- **Rates revenue increase:**

Rates revenue was up around \$1.0m due to growth and development in the City.

Resolved: (Crs Pascoe/Gallagher)

That the Report be received.

Cr Macpherson joined the Meeting (2.10pm) during the above Item. He was present when the matter was voted on.

Deputy Mayor Cr Chesterman (2.40pm) and Cr O'Leary (2.45pm) left the Meeting during the above Item. They were not present when the matter was voted on.

The Meeting adjourned (3.00pm – 3.30pm).

10. Key Projects Monitoring Report - April 2016

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

That the Report be received.

Deputy Mayor Cr Chesterman re-joined the Meeting (3.30pm) at the start of the above Item. He was present when the matter was voted on.

11. Contract 15066 for HVAC and Plumbing Services

The General Manager Corporate took the Report as read, and clarified that only one Tenderer had provided a presentation to the Tender Evaluation Team.

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

That:

- a) the report be received;
- b) the tender submitted by DTZ Group New Zealand Limited (trading as Cushman and Wakefield) for Contract 15066 for HVAC and Plumbing Services is accepted by Hamilton City Council;
- c) the Chief Executive is delegated to negotiate and approve final contract terms with DTZ Group New Zealand Limited (trading as Cushman and Wakefield);
- d) the Approved Contract Term is set at three years with a right of renewal of three years at Council's sole discretion; and
- e) the Approved Contract Sum for the first three years of the contract is set at Three Million Three Hundred and Ten Thousand Dollars (\$3,310,000) being the estimated total spend over the first three years of the contract.

12. Municipal Endowment Lease - Freeholding - 58 Willoughby Street

The Strategic Property Manager took the Report as read and responded to questions from Committee Members concerning:

- **Interest rate received on the Municipal Endowment Fund:**

The Municipal Endowment Fund's current interest rate was 5.9%

- **Remaining Municipal Endowment Leases to sell:**

There were six leases left, with four of those being residential.

- **Reasons for the sale of the Leases:**

There was a low rate of return on the leases due to being restricted because of the perpetual nature of the leases. The leases were being sold at a rate of roughly one lease per year.

Resolved: (Crs Chesterman/Mallett)

That:

- a) the report be received;
- b) Council sells the freehold interest in the land described in the Schedule to the lessee for a price of \$415,000 (Four Hundred and Fifteen Thousand Dollars) including GST (if any) plus all Council's costs associated with the sale; and
- c) Council authorises the Chief Executive Officer to (1) prepare and execute an Agreement for Sale and Purchase and (2) any other instruments required to give effect to this resolution.

SCHEDULE

ALL THAT LAND described as an Estate in Fee Simple comprising Lot 11 Deposited Plan 33796 contained in Computer Freehold Register Identifier SA10A/72 of 586 square meters more or less and physically located at 58 Willoughby Street, Hamilton

13. Masters Avenue Shops - Extension of Leases

The Strategic Property Manager took the Report as read and responded to questions from Committee Members concerning:

- **Consideration given to selling the shops:**

Sale of the shops had not been considered due to Council wanting to allow for a potential extension of the Hillcrest Library in the future.

The General Manager Community advised that there were currently no plans for a library extension as there had been no funds allocated for this through the 10 Year Plan. He noted that there needed to be a wider discussion on the direction of the libraries future, however, Council needed to give certainty to the current tenants of the shops in terms of extending their respective leases for a period time.

- **Return on investment:**

The return on investment for the property was currently at 8.4%.

The Meeting adjourned (4.10pm – 4.20pm) prior to the resolution of the Item.

Resolved: (Crs Forsyth/Chesterman)

That

- a) the report be received;
- b) Council approves a variation of lease for the three tenants located at 58 Masters Avenue, Hamilton:
 - (i) Masters Avenue Pharmacy Limited (Pharmacy);
 - (ii) Charn and Chuan Leong (Jin Wing Takeaways); and
 - (iii) Mohammad Azfar and Hishat Farooqui (Superette)
- c) the existing leases be varied to:
 - (i) Extend the current term from three years to six years with final expiry on 30 April 2021;
 - (ii) Include an additional rent review on 1 May 2019; and
 - (iii) Tenants to pay all costs relating to the lease variation; and
- d) Council authorises the Chief Executive to execute all instruments required to give effect to this resolution.

Cr O'Leary re-joined the Meeting (3.40pm) during the above Item. She was present when the matter was voted on.

14. Borman Road Eastern Extension Contract Award

The General Manager Infrastructure took the Report as read and responded to questions from Committee Members concerning:

- **Why a contingency fund was needed:**

There were a range of reasons as to why a contingency fund was needed including weather disruptions. It was common practice to have a specific contingency amount stipulated in contracts so that Council would have some control over the amount of overspend.

- **Risk of project being deferred and costs involved:**

The risk of deferral was reasonably high due to the complicated storm water issues involved and the fact that this was a large project.

Resolved: (Crs Pascoe/Yeung)

That:

- a) the report be received;
- b) Contract 15397 for Borman Road East Extension is awarded to West Construction Ltd. in the tendered sum of \$1,844,705.74 excluding GST; and
- c) the Approved Contract Sum for Contract 15397 is set at \$2,100,000 excluding GST comprised of the tender amount of \$1,844,705.74 plus a contingency allowance of \$255,294.26.

15. Waikato Road Asset Technical Accord (RATA) Contract

The General Manager City Infrastructure took the Report as read, noting that the contract was coming to the Committee for approval as it exceeded the Chief Executive's delegation. The contract was a good collaboration project for Hamilton City Council and would deliver tangible and intangible benefits and savings to Council.

Staff responded to questions from Committee Members concerning:

- **Collaboration benefits and similar model successes:**

Other similar models such as the infrastructure alliance had proved successful. The collaboration benefits came from more of a planning/management level rather than a 'physical works' level. It was about alignment of roading projects across the region.

- **The need for a Political Advisory Group:**

Committee Members expressed concern that there was a Political Advisory Group included as part of the agreement. The contract was a technical collaboration and it was viewed that a Political Advisory Group would not be needed.

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

That

- a) the report be received;
- b) the Chief Executive is to raise the role and membership of the Political Advisory Group with LASS at the 10 June Meeting and report back to the Finance Committee before the 14 July 2016 Meeting. and
- c) an Approved Contract Sum of \$120,000 is approved for the first 2 years of operation until 30 June 2018, which includes a contingency amount of \$18,000 if any additional work is instructed.

Cr Forsyth and Cr O'Leary retired from the Meeting (5.00pm) at the conclusion of the above Item. They were present when the matter was voted on.

16. Information Systems (IS) Key Activity Update

The General Manager Corporate and the Acting Chief Information Officer spoke to the Report and responded to questions from Committee Members concerning:

- **Key projects:**

IS was currently working on solutions for the voting board, fixes for Infocouncil, technology issues with Committee Room 1, Call Centre technology to collect data, among other projects.

***Action:** Staff were asked to provide more detailed information and explanation in the next Information Systems Key Activity Update Report to the Finance Committee and ensure issues raised by stakeholders have been adequately covered. Staff are also to include allocated budget amounts in the relevant area of the Report.*

Resolved: (Crs Pascoe/Chesterman)

That the Report be received.

Cr Mallett Dissenting.

17. Refuse Transfer Station - Proposed Fee Changes

The General Manager City Infrastructure took the Report as read and responded to questions from Committee Members concerning:

- **Whether Council had ever turned down a fee increase:**

Council had never turned down a fee increase. The the lease agreement with Waste Management stipulated that a fee increase could only be turned down if Council were to provide a subsidy for the difference.

- **The relationship between the Refuse Transfer Station and the Recycling Centre:**

The two organisations operated separately at this stage, but there could be potential to align some services in the future.

- **The amount of the fee increase:**

The fee increase was considered to be appropriate to recover costs associated with increased operational costs for the management of the site. Benchmarking had been carried out across the region and the proposed fees were very comparative with competitors.

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

That:

- a) the Report be received; and
- b) Council notes the increase in RTS fees proposed by Waste Management to be implemented 1 July 2016 and declines the opportunity to offer a Council funded subsidy of these fees.

Cr Macpherson Dissenting.

18. Fees and Charges 2016-17

The General Manager Corporate and the Financial Controller took the Report as read and responded to questions from Committee Members concerning:

- A range of fee discrepancies and differences including, mileage, photocopying and hourly rates.
- Clarification on what some of the fees and charges were, how often they were used and whether benchmarking had been carried out.
- Committee Members were advised that the proposed fees and charges increase was part of the 10 Year Plan which went out for consultation.

Action: Chief Executive to investigate and review the accessibility and ease of use of the fees and charges information on the Hamilton City Council Website.

Action: Committee Members requested that the General Manager Community provide the information concerning the work that was carried out for Sports Areas Fees and Charges. Democracy Staff to provide the previous resolution pertaining to providing this information to Elected Members.

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

That:

- a) the report be received;
- b) the attached fees and charges schedule for 2016-17 be approved; and
- c) any changes on the commission for sales of art at Artspost be deferred until the Artspost Report is presented at the 14 July 2016 Finance Committee Meeting.

Crs Gallagher and Macpherson Dissenting.

Cr Macpherson retired from the Meeting (6.20pm) at the conclusion of the above Item. He was present when the matter was voted on.

19. **Six Monthly Reports from the Chairs of the Subcommittees Reporting to the Finance Committee**

External Funding Subcommittee Update:

Deputy Mayor Cr Chesterman spoke to the Report (in the absence of Cr Forsyth, Chair of the External Funding Subcommittee) noting that the External Funding Subcommittee had had some major achievements in securing funding for a number of Council projects, most notably the Hamilton Gardens Development Project. He thanked and congratulated Her Worship the Mayor Hardaker for her leadership and hard work in helping to secure further funds for the Gardens project.

He suggested that the chair of the Subcommittee provided a report to Council outlining the major successes of the Subcommittee in securing funds prior to the end of the triennium.

Resolved: (Crs Chesterman/Gallagher)

That the External Funding Subcommittee Chairperson's Report be received.

Events Sponsorship Subcommittee Update:

Deputy Mayor Cr Chesterman (Chair of the Events Sponsorship Subcommittee) spoke to the Report. Options for the remaining Events Sponsorship Funds were discussed.

Resolved: (Crs Chesterman/Yeung)

That the Events Sponsorship Subcommittee Chairperson's Report be received.

Council Controlled Organisations (CCO) Subcommittee Update:

Cr Mallett (Chair of the Council Controlled Organisations (CCO) Subcommittee) spoke to the Report, noting that an update concerning the Titanium Park Joint Venture with Waikato Regional Airport Ltd (WRAL) had been circulated to Elected Members previously.

Resolved: (Crs Pascoe/Mallett)

That the Council Controlled Organisations (CCO) Subcommittee Chairperson's Report be received.

20. Resolution to Exclude the Public

Resolved: (Crs Tooman/Yeung)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Finance Committee Meeting - Public Excluded Minutes - 21 April 2016) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Public Excluded Action List - 19 May 2016) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 30 April 2016 & Bad Debts Writeoffs 2015/16		
C4. Ruakura Private Developer Agreements		

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

The Meeting went into a Public Excluded Session (6.45pm – 7.50pm).

The Meeting was declared closed at 7.50pm.

Committee: Finance Committee

Date: 14 July 2016

Report Name: Finance Committee - Open
Action List - 14 July 2016

Author: Becca Brooke

Status	<i>Open</i>
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Recommendation

That the Report be received.

1. Attachments

2. Attachment 1 - Finance Committee - Open Action List - 14 July 2016

FINANCE

Action List - 2015/16

OPEN

Ref.	Meeting Date/Item #	GM Responsible	Action	DUE DATE for reporting back	Status (relative to due by date)	Notes
39	Finance Committee Meeting 19/02/2015 Item 12	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.	21/4/2016	Completed	The new structure was successfully lifted into the river in March 2016 and the project is on track for completion this financial year (30/06/16). A full completion Report will be provided to the 14 July 2016 Finance Committee Meeting once all the project financials have been finalised.
82	Council AP Meeting - 24/02/2015 Attachment 9	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	Completed	Report coming to the 14 July 2016 Finance Committee Meeting.
93	Finance Committee Meeting 19 May 2016 Item 9	GM Corporate	10-Year Plan Monitoring Report Further information and clarity to be included in the next 10-Year Plan Monitoring Report to the Finance Committee on 14 July 2016, concerning the calculations for the adjustment to the loss on the sale of the Pensioner Housing Units.	14-Jul-16	Completed	Information emailed to Councillors by Financial Controller on 16 June 2016
94	Finance Committee Meeting 19 May 2016 Item 9	GM Corporate	10-Year Plan Monitoring Report Committee Members requested that there be greater transparency around the 'other expenses' section of the variance reports. Staff are to work with Cr Mallett on how 'other expenses' might be categorised and expanded on for the next 10-Year Plan Monitoring Report to the Finance Committee on 14 July 2016.	14-Jul-16	Completed	Adjustments have been made to improve transparency in future reports. Councillor Mallett met with Financial Controller on 13 June 2016 to review and approve new layout.
95	Finance Committee Meeting 19 May 2016 Item 9	GM Corporate	10-Year Plan Monitoring Report Consideration to be given on a better approach to categorisation of deferrals for future 10 Year Plan Monitoring Reports and through the Annual Plan process.	14-Jul-16	Completed	10 Year Plan Monitoring Report deferral information has been adjusted.
96	Finance Committee Meeting 19 May 2016	GM Corporate	10-Year Plan Monitoring Report Further information to be supplied to Committee Members concerning the Hardship Rates Remission and how the availability of the remission fund is communicated to ratepayers.	14-Jul-16	Completed	Information emailed to Councillors by Financial Controller on 17 June 2016

Item 6

Attachment 1

97	Finance Committee Meeting 19 May 2016 Item 15	CE	Waikato Road Asset Technical Accord (RATA) Contract The Chief Executive is to raise the role and membership of the Political Advisory Group with LASS at the 10 June LASS Meeting and report back to Council before 14 July 2016 Finance Committee Meeting.	14/07/16	Completed	The Waikato LASS Meeting agreed to modify the RATA contract reflecting the feedback from HCC. The updated RATA contract was reported to Council on 30 June 2016.
98	Finance Committee Meeting 19 May 2016 Item 16	GM Corporate	Information Systems Key Activity Update Staff asked to provide more detailed information and explanation in the next Information Systems Key Activity Update Report to the Finance Committee and ensure issues raised by stakeholders had been adequately covered. Staff are also to include allocated budget amounts in the relevant area of the Report.	14-Jul-16	Completed	More detailed information will be provided in future reports.
99	Finance Committee Meeting 19 May 2016 Item 18	GM Strategy & Communications	Fees and Charges Report Chief Executive to investigate and review the accessibility and ease of use of the fees and charges information on the Hamilton City Council Website.	14-Jul-16	In progress	GM Strategy & Communication is co-ordinating a review and update of all Fees and Charges pages on the website on behalf of the business.
100	Finance Committee Meeting 19 May 2016 Item 18	GM Community	Fees and Charges Report Committee Members requested that the General Manager Community provide the information concerning the work that was carried out for Sports Areas Fees and Charges. Democracy Staff to provide the previous resolution pertaining to providing this information to Elected Members.	14-Jul-16	Completed	Complete Email sent to Elected Members on 1 June 2016

Committee: Finance Committee

Date: 14 July 2016

Report Name: Recommended dates for reports to Finance Committee

Author: Jessica Ashworth

Status	<i>Open</i>
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1. Recommendation

2. That the report be received.

3. Attachments

4. Attachment 1 - Timing of reports to Finance Committee

5. Purpose

6. 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
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Reports to Finance Committee	Frequency/Timing 2016						Comments
	February	April	May	July	August	Post-Election	
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)	
Quarterly/Six Monthly/Annual Reports							
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, procurement and other quarterly content
10 Year Plan Monitoring Report - Summary			Apr-16	May-16		Oct-16	Excludes R&O and other quarterly content
Weathertight Buildings Update - financial summary		Q3 15/16 (Mar16)				Q1 16/17 (Sep16)	Audit & Risk consider risk elements
Claudlands Update	Q2 15/16 (Dec15)	Q3 15/16 (Mar16)			YE 15/16 (Jun16)	Q1 16/17 (Sep16)	Includes financial, non-financial and forward bookings
6 Monthly Subcommittee Chairperson's Reports to the Finance Committee			x			Nov-16	
One Victoria Trust Annual Report (Meteor)				x			Annual report
Gallagher Academy of Performing Arts Report			x				Annual report
Waterworld Operations Report			x		x		Quarterly report
Confidential Reports							
Overdue Debtors/Bad Debt Writeoffs	x	x	x	x	x	x	
Development Contributions Remissions	x	x			x	x	Aligned with quarterly reporting
Offline Reports							
Claudlands 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 21/06/16 D-41462

Committee: Finance Committee

Date: 14 July 2016

Report Name: Key Projects Monitoring
Report - May 2016

Author: Natalie Young

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

1. Purpose of the Report

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

2. Recommendation from Management

That the report be received.

3. Attachments

- Attachment 1 - Key Projects Status Summary Report - May 2016

5. Discussion

The May 2016 key projects status summary is provided as attachment 1.

Six projects are in green status.

Two projects are in an amber status:

- **Hamilton Ring Road Upgrade and Extension:** the project is currently showing an amber status as revised construction pricing estimates indicate delivery is unaffordable within existing budgets.

A report will be presented to the 19 July 2016 Strategy and Policy Committee meeting to provide detailed and costed pedestrian/cycle bridge options based on Council feedback in regards to foundations, handrails and further detailed design elements.

- **District Plan Review – Phase VIII:** the project is currently showing an amber status due to the number of hearings held with the Environment Court and the costs of legal and specialist expertise, along with the nature of the hearings. As a result, costs have exceeded budget. Detailed information on the costs of the hearings was provided to the DPR Appeals Sub-committee in early March and to full Council on 31 March 2016.

6. The full key projects report is available on the Councillor’s FTP site (request via Mary Birch).

7. Financial and Resourcing Implications

- **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, with no impact on Council’s actual financial position.
- **District Plan Review – Phase VIII:** the project will in effect come to an end in September 2016. It is a cost overrun for this financial year and will be recorded as such under the Unit’s budget. The costs will be offset by the overall financial result of the Growth Group. Additional money is still set aside for the 2016/17 financial year to address remaining costs.

8. Risk

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.

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

Signatory

Authoriser	David Bryant, General Manager Corporate
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Key Projects Status Summary Report - May 2016 (full report D-2166941) for Finance Committee on Thursday 14 July (as attachment 1)

Total Number of Projects	Count	Project Status	Risk Ratings
Project Status – On Track	6	Green	Increased = ↑
Project Status – Needs to be Monitored	2	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	\$ 6,366,081	\$ 874,737	Amber	<p>The project is showing an amber status due to the number of hearings held with the Environment Court and the costs of legal and specialist expertise, along with the nature of the hearings. As a result costs have exceeded budget. Detailed information on the costs of the hearings was provided to the DPR Appeals Subcommittee in early March and to full Council meeting on 31 March 2016. The project will in effect come to an end in September 2016. It is a cost overrun for this financial year and will be recorded as such under the Unit’s budget. The costs will be offset by the overall financial result of the Growth Group. Additional money is still set aside for the 2016/17 financial year to address remaining costs.</p> <p>Risk 4 has reduced to low from medium. This is due to nearing the end of the appeal process.</p> <p>Risk 4 description - As a result of appellants not being committed to settling appeals through direct negotiation, some appeals may remain unresolved leading to time delays and additional costs for the project.</p>	↓
Hamilton Gardens Development	Lance Vervoort	Helen Paki	02-Jun-14	31-Dec-18	\$ 7,374,380	\$ 2,231,768	\$ 1,753,768	Green	No change to risks or risk ratings	→
Hamilton Ring Road Upgrade and Extension	Chris Allen	Chris Barton	1-Jul-03	31-Mar-17	\$84,270,900	\$ 75,226,733	\$ 1,505,391	Amber	<p>The project is currently showing an amber status as revised construction pricing estimates indicate delivery is unaffordable within existing budgets. A report will be presented to the 19 July 2016 Strategy and Policy Committee meeting to provide detailed and costed pedestrian/cycle bridge options based on Council feedback in regards to foundations, handrails and further detailed design elements.</p> <p>No change to risks or risk rating</p>	→
North City Road Urban Upgrade	Tony Denton	Matthew Lillis	01-Feb-16	23-Dec-21	\$ 8,126,000	\$ 159,007	\$ 159,007	Green	No change to risks or risk ratings	→
Pukete 3 Wastewater Treatment Plant Upgrade	Andrew Parsons	Barry Hu	1-Feb-16	30-Jun-20	\$18,356,000	\$ 729,609	\$ 729,609	Green	No change to risks or risk ratings	→
Rototuna Reservoir and Bulk Watermains Development	Tony Denton	Chris Barton	01-Mar-15	30-Aug-17	\$21,989,000	\$ 9,091,788	\$ 8,388,788	Green	No change to risks or risk ratings	→
Rototuna Town Centre – New Agreement Phase	Lance Vervoort	Helen Paki	02-Apr-13	30-July-16	\$ 3,262,800	\$ 3,225,376	\$ 1,899,387	Green	<p>A change request form has been completed and approved. The agreed completion date has now changed to the 30 July 2016 (was 31 May 2016).</p> <p>No change to risks or risk ratings</p>	→
Waiora 2 Water Treatment Plant Upgrade	Andrew Parsons	Barry Hu	1-Feb-16	30-Jun-21	\$28,746,000	\$ 464,123	\$ 464,123	Green	No change to risks or risk ratings	→

D-2166713

1

Committee: Finance Committee

Date: 14 July 2016

Report Name: 10-Year Plan Monitoring
Report - YTD May 2016

Author: Tracey Musty

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2015-25 10 Year Plan 2015-16 Annual Plan</i>
Financial status	<i>Not Applicable</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To provide an update for the 11 months ended 31 May 2016 on Council's performance in delivering the 2015-16 Annual Plan (as documented in the 2015-25 10-year Plan).

3. Executive Summary

- Council continues to report favourable positions across the key financial measures: balancing the books, debt to revenue ratio and debt levels.
- The financial result for May was steady with the operating position reporting a small increase of \$200k from the month of April. Balancing the books also reported a small increase. Overall Council has an operating surplus of \$18.6m.
- The operating surplus is largely driven by favourable revenue from both development contributions and vested assets and this reflects the strong growth being experienced in the city.
- Capital expenditure picked up during May with \$9.2m being spent. This was expected and keeps in line with the year end projection previously reported to Council.
- Deferrals have remained largely unchanged in terms of volume and value.
- Total council debt remains lower than the amount expected in the Long Term Plan. This is due to the favourable operating position along with capital expenditure deferrals and assets sales. The lower debt level contributes directly to the favourable debt to revenue ratio.

10. Recommendations from Management

That the report be received.

Item 9

11. **Attachments**

12. Attachment 1 - Financial Statements
 13. Attachment 2 - Group of Activities
 14. Attachment 3 - Growth Information
 15. Attachment 4 - Capital Expenditure
 16. Attachment 5 - Potential Capital Deferrals & Pipeline Projects
 17. Attachment 6 - Risks and Opportunities
 18. Attachment 7 - Treasury Report
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 service performance measures
20. Attachments to this report provide more detailed analysis and explanation of the results.

Numbers in Brackets [xx] in Commentary

Where a number is followed by a number in brackets, the number in brackets is the comparative result from the 30 April 2016, the last reported financial results to the Finance Committee. For example: The financial performance in paragraph 15 for May 2016 is \$18.6m and the bracketed figure represents the April 2016 position [\$17.0m].

21. **Summary of Operating Results**



22. The accounting result for the 11 months to 31 May 2016 is a favourable variance of \$11.5m [\$11.3m]. This was against an actual surplus of \$18.6m [\$17.0m]. 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 project. The result for the 11 months to 31 May 2016 is a favourable variance of \$17.0m [\$17.1m] against an actual surplus of \$16.3m [\$15.7m]. The annual surplus is budgeted at \$0.8m.
24. 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.
25. *Group of Activities Financial Reports* (attachment 2) provide financial statements along with comments that explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

26. Variance Analysis on the Operating result,

- a number without brackets is favourable: it can mean either revenue is higher than budget or expenditure is lower than budget
- a number with brackets is unfavourable: it can mean either revenue is lower than budget or expenditure is higher than budget

27. The major contributors to the overall variance are:

Revenue Variances:

		May 2016 variance	April 2016 variance
Development contributions	Strong growth continues to occur in Hamilton. This reflects in the favourable Development Contribution revenue.	\$12.3m	\$11.8m
Planning and Development Revenue	The strong growth is resulting in increased volumes of building consents and LIM applications. The effect is that revenue from these sources continues to exceed budget.	\$2.2m	\$2.0m
Rates (including metered water)	The three drivers are; higher revenue from penalties, this follows the trend from recent years. Remissions requested have been lower than expected. Higher water by meter sales as consumption is higher than was expected.	\$1.2m	\$1.1m
Other Revenue	The improvement since April is due to increased subsidies and capital contributions. Detailed explanations of variances are explained in the Group of Activities Financial Report (attachment 2).	(\$0.2)m	(\$1.7)m
Revenue variance		\$15.4m	\$13.1m

Expenditure variances:

		May 2016 variance	April 2016 variance
Personnel Costs	The two key drivers are the high level of vacant positions earlier in the year and the impact from the Chief Executive restructure.	\$2.6m	\$2.8m
Finance Costs	Interest costs are favourable as a result of the relatively low level of debt.	\$1.4m	\$1.2m
Other Expenditure	Across all other activities expenditure is on target. Explanations of variances are explained in the Group of Activities Financial Report.	\$0.0m	\$1.0m
Expenditure variance		\$4.0m	\$5.0m

Non-cash variances:

		May 2016 variance	April 2016 variance
Vested assets*	The strong growth occurring in Hamilton has resulted in new subdivisions being completed and associated land and infrastructure being vested to Council.	\$20.4m	\$19.1m
Depreciation	The increase over April is the impact of transferring fixed asset expenditure from work in progress to the Councils fixed assets register. This unfavourable variance has been forecast in the Risks and Opportunity Schedule due the revaluation of the water, wastewater and stormwater assets.	(\$1.6)m	(\$0.6)m
Less loss on swaps*	This loss reflects a decrease in market interest rates in comparison to when Council's fixed interest rate contracts were entered into.	(\$15.9)m	(\$15.4)m
Loss on asset sales	Main contributors are the sale of the Pensioner Housing units and the Beggs Wiseman building.	(\$10.8)m	(\$10.0)m
Non-cash variance		(\$7.9)m	(\$6.8)m
Total variance		\$11.5m	\$11.3m

* These items are eliminated from the balancing the books financial strategy measure

Summary of Capital Expenditure



28. 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.
29. The result for the 11 months to 31 May 2016 is a favourable variance of \$20.5m [\$23.7m] against an actual capital expenditure of \$51.2m [\$42.0m]. This represents 61.0% [50.2%] of the total capital expenditure programme.
30. The *Capital Expenditure Report* (attachment 4) provides a list of all projects and year to date variances to budget.
31. As at 31 May 2016, 28 capital projects or programmes to the value of \$21.1m have been identified as being unlikely to be completed by the end of the financial year.
32. The following table provides a summary of the value of deferrals. Attachment 5 has a full list of potential capital deferrals with explanations.

