

## Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Council will be held on:

**Date:** Thursday 21 September 2017  
**Time:** 9.30am  
**Meeting Room:** Council Chamber  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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# Council OPEN AGENDA

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### Membership

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr P Yeung

Leave of Absence	Cr P Y Yeung
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**Quorum:** A majority of members (including vacancies)

**Meeting Frequency:** Monthly – or as required

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Lee-Ann Jordan  
Governance Manager

**15 September 2017**

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## Purpose

The Council is responsible for:

1. Providing leadership to, and advocacy on behalf of, the people of Hamilton.
2. Ensuring that all functions and powers required of a local authority under legislation, and all decisions required by legislation to be made by local authority resolution, are carried out effectively and efficiently, either by the Council or through delegation.

## Terms of Reference

1. To exercise those powers and responsibilities which cannot legally be delegated by Council:
  - a) The power to make a rate.
  - b) The power to make a bylaw.
  - c) The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan.
  - d) The power to adopt a Long Term Plan or Annual Plan, or Annual Report.
  - e) The power to appoint a Chief Executive.
  - f) The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan, or developed for the purpose of the Council's governance statement, including the 30-Year Infrastructure Strategy.
  - g) The power to adopt a remuneration and employment policy.
  - h) The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.
  - i) The power to approve or amend the Council's Standing Orders.
  - j) The power to approve or amend the Code of Conduct for Elected Members.
  - k) The power to appoint and discharge members of committees.
  - l) The power to establish a joint committee with another local authority or other public body.
  - m) The power to make the final decision on a recommendation from the Parliamentary Ombudsman, where it is proposed that Council not accept the recommendation.
  - n) The power to amend or replace the delegations in Council's *Delegations to Positions Policy*.
2. To exercise the following powers and responsibilities of Council, which the Council chooses to retain:
  - a) Resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
  - b) Approval of any changes to Council's vision, and oversight of that vision by providing direction on strategic priorities and receiving regular reports on its overall achievement.
  - c) Approval of any changes to city boundaries under the Resource Management Act.
  - d) Adoption of governance level strategies, plans and policies which advance Council's vision and strategic goals.
  - e) Approval of the Triennial Agreement.

- f) Approval of the local governance statement required under the Local Government Act 2002.
- g) Approval of a proposal to the Remuneration Authority for the remuneration of Elected Members.
- h) Approval of any changes to the nature and delegations of the Committees.

**Oversight of Policies:**

- *Corporate Hospitality and Entertainment Policy*
- *Delegations to Positions Policy*
- *Elected Members Support Policy*
- *Significance and Engagement Policy*

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**1 Apologies**

**2 Leave of Absence**  
Councillor Yeung

**3 Confirmation of Agenda**  
The Council to confirm the agenda.

**4 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.

**5 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 Mayor.

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 Governance 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 Governance by telephoning 07 838 6439.

# Council Report

**Committee:** Council **Date:** 21 September 2017  
**Author:** Lee-Ann Jordan **Authoriser:** Lee-Ann Jordan  
**Position:** Governance Manager **Position:** Governance Manager  
**Report Name:** Confirmation of Council Minutes - Open - 24 August 2017

<b>Report Status</b>	<i>Open</i>
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## Staff Recommendation

1. That the Council confirm the Open Minutes of the Council Meeting held on 24 August 2017 as a true and correct record.

## Attachments

Attachment 1 - Council Minutes - Open - 24 August 2017

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## Council

### OPEN MINUTES

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Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 24 August 2017 at 9.30am.

#### PRESENT

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman

#### In Attendance:

Lance Vervoort – Acting Chief Executive  
Kelvyn Eglinton – General Manager City Growth  
Sean Hickey – General Manager Strategy and Communications  
Sean Murray – General Manager Venues, Tourism and Major Events  
Chris Allen – General Manager City Infrastructure  
David Bryant – General Manager Corporate  
Jeff Neems – Communications Advisor  
Stephen Standley – Executive Projects Manager  
Jen Baird – Communications Manager  
Alice Morris – City Planning Policy Team Leader  
Mark Roberts – Senior Planner  
Lisa Topcsov – Partnership and Sponsorship Manager  
Julie Clausen – Programme Manager - Strategy  
Luke O'Dwyer – Economic Growth and Planning Unit Manager  
Riki Manarangi – Corporate Policy Specialist  
Nicola Walsh – Communications Advisor  
Stafford Hodgson – Economic Growth and Planning Analyst  
Elizabeth McKnight – City Planning Project Manager  
Stephen Halliwell – Accounting Manager  
Paul Bowman – Team Leader, Economic Growth and Urban Policy

Lachlan Muldowney – City Solicitor  
Leonard Gardner, Eric Lawrence, Byron Harrison, Julian Elder – *Momentum Waikato Community Foundation Representatives.*

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Governance Advisors: Lee-Ann Jordan – Governance Manager  
Becca Brooke – Governance Team Leader  
Amy Viggers and Rebecca Watson – Committee Advisors

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**1. Apologies**

**Resolved:** (Crs Casson/Bunting)

That the apologies from Crs Yeung and O’Leary (for early departure) are received and accepted.

**Resolved:** (Mayor King/Cr Bunting)

That Council approves granting a leave of absence to Cr Pascoe for the period 19 September 2017 to 24 October 2017 inclusive.

**2. Confirmation of Agenda**

**Resolved:** (Mayor King/Cr Casson)

That the agenda is confirmed noting:

- Item 12 (Special Housing Areas Policy Deliberations Report) will be taken after 1.30pm to accommodate the City Solicitor. There would need to be some flexibility to the meeting order.
- An additional item for the Chair’s Report was tabled at the meeting and circulated to Elected Members (*attached to these minutes*).

**3. Declarations of Interest**

No members of the Council declared a Conflict of Interest.

**4. Public Forum**

**Matthew Cooper** (Sport Waikato CE) and **Leanne Stewart** (Sport Waikato Facilities Advisor) spoke to Item 9 *Funding Partnership Opportunities for a Second Indoor Court Facility*. They spoke in support of a MOU with the University of Waikato and WINTEC.

**David Braithwaite** (Resident) spoke to Item 8 *Waikato Regional Theatre –Concept Design Recommendation to Council*. He expressed his views that he was against a new theatre being built on a site other than the current Founders Theatre site.

**Richard Coventry** and **Lale Iremia** (Perry Group Representatives) spoke to Item 9 *Special Housing Areas Policy Deliberations Report*. They spoke in support of the revised Special Housing Areas Policy being approved.

**Scott Nelson, Alan van der Nagel, Ian Goldschmidt and Dan Minhinnick** (Fonterra Representatives) spoke to Item 9 *Special Housing Areas Policy Deliberations Report*. They spoke against a Special Housing Areas Policy.

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**5. Council Meeting Open Minutes - 27 July 2017**

**Resolved:** (Crs Casson/Taylor)

That Council confirm the Open Minutes of the Council Meeting held on 27 July 2017 as a true and correct record.

**6. Elected Member Briefing Notes - 10 August 2017**

**Resolved:** (Crs Macpherson/Casson)

That the Council confirm the notes of the Elected Member Briefing held on 10 August 2017 as true and correct record.

**7. Chair's Report**

The report was taken as read. The Chair noted that there was an additional item to the Chair's Report which was tabled and circulated, and it would be attached to the minutes of the meeting.

**Resolved:** (Crs Pascoe/Casson)

That Council:

- a) receives the report;
- b) approves Cr Philip Yeung's request for a leave of absence from 24 August 2017 to 23 November 2017;
- a) approves Cr Philip Yeung's request to step down as Deputy Chair of the Community and Services Committee; and
- b) appoints Cr Mark Bunting as Deputy Chair of the Community and Services Committee from 24 August 2017.

**Resolved:** (Crs Macpherson/Gallagher)

That Council delegates Council's representative on the Regional Transport Committee, Cr Dave Macpherson, to commit to a maximum of \$25,000 contribution to the development of a strategic business case exploring the opportunities for inter-regional rail connections between Hamilton and Auckland, subject to the following:

- i) the inclusion of a robust survey of likely passenger demand; and
- ii) Council's contribution being prioritised and funded within existing transport budgets allocated for developing Access Hamilton in 2017/18.

**Crs Mallett and Tooman Dissenting.**

**Resolved:** (Crs Gallagher/Pascoe)

That the Council:

- c) approves the following order of persons authorised to declare a local emergency: the Mayor, the Deputy Mayor, Cr Leo Tooman, Cr James Casson; and
- d) notes the order is only to be followed if the authorised person is not capable or not in an informed position to declare an emergency under the relevant legislation.

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**8. Waikato Regional Theatre - Concept Design Recommendation to Council**

Representatives from Momentum Waikato Community Foundation provided a presentation to the Council on their proposed concept design and business case for the development of a new Waikato Regional Theatre. They responded to questions from Elected Members concerning proposed costs and funding options for the theatre, theatre design, and future projects being considered in conjunction with the theatre.

**Resolved:** (Mayor King/Cr Taylor)

That the Council:

- a) receives the report; and
- b) notes that Management will report back to Council at its 21 September 2017 meeting with:
  - i. management's response to the concept design;
  - ii. financial implications of the proposed capital contribution of \$30,000,000 plus GST;
  - iii. financial implications of any ongoing annual contribution by Council to the Waikato Regional Theatre's ownership and operating costs;
  - iv. options and financial implications regarding the future of Founders Theatre; and
  - v. a work plan for a public consultation process on the proposal for the new Waikato Regional Theatre and future options for the Founders Theatre including a draft consultation document, communications plan, timetable and cost estimate.

*Cr Macpherson left the meeting (10.51am) during the above item. He was not present when the matter was voted on.*

***The meeting adjourned 11.42am – 12.00pm.***

*Cr O'Leary retired from the meeting during the above adjournment.*

*Cr Macpherson re-joined the meeting following the above adjournment.*

**9. Funding Partnership Opportunities for a Second Indoor Court Facility**

The report was taken as read. Staff responded to questions from Elected Members concerning Council's future funding obligations and the proposed memorandum of understanding with Sport Waikato, and Wintec.

**Resolved:** (Crs Pascoe/Southgate)

That the Council:

- a) receives the report;
- b) delegates authority to the General Manager Community to continue discussions with Sport Waikato and the University of Waikato, and discussions with Sport Waikato and Waikato Institute of Technology (Wintec), which may include other local authorities, to investigate a potential partnership option for sport and recreation facilities; and
- c) notes that where agreement is reached the General Manager will report back to Council, with timing to align with the 10-Year Plan process, with draft non-binding heads of agreement.

**Crs Mallett and Henry Dissenting.**

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**10. Community Use of H3 Venues**

General Manager Venues, Tourism and Major Events introduced the report and responded to questions from Elected Members concerning information around the types of events the venue was booked and used for. It was confirmed that there were a small number of community user bookings but due to the costs associated with operating the large venue, it did not lend itself well to smaller events.

**Motion:** (Mayor King/Cr Macpherson)

That the Council:

- a) receives the report;
- b) approves Option 3: Move to a full Community Access and revise revenue and expenditure budgets;
- c) requires any discount above 33% by any users, to come to Council for approval; and
- d) approves that no council community grant funding will be approved towards the hireage of H3 facilities, and the funding guidelines are amended accordingly.

**Amendment:** (Crs Pascoe/Southgate)

That the Council:

- a) receives the report; and
- b) approves Option 1 Status Quo: Management to continue operating H3 venues on a semi-commercial basis.

**The Amendment was put.**

**Those for the Amendment:** Councillors Pascoe, Mallett, Tooman, Casson, Henry, Southgate and Taylor.

**Those against the Amendment:** Mayor King, Councillors Gallagher, Macpherson and Bunting.

**The Amendment was declared carried and became the Substantive Motion.**

**Substantive Motion:** (Crs Pascoe/Southgate)

That the Council:

- a) receives the report; and
- b) approves Option 1 Status Quo: Management to continue operating H3 venues on a semi-commercial basis.

**Further Amendment:** (Crs Gallagher/Casson)

That Council:

- a) receives the report;
- b) approves Option 2: Community User Venue Hire Fund;
- c) approves an annual community user reserve of \$200,000 to be held by H3 to offset the cost of discounts to community users at H3 venues; and

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- d) requests staff to develop appropriate criteria to implement this resolution and report back to the 21 September 2017 Council meeting.

**The Further Amendment was put.**

**Those for the Further Amendment:** Mayor King, Councillors Gallagher, Macpherson and Casson.

**Those against the Further Amendment:** Councillors Pascoe, Mallett, Tooman, Bunting, Henry, Southgate and Taylor.

**The Further Amendment was declared lost.**

**The Substantive Motion was then put.**

**Those for the Substantive Motion:** Mayor King, Councillors Pascoe, Mallett, Tooman, Casson, Henry, Southgate and Taylor.

**Those against the Substantive Motion:** Councillors Gallagher, Macpherson and Bunting.

**The Substantive Motion was declared carried.**

**Resolved:** (Crs Pascoe/Southgate)

That the Council:

- a) receives the report; and
- b) approves Option 1 Status Quo: Management to continue operating H3 venues on a semi-commercial basis.

***The meeting adjourned 1.52pm to 2.35pm.***

*Following the adjournment, Item 12 (Special Housing Areas Policy Deliberations Report) was taken ahead of Item 11 (Draft Significance and Engagement Policy - Review) to accommodate the availability of the City Solicitor.*

**12. Special Housing Areas Policy Deliberations Report**

The Economic Growth and Planning Unit Manager introduced the report, noting that the tracked changes to attachment 2 of the report were previously accepted so should no longer be showing as tracked changes. Staff and the City Solicitor responded to questions from Elected Members concerning the application process for a Special Housing Areas and clarification of wording within the policy.

**Motion:** (Mayor King/Cr Taylor)

That the Council approves the Special Housing Areas Revised Policy (Option 1), as set out in attachment 2, pages 83 – 85 inclusive of the Special Housing Areas Policy Deliberations Report, 24 August 2017.

**Amendment:** (Cr Bunting/Henry)

That the Council:

- a) approves the Special Housing Areas Revised Policy (Option 1), as set out in attachment 2, pages 83 – 85 inclusive of the Special Housing Areas Policy Deliberations Report, 24 August 2017; and
- b) approves the inclusion of a clause to the policy “to target a minimum of 20% of total SHA stock over the life of the accord be set aside for affordable/social housing initiatives.”

**The Amendment was put.**

**Those for the Amendment:** Councillors Macpherson, Bunting and Henry.

**Those against the Amendment:** Mayor King, Councillors Gallagher, Pascoe, Mallett, Tooman, Casson and Taylor.

**The Amendment was declared lost.**

**The Motion was then put and declared carried unanimously.**

**Resolved:** (Mayor King/Cr Taylor)

That the Council approves the Special Housing Areas Revised Policy (Option 1), as set out in attachment 2, pages 83 – 85 inclusive of the Special Housing Areas Policy Deliberations Report, 24 August 2017

***The meeting adjourned 3.55pm – 4.05pm.***

*Cr Southgate retired from the meeting (3.30pm) during the above item. She was not present when the matter was voted on.*

*Following the adjournment, Item 13 (Report back for Financial Strategy and Revenue Taskforce) and Item 14 (Audit and Risk Committee – External Appointment Update) were taken ahead of Item 11 (Draft Significance and Engagement Policy – Review) to accommodate staff availability.*

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**13. Report back for Financial Strategy and Revenue Taskforce**

The Chair of the Financial Strategy and Revenue Taskforce introduced the report, noting that the purpose of the Taskforce was to consider Revenue and Financial Strategy options ahead of the 10 Year Plan process. It was confirmed that approval of a financial strategy and potential revenue options would allow staff to model outcomes to assist Elected Members with decision making through the 10 Year Plan process.

**Resolved:** (Cr Pascoe/Mayor King)

That the Council:

- a) approves the following working Financial Strategy Measures:
  - (i) Debt to Revenue (LGFA calculation).
  - (ii) Balancing the Books (new calculation).
  - (iii) Rates increase limit (expressed as the percentage increase to existing ratepayers).
  - (iv) Rates limit (expressed as a maximum portion of the rateable capital value of the city).
- b) notes that the limits and targets associated with the Financial Strategy measures will be determined through the 10 Year plan Process; and
- c) requests the Chief Executive to obtain detailed financial modelling of the following potential revenue options for consideration to include in the 10-year Plan:
  - (i) Moving to full capital value rating sooner.
  - (ii) Introducing a targeted rate to fund community infrastructure.
  - (iii) Introducing a targeted rate on developer ready land.
  - (iv) Removing CBD remissions in the Development Contribution Policy.
  - (v) Removing Caps in the Development Contributions Policy.
  - (vi) Adding projects beyond the 10-year Plan to the Development Contributions Policy.
  - (vii) Introducing an entry fee for non-residents at the Enclosed Gardens at Hamilton Gardens.
  - (viii) Introducing a targeted rate to fund transportation initiatives.

**14. Audit and Risk Committee - External Appointments Update**

The report was taken as read.

**Resolved:** (Crs Casson/Tooman)

That the Council:

- a) receives the report; and
- b) notes that remuneration payable to:
  - i) the Chairperson of the Audit and Risk Committee (under Contract 11079) is amended to \$7,400 (excluding GST) per quarter for all his Council attendances and responsibilities, plus reasonable travel and accommodation costs; and
  - ii) Kieran Horne, as an external member of the Audit and Risk Committee, is \$3,750 (excluding GST) per quarter for all her Council attendances and responsibilities, plus reasonable travel and accommodation costs.

**11. Draft Significance and Engagement Policy – Review**

The Corporate Policy Specialist introduced the report. Staff responded to questions from Elected Members concerning the consultation parameters and the definition of a strategic asset as being what Council determines to be important to current and/or future wellbeing of the community.

**Motion:** (Crs Pascoe/Mallett)

That the Council approves the draft Significance and Engagement policy and proposal for public consultation from 26 August 2017 to 26 September 2017.

**Amendment:** (Mayor King/Cr Taylor)

That the Council adopts the draft Significance and Engagement policy.

**The Amendment was put.**

**Those for the Amendment:** Mayor King, Councillors Tooman, Bunting, Casson and Taylor.

**Those against the Amendment:** Councillors Gallagher, Pascoe, Mallett, Macpherson and Henry.

**The Amendment was declared equal.**

**The Amendment was declared carried on the casting vote of the Chair.**

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

**Resolved:** (Mayor King/Cr Taylor)

That the Council adopts the draft Significance and Engagement policy.

**Crs Macpherson and Tooman Dissenting.**

*The following motion to extend the time of the meeting beyond six hours was moved at 5.05pm*

**Resolved:** (Mayor King/ Cr Pascoe)

That the meeting be extended to continue beyond 6 hours as per Standing Order 3.2.7.

*Cr Henry retired from the meeting at the conclusion of the above item (5.20pm). She was present when the matter was voted on.*

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**10. Recommendation to Council concerning amendments to the External Funding Application Policy, from 8 August 2017 Community and Services Committee Meeting.**

The report was taken as read. It was noted that the change in the policy meant that Council would no longer apply for external funding from Gaming Trusts who receive funding from class 4 gambling machines.

**Resolved:** (Mayor King/Cr Casson)

That Council approves the amended External Funding Applications Policy (attachment 1).

**Cr Mallett Dissenting.**

**11. Resolution to Exclude the Public**

**Resolved:** (Crs Tooman/Casson)

**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. Council Meeting Public Excluded Minutes - 27 July 2017	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C1. Elected Member Briefing Noted Closed - 10 August 2017		

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

Item C1.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C1.	to protect the privacy of natural persons	Section 7 (2) (a)

**The meeting went into a Public Excluded session at 5.27pm.**

**The meeting was declared closed at 5.32pm.**

**Appendix 1**



## Additional Item for Chair's Report

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Cr Yeung has been absent from Council meetings since mid-May 2017 due to a serious illness.

I have been in reasonably frequent contact with Cr Yeung and his family since he became ill, and visited them on Saturday. He is at home and relatively comfortable. His condition has stabilised and he is alert and in good spirits, continuing to pay attention to the Council's business and decisions.

Although he is hopeful of returning to his official duties, he is not yet well enough to return. As a result, I have received a request from Cr Phillip for a leave of absence for three months from the date of this meeting so he can concentrate fully on his health.

Given this absence, Cr Yeung has also requested that he be replaced as Deputy Chair of the Community and Services Committee for the remainder of the triennium. In discussion with the Chair of the Community and Services Committee (Cr Paula Southgate), it is proposed that Cr Bunting take over as Deputy Chair to the Community and Services Committee.

Cr Yeung wishes to thank the public for their concerns and well wishes and asks for privacy during this time.

### **Recommendation**

That Council:

- a) receives the report;
- b) approves Cr Philip Yeung's request for a leave of absence from 24 August 2017 to 23 November 2017;
- c) approves Cr Philip Yeung's request to step down as Deputy Chair of the Community and Services Committee; and
- d) appoints Cr Mark Bunting as Deputy Chair of the Community and Services Committee from 24 August 2017.

Given Cr Yeung's significant prior work in our community, his high profile and the esteem in which he is held across the city, it is also sensible for our Communications Unit staff to issue a brief statement and undertake other communications to advise residents and media of this development.

Andrew King  
Mayor – Hamilton City

# Council Report

**Committee:** Council **Date:** 21 September 2017  
**Author:** Lee-Ann Jordan **Authoriser:** Lee-Ann Jordan  
**Position:** Governance Manager **Position:** Governance Manager  
**Report Name:** Confirmation of Elected Member Briefing Notes - Open - 7 September 2017

<b>Report Status</b>	<i>Open</i>
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## Staff Recommendation

1. That Council confirm the notes of the Elected Member Briefing held on 7 September 2017 as a true and correct record.

## Attachments

Attachment 1 - Elected Member Briefing Notes - 7 September 2017

## Elected Member Briefing Notes – 7 September 2017

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<b>Time and date:</b>	7 September 2017 at 9.30am
<b>Venue:</b>	Committee Room 1, Hamilton City Council
<b>In Attendance:</b>	Mayor King, Deputy Mayor Gallagher, Crs Bunting, Casson, Henry, Pascoe, O’Leary, Mallett, Southgate, Taylor, Tooman
<b>Apology for Full Session:</b>	Crs Yeung, Macpherson
<b>Apology for Part Session</b>	Cr Taylor

### Discussion

The briefing session covered the following topics in the open session

- Waikato Means Business
- Draft Open Space Provision Policy
- Rates Rebates and Penalties
- Representation Review 2017-19: upcoming decision re Maaori representation
- Options for Hinemoa Park Bowling site – Hamilton West Town Belt.

There were a number of key points arising from the discussions:

#### 1. Waikato Means Business

*(Presentation was provided)*

The GM City Growth introduced Dallas Fisher who gave a presentation on behalf of Waikato Means Business (WMB) and a new proposal for the development of an economic development model for the Waikato Region. Mr Fisher provided some background on WMB which was established through the Waikato Mayoral Forum and the challenges in driving economic prosperity in the region. He outlined a proposal for a new regional economic development entity to leverage Government funding for ED projects in the Waikato based on funding contributions from local councils and local businesses. The entity would deliver a hub and spoke model built off Waikato Innovation Park's business development services. Hamilton City Council's funding contribution share based on population would be approximately \$140,000.

Elected Members asked questions in relation to the following:

- Strategies if business or other funding contributions are not realised
- How this model is different from previous failed models
- Definition of ED
- How will the new entity measure the impact/success of its initiatives
- Likelihood of a Thames/Corromandel contribution
- Relationship to Agenda Waikato Group (business group) and Waikato Innovation Park
- Clarification of funding arrangements for the existing Waikato Innovation Park business development staff and how the arrangements would work post the sale of WIP
- Relationship of the new entity to the Waikato Plan
- Clarification of council staff time required
- Development time and potential commencement date.

#### 2. Draft Open Space Provision Policy

*(Presentation was provided)*

The GM Community and the Acting Team Leader Planning and Assets gave a presentation on a draft policy, the purpose of which was to provide necessary guidance on Council's delivery of parks. The draft policy would set out provision targets for land needed as well as the types of parks and facilities Council should provide.

Questions from Elected Members related to:

- Whether the policy enabled use of development contributions for parks
- Types of parks and criteria that would be applied; considerations such as density and availability of other (non-Council) facilities available
- Considerations relating to 'green fields' parks and upgrading of parks in established areas
- Funding implications and how Council funding could be staged to deliver parks to the targets/standards under the proposed policy
- Expectations for multi-use of facilities versus 'club'-centric use.
- Public challenges regarding Council provision if it were not consistent with the policy
- Involvement of private developers and vesting of privately developed parks to Council

### **3. Rates Rebates and Penalties**

*(Presentation was provided)*

The Rates and Revenue Manager took Elected Members through a presentation on rates rebates, remissions and rates penalties - what they are, criteria, the differences between rebates and remissions, and how they work. He noted that rebates were provided for under the Government rates rebate scheme; Council's hardship remission is covered by Council policy. Penalties were intended to incentivise timely payment of rates. Numbers of applications to Hamilton City Council for rebates and remissions, trend information for rebates nationally, and threshold information was provided.