Deferrals (\$000's)	3rd Party	Contractual	Other External	HCC	Total
Infrastructure Projects					
Rototuna	4,004	-	-	-	4,004
Rotokauri	1,025	200	-	-	1,225
Peacocke	2,777	-	-	-	2,777
Ruakura	500	-	-	-	500
Citywide	-	10,268	-	-	10,268
	8,306	10,468	-	-	18,774
Community Projects					
Museum	-	170	-	-	170
Hamilton City Theatres	-	-	-	235	235
Claudelands and Stadia	100	-	-	35	135
Parks and Green Spaces	-	383	699	-	1,082
	100	553	699	270	1,622
Corporate Projects					
Information Services	-	-	-	686	686
	-	-	-	686	686
TOTAL	8,406	11,021	699	956	21,082

33. In response to the level of deferrals management, under delegation of the Chief Executive, Council have brought forward approved projects. These are projects that were already in the approved 10-Year Plan. These pipeline projects are valued at \$1.3m and are listed in attachment 5.

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

Capital Expenditure Budget	
Approved Budget as per 10-Year Plan	\$65.6m
Approved Deferrals from 2014-15	\$18.1m
Revised Capital Budget for 2015-16	\$83.7m
Plus Risk and Opportunities	\$3.0m
Less Proposed Deferrals	(\$21.1)m
Plus Pipeline Projects	\$1.3m
Other Adjustments	(\$16.8)m
Forecast Capital Budget for 2016-17	\$66.9m
Less spent for the 11 Months to 31 May 2016	\$51.2m
Remaining spend to 30 June 2016	\$15.7m

35. Summary of Risks and Opportunities

36. The *Risks and Opportunities Schedule* (attachment 6) is used to forecast the 30 June 2016 year-end result for Council. It records budget adjustments that have the potential to impact on the year end result.
37. There are no new items since the April 2016 report to the Finance Committee. Some items have been amended to reflect updated estimates. A note has been included against those items where a change has been made.
38. As at 31 May 2016 the year end accounting result is forecast to be a surplus of \$13.8m [\$13.4m]. This would be a \$4.6m [\$4.2m] 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.
39. The balancing the books year end forecast is a surplus of \$11.6m [\$11.2m]. This would be an improvement of \$10.8m [\$10.4m] over the Annual Plan target of \$0.8m.
40. As at 31 May 2016 the year end capital expenditure is forecast to increase by \$3.0m. The significant contributors are for the Western Rail Train (this is offset by additional government subsidy) and the development of the Victoria on the River site.

41. Summary of Debt and Treasury Management

42. Treasury Management

43. The Council has breached the policy levels for the amount of debt maturing beyond 5 years. The policy parameters are between 10% and 40% and as at 31 May 2016, Council was at 9%. In response to this breach Council borrowed \$5m on the 21 June that has an April 2023 maturity date.

44. Council is compliant will all other policy measures.

45. Total Overall Debt



46. Total Overall Debt as at 31 May 2016 is \$339.5m [\$348.7m], which is \$67.5m [\$58.1m] less than the year end budget target of \$407m.

47. Total overall debt is forecast to be \$61m less than the amount in the 10-Year Plan by 30 June 2016. This is made up of two categories; permanent at \$22.0m and timing at \$39m. The following table details the forecast position:

Total 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 reserve)	\$4m
Proceeds from asset sales	\$4m
	\$22m
Less Timing	
Proposed deferrals from capital programme	\$21m
Proposed pipeline projects from capital programme	(\$2m)
Value of accruals at 30 June (non-cash)	\$9m
Favourable closing position at 30 June 2016	\$11m
	\$39m
Forecast closing balance as at 30 June 2016	\$346m

Signatory

Authoriser	David Bryant, General Manager Corporate
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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE ELEVEN MONTHS ENDED 31 MAY 2016

Notes	Year to Date			Annual Budget	Prior YTD May 2015	
	Actual	Budget	Variance favourable/ (unfavourable)			
	\$000	\$000	\$000	\$000	\$000	
Revenue						
Rates excluding water rates	1	127,638	126,809	829	138,472	121,793
Water rates	2	7,633	7,223	410	7,772	7,110
Revenue from activities	3	38,921	37,685	1,236	41,744	39,664
Subsidies and grants	4	8,458	8,840	(382)	9,257	9,479
Development and financial contributions	5	20,483	8,214	12,269	9,500	13,025
Other revenue	6	33,783	12,270	21,513	13,381	21,391
Total revenue		236,916	201,041	35,875	220,126	212,462
Expenses						
Personnel costs	7	58,410	60,994	2,584	66,546	59,442
Depreciation and amortisation	8	55,040	53,413	(1,627)	58,269	51,923
Finance costs	9	19,384	20,760	1,376	22,647	21,323
Other expenses	10	58,781	58,805	24	63,432	56,398
Total expenses		191,615	193,972	2,357	210,894	189,086
Operating surplus/(deficit)		45,301	7,069	38,232	9,232	23,376
Gains		27	0	27	0	775
Losses	11	(26,746)	0	(26,746)	0	(13,135)
Surplus/(deficit)		18,582	7,069	11,513	9,232	11,016

BALANCING THE BOOKS MEASURE FOR THE ELEVEN MONTHS ENDED 31 MAY 2016

Surplus/(deficit)		18,582	7,069	11,513	9,232	11,016
Adjustments for balancing the books measure						
Gains		27	-	27	-	775
Losses		(26,746)	-	(26,746)	-	(13,135)
Vested assets		28,208	7,774	20,434	8,481	16,692
Ring Road subsidy		795	-	795	-	774
Total adjustments		2,284	7,774	(5,490)	8,481	5,106
Balancing the books surplus/(deficit)		16,298	(705)	17,003	751	5,910

Notes to the Statement of comprehensive revenue and expense

These explanations are at a high level for the Council, further detail can be found on the individual activity statements.

Note 1: Rates excluding water rates

Revenue from penalties on overdue rates continues a trend of recent years of exceeding budget. The number of rates remissions requested are lower than was expected.

Note 2: Water Rates

Based on recent water consumption trends a \$400k favourable result is expected in this area at 30 June

Note 3: Revenue from activities

Continuing strong growth in Hamilton has increased volumes of building consents and LIM applications. The effect is that revenue from these sources continues to exceed budget. Additional expenditure is expected to be incurred over the coming months as a result.

Note 4: Subsidies and Grants

Both the operating and capital programmes within Transportation are behind the budgeted position.

Note 5: Development & financial contributions

Continued strong growth in Hamilton has had a significant impact on Development Contribution revenue.

Note 6: Other revenue

The continued strong growth in Hamilton has resulted in new subdivisions being completed and associated land and infrastructure being vested to Council.

Note 7: Personnel costs

A review of the remuneration budgets has shown a number of positions had been vacant earlier in the year. These are now either filled or being actively recruited.

Note 8: Depreciation and amortisation

Council has re-valued its water, wastewater and stormwater assets this year. Values have increased causing depreciation to increase. This has been added to the Risks and Opportunities Schedule and the 2016/17 budget has been updated.

Note 9: Finance Costs

This is due to lower borrowings as a result of the lower starting debt position, the capital programme behind schedule and the operating result being in a favourable position. The year end is forecast to be favourable by \$1.5m

Note 10: Other Expenses

There is no primary driver, as the variance is across many of the activities. Please refer to the individual statements for explanations regarding other expenses.

Note 11: Losses

The variance has two drivers:

- \$15.9m in unrealised losses on the revaluation of interest rate swaps. Interest rate swaps provide certainty over cash flow. The loss represents reductions in market interest rates.
- \$10.8m in losses associated with the sale or disposal of assets. The losses include the Pensioner Housing assets and the Beggs Wiseman building.

The losses are non-cash and are eliminated from the balancing the books measure.

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2016

	Notes	Council		
		Actual \$000	Annual Budget \$000	Actual May 2015 \$000
Assets				
Current assets				
Cash and cash equivalents	1	2,852	45,000	41,671
Receivables	2	22,096	17,101	22,685
Prepayments		1,551	1,663	1,457
Inventory		109	237	312
Other financial assets	1	47,000	-	110
Non-current assets held for sale		1,328	-	38
Total current assets		74,936	64,001	66,273
Non-current assets				
Property, plant and equipment	3	3,385,879	3,294,067	3,200,938
Intangible assets		19,065	19,184	14,427
Investment property		22,332	24,308	23,898
Investment in associates		7,430	7,430	7,430
Other financial assets	1	24,443	8,280	8,407
Investment in subsidiaries		10,150	10,150	10,150
Total non-current assets		3,469,299	3,363,419	3,265,250
Total assets		3,544,235	3,427,420	3,331,523
Liabilities				
Current liabilities				
Employee entitlements		5,293	5,013	5,080
Payables	4	35,060	13,621	30,874
Borrowings	5	73,358	79,048	56,386
Derivative financial instruments	6	143	-	261
Provisions		1,614	1,724	1,716
Total current liabilities		115,468	99,406	94,317
Non-current liabilities				
Employee entitlements		881	886	746
Borrowings	5	286,288	336,036	320,611
Derivative financial instruments	6	41,866	-	24,881
Provisions		8,478	8,085	8,085
Total non-current liabilities		337,513	345,007	354,323
Total liabilities		452,981	444,413	448,640
Net assets		3,091,254	2,983,007	2,882,883
Equity				
Accumulated funds		1,645,500	1,609,284	1,612,051
Other reserves	7	1,445,754	1,373,723	1,270,832
Total equity attributable to Hamilton City Council		3,091,254	2,983,007	2,882,883
Total equity		3,091,254	2,983,007	2,882,883

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		2,852	45,000	41,671
Other financial assets - current	Term deposits	47,000	0	100
	Loan investments	0	0	10
		47,000	0	110
Other financial assets - non-current	Term deposits	3,600	3,303	3,280
	Shares	4,870	4,977	4,977
	Loan investments	15,973	0	150
		24,443	8,280	8,407
Total cash and financial assets		74,295	53,280	50,188

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 May 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	161,723	0	161,723	153,969	0	153,969
Penalties, adjustments & postponed	951	0	951	844	0	844
Remissions and govt rebates instalments 1-4	(3,092)	0	(3,092)	(2,241)	0	(2,241)
Rates receipts	(145,824)	(3,709)	(149,533)	(137,954)	(3,227)	(141,181)
Balance as at 31 May	11,872	120	11,992	12,907	96	13,003
Water by meter			1,095			1,302
Sundry debtors						
Debtors			3,817			3,173
Rentals			468			473
NZTA			0			557
Rates rebates Internal Affairs			48			189
H3 debtors			608			1,070
			4,942			5,463
Parking	*		3,984			5,929
Debtor accruals			3,252			2,444
Provision for doubtful debts	**		(3,170)			(5,456)
Total rates and debtors receivables			22,096			22,685

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.

	Actual \$000	Prior YTD \$000
Debtors aging		
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
	<u>3,829</u>	<u>3,323</u>
Sundry debtors	as at 31 May	as at 31 May
Current	2,577	Current 3,494
0-30 days	479	0-30 days 980
30-60 days	171	30-60 days 361
60-90 days	12	60-90 days 109
>90 days	1,703	>90 days 519
	<u>4,942</u>	<u>5,463</u>

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

Note 3: Fixed assets work in progress

Asset categories	Balance 1 July 2015 \$000	New WIP Jul-May \$000	WIP capitalised Jul-May \$000	Balance 31 May 2016 \$000
Restricted Land	941	0	(734)	207
Parks & Gardens Land	2,514	1,046	(2,898)	662
Land under Roads	1,540	0	(1,451)	89
Operational Buildings	7,314	1,511	(7,098)	1,727
Parks & Gardens Improvements	5,455	1,422	(5,725)	1,152
Refuse	1,841	308	(1,202)	947
Wastewater	11,251	6,161	(8,181)	9,231
Stormwater	4,034	1,620	(1,346)	4,308
Transportation	19,717	15,125	(12,881)	21,961
Water Supply	10,894	11,535	(8,084)	14,345
Wastewater Treatment Plant	2,210	3,079	(3,436)	1,853
Water Treatment Station	2,793	4,046	(2,592)	4,247
Operational Plant & Equipment	4,001	2,853	(4,271)	2,583
Intangible Assets	2,850	917	(1,129)	2,638
Other	618	1,612	(1,415)	815
	<u>77,973</u>	<u>51,235</u>	<u>(62,443)</u>	<u>66,765</u>
Fixed Assets Vested	12,856	28,208	(28,553)	12,511
Total Fixed assets work in progress	90,829	79,443	(90,996)	79,276

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	35,060	13,621	30,874
Total payables	35,060	13,621	30,874

Payables includes rates income in advance of \$23 million as rates income has been invoiced for four quarterly instalments whereas only eleven months (July 2015-May 2016) rates income has been recognised in the Statement of comprehensive revenue and expense.

Note 5: Borrowings

	Actual	Annual budget	Prior YTD
	\$000	\$000	\$000
Borrowings (current)	73,358	79,048	56,386
Borrowings (non-current)	286,288	336,036	320,611
Total external debt	359,646	415,084	376,997

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)	143	0	261
Interest rate swaps - held for trading (non-current)	41,866	0	24,881
Total derivative financial instrument liabilities	42,009	0	25,142

The revaluation of interest rate swaps held by Council show an unrealised mark-to-market revaluation loss for 2016 of \$15.9m (2015 loss \$13.1m) as shown in the Statement of comprehensive revenue and expense. This revaluation loss has increased the derivative financial instrument liability and occurs because market interest rates are now lower than when the fixed rate swap contracts were entered into.

Note 7: Other Reserves

	Balance 1 July 2015	Transfers into fund	Transfers out of fund	Balance 31 May
	\$000	\$000	\$000	\$000
Total restricted reserves	30,492	1,740	(4)	32,228
Total Council created reserves	10,325	884	(3,616)	7,593
Total Revaluation and Fair Value Through Equity Reserves	1,264,464	195,257	(53,788)	1,405,933
Total restricted and Council created reserves	1,305,281	197,881	(57,408)	1,445,754

Transfers into the reserves of greater than \$100k include net proceeds from the sale of three pensioner houses and Beggs Wiseman building, interest, Hamilton Gardens targeted rate, reserves contributions and waste minimisation levies.

STATEMENT OF CASH FLOWS FOR THE ELEVEN MONTHS ENDED 31 MAY 2016

	Council	
	Actual \$000	Annual Budget \$000
Cash flows from operating activities		
Cash was provided from:		
Rates revenue	138,991	146,244
Fees, rents and charges	38,904	42,056
Subsidies and grants	10,066	9,257
Other capital contributions	23,466	11,213
Interest received	2,001	2,000
Dividends received	120	143
Sundry revenue	937	1,044
	214,485	211,957
Cash was applied to:		
Payments to employees	60,759	66,546
Payments for suppliers	62,082	61,845
Interest paid	19,126	22,647
Net GST paid	103	1,900
	142,070	152,938
Net cash flow from operating activities	72,415	59,019
Cash flows from investing activities		
Cash was provided from:		
Proceeds from reduction in other financial assets	35	0
Proceeds from sale of shares	0	0
Proceeds from sale of investment property	1,229	0
Proceeds from sale of property, plant and equipment	18,691	139
	19,955	139
Cash was applied to:		
Acquisition of other financial assets (term deposits)	57,857	0
Purchase of investment property	23	0
Purchase of intangible assets	2,136	0
Purchase of property, plant and equipment	49,075	65,646
	109,091	65,646
Net cash flow from investing activities	(89,136)	(65,507)
Cash flows from financing activities		
Cash was provided from:		
Loans raised	647	32,913
Finance leases raised	74	0
	721	32,913
Cash was applied to:		
Loan repayments	38,000	26,000
Finance lease repayments	439	425
	38,439	26,425
Net cash flow from financing activities	(37,718)	6,488
Net increase/(decrease) in cash held	(54,439)	0
Opening cash and cash equivalents balance	57,291	45,000
Closing cash and cash equivalents balance	2,852	45,000

ARTS AND CULTURE
Theatres | Libraries | Museum | Arts | Active Communities
for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(2) Rates excluding Water rates	(4)	(1)	(3)	(1)
0 Water rates	0	0	0	0
1,467 Revenue from activities	1,451	1,527	(76)	1,679
505 Subsidies and grants	27	35	(8)	38
0 Development & financial contributions	0	0	0	0
38 Other revenue	21	18	2	20
2,008 Total revenue	1,496	1,580	(84)	1,736
Expenses				
5,997 Personnel costs	5,843	6,064	221	6,609
1,280 Depreciation and amortisation	2,464	2,393	(70)	2,611
268 Finance costs	180	186	6	203
Other Expenses				
4,268 - Operating & Maintenance costs	2,099	1,993	(107)	2,155
271 - Professional costs	359	299	(60)	314
3,094 - Administrative costs	4,067	3,802	(265)	4,158
737 - Property costs	820	958	138	1,048
15,914 Total expenses	15,831	15,694	(136)	17,099
(13,906) Operating surplus/(deficit)	(14,335)	(14,115)	(220)	(15,363)
0 Gains and losses	(117)	0	(117)	0
(13,906) Surplus/(deficit)	(14,452)	(14,115)	(338)	(15,363)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Personnel costs - \$221k favourable [\$219k]. The variance is due to positions that have been vacant in the Library and Museum. Recruitment of staff has been completed but there will be a favourable year end variance. Earlier in the year positions were put on hold pending the Museum Strategic Plan review which has now been completed.

Operating & Maintenance Costs - \$107k unfavourable. This variance consists of support unit charges that are above budget offset by scheduled maintenance costs that have been put on hold due to theatre closure.

Administrative costs - \$265k unfavourable. This variance includes ticket refunds associated with the Founders Theatre closure, the Clarence Street Theatre operating grant that is included on risk and opportunities and Arts Post payments made to artists offset by sale proceeds.

Property costs - \$138k favourable. Various favourable variances including energy costs, security and cleaning charges with the Founders Theatre closure and Clarence Street budget contributing \$98k of savings.

Gains and losses - \$117k unfavourable [\$117k]. The loss is due to the write off of existing building fixtures and fittings which were replaced during the period.

RECREATION

Pools | Indoor Recreation | Zoo

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
3,901 Revenue from activities	4,107	4,163	(56)	4,429
340 Subsidies and grants	289	264	25	276
0 Development & financial contributions	0	0	0	0
44 Other revenue	28	25	3	28
4,285 Total revenue	4,424	4,452	(28)	4,733
Expenses				
4,562 Personnel costs	4,727	4,519	(208)	4,896
649 Depreciation and amortisation	1,317	1,495	178	1,631
298 Finance costs	258	267	9	292
Other Expenses				
2,519 - Operating & Maintenance costs	1,583	1,287	(295)	1,391
279 - Professional costs	169	149	(20)	164
1,609 - Administrative costs	1,783	1,825	42	1,981
674 - Property costs	719	800	81	871
10,590 Total expenses	10,555	10,342	(213)	11,225
(6,305) Operating surplus/(deficit)	(6,131)	(5,890)	(241)	(6,493)
(0) Gains and losses	(156)	0	(156)	0
(6,305) Surplus/(deficit)	(6,287)	(5,890)	(397)	(6,493)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Personnel costs - \$208k [\$144k] unfavourable. The variance consists of an increase in the number of full-time zoo-keeper positions to implement a two keeper system and other operational support.

Depreciation and amortisation costs - \$178k favourable [\$182k]. The 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. This resulted in a reduction of the depreciation expense. This favourable variance will continue to increase through to year end. The revaluation was completed after budgets were set.

Operating & Maintenance costs - \$295k unfavourable. Operational costs at the zoo and the pools are higher than budgeted. Variances include trade waste charges involved with emptying the Hydrotherapy Pool to allow liner replacement, operational variances including chemicals, maintenance and allocations from support services.

Gains and losses - \$156k unfavourable [\$153k]. The loss is due to the write off of existing building fixtures and fittings which were replaced during the period.

PLANNING AND DEVELOPMENT

City Planning | Planning Guidance & Compliance | Building Control

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
7,151 Revenue from activities	8,949	6,767	2,182	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
7,151 Total revenue	8,949	6,767	2,182	7,410
Expenses				
5,187 Personnel costs	5,377	5,798	422	6,326
0 Depreciation and amortisation	0	0	(0)	0
0 Finance costs	0	0	0	0
Other Expenses				
1,017 - Operating & Maintenance costs	1,172	960	(211)	1,041
2,233 - Professional costs	2,151	1,589	(562)	1,779
2,008 - Administrative costs	2,255	2,046	(209)	2,232
15 - Property costs	11	13	2	14
10,461 Total expenses	10,966	10,407	(559)	11,393
(3,310) Operating surplus/(deficit)	(2,017)	(3,640)	1,623	(3,983)
0 Gains and losses	0	0	0	0
(3,310) Surplus/(deficit)	(2,017)	(3,640)	1,623	(3,983)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Revenue from activities - \$2.2m favourable [\$2.0m]. The increase in revenue is due to an increased number of building (\$1.8m) and resource consents being lodged due to strong economic activity in the city. This has also resulted in an overall increase in expenses so is partly offset.

Personnel costs - \$422k favourable [\$420k]. The favourable variance year to date is due to the number of vacancies in the first six months of the financial year. The vacancies have now been filled but the favourable variance will remain at year end. This is largely offset by an unfavourable variance in consultants under Professional costs which is due to increased contractors to cover staff vacancies.

Operating & Maintenance Costs - \$211k unfavourable. Due to the strong economic activity in the city there has been an increase in demand for Planning and Development services resulting in an increase in the demand of related Operating & Maintenance Costs expenses. This increase partly offsets the increase in revenue due.

Professional costs - \$562k unfavourable.

\$101k relates to Consultants in Future Proof with this variance being offset by the favourable variance in Revenue in activities.

\$209k relates to the increase in consultants in Planning Guidance due to increased activity. This variance is expected to continue because of the increased level of activity and is offset by the increase in revenue resulting in a neutral effect.

\$257k relates to Building Control with \$100k related to an IT Mobility Solution project implemented for the inspection team that did not get completed in the 2014/15 year.

\$265k is in consultants due to the cost of contractors to cover for vacancies and to assist with the increased number of consents. The variance is expected to continue because of the increased level of activity but is offset by the favourable variance under "Personnel costs".

Weathertight homes resolution claims \$156K favourable in Building Control. Court deferrals have hindered claims going through however this budget is expected to be used by financial year end. A decrease in the number of claims received has meant that the Building Unit will have a favourable budget at the end of the financial year.

Administrative costs - \$209k unfavourable. The majority of this unfavourable variance relates to Overhead allocations across all areas of Planning and Development totalling \$105k. These are indirect expenses and are sitting unfavourably organisation wide.

ECONOMIC DEVELOPMENT

Economic Initiatives | Strategic Property Investment | Claudelands | Stadiums

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(269) Rates excluding Water rates	(173)	(274)	101	(300)
0 Water rates	0	0	0	0
8,961 Revenue from activities	7,407	7,765	(358)	8,559
91 Subsidies and grants	6	0	6	0
0 Development & financial contributions	0	0	0	0
1,082 Other revenue	510	480	30	524
9,865 Total revenue	7,750	7,972	(221)	8,783
Expenses				
3,094 Personnel costs	2,643	3,281	638	3,587
2,335 Depreciation and amortisation	4,722	5,434	712	5,928
6,576 Finance costs	4,550	4,707	157	5,134
Other Expenses				
10,097 - Operating & Maintenance costs	5,209	4,764	(444)	5,209
408 - Professional costs	306	361	55	394
3,524 - Administrative costs	4,032	3,824	(208)	4,080
1,861 - Property costs	1,464	1,758	295	1,936
27,895 Total expenses	22,925	24,130	1,204	26,269
(18,030) Operating surplus/(deficit)	(15,175)	(16,158)	983	(17,486)
260 Gains and losses	(777)	0	(777)	0
(17,771) Surplus/(deficit)	(15,952)	(16,158)	206	(17,486)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Rates excluding Water rates - \$101k favourable [\$76k]. The variance is due to an overstated internal rates budget in Strategic Property and the variance will continue through to year end with the 2016/17 budget being adjusted.

Revenue from activities - \$358k unfavourable [\$516k]. This is primarily driven by the shortfall of revenue from Claudelands. Overall Claudelands' net deficit is \$789k less than (favourable) budgeted.

The variance is also driven by a \$136k shortfall in rental income for the Beggs Wiseman Building (property now sold). Fully tenanted the property was estimated to receive \$148k per annum, however up until the sale of the property in March 2016 it was only part tenanted receiving \$1.5k per month.

Personnel costs - \$638k favourable [\$644k]. Vacancies in Economic Growth Admin (recruitment for two staff is underway) has largely contributed to this overall favourable variance by \$298k. Reduced casual staff hires at Claudelands Events Centre has also contributed \$159k.

Depreciation and amortisation - \$712k favourable [\$653k]. The favourable variance is due to the building revaluation that was carried out by independent assessors during the 2015 financial year. This process identified that the useful life's of the building assets should be extended. The result of extending the asset life is to spread the cost over a longer period thereby reducing the depreciation expense. The revaluation was completed after budgets were set.

Finance costs - \$157k favourable [\$122k]. Due to the favourable debt position for Council.

Other Expenses - \$302k unfavourable [\$143k] are broken down further as follows:

- Operating & Maintenance Costs - \$444k unfavourable. Part of this variance relates to subcontractor actuals flowing through cost of sales with the budget sitting under Professional costs. The variance is also due to an understated budget in Strategic Property and the variance will continue through to year end with the 2016/17 budget being adjusted.

- Administrative costs - \$208k unfavourable. The majority of this unfavourable variance relates to Overhead allocations across all areas of Economic Development. These are indirect expenses and are sitting unfavourably organisation wide.

- Property costs - \$295k favourable. Various favourable variances including energy costs and cleaning charges predominantly at Waikato Stadium and Claudelands. The across the board savings are a result of the lower activity due to the decrease in the level of revenue predominately at Claudelands Events Centre. Event security costs are running to budget with the actuals flowing through other categories.

Gains and losses - \$777k unfavourable [\$777k]. \$405k relates to the sale of the land at 13 Graham Street, which was sold as part of the pensioner housing stock. The sale was a Council decision and was done so at market value. \$196k relates to the sale of the Beggs Wiseman Building. The sale was also at market value and was due to a Council decision influenced by progressive tenant exits.

SAFETY

Animal Control | Environmental Health and Public Safety
for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
2,020 Revenue from activities	2,173	2,049	125	2,136
122 Subsidies and grants	9	0	9	0
0 Development & financial contributions	0	0	0	0
4 Other revenue	3	3	0	3
2,146 Total revenue	2,185	2,052	134	2,139
Expenses				
1,948 Personnel costs	2,059	1,907	(152)	2,081
46 Depreciation and amortisation	80	77	(3)	84
37 Finance costs	22	23	1	25
Other Expenses				
1,127 - Operating & Maintenance costs	1,212	1,140	(71)	1,243
216 - Professional costs	128	171	43	185
650 - Administrative costs	755	711	(44)	774
587 - Property costs	554	595	40	648
4,611 Total expenses	4,810	4,624	(186)	5,040
(2,466) Operating surplus/(deficit)	(2,625)	(2,572)	(52)	(2,901)
0 Gains and losses	0	0	0	0
(2,466) Surplus/(deficit)	(2,625)	(2,572)	(52)	(2,901)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Revenue from activities - \$125k favourable [\$72k]. \$79k of this variance relates Food Premises who are going through a 3 year transitional period changing from a rigid once a year fixed annual fee to new and more dynamic regime.

Personnel costs - \$152k unfavourable [\$110k]. \$84k of this variance is due to the employment of a second Alcohol Licensing Inspector. The variance is expected to continue through to the year end. The 2016/17 budget has been adjusted to accommodate the increased expenditure.

COMMUNITY SUPPORT

Community Development | Emergency Management | Housing

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(0) Rates excluding Water rates	(114)	(158)	44	(173)
0 Water rates	0	0	0	0
1,966 Revenue from activities	1,467	2,098	(631)	2,289
18 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
2 Other revenue	(479)	1	(480)	1
1,987 Total revenue	874	1,941	(1,067)	2,117
Expenses				
1,350 Personnel costs	1,164	1,400	236	1,526
11 Depreciation and amortisation	507	1,050	543	1,145
23 Finance costs	11	11	(0)	12
Other Expenses				
1,905 - Operating & Maintenance costs	1,031	867	(163)	951
52 - Professional costs	89	87	(2)	96
1,531 - Administrative costs	2,056	1,923	(132)	2,248
126 - Property costs	237	339	101	368
4,998 Total expenses	5,093	5,676	583	6,345
(3,011) Operating surplus/(deficit)	(4,219)	(3,735)	(484)	(4,228)
0 Gains and losses	(7,483)	0	(7,483)	0
(3,011) Surplus/(deficit)	(11,702)	(3,735)	(7,967)	(4,228)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Revenue from activities - \$631k unfavourable [\$449k]. Council deferred the implementation of an 11% increase in pensioner housing rentals to December 2015. The unfavourable variance is a combination of revenue ceasing due to the sale of housing and the shortfall from not implementing the 11% increase at the start of the year. The overall variance is expected to be \$820k unfavourable at year end.

Other revenue - \$480k unfavourable. [\$480k]. Council had in the past received \$480k funding from Housing New Zealand to invest in social housing (Graham Street property). Repayment of the funds was required because the property was sold less than 20 years later. The original receipt of funds was treated as revenue, therefore repayment of the funds has been treated as negative revenue.

Personnel costs - \$236k favourable [\$212k]. The variance is mostly due to vacant positions in the Social Development team. Vacancies are currently being recruited but the favourable variance will continue until year end. \$90k of the variance is due to positions that have been vacant in Risk & Emergency. Recruitment of staff has been partly completed and there will be a favourable year end variance.

Depreciation and amortisation costs - \$543k favourable [\$465k]. The variance is due to the Pensioner Housing sale. The buildings are no longer being depreciated. The variance will continue until year end.

Other Expenses - \$196k unfavourable [\$127k]:

- Operating & Maintenance Costs - \$163k unfavourable. Variance consists of allocations from support units. Driving this variance are higher than anticipated business review costs and staff costs incorrectly charged to the community development admin unit that will be corrected in June.

- Administrative costs - \$132k unfavourable. Timing variance as community grant payments have been made in May while the budget was in June.

- Property costs - \$101k favourable. Various favourable variances including energy costs, security and cleaning charges with \$68k relating to the Pensioner Housing sale in March 2016.

Gains and losses - \$7.5m unfavourable [\$7.5m]. The variance represents the loss relating to the sale of the pensioner housing stock.

DEMOCRACY SERVICES

Governance and Public Affairs | Partnership with Māori

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
16 Revenue from activities	19	15	3	17
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
(0) Other revenue	0	0	0	0
16 Total revenue	19	15	3	17
Expenses				
473 Personnel costs	423	518	96	565
0 Depreciation and amortisation	0	0	0	0
0 Finance costs	0	0	0	0
Other Expenses				
122 - Operating & Maintenance costs	74	129	55	141
206 - Professional costs	206	271	65	296
3,704 - Administrative costs	3,641	3,494	(147)	3,812
1 - Property costs	7	2	(5)	2
4,506 Total expenses	4,350	4,414	64	4,817
(4,491) Operating surplus/(deficit)	(4,331)	(4,399)	68	(4,800)
0 Gains and losses	0	0	0	0
(4,491) Surplus/(deficit)	(4,331)	(4,399)	68	(4,800)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

- Support costs - \$147k unfavourable. The majority of this unfavourable variance relates to Overhead allocations. These are indirect expenses and are sitting unfavourably organisation wide.

PARKS AND GREEN SPACES

Hamilton Gardens | Community Parks | Sports Parks | Cemeteries and Crematorium

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
2,771 Revenue from activities	2,309	1,949	360	2,207
414 Subsidies and grants	5	7	(1)	7
3 Development & financial contributions	3	0	3	0
477 Other revenue	1,642	1,568	74	1,715
3,665 Total revenue	3,959	3,523	436	3,928
Expenses				
1,896 Personnel costs	1,998	1,919	(78)	2,092
1,823 Depreciation and amortisation	3,173	3,002	(171)	3,275
1,461 Finance costs	1,379	1,427	48	1,557
Other Expenses				
10,251 - Operating & Maintenance costs	9,569	9,858	289	10,446
338 - Professional costs	318	205	(113)	213
2,147 - Administrative costs	2,521	2,346	(176)	2,558
565 - Property costs	606	611	6	661
18,482 Total expenses	19,564	19,369	(196)	20,802
(14,817) Operating surplus/(deficit)	(15,605)	(15,845)	240	(16,874)
0 Gains and losses	(583)	0	(583)	0
(14,817) Surplus/(deficit)	(16,188)	(15,845)	(343)	(16,874)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Revenue from activities - \$360k favourable [\$285k]. Cemetery revenue is \$145k ahead of budget due to an 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 but 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) as well as contributions from external parties to fund planting and capital work programmes.

Depreciation and amortisation costs - \$171k unfavourable [\$135k]. 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. This resulted in an increase of the depreciation expense. The unfavourable variance will continue to increase through to year end. The revaluation was completed after budgets were set.

Other Expenses - \$6k favourable [\$245k] are broken down further as follows:

- Operating & Maintenance Costs - \$289k favourable. This is a continuation of previously reported trends where various maintenance works are behind schedule due to contractor availability. While it is expected work will be completed by year end, there will be a \$91k underspend to offset an unfavourable capital variance with electrical work at Hamilton Gardens.

- Professional costs - \$113k unfavourable. Design and consultancy services for various projects including Rototuna Town Centre.

- Administrative costs - \$176k unfavourable. Business unit maintenance charges are behind target and are expected to be on target at year end. The variance also includes unbudgeted shop purchase costs in Hamilton Gardens that are recovered from sale recoveries.

Losses - \$583k unfavourable [\$520k]. The loss is due to the write off of existing assets which were replaced during the period.

RUBBISH AND RECYCLING

Refuse Collection | Waste Minimisation | Landfill Site Management

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
327 Revenue from activities	328	310	18	339
491 Subsidies and grants	543	410	133	410
0 Development & financial contributions	0	0	0	0
15 Other revenue	12	12	1	13
834 Total revenue	884	732	152	762
Expenses				
1 Personnel costs	4	0	(4)	0
230 Depreciation and amortisation	311	282	(29)	308
140 Finance costs	114	118	4	129
Other Expenses				
4,300 - Operating & Maintenance costs	5,022	5,241	219	5,713
203 - Professional costs	275	309	34	414
697 - Administrative costs	788	701	(86)	765
23 - Property costs	31	55	24	61
5,595 Total expenses	6,545	6,708	163	7,389
(4,761) Operating surplus/(deficit)	(5,661)	(5,975)	315	(6,627)
0 Gains and losses	(3)	0	(3)	0
(4,761) Surplus/(deficit)	(5,664)	(5,975)	312	(6,627)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Subsidies and grants - \$133k favourable [\$133k] due to an increased level of Waste Levy received. Council expects a favourable result of \$150k at 30 June 2016.

- Contracts and materials - \$219k favourable [\$164k]. 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 with this value being accumulated in the Waste Levy reserve to support the successful roll out of new rubbish and recycling services in 2019.

STORMWATER

Stormwater Network | Catchment Management

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
0 Water rates	0	0	0	0
282 Revenue from activities	107	185	(78)	241
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
110 Other revenue	143	75	67	82
392 Total revenue	249	260	(11)	323
Expenses				
17 Personnel costs	0	0	(0)	0
5,156 Depreciation and amortisation	7,267	5,266	(2,000)	5,745
374 Finance costs	408	423	14	461
Other Expenses				
1,065 - Operating & Maintenance costs	1,771	1,550	(221)	1,635
46 - Professional costs	289	267	(22)	289
273 - Administrative costs	318	301	(17)	329
178 - Property costs	168	188	21	188
7,109 Total expenses	10,222	7,996	(2,226)	8,648
(6,717) Operating surplus/(deficit)	(9,973)	(7,736)	(2,237)	(8,325)
0 Gains and losses	(56)	0	(56)	0
(6,717) Surplus/(deficit)	(10,029)	(7,736)	(2,293)	(8,325)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Depreciation and amortisation - \$2.0m unfavourable [\$1.81m]. An asset revaluation was completed in February 2016 which resulted in an increase in the value of the assets, this has caused an increase in the depreciation

- Contracts and materials - \$221k unfavourable [\$203k]. The major variances being due to:
- \$53k of emergency physical works awaiting a pending insurance claim;
- \$92k resulting from work in progress reclassification;
- \$30k associated with additional stormwater compliance monitoring.

TRANSPORTATION
Transport Network | Parking Management
for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(154)	(104)	(117)	13	(156)
0	0	0	0	0
5,771	5,245	5,540	(295)	6,064
7,486	7,578	8,124	(545)	8,527
0	0	0	0	0
1,709	2,195	1,569	626	1,711
14,812	14,915	15,115	(200)	16,145
Expenses				
734	661	824	163	899
15,821	16,861	16,469	(392)	17,966
6,517	7,152	7,399	247	8,071
Other Expenses				
9,187	10,317	10,546	230	11,346
290	488	893	406	946
3,612	4,017	3,903	(114)	4,265
1,875	1,810	2,103	293	2,276
38,036	41,304	42,138	833	45,769
(23,224)	(26,389)	(27,023)	633	(29,624)
204	(920)	0	(920)	0
(23,020)	(27,309)	(27,023)	(287)	(29,624)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Revenue from Activities: \$295k unfavourable [\$320k]. The main contributors are:

- Unfavourable revenue from On-street parking (\$244k). This negative trend is being driven by a number of different factors:

1. We have vacancies in our parking team which has resulted in less warden activity. These vacancies have now been recruited and the parking team will have a full compliment of staff in place from 1 July 2016;
 2. Loss of revenue through development works that have impacted on the availability of metered spaces. This is difficult to predict;
 3. Permanent removal of 14 metered spaces from Pembroke St outside the Hospital (est. \$1,000/week). This revenue loss will not be recovered;
 4. Free weekend parking pre-Christmas (Dec). This reduced revenue is time related and will not be recovered.
- The delay in commencing traffic modelling (WRTM) this financial year will result in revenue against this item not being realised (\$95k). This is due to a delay in letting the Local Authority Shared Services (LASS) contract for the preferred consultant to deliver this package of work. While data collection is expected to happen it is anticipated not all this revenue will be realised this financial year.

Subsidies and grants: \$545k unfavourable [\$1.12m]. We've made a significant positive movement with the NZTA subsidy - this is still showing as a unfavourable position. Work will continue to be claimed through June.

- NZTA capital subsidy \$164k favourable [\$422k unfavourable];
- NZTA roading subsidy \$600k unfavourable [\$588k].

The subsidy from NZTA has a direct relationship to expenditure because it is only received after expenditure occurs. Spending is below budget therefore council is unable to claim the budgeted subsidy from NZTA.

Other revenue: \$626k favourable [\$295k]. The variance is primarily due to capital contributions from Ministry of Education for private works done as part of the Rototuna School Collector Road, and from Gallaghers for the Kahikatea Dr intersection.

Personnel Costs: \$163k favourable [\$151k]. This is due to Parking Warden vacancies which have now been recruited for and will be in place from 1 July 2016.

Depreciation and amortisation: \$392k unfavourable [\$60k]. \$8m of assets were capitalised in May which were liable for back-dated depreciation.

Finance Costs: \$247k favourable [\$192k]. Due to the favourable debt position for Council.

Operating & Maintenance Costs - \$230k favourable [\$404k]. Time cost charges are \$270k favourable. This has been driven by vacancies which has resulted in less time cost charges (2 of 3 vacancies have been filled within the last 5 months), and with some staff splitting time between time costs activities and project work.

Professional costs - \$406k [\$407k] favourable. The main contributor is consultants being favourable \$437k [\$425k] due to the rescheduling of studies commencing later than originally planned - it is anticipated that we will be unable to expend all of this budget line this financial year.

Administrative costs - \$114k unfavourable [\$43k]. Overhead allocations \$159k unfavourable due to additional charges from overhead units.

Property costs are \$293k favourable [\$280k]. Insurance \$99k favourable - costs to date are less than budgeted. Garden Place Carpark Bodycorp \$85k favourable - bodycorp costs are yet to be invoiced.

Losses - \$920k unfavourable [\$609k]. The loss is due to the write off of assets which were replaced during the current financial year.

SEWERAGE

Sewerage Collection | Sewerage Treatment and Disposal

for the eleven months ended 31 May 2016

Prior YTD Actual 2015/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	(0)	0	(0)	0
0 Water rates	0	0	0	0
2,950 Revenue from activities	3,252	3,388	(136)	4,256
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
583 Other revenue	658	356	303	388
3,532 Total revenue	3,910	3,744	167	4,644
Expenses				
959 Personnel costs	994	1,152	157	1,256
7,629 Depreciation and amortisation	8,287	7,418	(870)	8,092
3,717 Finance costs	3,058	3,164	106	3,452
Other Expenses				
6,477 - Operating & Maintenance costs	5,756	6,834	1,078	7,306
237 - Professional costs	324	343	19	358
1,404 - Administrative costs	1,715	1,629	(86)	1,772
1,430 - Property costs	1,690	1,659	(31)	1,808
21,853 Total expenses	21,825	22,199	374	24,043
(18,321) Operating surplus/(deficit)	(17,915)	(18,455)	540	(19,399)
(959) Gains and losses	(352)	0	(352)	0
(19,280) Surplus/(deficit)	(18,266)	(18,455)	189	(19,399)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Revenue from activities - \$136k unfavourable [\$217k]. This is predominantly due to the impact of 2014/15 over accruals and billing cycles (quarterly invoicing) for tradewaste fees.

Other revenue - \$303k favourable [\$254k] due to capital contributions received for paid connections. The additional revenue offsets additional capital expenditure.

Personnel costs - \$157k favourable [\$144k], predominately due to extended staff absences in the Shared Service area. This result is shared between the Waipa, Waikato and Hamilton Councils.

Depreciation and amortisation - \$870k unfavourable [\$771k]. An asset revaluation was completed in February 2016 which resulted in an increase in the value of the assets, this has caused an increase in the depreciation

Finance Costs - \$106k favourable [\$82k]. Due to the favourable debt position for Council.

Operating & Maintenance Costs - \$1.08m favourable [\$1.03m], with the major variances being:

- Chemicals \$332k favourable due to extended period of stable performance of the treatment process year to date. A \$290k favourable result expected in this area at 30 June 2016.
- Planned maintenance for Pumping Stations and Wastewater Treatment Plant currently \$600k favourable due to rescheduling to accommodate critical capital upgrade monitoring period. \$500k favourable result expected in this area at 30 June 2016.
- Reactive Works and materials to effect repairs at Treatment Plant unfavourable \$160k. A \$180k unfavourable result expected in this area at 30 June 2016.
- Disposal of Biosolids \$290k favourable as a result of lower Biosolids production from stable process operation year to date. A \$260k favourable result expected in this area at 30 June 2016.
- Water charges are \$72k favourable as a result of stable process operation year to date and usage management or diversion of source to alternatives. A \$70k favourable result is expected in this area at 30 June 2016.
- Note Biosolids disposal has continued the trend for lower than projected tonnages due to the high level of plant process stability from stable weather in this financial year.

Losses - \$352k unfavourable [\$0k]. The loss is due to the write off of assets which were replaced during the current financial year.

WATER SUPPLY

Water Treatment and Storage | Water Distribution

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
0 Rates excluding Water rates	0	0	0	0
7,110 Water rates	7,633	7,223	411	7,772
221 Revenue from activities	188	151	37	157
0 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
559 Other revenue	705	289	416	315
7,890 Total revenue	8,526	7,662	864	8,244
Expenses				
53 Personnel costs	(1)	0	1	0
6,449 Depreciation and amortisation	6,088	6,924	836	7,553
2,786 Finance costs	2,868	2,967	99	3,237
Other Expenses				
4,317 - Operating & Maintenance costs	3,993	4,810	817	5,265
112 - Professional costs	160	377	217	389
995 - Administrative costs	1,170	1,124	(46)	1,226
1,539 - Property costs	1,824	1,765	(59)	1,897
16,252 Total expenses	16,102	17,967	1,865	19,568
(8,362) Operating surplus/(deficit)	(7,576)	(10,305)	2,729	(11,324)
(156) Gains and losses	(107)	0	(107)	0
(8,518) Surplus/(deficit)	(7,683)	(10,305)	2,622	(11,324)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Water rates - \$411k favourable [\$342k]. Based on recent water consumption trends a \$400k favourable result is expected in this area at 30 June 2016.

Other revenue - \$416k favourable [\$319k]. Capital contributions received for paid connections are higher than budgeted. The additional revenue offsets additional capital expenditure.

Depreciation and amortisation - \$836k favourable [\$774k]. An asset revaluation was completed in February 2016 which resulted in an increase in the value of the assets, this has caused an increase in the depreciation expenditure.

Finance Costs - \$99k favourable [\$77k]. Due to the favourable debt position for Council.

Contracts and materials - \$817k favourable [\$777k], with the major variances being:

- Planned Water Treatment Plant maintenance currently \$120k favourable. This is expected to remain at 30 June 2016.

- Service delivery contract \$210k favourable due to the need to prioritise wastewater works. \$200k favourable result expected at 30 June 2016.

- Some contractually committed works are currently \$140k favourable in response to managing summer water demand. Expect \$50k favourable result at 30 June 2016.

- Chemicals \$228k favourable - favourable due to stable plant operation and consistent river water quality causing bulk chemicals deliveries shifting to later financial periods \$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.

Professional Costs - \$217k favourable [\$265k]. Operational planning works \$217k favourable. This is underway but behind programme due to a focus on city-wide summer water management initiatives. Expect \$200k favourable result in this area at 30 June 2016.

Gains and losses - \$107k unfavourable [\$0k]. The loss is due to the write off of assets which were replaced during the current financial year.

OVERHEADS & SUPPORT UNITS

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Revenue				
(177) Rates excluding Water rates	(6)	0	(6)	0
0 Water rates	0	0	0	0
1,862 Revenue from activities	1,918	1,777	141	1,964
11 Subsidies and grants	0	0	0	0
0 Development & financial contributions	0	0	0	0
76 Other revenue	17	0	17	0
1,771 Total revenue	1,929	1,777	152	1,964
Expenses				
33,170 Personnel costs	32,519	33,610	1,091	36,707
10,494 Depreciation and amortisation	3,964	3,603	(361)	3,931
59 Finance costs	61	69	7	75
Other Expenses				
(31,963) - Operating & Maintenance costs	(23,688)	(25,521)	(1,833)	(27,861)
6,393 - Professional costs	7,549	6,706	(844)	7,506
(16,393) - Administrative costs	(19,585)	(17,564)	2,022	(19,353)
1,430 - Property costs	854	881	27	958
3,190 Total expenses	1,675	1,784	109	1,964
(1,419) Operating surplus/(deficit)	254	(7)	261	(0)
1,428 Gains and losses	(254)	0	(254)	0
9 Surplus/(deficit)	(0)	(7)	7	(0)

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Revenue from activities - \$141k favourable [\$26k]. There is a favourable variance in Events facilities admin but this is being offset through additional operating.

Personnel costs - \$1.1m favourable [\$1.3m]. 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. The variance has a direct offset against the unfavourable variance in Other Expenses.

Depreciation and amortisation - \$361k unfavourable [\$126k] favourable. Higher depreciation due to capitalisation of assets in Corporate properties and Information systems.

Operating & Maintenance Costs - \$1.8m unfavourable. This variance is offset by the favourable variance in Administrative costs, it is due to actuals appearing in this section and budget being under administrative costs.

Professional costs - \$844k unfavourable. Higher level of costs have been incurred for developer agreements, unit reviews (Zoo and Pools) and information services.

Administrative costs - \$2.0m favourable. This is offsetting the unfavourable variance in Operating and Maintenance.

Gains and losses - \$254k unfavourable [\$255k]. These are losses that represent the residual value of building assets that have been replaced (renewed).

Items not allocated directly to Activities

Rates | Development Contributions | Vested Assets

for the eleven months ended 31 May 2016

Prior YTD Actual 2014/15 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000	
	Actual \$000	Budget \$000			
Revenue					
122,396	Rates excluding Water rates	128,039	127,359	679	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
13,021	Development & financial contributions	20,480	8,214	12,266	9,500
16,692	Other revenue	28,328	7,874	20,454	8,581
152,109	Total revenue	176,846	143,448	33,399	157,183
Expenses					
0	Personnel costs	0	0	0	0
0	Depreciation and amortisation	0	0	0	0
(932)	Finance costs	(678)	0	678	0
Other Expenses					
526	- Operating & Maintenance costs	525	525	(0)	525
0	- Professional costs	0	0	0	0
0	- Administrative costs	0	0	0	0
0	- Property costs	0	0	0	0
(406)	Total expenses	(153)	525	678	525
152,516	Operating surplus/(deficit)	176,999	142,923	34,076	156,658
(13,136)	Gains and losses	(15,912)	0	(15,912)	0
139,380	Surplus/(deficit)	161,087	142,923	18,164	156,658

The comments below explain the variance between year to date actual results and year to date budgets where they exceed \$100k.

Rates excluding Water rates - \$679k favourable [\$665k]. This comprises three variances:

- The cost of rates remissions for Council properties is favourable as the actual remissions were lower when the rates were struck than had been budgeted. The year end variance is estimated to be favourable \$200k.
- The cost of hardship remissions are favourable. This is now expected to be favourable \$150k by the 30 June.
- Revenue from rates penalties are higher following the trend over that past few years. At 30 June 2016 this is expected to be \$200k.

Development and financial contributions - \$12.3m favourable [\$11.7m]. The variance is explained in the Growth Report (attachment 4). The variance at 30 June is estimated to be \$15m.

Other revenue - \$20.5m favourable [\$19.2m]. Strong growth is occurring in Hamilton resulting in new subdivisions being completed and associated land and infrastructure being vested to Council.

Finance costs - \$678k favourable [\$624k]. This is interest relating to Reserve balances.

Gains and losses - \$15.9m unfavourable [\$15.4m]. The variance is due to interest rate swaps, as reported previously (attachment 1).

GROWTH RELATED ITEMS
for the 11 months ended 31 May 2016

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

For the current financial year total development contributions received are \$20.5m [\$18.2m] , this is \$12.3m [\$11.8m] favourable against the year to date budget of \$8.2m [\$5.7m]. The annual budget of \$9.5m has already been exceeded.

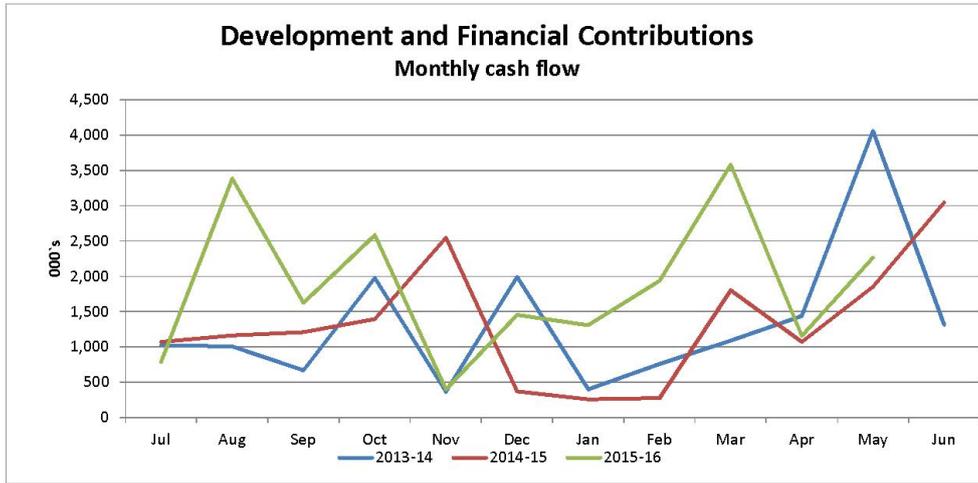
The following table and graphs provide trend data for the 2013-14, 2014-15 and the current year.

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	1,156	2,265		20,483

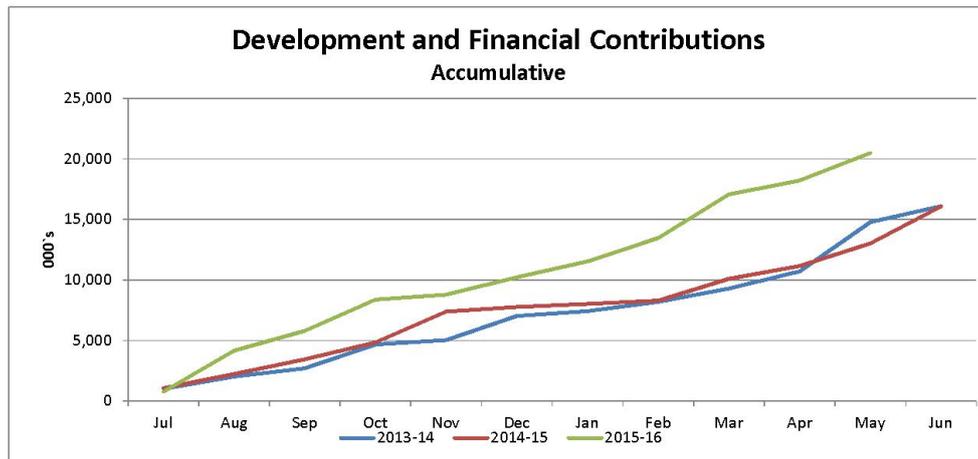
Graph 1 - Monthly actual cashflow

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.