Elected Members asked questions in relation to:

- The number of years a person may apply for rebates or remissions
- Timeframes before penalties are applied
- Communications to the public regarding availability of rebates and remissions
- How asset value affects eligibility for rebates and remissions
- Incentivising the switch from hard copy rates invoices to electronic.

### **4. Representation Review 2017 – 19: upcoming decision re Maaori representation**

*(Presentation was provided)*

The Governance Manager and the Representation Review Project Manager provided Elected Members an overview of the process and timeline for Council consideration of Maaori Representation (Maaori Wards) which is the first stage of the Representation Review. They also presented supporting statistical information, information on options for alternative models for Maaori representation, and summary feedback from Council's key Maaori stakeholders. A number of members of Hamilton's Mana Whenua and Maataawaka communities were in attendance and a representative of each group addressed Elected Members.

Members of the Project Team responded to questions from Elected Members on:

- Criteria for candidates for Maaori Wards
- Availability of information on the perceived benefits of Maaori representation models adopted by other New Zealand councils
- Positioning the 'status-quo' as an option alongside the other options
- Perceived benefits and limitations of Maaori Wards versus other models for Maaori participation in council decision-making
- Options potentially available within existing legislation for Maaori representation on Council and Council committees
- Consultation undertaken with Maaori Stakeholders

- Maaori stakeholder preferences for representation
- Opportunities for Iwi representation.

## **5. Options for Hinemoa Park bowling site – Hamilton West Town Belt**

*(Presentation was provided)*

GM Community, the Community Occupancy Advisor, and the Parks Planner responded to a request from the 6 July 2017 Elected Member Briefing for more contextual information to inform decisions regarding the Expression of Interest process for the bowling site. They noted that the underlying green frame purpose for the area had been lost over time and referenced the relevant strategic plans, and decisions yet to be made regarding Pit Lane and Founders Theatre. Options discussed included leasing the building and returning the land to open space; leasing the land and the building (status quo); returning the land and building to open space; and selling the land and building. Staff discussed key points of the expressions of interest received in connection with options 1 and 2.

Staff responded to questions from Elected Members relating to:

- Retaining or losing car parks in that area
- Opportunities to create more green space
- Potential to modify some of the EOIs to preserve/emphasise 'green space' and/or improve community hub opportunities
- Outcomes that will help with connectivity and activate the surrounding areas including biking and walking paths
- Process for selling the land
- Opportunities to make space available for the skate park
- Tree clearing to increase visibility and security.

Staff advised that the next step in the process involved gathering more information from some of the organisations involved regarding their intentions/proposals. Options based on this information and Elected Member feedback would be developed and brought to a future briefing.

# Council Report

Item 8

<b>Committee:</b>	Council	<b>Date:</b>	21 September 2017
<b>Author:</b>	Luke O'Dwyer	<b>Authoriser:</b>	Kelvyn Eglinton
<b>Position:</b>	Economic Growth and Planning Unit Manager	<b>Position:</b>	General Manager City Growth
<b>Report Name:</b>	Hamilton City Partly Operative District Plan - Making the Plan Fully Operative		

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To seek Council's approval to make the Hamilton City Partly Operative District Plan (PODP) fully operative.

## Staff Recommendation

2. That the Council approves the Hamilton City Partly Operative District Plan to be made fully operative on 18 October 2017, in accordance with clauses 17 and 20 of the First Schedule of the Resource Management Act 1991.

## Executive Summary

3. All appeals to Plan Change 1 (previously the Ruakura Variation) have been resolved in full, allowing Council to make the Partly Operative District Plan (PODP) fully operative.
4. Only Council can resolve to make the District Plan fully operative, which is a decision that is administrative in nature.
5. With the Council's approval, the PODP will become fully operative on 18 October 2017.
6. This will provide certainty to the community about Hamilton's planning framework and result in administrative efficiencies for the Council, the community and developers.

## Background

7. The District Plan review began in 2009 with identifying significant resource management issues for Hamilton and consulting with stakeholders and the community.
8. The Proposed District Plan was notified in December 2012.
9. Decisions made by independent commissioners were released in July 2014.
10. Forty-five appeals were lodged against those decisions with the Environment Court.
11. The appeals were resolved in full and the Proposed District Plan was made 'Partly Operative' in October 2016 following a resolution of Council in September 2016.
12. The exclusions related to the Ruakura Variation (now Plan Change 1), which had been notified in November 2015. Hearings were held in August 2016 and decisions were released in November 2016.

13. Two appeals were lodged against those decisions with the Environment Court.
14. Staff worked to resolve the appeals in accordance with a strategy endorsed by Council.
15. The appeals have now been resolved in full, allowing Council to make the PODP fully operative.

### **Discussion**

16. The manner in which a proposed district plan is made operative is set out in clauses 17 and 20 of the First Schedule of the Resource Management Act 1991 (RMA).
17. Under clause 20 (2) the Council is required to publicly notify the date on which the plan will become operative five working days before the plan is made operative.
18. Should the Council endorse the staff recommendation in this report, the public notice will appear on 10 October 2017 and the PODP will become fully operative on 18 October 2017.
19. Following the Council resolution, the seal can be affixed to the plan to show it is officially fully operative. The seal can be fixed only with a resolution of the full council.

### **Financial Considerations**

20. The total costs to complete this project are \$20,000, which is funded through the 2017/18 Annual Plan as part of the regular operating activity for the on-going maintenance of the District Plan. These costs relate to printing and the advertising of a public notice as required under the RMA.

### **Legal and Policy Considerations**

21. The recommendation contained in this report meets the requirements of the RMA.

### **Cultural Considerations**

22. The development of the District Plan has taken cultural matters into account through the statutory process as required under the RMA.

### **Risks**

23. No risks have been identified in making the PODP fully operative.

### **Significance and Engagement**

24. The District Plan has been through significant engagement processes as required under the RMA.

### **Attachments**

There are no attachments for this report.

# Council Report

**Committee:** Council **Date:** 21 September 2017  
**Author:** Luke O'Dwyer **Authoriser:** Kelvyn Eglinton  
**Position:** Economic Growth and Planning Unit Manager **Position:** General Manager City Growth  
**Report Name:** Te Awa Lakes Private Plan Change Application

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To seek Council approval to accept the private plan change for the Te Awa Lakes development and initiate the next steps of the process.
2. This report considers the options available to Council in relation to a private plan change application which has been submitted to Council, and to determine if the plan change process should proceed. The plan change proposes to remove the current industrial land use zoning provisions applying to the site at Te Rapa North and to and replace them with new planning provisions that would enable mixed use development at the site.
3. The first step in this private plan change process is for Council to decide whether the application should proceed to be tested and evaluated under the Resource Management Act 1991 (RMA). The decision being sought from Council is whether to formally commence the plan change process
4. Additionally, this report addresses the question of whether independent commissioners should be appointed to hear the private plan change application should Council decide to proceed with the plan change process.
5. Whether the plan change should be approved and become part of Council's Operative District Plan is not a decision for Council at this time. At this stage Council is only concerned with the preliminary question of whether the plan change should be rejected outright (option 1) , or whether it should be given the chance to be tested and evaluated under the RMA process, and if so, under which of the three process options set out in paragraph 9.

## Staff Recommendation

6. That the Council resolves to:
  - a) accept the private plan change (option 4 of the staff report) for the Te Awa Lakes development in Te Rapa North as outlined in Attachment 3 of this report and delegates responsibility to the Chief Executive for processing and notification of the plan change pursuant to clause 25(2)(b) of the First Schedule of the RMA;

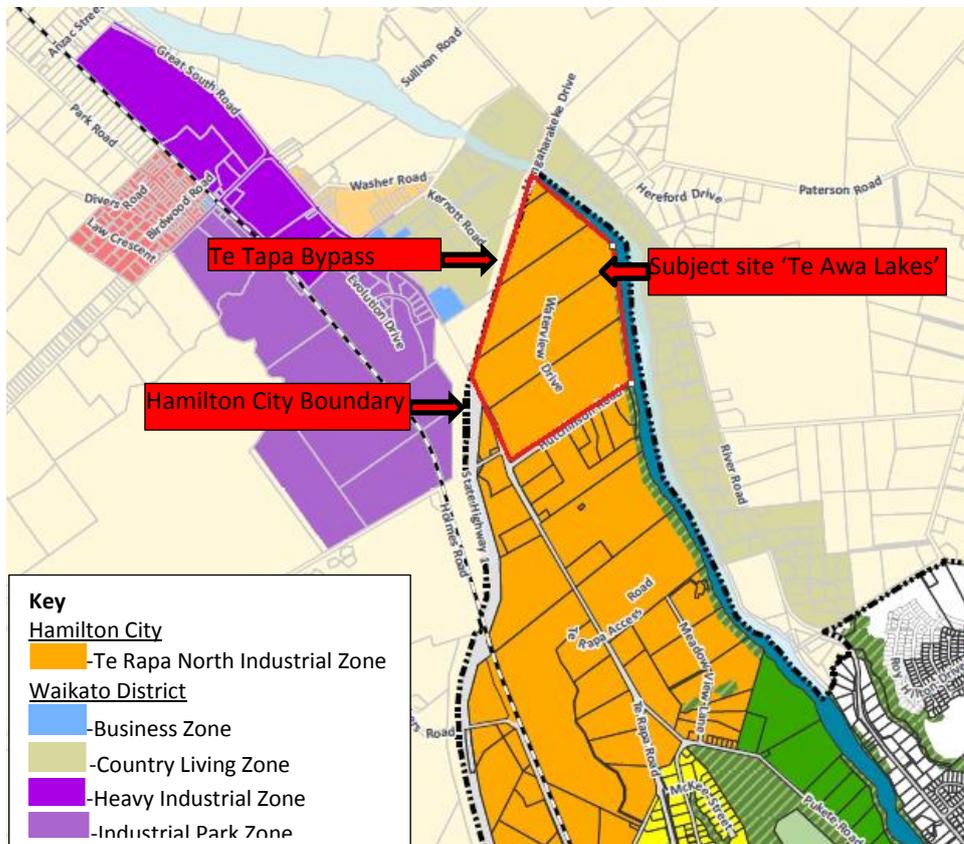
- b) convene a hearings panel to hear, determine and make decisions on all submissions and matters relating to the Te Awa Lakes plan change once notified. It is further recommended that the hearing panel comprise three independent commissioners with qualifications and skills in strategic land use planning and/or infrastructure engineering and one with expertise in tikanga Maaori (with one appointed as a chair); and
- c) delegate authority to the Chief Executive to select and appoint three suitably qualified independent commissioners as per recommendation (b).

### Executive Summary

7. On 28 July 2017 Perry Group Limited (Perry's) lodged with Hamilton City Council (HCC) a private plan change application to the Hamilton City Partly Operative District Plan (PODP).
8. The application seeks to enable a range of land uses for an area referred to as the 'Te Awa Lakes' development. The application relates to an area of land approximately 62ha in size located at Te Rapa North.
9. The plan change would rezone the site from the existing Te Rapa North Industrial zoning to a mix of land uses, including Major Facilities Zone, Medium Density Residential Zone and a Business Zone. The purpose of the plan change is to enable a range of residential land uses, an adventure park and business activities.
10. Pursuant to Clause 25 of the First Schedule of the Resource Management Act (RMA), once a private plan change is lodged with Council, it must decide whether to:
  - a) Reject the plan change (Option 1);
  - b) Process the plan change as if it were a Resource Consent (Option 2);
  - c) Adopt the private plan change as its own plan change and then notify it (Option 3); or
  - d) Accept the plan change for processing and publicly notify the private plan change (Option 4).
11. Whether the plan change should be approved and become part of Council's Operative District Plan is not a decision for Council at this time. At this stage Council is only concerned with the preliminary question of whether the plan change should be rejected outright (Option 1), or whether it should be given the chance to be tested and evaluated under the RMA process, and if so, under which of the three process options set out in paragraph 9 above (Options 2, 3 and 4).
12. If Council elects Options 2, 3, or 4, then the decision to approve or decline the plan change itself would be determined after a hearing of the plan change (should the plan change be accepted for processing).
13. Staff have undertaken an assessment of the plan change for the purpose of this preliminary question.
14. Staff have not completed a full assessment of the plan change to determine whether it can be supported. That assessment will follow if the plan change proceeds.
15. However, as set out in this report, staff have concluded that the plan change should not be rejected at this preliminary stage, and should proceed to be evaluated under the RMA. Of the procedural options available to Council, being Options 2, 3 or 4, for the reasons set out in this report, staff recommendation is to accept the plan change for processing (option 4)
16. Should the Plan Change be accepted, all costs associated with processing the application by Council staff, including expert and legal costs, are recoverable from Perry's.

**Background and Location**

- Perry's own a large landholding referred to as 'Te Awa Lakes' in the north of Hamilton City that is bounded by the Te Rapa Bypass to the west and north, the Waikato River to the east and Hutchinson Road to the south. This is shown on the below diagram.



- The site is located within the Te Rapa North Strategic Industrial Node set out in Future Proof and the Waikato Regional Policy Statement due to its location next to the Te Rapa Bypass, close proximity to the main trunk railway line and location within a well-established industrial area located within both Horotiu (Waikato District) and Hamilton City.
- The subject site has historically been used for sand quarrying activities which are in the process of being disestablished.
- The site was transferred to Hamilton City Council's jurisdiction from Waikato District Council in July 2011. The intention was that the land would accommodate the continued expansion of the Te Rapa Industrial area. The Proposed Waikato District Plan was at that stage still subject to appeals when the land was transferred to Hamilton City.
- In September 2012 a consent order on the Proposed Waikato District Plan was issued by the Environment Court to zone the subject site as Te Rapa North Industrial Park Zone, service centre and industrial area. Perry's appeal on the Proposed Waikato District Plan was largely supportive of the industrial zoning. Because this part of Waikato District had by this time been transferred to Hamilton, Council also participated in that process and was also supportive of the industrial zoning
- Council took this land from Waikato District subject to this zoning, and then replicated this zoning when it incorporated the land within its new Hamilton City Proposed District Plan which was notified in December 2012. Perry's submission on the Proposed District Plan (PDP) was generally in support of the industrial zoning of the land. Decisions were made on the Hamilton City Council PDP in July 2014 and Perry's did not appeal the decision to the Environment Court.

23. A resource consent for an Indicative Development Plan (IDP) was approved for the site in May 2015. Stage 1 of the consent (7ha adjoining Hutchinson Road) included the establishment of a service centre on the south eastern corner of the site and an industrial area to east of the service centre. The service centre on the corner of Te Rapa Road and Hutchinson Road has been constructed. This includes a BP service station and a number of other retail premises. Stage 2 of the consent allows industrial development on the 23ha adjacent to the Te Rapa Bypass after 2021.
24. An 8 Lot industrial subdivision was approved for the Stage 1 area in November 2015.
25. Water supply and waste water services were extended to the site as part of the approved IDP. The site has a comprehensive stormwater discharge consent approved by the Waikato Regional Council for stormwater discharge.

### Overview of the application

26. Despite the beginnings of industrial development on the site, the plan change application seeks to rezone the Te Awa Lakes area (62ha) to enable a range of residential land uses, an adventure park and business activities.
27. This hyperlink ([attachment 3](#)) takes the reader of this report to all of the documents submitted to Council that collectively make up the plan change application which is the subject of this report.
28. It is important to note that hard copies of all the documentation making up the plan change were also made available for elected members prior to this report being tabled at the Council meeting.
29. The plan change application is comprised of two volumes. Volume 1 contains the Assessment of Environmental Effects (AEE), the proposed planning provisions, and some technical reports. Volume 2 contains the remaining technical appendices which have informed the AEE.
30. The zoning is proposed to accommodate Te Awa Lakes Major Facilities (comprising of an adventure park and visitor accommodation), Te Awa Lakes Medium Density Residential Zone (including the Te Awa Lakes River Interface overlay) and a Business Zone. See [attachment 1](#) for the zoning plan.
31. The Adventure Park would enable a mix of indoor and outdoor activities with a core of water based activities. A visitor accommodation area is proposed to wrap around the Adventure Park. This area is expected to contain 400 low rise 'resort style' accommodation.
32. The residential component of Te Awa Lakes would enable the construction of 892 residential units (+or-10%) with a mix of single dwellings, duplexes and apartments. Lakes, approximately 5.8ha, which are remnant from the previous quarrying activities, will be located within the residential area. Higher density residential development will be clustered around the lakes with a lower density (minimum 1000m<sup>2</sup>) adjacent to the river. See [attachment 2](#) for the Master Plan.
33. The Business Zone (approximately 5.8ha) would include the existing service centre and a 'mixed use' development along Hutchinson Road. This would enable small neighbourhood shops, restaurants, cafes, licensed premises, small offices (e.g. real estate agents), banks, doctor's rooms plus some light service industries such as boat, jet ski and cycle repairs. Tourist activities not directly associated with the adventure park, such as a cultural centre and tourist information centre are also provided for.
34. The plan change will require a number of amendments to the District Plan including the addition of a new structure plan area within the Structure Plan Chapter 3, the addition of the Te Awa Lakes Medium Density Residential Zone within the Residential Zone Chapter, the

addition of Te Awa Lakes Adventure Park within the Major Facilities Zone and the addition of Te Awa Lakes Business 6 Zone within the Business Zone Chapter.

35. In addition changes will be made to the Te Rapa North Industrial Zone, subdivision, noise, information requirement and assessment criteria chapters. Whilst the plan change involves changes to a number of rules, objectives and policies of the District Plan, the existing framework of the District Plan will be retained.

### **Key environmental issues arising from the proposal**

36. Key environmental issues arising from the project include (but are not limited to) the following:
- Reverse sensitivity and land use compatibility
  - Economic effects
  - Strategic land use allocation and distribution
  - Transport impacts
  - Amenity related effects, including odour, noise, lighting and glare issues
  - Three waters related impacted, including stormwater management, and water and waste water supply
  - Cultural and archaeological effects
  - Ecological effects
37. The National Policy Statement on Urban Development Capacity (NPS-UDC) must be considered under Clause 25, Schedule 1 of the RMA when deciding whether to accept a plan change.
38. This is a matter of National Policy and must be given effect to when changing a plan. The purpose of the National Policy Statement (NPS) is to improve housing supply and affordability and ensure that there is an adequate supply of business land. A housing and business capacity assessment is currently being prepared as required under this NPS. The assessment is due in December 2017. Until this work has been completed it is uncertain whether the application is consistent with the NPS-UDC. Despite this, it is not unreasonable to accept the plan change for processing without knowing the findings of this report as the results of the assessments will be available for the hearings on the plan change early in 2018.
39. As identified above, a number of lakes will be established within the site as part of future site development. The application has indicated that these will be swimmable; at this stage it is unclear whether these lakes can be made swimmable.

### **Options**

40. Council must decide how it wishes to deal with this private plan change. Schedule 1, Clause 25 (2-4) of the RMA gives Council the following options for processing of the private plan change:
- a. Reject the request ( Option 1)
  - b. Process the request as if it were a Resource Consent ( Option 2)
  - c. Adopt the request (Option 3)
  - d. Accept the request ( Option 4)

41. Each option is assessed and evaluated in the table below.

Option	Assessment
<p>43. Option 1- Reject the request</p>	<p>Council can only reject the request outright if it satisfies one or more of the grounds for rejection set out in Clause 25(4) of the RMA as assessed below.</p> <p><i>a. The request is frivolous or vexatious.</i></p> <p>The request is a legitimate request that directly relates to the applicants property. The applicant and its consultants engaged with City Planning staff during the preparatory phases of developing the formal request to identify key issues in relation to the proposal. Those matters have been addressed in the plan change application at a sufficient level enabling the matter to be tested through the plan change process. As such staff have determined that the plan change request should not be rejected as on the grounds that it is frivolous or vexatious.</p> <p><i>b. The substance of the change request has been dealt with within the last two years by Council or the Environment Court.</i></p> <p>The substance of the plan change request involves a new land use proposal for the site which has not been dealt with within the last two years by the Council or the Environment Court.</p> <p><i>c. The request is not in accordance with sound resource management practice.</i></p> <p>The term ‘sound resource management practice’ has no specific legal definition in the RMA. However the Environment Court has found that the concept of sound resource management practice is tied to the purpose and principles of the RMA being the sustainable use, protection and development of natural and physical resources.</p> <p>On that basis the applicant has submitted a thorough assessment of environmental effects that covers the potential environmental effects of the application and presents a robust evaluation of the proposal in RMA terms.</p> <p>Expert reports on urban design, stormwater, water, waste water, transportation, landscape and visual effects, economic effects, acoustic effects, geotechnical effects, odour, lighting, ecological effects and cultural and archaeological effects have been provided with the application.</p> <p>The reports are in support of the application and the level of detail provided is considered to be in accordance with sound Resource Management practices for the purposes of accepting the plan change and notifying the request in accordance with the First Schedule of the RMA.</p> <p>There are no features of the proposal that are considered not in accordance with sound resource management practice.</p> <p>However, this is not to be taken as a staff endorsement of the plan</p>

Option	Assessment
	<p>change. There may be aspects of the proposal that staff do not agree with, and these aspect will need testing in the evaluation process, through hearing evidence and submissions, should Council allow the plan change to proceed further.</p> <p><i>d. The request would make the plan inconsistent with Part 5 (Standards, policy statements and plans) of the RMA.</i></p> <p>The relevant Part 5 matters are discussed in i-vi below:</p> <ul style="list-style-type: none"> <li>i. National Environmental Standard (NES) for Assessing and Managing Contaminants in Soil to Protect Human Health (NES). The plan change application addresses the above NES by including an Environmental Site Investigation report that combines the findings of both a Preliminary Site Investigation and a Detailed Site Investigation relating to potential soil contamination from prior activities on the site and is sufficient for the purposes of change in land use zoning. The report recommends that a future rehabilitation strategy will need to be developed as part of any future redevelopment of the site for residential purposes.</li> <li>ii. The National Policy Statement on Urban Development Capacity 2016 (NPS-UDC) is an initiative working towards improving housing supply and affordability in New Zealand as well as ensuring that there is an adequate supply of business land. It requires Council to prepare a housing and business capacity assessment by 31 December 2017. This assessment is currently being undertaken by Future Proof for the Hamilton Urban Area (which comprises the entirety of the HCC territorial boundary and parts of both Waipa and Waikato districts). However this assessment will not be available until December this year. Without this report, we are unable to determine whether the plan change is consistent with this NPS in ensuring that there is an adequate supply of housing and business land. Until the NPS assessment is released we cannot conclude whether the plan change is consistent or inconsistent with this NPS. However this uncertainty can be resolved during any full evaluation and hearing of the plan change which will take place after the NPS assessment is completed in December 2017.</li> <li>iii. The NPS for Fresh Water Management 2014 (NPS-FM) helps to minimise the impact on fresh water. The Waikato River is identified under this NPS. The proposed plan change borders the Waikato River and the river is an outlet for stormwater disposal. A stormwater discharge consent to the Waikato River has already been approved by Waikato Regional Council. The applicant has submitted ecological reports and stormwater reports with the application. The first schedule process will ensure that the plan change is consistent with the NPS-FM.</li> <li>iv. The Regional Policy Statement (RPS) aims to achieve planned and co-ordinated subdivision land use and development and in particular adopt the Future Proof land use pattern. The area has been identified as a strategic industrial node in Future Proof, with industrial land allocations of up to 14ha of development up until</li> </ul>

Option	Assessment
	<p>2021, 46ha of development after 2021; and to restrict further development beyond this until infrastructure is ready and to avoid over supply. This has been incorporated in the District Plan by zoning 245ha of land as Te Rapa North Industrial Zone. Within this land it identifies an area of 52ha south of Bern Road and west of Te Rapa Road as 'Stage 1A Dairy Industrial Area'. It identifies the subject site of 62ha of land north of Hutchinson Road as 'Stage 1B Service Centre Industrial Area'. The relevant rules for Stage 1A and Stage 1B areas enable up to 7ha of development in each prior to 2021 and another 23ha of development in each after 2021. These land areas match that contained within the RPS. The remainder of the land is identified as a 'deferred industrial' overlay.</p> <p>Resource consent has been approved on the Te Awa Lakes site (Stage 1B) for an Indicative Development Plan (IDP) which enables 7ha for a service centre and industrial uses straight away and 23ha for industrial uses after 2021 (total of 30ha). These allocations are consistent with the Future Proof industrial land allocations.</p> <p>Approximately 5ha of land within the Te Rapa North Industrial Zone has been developed already, this leaves a balance of 25ha that is undeveloped and would need an alternative land use if the plan change is approved. The remaining 30ha of the site does not need to be reallocated as this can be replaced elsewhere within the deferred industrial zone when needed in the future.</p> <p>The RPS allows an alternative pattern of development under 6.14.3 where:</p> <ul style="list-style-type: none"> <li>• safe and efficient function of existing planned infrastructure is maintained;</li> <li>• where there is justified robust evidence supporting the alternative land use pattern;</li> <li>• where sufficient industrial land is available; and</li> <li>• the change is consistent with 6A of the RPS.</li> </ul> <p>The applicant has provided an assessment against these matters in their application (see attachment 3) which support its request for an alternative land release under the RPS. In this respect, the plan change addresses these RPS requirements and to that extent is not inconsistent with them. Again, staff acknowledging that the plan change addresses these matters is not an endorsement of the content of the plan change, but simply an acknowledgment that the issues are being addressed.</p> <p>v. Section 8 of the RPS relates to fresh water bodies and in particular managing discharges into the Waikato River. As stated in ii above, stormwater and works can be adequately managed throughout the process in order to protect the water quality of the Waikato River.</p> <p>vi. Section 6 of the RPS relates to the built environment and ensuring that transport occurs in a planned and co-ordinated way. The applicant has submitted an integrated transportation assessment</p>

**Item 9**

Option	Assessment
	<p>with their application and has addressed the relevant matters of the RPS including providing a multi modal, safe and efficient transport network which provides for the long term strategic approach to the integration of land use and infrastructure. The first schedule process will ensure that the plan change is consistent with this Section of the RPS.</p> <p><i>e. The District Plan has been operative for less than two years</i></p> <p>The District Plan is not yet fully operative, but, pending a separate decision from Council, it will become fully operative in October 2017. The Environment Court has held that this is not a single absolute criteria and it must be considered as part of an overall exercise of discretion. Accordingly, while the District plan will not have been operative for two years before the plan change is considered, this is not of itself fatal and there would need to be other factors supporting rejection in combination with this factor.</p> <p>Staff consider that there are no fundamental flaws in the private plan change as lodged. Any short comings in the above information can be considered during the First Schedule process and for this reason, the fact that the plan change comes within this two year period is not deemed sufficient basis for rejection of the plan change..</p> <p>Overall, there is no compelling reason to reject the plan change based on the criteria set out in Clause 25 ( 4) of the First Schedule to the RMA.</p>
<p>44. Option 2- Resolve to deal with the request as if it were an application for a Resource Consent</p>	<p>Under Clause 25(3) of the First Schedule to the RMA, the Council may decide to deal with the request as if it were an application for resource consent.</p> <p>If the proposal was processed as a resource consent it would require consent as a Non-Complying activity under the District Plan. In order for a Non-Complying resource consent to be approved under Section 104D of the RMA, it needs to either have no more than minor adverse environmental effects or be consistent with the objectives and policies of the Plan.</p> <p>The plan change is not consistent with the objectives and policies which seek to avoid non-industrial activities on the site unless they support or are consistent with industrial land uses. In addition the large size, scale and out of character nature of the proposal is unlikely to be found to have no more than more than minor adverse environmental effects.</p> <p>For those reasons the proposal is unlikely to pass the threshold test for a Non Complying Activity and a resource consent application is therefore unlikely to be successful. The high level of detail required with a resource consent application also does not make an application of this size well suited to the resource consent process.</p> <p>This Option is not recommended.</p>
<p>45. Option 3- Adopt the request</p>	<p>The Council has the option to the adopt the plan change request as if it were made by the local authority itself under Clause 25(2)(a) of the First</p>

Option	Assessment
	<p>Schedule to the RMA. This means that Council would accept the responsibility for the processing and costs associated with advancing the change through the planning process. Typically, this Option would suit a situation where Council wants to assume complete control of the plan change, such as when the plan change is critical to Council's strategic objectives. This is not necessarily the case here.</p> <p>This approach is not recommended because:</p> <ol style="list-style-type: none"> <li>a. While the applicant posits that there is a strong and immediate need for additional housing supply, HCC has zoned and enabled sufficient housing in the short to medium terms as outlined in the first phase of the review of the Future Proof Sub-Regional Growth Management Strategy. It is not necessarily a site that Council staff would promote as a priority housing area when compared to other areas and sites in Hamilton, especially given the potential reverse sensitivity impacts arising from the project which are yet to be fully assessed and understood, coupled with the fact the area is not serviced by Council, and is not forecast to be serviced in the immediate to medium term.</li> <li>b. The plan change also represents a significant departure from the planning and investment framework that a number of key stakeholders (including Perry's) have sought to secure over the past 10 years. Of note is the fact that Perry's submitted on the Proposed District Plan in relation to the Te Rapa North Industrial Zone. Their submission was generally supportive of the provisions relating to the Te Rapa North Industrial Area. Perry's submissions were supportive of the industrial use of the land, and they did not appeal any decisions of the independent commissioners hearing the review of the District Plan relating to the site to the Environment Court.</li> <li>c. The applicant has not demonstrated an immediate need for additional housing in the short term, especially given the Housing Infrastructure Fund and Special Housing Area Policy as well as the potential growth areas in the city including Peacockes and Rotokauri. If the plan change was not submitted or if it was withdrawn it would not materially impact the HCC growth programme or its growth aspirations.</li> <li>d. Adopting the plan change means having to defend the matter with third party entities which represents a degree of legal and financial risk that is unwarranted.</li> <li>e. While there potential benefits to the City through the enhancement of the river, provision of additional housing supply and the economic benefits of a tourist attraction (the adventure park), the site is identified as a strategic industrial node as part of the RPS and Future Proof strategy. The economic impacts of the reduction in industrial land are unknown at this time and need to be tested independently.</li> <li>f. While the project may result in housing to satisfy our NPS-UDC obligations, it may simultaneously undermine the same obligations</li> </ol>

**Item 9**

Option	Assessment
	<p>for employment land.</p> <p>g. No funding is available for Council to adopt this plan change as its own.</p> <p>For the above reasons there is no benefit in Council adopting the plan change as its own and this approach is not recommended.</p>
<p>46. Option 4- Accept the request (recommended option)</p>	<p>The Council has the option to accept the plan change request under clause 25(2)(b). Accepting the plan change does not mean Council is supporting or endorsing the plan change. It simple means that it deems the plan change worthy of being properly tested and evaluated.</p> <p>Accepting the plan change will enable Perry’s to take the proposal through the first schedule process (including notification, submissions and hearings) at its cost.</p> <p>This will enable Council to test and evaluate the proposal in the public domain, where it can take into account the views of all parties, including neighbours and affected parties.</p> <p>This option represents a balanced and open approach taken by Council.</p> <p>Accordingly, staffs recommend this option.</p> <p>It is important to note that staff have not formed an opinion on the merits of the plan change application and whether it should be approved, only that the application is sufficient to be accepted in order for the plan change process to commence.</p> <p>For those reasons it is recommended that the application be accepted for processing.</p>

- 43. In accordance with the assessment of relevant options outlined in the above table, staff recommend that Option 4, the acceptance of the plan change, be adopted by Council
- 44. In summary, the basis for this recommendation is that there are no inherent flaws in the private plan change as lodged, nor is there any lack of detail or requirement for further information in order to make a decision on accepting the application.
- 45. Accepting the plan change is consistent with the provisions of the RMA. The First Schedule plan change process will be able to address any potential issues with the application and enable full community participation in the process and evaluation.

**Appointment of independent hearing commissioners**

- 46. If Council accepts the recommendation set out above, it is also prudent for Council to consider whether to hear the matter itself, or delegate the hearing of this matter and subsequent decisions relating to the plan change to independent commissioners.
- 47. In this instance it is recommended that it is appropriate to refer the matter to independent commissioners to hear and make decisions on the plan change. Section 39B of the RMA requires that the hearing commissioners be accredited as decision makers by the Ministry for the Environment Any councillors
- 48. The recommendation to use independent commissioners is due to the complexity of the plan change and the technical understanding required to fully evaluate, make any decisions in

relation to it, and then produce a detailed written report. It is likely that any hearing on the matter would go for at least two weeks.

49. As such it is recommended to appoint three commissioners with adequate skills and experience, particularly in the areas of strategic planning and infrastructure assessments.
50. Section 34A(1A) of the RMA requires that where a local authority is appointing one or more hearing commissioners, the local authority must appoint one commissioner with an understanding of tikanga Maaori and who has perspectives of local iwi or hapu. At least one of the three commissioners will need to have this understanding

### Next steps

51. If the plan change is rejected the land will stay zoned as Te Rapa North Industrial Zone. Approximately 5ha of land will be able to be developed for industrial use straight away as per the approved IDP with an additional 23ha of land being able to be developed for industrial use after 2021. The remaining area of the site (approximately 30ha) will remain 'deferred industrial'. This will either need resource consent or a plan change for further development. If the plan change is rejected the applicant has a right of appeal to the Environment Court.
52. If the plan change is accepted Council has up to four months to publicly notify the application. Staff will work collaboratively with the applicant in order to notify the application as soon as reasonably possible which is at this stage is estimated to be sometime between mid -October and early November, with a hearing expected in the first quarter of 2018.
53. A simplified diagram illustrating the process of a plan change following acceptance is shown below:



### Financial Considerations

54. Council has no budget allocation in the current Long Term Plan to process the Plan Change. Staff have estimated that the costs of processing the plan change, if adopted, would be at least \$300,000. That cost includes, staff time, legal costs, external consultant costs, venue hire, and independent commissioners.
55. If the plan change is accepted, Council is able to recover the administration, processing, hearing and decision costs of processing the plan change irrespective of the outcome.
56. If the plan change is adopted the Council will be responsible for covering the costs.
57. If the plan change is accepted as recommended, any subsequent decision on the plan change has the potential to be appealed. Additional budget for the next few years will be required within the LTP to cover the costs of any appeals to the Environment Court.

### Legal and Policy Considerations

58. The decision on whether to accept, adopt or reject a plan change application for processing must be made in accordance with Clause 25, Schedule 1 of the RMA.
59. As discussed in this report, the decision to accept the private plan change for processing is consistent with Clause 25, Schedule 1 of the RMA.
60. Appointing a commissioner with an understanding of tikanga Maaori and of the perspectives of local iwi or hapu is required under Section 34A(1A) of the RMA.

### **Cultural Considerations**

61. The RMA recognises the relationship of Maaori and their culture and traditions with their ancestral lands, water, sites, waahi tapu, and other taonga. The first schedule plan change process will ensure that cultural matters are adequately considered.
62. Appointing a commissioner who has an understanding of tikanga Maaori will ensure that the relationship of Maaori with their ancestral lands, waters and sites is adequately considered.

### **Sustainability Considerations**

63. The RMA promotes the sustainable management of natural and physical resources on land, air and water. The first schedule plan change process will ensure that sustainability is adequately considered.

### **Risks**

64. If the application is rejected there is a risk that the decision could be appealed to the Environment Court. Equally, the recommended option of accepting the plan change also carries the risk that some third party might seek judicial review of Council's decision. Accordingly, it is important that whatever decision Council reaches, its decision rationale is sound.

### **Significance & Engagement Policy**

65. Consultation is required under the first schedule plan change process under the RMA. This will ensure that an appropriate level of engagement is undertaken.

### **Attachments**

Attachment 1 - Zoning Plan

Attachment 2 - Masterplan

Attachment 3 - Links to Proposed Private Plan Change - Te Awa Lakes [Part 1](#) & [Part 2](#)



This plan has been prepared by Boffa Miskell Limited on the specific instructions of our Client. It is solely for our Client's use in accordance with the agreed scope of work. Any use or reliance by a third party is at that party's own risk. Where information has been supplied by the Client or obtained from other external sources, it has been assumed that it is accurate. No liability or responsibility is accepted by Boffa Miskell Limited for any errors or omissions to the extent that they arise from inaccurate information provided by the Client or any external source.



Figure 19

**TE AWA LAKES STRUCTURE PLAN**  
**Zoning Plan**  
 DRAWING NUMBER: A16206\_PC\_001  
 | Date: 12 May 2017 | Revision: D |  
 Plan prepared for Perry Group Limited by Boffa Miskell Limited  
 Project Manager: Rachel.deLambert@boffamiskell.co.nz | Drawn: BCI | Checked: JBr

Attachment 2

Item 9

- NOTES
1. Existing Service Centre And Supporting Services
  2. Adventure Park Aqua Golf And Mini Golf
  3. Adventure Park Go-Carting
  4. Adventure Park Cafe, Aqua Play And High Ropes Course
  5. Adventure Park Cable Ski Lake
  6. Mixed Use Area - Small Scale Live/Work Type Units
  7. Expressway Swale And Recreational Trail
  8. North West General Housing Area
  9. Existing Gully Restoration
  10. Tourism Facilities
  11. Existing Gully Restoration And Stormwater Park
  12. Tourism Facilities With Lake Views
  13. Southern Higher Density Residential Area
  14. Central Neighbourhood Park
  15. Northern Recreational Lake
  16. Southern Recreational Lake
  17. Spine Road Bridge
  18. Eastern Neighbourhood Park
  19. Northern General Housing Area
  20. Riverside Homes
  21. Upgraded Existing Beach
  22. Wetland And Recreational Park
  23. New Beach And Water Access Via Jetty



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Figure 7

TE AWA LAKES STRUCTURE PLAN  
Illustrative Masterplan

DRAWING NUMBER: A16206\_005  
| Date: 12 May 2017 | Revision: C |

Plan prepared for Perry Group Limited by Boffa Miskell Limited

Project Manager: Rachel.deLambert@boffamiskell.co.nz | Drawn: BCI | Checked: JBR

# Council Report

Item 10

**Committee:** Council  
**Author:** Alice Morris  
**Position:** City Planning Policy Team Leader  
**Date:** 21 September 2017  
**Authoriser:** Kelvyn Eglinton  
**Position:** General Manager City Growth  
**Report Name:** 2017/18 Heritage Fund Allocations

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform the Council on the 2017/18 Heritage Fund applications.
2. To seek approval for the allocation of the \$100,000 Heritage Fund as set out in the attached recommendation table (Attachment 4).

## Staff Recommendation

3. That the Council approves the allocation of the 2017/18 Heritage Fund as set out in Attachment 4 of this report.

## Executive Summary

4. This report sets out the applications and recommendations for the allocation of the \$100,000 Heritage Fund for the 2017/2018 financial year.
5. Staff recommend allocating the entire \$100,000.
6. Seventeen applications have been received for this funding round. One application is deemed ineligible on the basis that it was not from one of the 80 eligible owners of heritage listed buildings, structures or sites, and sought funding for musical instruments. The location of the 16 eligible buildings is set out in Attachment 1.
7. Staff have assessed and made recommendations on the eligible applications. Following the assessment of each application (Attachment 2), and a peer review by Heritage New Zealand (Attachment 3), staff recommend that 13 of the 16 eligible applications be allocated funds from this round (Attachment 4).
8. The applications that have not been recommended to receive funding at this time propose extensive works and have sought funding beyond that presently available. Staff will continue to discuss options with these parties and recommend that they apply for funding from the 2018/19 Heritage Fund.
9. In accordance with the [Historic Heritage Fund Guidelines](#), the allocation of the funding requires the approval of full Council.
10. Staff consider the matters in this report are of low significance and that the recommendations comply with the Council's legal requirements.

## Background

11. Council has an annual heritage fund allocation of \$100,000 to be awarded to eligible applicants in accordance with the Historic Heritage Fund Guidelines. The funding is to be used to assist owners of privately owned heritage listed buildings and/or site.
12. This is the second financial year the Council has provided this funding. As set out in the General Managers' Report to the 1 August 2017 Growth and Infrastructure Committee meeting, a total of \$639,248.68 was sought in the 2016/17 year exceeding the \$100,000 available. As at 30 June 2017 a total of \$88,432.50 of the \$100,000 funding was distributed.
13. The Heritage Fund does not accrue. Therefore, the remaining \$11,567.50 from the 2016/17 round was not transferred to this financial year.
14. The 2017/18 application period (9 June 2017 to 31 July 2017) generated 17 applications. One was deemed ineligible (Fund Application # 009). The remaining 16 have been assessed against the criteria set through the Historic Heritage Fund Guidelines and draft recommendations made by staff (Attachment 2) have been peer reviewed by Heritage New Zealand ('HNZ') (Attachment 3).

## Discussion

15. Funding Allocation Process
16. Of the 16 eligible applications the range of funding requested by applicants is from \$5,000 to \$315,000. The requests are from a mix of owners of private residential dwellings, community buildings and commercial buildings (refer to Attachment 1 for locations).
17. The eligible applications are considered to be in accordance with and support the vision of the [Heritage Plan](#) and criteria set out in the Historic Heritage Fund Guidelines. The proposed works also ensure an ongoing contribution to retaining the city's heritage and ensuring the continued use of these buildings.
18. The types of works funding is being sought for range from repair and restoration, heritage conservation plan preparation, to seismic strengthening. A summary of each application, staff assessments, and the HNZ peer review are attached to this report (Attachments 2 and 3).
19. Through the assessment and peer review process three eligible applications (Applications 006, 011 and 014, Refer to Attachment 4) have not been recommended for funding during this round. However, all of these applications warrant funding support in principle and it is recommended that these applicants re-apply, having undertaken further preparation of supporting information for the 2018/2019 Heritage Fund.
20. Applications: #011 and #014. Have not been supported for this funding round as they either:
  - had inadequate supporting information; or
  - the proposed works were without prerequisites (i.e. a heritage conservation plan);or
  - the works had already been completed; or
  - the proposed works were deemed to be a of a general maintenance nature that all buildings would be expected to carry out.
21. Application #006 has not been recommended to be funded in this round due to the overall assessment of all of the applications and the greater urgency and priority needed to be placed on other applications.
22. Strategic alignment
23. The Heritage Plan identifies the need for developing and providing financial support to the owners of listed heritage buildings and archaeological sites as a mechanism to promote and

protect the City's heritage. It is also an opportunity for Council to recognise the national importance placed on heritage and the contribution the owners of privately-owned buildings give to the community for continuing to use and maintain these cultural assets.

28. Implementation issues

24. As stated in the Historic Heritage Fund Guidelines, staff will liaise with the successful applicants on the specific requirements set out in the recommendations.
25. The payment of the allocated funds will be upon completion the agreed works. The funds will not be released if the works are not completed as proposed.
26. Applicants will not be awarded the funds if they do not agree to or adhere to the terms and conditions imposed as a part of the funding allocation.

### Financial Considerations

27. The Heritage Fund is a specific line item under the 10 Year Plan. The \$100,000.00 is an annual amount and does not accumulate if not allocated.

### Legal and Policy Considerations

28. Staff confirm that the allocation of the Heritage Fund as proposed complies with the Council's legal and policy requirements.
29. There are two instances where staff members have personal connections with applications. In both instances staff have declared their personal connection and it has been determined that there are no conflicts of interest:
- Application 006, Southwell School:  
Alice Morris (City Planning) has declared that her daughter attends this school and accordingly was not part of the assessment of that application.
  - Application 015, Waikato Historical Society:  
Cliff Thomas (Planning Guidance) made the application on behalf of the Society in his role as President of the Society. He has no material gain personally in receiving this funding.

### Cultural Considerations

30. The decision will not impact on Maaori or their opportunities to contribute to the decision-making process for heritage protection in general.
31. The Heritage Fund assists in the Council's support of the City's cultural and historical fabric. The proposed recommendations support this and the allocation of the Heritage Funds assists the Council in taking into account the cultural and heritage interests of the City's people and its communities.

### Sustainability Considerations

32. The Heritage Fund positively assists with maintaining and retaining the City's listed heritage items. It allows for the listed buildings to continue to contribute to the quality of the environment and the foreseeable needs of future generations living in Hamilton

### Risks

33. Not allocating the available funds to the successful applicants will result in Council not giving effect to earlier decisions to implement the Heritage Fund and associated guidelines.

## **Significance & Engagement Policy**

### **Significance**

34. Staff have assessed that the matters in this report have low significance.

### **Engagement**

35. Staff recommend that no engagement on this matter is required.

### **Attachments**

Attachment 1 - Locality Plan

Attachment 2 - Staff Assessments

Attachment 3 - Heritage New Zealand Peer Review

Attachment 4 - Recommendations

**Item 10**



Note:  
Application #009 does not meet the criteria for funding.  
Not a heritage building or archaeological site.

- KEY**
- Heritage Item - A Ranking (District Plan refer number)
  - Heritage Item - B Ranking (District Plan refer number)
  - #008 Applications recommended for funding
  - #009 Applications not recommended for funding



City Planning Unit

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Attachment 1:



Site Locality of Applications  
**Heritage Fund**

version  
**1**

September 2017

Date: 5/6/2017

Hamilton City Council New Zealand Heritage Fund 2017/18

All applications submitted as at 9:17 am, 31 Jul 2017 NZST

Attachment 2

App ID	Applicant	Project	Grant Program	Grant Round	Stage	Submitted On	User Name	User Email	User Organisation	Decision	Decision Date	Funding Conditions	Internal Comments	External Comments	Total Approved	Total Paid	Total Remaining
HF 17/38 00	Ms Rachel Coffin		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	25/07/2017 6:17 PM	Rachel Coffin	rmcoffin01@hotmail.co		Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Ms Tracey Williams		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	30/07/2017 9:25 PM	Tracey Williams	Traceyellen2010@gmail		Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Southwell School Trust Board		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	26/06/2017 4:51 PM	Julie Walters	julie.walters@southwell	Southwell School	Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Mr Sam Hastings		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	27/07/2017 10:03 PM	Annabelle Hastings	annabelle.blue@hotmail		Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	GVH Holdings Ltd		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	18/07/2017 9:58 PM	Valerie Hallett	hallettg@extra.co.nz	GVH Holdings Ltd	Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Waikato Cultural Trust		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	08/07/2017 12:13 AM	Vijen Reddy	waikato.culturaltrust@gr	Waikato Cultural Trust	Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Body Corporate 81026		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	26/07/2017 12:38 PM	Kelsey Doughty	kelsey.doughty@colliers	Colliers International	Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	St Andrew's Presbyterian Church Hamil		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	27/07/2017 9:44 AM	Lance Kendrick	lance_kendrick@hotmail	St Andrew's Presbyterian	Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Mr Saeid Shaigan		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	26/07/2017 12:11 PM	Saeid Shaigan	saeids@extra.co.nz		Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Mr Steven Ross		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	28/07/2017 11:19 AM	Steve Ross	steve@sjrbuilders.co.nz	Individual	Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Ms Val Sandford		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	26/07/2017 11:27 AM	val sandford	val.sandford@wave.co.r		Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	Mr Gavin Douglas		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	30/07/2017 9:15 PM	Gavin Douglas	gavin@ajeng.co.nz		Undecided					\$0.00	\$0.00	\$0.00
HF 17/38 00	VR Hamilton Limited		Heritage Fund	Heritage Fund 2017/38	Eligibility Check	28/07/2017 2:28 PM	Arvind Saluja	arvind@hamiltoncityinn	VR Hamilton Limited	Undecided					\$0.00	\$0.00	\$0.00

Item 10

**Hamilton City Council Heritage Fund 2017/18**  
**All submitted responses to this form as at 31 Jul 2017 (Draft)**

App ID	Final Funds Allocation	Reasons	Comments
HF 17/18 00001	\$7,000.00	The recommended amount is to support the cost of the replacement of the roof which is identified in the building report as being of a high priority for the protection of the building fabric. Noting that this work would require a resource consent in accordance with the Partly Operative District Plan (Rule 19.3f) Alterations and additions to the exterior of any structure or building ranked B. Noting that the full re-roofing would not be considered <i>maintenance and repair</i> (refer to Rule 19.4.1). The rationale for the recommended amount versus the requested reflects the need to stage the overall project, first the roof and then the window and exterior repair work.	Encourage the application to reapply next round to repair windows
HF 17/18 00021			
HF 17/18 00003			
HF 17/18 00004			
HF 17/18 00005	\$6,000.00	The recommended amount is to support the cost of the windows and exterior works only. The overall project has two key components (1) the windows and exterior and (2) the roof. It is considered that the priority between the two actions is the windows and exterior. The cost of this work have been extracted from the total requested. It is recommended that prior to the re-roofing work is undertaken the owner discuss the resource consent requirements needed to undertake this work further with Council.	
HF 17/18 00006	\$0.00	While the installation of fire protection system would ensure that the heritage building is protected during a fire this cost could also be seen as a standard maintenance costs and owners have not indicated and other funding for installation of system. Due to the number of applications and limited funds this application is not a priority in terms of heritage fabric conservation.	

HF 17/18 00007	\$10,000.00	The recommended amount is to support the continuation of the work already undertaken on teh heritage building. In particular, funding support for the cost of the roof engineering and materials only. These two aspects are of hertiage signifiaces for this specific dwelling. There is no requirement for a dwelling to be seismic strengthened and the scaffolding would be required for any roofing work undertaken on a residential dwelling.
HF 17/18 00008	\$10,000.00	Include heritage input into the undertaking of the DSA. Would require input from heritage expert when undertaking DSA/Design. Building identified as a priority building on earthquake prone building list. Building identified as a priority building on earthquake prone building list.
HF 17/18 00009	\$0.00	Heritage Fund does not fund musical instruments. Application does not meet the criteria of the heritage fund
HF 17/18 00010		
HF 17/18 00011	\$0.00	General maintenance to a building. Does not meet the criteria of the Heritage Fund (do not fund completed works).