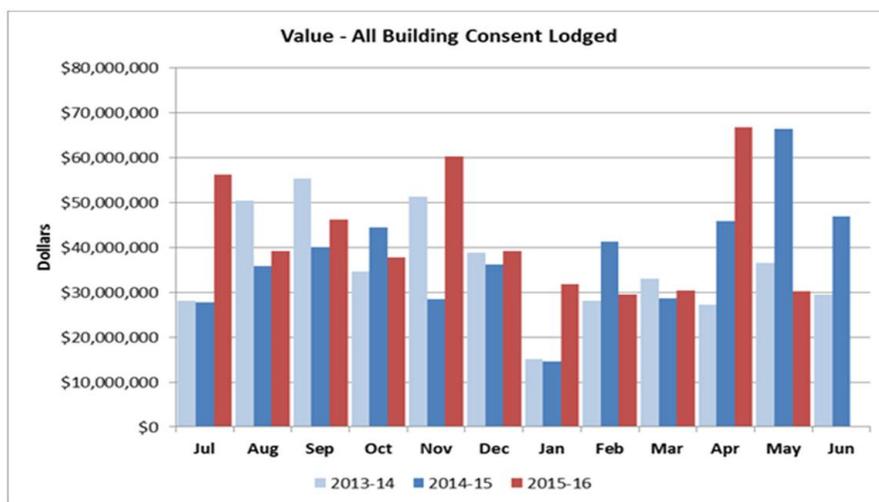
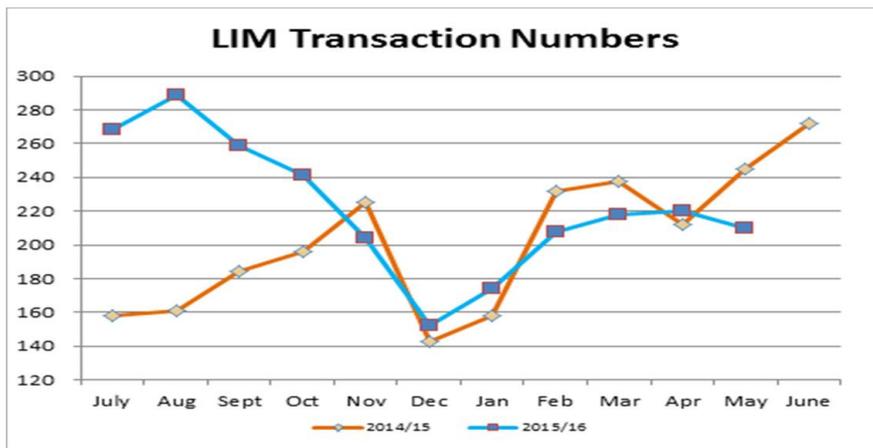
VESTED ASSETS

Revenue recognised from the transfer (vesting) of sub divisional assets to Council is \$28.2m (\$26.2m) which results in \$20.4m (\$19.4m) 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
March-16	Residential Subdivision Rototuna	1,961
May-16	Residential Subdivision Peacockes	1,847
February-16	Residential Subdivision Rototuna	1,635
September-15	Residential Subdivision Rototuna	1,547
		12,512

Building Consents and LIMS



CAPITAL EXPENDITURE
for the eleven months ended 31 May 2016

PROJECT TYPE KEY	
R	Renewal
LOS	Level of Service
G	Growth

Type	Year To Date			Annual Budget			Notes	Deferral Indicated
	Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Total		
	\$000	\$000	\$000	\$000	\$000	\$000		
ARTS AND CULTURE								
Libraries								
CE10005 - Library collection purchases	R	929	973	44	1,048	1,048		
CE10006 - Library asset renewal	R	168	162	(6)	164	164		
CE10007 - Library building asset renewal programme	R	7	9	2	9	9		
Total libraries		1,103	1,144	40	1,221	0		
Museum								
CE10008 - Museum asset renewal	R	110	139	29	139	139		
CE10010 - Public art support fund	R	20	28	7	30	30		
CE10011 - Museum activity building renewals	R	96	340	244	390	390	1	Yes
Total Museum		226	507	281	559	0		
Hamilton City Theatres								
CE10012 - Founders Theatre plant and equipment renewals	R		97	97	97	97	2	Yes
CE10013 - Technical services equipment renewals	R	131	210	79	210	210		
CE10014 - Founders Theatre building renewals	R		0	-	152	152	3	Yes
CE10159 - Founders Theatre stage house renewal	R	89	100	11	100	100		
Total Hamilton City Theatres		220	407	187	559	0		
TOTAL ARTS AND CULTURE		1,549	2,057	508	2,339	0		
COMMUNITY SERVICES								
Housing Services								
CE10025 - Pensioner housing renewals	R	21	30	9	200	200		
Community Facilities Renewals (C5420001)	R	3	0	(3)				
Total Housing Services		24	30	6	200	0		
TOTAL COMMUNITY SERVICES		24	30	6	200	0		
ECONOMIC DEVELOPMENT								
Claudelands and Stadia								
CE10041 - Claudelands plant and equipment	R	36	260	224	260	260		
CE10042 - Seddon Park plant and equipment	R	2	107	105	107	107	4	Yes
CE10043 - FMG Stadium Waikato plant and equipment	R	547	751	204	751	751		
CE10044 - Turf services plant and equipment	R	23	25	2	25	25		
CE10045 - Claudelands property renewals	R	12	150	138	150	150		
CE10046 - Seddon Park property renewals	R		35	35	35	35	5	Yes
CE10047 - FMG Stadium Waikato property renewals	R	533	249	(284)	249	249	6	
CE10048 - Stadia building renewals	R	70	333	263	333	333	7	
CE10049 - Claudelands building renewals	R	66	61	(5)	61	61		
CE15050 - Claudelands capital improvement programme	LOS		90	90	90	90		
Total Claudelands and Stadia		1,288	2,061	773	2,061	0		
Strategic Property								
CE10052 - Strategic property renewals	R	41	138	97	262	262		
CE10053 - Tenancy inducement renewals	R		325	325	354	354	8	
Total Strategic Property		41	463	422	616	0		
TOTAL ECONOMIC DEVELOPMENT		1,329	2,524	1,195	2,677	0		
PARKS AND GREEN SPACES								
Cemeteries and Crematorium								
CE10021 - Building renewals cemeteries	R	57	12	(45)	12	12		
CE10023 - Hamilton Park east and west cemeteries renewals	R	60	60	0	60	60		

	Type	Year To Date			Annual Budget			Notes	Deferral Indicated
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Total		
		\$000	\$000	\$000	\$000	\$000	\$000		
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	32	32	(0)	32		32		
Total Cemeteries and Crematorium		150	104	(46)	104	0	104		
Hamilton Gardens									
CE10026 - Hamilton Gardens renewals	R	21	40	19	45		45		
CE10028 - Hamilton Gardens building renewals	R	52	145	94	165		165		
CE15027 - Proposed development programme	G	1,737	1,753	17	1,828		1,828	9 Yes	
Total Hamilton Gardens		1,809	1,939	130	2,038	0	2,038		
Parks									
CE10029 - Toilet and changing room renewals	R	104	258	154	284		284		
CE10030 - Building renewals parks and open spaces	R	92	208	115	233		233		
CE10032 - Parks and open spaces assets and playgrounds renewals	R	417	969	552	969		969	10 Yes	
CE15033 - Land purchase future reserves	G	361	720	359	830	130	960	11 Yes	
CE15034 - Destination playground public toilets	LOS	31	500	469	500		500	12 Yes	
CE15035 - Rototuna Park development	G	175	408	233	350	58	408	13 Yes	
CE15036 - Playground development programme	LOS		100	100	100		100		
CE16001 - Victoria on the River	LOS	681	0	(681)			0	14	
Total Parks		1,860	3,162	1,302	3,266	188	3,454		
Sports Parks									
CE10031 - Sports area renewals	R	286	287	1	287		287		
Total Sports Parks		286	287	1	287	0	287		
TOTAL PARKS AND GREEN SPACES		4,105	5,492	1,387	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	88	238	150	250		250		
Total Aquatic Facilities		235	423	188	479	0	479		
Hamilton Zoo									
CE10015 - Zoo animal enclosure renewals	R	475	303	(172)	108	195	303		
CE10016 - Zoo building renewals	R	107	108	1	108		108		
CE10017 - Property renewals	R	15	14	(1)	14		14		
CE10019 - Zoo quarantine replacement	R	36	80	44	80		80		
CE10020 - Zoo animal replacement	R	45	40	(5)	40		40		
Total Hamilton Zoo		677	545	(132)	350	195	545		
TOTAL RECREATION		912	968	56	829	195	1,024		
SAFETY									
CE10037 - CCTV renewals	R		40	40	40		40		
CE10038 - Animal education and control building - security fencing	R	41	70	29	70		70		
TOTAL SAFETY		41	110	69	110	0	110		
RUBBISH AND RECYCLING									
CE10054 - Replacement of closed landfill assets	R	61	100	39	100		100		
CE10056 - Replacement of RTS & HOC assets	R	125	7	(118)	7		7		
CE15055 - Closed landfill management	LOS	129	200	71	200		200		
TOTAL RUBBISH AND RECYCLING		314	307	(7)	307	0	307		
STORMWATER									
CE10058 - Replacement of stormwater assets	R	509	648	139	707		707		
CE15059 - Rototuna stormwater infrastructure	G	58	571	512	574		574	15 Yes	

	Type	Year To Date			Annual Budget			Notes	Deferral Indicated
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Total		
		\$000	\$000	\$000	\$000	\$000	\$000		
CE15062 - Peacocke stormwater infrastructure stage 1	G	26	19	(7)	558	444	1,002	16	Yes
CE15064 - Stormwater pipe upgrade - growth	G	45	124	78	125		125		
CE15066 - Existing network improvements in new areas	G		16	16	100		100		
CE15068 - Stormwater customer connections to the network	G	93	46	(47)	50		50		
CE15162 - Integrated catchment management plan	G	912	1,479	567	350	1,172	1,522	17	Yes
TOTAL STORMWATER		1,642	2,901	1,259	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	55	350	295	360		360	18	Yes
CE10071 - Parking building renewal	R	7	256	249	256		256		
Total Parking Management		66	629	563	639	0	639		
Transportation Network									
CE10072 - Replacement of footpath	R	1,738	1,963	224	2,141		2,141		
CE10073 - Replacement of street furniture	R		50	50	60		60		
CE10074 - Replacement of drainage (kerb and channel)	R	1,068	1,127	59	1,229		1,229		
CE10075 - Replacement of road base	R	722	937	215	937		937		
CE10076 - Road resurfacing	R	3,558	3,970	412	3,970		3,970	19	
CE10077 - Replacement of bridges and culverts	R	42	100	58	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	76	280	204	280		280		
CE10081 - Replacement of traffic equipment	R	430	397	(33)	400		400		
CE10082 - Replacement of street signs	R	0	64	64	70		70		
CE10098 - Building and property renewals	R		30	30	30		30		
CE15085 - Minor improvements to transport network	LOS	314	620	306	638		638	20	
CE15086 - Bus stop infrastructure	LOS	33	113	80	113		113		
CE15087 - Network upgrades to allow new development	G	80	27	(53)	175		175		
CE15088 - Roading upgrades and development in Peacocke stage 1	G	77	170	93	975		975		
CE15089 - Roading upgrades and development in Peacocke stage 2	G	711	1,761	1,050	2,025		2,025	21	Yes
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	215	417	202	777	223	1,000	22	Yes
CE15092 - Roading upgrades and development in Rototuna	G	3,062	2,803	(259)	2,392	1,573	3,965	23	Yes
CE15094 - Traffic signal improvements	LOS	286	300	14	300		300		
CE15095 - Integrated transport initiatives	LOS	1,361	855	(506)	900		900	24	
PIF12005 - Hamilton Ring Road Completion	LOS	1,505	8,930	7,425		10,550	10,550	25	Yes
Total Transportation Network		15,284	24,968	9,684	17,567	12,345	29,912		
TOTAL TRANSPORT		15,350	25,597	10,247	18,206	12,345	30,551		
SEWERAGE									
CE10100 - Replacement of wastewater pump stations	R	958	930	(28)	1,013		1,013		
CE10101 - Replacement of wastewater assets	R	4,007	3,500	(507)	3,915		3,915	26	
CE15103 - Increase capacity of wastewater pump stations	LOS	430	423	(7)	423		423		
CE15104 - Wastewater pipe upgrade - growth	G	7	298	291	300		300	27	
CE15105 - Increase capacity of wastewater network - Rototuna	G	133	993	860	1,400	91	1,491	28	Yes
CE15106 - Wastewater network upgrades to allow development	G	11	16	5	80		80		
CE15107 - Increase capacity of network in Rotokauri stage 1	G	10	52	42	52		52		
CE15109 - Increase capacity of network in Peacocke stage 1	G		1,339	1,339	1,722	420	2,142	29	Yes
CE15111 - Increase capacity of network throughout the city	G	58	281	223	350		350	30	Yes
CE15114 - Increase capacity of network (bulk storage)	G	82	370	288	400		400	31	Yes
CE15161 - Wastewater master plan	G	271	149	(122)	150		150		
CE10115 - Replacement of wastewater treatment plant assets	R	1,493	2,133	640	2,224		2,224	32	

	Type	Year To Date			Annual Budget			Notes	Deferral Indicated
		Actual	Budget	Variance	Approved 2015/16	Approved Deferred	Total		
		\$000	\$000	\$000	\$000	\$000	\$000		
CE15116 - Upgrade wastewater treatment plant systems	LOS	93	127	33	150		150		
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	730	833	103	950		950	33	Yes
CE15120 - Wastewater treatment plant compliance	LOS	783	496	(287)	500		500	34	
CE15121 - Wastewater customer connections to the network	G	198	46	(152)	50		50		
TOTAL SEWERAGE		9,263	11,984	2,722	13,679	511	14,190		
WATER SUPPLY									
CE10123 - Replacement of watermains	R	2,217	2,860	643	3,128		3,128	35	
CE10124 - Replacement of water meters, valves and hydrants	R	253	310	57	338		338		
CE15126 - Upgrade or build new watermains in Rototuna	G		429	429	773		773	36	Yes
CE15127 - Water pipe upgrade - growth	G	2	299	297	300		300	37	
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	40	69	29	505		505	38	Yes
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G		8	8	75		75		
CE15132 - Water network upgrades to allow new development	G	2	16	14	80		80		
CE15133 - Water demand management - network water loss	LOS	368	370	2	399		399		
CE15136 - Water demand management - Dinsdale reservoir zone	LOS		25	25	25		25		
CE10138 - Replacement of treatment plant and reservoir assets	R	839	1,283	444	1,341		1,341	39	
CE15139 - Water treatment plant compliance - minor upgrades	LOS	630	1,530	900	1,591		1,591	40	
CE15140 - Rototuna reservoir and associated bulk mains	G	8,389	7,041	(1,348)	6,447	1,154	7,601	41	
CE15144 - Upgrade water treatment plant	G	464	488	24	500		500		
CE10145 - Tools of trade renewals	R	18	46	28	50		50		
CE15146 - Water customer connections	G	204	46	(158)	50		50		
CE15148 - Upgrade or build new watermains in Ruakura	G	8	369	361	513		513	42	Yes
CE15159 - Water master plan	G	93	130	37	150		150		
CE15166 - Fluoride free water source	LOS	5	60	55	60		60	43	Yes
PIF12027 - New software for growth planning	LOS	9	86	77		86	86		
PIF12031 - New structure to extract water from the Waikato River	LOS	1,626	1,643	17		1,643	1,643		
Chlorine Scrubber Installation WTP	LOS	251	321	70		321	321		
TOTAL WATER SUPPLY		15,418	17,428	2,010	16,325	3,204	19,529		
CORPORATE SERVICES									
Corporate Buildings									
CE10151 - Renewals program	R	263	176	(87)	182		182		
Total Corporate Buildings		263	176	(87)	182	0	182		
Information Services									
CE10152 - Network and infrastructure	R	63	285	222	380		380		
CE10153 - Core business applications	R	252	359	106	420		420		
CE10154 - Minor applications	R		0	-	10		10		
CE15155 - Mobility and eservices	LOS	212	214	2	214		214		
CE10156 - Lease funding of equipment	R	27	203	176	270		270	44	Yes
CE15157 - Authority replacement	LOS	0	420	420	500		500	45	Yes
Total Information Services		554	1,480	926	1,794	0	1,794		
Performance									
CE10158 - Replacement of fleet vehicles	R	471	699	228	839		839		
Total Performance		471	699	228	839	0	839		
TOTAL CORPORATE SERVICES		1,287	2,355	1,068	2,815	0	2,815		
TOTAL COUNCIL		51,234	71,754	20,520	65,646	18,060	83,706		

Capital Expenditure Variance Explanations: Variances greater than \$250k and/or deferrals indicated
for the 11 months ended 31 May 2016

1 Museum Activity Building Renewals

This is on the deferral schedule.

2 Founders Theatre Plant and Equipment Renewals

This is on the deferral schedule.

3 Founders Theatre Building Renewals

This is on the deferral schedule.

4 Seddon Park Plant & Equipment Renewals

This is on the deferral schedule.

5 Seddon Park Property Renewals

This is on the deferral schedule.

6 FMG Stadium Waikato Property Renewals

Extra funding of \$150k allocated for data network renewal and \$118k brought forward for Function Room PA System & Lighting renewal - both are in progress along with CCTV equipment replacement. The equipment components of these projects were delayed due to offshore shipping, however they are now on site. Challenge is contractor availability to complete the works. This is being monitored closely and all steps are being taken to get them in before 30 June. The contractor cost component of these are at risk of not being completed by end of year.

Overspend in this code is offset by underspend in Stadium Plant & Equipment Renewals relating to scoreboard replacement project.

7 Stadia Building Renewals

The key project in progress is data cabling replacement, with cabling equipment now on site. Current challenge is contractor availability to complete the work. This is being monitored closely and all steps being taken to get them in before 30 June. The contractor cost component of these are at risk of not being completed by end of year.

8 Tenancy Inducement Renewals

Tenancy Inducement Renewals is a contingent allocation to enable attraction or retention of commercial tenants at lease expiry. The allocation is based on current market rates. There are currently no vacant commercial premises nor any leases of Council's commercial property expiring within the remainder of the current financial year. The allocation is therefore no longer required.

9 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. An amount that represents the advanced spend has been included on the Pipeline projects schedule.

10 Playground Renewals

This is on the deferral schedule.

11 Land Purchase Future Reserves

This is on the deferral schedule.

12 Destination Playground Public Toilets

This is on the deferral schedule.

13 Rototuna Park Development

This is on the deferral schedule.

14 Victoria On The River

A Council resolution dated 15/12/2015 was approved for a total spend over the next 3 financial years of \$6.75m. \$1.6m was approved to be spent in 2015/16 however it is projected the spend for 2015/16 will total \$1.4m at year end. A further \$4.9m was approved in the annual plan to be spent in 2016/17 with remainder of \$0.5m to be spent in 2017/18.

15 Rototuna Stormwater

This is on the deferral schedule.

16 Peacockes Stormwater Stage 1

This is on the deferral schedule.

17 Integrated Catchment Management Plan

This is on the deferral schedule.

- 18 Parking Enforcement Equipment**
This is on the deferral schedule.
- 19 Road Resurfacing**
The programme is behind schedule but is expected to be completed by June (previously April). There is a risk that completion will be affected by adverse weather.
- 20 Minor Improvements to Transport Network**
Contracts have been awarded, work is underway and will be complete by end of year.
- 21 Roothing Upgrades in Peacockes Stage 2**
This is on the deferral schedule.
- 22 Roothing Upgrades in Rotokauri**
This is on the deferral schedule.
- 23 Roothing Upgrades in Rototuna**
This is on the deferral schedule.
- 24 Integrated Transport Initiatives**
The project is on-track. Includes additional spending for Western Rail Trail.
- 25 Hamilton Ring Road Completion**
This is on the deferral schedule.
- 26 Replacement of Wastewater Assets**
Currently completing project ahead of programme.
- 27 Pipe Upgrade Growth**
Currently under budget, forecast \$50k cost with residual budget of \$250k.
- 28 Increase Capacity of Wastewater Network in Rototuna**
This is on the deferral schedule.
- 29 Increase Capacity of Network in Peacockes Stage 1**
This is on the deferral schedule.
- 30 Increase Capacity of Network Throughout the City**
This is on the deferral schedule.
- 31 Increase Capacity of the Network (Bulk Storage)**
This is on the deferral schedule.
- 32 Replacement of Wastewater Treatment Plant Assets**
Currently tracking behind baseline programme, however contractual commitments are in place to complete the work programme in
- 33 Upgrade Wastewater Treatment Plant (Pukete 3)**
This is on the deferral schedule.
- 34 Wastewater Treatment Plant Compliance**
Currently on track, with contractual commitments to spend \$1.05m this year. Refer R & O.
- 35 Replacement of Watermains**
Currently tracking behind baseline programme. Additional resources are in place however currently forecast to not complete works
- 36 Upgrade or Build New Watermains in Rototuna**
This is on the deferral schedule.
- 37 Water Pipe Upgrade - Growth**
On track but includes work being undertaken by developer which will be charged to council in June.
- 38 Upgrade/Build New Watermains in Rotokauri stage 1**
This is on the deferral schedule.
- 39 Replacement of Treatment Plant and Reservoir Assets**
Currently tracking behind baseline programme, however contractual commitments are in place to complete works. Previously shown savings on R & O but now forecast to expend entire budget this year.

40 Water Treatment Plant Compliance Minor Upgrades

Currently tracking behind baseline programme, however contractual commitments are in place to complete works. Forecasting a potential underspend of \$606k due to favourable market pricing and work programme reprioritisation - refer Risks & Opportunities.

41 Rototuna Reservoir

On track. Slightly behind baseline programme, however contractual commitments now in place for bulk main installation and reservoir construction.

42 Upgrade or Build New Watermains in Ruakura

This is on the deferral schedule.

43 Fluoride Free Water Source

This is on the deferral schedule.

44 Information Services Lease Funding of Equipment

This is on the deferral schedule.

45 Information Services Authority Replacement

This is on the deferral schedule.

POTENTIAL CAPITAL DEFERRALS

as at 31 May 2016

Activity	Project	Council / 3rd Party / Contractual / Other External	Deferral into 2016/17	Deferral into 2017/18	Total Value of Deferrals	Explanation
INFRASTRUCTURE PROJECTS						
Rototuna						
Water	CE15126 - Upgrade or build new watermains in Rototuna	3rd Party	723		723	Revised programmes, development timing and reliance on 3rd parties for North City Road upgrade, Borman Road East extension and Kay Road watermain improvements.
Wastewater	CE15105 - Increase capacity of wastewater network - Rototuna	3rd Party	391	900	1,291	Revised programmes, development timing and reliance on 3rd parties for North City Road upgrade, Borman Road East extension and River Road wastewater improvements.
Stormwater	CE15059 - Rototuna stormwater infrastructure	3rd Party	539		539	Revised programmes, development timing and reliance on 3rd parties for Borman Road East extension and stream erosion works.
Transportation	CE15092 - Roading upgrades and development in Rototuna	3rd Party	1,451		1,451	Revised programmes, development timing and reliance on 3rd parties for the North City Road upgrade and Borman Road Eastern and Western extensions and the Borman/Moonlight intersection.
Total Rototuna			3,104	900	4,004	
Rotokauri						
Water	CE15128 - Upgrade/build new watermains in Rotokauri stage 1	Contractual	200		200	Revised programme.
Wastewater	CE15111 - Increase capacity of network throughout the city	3rd Party	275		275	Far Western Interceptor project is behind programme due to reliance on 3rd party land access. The contract is expected to be awarded in May. Currently tracking behind baseline programme, however a programme is in place to award Far Western Interceptor contract.
Transportation	CE15090 - Roading upgrades and development in Rotokauri stage 1	3rd Party	0	750	750	Revised programme, development timing and reliance on 3rd parties for Rotokauri Road upgrade. Delay to Ruffell/Onion Road upgrade to allow assessment of further options to satisfy Kiwi Rail.
Total Rotokauri			475	750	1,225	
Peacocke						
Stormwater	CE15062 - Peacocke stormwater infrastructure stage 1	3rd Party	0	592	592	Revised programme, development timing and reliance on 3rd parties. Reallocate \$360k to CE15162 - ICMPs to assist with Peacocke - Mangakotukutuku.
Wastewater	CE15109 - Increase capacity of network in Peacocke stage 1	3rd Party	890		890	Revised programme, development timing and reliance on 3rd party (defer to year 2018/19 for new pump station to match development programme).
Transportation	CE15089 - Roading upgrades and development in Peacocke stage 2	3rd Party	0	1,295	1,295	Property purchase provision is only utilised if land owners request purchase and HCC agrees.
Total Peacocke			890	1,887	2,777	
Ruakura						
Water	CE15148 - Upgrade or build new watermains in Ruakura	3rd Party	0	500	500	Revised programme, development timing and reliance on 3rd parties.
Total Ruakura			0	500	500	
Citywide						
Wastewater	CE15117 - Upgrade wastewater treatment plant (Pukete 3)	Contractual	150		150	Currently tracking behind baseline programme.
	CE15114 - Increase capacity of network (bulk storage)	Contractual	121		121	Currently tracking behind baseline programme.
Stormwater	CE15162 - Integrated catchment management plan	Contractual	682		682	\$360k reallocated from CE15062 for Peacockes Mangakotukutuku ICMP. An ICMP works programme is in place to complete works but project delivery is reliant on modelling outputs.
Transportation	PIF12005 - Hamilton Ring Road Completion	Contractual	9,000		9,000	Project completion is contractually committed, however revised construction programme will require potential gross expenditure deferral of up to \$9M. Note 100% advance funding from NZTA, no impact on Councils actual financial position.
Water Supply	CE15166 - Fluoride free water source	Contractual	15		15	Supplier has advised that a key component will be significantly delayed.
	CE10070 - Replacement of parking enforcement equipment	Contractual	300		300	Potential deferral required to align with programme for contractually committed Parking Equipment replacement project. Contract on-track to be awarded in May.
Total Citywide			10,268	0	10,268	
Total Infrastructure Projects			14,737	4,037	18,774	
COMMUNITY PROJECTS						
Museum	CE10011 - Museum activity building renewals	Contractual	170		170	This project is contractually committed. The need for deferral is due to retendering at the procurement phase of the project and long delivery times for the chiller's resulting in installation not being completed until 2016/17.
Hamilton City Theatres	CE10012 - Founders Theatre plant and equipment renewals	HCC	86		86	With the current closure of Founders Theatre these projects are on hold until a decision is made on the theatre's future.
	CE10014 - Founders Theatre building renewals	HCC	149		149	With the current closure of Founders Theatre these projects are on hold until a decision is made on the theatre's future.
Parks and Green Spaces	CE10032 - Parks and open spaces assets and playgrounds renewals	Other External	100		100	The Lake Magellan Bridge renewal is contractually committed and work is being progressed. Due to initial consenting delays the construction start date was later than planned and will not be completed until 2016/17.
	CE15033 - Land purchase future reserves	3rd Party	599		599	Deferral is required as completion is dependent upon reaching agreement on land valuations and obtaining property titles.
	CE15034 - Destination playground public toilets	Contractual	150		150	The public toilet upgrade at Hamilton Lake Domain is contractually committed and work is being progressed. Deferral is required due to the delay caused by inclement weather conditions and some structural complexities (now resolved) meaning work will not be completed until the end of July 2017.
	CE15035 - Rototuna Park development	3rd Party	233		233	Deferral is required due to third party delays (developer) in the development of the swale upgrade (ditch) adjoining the park.
Claudlands and Stadia	CE10042 - Seddon Park plant and equipment	3rd Party	100		100	Wicket block replacement to be deferred based on advice from NZ Cricket.
	CE10046 - Seddon Park property renewals	HCC	35		35	Defer gate improvements to 2016/17 to complete with budgeted path upgrade.
Total Community Projects			1,622	0	1,622	
CORPORATE PROJECTS						
Information Services	CE10156 - Lease funding of equipment	HCC	246		246	Deferred due to a delay in the roll-out of the new desktop hardware which requires new device types.
	CE15157 - Authority replacement	HCC	440		440	Unable to source a suitable regulatory system this year. Deferral required until the organisation is ready to progress.
Total Corporate Projects			686	0	686	
Total Deferrals			17,045	4,037	21,082	