Note fund does not fund retrospective work to heritage buildings

HF 17/18 00012	\$10,000.00	<p>Funding to support the preparation/review of a conservation for the building. Fundraising has not started so unclear if they would be able to start/complete the design and construction work within this year. The conservation plan key component to access other funding.</p>
HF 17/18 00013		
HF 17/18 00014	\$0.00	<p>Insufficient information provided to enable an assessment of the application. No indication that a DSA had been completed to enable the detailed design to be undertaken. Unlikely that the design and construction work would be able to be completed within the financial year.</p>

Part funding of the preparation of Conservation Plan. May be good to have discussion with church to convey our thinking.

HF 17/18 00015	\$5,000.00	The funding to support the development of a conservation/maintenance plan that will help support future application to the fund as well as provide supporting documentation for applications to Lotteries fund. Owners should consider reapplying next round once Conservation plan is completed.
HF 17/18 00016	\$1,000.00	it is recommended that funding be provided for the investigation of the importance of this timber gutter as being part of the authentic hertiage fabric of the building. It is considered, with the information provided to date that a resource consent would be required to replace the gutter as the works would not be replacing 'like with like'. Following the receipt of a heritage report on the gutter further funding to undertake the work would be considered.
HF 17/18 00017	\$10,000.00	The recommended funding is a continuation of the support already provided through the 16/17 funding rounds for the earthquake strengthening of this A Ranked heritage building; in particular the funding support ofr the propsoed archaeological investigations.
HF 17/18 00018	\$4,500.00	The recommendation is to provide support for the preparation of a conservation plan with a maintenance programme that will assist the owner with the on-going work of this large residential dwelling and to asist with the provision of a schedule to assit with future application for funding of specific works to maintain the heritage fabric of the building.
HF 17/18 00019	\$6,000.00	Support the development of a conservation/maintenance plan for the house to support future funding applications and provide the owner with a plan for future maintenance that identifies and conserves the heritage values of the building. The repair to the windows is a urgent matter to prevent any further deterioration in the heritage fabric of the building.

Note that the owner has had a building report prepared for the house.

Windows key heriatge componenet of the house.

HF 17/18 00020		
HF 17/18 00021	\$6,000.00	The recommended support reflects 1/2 of the cost estimate for the works to the sash windows. Such work is necessary to retain the hertiage fabric and value of the dwelling.
HF 17/18 00022	\$20,000.00	Proposed work based on <b>previously prepared</b> Conservation Plan. Funding is granted for work aiming to retain existing heritage fabric by repairing windows rather than replacing them with modern aluminium windows. Due to the size of the projects we would recommended that the work is staged and further funding application be considered to complete the work. Building identified as a priority building on earthquake prone building list.

Key building within the central city.

HF 17/18 00023	\$4,500.00	The recommended funding support is in recognition of the need for scaffolding due to the height and design of the building, being unusual compared to a standard residential structure; and for the preparation, prior to the commencement of the actual painting of a hertiage report, by an suitably qualified expert, to provide guidance on how the building should be painted.
HF 17/18 00024		
	\$100,000.00	

Not sure if we need a report more of guidenace areas to be painted and coloures etc.

Standard Field

All standard field responses to this application as at 9:17 am, 31 Jul 2017 NZST

App ID	Project Essential Details					Project Expanded Details					Acquittal and Evaluation										
	Charities S	Contact Of	Project Tit	Brief Proje	Project Sta	Project En	Total Project Cost	Total Amount Requested	Total Orga A	mount R	Amount R	Amount R	Expected C	Project Ra	Project Ac	Benefician Measures	Completer	Project Ch	Actual Out	Levels of S	Lessons Learnt
HF 17/18 00001							\$20,472.75														
HF 17/18 00005							\$25,829.00														
HF 17/18 00006							\$16,740.00														
HF 17/18 00007							\$26,180.49														
HF 17/18 00008							\$25,400.00														
HF 17/18 00009							\$0.00														
HF 17/18 00011							\$5,887.07														
HF 17/18 00012							\$7,700.00														
HF 17/18 00014							\$315,000.00														
HF 17/18 00016							\$6,882.74														
HF 17/18 00018							\$5,000.00														
HF 17/18 00021							\$6,327.41														
HF 17/18 00022							\$294,608.00														
							\$820,817.46														

Attachment 2: Heritage Fund Application Assessments - September 2017									
Application	Works Proposed	Ranking/Group	Supports Hamilton's Strategies and Plans				Application Supported	Funding Proposed	Reasons
			Hamilton Plan	CCPT	Franklin Plan	Hamilton East Plan			
HF 17/18 00001	Roof to be replaced. Building report indicates that the following works are High Priority: Damaged to cladding that requires repair, or replacement. Urgent repairs to sash windows needed.	H115 - B Ranked	✓	✗	✗	✓	Yes	\$7,000.00	The recommended amount is to support the cost of the replacement of the roof which is identified in the building report as being of a high priority for the protection of the building fabric. Noting that this work would require a resource consent in accordance with the Partly Operative District Plan (Rule 19.3f) Alterations and additions to the exterior of any structure or building ranked B. Noting that the full re-roofing would not be considered maintenance and repair (refer to Rule 19.4.1). The rationale for the recommended amount versus the requested reflects the need to stage the overall project, first the roof and then the window and exterior repair work.
HF 17/18 00005	Repair/replace of damaged weatherboards and veranda deck. Repair of sash windows to enable full and safe usage. Repairs to bay windows (x2) to maximize water tightness. Preparation for, and repainting whole of house to cover repair work and protect additional/further deterioration of weatherboards, includes undercoat and double top coat (paint work by previous owner not completed adequately to protect building). Repair/replace of spouting to ensure adequate water drainage to prevent damage to repaired and existing weatherboards/paintwork. Full roof replacement to protect building. Currently some areas are patched and have experienced leaks through the ceiling.	H57 - B Ranked HNZ - II	✓	✗	✗	✗	In part	\$6,000.00	The recommended amount is to support the cost of the windows and exterior works only. The overall project has two key components (1) the windows and exterior and (2) the roof. It is considered that the priority between the two actions is the windows and exterior. The cost of this work have been extracted from the total requested. It is recommended that prior to the re-roofing work is undertaken the owner discuss the resource consent requirements needed to undertake this work further with Council.
HF 17/18 00006	For the protection of the building and people within the building the funding will be used to install a fire alarm system throughout the Chapel.	H64 - B Ranked	✓	✗	✗	✗	No	\$0.00	While the installation of fire protection system would ensure that the heritage building is protected during a fire this cost could also be seen as a standard maintenance costs and owners have not indicated and other funding for installation of system. Due to the number of applications and limited funds this application is not a priority in terms of heritage fabric conservation.
HF 17/18 00007	The current roof on the house has been deemed insufficient and irreparable by an in depth building report by Noel Jelyman. In its current state, the house is at risk of electrical fire caused by water leaking on electrical fittings. Mould and rot have already taken place and if not remedied, the property will be uninhabitable in the very near future.  We have engaged a heritage architect to provide a heritage report and submit resource consent to replace the roofing tiles "like for like". A resource consent is in the process of being lodged.	H117 - B Ranked	✓	✗	✗	✓	In part	\$10,000.00	The recommended amount is to support the continuation of the work already undertaken on the heritage building. In particular, funding support for the cost of the roof engineering and materials only. These two aspects are of heritage significance for this specific dwelling. There is no requirement for a dwelling to be seismic strengthened and the scaffolding would be required for any roofing work undertaken on a residential dwelling.
HF 17/18 00008	A detailed Seismic Assessment to ascertain any areas of weakness in the building that may require strengthening.  The building has had an initial assessment rating at 20%&nbs,	H41 - A Ranked HNZ - II	✓	✓	✗	✗	In part	\$10,000.00	Include heritage input into the undertaking of the DSA. Would require input from heritage expert when undertaking DSA/Design. Building identified as a priority building on earthquake prone building list. Building identified as a priority building on earthquake prone building list.
HF 17/18 00009	We looking initial investment to buy the instruments. We are also doing fundraising and the families are contributing.	N/A	✗	✗	✗	✗	Yes	\$0.00	Heritage Fund does not fund musical instruments. Application does not meet the criteria of the heritage fund
HF 17/18 00011	Essential repairs; Gutter overflow installation to accommodate large trees on Commerce St  Upgrades to code/regulation standards; Recent Code of Compliance works  Preparation of maintenance plan; Long Term Maintenance Plan	H79 - B Ranked	✓	✗	✓	✗	In part	\$0.00	General maintenance to a building. Does not meet the criteria of the Heritage Fund (do not fund completed works).

HF 17/18 00012	For seismic strengthening of St Andrew's Presbyterian Church to achieve 34% NBS in the immediate term, so as to ensure this community building's retention, preservation and continued use without major risk to human life in the event of a moderate earthquake.  In the medium-term, the intention is to upgrade the seismic strength to 67% NBS as project stage 2, so as to take the building from being unlikely to kill or injure in a moderate earthquake (34% NBS) to being fully repairable and totally re-usable (67% NBS).	H31 - A Ranked	✓	✘	✘	✓	No	\$10,000.00	Funding to support the preparation/review of a conservation for the building. Fundraising has not started so unclear if they would be able to start/complete the design and construction work within this year. The conservation plan key component to access other funding.
HF 17/18 00014	The building needs to be repaired, refurbished and strengthened.	H73 - B Ranked	✓	✓	✘	✘	In part	\$0.00	Insufficient information provided to enable an assessment of the application. No indication that a DSA had been completed to enable the detailed design to be undertaken. Unlikely that the design and construction work would be able to be completed within the financial year.
HF 17/18 00015	Hoddn House was originally built in 1893 at Waikato Hospital as the home for the Medical Superintendents. It was re-located to its present site at Graham Park in 1973 and, after restoration re-opened in 1979. It is a Category A building in the Partly Operative District Plan.  Because of problems with leaks in parts of the hall and some of the walls, a report (attached) was commissioned of Realsure House Inspectors of the state of the then 121-year-old building. The report in January 2015 described various items according to priority. It showed that there were many items to be fixed, especially the roof cavity and the roof exterior, with a recommendation to obtain quotes to repair and replace the roof.  An estimate of \$100,000 has been provided for the roof works alone. Because of the other problems with the building, the Committee has decided to make an application to the Lotteries Environment and Heritage Fund. However, such an application would require the preparation of a Conservation Plan.  Therefore, the Waikato Historical Society is making an application of \$10,000 to the Hamilton City Heritage Fund for the preparation of a Conservation Plan report to an application to the Lotteries Environment and Heritage Fund.	H28 - A Ranked HNZ - II	✓	✘	✘	✘	No	\$5,000.00	The funding to support the development of a conservation/maintenance plan that will help support future application to the fund as well as provide supporting documentation for applications to Lotteries fund. Owners should consider reapplying next round once Conservation plan is completed.
HF 17/18 00016	Remove existing rotting timber shaped gutter to upstairs veranda and replace with colour steel to match the balance of the home.	H6 - A Ranked HNZ - I	✓	✘	✘	✓	Yes	\$1,000.00	It is recommended that funding be provided for the investigation of the importance of this timber gutter as being part of the authentic heritage fabric of the building. It is considered, with the information provided to date that a resource consent would be required to replace the gutter as the works would not be replacing 'like with like'. Following the receipt of a heritage report on the gutter further funding to undertake the work would be considered.
HF 17/18 00017	To continue the process of Seismic Assessment & Strengthening. To review existing assessment in light of our Geotech report. To prepare Engineering options to achieve 67%NBS or 100%NBS. To commission detailed engineering plans for chosen option. All prior reports and Conservation Plan have been submitted.	H4 - A Ranked HNZ - I	✓	✓	✘	✘	In part	\$10,000.00	The recommended funding is a continuation of the support already provided through the 16/17 funding rounds for the earthquake strengthening of this A Ranked heritage building; in particular the funding support of the proposed archaeological investigations.
HF 17/18 00018	The development of a conservation plan and maintenance plan to manage future conservation and maintenance work to the house.	H111 - B Ranked	✓	✘	✘	✓	No	\$4,500.00	The recommendation is to provide support for the preparation of a conservation plan with a maintenance programme that will assist the owner with the on-going work of this large residential dwelling and to assist with the provision of a schedule to assist with future application for funding of specific works to maintain the heritage fabric of the building.

HF 17/18 00019	There are three phases of work needed to be completed: 1. To put in place conservation /maintenance plan for the future 2. Restore the wooden joinery to maintain the integrity of the building and its architectural foundations 3. Replace the roof which is the most critical and urgent of all the works, which is part of the original design feature but is placing many of the architectural features internally at risk due to the failure of the internal guttering, because of increased weather elements and leaks.	H116 - B Ranked	✓	✘	✘	✓	Yes	\$6,000.00	Support the development of a conservation/maintenance plan for the house to support future funding applications and provide the owner with a plan for future maintenance that identifies and conserves the heritage values of the building. The repair to the windows is a urgent matter to prevent any further deterioration in the heritage fabric of the building.
HF 17/18 00021	Funding will be used for the restoration and repair of the original sash windows - particularly the windows on the two street elevations (Forest Lake Rd & Moore St). None of the windows in the house operate as originally intended, with all the sash cords broken requiring the windows to be propped open with a loose piece of wood. A number of the windows have either been painted or nailed shut and we would like to make some of these operational again.	H55 - B Ranked HNZ - II	✓	✘	✘	✘	In part	\$6,000.00	The recommended support reflects 1/2 of the cost estimate for the works to the sash windows. Such work is necessary to retain the heritage fabric and value of the dwelling.
HF 17/18 00022	Wesley Chambers, a heritage Building is in need of major essential repairs and has a continuous demand for emergency repairs. With a modest income from a 38 room hotel and 7 tenancies, it is not possible to meet the needs of this heritage building. On an average we spend over \$72,000 pa  If we need to conserve the building we need to attend to the following activities on priority 1. Prevent leakage from the roof 2. The Windows need to be repaired else it will be a safety hazard 3. Earthquake strengthening from it current level to NBS 67%  We plan to undertake the repairs in the following priority 1. Repair 10-16 windows out of over 70 2. Repair the next 10-16 windows 3. Repair the roof	H37 - A Ranked HNZ - II	✓	✓	✘	✘	In part	\$20,000.00	Proposed work based on previously prepared Conservation Plan. Funding is granted for work aiming to retain existing heritage fabric by repairing windows rather than replacing them with modern aluminium windows. Due to the size of the projects we would recommend that the work is staged and further funding application be considered to complete the work. Building identified as a priority building on earthquake prone building list.
HF 17/18 00023	This application is for scaffolding, preparation and painting the high areas of Ingleholm House, including five multi-paned windows and surrounds, one three-quarter round window, soffits, bargeboards and beams.  Although the majority of the lower elevations including windows and "stick work" have been painted by the owners in the last three years, for health and safety reasons they have not been able to access the high areas above 3m. Of note, the barge boards, high windows and soffits of the front (west) elevation of the house have not been painted in more than 40 years.	H63 - B Ranked	✓	✘	✘	✘		\$4,500.00	The recommended funding support is in recognition of the need for scaffolding due to the height and design of the building, being unusual compared to a standard residential structure; and for the preparation, prior to the commencement of the actual painting of a heritage report, by an suitably qualified expert, to provide guidance on how the building should be painted.
<b>Total</b>								<b>\$100,000.00</b>	



HERITAGE NEW ZEALAND  
POUHERE TAONGA

HERITAGE FUND 2017/18  
HAMILTON CITY COUNCIL

Applications and Recommendations reviewed by Robin Byron, Heritage Advisor Architecture  
31 AUGUST 2017

**HF 17/18 00001**  
**Rachel Coffin**  
**44 Brookfield Street**

The building report identifies the urgent need for roof renewal. This should be the priority work to ensure that the place be made weatherproof in the first instance. As noted in the assessment, the applicant could be encouraged to apply to the next funding round for the further remedial works identified/needed.

Agree the recommended sum of \$7,000 dedicated to the like-for-like roof renewal.

**HF 17/18 00005**  
**Tracey Williams**  
**126 Forest Lake Road**

Work identified by Maintenance House Inspection report includes in the application repair and replacement as necessary of weatherboarding and verandah decking, sash window repairs, roof cladding replacement and upgrade to rainwater goods, and painting as required. No owner contribution specified. The identified priority work is proposed to be supported through this application, being the joinery repairs and external works.

Agree the recommendation for \$6,000 towards the identified works.

**HF 17/18 00006**  
**Julie Walters**  
**200 Peachgrove Road**

Application for fire alarm system throughout Chapel connected to wider alarm system for the school. While preventive measures for detecting fire are important to implement in heritage structures and work of this nature is fully supported, this is not directly related to the conservation of the place. I agree with the recommendations that such work should come under the auspices of responsible general maintenance costs for the school and chapel.

Agree no allocation for this round.

**HF 17/18 00007**  
**Sam Hastings**  
**121 Grey Street**

It is unfortunate that remedial work to the house has been neglected to the extent that the place is now at risk of electrical fire, and that mould and rot are evident as a result of the failure of weatherproofing. It is good that the heritage house is still redeemable and that expert advice and a proposal

LETTER02

Item 10

Attachment 3

of roof structure and covering (like-for-like ) work is planned. In view of the urgent need, I agree the recommendation for support to the extent proposed and for the roof engineering and covering material only.

Agree recommended sum of \$10,000 with provisos of work it is applied to.

**HF 17/18 00008**  
**Valerie Hallett**  
**596 Victoria Street**

Applicant is seeking financial assistance to have a detailed seismic report prepared that can then inform plans for future upgrading. This is worthwhile in view of the initial seismic assessment rating of 20%.

Agree the recommended \$10,000 contribution towards the cost of the detailed seismic assessment.

**HF 17/18 00009**  
**Vijen Reddy**  
**17 Hastings Place**

The application is on behalf of the Waikato Cultural Trust for the purchase of musical instruments. This application does not meet the criteria nor is within the anticipated scope of the Heritage Fund and so should be considered ineligible.

Support the recommendation for no funding allocation.

**HF 17/18 000011**  
**Kelsey Doughty c/ Colliers International**  
**231-247 Commerce Street, Frankton**

Much of the work described in the application appears to be maintenance and code of compliance related, and not specifically conservation work.

A note could be provided that re-iterated previous advice that preparation of a CP incorporating a long term maintenance plan by a qualified and experienced heritage professional would be eligible in any future funding round.

Support the recommendation for no funding allocation in this round.

**HF 17/18 000012**  
**Lance Kendrick**  
**2 Te Aroha Street**

The application is for funding support for seismic strengthening of St Andrew's Presbyterian Church, a significant heritage building which has had a report prepared by Holmes Engineering. I agree the allocation of funds to assist in undertaking the further investigations necessary to fully understand the areas of concern in the structure and engage a heritage professional who can review and assist in informing a design for the strengthening proposal. Ideally a CP is prepared as suggested, and application for future funding round encouraged when more heritage input is achieved and design developed.

Support recommendation for \$10,000 allocation.

**HF 17/18 00014****Saeid Shaigan****221-225 Victoria Street**

The scope of works proposed in connection with the application is for repair, refurbishing and strengthening the building. The architectural, structural design, and construction costings given appear to be broad estimates for which no detail has been supplied, nor have any supporting documents/estimates, etc. been included. I agree with the assessment that there is insufficient information provided to make any decision about the appropriateness or otherwise of financial support for this project.

Agree no allocation be made in this round.

**HF 17/18 00015****Cliff Thomas****Hockin House, Graham Park, Selwyn Street**

The application put forward by Cliff Thomas on behalf of the Waikato Historical Society is for the preparation of a Conservation Plan for Hockin House. While no estimate has been provided for the preparation of such a document, it's value is supported as it is the important foundation document before conservation work is undertaken, and recognised as necessary for other funding source applications.

I agree the allocation of \$5,000 towards the preparation of a Conservation Plan.

**HF 17/18 00016****Steve Ross****1 Wellington Street**

The work proposed is for the removal of a profiled timber gutter on an upper level verandah with Colorsteel (to match rest of house). The provenance of the existing timber gutter is uncertain (in the application) but probably original. I agree that any plans to remove and replace with a different material needs to be informed and guided by heritage assessment and advice.

Concur with the recommendation to allocate \$1,000 towards heritage investigation, assessment and recommendation.

**HF 17/18 00017****Warren Turnwald****51 Victoria Street**

Application seeks further funding (following last year's grant through the fund) to continue with the seismic strengthening work - specifically in respect of the assessment and design work, and in light of geotechnical report. This is a significant building and project and as such the proposed allocation for funding is supported.

Agree \$10,000 towards the ongoing seismic assessment and design.

**HF 17/18 00018****Val Sandford****11 Peachgrove Road**

The application is for the preparation of a Conservation Plan and Management Plan which will guide any future work to the house. No quotations have been provided but the estimate is realistic. A recommended sum of \$4,500 is supported.

**HF 17/18 00019**  
**Annette Ryan**  
**82 Grey Street**

The scope of the application includes the preparation of a Conservation and Maintenance Plan; conservation of timber joinery; and the replacement of the roof covering. The funding allocation would be dedicated to the preparation of the Plan and restoration of the timber joinery (ensuring like for like where replacement occurs).  
Agree the allocation of \$6,000 towards the identified work.

**HF 17/18 00021**  
**Gavin Douglas**  
**102 Forest Lake Road**

Restoration and repair of original timber sash windows so that they can be remediated, made weathertight and fully operational. Conservation costs applied for represent ½ of the estimated cost of the work.  
Support to the extent recommended at \$6,000.

**HF 17/18 00022**  
**Arvind Saluja**  
**237 Victoria Street**

A Conservation Plan was prepared in advance of the funding application, which has been able to identify areas of conservation need and priority. The application seeks support for the repair of windows, roof membrane renewal and heritage architect services for advice and review of this work. I agree the allocation put forward, and the suggestion that a future application to the fund could be encouraged to assist with the ongoing substantial costs of the conservation work.  
I support the recommended \$20,000 allocated to this project for the repair of existing windows and roof works.

**HF 17/18 00022**  
**Fiona Petchey**  
**11 O'Neill Street**

The application is for financial assistance to carry out high level painting of the house, windows, barge boards, soffits - beyond the ability of the owners to undertake the work themselves. The suggestion to seek some specialist advice on the painting is supported - to ensure that the right specification for the paint and work is detailed.  
Agree the proposed sum of \$4,500 towards the identified work.

**Attachment 4: Heritage Fund Allocation Recommendations -- September 2017**

**Table A: Proposed funding allocations for 2017/18 financial year**

Overall Funding allocation breakdown for the financial year (2017/18)	Annual Heritage Fund	Total cost of all works proposed (excluding the ineligible application for \$7500)	Total amount of funding being sought (excluding the ineligible application for \$7500)	Total amount recommended to be allocated	Un-allocated funds
	\$100,000.00	\$1,254,430.20	\$663,544.95	\$100,000.00	\$0.00

**Table B: 2017-2018 Heritage Fund Recommendations for each eligible application**

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
001	R Coffin	44 Brookfield Street, Hamilton East	H115 B Ranked	Funding is sought for the following repairs to sash windows and cladding; and the replacement of the roof.	\$30,354.75	\$30,354.75	<p>Partial Funding: The recommended funding is a continuation of the support already provided through the 16/17 funding for borer treatment and the preparation of a building assessment report.</p> <p>The recommended support will assist with the cost of the replacement of the roof which is identified in the building report as being of a high priority for the overall protection of the building's heritage fabric. Noting that this work will require a resource consent in accordance with Rule 19.3(f) Alterations and additional to the exterior of any structure or building ranked B. of the Partly Operative District Plan.</p>	Agree the recommended sum of \$7,000 dedicated to the like-for-like roof renewal.	\$7000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
006	J Walters (Southwell School)	200 Peachgrove Road	H64 (All Hallows Chapel, Southwell School)  B Ranked	Funding is sought for the installation of a fire alarm system throughout the Chapel.	\$16,740.00	\$16,740.00	No Funding: The installation of fire protection system would ensure the raising of an alarm if a fire broke out, and lead to a possible saving of the heritage building. However, due to the limited heritage fund available and the number of applications that are deemed to be of a higher priority for the overall protection of the City's heritage fabric there is no funding available to assist with this project in this round.	Agree no allocation for this round.	\$0.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
007	A Hastings	121 Grey Street	H117 B Ranked	Funding is sought for the replacement of the existing clay tile with like for like.	\$56,160.49	\$26,160.49	<p>Partial Funding: The recommended funding is a continuation of the support already provided through the 16/17 funding for the roof replacement. Noting that the previous funding support assisted with the investigation, heritage reports and architectural/engineering design investigations necessary for the preparation of the required resource consent and building consent plans.</p> <p>The owner has indicated co-sharing of costs for the replacement/construction works.</p> <p>It is recommended that support be provided for the cost of the roof engineering and materials. These two aspects are of heritage significance for this specific heritage building.</p>	Agree recommended sum of \$10,000 with provisos of work it is applied to.	\$10,000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
							The applicant's engineer has also provided an estimate of works for seismic strengthening. Although this would be prudent as any building, regardless of what it is could be affected by a earthquake, this dwelling does not fall into the definition of an earthquake prone building that would require strengthening in terms of the Building Act. Therefore, no funding for this aspect of the project is recommended.		
008	V Hallett	596 Victoria Street	H41 (Cadman's Garage)  A Ranked	Funding is sought for seismic assessment to be undertaken.	\$35,400.00	\$25,400.00	Partial Funding: It is recommended that support be provided for the preparation of the Detailed Seismic Assessment ('DSA'). That is to also include detailed input from a suitable qualified heritage expert.	Agree the recommended \$10,000 contribution towards the cost of the detailed seismic assessment.	\$10,000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
011	Ms K Doughty on behalf of Body Corporate 81026	231-249 Commerce Street, Frankton	H79 (Former Frankton Junction Supply Stores)  B Ranked	Funding is sought for: Gutter repair Code upgrading for compliance Preparation of a long term maintenance plan	\$5,697.07	\$5,697.07	<p>No Funding: Funding support was provided in the 16/17 round for the repair and refurbishment of the identified heritage plaster work on the exterior of the building.</p> <p>However, for this round it is recommended that no funding be provided.</p> <p>The works the funding is sought for have either already been undertaken or are deemed general maintenance of a building. The heritage fund can not be used for retrospective works to heritage buildings or for general maintenance that should be anticipated for and managed by every building owner.</p>	Support the recommendation for no funding allocation in this round.	\$0.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
012	St Andrew's Presbyterian Church, C/- L Kendrick	2 Te Aroha Street	H31 (St Andrews Presbyterian Church)  A Ranked	Funding is sought for the preparation and undertaking Seismic Strengthening works	\$72,700.00	\$72,700.00	Partial Funding: It is recommended that the funding support given is for the preparation of a Conservation and Maintenance Plan. This Plan would assist in the design and construction work once that planning is commenced. The Church is also actively investigating accessing further funding streams and the existence of a Conservation and Maintenance Plan will assist with a fundraising programme.	Support recommendation for \$10,000 allocation.	\$10,000.00
014	S Shaigan	Victoria Street	H73 (Alexandra Building)  B Ranked	Funding is sought for repair, refurbishment and strengthening.	\$515,000.00	\$315,000.00	No Funding: This building was supported through the 16/17 fund with a conservation and maintenance plan being produced. However, the application has not provided sufficient information to assist in determining the merits of the application.	Agree no allocation be made in this round.	\$0.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
							There has been no indication of the completion of a Detailed Seismic Assessment ('DSA') that would enable the detailed design to be undertaken. Also key is that it would be unlikely that the design and construction work would be completed within one financial year. At this time no funding is proposed to be allocated.		
015	Waikato Historical Society, C/- Thomas	Selwyn Street	H28 (Hockin House)  A Ranked	Funding is sought for the preparation of a conservation plan	\$10,000.00	\$10,000.00	Partial Funding: The funding recommended is to support the development of a conservation/maintenance plan. Such a plan will assist with understanding what works are required to be undertaken as well as being useful support material for future application for funding from lotteries and the heritage fund.	I agree the allocation of \$5,000 towards the preparation of a Conservation Plan.	\$5,000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
016	S Ross	1 Wellington Street	H6 (Greenslade House)  A Ranked	The removal of an existing rotting timber shaped gutter to the upstairs verandah and replace it with a coloursteel gutter system to match toe balance of the dwelling.	\$6,682.74	\$6,682.74	<p>Partial Funding: It is recommended that funding be provided for the investigation of the importance of this timber gutter as being part of the authentic heritage fabric for the building.</p> <p>With the information provided to date, it is considered that a resource consent would be required to replace the gutter as the proposed works would not be replacing "like-with-like".</p> <p>Following the receipt of a heritage report on the guttering further funding to undertake the work could be considered in future rounds as it is important to ensure the maintenance and integrity of the building is protected long term.</p>	Concur with the recommendation to allocate \$1,000 towards heritage investigation, assessment and recommendation.	\$1,000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
017	Waikato Diocesan C/- W Turnwald	51 Victoria Street	H4 (St Peter's Anglican Cathedral)  A Ranked	Funding is sought for works associated with the seismic assessment and strengthening of the Cathedral. In particular: To review existing assessment in light of the recent geotech; To prepare engineering options to achieve 67% NBS or 100% NBS; To commission detailed engineering plans for the chosen option.	\$40,000.00	\$25,000.00	Partial Funding: The recommended funding is a continuation of the support already provided through the 16/17 funding for the earthquake strengthening of the A Ranked building.	Agree \$10,000 towards the on-going seismic assessment and design.	\$10,000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
				Archaeological investigations.					
018	V Sandford	111 Peachgrove Road	H111 B Ranked	Funding is sought for a conservation plan and maintenance plan to manage future conservation and maintenance work to the house.	\$5,000.00	\$5,000.00	<p>Partial Funding: The recommended funding is a continuation of the support already provided through the 16/17 funding for the repair of the verandah pillar.</p> <p>The recommendation is to assist with the cost for the preparation of a conservation plan, including a maintenance programme to be read in-conjunction with an existing building report to assist the owner with the on-going repairs and maintenance work required for up-keep of this large residential dwelling.</p>	A recommended sum of \$4,500 is supported.	\$4,500.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
				<ul style="list-style-type: none"> <li>• maintenance plan;</li> <li>• Restoration of wooden joinery;</li> <li>• Replace the roof.</li> </ul>			the future works that need to be undertaken and how those works should be executed. This plan will assist the owner with future funding and consenting processes; and the restoration of the identified timber windows to prevent any further deterioration of the heritage fabric of the building associated with these windows.		
021	G Douglas	102 Forest Lake Road	H55 (Laurenson Settlement)  B Ranked	Funding is sought for the restoration and repair of original sash windows	\$12,654.83	\$6,327.41	Partial Funding: The recommended funding reflects a cost sharing of the estimated works for the repair and restoration of the sash windows to ensure the retention of the heritage fabric and value of the dwelling.	Support to extent recommended at \$6,000.	\$6,000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
022	A Saluja	237 Victoria Street	H37 (Wesley Chambers)  A Ranked	Funding is sought for priority works: Staged repair the 70+ windows; Repair/replace roofing to stop and prevent further leakage; Earthquake strengthening.	\$344,608.00	\$50,000.00	<p>Partial Funding: This is a key building in the central city area.</p> <p>The recommended funding is a continuation of the support already provided through the 16/17 funding for the preparation of a heritage conservation plan and maintenance programme. The proposed works are based on this Plan.</p> <p>The funding supported through this round is for work aimed to retain existing heritage fabric by repairing windows rather than replacing them with modern aluminium windows. Due to the size of the projects that need to be undertaken on this building at this time we recommended that the work is staged and further funding applications be considered to complete this work in the coming rounds.</p>	I support the recommended \$20,000 allocated to this project for the repair of existing windows and roof works.	\$20,000.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
							Noting also that the building is identified as a priority building on the earthquake prone building list.		
023	F Petchey	11 O'Neill Street, Claudelands	H63 (Ingleholm House)  B Ranked	Funds are sought for scaffolding, preparation and painting of the upper areas of the building, including windows, soffits, bargeboards, beams and surrounds.	\$11,795.43	\$11,795.43	<p>Partial funding: The recommended funding is a continuation of the support already provided through the 16/17 funding.</p> <p>It is recommended funding is provided for the:</p> <ul style="list-style-type: none"> <li>• additional scaffolding is supported to due to the height and design of the building, which is unusual compared to a standard residential structure; and</li> <li>• preparation of advice from a suitable qualified expert giving guidance to the painting firm on how the painting of the building should be done along with the colours to be used. This written advice is to be</li> </ul>	Agree the proposed sum of \$4,500 towards the identified work.	\$4,500.00

Fund #	Applicant	Address	PODP Heritage # & Ranking	Proposed Work	Total cost of proposed works	Funding Sought	Recommendation		
							Reason	HNZ endorsement (refer to Attachment 3)	Funding
							<ul style="list-style-type: none"> <li>provided to council prior to any works associated with the painting commencing.</li> </ul>		

# Council Report

**Committee:** Council **Date:** 21 September 2017  
**Author:** Becca Brooke **Authoriser:** Lee-Ann Jordan  
**Position:** Governance Team Leader **Position:** Governance Manager  
**Report Name:** Recommendation to Council from the Growth and Infrastructure Committee Meeting - 12 September 2017 - Valley Tce Stormwater Pipe Remedial Works

<b>Report Status</b>	<i>Open</i>
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## Purpose of the Report

- To seek Council's approval for a recommendation from the Growth and Infrastructure Committee at its meeting on 12 September 2017, in respect of Valley Tce Stormwater Pipe Remedial Works.
- The 12 September 2017 Growth and Infrastructure Committee agenda and minutes are available via the following link:  
[http://www.hamilton.govt.nz/our-council/Council\\_meetings\\_and\\_public\\_information/meetings-and-minutes/Pages/default.aspx](http://www.hamilton.govt.nz/our-council/Council_meetings_and_public_information/meetings-and-minutes/Pages/default.aspx)

## Recommendation to Council from Growth and Infrastructure Committee

That Council:

- approves a total project budget of up to \$591,000 to enable staff to progress with planning, consenting and implementation of physical works to remove and replace the failed Valley Terrace stormwater pipe;
- delegates authority to the General Manager City Infrastructure to finalise negotiations with the property owner from 12 Valley Terrace on the extent of any contribution to project works;
- approves that ownership of the new proposed piped structure transfers to the Council and that the Council accepts all future maintenance and renewal obligations; and
- approves staff to progress with the establishment of appropriate easements in gross on property titles of 10, 12 and 14 Valley Terrace to allow for future access to piped structure for inspection, maintenance and renewal purposes.

## Attachments

There are no attachments for this report.

# Council Report

Item 12

**Committee:** Council **Date:** 21 September 2017  
**Author:** Becca Brooke **Authoriser:** Lee-Ann Jordan  
**Position:** Governance Team Leader **Position:** Governance Manager  
**Report Name:** Recommendation to Council from the Growth and Infrastructure Committee Meeting - 12 September 2017 - Whyte Street Land Exchange

<b>Report Status</b>	<i>Open</i>
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## Purpose of the report

1. To seek Council's approval for a recommendation from the Growth and Infrastructure Committee at its meeting on 12 September 2017, in respect of Whyte Street Land Exchange..
2. The 12 September 2017 Growth and Infrastructure Committee agenda and minutes are available via the following link:  
[http://www.hamilton.govt.nz/ourcouncil/Councilmeetings\\_and\\_public\\_information/meetings-and-minutes/Pages/default.aspx](http://www.hamilton.govt.nz/ourcouncil/Councilmeetings_and_public_information/meetings-and-minutes/Pages/default.aspx)

## Recommendation to Council from Growth and Infrastructure Committee

That Council:

- a) approves the exchange of approximately 175m<sup>2</sup> of Council fee simple land, legal description Lot 4 DP 486892, for approximately 175m<sup>2</sup> of land in the ownership of Anthony Endres, at no land cost to either party, subject to:
  - i. each party being responsible for their own legal costs
  - ii. associated land exchange costs, such as survey and valuation, being shared equally
  - iii. a survey plan being approved for the areas to be exchanged
  - iv. the area being received by Mr Endres being amalgamated with the title for his property at 10B Masons Ave
  - v. the area being received by Council being amalgamated with the title for the A J Seeley Gully Reserve; and
- b) delegates the Chief Executive authority to sign all documentation related to the land exchange.

## Attachments

There are no attachments for this report.

# Council Report

**Committee:** Council **Date:** 21 September 2017  
**Author:** Becca Brooke **Authoriser:** Lee-Ann Jordan  
**Position:** Governance Team Leader **Position:** Governance Manager  
**Report Name:** Recommendation to Council from the Growth and Infrastructure Committee Meeting - 12 September 2017 - LED Street Lighting Upgrade

<b>Report Status</b>	<i>Open</i>
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## Purpose of the Report

- To seek Councils approval for a recommendation from the Growth and Infrastructure Committee at its meeting on 12 September 2017, in respect of LED Street Lighting Upgrade.
- The 12 September 2017 Growth and Infrastructure Committee agenda and minutes are available via the following link:  
[http://www.hamilton.govt.nz/our-council/Council\\_meetings\\_and\\_public\\_information/meetings-and-minutes/Pages/default.aspx](http://www.hamilton.govt.nz/our-council/Council_meetings_and_public_information/meetings-and-minutes/Pages/default.aspx)

## Recommendation to Council from Growth and Infrastructure Committee

- That Council approves an additional local share funding of \$194,000 in 2017/18 to complete the supply of the stage 2 luminaires to be managed through risks and opportunities and to prioritise the 2018/19 installation costs of \$279,000 in the 2018-28 10-Year Plan

## Attachments

There are no attachments for this report.

# Council Report

Item 14

**Committee:** Council **Date:** 21 September 2017  
**Author:** Kelvyn Eglinton **Authoriser:** Kelvyn Eglinton  
**Position:** General Manager City Growth **Position:** General Manager City Growth  
**Report Name:** Waikato Means Business contribution to Economic Development

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To seek Council approval for a financial contribution to the Waikato Means Business model for economic development across the Waikato Region in 2017/18.
2. To seek Council consideration of an annual financial contribution to the Waikato Means Business model for regional economic development through the 2018/28 10-Year Plan process.

## Staff Recommendation

3. That the Council:
  - a) receives the report.
  - b) approves for consideration within the Long Term Plan an annual contribution of \$140,000 to Waikato Means business for regional economic development beginning in 2018/19.
  - c) approves a pro-rata amount for support during the 2017/18 year, once confirmation of the model is received, to a maximum of \$90,000.

## Executive Summary

4. Waikato Means Business (WMB) is the brand name of the economic pillar of the Waikato Plan.
5. The WMB Steering Group is chaired by Dallas Fisher and has business and local authority representation to drive economic development projects across the region.
6. As part of a Review of Economic Development Capacity and Capability, the review has found a lack of regional co-ordination and therefore a reduction in ability to grow the regional economy and source government project and sector funding.
7. The review is recommending a new Regional Economic Entity and seeks a financial contribution from Council of \$140,000 per annum.
8. Staff consider the matters within this report have low significance and that the recommendations comply with the Council's legal requirements.

## Background

9. A key project is the Review of Economic Development Capacity and Capability which aimed to review the current state of economic development governance, funding and service delivery in the Waikato. The report has been completed with a summary of findings below. Greater detail can be found on pages 3 and 4 of Attachment 1 :
10. Strategy and prioritisation:
  - Range of economic development strategies across the region with limited alignment
  - Business community seeking stronger voice and ambition for the region
11. Delivery of services:
  - Overall fragmented and uneven services and delivery
  - Demand for improved investment attraction and facilitation, innovation and industry/major project support
  - Need to improve monitoring and reporting of impacts
12. Resourcing:
  - Limited Council resourcing of economic development in Waikato relative to other regions.
  - Local government invested \$11.7m in economic development in Waikato in 2015. About 1.5% of local government operating expenditure approximately \$26 per capita.
  - National average is 2.1% of operating expenditure which is \$36 per capita
  - Potential to leverage resources from other sources (e.g. private sector, philanthropic, central government etc).
13. Hamilton City Council does not currently have dedicated roles or standalone programmes associated to economic development where it is defined as business development, business innovation, industry and sector development, investment attraction etc.
14. It is noted that Councils core functions in providing infrastructure and roading are major economic contributors and the current approach to economic development within Council is a collation of other required work programmes across various units.
15. Hamilton's current economic development approach is focussed on
  - *Building our economic narrative* based on our competitive and comparative advantages and key sectors. This is achieved via the economic and lifestyle videos, quarterly Growth Indicator reports, Hamilton prospectus, developer and business forums and presentations and utilizing media and social media avenues.
  - *Playing a central co-ordinating role* between differing agencies, private sector developments, business interest and central government for economic activity centred on Hamilton but reaching into the sub-region of Waikato and Waipa. Achieved via hosting co-ordination meetings, co-hosting international delegations and investment delegations and providing information to business as requested.
  - *Establishing an investment portal* as a web based collating site for all potential development and investment opportunities and studies across the city and sub region.
16. The costs associated with current actions are circa \$50,000 per annum excluding staff costs.
17. There is no dedicated staff resource as all inputs to the projects are aspects of staff work across differing units. A cross functional approach to packaging information for the economic projects has been the most effective way to provide this basic level of service.

## Discussion

18. A presentation to Councillors from the Chairman of WMB at the briefing of 7 September, 2017 addressed the findings from the project and recommended a new regional economic entity.
19. The entity would not include the amalgamation of Hamilton and Waikato Tourism (HWT). HWT would continue to operate as a stand along entity but be closely aligned with common members on respective boards.
20. The outline of the model and services can be found on pages 6-7 of attachment 1 with the delivery model outlined on page 8 and the governance structure on page 9.
21. The funding model for the entity is below and assumes roughly a 50/50 public-private split. Taupo DC and Rotorua DC are excluded as they are part of the Bay of Plenty programme.
22. Waikato Regional Council will increase its current contribution to WMB making it a 54% contributor of Council share. The balance is split between councils on a population basis.
23. Hamilton City would contribute \$140,000 per annum and make up 18.4% of overall council cash contribution and 6.8% of total entity budget.
24. It is anticipated that there will be government project funding but government will not fund core operating expenses. With the sale of Waikato Innovation Park (WIP), the WIP business support resources and staff becomes part of the entity. This includes Callaghan Innovation staff. Businesses will contribute via a subscription similar to Priority One in Tauranga.
- 25.

Funding Source	Annual Amount	Local Government % of Total Funding	Other Sources % of Total Funding
Local Government	\$770,000	36.75%	
Business Support (subscription model, includes major Iwi support)	\$415,000		19.81%
Project Support (Regional Growth Programme, Regional Trusts) assumed 50% of project costs	\$250,000		11.93%
Contribution from WIP for existing business support programmes	\$660,000		31.50%
<b>Total</b>	<b>\$2,095,000</b>	<b>36.75%</b>	<b>63.25%</b>

26. The respective Council break down is below:

Territorial Local Authority	Percent of Regional Population	Annual Contribution
Hamilton City	38.55%	\$140,000
Waipa District	12.71%	\$50,000
Matamata-Piako District	8.59%	\$30,000
Waikato District	17.26%	\$60,000
Otorohanga	2.49%	\$10,000
Waitomo District	2.42%	\$10,000
South Waikato District	6.01%	\$20,000
Hauraki District	4.85%	\$20,000
Thames-Coromandel District	7.13%	\$30,000

27. If the request is not approved Hamilton City Council would not be a contributor to the regional economic development entity and would continue its current base level approach to local and sub regional economic development.
28. The proposal by WMB aligns with the Hamilton Plan outcome of becoming the Third City Economy and would extend our Economic Development level of service in line with the Economic Agenda.

### Benefits

29. The presentation suggests a number of key benefits resulting from a regional entity as listed below.
  - Access to greater resources for local economic development projects - via Waikato EDA programmes and government growth programme e.g.,
    - External funding assistance and support on key ED opportunities, e.g:
      - Co-ordinated investment facilitation and attraction
      - Government support with industry and sector development initiatives to support key sectors ie healthcare, high value manufacturing, freight/logistics, education, tourism, agri-tech and IT/R&D
      - Support for local skills, education and employment initiatives.
30. These activities are beyond the scope and resources available from Councils current economic development approach.
31. Having an aligned voice and becoming Government's regional growth 'partner' is a significant advantage to access government support and funding. Waikato has had previous success on a regional level for major projects such as funding for the Waikato Expressway. Investments in other region's sector developments or aligned to regional plans (e.g., Priority One and SmartGrowth) have shown positive responses from governments.
32. Current discussions between WMB and Government has identified a proposed contribution in 2017-18 from Government of \$582,000 which is an increase from \$85,000 in previous years.
33. To date private business contributions have pledged \$511,000 in additional funding.

### Financial Considerations

- The cost of the proposal would be \$140,000 per annum over the Long Term Plan for a total of \$1.4million over the ten year period.
- Any contribution to be made within the current financial year (2017/18) would come from Risk and Opportunities and would be on a pro rata basis. The final amount would be determined at the time the proposal and associated budgets is confirmed. It is estimated that this would be circa \$90,000 if confirmed by November 2017.
- Pages 12 and 13 of Attachment 1 outlines further the financial consideration.

### Legal and Policy Considerations

- Nil

### Cultural Considerations

- Nil

### **Sustainability Considerations**

- Nil

### **Risks**

- Should the funding model not be achieved across other councils, Government or private contributors then an increase in funding may be requested.
- Should the funding model not be achieved, the entity may deliver a lower level of service or may not be able to deliver on planned initiatives or targets.

### **Significance**

- Staff have assessed that the proposals within this report are considered low significance.

### **Engagement**

- The consideration of the contribution within the Long Term Plan will form part of the consultation process for the LTP.

### **Attachments**

Attachment 1 - Waikato Means Business Presentation

# **REVIEW OF ECONOMIC DEVELOPMENT CAPACITY & CAPABILITY**

Presentation to Hamilton City Council  
September 2017

# OBJECTIVE & PROCESS

- Aimed to review the current state of economic development governance, funding and service delivery in the Waikato
  - Current Council-supported delivery model: 2 RTOs (excluding Taupō/Rotorua), 1 business development entity (Waikato Innovation Park), a few smaller district development entities, Council officers perform some functions
- Process – documentation review & research; consultation with local authorities, industry groups, economic development/tourism agencies, Maori/iwi organisations, businesses, central government agencies (40+)
- Testing with Project Steering Group & WMB Steering Group



# MAIN FINDINGS

## Strategy & prioritisation:

- Range of economic development strategies and frameworks across the region – limited alignment. Limited buy-in to WMB strategy/plan and process
- Business community seeking stronger voice and ambition for the region

## Delivery of services:

- Overall - fragmented and uneven services. Limited reach of some services to some districts and groups
- Demand for improved investment attraction & facilitation, innovation and industry/major project support
- Destination marketing activities reasonable within resource constraints (although coordination of events could be better)
- Need to improve monitoring and reporting of impacts



# MAIN FINDINGS

## Resourcing:

- Limited local government resourcing going into economic development in the Waikato relative to other regions.
  - Local government invested around \$11.7m in ED in the Waikato in 2015. About 1.5% of local government operating expenditure. Around \$26 per capita.
  - Excluding Taupo, investment is \$8.1m (1.1% of expenditure or \$20 per capita)
    - National average is 2.1% of operating expenditure, \$36 per capita
    - Investment in Hamilton & Waikato Tourism equivalent to \$6 per rateable property; investment in Destination Coromandel \$19 per rateable property
      - National average is \$25 per rateable property
  - Potential to leverage resources from other sources (e.g. private sector, WEL Energy Trust, SWIF, central government)



# ASSESSMENT

- **Main question:** Should the current regional delivery model change in order to deliver the identified areas for improvement?
- Delivery model decisions:
  - A. Geographic reach of model
  - B. Type of model
  - C. Ownership, governance and funding of model

Potential options assessed against a range of criteria, e.g., practicality, effectiveness, costs, responsiveness, accountability, ability to leverage resources