PIPELINE PROJECTS - to bring forward to 2015/2016
as at 31 May 2016

Activity	Project	Budgeted Cost \$'000's	Rationale and other information	Budgeted in 10-Year Plan
COMMUNITY PROJECTS				
FMG Stadium Waikato	Property renewals function room PA system and lighting upgrade	118	PA Component was tendered with wider Stadium PA replacement that is currently underway. By completing both components together it will ensure the project is completed by the same contractor.	2016/17
	Property renewals data network cabling upgrade	150	The upgrade of the data network at the Stadium is required to support a range of essential services including the PA system, wi-fi network, ticketing and video screens. This is well overdue for replacement and essential to the continued efficient operation of the venue. This funding would be used for the first stage of installing cabling with equipment to be purchased in the next financial year.	2016/17
		268		
Claudelands	Property Renewals. Oval Parking Improvements	140	The entry points for parking on the oval are in poor condition and present a bad first impression to customers. Customers cars have had to be towed off the oval in wet weather. With additional events needing to be hosted following the closure of Founders Theatre the parking will be used more extensively.	2016/17 & 2019/20
	Property Renewals. Additional gate signage	30	A project is currently underway to install new gate signage and additional funding was allowed in future years to complete further stages. It is proposed to bring forward all funding and do this as one project.	2016/17 & 2017/18
		170		
Libraries	Operational asset renewals	97	1) \$30k for security gate/CCTV renewal at the community libraries 2) \$41k for shelving and furniture renewal (public area) 3) \$26k for Hillcrest library carpet (trip hazard)	2016/17
Parks & Green Spaces	Signage renewals	10	Renew aging signage in Braithwaite Park, Munro's Walkway and the parks in the western green belt	2016/17
	Path Renewals	165	\$123k for Braithwaite Park, Munro's walkway and \$42k for Ferry Bank	2017/18 & 2019/20
		175		
Hamilton Gardens	CE15027 - Proposed development programme	573	The overall 4 year programme is on track to be completed within the \$7.033m 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.	2016/17 & 2017/18
Total Community Projects		1,283		
Total Pipeline Projects to Bring Forward		1,283		

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.		180
Pensioner Housing Debt - 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 to 30 June 2016 is \$75k.	(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.	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 2015/16 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	<u>(393)</u>	<u>(180)</u>
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.	(175)	
River Plan - Budget for the River Plan while approved during the 10-Year Plan was to be funded by savings identified from the Support Service Review	(250)	
Support Service Review - Savings identified from the support service review being used to fund the River Plan. (see above)	250	
ED SPECIAL PROJECTS TOTAL	<u>(325)</u>	<u>0</u>
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.	(44)	
One Victoria Trust Grant – the \$75k grant included in the 15/16 budget is unlikely to be paid due to a condition in the agreement that states payment can only be made upon completion of Earth-quake proofing work at the Meteor Theatre. If the work is not completed within the 15/16 year, a total of \$150k (inclusive of \$75k previously deferred from 14/15) is payable when work is completed in 16/17.	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)
Zoo – capital expenditure required for various works. The amount has been updated, was previously \$300.		(220)
Library - repair of the Central Library concrete flooring and relocation of library stock. The maintenance work is expected to cost \$333k. The amount has been updated, was previously \$185.	(333)	
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)	
Aquatic Services – an unfavourable variance of \$223k is forecast at Waterworld. Club Aqua income continues to make a surplus but revenue is still tracking below budget. Pool related costs such as chemicals and trade waste costs are higher than expected. Favourable lane swimming revenue will reduce the overall Aquatic Services variance to between \$150k and \$200k.	(200)	
Waikato Museum - Replacement/upgrade of the Building Management System	(90)	
COMMUNITY TOTAL	<u>(4,972)</u>	<u>(340)</u>
STRATEGY & COMMUNICATION		
STRATEGY AND COMMUNICATION TOTAL	<u>0</u>	<u>0</u>
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)

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

	Accounting Surplus \$000	Capital Programme \$000
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)
Wastewater treatment plant Opex - reduced spending in chemicals, planned maintenance, water charges and disposal of biosolids due to a stable running environment at the plant. The amount has been updated, was previously \$1,050.	940	
Water rates - Increased recovery of Water by Meter revenue	400	
Water treatment plant Opex - reduced spending in maintenance, operational planning and works, service delivery contract, contractually committed work, and chemicals. The amount has been updated, was previously \$520.	670	
Rubbish and recycling Opex - increased Waste Levy revenue and reduced Waste Minimisation spending due to timing of the works	350	
CE15088 - Roading in Peacocks Stage 1 - Forecast underspend of up to \$775k identified due to Dixon Road upgrade works being completed without a requirement for HCC upside contributions.		775
CE15062 - Peacocks Stage 1 Stormwater - Reallocation of \$360k to ICMP budget (CE15162) to complete Mangakotukutuku ICMP		360
CE15162 - Integrated Cathment Management Plans - Reallocation of \$360k from Peacocks Stage 1 Stormwater (CE15062) to complete Mangakotukutuku ICMP		(360)
CE15139 - Water treatment plant compliance - Minor Upgrades - Forecasted underspend identified due to favourable market pricing and work programme reprioritisation at the water treatment plant. The amount has been updated, was previously \$325.		397
CE15139 - Water treatment plant compliance - Minor Upgrades - Forecasted underspend identified due to favourable market pricing and work programme reprioritisation at the water treatment plant. Funding reprioritised to CE15120 (Wastewater treatment plant renewals and minor capex)The amount has been updated, was previously \$231.		209
CE10115 - Replacement of wastewater treatment plant assets - Forecasted underspend identified due to favourable market pricing and work programme . Funding reprioritised to CE15120 (Wastewater treatment plant renewals and minor capex.)The amount has been updated, was previously \$219.		342
CE15120 - Wastewater Treatment Plant Minor Capital Improvements - Funding reprioritised from CE15139 (Water treatment plant compliance - Minor upgrades) and CE10115 (Replacement of wastewater treatment plant assets). The amount has been updated, was previously (\$450).		(551)
CE15104 - Wastewater Pipe Upgrade Growth - Forecast underspend		250
CE10123 - Replacement of Watermains - Tracking behind baseline program and currently forecast not to complete works program.		328
CE10058 - Replacement of Stormwater Assets - Forecast to deliver under budget due to physical works cost savings and work program reprioritisation		150
PIF12031 - Structure to extract water from Waikato River - Forecast project overspend. The amount has been updated, was previously (\$200).		(214)
CITY INFRASTRUCTURE TOTAL	5,225	(1,434)
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 prepare a business plan that will give options for replacement of the DC modelling tool.	(175)	
CE10053 - Tenancy Inducement Renewals - This budget is a contingent allocation to enable attraction or retention of commercial tenants at lease expiry. The allocation is based on current market rates. There are currently no vacant commercial premises nor any leases of Council's commercial property expiring within the remainder of the current financial year. The allocation is therefore no longer required.		354
CITY GROWTH TOTAL	(315)	(1,026)
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 actual costs from the previous year there will be a favourable position.	120	
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	

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

	Accounting Surplus \$000	Capital Programme \$000
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	720	0
Net Business Impact before Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash Items	(135)	(2,980)
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	12,300	
Vested Assets - based on the actual year to date results. These are not forecast amounts. The amount has been updated, was previously \$19,133.	20,450	
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. Adjusted from the \$4.4m previously reported to incorrect accounting treatment.	(7,483)	
Losses on Asset Sales - based on the actual year to date results. These are not forecast amounts. The amount has been updated, was previously (\$2,486).	(3,327)	
Unrealised Losses - this is on interest rate swaps, based on the actual year to date results. These are not forecast amounts. The amount has been updated, was previously (\$15,385).	(15,912)	
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS, UNREALISED GAINS/LOSSES, NON CASH ITEMS	4,728	0
Net Business Impact after Debt Servicing, Development Contributions, Unrealised Gains/Losses and Non Cash Items	4,593	(2,980)
IMPACT ON THE ACCOUNTING RESULT		
10-Year Plan - Surplus(Deficit)	9,232	
Risks and Opportunities	4,593	
Revised Accounting Result - Surplus(Deficit)	13,825	
IMPACT ON BALANCING THE BOOKS		
10-Year Plan - Surplus(Deficit)	751	
Risks and Opportunities	4,593	
<i>Items eliminated</i>		
-Vested Assets	(20,450)	
-Loss on Pensioner Housing	7,483	
-Loss on Other Asset Sales	3,327	
-Loss interest rate swaps	15,912	
Revised Balancing the Books - Surplus(Deficit)	11,616	

TREASURY REPORT
for the eleven months ended 31 May 2016

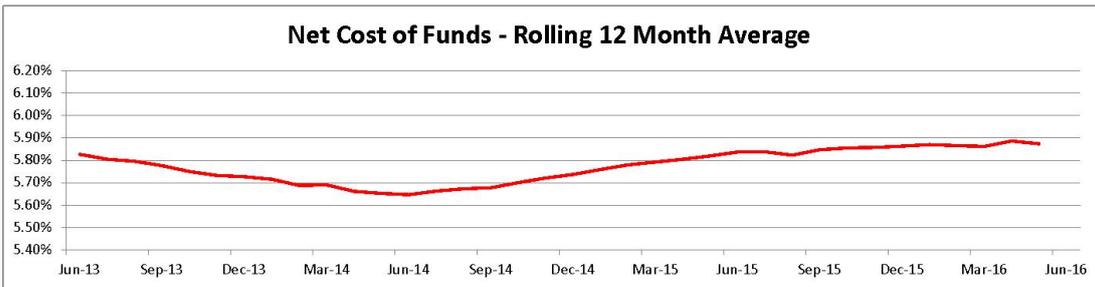
Policy Compliance

	Policy	Result @ 31-May-16	Policy Compliance
Fixed rate maturity	all years	within annual parameters	not achieved for the current month ✓
Funding maturity	0 - 3 years	15% - 60%	53% ✓
	3 - 5 years	15% - 60%	38% ✓
	5 years plus	10% - 40%	9% ✗
Liquidity ratio	minimum	110%	120% ✓
Counterparty credit risk	maximum	\$75m per bank	achieved ✓

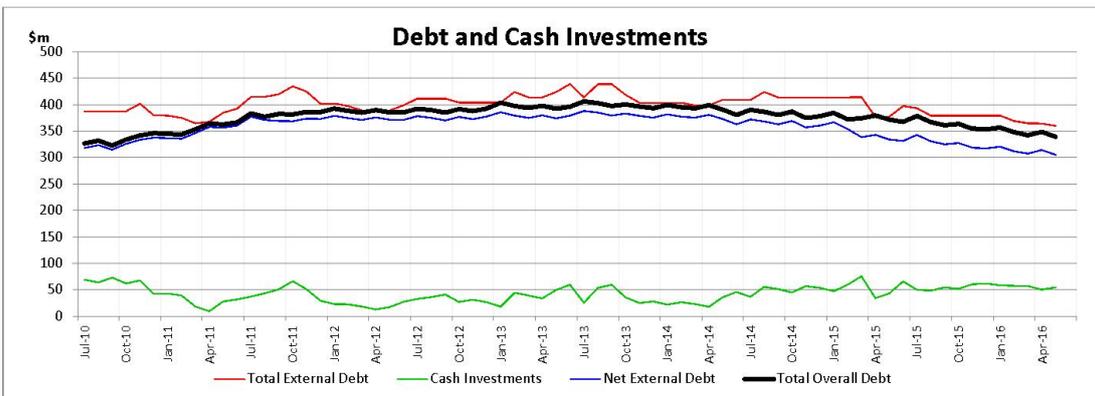
Comments on policy breaches

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 of policy if it self corrects within 90 days. Fixed interest rate exposure has been adjusted during June to ensure no policy breach. All other annual fixed rate maturities are within policy parameters. Policy has been breached for the amount of debt maturing beyond 5 years. This was corrected on 20 June by borrowing \$5m with an April 2023 maturity date. The funds will be used to repay part of the \$55m of debt that is maturing between now and December 2016.

Finance Costs (\$'000's)	Result @ 31-May-16	Budget @ 31-May-16	Variance Fav. / (Unfav.)	Annual Budget
Interest and financing costs paid (net of interest paid to reserves)	19,383	20,760	1,377	22,647
less Interest received	(2,136)	(1,833)	303	(2,000)
Net finance costs	17,247	18,926	1,679	20,647
Weighted average net cost of funds (12 month rolling average)	5.87%	5.90%	0.03%	5.90%



Debt and Cash Investments (\$'000's)	Result @ 31-May-16	Budget @ 30-Jun-16	Variance Fav. / (Unfav.)
External debt	359,646	415,084	55,438
less Cash investments	(54,677)	(45,000)	9,677
Net external debt	304,969	370,084	65,115
add Cash-backed reserves	34,491	36,713	2,222
Total overall debt	339,460	406,797	67,337



Committee: Finance Committee

Date: 14 July 2016

Report Name: Contract 15594 Supply of Electricity

Author: Scott Copeland

Report Status	<i>Open</i>
Financial status	<i>Approximately \$6.28 Million per annum for each of the next three financial years. Within budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

2. The purpose of this report is to seek approval to award Contract 15594 for the Supply of Electricity.
3. Approval of the Committee is sought because the contract value exceeds the Chief Executive's delegation.

4. Executive Summary

5. Hamilton City Council has, through the Ministry of Business and Innovation (MBIE) All of Government panel, requested proposals for the supply of electricity.
6. The scope of the contract covers electricity supply for Time of Use Sites (large sites billed half hourly), street lighting and Non Time of Use Sites (small sites billed hourly).
7. Following evaluation of responses received through the All of Government process it is recommended to award the supply of electricity for street lighting to Genesis Energy Limited and the supply of electricity for Time of Use Sites and Non Time of Use Sites to Contact Energy.
8. The proposed term of each contract is for three years to the 30 June 2019.

9. Recommendations from Management

That:

- a) the report be received;
- b) Hamilton City Council contracts Genesis Energy Limited to provide street light electricity supply and Contact Energy Limited to provide Time of Use and Non Time of Use electricity supply;
- c) the Approved Contract Sum for Contract 15594 A for the supply of streetlight electricity by Genesis Energy Limited is set at four million eight hundred and seventy five thousand dollars (\$4,875,000), being the estimated spend over three years;
- d) the Approved Contract Sum for Contract 15594 B for the supply of Time of Use and Non Time of Use electricity by Contact Energy Limited is set at thirteen million nine hundred and seventy five thousand dollars (\$13,975,000), being the estimated spend over three years;
- e) the Approved Contract Term for both Contract 15594 A for the supply of street light electricity and Contract 15594 B for Supply of Time of Use and Non Time of Use Electricity are set at three years; and
- f) the Chief Executive is delegated to negotiate and approve the final contracts for the supply of electricity.

10. Attachments

11. There are no attachments for this report.

12. Purpose and Structure of Contract

13. Hamilton City Council has an existing contract for the supply of electricity with Contact Energy Limited that is due to expire in July 2016. This aligns with a number of other Councils in the Waikato region that have historically collaborated on the supply of electricity (Waikato Regional Council, Waikato District Council, Waipa District Council and Otorohanga District Council (The Councils)).
14. When reviewing options to renew the contract for electricity supply it was determined the best option for approaching the market was through the MBIE All of Government Panel.
15. The All of Government electricity panel was put in place by MBIE in 2013 following a public tender process and market research indicated that other Government and Local Government entities had seen value through leveraging their collective spend through a panel.
16. The Councils electricity was tendered through the All of Government electricity panel secondary procurement process where site specific pricing is obtained from the five suppliers on the panel (Contact Energy, Genesis Energy, Meridian Energy, Mighty River Power and Trust Power).

17. Evaluation Process

- 18. Following the receipt of pricing submissions from the secondary procurement process MBIE undertook a pricing review. This was peer reviewed by Martin Lynch Consulting Limited for the Councils.
- 19. Pricing options were received for two, three and four year terms. Three year pricing provided the optimal term for the Councils.
- 20. Following the completion of the pricing analysis MBIE provided a recommended split of supply based on pricing obtained in each category of electricity supply.

21. Preferred Option and Term

- 22. Following evaluation of the options available the recommended option for the Council is to award the supply of streetlight electricity to Genesis Energy Limited (Contract 15594 A) and Time of Use and Non Time of Use electricity to Contact Energy Limited (Contract 15594 B).
- 23. The Approved Contract Term is recommended to be set at three years based on analysis undertaken by MBIE and Martin Lynch Consulting Limited.
- 24. All of the Councils are recommending the options put forward by MBIE to their appropriate delegated authorities.

25. Financial Implications

- 26. The table below details the proposed contract costs compared with Hamilton City Council’s existing electricity spend.

	Current Annual Costs	Proposed Annual Costs	Proposed Retailer
Street lighting	\$ 1,215,676.59	\$ 1,206,613.24	Genesis Energy Limited
Time of Use	\$ 1,924,825.48	\$ 1,864,811.95	Contact Energy Limited
Non Time of Use	\$ 797,553.00	\$ 761,308.47	Contact Energy Limited
Total Annual Cost	\$ 3,938,055.07	\$ 3,832,733.66	
Saving on current costs		\$ 105,321.41	

- 27. The proposed pricing provides an annual saving of \$105,321 against current electricity costs.
- 28. It should be noted that the table above relates to Time of Use and Streetlight pricing for the energy rate component only and does not include network charges, losses or the Electricity Commission levy. These are reviewed annually as per current industry practice. Time of Use and Streetlight energy charges are fixed rates for the three year term.
- 29. Non Time of Use pricing includes all charges, energy, network, losses, Electricity Commission levy and metering.
- 30. The network charges, losses, the Electricity Commission levy and metering charges portion of the total electricity bill amounts approximately to an additional \$2.45 million in charges per annum. This means a total electricity cost to Council of approximately \$6.28 million per annum.
- 31. All costs associated with these contracts will be paid from existing electricity budgets.

32. Risk

- 33. The current New Zealand electricity market rates remain at historically low levels. Locking in these rates for three years enables Council to receive the benefits of these favourable market conditions.
- 40. Both Contact Energy Limited and Genesis Energy Limited are currently providing energy supply to Council and have provided a good level of service.
- 41. The pricing structure provides a fixed rate for the energy component of the electricity charge. The total amount paid by Council will vary based on changes in electricity consumption or changes in network charges.

Signatory

Authoriser	David Bryant, General Manager Corporate Group
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Committee: Finance Committee

Date: 14 July 2016

Report Name: Contract 15279 for
Wastewater and Water Pipes
and Fittings

Author: Scott Copeland

Report Status	<i>Open</i>
Financial status	<i>Approximately \$2,400,000 million over the initial three years of the contract period Within budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

2. The purpose of this report is to seek approval to award Contract 15279 for Wastewater and Water Pipes and Fittings.
3. Approval of the Committee is sought because the contract value exceeds the Chief Executive's delegation.

4. Executive Summary

5. Council has undertaken a public Request for Proposal (RFP) process to award the contract for the supply of wastewater and water pipes and fittings.
6. The City Delivery unit provides physical works for Hamilton City Council's (HCC) water, waste water and drainage renewal and maintenance programmes. The scope of this contract includes the supply of wastewater and water pipes and fittings to the City Delivery unit. This includes the supply and management of consignment stock on HCC maintenance trucks.
7. Following the evaluation of tenders the recommendation is to award Contract 15279 for Wastewater and Water Pipes and Fittings to Hynds Pipe Systems Ltd 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 Hynds Pipe Systems Ltd for Contract 15279 for Wastewater and Water Pipes and Fittings is accepted by Hamilton City Council;
- c) The Chief Executive is delegated to negotiate and approve final contract terms with Hynds Pipe Systems Ltd.;
- d) the Approved Contract Term is set at three years with two rights of renewal of one year at Council's sole discretion; and
- e) the Approved Contract Sum for the first three years of the contract is set at Two Million Four Hundred Thousand Dollars (\$2,400,000) being the estimated total spend over the first three years of the contract.

9. Attachments

- 10. There are no attachments for this report.

11. Purpose and Structure of Contract

- 12. The scope of the contract includes:
 - The supply and delivery of wastewater and water pipes and fittings to be used in the City Delivery construction and maintenance programs;
 - Supply and replenishing of consignment stock on HCC maintenance trucks; and
 - Holding of minimum quantities of mPVC pipe for HCC's use.
- 13. This contract for supply of wastewater and water pipes and fittings will account for approximately 10% of HCC's total invoice transaction volume. This along with the complexities of management of consignment stock and requirements to have pipe stock available quickly and efficiently to minimise the impact of construction work on city residents means the selection of a vendor with quality systems, people and processes is of high importance.
- 14. The proposed term of the contract is three years with two rights of renewal of one year at Council's sole discretion.
- 15. The pricing structure for the contract is a fixed price per item for a range of core products purchased by HCC. Pricing is based on a cost price plus fixed margin. Pricing is reviewed annually for any market movements in the cost price.
- 16. Wastewater pipes and fittings and water pipes and fittings have historically been supplied under separate agreements. Water pipes and fittings are currently supplied by Humes Pipeline Systems. Wastewater pipes and fittings are currently supplied by Hynds Pipe Systems Ltd.

17. Evaluation Process

18. Council issued a public RFP for Contract 15279 for Wastewater and Water Fittings.
19. There were two parties who responded to this RFP. Humes Pipeline Systems and Hynds Pipe Systems Ltd.
20. Tenders were evaluated using a weighted attributes evaluation method as outlined in the RFP documents.
21. Members of the Tender Evaluation Team (TET) were Simon Young (City Delivery Unit Manager), and Cliff Whittaker (Construction Team Leader). Scott Copeland (Procurement Manager) managed the tender process.
22. The final weighted attributes scores were:

Attribute	Weighting	Humes	Hynds
Methodology	35%	30.6%	31.5%
Relevant Experience and Track Record	25%	20.6%	21.3%
Relevant Skills	10%	8.0%	9.0%
Local Impact	5%	3.5%	4.5%
Price Grade	25%	13.5%	11.5%
Total Final Score		76.3%	77.7%
FINAL PLACING		2	1

23. The highest ranked respondent on the combination of priced and non-priced attributes was Hynds Pipe Systems Ltd.
24. Following evaluation Hynds Pipe Systems Ltd were invited to meet with the TET to undertake further due diligence on their proposal which proved satisfactory.

25. Preferred Tenderer and Contract Sum/Term

26. The TET has recommended that Council appoint Hynds Pipe Systems Ltd as their supplier of Wastewater and Water Pipes and Fittings for an Approved Contract Term of three years with two rights of renewal of one year each at Council's sole discretion.
27. The Approved Contract Sum for the first three years of the contract is set at Two Million Four Hundred Dollars (\$2,400,000) being the estimated spend.
28. The pricing provided by Hynds Pipe Systems Ltd shows a saving of approximately twenty nine thousand dollars (\$29,000) per annum on current costs.

29. Risk

30. Hynds Pipe Systems Ltd currently carries out the supply of wastewater pipes and fittings to HCC. This service has been provided to a high standard. The Hamilton branch currently employs 38 staff.
31. The appointment of Hynds Pipe Systems Ltd will mean a transition for the supply of water pipes and fittings from the current supplier (Humes Pipeline Systems). Hynds Pipe System Ltd has a proven track record in supplying these products to other major parties nationwide and the risk in this transition is expected to be minimal.

Signatory

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

Date: 14 July 2016

Report Name: Sylvester Road - Road Stopping

Author: Ken Cunningham

Report Status	<i>Open</i>
Strategy, Policy or Plan context	Urban Growth
Financial status	<i>There is no budget allocated. Council costs (where applicable) will be met from land sale proceeds. Any funds balance will be applied to repayment of debt. Amount \$Nil</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance.</i>

1. Purpose of the Report

- To seek a resolution to the part stopping of Sylvester Rd and the sale and transfer of the land to adjoining property owners.

3. Executive Summary

- Part of Sylvester Rd, which is unformed road, is to be stopped, sold and transferred as appropriate to adjoining property owners.
- The stopping of the road is in two parts, shown as sections 1 and 2 on Attachment 1.
- Section 1 is to be stopped following a request by the adjacent land owning developers and replaced with other improved road connectivity.
- Council has instigated the stopping of section 2 as it will not be required for roading purposes with the proposed stopping of section 1.
- The areas of Sylvester Rd proposed to be stopped, approximately 2245m²(section 1) and 1205m² (section 2), are subject to a survey plan being approved by Land Information NZ.
- The Public Works Act 1981 (PWA) is the preferred legalisation process for the road stopping. Staff have identified 8 affected neighbours and are confident agreement of all parties will be forthcoming.
- Should the Public Works Act 1981 not able to be completed then the road stopping process can be actioned in terms of the Local Government Act 1974 (LGA).

11. Recommendations from Management

That:

- a) the report be received;
- b) the area of Sylvester Road totalling approximately 2245m² (subject to confirmation by survey), shown as section 1 on attachment 1, be stopped;
- c) section 1 is transferred to adjoining property owners (Oaklands Group Holdings Ltd & Lyndon Frederick Clements & Others and Sylvester Road Developments Ltd) in exchange for the alternative road to be constructed and vested by the property owners at no cost to Council, and subject to a survey plan being approved by Land Information NZ;
- d) the Chief Executive be delegated to sign all documentation related to the stopping of the road and transfer of section 1,
- e) the area of Sylvester Road totalling approximately 1205m² (subject to confirmation by survey), shown as section 2 on attachment 1, be stopped,
- f) section 2 is sold to the adjoining property owners (Matthew & Amanda Rountree and Michael & Sandra Powell), subject to a survey plan being approved by Land Information NZ, for \$263,945 (plus GST, if any) recognising a portion of land is being provided for access to the northern area of the Rountree property; and
- g) the Chief Executive be delegated to sign all documentation related to the stopping of the road and sale and purchase of Section 2.