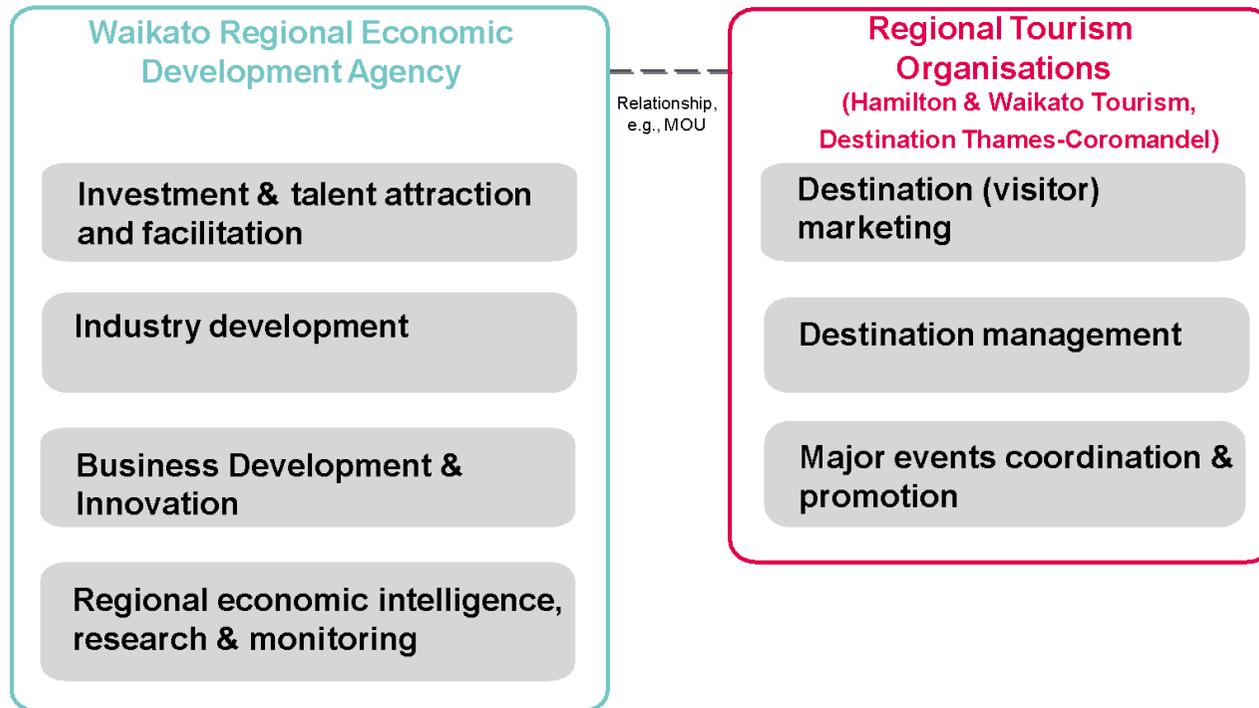


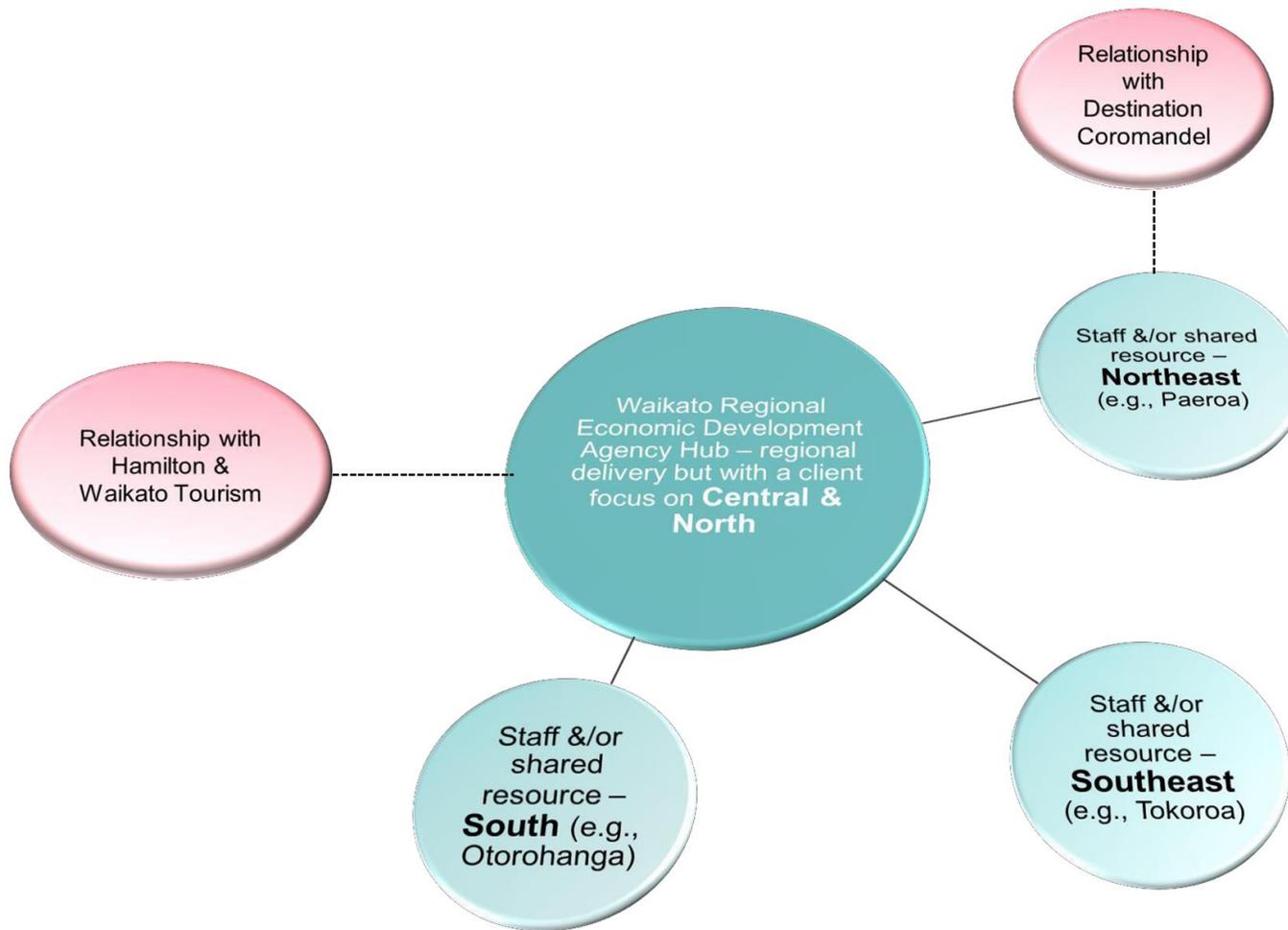
# RECOMMENDED MODEL

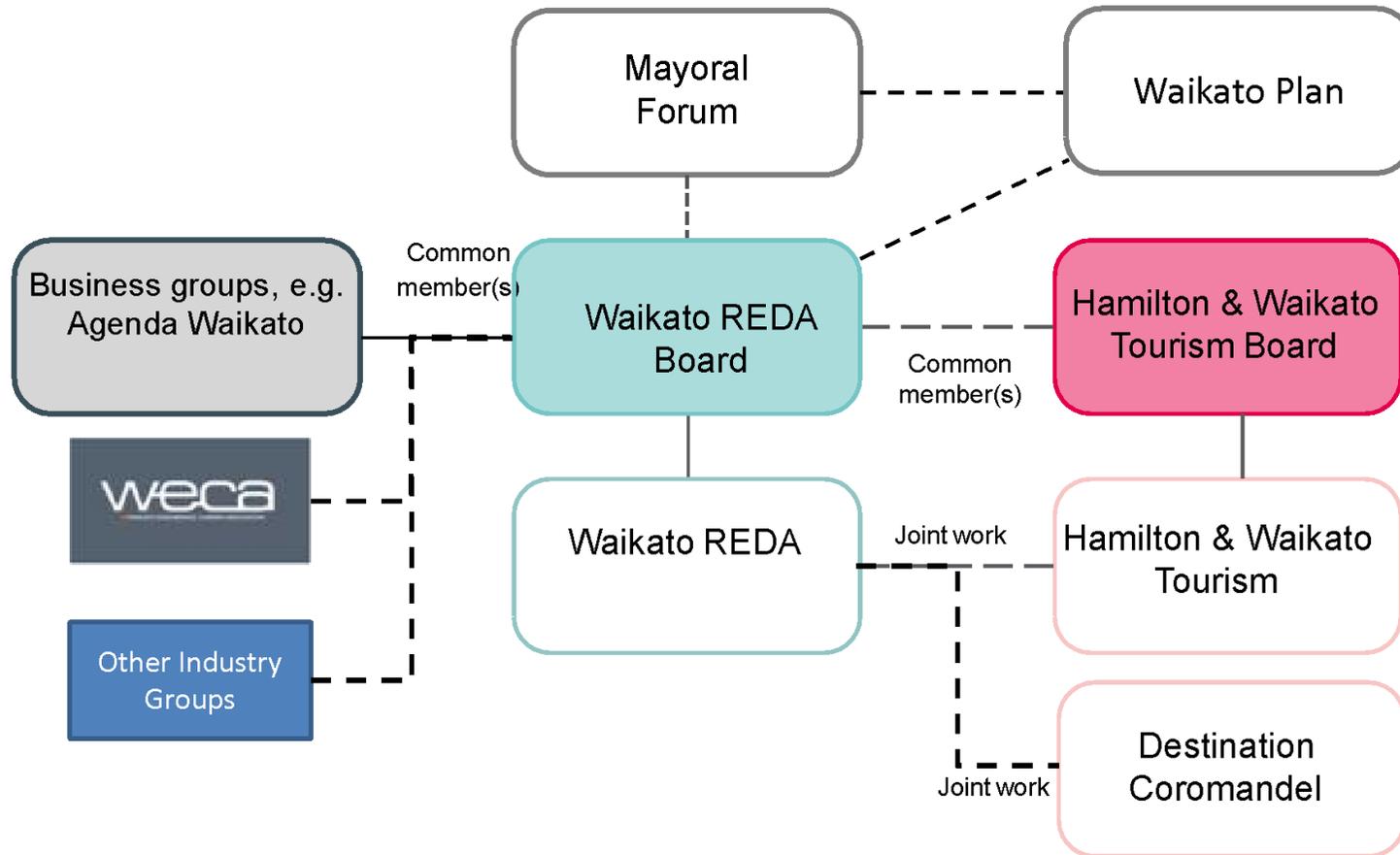
- **New regional economic development entity** focused on business development, innovation, industry development, investment attraction services
  - Built off Waikato Innovation Park's business development services
  - Hub and spoke delivery model to ensure reach
- Destination marketing activities remain with RTOs but with clear linkages with new entity
- Independent entity – business-led and focused
- Model and extension of services will require additional funding from private sector and local government to be effective
- **Enhanced regional ED leadership** – governance group involving partnership between business, Maori/iwi, local government central government



# POTENTIAL SERVICES







# Benefits for Hamilton

- Access to far greater resources for local economic development projects- via Waikato EDA programmes, government growth programme and others
  - Even greater support from the government for Hamilton as the key urban and business centre for the Waikato
  - Support and services from a 11-person growth support agency
  - Funding assistance and support on key ED opportunities, e.g:
    - Regional investment facilitation and attraction- much of which will come into the wider Hamilton area
    - Support with industry and sector development initiatives in healthcare, high value manufacturing, freight/logistics, education, tourism, agri-tech and IT/R&D
    - Support for local skills, education and employment initiatives
- 



# Value-add from a Regional Approach

- Everybody working together as partners and putting in a little bit each
- WMB already bringing in significant additional resources
- Becoming government's regional growth partner is significant
- Proposed contribution in 2017-18 from government \$582,000 (up from 85k)
- \$511,000 in additional funding pledged from other private sector sources
- In other regions where government has a strong regional partner- investment can be very significant, for example:
  - \$10m mineral research centre on Westport
  - \$11m - offshore aquaculture development and wharf facilities- Opotiki
  - Major investments in tourism, primary industries & forestry - Northland
  - \$30m Kiwifruit development- Bay of Plenty/Gisbourne



# INITIAL FUNDING MODEL

- Being Developed now as part of Stage 2 of project
- Recognise need to identify potential investment by local government for purpose of Long Term Plan notification
- Funding model assumes a roughly 50/50 public-private split
- Taupo and Rotorua excluded from the model at this stage (as they are both part of the Bay of Plenty programme)
- Some government project funding but govt will not fund core operating expenses
- Initial numbers now developed but subject to further analysis



# FUNDING MODEL

- Each TA would provide at least 0.2 ED FTE in kind towards the model
- WIP business support & development resources become part of the EDA (660k)
- Business will contribution via a subscription model (415k)
- Local funding trusts and government will support key projects (250k)
- Waikato Regional Council will slightly increase its current contribution to WMB (400k)- making it a 54% contributor of TA cash share
- Balance (335k) is split between TLAs on a population basis (excl. Taupo & Rotorua)
- Hamilton City would contribute approx. \$140,000 PA
- 18.4% of overall TA cash contribution (6.8% of total EDA budget)



Funding Source	Annual Amount	Local Government % of Total Funding	Other Sources % of Total Funding
Local Government	\$770,000	36.75%	
Business Support (subscription model, includes major Iwi support)	\$415,000		19.81%
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Territorial Local Authority	Percent of Regional Population	Annual Contribution
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Waikato District	17.26%	\$60,000
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Waitomo District	2.42%	\$10,000
South Waikato District	6.01%	\$20,000
Hauraki District	4.85%	\$20,000
Thames-Coromandel District	7.13%	\$30,000



# NEXT STEPS

- Consultation process underway with Councils, the business community, Maori/iwi and other key economic development partners to test the findings and refine the preferred delivery model, service and resource mix
- Martin Jenkins now commenced detailed design phase- results by late 2017
- Final proposal and recommendations to Mayoral Forum in late 2017
- Including finalised funding, operating and governance model



# Council Report

Item 15

**Committee:** Council **Date:** 21 September 2017  
**Author:** Rebecca Whitehead **Authoriser:** Lance Vervoort  
**Position:** Libraries Director **Position:** General Manager Community  
**Report Name:** Central Library Seismic Rehabilitation

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform the Council on options for the future delivery of the Central Library service.
2. To seek approval for \$635,200 to upgrade the Central Library building to 34 percent of the new building standard (NBS) and \$87,000 to install a new cardex system in the 2018/2018 financial year.

## Staff Recommendation

3. That the Council:
  - a) receives the report;
  - b) approves the recommendation from the 4 April 2017 Community and Services Committee meeting to approve \$618,000 capital and \$17,200 operating budget to upgrade the Central Library to 34 percent NBS and approve \$87,000 to install a cardex system (option C1 in the staff report); and
  - c) notes the information on future Central Library options, contained in paragraphs 19 – 58 of the staff report.

## Executive Summary

4. The Central Library was temporarily closed in November 2017 after a detailed seismic assessment evaluated the building as earthquake prone. This closure was initially signalled to be for 3-6 months however it has now been 10 months. Delays with re opening are causing increasing levels of community dissatisfaction, with staff receiving around 90 complaints per month.
5. Since the closure staff have been asked by elected members to investigate options for the future delivery of a Central Library service which include permanent relocation to the municipal building, upgrading the current Garden Place building, a new CBD location and decentralisation.
6. Options for the future Central Library delivery can be considered through the 10 Year Plan process. However the issue of determining a course of action for the building to be brought in line with legislative requirements and a decision regarding the level of central library service provision in the short term are still required.
7. Staff recommend completing the seismic rehabilitation of the building to 34 percent NBS in 2017/2018 to comply with legislation and return service to levels of service agreed through the

2015-2025 10 Year Plan. This is the most cost effective option and leaves Council open to consider the future Central Library through the 10 Year Plan and beyond.

8. Staff also recommend the installation of a cardex system to improve security, health and safety within the facility.
9. Staff consider the matter covered in this report has a medium level of significance and that the recommendations comply with the Council's legal requirements.

## Background

10. A detailed seismic assessment of the Central Library was completed in November 2016. The building was assessed as earthquake prone with a score of 15% NBS and was temporarily closed to public and staff pending a seismic upgrade. A temporary service pop-up library service was established at the Council municipal building reception lounge, which offers limited services and collections.
11. Options for the seismic upgrade of the Central Library building were considered by the Community and Services Committee at the April 4 2017 meeting, [minutes attached](#). At this time Council also considered the installation of a Cardex system at the Central Library as a further health and safety improvement. Resolutions from that meeting were that the Community and Services Committee:
  - receives the report;
  - recommends Council approve, the option to upgrade the Central Library to 34% of the New Building Standard at a further \$618,000 capital expenditure and \$17,200 operating expenditure;
  - recommends Council approve \$87,000 to implement a cardax system; and
  - recommends that Council consider alternate cost-effective means of providing CBD library services and enhancing library services in current and future growth areas.
12. On 13 April 2017 staff presented on the draft Libraries Facilities Plan to a Council briefing, this presentation included options for future Central Library delivery.
13. On 14 August 2017 staff presented to the 10 Year Plan – Community Infrastructure briefing regarding options for the Central Library. At this session, an additional scenario was requested for the municipal building which included a smaller public facing area and the conversion of the Caro building into a storage area for the heritage and archive collections. Information about this option is included in the options analysis attached to this report- scenario B1.

## Discussion

14. A number of options and scenarios have been developed to support a discussion around the future delivery of the Central Library Service. These include: the seismic remediation of the Garden Place building, upgrades to the Garden Place building, permanently relocating to the municipal building, a new central city location and a decentralised service. It is proposed that these options be considered further by the Council through the 2018-2028 10 Year Plan process. A number of the options identified need a number of years to be implemented meaning any significant change from the existing delivery model is difficult to achieve in the short term.
15. When the Central Library was initially closed in 2016 it was expected to reopen in 3-6 months. However, 10 months have passed with no decision having been made in regards to the seismic rehabilitation and re-opening the library. These delays are causing increasing dissatisfaction and Council has been receiving around 90 complaints per month.
16. Staff recommend completing the seismic rehabilitation of the building to 34 percent NBS. Completing this work would allow a reinstatement of agreed levels of service and enable the

Council to maximise the return from any future sale of the building. This would allow sufficient time for Council to consider the future direction and model of Central Library service delivery.

17. Staff also recommend the installation a cardex system to improve health and safety within the facility
18. The Libraries Strategic Plan (2015), and the Central City Transformation Plan (CCTP) recognise the Central Library as a destination library within the city and a key anchor for Garden Place. Undertaking the seismic repair of the building enable Council to continue to deliver a full Central Library service and contribute to the outcomes identified in these plans.

### Future Library Options

19. Staff have assessed that there are five viable future options for Council to consider.

- Option A –Status Quo
- Option B –Municipal Building
- Option C- Garden Place Library
- Option D- Alternative CBD Location- build, buy or lease
- Option E- Decentralised service – Greenfield build

A detailed analysis of these options follows. All costs are high level estimates only and would be refined through the development of a detailed business case and formal tender process.

#### OPTION A - Status Quo

20. This option involves Council permanently delivering a central library service through the pop up in the reception lounge. The pop up would contain a small lending collection and deliver a small number of programmes.

#### Community impact

21. The option ensures that some provision of a library service in the central city is retained and provides an opportunity for co-location with other HCC services, however there would be a significant reduction in levels of service including:
  - An 85% reduction in the size of the Central Library lending and reference collection (including fiction, nonfiction, DVD's, CDs ) which services the city wide libraries network (approximately 100,000 items). All community libraries are at capacity and could not accommodate this material.
  - A significant reduction in the size and number of programmes and events due to space restrictions (note- there is limited space at community libraries to hold programmes and events)
  - An estimated 40% -50% reduction in the number of visitors to the Central Library in Garden Place (from approximately 300,000 visitors to an estimated 150,000 to 180,000 per annum).
  - Heritage and Archive collections would need to be housed in an off-site climate controlled storage facility, resulting in a reduction in access to heritage and archive services. No other local institution has current capacity to hold this material. The service is currently used by around 50,000 visitors a year, accessing a minimum of 35,000 items from the collection. Continuing this service would require a service separate to the pop-up library, or a process where materials could be retrieved from storage at a cost of \$12 per item.
  - No provision for study, reading, computers, community use or programmes
  - An increased pressure on collections, services and staff in suburban libraries, many which are operating at capacity now.

22. With staff receiving around 90 complaints per month for the temporary reduction in levels of service, it is likely there will be a significant level of community dissatisfaction with a permanent reduction to levels of service.

**Financial considerations**

23. This option would offer savings of \$150,000 per year on energy and resourcing costs; however these would be offset by higher operating costs for an alternative Heritage and Archive service provision (\$500,000 - \$800,000) and lending and collections (\$500,000) storage and an estimated loss of revenue of -\$100,000.
24. There would be a one off capital cost for the fit out of a separate facility for Heritage and Archive services. Based on 500m<sup>2</sup> public area and 1,000m<sup>2</sup> climate controlled storage area this would cost \$750,000.
25. A significant part of the network’s lending and reference collection and operational assets are currently stored in the Central Library. Should the building not be used as the Central Library, storage would have to be found for these items at an additional cost, or the Council would have to decrease collection size and write off these assets. The financial impacts of this write off would depend on scope.
26. The following table details the estimated additional costs associated with this option.

Capital	Operating
<ul style="list-style-type: none"> <li>● <b>Fit out of alternative heritage and archive storage facility - \$750,000</b></li> </ul>	<ul style="list-style-type: none"> <li>● Heritage and Archive service operating costs \$500,000-\$800,000 per year</li> <li>● Lending and reference collection storage and retrieval costs \$500,000 per year</li> </ul>
<b>Total capital: \$750,000</b>	<b>Total additional operating \$950,000-\$1,250,000 per year</b>

**OPTION B - Relocation to the Municipal Building**

27. This option involves the permanent relocation of the Central Library to the Municipal Building. There are four scenarios within this option:
- B1- The relocation of the Central Library service to the ground floor and level 1 of the governance wing and all levels of the Caro building (2,900 m<sup>2</sup>)
  - B2-The relocation of the Central Library service to the ground floor of the municipal building, governance wing and caro building (2,100 m<sup>2</sup>).
  - B3- Municipal Building governance wing and caro building - Ground floor and level 1 (3,600m<sup>2</sup>)
  - B4- Expansion Caro street carpark (additional 800 m<sup>2</sup>)
28. Scenario B1 would provide enough space for service desks and a portion of the lending collection. There would be very limited provision for study, reading, computers, community use or programmes. The Caro building would be converted into storage area for the heritage and archive collection.
29. Scenario B2 would provide enough space for service desks and a portion of the lending collection. There would be very limited provision for study, reading, computers, community use or programmes.

- 30. Scenario B3 would see the ground floor area providing space for a portion of the lending collection; the second floor would provide space for computers, smaller programme delivery and some community use space.
- 31. Scenario B4 could be added in conjunction with scenario B1 or B2. It involves an expansion to the municipal building over the Caro Street carpark to create an additional 800 m<sup>2</sup> of space.
- 32. The loading code outlines the requirement of 4kpa for standard library loading and 10kpa for the mechanical shelving units used for heritage and archive collections. The current floor loading capacity of 0.2- 2kpa restricts the volume and weight of material that can be located in these areas without undertaking structural strengthening work.

**Community impact**

- 33. This option ensures a central city library service is retained and creates the opportunity for an integrated council/ library service.
- 34. This service would result in the following:
  - A decrease in the size of the Central Library lending collection by 50-80%
  - Limited space for events and programmes – resulting in a reduction of approximately 150,000 visitors per annum
  - Heritage and Archive collections would need to be housed off site
  - Options B1 and B2 – have no or extremely limited provision for study, reading, computers, community use or programmes
  - An increased pressure on collections, services and staff in suburban libraries.
  - Extended hours for face to face Council customer services as the library service is delivered seven days per week
  - Improved security and safety for staff and customers
  - The opportunity for co-location with HCC services

**Financial consideration**

- 35. High level cost estimates associated with this option are detailed below. These would need to be confirmed once full scope is defined.
- 36. All of the option scenarios would offer approximately \$300,000 per year savings from energy and resourcing costs. These are offset by higher operating costs for an alternative Heritage and Archive Service provision, lending and reference collection storage and retrieval and loss of revenue of \$100,000.
- 37. Note : Costs for the storage or write off of operational assets, interest and depreciation are additional but unknown.

Option	Capital	Operating
B1	<ul style="list-style-type: none"> <li>• Fit out of 1,000 m<sup>2</sup> of the municipal building \$2,000,000</li> <li>• Fit out of Caro wing for heritage and archive storage \$1,000,000</li> <li>• Floor strengthening – minimum estimated \$5,000,000</li> </ul> <p><b>Total capital: \$8,000,000</b></p>	<p>Lending and reference collection storage and retrieval costs \$500,000 per year</p> <p><b>Total additional operating \$300,000 per year</b></p>

B2	<ul style="list-style-type: none"> <li>Fit out of 2,100 m<sup>2</sup> of the municipal building \$4,000,000 - \$7,000,000</li> <li>Fit out of alternative heritage and archive storage facility - \$750,000</li> <li>Floor strengthening – minimum estimated \$2,000,000</li> </ul> <p><b>Total capital: \$6,550,000-\$9,550,000</b></p>	<ul style="list-style-type: none"> <li>Heritage and archive service operating costs \$500,000-\$800,000 per year</li> <li>Lending and reference collection storage and retrieval costs \$500,000 per year</li> </ul> <p><b>Total additional operating \$800,000-\$1,100,000 per year</b></p>
B3	<ul style="list-style-type: none"> <li>Fit out of 3,600 m<sup>2</sup> of the municipal building \$6,000,000-\$9,000,000</li> <li>Fit out of alternative Heritage and Archive storage facility - \$750,000</li> <li>Floor strengthening – minimum estimated \$2,000,00</li> </ul> <p><b>Total capital: \$8,550,000 - \$11,550,000</b></p>	<ul style="list-style-type: none"> <li>Heritage and Archive service operating costs \$500,000-\$800,000 per year</li> <li>Lending and reference collection storage and retrieval costs \$500,000 per year</li> </ul> <p><b>Total additional operating \$800,000-\$1,100,000 per year</b></p>
B4	<ul style="list-style-type: none"> <li>Capital costs and operating costs associated with B1, B2 or B3 plus \$4,000,000 for the extension over the Caro Street Carpark</li> </ul> <p><b>Total Capital : \$10,550,000-\$15,550,000</b></p>	<ul style="list-style-type: none"> <li>Heritage and Archive service operating costs \$500,000-\$800,000 per year</li> <li>Lending and reference collection storage and retrieval costs \$250,000 per year</li> </ul> <p><b>Total additional operating \$550,000-\$850,000</b></p>

38. This option could not be implemented until 2019 and is dependent on the proposed Waters CCO, the relocation of staff currently located on the ground floor, and ending the current community tenancies for the Caro Wing.