12. Attachments

13. Attachment 1 - Sylvester Rd, McPherson Goodwin Surveyors plan indicating sections 1 & 2 proposed to be stopped.
14. Attachment 2 - Aerial plan indicating location of area of Sylvester Rd proposed to be stopped.
15. Attachment 3 - Sylvester Rd, McPherson Goodwin Surveyors plan indicating alternative vehicle routes available and to be constructed.

16. Discussion

17. Background

- a) The areas of Sylvester Rd proposed to be stopped, shown as sections 1 & 2 on attachment 1, are part of an old county road that is unformed. Refer attachment 2 for a plan indicating location of sections 1 and 2.
- b) Various pieces of Sylvester Rd have previously been stopped and utilised for residential development.
- c) Oaklands Group Holdings Ltd (Ian Patton and others) & Lyndon Frederick Clements & Others and Sylvester Road Developments Ltd (David Lugton) have requested the stopping of section 1 (approximately 2245m²). The stopped road land will be incorporated into their adjacent residential land holding.
- d) Subdivision consent has been issued to the adjacent property owners of section 1 that requires approximately 3191m² of road to be constructed, with completion anticipated to be January 2017, and vested in Council.
- e) This new road being constructed will provide replacement roading for the section of Sylvester Rd proposed to be stopped.

- f) Section 2 (approximately 1205m²) will not be required for roading purposes when new roads are constructed to service the surrounding land.
- g) Staff have instigated discussions with the adjoining property owners, Matthew & Amanda Rountree and Michael & Sandra Powell, and they have agreed to purchase the land shown as Section 2 subject to a Council resolution.
- h) Interim alternative road routes are shown on attachment 3, noting that in less than twelve months there will be other permanent more direct alternatives in place.
- i) Council's City Development Unit has confirmed that the areas proposed to be stopped will not be required for roading purposes as the extension of Drower Glen, being constructed by the developers, will provide an alternative route.

18. Section 1

- 19. Confirmation has been received from the adjoining property owners of section 1, that they wish section 1 to be stopped and intend to incorporate the land into their residential subdivision.
- 20. Agreement has been reached with the developers, subject to Council's confirmation, that they receive section 1 (approx. 2245m²) at no cost, in exchange for the Drower Glen land (approx. 3191m²) being vested in Council as road at no cost.
- 21. The exchange of section 1 for the alternative route (the extension of Drower Glen) is in line with past transactions involving stopped road with other developers in the Rototuna area. The stopping of section 1 and the construction of Drower Glen by the developers will provide an improved urban outcome.

22. Section 2

- 23. The property at 161 Sylvester Road was created by a subdivision of Lot 2 DP 343531. At the time of subdivision consent, which was issued in July 2010, Council required a concept plan to indicate how the large lot could be further subdivided into residential sections.
- 24. The concept plan for the lot now owned by Matthew & Amanda Rountree outlined a theoretical subdivision on the northern portion of their land into two residential lots with road access from Sylvester Rd.
- 25. Matthew & Amanda Rountree have requested that Council recognise that they will lose the access to these lots if the road is closed.
- 26. They have indicated their support of the proposed road stopping but require access to the potential residential lots at the northern part of their property.
- 27. As the Rountree dwelling at 161 Sylvester Road (on the western side of section 2) has been permitted to be built within the setback allowed for roading boundaries, the owners have requested that the area for the right of way be deducted from the area to be included in the valuation for the stopped road area.
- 28. Staff recommend that a length of the road suitable for an access for two lots be provided to Matthew & Amanda Rountree.
- 29. The Proposed District Plan (Vol 2, Transportation – Table 15-7a, page 15-46) allows for a width of 3.60m for a private right of way to be used as vehicle access to residential properties of less than six in number.
- 30. A deduction in area of approximately 185m² for access, will in part acknowledge the oversight made by Council when the dwelling was constructed in 2011 and the recognition of a concept plan included in the subdivision consent.

31. Valuation

- 32. An independent market valuation to confirm the sale value of the section 2 land has been obtained in terms of Council's Property Sale and Disposal policy.
- 33. This advice dated 18 May 2016 is \$311,817 (plus GST, if any) and equates to \$258.77m². After deduction of \$47,872 (plus GST, if any) for the access land (185m²), the net purchase price is \$263,945 (plus GST, if any)

34. Valuation advice for the section 1 has not been obtained. It is proposed that the area of Drower Glen, a new road to be constructed and vested in Council in terms of the subdivision consent, be exchanged for section 1 land that is proposed to be stopped, at no cost to either party.
35. Strategic alignment
- The closing of Sections 1 and 2 of Sylvester Rd makes the best use of the land from an Urban Planning perspective and it aligns with the Rototuna Structure Plan.
36. Legislative requirements or legal issues
37. Road stopping can be completed by two processes, Public Works Act 1981 (PWA) or the Local Government Act 1974 (LGA).
- a) It is proposed to use the PWA road stopping process in this instance.
 - b) The PWA process is summarised as follows:
 - i. The consent of Council is obtained.
 - ii. The written consent of affected property owners.
 - iii. Adequate alternative road access is provided.
 - iv. A survey plan is provided for the area proposed to be stopped and a Certificate of Title issued.
 - c) If the road stopping is unable to be completed using the PWA process then the LGA process will be utilised.
 - d) The LGA process is summarised as follows:
 - i. The consent of Council is obtained.
 - ii. A survey plan is obtained for the area proposed to be stopped.
 - iii. Advertising of proposed road stopping in local newspaper twice.
 - iv. Any objection received before the objection period closes is reported to Council prior to being referred to the Environment Court for determination.
 - v. If no objection then road stopping can be legalised by publishing of a Gazette Notice and a Certificate of Title being issued for the stopped road area.
38. Consultation
- Those parties deemed to be affected by the proposed road stopping of sections 1 & 2 will be consulted in terms of the PWA road stopping process.
 - If written consent is not obtained in terms of the PWA then consultation will be completed in terms of the LGA road stopping process.
39. Treaty requirements/implications
- There are no treaty requirements/implications in this instance.

40. Financial and Resourcing Implications

41. Sale of the section 2 land will be at market value determined by independent market valuation.
42. The costs associated with the road stopping process for section 1 will be the responsibility of the two adjoining property owners, Oaklands Group Holdings Ltd & Lyndon Frederick Clements & Others and Sylvester Road Developments Ltd.
43. Costs associated with the road stopping process of section 2 (instigated by Council) will be met from the sale proceeds of the land. Any funds balance will be utilised to repay debt.

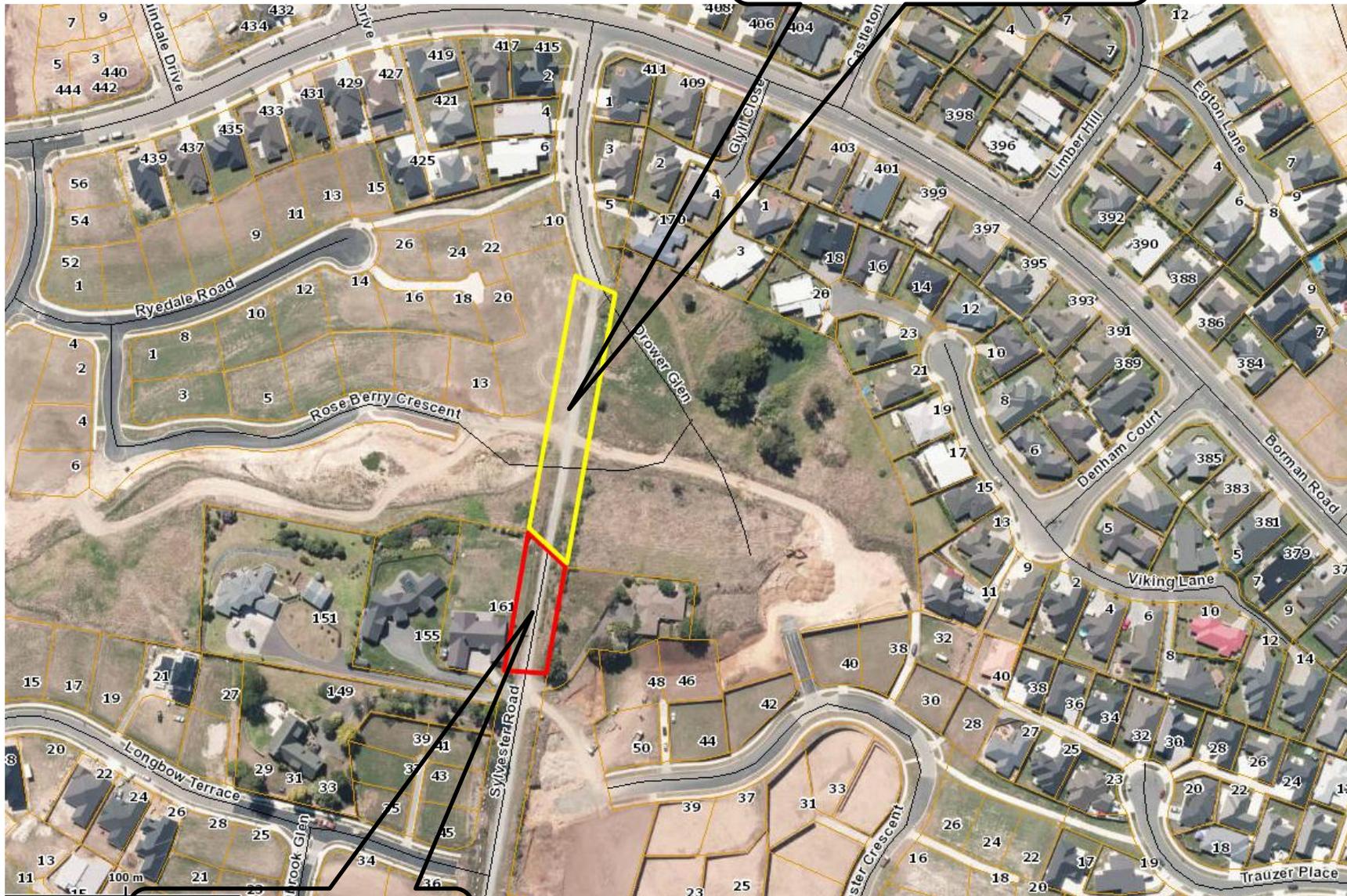
44. Risk

- 45. There is low risk to Council in stopping the part of Sylvester Rd referred to in this report as alternative roading is available, with other alternative roads to be constructed.
- 46. If Council decides not to stop section 1 there is risk of challenge from the adjoining property owners, who have included the stopped road area into their subdivision and are in the process of constructing an alternative roading pattern that provides for an improved urban development network. This risk is considered by staff to be high.
- 47. If Council decides not to stop section 2 the risk is high that the adjoining property owners will challenge this approach as the proposed roading provides for improved residential usage of the unformed Sylvester Road.

Signatory

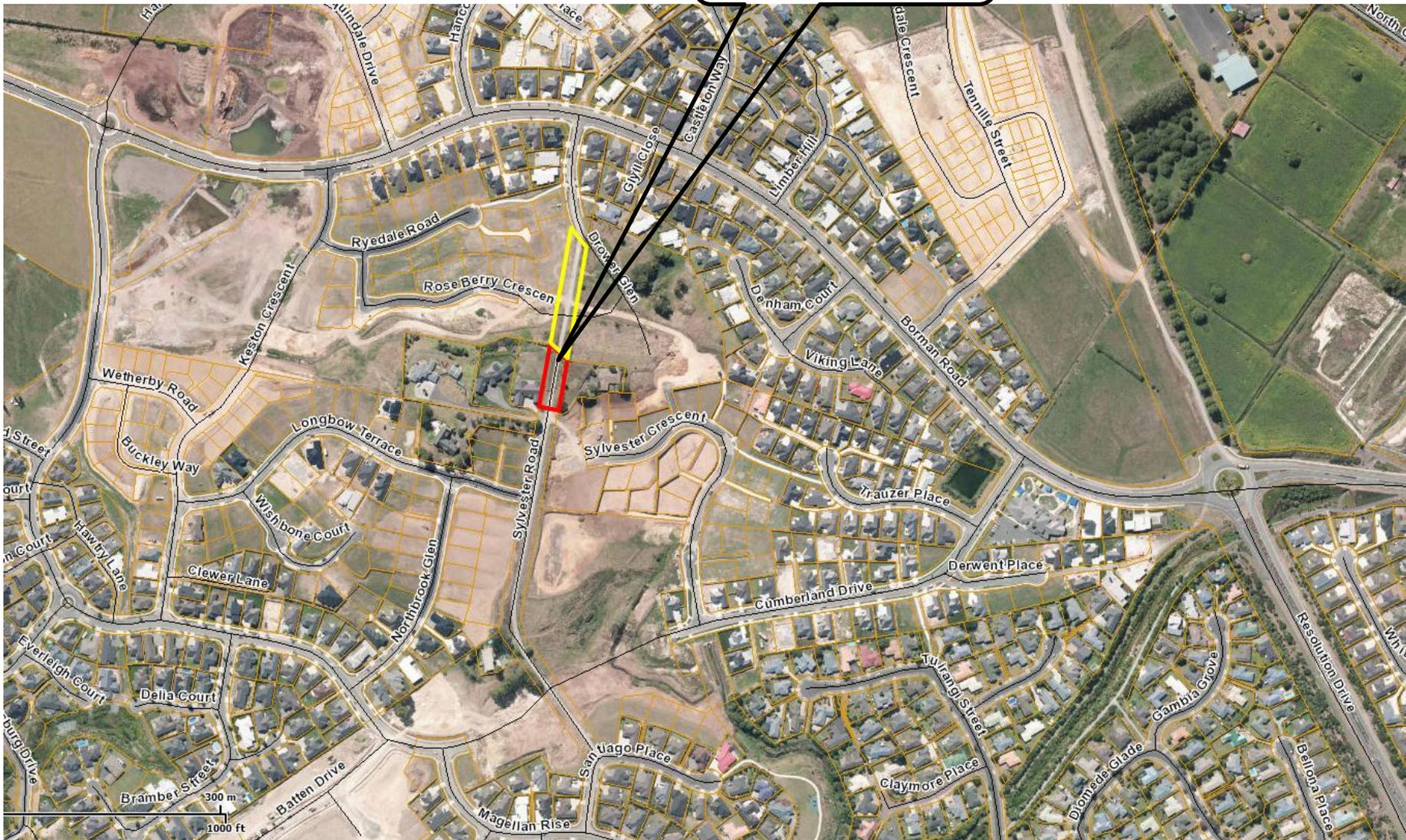
Authoriser	Chris Allen, General Manager City Infrastructure Group
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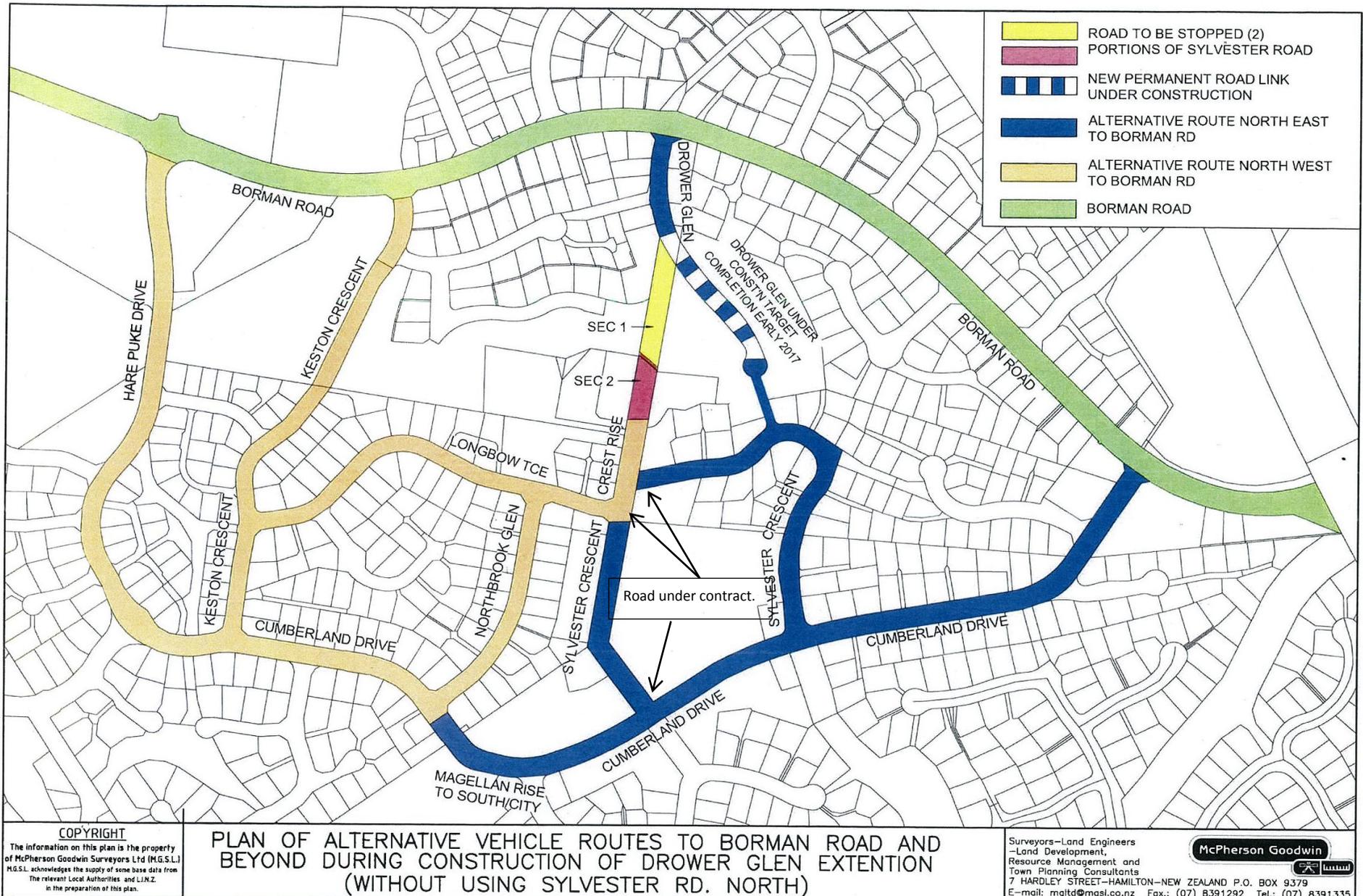
Yellow outline – indicates area of proposed stopped road (section 1) to be transferred to adjoining property owners.



Red outline – indicates area of proposed stopped road (section 2) and sold to 150 & 161 Sylvester Rd

Red & Yellow outline – indicates location of proposed stopped road areas.





Committee: Finance Committee

Date: 14 July 2016

Report Name: Sale of Art Process at ArtsPost

Author: Cherie Meecham

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Plan, Arts Agenda, Waikato Museum Strategic Plan</i>
Financial status	<i>N/A</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To provide information about the sale of artwork process at ArtsPost Galleries and Shop.

3. Recommendation from Management

That the report be received.

4. Attachments

- There are no attachments for this report.

6. Background

- At the 24 February 2016 Council meeting, staff were asked to prepare a report on the sale of artworks at ArtsPost.
- ArtsPost is a Council-owned heritage building located at 120 Victoria Street near Waikato Museum. The building is Hamilton's former Post and Telegraph Office and was built in 1901. The Council purchased the building in 1992 to create a high profile facility for the promotion of visual arts.
- From the inception of ArtsPost in 1998, the Waikato Society of Arts (WSA) held a contract with the Council to run the ground-floor shop and gallery space. WSA funded the operation of the gallery through exhibitor fees and commission on the sale of goods.
- In 2005 the WSA notified the Council that they did not wish to renew the gallery contract. The Council's former Arts and Culture Unit took over direct management of ArtsPost Galleries and Shop in January 2006, utilising Waikato Museum's infrastructure and staff expertise to manage the shop and exhibition programme.
- The WSA remains a tenant of the ArtsPost building and operates an art school on the upper floor.

12. Sale of artworks

Suppliers

- 13. ArtsPost sells a variety of artworks, including paintings, ceramics, jewellery, prints and textiles as well as cards and books.
- 14. The number of artists selling art through ArtsPost has increased in recent years with a current total of 192 suppliers. 11 of the suppliers are limited liability companies and 181 are sole traders.
- 15. 78 of the artists are based in Hamilton, 41 from the wider Waikato Region, 61 from the rest of the North Island and 12 from the South Island.
- 16. ArtsPost sells artworks on behalf of artists. The artworks remain the property of the artist until sold.

Commission

- 17. When the Council took over direct management of ArtsPost Galleries and Shop in 2006, the commission rate was set at 40% of the shop retail price.
- 18. Revenue from ArtsPost shop commission and gallery hire totaled \$90,673 in the 2014-2015 financial year, representing 22% of the \$413,289 total annual revenue that Waikato Museum and ArtsPost received (excluding event and exhibition sponsorship). A decrease to the current commission rate would have a negative impact on overall revenue at the museum.
- 19. Council or community-owned museums generate revenue to offset operational costs in a number of ways, including the provision of a gift shop or some form of retail that supports their operations and provides an avenue for artists to show and sell their products.
- 20. Museum or galleries offering a retail service include Toitu Otago Settlers Museum in Dunedin, Wallace Gallery in Morrinsville, Te Manawa in Palmerston North, Pataka in Porirua, Canterbury Museum in Christchurch, Govett-Brewster Art Gallery in New Plymouth, Rotorua Museum, Dunedin Public Art Gallery and MTG Hawkes Bay in Napier. Operating models and commission rates vary depending on the retail offering.
- 21. Staff have benchmarked the ArtsPost commission rate with other Council, community and commercial galleries and believe this rate is comparable.

Name	Commission rate
Waikato Museum & ArtsPost	40%
Museum and Gallery 2	35%
Museum and Gallery 3	25%
Commercial Gallery 1	50%
Commercial Gallery 2	50%
Commercial Gallery 3	40%
Community Gallery 1	35%

- 22. Museums and galleries that participated in the benchmarking exercise provided information confidentially for research purposes.

Local Government Act 2002

- 23. Section 11A(e) of the Local Government Act 2002 states that museums are considered a core service and that local authorities must have particular regard to the contribution that museums, libraries, reserves and other recreational facilities make to its communities.
- 24. The Local Government Act 2002 is silent in terms of restrictions on retail or revenue generation within a Council-operated museum or gallery.

Signatory

Authoriser	Lance Vervoort, General Manager Community
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Committee: Finance Committee

Date: 21 July 2016

Report Name: Low River Contingency Report Update

Author: Andrew Parsons

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Plan, Business Case</i>
Financial status	<i>There is budget allocated. \$1,643,000 in 2015/16</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To assess the completed project against the approved Business Case objectives and KPI's, to seek approval for an increase in the Approved Contract Sum for Contract 14362 and, to seek approval to enter into a negotiated contract for future deployment of the low river contingency plan.

3. Executive Summary

- The Finance Committee approved a business case for the project at its 19 February 2015 meeting.
- The project is largely complete and has been successfully tested and commissioned. A copy of the business case KPI's and Objectives is shown in attachment 2.
- Contract No. 14362 is a measure and value contract with Brian Perry Limited for the main components of the project. Additional costs have been incurred due to extensions of time to accommodate unexpectedly high river levels during both the intake modification works and during deployment. The revised Contract Sum is now estimated to be \$1,550,000 ie an increase of \$77,209.
- Overall the project is expected to be under budget by \$804,896 against the 2012-22 10 Year Plan but, \$213,916 over budget against the 2015/16 budget due to 2015 10 Year Plan changes. This has been previously reflected on the Risk and Opportunity register.
- Staff recommend a nominal 3 year, negotiated contract with Brian Perry Limited to cover the potential deployment and pack down of the pumping platform to ensure that resources are committed and available heading into the 2016/17 summer.

9. Recommendations from Management

That:

- a) the report be received;
- b) the Approved Contract Sum for Contract No. 14362 for Low River Contingency Building Works be increased by \$77,209 from \$1,472,791 to \$1,550,000; and
- c) The Chief executive be delegated to enter into a 3 year contract for a period up to 30 June 2019, for the deployment and pack down of the Water Treatment Plant pumping platform, with Brian Perry Limited for an amount not exceeding \$190,000 per deployment, comprising \$160,000, and a \$30,000 allowance for contingency in accordance with this report.

10. Attachments

11. Attachment 1 - New Structure to Extract Water from the Waikato River - Photos
12. Attachment 2 - New Structure to Extract Water from the Waikato River - Benefits Tracking

13. Discussion

14. Business Case

15. The business case for this project was approved at the 19 February 2015 Finance Committee meeting on the basis of option 2 – Interim Intake Structure. The barge and pumps will be owned by Council and stored on site when not in use. The interim intake structure addressed the issues of the previous low river contingency plan and provides a forecast 15 year plus solution for the city.
16. Option 2 - Interim Intake Structure effectively enhances the old contingency plan and included the procurement of a custom designed platform, suitable for the purpose of deploying electric pumps into the Waikato River to abstract water. The pumps will transfer river water into the existing intake structure, and then into the plant. The barge and pumps are owned by Council and stored on site when not in use.
17. The project to deliver option 2 is now substantially complete (refer attachment 1) and staff are now reporting back to the Finance Committee on achievement of the business case objectives and KPI's.
18. A copy of the business case objectives and KPI's (quantitative benefits and qualitative benefits) are shown in attachment 2 with a comment against each item.
19. Overall the project has been very successful notwithstanding the bespoke nature of the work and the challenges of maintaining continuous operation of the treatment plant to provide a continuous supply of treated drinking water to the city.
20. The cost to deploy and pack down the project in each low river scenario is estimated to be up to \$190,000 in 2016 dollars. Staff recommend that a deployment contract be entered into in order to ensure that the appropriate resources are readily available when required in the future for a low river event. This is discussed in more detail in paragraph 25 below.