#### **OPTION C – Garden Place Library**

39. This option involves returning services to the Central Library building in Garden Place. There are three scenarios related to the option:
40. C1- Undertake seismic upgrade to 34 per cent NBS only.
41. C2- Undertake Seismic upgrade 34 per cent NBS and complete additional works to improve the functionality, safety and amenity of the building including:
- Relocating offices from the front of ground floor to improve natural light and visibility to and from Garden Place.
  - Implementing shared community spaces
  - Safety improvements to customer service areas
  - Improving accessibility and security at entrance
  - Reconfiguring top floors to improve space efficiency
  - Improving accessibility of toilet and parent room facilities

42. C3 – Undertake seismic upgrade and enhanced improvements including upgrade to the library façade, and create an entrance off the Alexandra Laneway to achieve outcomes from the CCTP.

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**Community Impact**

43. Option C1 is the most cost effective option and ensures continuation of services at the current agreed level.
44. Option C2 and C3 ensure continuation of the current agreed level of service and provides the following benefits:
- Improved security and safety for staff and customers
  - The opportunity for co-location with HCC services and community/business hubs
  - Improved interface with Garden Place and central city
  - Improved amenity and accessibility
  - Increase in useable space for programmes and events

**Financial Consideration**

45. The table below details the estimated additional costs associated with this option. Costs would be refined once direction is provided. Some operational efficiency could be possible through scenario C2 and C3 if the facility was shared by other services or groups.
46. Note: there are \$1,500,000 of building renewals scheduled for the Central Library building during the 2018-2028 10 Year Plan period, which is additional to the projects identified below.

Option	Capital	Operating
C1 <i>Recommended Option</i>	<ul style="list-style-type: none"> <li>• \$620, 000 remaining expenditure for Seismic upgrade</li> </ul> <p><b>Total capital of \$620,000</b></p>	<ul style="list-style-type: none"> <li>• \$17,000 project operating costs</li> </ul> <p><b>Total Operating costs \$17,000</b></p>
C2	<ul style="list-style-type: none"> <li>• \$ 620,000 remaining expenditure for Seismic upgrade</li> <li>• \$1,600,000 improvement costs</li> </ul> <p><b>Total capital of \$2,220,000</b></p>	<ul style="list-style-type: none"> <li>• \$17,000 project operating costs</li> </ul> <p><b>Total Operating costs \$17,000</b></p>
C3	<ul style="list-style-type: none"> <li>• \$ 620,000 remaining expenditure for Seismic upgrade</li> <li>• \$1,600,000 improvement costs</li> <li>• \$1,320,000 façade upgrade</li> <li>• \$210,000 laneway entrance</li> </ul> <p><b>Total capital of \$3,750,000</b></p>	<ul style="list-style-type: none"> <li>• \$17,000 project operating costs</li> </ul> <p><b>Total Operating costs \$17,000</b></p>

- 47. Detailed design, project planning and tender preparation has been undertaken for the seismic upgrade. This project is ready to be implemented if approved and would take 6-8 months to complete.
- 48. Detailed design, project planning and procurement processes would need to be completed for the additional works under option C2 elements of the option. The estimated timeline would include 6 months for design and an additional 12-18 months to carry out the improvements.

**OPTION D- alternative CBD Location: Build, buy or lease**

- 49. This option involves moving the Central Library to another CBD location of 4000-4500 m<sup>2</sup>. This option could involve a lease, build or buy scenario.

**50. Community Impact**

- 51. This option ensures continuation of the current agreed level of service and provides the following benefits:
  - A fit for purpose library building
  - Improved security and safety for staff and customers
  - Opportunities for co-location with HCC services, government departments and community/business groups

**Financial consideration**

- 52. The additional costs associated with this option are detailed below. Some operational efficiency may be possible through co-location with other services. The value of those savings would depend on the model of delivery.

Option	Capital	Operating
Lease	<ul style="list-style-type: none"> <li>• Fit out cost of \$5,750,000-\$6,750,000</li> </ul>	<ul style="list-style-type: none"> <li>• Lease of a 4500 m<sup>2</sup> facility \$1,500,000-\$2,000,000 per year</li> </ul>
Build	<ul style="list-style-type: none"> <li>• \$23,000,000 - 4,500 m<sup>2</sup> facility</li> </ul>	<ul style="list-style-type: none"> <li>• Unknown</li> </ul>
Buy	<ul style="list-style-type: none"> <li>• Unknown</li> </ul>	<ul style="list-style-type: none"> <li>• Unknown</li> </ul>

- 53. This option would require significant planning. The lease option would have the shortest timeframe however a new build of this type would take a number of years of planning and execution.

**OPTION E – Decentralised Service – Greenfields build (Rototuna)**

- 54. This option involves relocating some services from the central library building to a new location. This option is based on the North East (Rototuna) Library identified in the 30 year infrastructure plan. Land has been purchased for this purpose in Rototuna and is outlined in the Rototuna Town Centre Structure Plan and Comprehensive Development plan.

55. This option provides the community with a fit for purpose facility. It would address growth and demand to the north east of the city and reduce current operating pressures on the Chartwell library.
56. The current proposal for a library build at Rototuna is based on the existing city provision and allows for 2,500 m<sup>2</sup> for a community hub library at an indicative capital cost of aprox \$15M and ongoing operational cost of \$500,000. There is potential to seek partnership agreements with developers for a shared library/retail project which may reduce a portion of this cost.
57. If services currently offered through the Central Library (programmes, heritage and archives) were to be decentralised to Rototuna, the building would require an additional 1,500-2,000 m<sup>2</sup> of space at an estimated additional cost of around \$7,500,000-\$10,000,000 and an associated increase in operational costs.
58. This option is indicated for (year) of the 2018-2028 Asset Management Plan and is yet to be fully scoped and business case to be developed.

### 59. Financial Consideration

60. Staff recommend option C1 because it is the most cost effective and timely option. It would enable a return to levels of service agreed through the 2015-2025 10 Year Plan. It would also leave Council open to consider a future Central Library through the 10 Year Plan and beyond.
61. The total cost to complete this project is \$705,000 capital expenditure and \$17,200 operational expenditure which is not funded in the 2017/2018 Annual Plan.
62. It is proposed that this is approved as an unbudgeted project and it is reported on the on Risks and Opportunities Schedule. This would result in no significant impact on the balancing our books and debt to revenue ratios.
63. The table below outlines the financial impacts of completing this project in 2017/2018.

Type of Costs	2017/2018 Year			Future Years
	Approved budget	Costs incurred	Unfunded	
Capital Expenditure				
Seismic upgrade to 34 %NBS	\$-	\$-	\$618,000	\$-
Cardex system	\$-	\$-	\$87,000	\$-
<b>Total Capex</b>	<b>\$-</b>	<b>\$-</b>	<b>\$705,000</b>	<b>\$-</b>
Operating Expenditure				
Consequential Opex	\$-	\$-	\$17,200	\$-
<b>Total Opex</b>	<b>\$-</b>	<b>\$-</b>	<b>\$17,200</b>	<b>\$-</b>

### Legal and Policy Considerations

64. Staff confirm that option C1 complies with the Council's legal and policy requirements in relation to the New Building Standard and that the Central Library in Garden Place meets floor loading requirements under AS/NZS1170.1:2002.

### Risks

65. Risks associated with not approving the staff recommendation are likely to be:
- Continued dissatisfaction caused by the ongoing reduction to levels of service provided by libraries resulting in reputational damage to Council

- Uncertainty for the community and staff regarding the future of the library service
- Low staff morale caused by dissatisfaction with working conditions and ongoing impacts to the libraries' levels of service, resulting in loss of key employees

## **Significance & Engagement Policy**

### **Significance**

66. Based on the factors for determining significance as outlined in the Significance and Engagement Policy, staff have assessed that the recommendations in this report have medium significance.

### **Engagement**

67. Staff recommend no engagement on this matter is required.

### **Attachments**

There are no attachments for this report.

# Council Report

Item 16

**Committee:** Council **Date:** 21 September 2017  
**Author:** Debbie Lascelles **Authoriser:** Helen Paki  
**Position:** Community Services Manager **Position:** Business Manager  
Community

**Report Name:** Waterworld Renewals Project

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To seek approval to bring forward additional budget within the 2015-2025 10 Year Plan to complete the renewal project at Waterworld.

## Staff Recommendation

2. That the Council:
  - a) receives the report.
  - b) approves bringing forward \$5,672,000 from 2022/23 in the 2015-25 10 Year Plan to 2017/18 to complete the required renewals work at Waterworld (option 5 of the staff report).

## Executive Summary

3. Condition assessments at Waterworld have found a range of issues with the facility: the pipes, floor and ceiling were found to be at the end of their useful life. The filtration is not compliant and the Heating, Ventilation, Air Conditioning (HVAC) is at the end of its useful life and is not fit for purpose.
4. Staff have been working with Opus International Consultants on a significant renewal that will address all of these issues since early 2016.
5. The project has been complex and a range of innovative design solutions have been found to renew the assets in the most cost effective way. The size of the project has triggered other costs related to building compliance for fire safety and disability compliance.
6. The money set aside to renew these assets was not enough to cover the renewal and staff brought a revised scope to a Council briefing.
7. Other solutions have been considered, however, there are a number of risks to the facility should these assets fail and renewal is the best means to mitigate these.
8. Staff recommend bringing forward money (for a new pool) from 2022/23 in the 2015-25 10 Year Plan to complete the renewal.
9. Staff consider the recommendation made in this report has medium significance and that the recommendations comply with the Council's legal requirements. Staff would not consider

public consultation necessary, because user groups affected by the renewal have been engaged in considerable discussion about the renewal.

10. If Council chose not to renew critical assets for the 50m pool, closure of this part of the facility would be considered high significance due to the impact on current levels of service for user groups and a full public consultation would be necessary.

## Background

11. Waterworld is Hamilton's major aquatic facility and is the largest facility of its type in the North Island. Built in 1976, it has had limited renewal of its major assets, aside from a new ceiling in 2007, new flooring in 2011 and a refresh of the front of house/ café area in 2015-2016.
12. Identification of a pipework issue at Waterworld in mid-2015 triggered further investigation and a full condition assessment of the facility.
13. In August 2015, a sample of one of the pipes in the service tunnel that runs beneath the 50 m pool was taken by CJ Cant Plumbing to determine the wear on the existing pipe network. This sample determined significant wear. Pipes that were originally 22mm thick were down to 8.6 mm and 9 mm in places (see Attachment 1).
14. A condition assessment was completed by Opus International Consultants who determined that the pipes were at the end of their useful life, the filtration system did not meet public health standards and the condition of the floor was a health and safety concern for both staff and public. These issues were presented to Council in a briefing on 17 November 2015.
15. \$2,900,000 was approved as part of the 2016/17 Annual Plan deliberations on 24 February 2016 to upgrade the pipes, filtration and floor. The figure was based on preliminary estimates only.
16. A project team was formed in March 2016.
17. The Heating, Ventilation and Air Conditioning system (HVAC) was due to be renewed in 2017/18 and would have resulted in a second closure for the facility. To avoid this, a decision was made to bring \$900,000 of funding forward into the main project with an additional \$408,000 of funding allocated from 2016/17 capital renewals budget.
18. Ongoing issues with the ceiling tiles became more pressing and due to health and safety concerns. These were removed and a further \$900,000 was brought forward into the 16/17 financial year.
19. At this stage, these funds totalled \$5,108,000 and this was set aside for renewal of the pipe network, the filtration units for the 25m and 50m pools, the floor, ceiling, and HVAC (see Attachment Two for summary of each project component).
20. Design issues and complexities due to the nature of the aging facility, asbestos pipes, high water table and difficulties connecting new pool assets with the older facility meant considerable changes to the original scope and budget were required. There are also a number of inter-dependencies within the project making it difficult to remove key parts of the project without an impact on others (see Attachment 3 for design interdependencies).
21. The significant renewal of assets triggered the need to consider disability access and improved fire design to comply with a greater amount of the new building code.
22. During the project planning stage, an organisation wide programme of seismic assessments was begun. Waterworld was completed as a matter of priority so that the costs to be fully compliant could be considered alongside the costs of this renewal.
23. Updated costs were \$10,600,000 including contingency to complete the renewal work and an additional \$2,700,000 including contingency for completion of the seismic strengthening, a total of \$13,300,000. Legislation dictates that the seismic work must be completed within 12 years.

24. These changes in scope were the subject of a briefing to the Council on 6 July 2017 where a number of options were presented to the Council to cover the increased cost of the project. At this briefing, it was requested that an additional option be considered; spending the budget required for the renewal project on building a new 25m x 35m pool with a moveable floor, suitable for water polo and lane swimming. This approach would involve running the remainder of the assets until complete failure.
25. \$455,000 was spent on project fees in 2016/17, with \$4,653,000 deferred for the 2017/18 financial year. Project fees are included in the total budget for the project.
26. Since the briefing, the work on the ceiling has been brought forward due to health and safety issues with the level of noise in the facility. Decibel readings determined that noise levels during busy periods were over 90dB and Worksafe NZ recommend hearing protection for noise levels over 85dB. Acoustic ceiling tiles will be installed in October 2017 at a cost of \$768,000.
27. Bringing the ceiling tiles forward has incurred an additional \$180,000 due to the work being isolated from the main contract, taking the total cost for the project to \$10,780,000.
28. A patch of the worst part of the floor, that was presenting a trip hazard for staff and customers, has been scraped back to the original concrete and will be ground back to ensure the surface is non slip. This is only a temporary fix until a decision can be made as to the ongoing future of the renewal project. This cost has been met from existing maintenance budgets.

## Discussion

29. There are a number of significant risks associated with asset failure at the facility. The staff recommendations are based on consideration of these risks.
30. A risk register detailing key risks and possible mitigations was put together by staff and Opus International Consultants focusing on the pipe network and 25m filtration (see Attachment 4).
31. **Risks due to asset failure of the pipe network**
32. The pipes for the 50m and dive pools are made from asbestos cement and their removal incurs additional cost due to the health and safety risks removal poses.
33. The pipe network runs through a number of locations in the facility. The supply line to the 50m pool is encased in concrete and runs underneath the 50m pool. The remainder of the pipes for the 50m and dive pool are in a tunnel or duct that runs underneath the pools and is accessible from a hatch in the corridor that leads to the childcare facility, a kitchen and a room for community use (Studio Two). From here, the tunnel continues back underneath the corridor and exits the building, running in parallel to the building underground before re-entering the building at the plant room (see Attachment 5 for schematic of pipe locations).
34. Health and safety legislation dictates that anyone entering the duct must be trained to work in confined spaces. Due to asbestos being present, a full breathing apparatus is also necessary.
35. Failure could occur at any point in the network, however critical failure is most likely where pipes are exposed and unsupported by surrounding material. The wear of the pipes in the duct will continue to be gradual until they become so brittle and thin that they shatter. Concrete pipes tend to crack longitudinally down the length of the pipe and in this situation, the force of gravity from the pool water could result in a cascade effect with multiple failures due to the way pipes are bracketed on top of one another.
36. Should this occur, the worst case scenario is that the water in the 50m and dive pools would empty into the duct and then flood into the corridor from the hatch, flooding the kitchen, studio two and the childcare facility.

37. Without water to support the structure of the remaining pipes, there is likely to be failure across the whole network, particularly in the underground location where pipes have the weight of soil pressing against them.
38. In addition, due to the pressure from the high water table, unplanned emptying of the pools could result in the 50m and dive pools popping up out of the ground, damage which would be costly to repair.
39. Critical failure of pipes and flooding in the plant room could damage electronic assets critical to the entire facility. Pool pumps, filters, dosing systems are all housed in this room, some at ground level along with the building management system (BMS) which controls settings across the whole facility ( such as HVAC, boilers, domestic heating). Damage to this part of the facility would incur a substantial cost.
40. Insurance will not cover damage to the building or plant that is caused by critical pipe failure, as the condition of these assets are a known issue.
41. Due to the fragile condition of the pipes, staff and contractors are now banned from entering the duct, making mitigation of critical failure in this area impossible.
42. Mitigations to re-direct water away from the facility during a critical failure to minimise damage can be installed at a cost. However, these will not prevent the entire network from needing to be replaced if the Council wishes to retain usage of the 50m and dive pools in the future.
43. It is possible that there are already slow leaks in the pipes that are underground. Slow leaks de-stabilise the surrounding soil, potentially causing damage to the foundations of the building. An investigation using thermal imaging is underway at an unbudgeted cost of approximately \$10,000. This will need to be repeated quarterly to mitigate the risk of damage caused in this manner.
44. In addition, the facility is currently outside of the trade waste regulations set out by the Waikato Regional Council. Chlorinated water is being directed into the storm water system instead of the waste water system. Our current consent has been issued on the basis that this is addressed by changes to the pipe network during the renewal project and completed no later than October 2021. An alternative plan to address this will need to be designed at an approximate cost of \$50,000 should the renewal project not proceed.
45. **Risks from the 25m pool filtration unit**
46. When the filtration unit for the 25m pool was put in 40 years ago, it was designed for a bather load of 60 people per day. Currently, the 25m pool has a daily visitation of anywhere between 200 and 600 people depending on time of year and bookings.
47. The turnover rates for both the 25m and 50m pools (amount of time it takes to filter the pool's water) do not meet the Pool Design Standard 4441:2008. This potentially puts Council at risk for a public health incident, particularly in the 25m pool.
48. The guidelines for pools that are used for learn to swim is that the water turns over in an hour. The 25m pool currently takes 4.5 hours to turn over.
49. While other pools around the country also fail to meet the standard, the expectation is that pools will take the opportunity during renovations to comply. Failure to do so puts us at risk of prosecution from the Ministry of Health and Worksafe NZ in the event of a public health incident.
50. In addition, guidelines for safe pool operation dictate that following a contamination incident (faecal, vomit, blood), pools will close for three turnovers. This means that pool management currently have to close the 25m pool for 13 hours and the 50m pool for 18 hours if there is an

incident. This creates loss of revenue from cancelled programmes and customer dissatisfaction. It currently occurs approximately once a week in the 25m pool.

51. New filtration will reduce the close down period to one hour in the 25m pool and three hours in the 50m pool.
52. **Risks from failure of the HVAC system**
53. The main fans within the HVAC systems for the 25m and 50m pool halls are highly corroded and at the end of their useful life. Direct replacement of the fans is not possible, as off-the-shelf products are not available for a system that was designed 40 years ago. Replacing the system like-for-like would still require design and for parts to be custom made.
54. The existing system is not fit for purpose and leaves unacceptable levels of humidity and chemicals remaining in the air. This is contributing to degradation of the building. Attachment 6 demonstrates photos of damage to steel within the facility.
55. In addition, the existing system is not compatible with the new acoustic baffles, as these were designed to be installed with the new HVAC design. Without an upgrade, the conditions within the facility will worsen, making the atmosphere unpleasant for staff and visitors.
56. When the HVAC system fails, the 25m and 50m pool halls will need to be closed until a replacement can be arranged. There would be no way to regulate temperature in these parts of the building. During the winter, the temperatures would be very cold and during the summer, it would be extremely hot.
57. It would take a minimum of nine months to work through the building consent and procurement processes followed by custom build of parts and installation. This would result in an unscheduled closure and cause loss of revenue and loss of customers from the learn to swim programme who would likely opt to go elsewhere for their learn to swim needs.
58. Replacement of the HVAC would trigger the need for fire assessment and design to comply with a greater percentage of the new building code. In the instance that the Council did not want to use the design recently completed for HVAC, another fire assessment of the building and a new design would need to be completed, which would be both costly and time consuming.
59. Completing the work outside of the main renewal project would create additional cost as there are efficiencies to working in the same spaces at one time.
60. It should also be noted that the new design will result in more efficient energy usage. Heating costs for the 25m and 50m pool halls will be halved, saving at least \$46,000 per annum.
61. **Other risks**
62. At the 9 March 2017 Council meeting, the Council requested that staff explore the option of a full service contract-out of aquatic services. There is currently a Request for Proposal (RFP) process underway to support decision making in this area. If the renewals of critical assets are not completed, it is unlikely that external contractors will be willing to take on the risks of critical failure, thereby limiting the options to finalise this piece of work.

**Options**

63. Staff have assessed that there are five reasonable and viable options for the Council to consider. The options are set out in the table below and outlined fully later in this report.

Option One	Spend renewal budget on a new pool or pools and let existing assets fail
Option Two	Complete renewal of the pipe network, 25m filtration, ceiling and floor; delay the renewal of the HVAC, 50m filtration and lighting

Option Three	Bring forward money from new pool from 2022/23 in the 2015-25 10 Year Plan and approve additional \$2,450,000 to complete seismic strengthening concurrent with the renewals
Option Four	Delay consideration of the entire project to line up with the remainder of the LTP deliberations
Option Five	Bring forward money for the new pool which is in the 2015-25 10 Year Plan in Y22/23 LTP to complete the renewal (does not include the seismic upgrade)

64. Staff recommend Option Five because this is the most cost effective way to meet the needs of our community for multi-purpose aquatic space with the least risks.

**Option One: Spend renewal budget on a new pool or pools and let existing assets fail**

65. Team Architects Ltd were engaged to cost the design of two new additional pools at Waterworld in standalone buildings, using amenities in the main facility (see Attachment 7).
66. A 25m wide leisure pool with the ability to add a wave generator at a later date would cost approximately \$12,000,000 to build and take 24 months to design and build.
67. A 25m x 35m sports pool with a moveable floor that has a maximum depth of 2.4m would cost approximately \$11,500,000 to build and take 24 months to design and build.
68. The cost of renewal would only cover the cost of one new pool build. The cost of the renewal at \$10,780,000 is \$720,000 cheaper than the least expensive pool.
69. The 50m and dive pools are most at risk of critical failure. Replacing these with a 25m x 35m pool will still not meet the needs of our current customers for the following reasons:
- It will not cater for 50m long course competitions, a loss of \$47,000 revenue (based on 16/17 financials);
  - Swim clubs and water polo currently use the dive pool and 50m pools at the same time. A new pool would only cater for one of these activities at a time. The facility is already pressured at peak times and this will increase the competition between sporting codes for space;
  - No seating or grandstand will mean such a new pool cannot be used for competitive events of any type (seating can added, but at an additional cost)
  - The dive pool is currently used as a warm up pool for competitive events which is essential for swimmers. There will be no space to allow this;
  - There are currently 16 x 25m lanes in the 50m pool and these are all used in winter peak hours. The new pool would offer 10 x 25m lanes;
  - Overflow from the Learn to Swim programme currently goes into the 50m pool and there would be no space for this to occur, reducing the capacity of the programme to expand, one of the critical areas to increase revenue in the facility.
70. Despite the reduction in water space, running costs for the proposed pool will be the same as the combined 50m and dive pool due to the depth of the proposed new pool.
71. Failure to the pipe network could occur at any time. There is no guarantee that the new pool would be ready before critical failure to the 50m and Dive pool pipes occur.
72. In addition, failure of the HVAC system would result in closure of either or both the 25m and 50m pool halls, with only one pool as a backup, if it was operational. The new 25m x 35m pool

would not be suitable as a learn-to-swim or leisure pool due to depth and the lower temperatures needed by the sporting codes. As already mentioned, this would have ongoing consequences for the learn to swim programme.

73. Staff do not therefore recommend this option because the risks of asset failure are too high and the new pool will not meet the needs of Hamilton sporting codes.

**Option Two: Complete renewal of the pipe network, 25m filtration, ceiling and floor; delay the renewal of the HVAC, 50m filtration and lighting**

74. Delaying the renewal of the HVAC, 50m filtration and lighting would save approximately \$2,970,000. The total cost of the remaining renewals would be \$7,810,000, resulting in an additional \$3,157,000 that would be needed to fund the project.
75. Delaying the renewal of the HVAC risks unscheduled failure before planned renewal can be completed.
76. As already discussed, costs to renew the HVAC outside of the main project will be higher with repetition of some processes that have already been completed along with a second period of closure that will result in greater loss of revenue and further disruption to the service.
77. While approximately \$561,000 could be saved by delaying the renewal of the 50m filtration, doing this later will cost approximately \$800,000.
78. Currently, the 50m pool has to be closed for 18 hours after a contamination event. This does cause disruption to the service.
79. The lighting adds \$111,000 to the total cost of the project. It will likely cost more if completed at a later date as a stand-alone project. The installation of LED lighting would enable lower electricity costs and much lower maintenance costs as there are fewer bulb changes necessary with LED lights.
80. The acoustic baffles are not compatible with the old lighting system. However, to install these early, acoustic baffles will be left out of the areas that contain lights and the small gaps in the baffle system are unlikely to affect the acoustics.
81. Staff do not recommend this option because a delay on some renewals will cause greater costs in the long term and may result in unscheduled closure of the facility or a second planned closure resulting in greater revenue loss.