21. Construction Contract 14362

22. Contract No. 14362 is a measure and value contract with Brian Perry Limited for the construction of a building, pumping platform and associated works (Low River Contingency Building Works). The contract was approved under the Chief Executive delegation on 10 June 2015 and the Approved Contract Sum was set at \$1,472,791.15.
23. The contract is largely complete and the work carried out this contract included the following:
- Manufacture of a bespoke pump-platform and transport to site from Napier
 - Modifications to the existing Treatment Plant intake structure to secure the pumping platform
 - Design & install a motor control room along with remote power supply to the pumping platform including program modification to the Water Treatment Stations automation and control systems to allow a fully automated operational system when the pumping platform is deployed
 - Deployment of the pump-platform using a specially rigged 400T mobile crane
 - Construction of storage shed on concrete apron to store the pump-platform and components after pack down
 - Test & commissioning of pumping platform and ancillary equipment
 - Pack down and store pump-platform and ancillary equipment
24. Additional costs have been incurred due to unseasonal high river levels that delayed deployment of the barge by a few months and also triggering additional design checks to ensure the structure would be safe should river levels rise significantly once deployed onto the river. An increase in the Approved Contract Sum is sought to cover the increase.
25. The Approved Contract Sum included a contingency sum of \$80,000. Extra work has been required as a result of the bespoke nature of the work and, costs associated with extensions of time to accommodate unexpectedly high river levels during both the intake modification works and during deployment
26. The revised Contract Sum is now estimated to be \$1,550,000 ie an increase of \$77,209.
- 27. Deployment Contract**
28. It is not known when the pumping platform will be required for deployment however, it is necessary that the appropriate resources are procured now in order to ensure minimal delays when the pumping platform is required for use in the future.
29. Brian Perry Limited is the only contractor who has experience in deploying this bespoke pumping platform.
30. Staff recommend that the Finance Committee approve a nominal 3 year, negotiated contract with Brian Perry Limited to cover the potential deployment and pack down of the pumping platform. This arrangement would ensure that resources are committed and available heading into the 2016/17 summer.
31. The value of the contract is proposed to be \$160,000 (2016 dollars) per deployment and be indexed to inflation/escalation over the 3 years. This rate is comparable to the existing Brian Perry Limited contract 14362 rates for deployment and pack down. It is appropriate to base the contract on 2 deployments over the 3 year term of the contract.

- 32. A contingency is also recommended for inclusion within an Approved Contract Sum of \$190,000 per deployment comprising the value of \$160,000 plus contingency of \$30,000 per deployment.
- 33. Other expected costs per deployment include staff time, project management and systems testing. These costs are estimated to be about \$24,000 if required but will be incurred outside the Approved Contract Sum for the Brian Perry contract.
- 34. The deployment cost is not budgeted for as it will only be required in an emergency situation. If deployment is required staff will first try and manage the costs within existing City Waters operational budgets.

35. Financial and Resourcing Implications

This project is a multi year project, funded from project number 12031.0 “New structure to extract water from the Waikato River” in the 2012-22 10 Year Plan. Total project budget and final costs are:

Total Construction Budget	\$3,246,000
Brian Perry Approved Contract Sum – Contract 14362	\$1,472,791
Other Contracts (Downer, UGL, MWH, Beca, Ergo, Xylem)	\$891,104
Estimate to complete Brian Perry contract	\$77,209
Total Construction Cost	\$2,441,104
Estimated Variance ie. savings	\$804,896

This financial impact on the 2015/16 budget is set out below:

2015/16 Budget	\$1,643,000
Expenditure as at 31/5/1016	\$1,619,007
Less the portion of the new 11KV power supply cost directly associated with other planned Treatment Plant upgrade projects and funded from other budgets.	-\$138,833
Balance of available Brian Perry Approved Contract Sum - Contract 14362	\$252,281
Estimate to complete Brian Perry Contract 14362 over Approved Contract Sum	\$77,209
Estimate to complete electrical works	\$43,252
Estimate to complete management and supervision	\$4,000
Total Cost	\$1,856,916
Estimated 2015/16 variance ie. shortfall	-\$213,916

- 36. The budget shortfall exists despite the project being delivered for less than the original budget because funding was reduced in the 2015-25 10 Year Plan.
- 37. The impact on the 2015/16 budget has been previously reflected on the Risk and Opportunity register as a potential \$200,000 shortfall.

38. Risk

39. The pumping platform is unable to be fully tested without an actual low river scenario. This risk has been significantly mitigated through collaboration with Mighty River Power to create a partial low river scenario. This has enabled the majority of systems and processes to be tested during the commissioning phase. Initial discussions have been held with Mighty River Power to explore the potential to create an actual low river flow scenario under controlled conditions in order to completely test the contingency plan.
40. Contractor assistance is required to deploy/pack down the contingency. This risk is proposed to be mitigated through the establishment of a deployment contact with Brian Perry Limited as set out in this report.
41. A 15 day lead time is expected industry norm for the hire of an appropriate crane to deploy the pumping platform. It may be possible to reduce this lead time in an emergency situation. Once a crane is dispatched to site, full deployment of the pumping platform can occur within a 48 hour period.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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Attachment 1 – Option 2 : Interim Intake Structure



Attachment 1 – Business Case Objectives and KPI's

Business Case Objective	Option 2 - Interim Intake Structure	Final Project Outcome
Ability to abstract sufficient water over a 24 hour period to meet the city's demand even during a low river level event.	The interim solution will be designed to enable 90 ML of water to be abstracted, during a low river level event.	Achieved. An abstraction rate of 70ML of water per day achieved and verified in commissioning and testing. The project also provides for the future expansion of the system to 90ML of water per day.
Minimise Water restrictions	Water restrictions may be required to ensure water outages do not occur.	Achieved noting that some from of water restriction will be required.
Integrated into plant operations.	Will require set up, estimated to be approximately 48 hours. All equipment can be fully integrated into plant's automation systems.	Achieved. Setup can be completed within 48 hours with the exception of an estimated 15 day lead time for an appropriate crane.
Critical asset redundancy	Met	Achieved. Redundancy is in place for normal operations and during periods of network power outage.
Budget of \$3,240,000	Budget allocation identified in 2012-2022 LTP for the 2014/15 Financial year. Met, pre-design estimated cost \$2,340,000.	Achieved. Final estimated cost is \$2,441,104.56
Completed and operational by summer 2015/16	Met	Achieved. The pumping platform was deployed and commissioned/ tested ahead of the forecast May 2016 low river risk period.

1.8 Quantitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)	1.8a KPI/Target/Frequency of reporting Also Identify the Benefit owner and who will report the KPI/Target and Frequency (i.e. as 3 separate items)	Final Project Outcome
Continuity of water abstraction during low river level events.	A minimum of 70ML of water per day is able to be abstracted from the river during low flow events, increasing to 90ML by 2030; to keep pace with expected growth demand. Benefit Owner: City Waters and the community of Hamilton Benefit Reporter: City Waters Operational Team Frequency of reporting: Daily reporting during the summer / autumn period	Achieved. An abstraction rate of 70ML of water per day achieved and verified in commissioning and testing. The project also provides for the future expansion of the system to 90ML of water per day.
Capital expenditure to deliver both an interim and long term solution to low river levels is based on robust investigation and regulatory requirements.	The project is delivered to within +/-0.5% of the total budget. Benefit Owner: City Infrastructure Benefit Reporter: City Development Project Manager Frequency of reporting: Monthly	Not achieved. The final project cost is expected to be \$2,692,825 compared to the 2012-22 10 year plan budget of \$3,246,000
HCC meets its obligations under the Health Act.	Safe drinking water is provided to the community of Hamilton 100% of the time. Benefit Owner: City Waters and the community of Hamilton Benefit Reporter: City Waters Compliance Team Frequency of reporting: Quarterly reporting to Population Health.	Achieved.
1.9 Qualitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)	1.9 Indicator of Success Identify the benefit owner and who specifically will report on the progress/realisation of the benefit	Final Project Outcome
Critical assets have redundancy (back up) to ensure continuity of service.	No supply issues are associated with asset failure Benefit Owner: City Waters Benefit Reporter: City Waters Operational Team When will it be reported: Reported by exception only, if asset failure were to occur.	Achieved. The project contains redundancy provisions that enable the system to operate eg in the event of a pump failure or power outage
All assets associated with the abstraction of water to the treatment plant are owned by Hamilton City Council.	Asset Ownership Benefit Owner: City Waters	Achieved.

D-2162079

Committee: Finance Committee

Date: 14 July 2016

Report Name: Western Rail Trail Contract Approval

Author: Jason Harrison

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Biking Plan 2015-2045</i>
Financial status	<i>There is budget allocated Current Total Project Budget is \$4m Projected Total Project Budget required is \$5.54m.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To award Contract 15363: Western Rail Trail Bike Path and to approve the increase of the total project budget from \$4,000,000 to \$5,540,000.

3. Executive Summary

- The Western Rail Trail is a key primary network project identified in the Hamilton Biking Plan 2015-2045 for implementation in 2016.
- The project was initiated in 2015 to take advantage of the opportunity to win funding from the Urban Cycleway fund.
- The bid for funding from the Urban Cycleway fund was successful and based on a conceptual bid estimate the projects current approved budget is \$4,000,000 with a fixed sum contribution of \$3,000,000 from the Urban Cycleway fund, a Council contribution of \$490,000 (12%) and the balance from traditional NZTA allocations.
- The project has now been fully investigated and designed and the estimated budget required is \$5,540,000. There is now confidence in this cost because it is based on the actual market cost to complete the project and the remaining risks are low.
- The budget requirement is higher than first anticipated when the bid was placed as the subsequent investigation and design work identified issues that were not anticipated at the time of the bid when very little information existed, together with scope increases that were not well defined at bid time.
- Staff have based their recommendations to Committee based on a reconsideration of the project scope and the potential to make further savings through value engineering opportunities as the project progresses.

10. While there is no opportunity to obtain a higher Urban Cycleway funding contribution to assist with the increased costs, NZTA have confirmed their agreement in principal to co-fund the additional costs at the City's normal financial assistance rate of 51%.
11. The HCC share of the additional funding can all be accommodated within the existing 2016/17 discretionary transport funds which means that no additional funding is required to the 2016/17 Annual Plan.

12. Recommendations from Management

That:

- a) the report be received;
- b) Contract 15363 for the Western Rail Trail Bike Path is awarded to HEB Construction for the tendered sum of \$4,188,218.52 excluding GST;
- c) the Approved Contract Sum for Contract 15363 is based on Option 2 as described in this report and is set at \$4,000,000 excluding GST comprised of the tender sum less reduced scope (\$280,000) being \$3,908,218.52 plus a contingency allowance of \$91,781.48;
- d) the Project Budget is revised from \$4,000,000 to \$5,540,000 as set out in this report; and
- e) staff be requested to pursue value engineering opportunities throughout the implementation of this project and to add back the identified scope omissions as the project budget allows.

13. Attachments

14. Attachment 1 - Western Rail Trail Route Map

15. Key Issues

16. Background
17. On 7 July 2015 the Strategy and Policy Committee considered the three programmes of work under the broad title of the discretionary transport funding being the bus stop infrastructure fund, the minor improvements fund and the integrated transport initiative fund.
18. Committee allocated \$600,000 of the \$900,000 integrated transport initiative fund to biking for each of the 2015/16 and 2016/17 financial years in order to progress the Biking Plan and to leverage opportunities for attracting external funding that may present over this time.
19. In July 2015 it was noted that an opportunity had presented to attract external funding from the Urban Cycle fund and an application had been made on the basis of a conceptual bid estimate of \$4,000,000 to undertake the Western Rail Trail which would require a \$500,000 contribution from the City.

20. The Biking Plan was adopted on 27 August 2015 with the Western Rail Trail identified as a key project to complete the primary biking network and it was scheduled for completion in 2016. Once complete this project, together with the work currently in progress at the Gallagher Drive intersection, provides the opportunity for the south western suburbs to safely access the central city by bike with minimal interaction with road vehicles, including good links to Lake Rotoroa, the rail station, Frankton and the city's Seddon Park and the FMG Waikato Stadium.
21. Following adoption of the Biking Plan, advice was received that the application for funds from the Urban cycle fund had been accepted and the detailed investigation and design work commenced. This work has taken longer than expected due to a number of factors including consenting requirements and difficulties with underground services. Additional scope was also identified through this consultation and design process.
22. At its 18 February 2016 meeting the Finance Committee were advised that in order to complete the project in the 2015/16 year it was necessary to tender the works in 2 contracts and approval was given to commence tendering for the first contract. The indications from this tender was that the price was going to exceed the budget and so tenders were declined and more work was undertaken to confirm the best tendering strategy and to consider the scope of the project.
23. Key changes made to attract the best prices possible were to combine all the works into a single contract and to relax the timetable to complete the project by December 2016 instead of June 2016. Some of the additional scope items were scheduled in a way that Council could understand the market price and make a decision as to whether they wanted the additional scope.
24. This report relates to the single contract, Contract 15363 – Western Rail Trail Bike Path. The market pricing received exceeds the budget and this report indicates how the additional funding requirements can be met without any increase to the 2016/17 Annual Plan.
25. Evaluation Process
26. Following a public request for tender process, four tenders were received prior to the advertised closing time of 2.30pm Monday 20 June 2016.
27. The tenders were evaluated using the Price Quality Method.
28. This method involves first evaluating the tenderers non-priced attributes to assess their demonstrated skill and ability to complete the works on time, to budget and to the required quality standards prior to opening the price envelopes. Non-price attribute scores are then converted into a dollar value – the Supplier Quality Premium (SQP), which is deducted from the tender price to obtain the evaluated price.
29. The non-price attributes had an overall 30% weighting and price had 70% weighting. The attributes used in this evaluation were:
- Price (70%)
 - Methodology (10%)
 - Track Record (10%)
 - Relevant Skills and Experience (5%)
 - Resources (5%)
30. The table below summaries the tender evaluation:

Tenderer	Tender Price	Supplier Quality Premium (SQP)	Evaluation Price
Broad Spectrum (NZ) Ltd	\$ 4,611,271.75	\$ 29,485.71	\$ 4,581,786.04
Fulton Hogan	\$ 4,228,651.73	\$ 214,590.48	\$ 4,014,061.25
HEB Construction	\$ 4,188,218.52	\$ 259,638.10	\$ 3,928,580.43
Schick Construction	\$ 4,098,180.21	\$ 0	\$ 4,098,180.21

31. Preferred Tenderer and Contract Sum

32. The preferred tender is HEB Construction and the staff recommendation is to award the contract in the sum of their tendered price of \$4,188,218.52. This sum exceeds the budget allowance for the physical works component of the project budget.

33. Cost opportunities

34. Option 1; to accept the contract price as tendered.

35. Staff have identified the following opportunities to reduce the physical work cost.

36. Option 2; the first opportunity is to omit some of the scope mentioned previously that has been scheduled and priced. Staff believe that the following items could be removed without significantly adversely affecting the project outcomes and note that the items could always be added at some time in the future as individual projects or if value engineering opportunities are realized through the implementation of the project.

Priority	Item	
1	Semaphores	
2	Innes Common (southern) Connection	
3	Hastings Place Connection	
4	Selected Landscaping Elements	
		Total \$280,000

37. Option 2 is the staff recommended option and if Committee accept this, it is recommended that the Approved Contract Sum is set at \$4,000,000 (comprising tender sum of \$4,188,218.52 less \$280,000 plus \$91,781.48 allowance for project contingency).

38. Option 3; The second opportunity is to omit the scope items as per option 2 and to continue to explore value engineering of the Lake Road Connection structures. Initial discussions with HEB construction identify a potential saving of approximately \$300,000. This opportunity relates to providing more planted embankment rather than structure and could require an amendment to the existing resource consent. For this reason the opportunity can not be confirmed but staff will continue to explore it with HEB.

39. Consultation

34. Consultation has been carried out with a number of parties along the length of the rail trail and resource consents have been obtained that reflect this consultation and allow the project to proceed.

41. HCC has entered into a Deed of Grant with KiwiRail to allow Council to occupy the rail corridor.

42. Heritage New Zealand has requested evidence of engagement with iwi before they sign off the project's archeological protocols and processes and this is still a work in progress.

43. Financial and Resourcing Implications

44. The following table indicates the current confirmed budget against the current forecast cost of the three options.

Item	Approved Budget	Option 1 Project Cost No scope changes	Option 2 Project Cost Scope Changes	Option 3 Project Cost Scope and VE
HCC funding (Spent in 2015/16 on project development)	\$490,000			
NZTA funding	\$510,000			
Urban Cycleway Fund	\$3,000,000			
Contract 15363; HEB Plus contingency		\$4,280,000	\$4,000,000	\$3,700,000
Other Physical Works – Plantings; Signals and Lighting (By Alliance)		\$540,000	\$540,000	\$540,000
Project development costs (design, consents, supervision)		\$875,000	\$875,000	\$875,000
Internal Council Timecost charges		\$125,000	\$125,000	\$125,000
Total	\$4,000,000	\$5,820,000	\$5,540,000	\$5,240,000

45. The staff recommendation is for option 2. While staff are confident through discussions with HEB construction that the value engineering opportunity at the Lake Road connection can be realized, it cant be guaranteed at this time. If it is realized, the savings could be used to add back the omitted scope in a priority order.
46. Additional Funding
47. For Option 2 additional funding of \$1,540,000 is required.
49. Staff have discussed the funding shortfall with NZTA and they have indicated ongoing commitment to the project at the higher cost and while there is no opportunity to get an increased allocation from the Urban Cycleway Fund they have agreed in principle to co-fund the additional funding required at the normal Financial Assistance Rate of 51%.
50. This means that NZTA will fund \$785,400 of the shortfall, leaving HCC to fund an additional \$754,600. This will equate to Council contributing \$1,244,600, or 22%, of the overall project cost. This is still much lower than most of the other Urban Cycleway funds where the local contribution was over 30%.
51. The updated funding request to NZTA needed to be submitted by Wednesday 6 July 2016. This funding request was based on Option 2.
52. If Committee chooses to pursue Option 1 the HCC funding shortfall would be \$891,800 assuming that NZTA would still agree to co-fund the project. At this stage their indicative approval is based on achieving the optimum overall cost for the project through the scope omissions and the value engineering.

Item 15

- 53. Staff are recommending that the local share required to meet the additional Option 2 cost (\$754,600) be funded from the 2016/17 Discretionary Transport Fund allocations.
- 54. The majority of this will be offset against the \$600,000 allocated by Strategy and Policy for biking in July 2015 as part of the Integrated Transport Initiatives fund. This leaves the allocated \$100,000 for walking initiatives and \$200,000 for public transport initiatives unaltered.
- 55. The balance of \$154,600 will be offset against the 2016/17 Minor Improvements fund. NZTA have accepted that the components of the Western Rail Trail which interact with roads and require improvements such as traffic signals can be regarded to improvements to the transport network and their agreement to co-fund the shortfall is partly on this basis.

56. Risk

- 57. The project’s resource consent and the Kiwirail agreement are in place. The building consent application for the structural work is currently being reviewed by an independent structural engineer but this is considered to pose a low risk.
- 58. Consents are required from Heritage NZ to modify potential archaeological sites and this is still a work in progress.
- 59. The risk of weather delays is being minimized through the allowance for a 20 working week construction programme which includes an allowance for inclement weather.
- 60. The agreement with Kiwirail commenced on 1 April 2016 and has an annual lease cost and an initial right of renewal for 5 years and renewable annually thereafter until terminated. The expiry date rolls over annually until either party wishes to terminate the agreement.
- 61. The agreement includes a clause that is standard for all Kiwirail agreements which allows them to terminate the agreement where the grant area is required for railway use. Staff believe that this poses a low risk for the short to medium term and Kiwirail have been very supportive of the Western Rail Trail project.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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Deletions include:

- Railway Semaphore Entrance Features
- Hastings Place Connection
- Innes Common South Connection
- Topiary Bike Vegetation Sculptures x 3 (2 installed, 1 spare)
- Imprinting of brick pattern in Railway Cottage Foundation.
- Imprinting of path edge to assist visually impaired users
- Sleeper at 'intersections' to assist visually impaired users.
- Drinking fountain at Innes Common

Committee: Finance Committee

Date: 14 July 2016

Report Name: Single-Year Community Grant Allocation 2015/16

Author: Deanne McManus-Emery

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Community Assistance Policy</i>
Financial status	<i>There is budget allocated Amount \$1,160,000</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To advise Council of the Single-Year Community Grant allocation outcome for the 2015/16 financial year.

3. Executive Summary

- Council awarded \$292,000 through the Single-Year Community Grant to 94 community organisations across the city.
- The grants are distributed annually to support not-for-profit community organisations with small community-led projects which align with Council plans and strategies, and contribute to the social wellbeing of the city by delivering community-wide services.
- Council will receive applications for 2016/17 financial year in March 2017.

7. Recommendations from Management

That:

- the report be received; and
- the list of successful recipients be published on Council's website.

8. Attachments

- Attachment 1 - Single-Year Community Grant 2015/16 - List of Successful Applicants

10. Key Issues

11. Strategic Alignment

- The Community Assistance Policy was adopted at the Strategy and Policy Committee meeting on [8 April 2015](#), upon the completion of the review of the Community Assistance Funding Programme and Policy by the Working Group during 2014.
- The [Community Assistance Policy](#) outlines the funding split between multi-year grants and single-year grants for the 3-year term beginning 2015/16 is:
 - a) the Multi-year grant will be allocated up to a maximum of \$900,000 per year for each year of the 3-year term;
 - b) the total funds remaining after allocating the Multi-year grant will be allocated through the Single-year grant. The minimum amount available for the Single-year grant will be \$260,000 per year.
- At the Finance Committee meeting of [20 August 2015](#) it was resolved that the unallocated amount of \$32,000 be moved to the Single-Year Community Grant for the funding years 2015/16, 2016/17 and 2017/18, increasing the Single-Year Community Grant to a total of \$292,000 per annum.

12. Allocation Committee

- The Single-Year Community Grant Allocation Committee reports to the Finance Committee, with Councilors Gallagher and Yeung approved as Council representatives as set out in the 2013-16 Governance Structure.
- Five Community Representatives are selected and approved by the General Manager Community.

13. 2015/16 Single Year Community Grant Applications

- All applications for funding are managed through the SmartyGrants online funding application system.
- The funding application round was advertised for a period of one month, opening from Tuesday 1 March 2016, with a closing date of 4pm Thursday 31 March 2016.
- One Hundred and Fifty One (151) applications were received with a total funding request amount of \$703,581.
- Community Development and Leisure staff reviewed the applications prior to the Allocation Committee meeting, removing ineligible applications prior to assessment. Thirty six (36) applications failed to meet the funding criteria and guidelines.
- Two members of the Allocation Committee assessed each application against the funding criteria, prior to the Allocation Committee convening on 2 and 3 May 2016 to collectively assess, discuss and determine the successful applicants.
- The Allocation Committee approved 94 applications, with a total funding amount of \$292,000. The Allocation Committee recognises this as a fair representation of Council investment to Hamilton communities in line with the intent of the Community Assistance Policy.

14. Legislative requirements or legal issues

- Council is not legislatively required to provide community assistance funding. However the Local Government Act anticipates grants as an activity of councils.
- Section 5 of the Local Government Act provides a definition for the term 'activity':
Activity means a good or service provided by, or on behalf of, a local authority or a council-controlled organisation, and includes;
 - a) the provision of facilities and amenities, and
 - b) the making of grants, and
 - c) the performance or regulatory and other government functions.

15. Financial and Resourcing Implications

16. The 10-Year Plan budget has \$1,160,000 per annum to be distributed via the Community Assistance Policy.
17. 2015/16, 2016/17 and 2017/18 has \$868,000 committed per annum to 27 Community Organisations via the Multi-Year Community Grant, leaving \$292,000 to be allocated annually through the Single-Year Community Grant.
18. The 10-Year Plan outlines Council grants will be used effectively, with the specific measure being that \$3 worth of services will be leveraged for every \$1 of community grant funding provided. The below table shows the funds leveraged from the Community Assistance Funding provided by Council in the 2015/16 financial year.

Grant	\$ Amount Allocated	\$ Total Project Cost	\$ Leveraged for Council Contribution
Multi-Year Community Grant	\$868,000	\$12,960,000	\$14.93
Single-Year Community Grant	\$292,000	\$3,518,296	\$12.05
Total	\$1,160,000	\$16,478,296	\$14.21

19. Risk

20. All applicants to the Single-Year Community Grant have been kept informed throughout the process and were notified of the decision to mitigate any potential risk; however there is still an element of risk that some groups will not be happy with the outcome of the funding decisions.

Signatory

Authoriser	Lance Vervoort, General Manager Community
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Single-Year Community Grant 2015/16

Hamilton City Council "Single-Year Community Grant" of \$292,000 was allocated through an Allocation Committee in 2015/16. A total of 151 applications were received in this funding round, requesting \$703,581 of which 94 were successful, allocating a total of \$292,000.

Successful Applicants

	Organisation Name	Project Title	Total Allocated
1	Alzheimers Waikato Charitable Trust	Rental for Alzheimers Waikato premises	\$5,000.00
2	MS Waikato Trust	Salary for the Administration Manager	\$5,000.00
3	Diabetes New Zealand Inc. Waikato	Three months net rent for office	\$5,000.00
4	Waikato Family Centre Trust	Crying Baby - Crying Mother	\$5,000.00
5	Cantando Choir Incorporated	Piano accompanist for 2016/17	\$5,000.00
6	The One Victoria Trust Board Inc	Meteor - 2016 lighting equipment	\$5,000.00
7	Creative Waikato Trust	Pop-Up Performance Kit	\$4,900.00
8	Draw Inc	Boon Hamilton Street Art Festival	\$4,700.00
9	Western Community Association	Treats in the Park	\$4,500.00
10	True Colours Children's Health Trust	Salary for Executive Communications Assistant	\$4,500.00
11	Life Education Trust, Hamilton	Operational and programme costs	\$4,500.00
12	The Taiohi Toa Trust	CACTUS - Combined Adolescent Challenge Training Unit and Support	\$4,500.00
13	ARTMAKERS Trust	ARTMAKERS Creative Holiday Programme	\$4,500.00
14	Volunteering Waikato	Wages - Projects and Events Co-ordinator	\$4,500.00
15	Streetworks Charitable Trust	Wages and salaries	\$4,500.00
16	Waikato Combined Equestrian Group Inc	WEC Permanent Sealed Non Slip Rubber Matting Surfacing	\$4,500.00
17	RAW 2014 Ltd	Incubator programme	\$4,500.00
18	Starjam Charitable Trust	Starjam Talent Expansion Programme	\$4,500.00
19	Endometriosis Waikato	Support our volunteer programme	\$4,500.00
20	Link City Trust - AWAKEN youth	AWAKEN youth	\$4,500.00
21	Dinsdale Playcentre	Creating a fantastic sand and water play area at Dinsdale Playcentre	\$4,200.00
22	Catholic Family Support Services	Operating costs for Catholic Family Support Services	\$4,000.00
23	Enrich+ Spectrum Energy	Enrich+ Spectrum Energy Service Manager Salary	\$4,000.00
24	Families Autism Support Trust	2016 Programme	\$4,000.00
25	Head Injury Society (Waikato) Inc	Field Officer's wages	\$4,000.00
26	Community Law Waikato	Immigration Clinic	\$4,000.00
27	Swim Waikato Inc	Competition Technology	\$4,000.00
28	Riff Raff Public Art Trust	Embassy Park Redevelopment	\$4,000.00
29	Hamilton Christian Nightshelter Trust	New Equipment For Both Men's And Women's Nightshelters	\$3,800.00
30	Zeal Education Trust	Music Development Pathway	\$3,600.00

31	Hamilton Children and Families Trust	Hamilton Children's Day 2017	\$3,400.00
32	Rostrevor House Incorporated	Rostrevor House rental costs	\$3,200.00
33	Hamilton Kerala Samajam Incorporated	Community Awareness & Development	\$3,200.00
34	Neurogenesis Trust	Rental costs for premises	\$3,100.00
35	Desert Spring Ministries Trust	Operating and Administrative Costs	\$3,000.00
36	Rainbow Chinese Community Centre Charitable Trust	Operating and administrative costs	\$3,000.00
37	Prison Care Ministries	Mileage costs	\$3,000.00
38	Arts for Health Community Trust	Wages for Office Administrator	\$3,000.00
39	Waikato Refugee Resettlement Society	Resettlement support and service provision to refugees	\$3,000.00
40	Autism New Zealand Inc	LEGO Coordinator Salary , staff training & vehicle costs	\$3,000.00
41	St Mark's Anglican Church, Nawton	Tuesday after-school club and Friday Youth group in Nawton-Crawshaw	\$3,000.00
42	Pasifika by Nature Trust Inc	Waikato & Bay of Plenty Pasifika by Nature Secondary Schools Cultural Festival 2016	\$3,000.00
43	The Hearing Association Hamilton and Districts Branch	Social Well Being in our Community	\$3,000.00
44	English Language Partners Waikato	Volunteer Home Tutor training and support	\$3,000.00
45	Male Support Services Waikato	Audit and Accounts	\$3,000.00
46	Waikato Environment Centre	Sustainable Living Programme/Future Living Conversations	\$3,000.00
47	Waikato Queer Youth	Waquy - Youth centre and administration	\$3,000.00
48	Hamilton Combined Christian Foodbank	Hamilton Combined Christian Foodbank	\$3,000.00
49	Environmental Education for Resource Sustainability Trust	Paper4trees	\$3,000.00
50	Link House	Client Service Coordination	\$3,000.00
51	Positive Change Programmes	Anger Management and Conflict Resolution Programmes	\$3,000.00
52	Waikato Institute for Leisure & Sport Studies Trust	Youth Leadership Development Programmes	\$3,000.00
53	Birtright Waikato te Whanautanga Tika	Single Parent Groups	\$3,000.00
54	The House of Grace Trust	Operating & Administrative costs	\$3,000.00
55	Waikato Ethnic Family Services Trust	Operating Cost	\$3,000.00
56	The Refugee Orientation Centre Trust	The centre equipment, salaries and volunteer costs	\$3,000.00
57	Mates Trust NZ	Mates Men's Network	\$3,000.00
58	The Crosslight Trust	Operational costs	\$3,000.00
59	Rape & Sexual Abuse Healing Centre	Salary support for our Counsellors and contribution towards education resources..	\$3,000.00
60	Waikato Area Girls' Brigade	Leadership Training	\$3,000.00
61	Community Development Trust	HAKA 2017 (staged in support of the Waikato River Festival)	\$3,000.00
62	The Hamilton Chinese Learning Centre Charitable Trust	Running the Centre	\$3,000.00

63	Te Whanau Putahi Trust	School Holiday programme	\$3,000.00
64	Hamilton Methodist Social Services	Art and Craft Class	\$2,900.00
65	Glenview Community Centre	Storage, Community Event, Staff & Volunteers First Aid Training	\$2,900.00
66	Waikato Environment Centre	Community Fruit Pick Hamilton	\$2,900.00
67	Waikato Regional Volleyball Assn	Local competitions for local players	\$2,500.00
68	Pregnancy Counselling Service	Pregnancy assistance, Telephone, Advertising & Training.	\$2,500.00
69	Perry Outdoor Education Trust	POET programme - Melville High School	\$2,500.00
70	Epilepsy Waikato Charitable Trust	Salary for full time epilepsy adviser	\$2,500.00
71	Young Workers Resource Centre Inc	Young Workers Resource Centre	\$2,400.00
72	Music Moves Me Trust	Provision of Music Kit, playlist equipment and volunteer training	\$2,400.00
73	Hamilton Group Riding for the Disabled	Arena Harrows to maintain the surface of HGRDA's Indoor arena	\$2,400.00
74	St John's (Hamilton) Foundation	The Gully Native Forest Restoration Project	\$2,200.00
75	Waikato Paraplegic & Physically Disabled Assn	Activ8	\$2,200.00
76	Parent to Parent Waikato	Wages and operating costs.	\$2,000.00
77	Te Rongopai Community Trust	Planting for Community Beauty and Food	\$2,000.00
78	Nawton Community Children & Families Charitable Trust	Impact Holiday Programme July 2016-April 2017	\$2,000.00
79	Te Aukaha	Creative Pathways Enderley	\$2,000.00
80	Waikato Community Broadcasting Charitable Trust	Support for further upgrade of community sound equipment and new phone hybrid	\$1,900.00
81	The Dyslexia Association of Waikato	Extending Information and Resources	\$1,850.00
82	Stroke Foundation Hamilton	Telephone and Internet costs	\$1,800.00
83	Waikato Filipino Association Inc.	Philippine Cultural Programme	\$1,800.00
84	Heart Kids Waikato	Family Support Workers' Wages	\$1,600.00
85	Waikato Environment Centre	Transformation	\$1,600.00
86	Scouts NZ - Hillcrest Group	Operating costs	\$1,500.00
87	Hamilton South Community Centre Assn Inc.	Youth leadership and project items	\$1,400.00
88	Colombian Resettlement Association of Waikato Incorporated (CRAWI)	Colombian Independence Day Celebration	\$1,300.00
89	Waikato Society of Arts Inc.	Capital Item Purchase	\$1,300.00
90	Hamilton Community Centre of Music	Professional Development Programme for the Tutors	\$1,100.00
91	Hamilton Tulip Festival Trust	Hamilton Tulip Festival	\$1,000.00
92	Toughlove Waikato Trust	Education and training resource support	\$1,000.00
93	Waikato Environment Centre Trust	Humare Park Gully Conservation	\$800.00
94	Hamilton Toy Box Toy Library	Rent and Promotional Cost	\$650.00

Committee: Finance Committee

Date: 14 July 2016

Report Name: The One Victoria Trust Board
2015/16 Annual Report

Author: Deanne McManus-Emery

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Plan Arts Agenda</i>
Financial status	<i>There is budget allocated Amount \$225,000</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To present Council with the annual report from The One Victoria Trust Board for the year ending 31 March 2016.

3. Executive Summary

- In the year 1 April 2015 – 31 March 2016 the activities at the Meteor Theater have included over 89 different performances, with over 19,000 patrons.
- The Theatre has been used solely for non-commercial activity with an average occupancy of 74% over the course of the year.
- The Meteor has a full and varied calendar of events for the coming year, other than the January – March 2017 period when it is anticipated significant building works will occur.

7. Recommendation from Management

That the report be received

8. Attachments

- Attachment 1 - The One Victoria Trust - Special report June 2016

10. Key Issues**11. Background**

12. The One Victoria Trust Board Incorporated presented a proposal to Council in August 2013 to be gifted the Meteor Theatre, along with a grant of \$75,000 in 2014 for operational purposes and a further \$150,000 in future years to support necessary capital works.
13. At the 28 September 2013 Council Meeting it was resolved that:
 - a. Council retains ownership status of the Meteor Theatre in light of the current 10 year Long Term Plan considerations,
 - b. Council approves, in principle, The One Victoria Trust proposal, based on the document dated 28 August 2013, excluding the space currently under lease with SODA Inc, for use as a community based performing arts hub for an initial period of three years, subject to agreement of acceptable terms between the One Victoria Trust and the CEO,
 - c. Council approves an unbudgeted grant of \$75,000 for each of the next three years (total \$225,000), with the CEO to determine an appropriate source for funding,
 - d. the CEO have delegated authority to negotiate and contract specific terms with The One Victoria Trust, and
 - e. the CEO be authorised to enter into a Heads of Agreement to this effect with The One Victoria Trust in support of this resolution no later than 8 October 2013, and advise Council that the Heads of Agreement has been concluded in due course.
14. A deed of gift with rights of revocation was signed between Hamilton City Council and The One Victoria Trust Board Incorporated with a settlement date of 31 January 2014.
15. A revocation Period was agreed to that extends from the date of settlement until the third anniversary (31 January 2017).
16. It was agreed that during the Revocation Period an annual report would be submitted which would include the latest set of financial accounts alongside details of activities undertaken in the year to achieve Key Performance Indicators.
17. The One Victoria Trust Board submitted their original 3-month report on 1 May 2014, and has subsequently submitted Annual Financial Accounts and Reports on 1 May 2015 and 2016.
18. The report provided by GA Hughes and Associate Ltd in 2012, identified an earthquake assessment score of 34.5%NBS for block A and 16.8%NBS for block B. Earthquake strengthening work is required to bring the Meteor Theatre up to 67% NBS as recommended by NZSEE. The strengthening work cannot be undertaken until the fourth and fifth year after the settlement date.

19. Key Performance Indicators

20. During the revocation period the following key performance indicators have been agreed to:
- a. Not make any material departures from the representations set out in the Proposal, and only use the Funds for the purposes set out in clause 2.7,
 - b. Give all assistance reasonably required by the Donor to enable it to carry out the transitional plan set out in schedule 5, and to effect the transfer of all forward bookings from the Donor to the Donee;
 - c. Be able to pay its debts as they become due in the normal course of business and ensure that the value of the Donee's assets are greater than the value of its liabilities, including contingent liabilities;
 - d. Remain a charitable entity as defined in the Charities Act 2005 and be exempted by the Inland Revenue Department from paying income tax;
 - e. Provide the Donor with a Report within three months of the Settlement Date ("First Report Date"), and thereafter provide the Donor with a Report on every anniversary of the First Report Date;
 - f. Keep the Property unencumbered and free from all and any charges whatsoever, which will include without limitation keeping the Property free from naming rights and/or any sponsorship and/or licensing arrangements unless the Donor has first consented in writing to any naming rights and/or any sponsorship and/or licensing arrangements proposed by the Donee and provided that the Donor will not withhold such consent unreasonably;
 - g. Not transfer, sell, lend, lease, and/or otherwise part with possession of the Property, and/or offer the Property as security;
 - h. From the Settlement Date to the end of the Revocation Period;
 - i. Keep the Property in good order and repair and at least to the standard it was in at the Settlement Date, fair wear and tear excepted;
 - ii. Comply with all regulatory matters required of the Donee as Property owner, including without limitation those set out in the Building Act 2004 and/r the New Zealand Building Code;
 - iii. Keep the Property adequately insured for its full replacement value with a reputable insurer acceptable to the Donor, and notes the interest of the Donor on the relevant insurance policy/ies;
 - iv. Keep in place Public Liability Insurance in the minimum amount of \$10,000,000;
 - v. The Donee must produce evidence of the above insurances to the Donor prior to the Settlement date, in each Report, and whenever reasonably requested by the Donor during the Revocation Period;

- i. Immediately notify the Donor of any circumstance that has resulted, or will result, in the Donee being unable to meet its obligations under this Deed, or of any material adverse change in the Donee's financial position, together with full details of the same and any actions that the Donee has taken (or intends to take) in mitigation;
- j. Without limiting clause 4(e) above, provide in a timely manner at its cost any information, not subject to confidentiality restrictions, reasonably requested by the Donor from time to time in connection with the Property or the Funds;
- k. Take all necessary steps to promptly plan, fundraise for, and carry out the works contemplated by clause 2.7(b), so as to enable the Works to be completed by either the end of the Revocation Period or the Fourth or Fifth year after the Settlement Date, and produce an annual report for the Donor demonstrating the Donees's progress toward so planning, fundraising for, and carrying out the Work that must be acceptable to the Donor in all respects (acting reasonably); and
- l. Without limiting clause (a) above, take all necessary steps to ensure that at a minimum;
 - i. The number of patrons attending performances and events at the Property is at least 5,000 in 2014, 7,500 in 2015, and 10,000 in 2016; and
 - ii. At least 70% of the use of the Property is by non-commercial users (specifically excluding the Soda Inc. Lease).

21. 2015/16 Report

22. The One Victoria Trust confirms the following to have occurred in the reporting period in response to the Key Performance Indicators outlined above.
- a. The Trust has not made any material departures from the representations set out in the Proposal, and has only used the Funds for the purposes set out in clause 2.7 of the Deed;
 - b. Transitional plan has been completed;
 - c. The Trust is able to pay its debts as they become due in the normal course of business and ensures that the value of the Trust's assets are greater than the value of its liabilities, including contingent liabilities;
 - d. The Trust is a charitable entity (Registration Number CC50315) as defined in the Charities Act 2005 and is exempted by the Inland Revenue Department from paying income tax;
 - e. Reports have been submitted on time as requested;
 - f. The Trust has kept the Property unencumbered and free from all and any charges whatsoever;
 - g. The Trust has not transferred, sold, lent, leased and/or otherwise parted with possession of the Property, or offered the Property as security, other than the

ex-SODA office space which is sublet to creative organisations such as Orchestras Central, Hamilton Gardens Arts Festival, and creative individuals;

- h. The following is noted:
- i. The Trust has kept the Property in good order and repair and at least to the standard it was in at the Settlement Date, fair wear and tear excepted;
 - ii. The Trust is complying with all regulatory matters required of the Trust as Property owner, including without limitation those set out in the Building Act 2004 and/or the New Zealand Building Code;
 - iii. The Trust has kept the Property adequately insured for its full replacement value with Crombie Lockwood;
 - iv. The Trust has in place Public Liability Insurance for \$10,000,000;
- i. The Trust is not aware of any circumstance that has resulted, or will result, in the Trust being unable to meet its obligations under the Deed, or of any material adverse change in the Trust's financial position;
- j. The Trust have responded to requests from Council as they have arisen;
- k. The Trust is taking all necessary steps to promptly plan, fundraise for, and carry out the Works contemplated by clause 2.7 (b) of the Deed, so as to enable the Works to be completed by either the end of the Revocation Period or the fourth or fifth year after the Settlement Date. These steps include:
- i. Consulting with Antanas Procuta/PAUA Architects to prepare developed architectural drawings required for the Works;
 - ii. Obtaining an investigative report from BCD Limited as to the earthquake strengthening requirements;
 - iii. Obtaining a costing report for the updated works from Fosters;
 - iv. Obtaining a large grant application from Lotteries in August 2015 (\$350,000);
 - v. Discussions with Lion Foundation and Brian Perry Charitable Trust;
 - vi. Launched a give-a-little campaign;
 - vii. Formed a marketing plan for the coming 6 months to raise the balance of funds including various fundraising events at the Meteor.
- l. The following figures have been recorded relating to patron numbers and community use:
- i. Number of patrons for the year ended 31 March 2016 was 19,811 (KPI was 7,500);
 - ii. 100% of use to date has been non-commercial (KPI was at least 70%).

23. Financial and Resourcing Implications

- 24. As at 1 June 2016, \$88,300 of the \$225,000 grant has been paid by Council to The One Victoria Trust Board.
- 25. Fundraising by The One Victoria Trust is on track for the requested capital works to occur in 2016/17 which will release the remainder of council funds and bring the agreement to completion.

26. Risk

- 27. The risk of having the Meteor returned to Council is decreasing as The One Victoria Trust Board is meeting its expected obligations and targets as agreed in the Deed of Gift. The first two years would indicate that the model of community based performing arts hub being implemented by The One Victoria Trust is succeeding and being embraced by both artists and patrons.

Signatory

Authoriser	Lance Vervoort, General Manager Community
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21 June 2016

SPECIAL REPORT TO HAMILTON CITY COUNCIL FROM ONE VICTORIA TRUST BOARD INCORPORATED

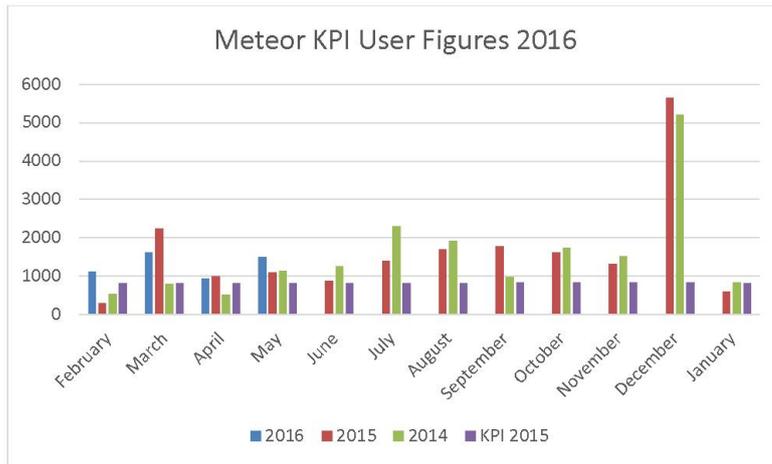
We would like to preface this report by saying – thank you – to Council. Thanks to Council's 2013 decision to allow the community, via the One Victoria Trust, the opportunity to show how our proposal could enhance The Meteor, and by extension the creative sector in Hamilton, we have achieved more than we could have imagined. This could not have happened without the support of Council, and on behalf of the community – we are grateful, and we thank you. The creative sector in Hamilton is flourishing.

As we have submitted our standard annual report, and key matters are also covered in the Council report attached to this agenda item, this report will be in addition to these, and largely focus on our operational achievements, and the Capital Works project.

OPERATION OF THE THEATRE

1. The Meteor employees 3 part time staff – one theatre manager, one building manager and one technical manager. These 3 individuals go above and beyond to ensure the success of The Meteor in all respects. Front of house and bar/café is staffed by volunteers. There is a team of individuals who voluntarily assist with marketing of the theatre. There is also a collective of graphic designers who voluntarily assist with needs in that area as required. We receive generous discounts and support from various building contractors who assist with the ongoing maintenance of the theatre.
2. The building functions largely thanks to the generous assistance in time, energy, contra and occasionally money, from individuals, businesses and community funders. The operations are funded by theatre hire, rehearsal room hire, creative co-sharing space hire, bar/café revenue, community grants, Friends, donors and sponsorship.
3. The theatre is overseen by the trustees of the One Victoria Trust Board. We have two new trustees, Shane Hobson and Yvonne Milroy. Nicola Turner and William Farrimond have retired as founding trustees. The Trust Board has a monthly board meeting, annual strategic planning day (facilitated), and regular fundraising and building meetings.
4. Over the past 2 ½ years the building has been transformed from an often empty space for hire, to a thriving creative community hub constantly in use. Some key achievements include:
 - a. We have developed the bar/café area, so that when the theatre is open, there is a bar/café to support the theatre.
 - b. The Gallery is always activated with art exhibitions and installations.
 - c. We have invested in upgrades of sound and lighting equipment.
 - d. We have a strong social media presence, and a growing database of users and audience both locally and nationally.
 - e. The Meteor/One Victoria Trust structure/model has been used as an example to enable the gift of Clarence Theatre to a trust.
 - f. The ex-SODA space has been split into two uses:

- (i) The main office space is leased to creative groups and individuals, and is now the home of Orchestras Central, and the Hamilton Gardens Arts Festival, as well as numerous creative individuals.
 - (ii) The second space is used as rehearsal space, and occasionally, a unique performance space ("Room Break" at the 2016 fringe festival, for example). Discussions are underway for a theatre school to be based in this space.
5. Here are our usage figures, showing the comparison with previous years, and the agreed annual KPI.



6. The building hosts a full range of artistic events. In the year 1 April 2015 to 31 March 2016 our activities have included over 89 different performances. These have included dance, music, (hip hop to folk), theatre (Shakespeare to National touring theatre to new original works from local playwrights), fashion show, light and sound installations, Indigo on Show, art exhibitions, school holiday programmes, vocal workshops, burlesque, dinner theatre, schools improvisation, fringe festivals, film shoots, childrens' theatre and more. Occupancy has averaged 74% with some months high (October 95%), and some months low (February 32%).

CAPITAL WORKS PROJECT

7. By way of background, for those not involved in the original discussions around saving The Meteor, the building which houses The Meteor was originally constructed as a soft-drink factory for Innes Tartan in 1954. Located in the "Arts Precinct" in central Hamilton, it has been through various guises since being retired as a bottling factory, including a car auction house and an indoor skating rink. It is a landmark building on a key location in the city.
8. The ex-factory has been operating as a 'black box' theatre since 1996, when Hamilton Community Arts Council approached Hamilton City Council for assistance to create a theatre auditorium space. In 2007, under the management of the Council, the building received a new roof and some of the interior was renovated to create an open mezzanine office area for proposed creative industry initiatives. The 'black box' auditorium was available for hire to corporate groups and those performing arts companies who could afford to pay the hire fees. As these were set at a high level, the theatre was underused and became an expensive burden for the Council. In 2012, Council proposed selling the building in its annual plan. This resulted in the formation of the One Victoria Trust which submitted a proposal to Council, asking for ownership and management of the theatre to be gifted to the Trust as a community centre for all forms of the creative and performing arts.

9. In October 2013, the Council voted to gift the building to the Trust and a Deed of Gift was drawn up and signed by both parties. A condition of the Deed is that One Victoria Trust undertake to raise funds for structural work needed for earthquake strengthening, and that progress towards this work should be underway no later than the end of 2016. Council further agreed to contribute \$150,000 towards this work, conditional on the remainder of the required funds being available.
10. The main rationale for the total \$225,000 contribution from Council was that The Meteor ran at an average operating loss for Council of \$75,000 per annum. Accordingly, for the 3 years that Council allowed the One Victoria Trust to conditionally operate the theatre – there would be no different financial impact on Council than if it had continued to run the space. The Trust was able to demonstrate that it already had other financial support – initially from a Hamilton Community Arts Grant of \$25,000, then Trust Waikato and Donny Trust grants.
11. In addition to the required strengthening work in the southern end of the building, the One Victoria Trust has committed to enhance and upgrade other aspects of the Building. Plans have been prepared to improve the existing building as follows:
 - a) Soundproofing and re-flooring of the auditorium.
 - b) Replace the workshop/garage space with a usable space adjacent to the theatre auditorium so that the building may be used more efficiently.
 - c) The interior will be reconfigured to include backstage showers, toilets, and male/female changing rooms.
 - d) Soundproofing of the separate rehearsal studio to enable simultaneous use with the auditorium.
 - e) An external ramp and entrance-way to facilitate disabled access.
12. The Meteor will be able to host a greater number of projects simultaneously. Demand for the spaces is continually growing and currently exceeds availability. The improved layout and updated facilities will also meet health and safety and security requirements for public spaces, allowing use for more hours each day over each weekday, and to maintain our low hire fee structure, as more events help make the risk share model viable. It will also meet needs identified in the Creative Infrastructure Plan prepared for Creative Waikato dated August 2014 (“the CIP”) identified (page 3) namely:
 - a) Lack of rehearsal space, and
 - b) Lack of administrative facilities (meeting rooms, back of house supporting facilities) which affects the organisational ability of the sector.
13. The CIP identified the upgrade of the Meteor as a priority project (page 9 CIP) and noted the following recommendations, as a result of the Meteor upgrade (pages 12-13) which we believe the capital works project will address:
 - a) Update facilities to stimulate greater economic benefit
 - b) Refresh/upgrade key performing facilities
 - c) Flexible rehearsal spaces (as a priority)
 - d) Focus on smaller scale projects when a major primary funder is not the project driver
 - e) Flexibility to allow for new forms of creative expression
 - f) A unified vision for the creative sector
 - g) Strategies to reduce venue insurance costs
 - h) Development of creative sector strategy

14. **COST OF THE PROJECT**

EXPENSES

Projected costs

Structural strengthening	253,053	
Victoria Street Entrance	15,961	
Rehearsal (small performance) room	113,024	
Green room & Ablutions	211,479	
Auditorium	119,406	
Carpark wall waterproofing	43,472	
Entrance ramp	60,900	
Professional fees	98,076	
Total projected costs		\$915,371

Exclusions from above costs:

Local body levies, upgrading Council site services etc	6,000	
Blinds/curtains and track	5,000	
Kitchen equipment and appliances	3,000	
Signage	1,000	
Fees – Architects and Engineers	122,595	
Data, security, access	3,500	
Work to existing MSB	2,000	
Total Exclusions		\$143,095

Other:

Building report – Holmes Group	30,000	
Architectural plans to date	15,000	
Total other:		\$45,000

TOTAL PROJECT COST:

\$1,103,466.00

INCOME

Trust Waikato	150,000	
Lotteries community Facilities Grant	350,000	
Contra (building report and plans to date)	45,000	
Hamilton City Council	150,000	
One Victoria trust fundraising to date	35,000	
TOTAL CONFIRMED		<u>\$730,000</u>

BALANCE PROJECT INCOME REQUIRED:

\$376,466

15. Please note that we anticipate the above costs to increase by up to \$200,000 once the final plans and costings are complete, due to the timing of the original costing (November 2014), and enhancements to the plans since that time.
16. The One Victoria Trust is implementing a 6 month plan to raise the balance required to do the works, anticipating that the works will take place January-March 2017. This includes a series of fundraising events at The Meteor, such as the Literary Salon series (in partnership with Browsers Secondhand Books), the Zeitgeist series (including the successful Bowie Zeitgeist event), the children's school holiday show "The Prince and the Pea", an arts themed quiz night, and the Christmas Show.
17. Our online givealittle campaign has launched, which you will no doubt be aware of, and has been widely shared including by The Big Idea and Creative Waikato. We have submitted, or are in the process of submitting, our final capital work applications to community funders including Lion Foundation, Southern Trust, Grassroots Trust, Brian Perry Charitable Trust and a significant application to the MCH – Regional Culture and Heritage Fund.

18. We are well supported with our capital works team which includes Holmes Consulting Group, who prepared a Detailed Seismic Assessment of the Meteor Theatre Building, BCD Group who have undertaken additional seismic testing of the building, Antanas Procuta Architects, now PAUA Architects, who prepared concept plans and drawings to enable a quantity survey of the whole project, and are now in the developed drawing phase, Kingston Partners Ltd, Quantity Surveyors, who prepared an 'elemental estimate' based on these concept drawings, and Foster Construction Limited, who are our construction partners and for the past few months have been involved in our project discussions.
19. Based on this, we trust that Council has confidence that the Trust is taking all necessary steps to promptly plan, fundraise for, and carry out the Works contemplated by clause 2.7(b) of the Deed of Gift, so as to enable the Works to be completed by either the end of the Revocation Period or the fourth or fifth year after the Settlement Date.

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 - Public Excluded Minutes - 19 May 2016) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee - Public Excluded Action List - 14 July 2016) Official Information and Meetings Act 1987	
C3. Single-Year Community Grant Unsuccessful Applicants 2015/16		
C4. Report on overdue debtors as at 31 May 2016 & Bad Debts Writeoffs 2015/16		
C5. Waterworld Report		

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

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