**Option Three: Bring forward and reallocate the funding towards a new pool from 2022/23 in the 2015-25 10 Year Plan and approve additional \$2,450,000 to complete seismic strengthening concurrent with the renewals**

82. Staff do not recommend this option. While it is possible that efficiencies will be gained by coupling the seismic strengthening with the renewal project, this has not been tested via the tender process and therefore cannot be confirmed.
83. Given the financial constraints of the current LTP and the fact that seismic strengthening does not need to be completed for another 12 years (2029), it would be prudent to wait and consider this work as part of the 2021-31 10 Year Plan.

**Option Four: Delay consideration of the entire project to line up with the remainder of the 2018-28 10 Year Plan deliberations**

84. Staff do not recommend this option. It would not be a financially prudent decision and the risks of delaying the renewals are too high. Waiting to consider this as part of the 2018-28 10 Year Plan discussion would mean delaying the start of the project until February 2019.

85. The project must be completed during a time when the water table is lowest to prevent the pressure from ground water damaging the pool. The water table is lowest during the driest month which tends to begin in late January and early February.
86. It would take time to re-tender the project and award a contract. In addition, some pool parts need to be ordered from the United States (US) and have a 12 week manufacturing lead time.
87. Construction costs are continuing to escalate and the total cost of the project is likely to be higher if implemented at a later date. Costs for some of the pool parts are also subject to fluctuations in the exchange rate for the goods being manufactured in the US.
88. It is possible that some critical assets will fail before a February 2019 start date. Additional money would therefore need to be spent on ongoing assessment of the underground pipes and mitigations to prevent costly damage to the remainder of the facility in the event of pipe failure.
89. This only prevents further damage from occurring and does not mitigate against the cost of an unscheduled and lengthy closure should pipe failure occur. Similarly, there is no way of mitigating early failure of the HVAC with the same outcome.
90. For these reasons, costs to delay the project will potentially be high with no corresponding financial benefit.

**Option Five: Bring forward and reallocate funding for the new pool from 2022/23 in the 2015-25 10 Year Plan to complete the renewal**

91. Staff recommend this option. There is \$5,850,000 set aside for a new pool at Waterworld in 2022/23 in the 2015-25 10 Year Plan. If \$5,672,000 is pulled forward and reallocated, it would provide the total budget of \$10,780,000 needed to complete the entire project.
92. The downside to this solution is that the current shortage of aquatic space in winter time is not addressed, which is what the 22/23 funding was originally intended for.
93. It should be noted however, that an additional leisure pool would be the recommendation from staff when Council wish to consider future pool development. The majority of our users are either leisure swimmers or learn to swim students. A leisure pool could be used for both of these activities. There would be no shortage of lane space if learn to swim and recreational swimmers had more space.
94. The existing asset provides the best solution to meet the needs of our community and in addition, provides the most cost effective solution to do so.

**Financial Considerations**

95. The total cost to complete this project is \$10,780,000. \$455,000 has already been spent, leaving \$4,653,000 in the current 2017/18 financial year. The balance of \$5,672,000 is unfunded. The balance could be funded by bringing forward this amount from 2022/23 in the 2015-25 10 Year Plan set aside for a new pool at Waterworld.
96. New pool development and their locations will be considered as part of the 2018-28 10 Year Plan deliberations and can take into account expenditure on the renewal project.
97. Bringing this budget forward will incur interest and depreciation expenses 5 years earlier than planned. However, this will have no impact on our current financial strategy measures. Waiting to consider financial options alongside projects in the next ten years will yield no additional financial benefit.

Approved budget 2016/17	5,108,000
Cost incurred 2016/17	(455,000)
<b>Budget deferred to 2017/18</b>	<b>4,653,000</b>
Budget brought forward from 2022/23	5,672,000
<b>Revised budget 2017/18</b>	<b>10,325,000</b>
Costs incurred 2017/18 to date	(3,560)
<b>Budget remaining 2017/18</b>	<b>10,321,440</b>

Impact on 2015-25 10-Year Plan Benefit/(Cost)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
<b>Operational impact</b>									
Interest expense	(187,000)	(389,000)	(416,000)	(442,000)	(470,000)	(280,000)	(78,000)	(83,000)	<b>(2,345,000)</b>
Depreciation		(189,000)	(189,000)	(189,000)	(189,000)	(189,000)			<b>(945,000)</b>
<b>Operational impact</b>	<b>(187,000)</b>	<b>(578,000)</b>	<b>(605,000)</b>	<b>(631,000)</b>	<b>(659,000)</b>	<b>(469,000)</b>	<b>(78,000)</b>	<b>(83,000)</b>	<b>(3,290,000)</b>
<b>Capital impact</b>	<b>(5,672,000)</b>					<b>5,672,000</b>			<b>0</b>
<b>Net benefit/(cost) to Council</b>	<b>(5,859,000)</b>	<b>(578,000)</b>	<b>(605,000)</b>	<b>(631,000)</b>	<b>(659,000)</b>	<b>5,203,000</b>	<b>(78,000)</b>	<b>(83,000)</b>	<b>(3,290,000)</b>

Impact on Financial Strategy measures Fav/(Unfav)	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Balancing the books	(187,000)	(584,000)	(611,000)	(637,000)	(665,000)	(475,000)	(78,000)	(83,000)	<b>(3,320,000)</b>
Total overall debt	(6,228,000)	(6,616,000)	(7,032,000)	(7,475,000)	(7,945,000)	(1,243,000)	(1,321,000)	(1,404,000)	<b>(39,264,000)</b>
Debt to revenue ratio	-3%	-3%	-3%	-3%	-3%	0%	0%	0%	

## Risks

98. In addition to the risks listed in the discussion and options sections of this report, there is also significant reputational risk to the Council should there be critical asset failure during operating hours at the facility. This would likely result in prolonged and negative media attention.

## Significance & Engagement Policy

### Significance

99. Staff considered the following factors under the Significance and Engagement Policy:

The portion of the community affected by the proposal or decision.

100. Based on these factors, staff have assessed that the recommendations in this report have medium significance. This means that those members of the community who are affected by the decision need to be consulted.

### Engagement

101. All the major sporting codes who use the facility have already been consulted and are in support of the upgrade. Once a decision to proceed occurs, communications with the wider public can begin.

102. Staff recommend that no further engagement on this matter is required, other than the standard communications to share news about the facility and proposed upgrade.

### **Attachments**

Attachment 1 - Pipes Email CJ Cant Ltd

Attachment 2 - Waterworld renewal project components

Attachment 3 - Waterworld renewals - Project Interdependencies

Attachment 4 - Waterworld PF-BM-024 Risk Register 20170831.xlsx

Attachment 5 - Waterworld pipe work material diagram

Attachment 6 - Photos of poolside degradation - Waterworld renewals

Attachment 7 - Concept Design New Pools Waterworld

**From:** Royston Cant  
**Sent:** Sunday, 30 August 2015 1:50 PM  
**To:** Brent Ardern ([Brent.Ardern@hcc.govt.nz](mailto:Brent.Ardern@hcc.govt.nz)) <[Brent.Ardern@hcc.govt.nz](mailto:Brent.Ardern@hcc.govt.nz)>  
**Subject:** Duct Pipe Work

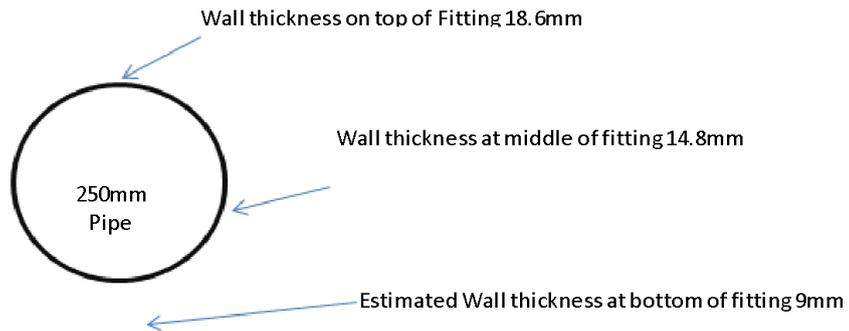
Hi Brent

Please find details on duct pipework below as found during our recent inspection.

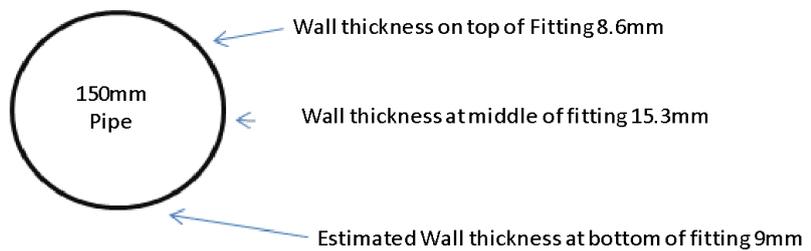
The bends on two pipes were inspected, they both showed signs of serious wearing to the wall thickness due to prolonged exposure to the water in the bottom of the duct. In addition we can confirm that at least one of the fittings is currently leaking due to the bolts having completely rusted away, releasing the pressure on the compression styled fitting. There also appears to be a leak in the middle of a section of pipe at the location of the wall bracket.

Below are the details from the inspection with the ultra sound unit:

250mm Pipe  
Pipe fitting wall thickness approximately 22mm when new.



150mm Pipe  
Pipe fitting wall thickness approximately 22mm when new.



I would recommend that we proceed with the manufacturing of the screens for the pool outlets allowing us to continue with further inspections of all the pipework throughout the duct.

If you require any further information please advise.

Regards

**Royston Cant** | Manager | **CJ Cant Limited** | plumbing, gasfitting and drainlaying specialists

p. 07 9578700 | f. 07 9578702 | e. [royston@cicantltd.co.nz](mailto:royston@cicantltd.co.nz) | w. [cicantltd.co.nz](http://cicantltd.co.nz)

79 colombo street po box 12135 hamilton new zealand

### Waterworld renewal project components

**Attachment 2**

**Item 16**

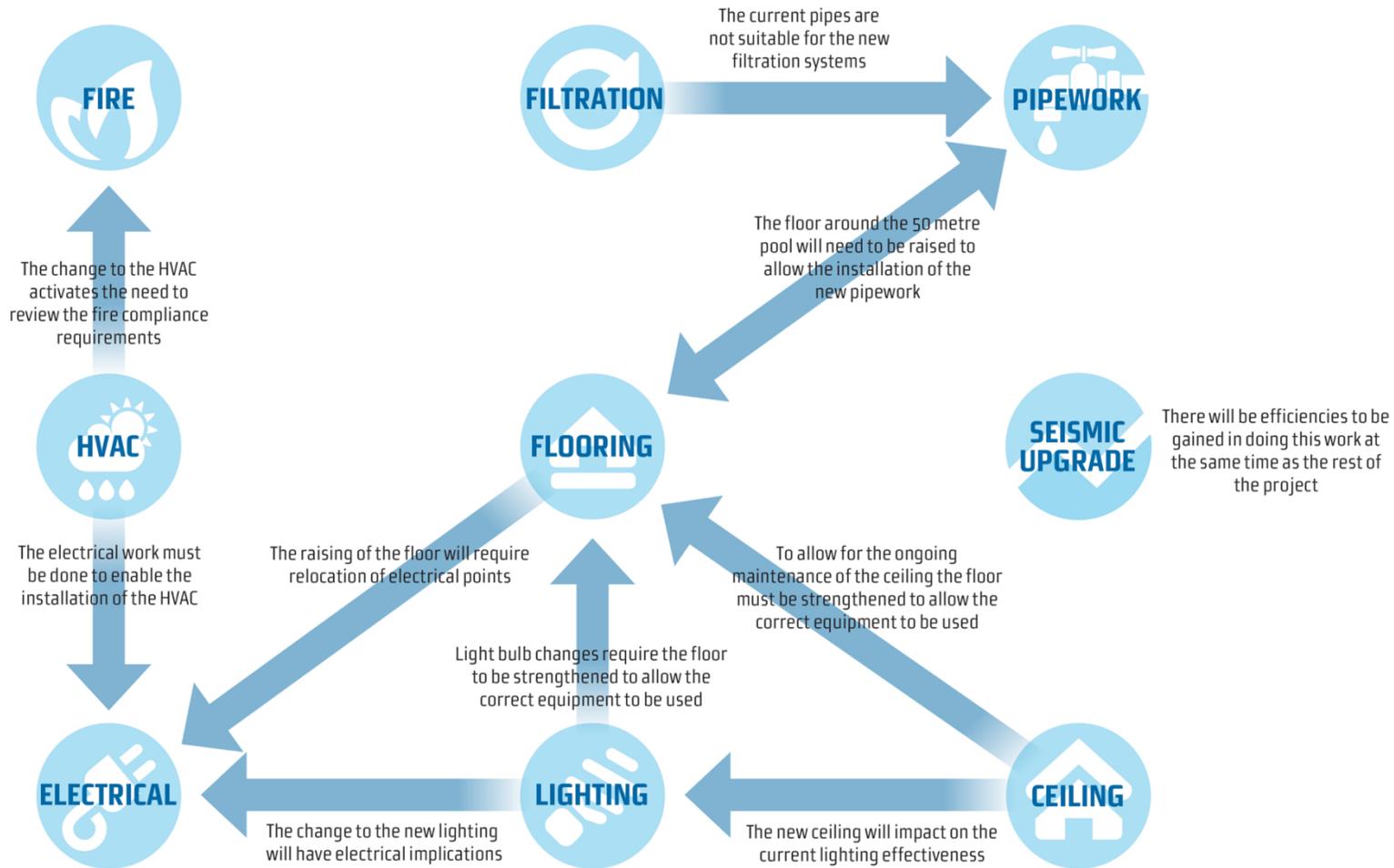
Component	Cost	Priority	Reason for priority rating	Consequence of not doing
Pipes – 50m, Dive Pools	\$847,371	Must (asap)	Pipes at risk of critical failure, cannot be mitigated.	Critical failure would result in: Emergency evacuation Risk of damage to building and plant Prolonged closure
Pipes – 25 m	\$51,092	Must	Cannot upgrade 25m filtration without upgrading pipes as they are too small for faster turn-over of water.	See filtration.
Filtration – 50 m	\$561,511	Should	Turnover rates don't meet the water quality standards, but the bather loads and way this pool is used makes this less of a risk than the 25m pool.	Contamination incidents result in a 16 hour pool closure. Will cost an additional \$800,000 at a later date.
Filtration – 25 m	\$291,404	Must	Turnover rates don't meet the water quality standards. Due to temperature and current usage of pool, there is a public health risk.	Public health incident.
Floor	\$1,441,559	Must	Current floor poses a tripping hazard to staff and public. It is deteriorating and this issue will continue to escalate.	Accident. Work safe prosecution.
Pool works	\$889,127	Must	Costs associated with new pool sides and drainage. Drainage must be altered to conform with trade waste agreement. Current system is in breach of consent.	Notice and/ or fine from Regional Council
Ceiling	\$767,711	Must (now)	Decibel ratings of over 90 dB have been taken during busy periods.	Work safe prosecution.
Lighting	\$111,061	Could	Not due to be renewed for five years. Upgrade would allow additional lighting for FINA and will be more cost effective	Will leave out acoustic baffles in areas where there are lights to prevent shadows. There is a risk that the baffles may still compromise

			as part of main upgrade.	existing light levels.
HVAC*	\$2,298,042	Should	Asset at end of useful life Degradation of building due to poor humidity control.	Current design will be even less effective once new acoustic baffles are installed. Continued degradation of building which will put pressure on existing maintenance budgets. Unscheduled closure for up to nine months if failure occurs.
Electrical	\$187,103	Must	Raising the floor means we have to re-site electrical outlets. There would be some savings if we did not do HVAC.	Won't be able to raise floor or install pipes
Fire compliance	\$469,767	Must	Building compliance	
Disability access	\$60,764	Must	Building compliance	
Pool depth		Must	The pool has to be deepened to implement the most cost effective design for putting in the new pipes	Will be unable to install pipes within the current budget. An alternative design would involve compromising the structure of the 50m pool.

\*Heating, Ventillation, Air conditioning



# Waterworld Project Components





**WaterWorld RISK REGISTER**

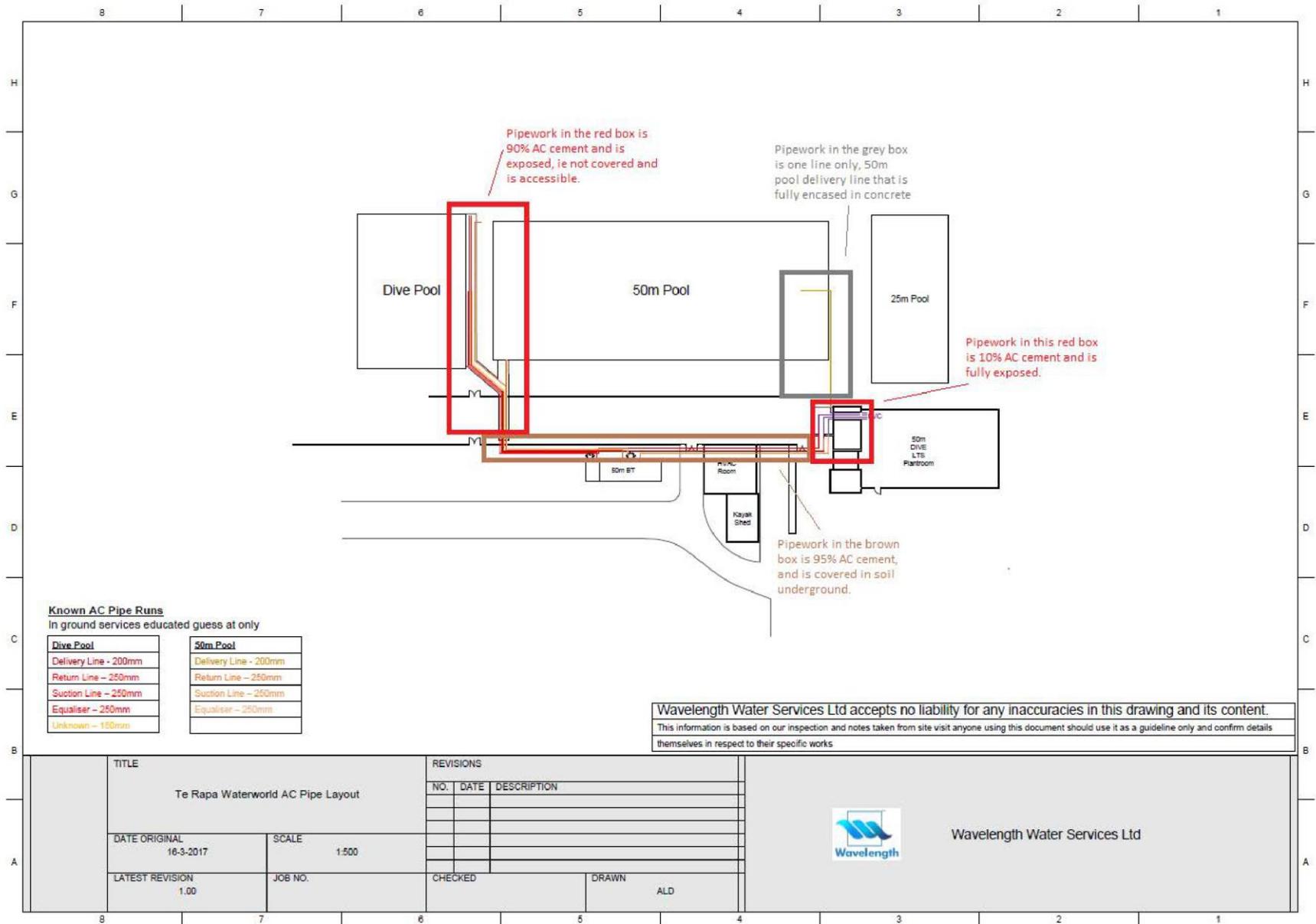
Activity	Issues and pipe failure risks	Analysts Name(s)	
Contract No.		Reviewers Name(s)	
Date	11-Aug	Sources of Information	

		Negligible	Minor	Medium	Major	Substantial
Consequence		1	10	50	70	100
Likelihood		1	10	50	70	100
Likely	5	Low	Moderate	Very High	Extreme	Extreme
Quite Common	4	Low	Moderate	Very High	Very High	Extreme
Unlikely	3	Negligible	Moderate	High	Very High	Very High
Unusual	2	Negligible	Low	High	High	Very High
Rare	1	Negligible	Low	Moderate	High	High

Issue: A certainty and a problem today  
 Risk: An uncertainty and a potential problem tomorrow

Risk Identification				Risk Assessment									
Ref	Risk Category	The risk: what can go wrong or prevent us from achieving our desired objective? The opportunity: what things can assist us in achieving our desired objective?	Consequence	Status	Major impact	Describe the major impact	Qualitative Risk Analysis		Risk Priority	Risk Score	Proposed Mitigation / Treatment	Potential Cost	Owner
							Likelihood Descriptor	Consequence Descriptor					
1	Issue	25m: water quality related to pool circulation rate because pipe diameter is not big enough	Delayed turnover through filters. Public Health risk, disease (parasitic infection), legal risk. Prosecution Dept of Health	Live	All	Illness, fine.	Quite Common	Major	Very High	280	Provide compliant system, <b>4441 2008 Pool Standard</b> . Correctly sized filtration system and pipework to/from filtration for the current high-density usage (learn to swim). Reduce pool usage to 80 people per day to reduce load on filtration. Make showering before entering the pool obligatory to reduce load on filtration	300,000	HCC
2	Issue	25m: (Contamination) Fecal, vomit, blood incident	Pool closure 13.5 hours due to filter and pipework capacity	Live	Cost	Pool closure for cleaning	Likely	Minor	Moderate	50	Provide compliant system for higher filtration rate. Reduce return to 90 minute pool closure.	300,000	HCC
3	Issue	25m: concourse deck drains	Safety issue, trip hazard	Live	Other	Injury	Likely	Minor	Moderate	50	Recess into concrete with top grate	52,500	HCC
4	Issue	25m: concourse cleaning using chemicals with drainage to stormwater	Non compliant, (SD to verify - period of grace). Abatement notice, closure of Waterworld	Live	Cost	Abatement notice and/or fine	Likely	Minor	Moderate	50	Divert drainage to waste. Buffer tank.	50,000	HCC
5	Risk	Drainage of pools under any circumstances will create risk of other problems; tile replacement, pool flotation, pipe failure as unsupported while empty.	Capital cost, loss of revenue, increase repairs	Live	Time	Closure of pool and at worst the whole facility	Unlikely	Major	Very High	210	Do not drain pools or pipes unless absolutely necessary or for replacement.	0	HCC
6	Risk	50m: Pipes in ducts, excessive wear	Failure of the pipe, flooding in tunnel, evacuation of creche and Studio TWO.	Live	All	Pool closure indefinitely	Quite Common	Major	Very High	280	Install shut-off valves to reduce catastrophic consequences. (5k for valve, 5k for section of pipe, 5k for installation, 15k automation kit and design). Dewatering at 2*8k weekly for 4 weeks. Risk of death of valve installation team. <b>Pool downtime.</b> Solution puts existing pipework at risk of failure <b>NOTE</b> . Residual risk, even if valves have isolated leak, the pipes will still need replacement. Risk of pipes failing during valve installation.	294,000	HCC
7	Risk	50m: Pipes in ducts, excessive wear	Failure of the pipe, water damage to creche and building	Live	All	Damage to facilities	Quite Common	Medium	Very High	200	Close tunnel with a marine door and vent pipe on pipework duct to limit the impact.	5,000	HCC
8	Risk	50m: Pipes in ducts, excessive wear	Failure of the pipe, drain whole pool with no isolation, to localised flooding	Live	Other	Cost of wasted treated water and reputation environmental, pool popping up - damage to pool structure	Quite Common	Major	Very High	280	Replace pipework	600,000 excluding concourse	HCC
9	Risk	50m: Pipes in ducts, excessive wear	Egress, escape from duct during maintenance or works in the event of failure.	Live	All	Death, Fine and imprisonment	Rare	Substantial	High	100	Close access for maintenance, unless pools are drained. Drainage of water also creates risk of pools popping up and the collapse of existing pipes.	0	HCC
10	Risk	50m: Pipes buried in ground, bacterial contamination into pool (not via filter)	Public Health risk, slower leak.	Live	reputation	Contamination from soil, illness, fine from MOH or RC.	Unlikely	Major	Very High	210	Thermal camera to identify slow leak location. (Pipe replacement, including pool emptying, risk of pool damage, loss of revenue) Survey every 3 months	10,000 minimum to detect Per visit	HCC
11	Risk	50m: Pipes buried in ground, undermined building foundations	Partial pool/building failure	Live	All	Failure of portion of building	Quite Common	Major	Very High	280	Thermal camera to identify slow leak location. (Pipe replacement, including pool emptying, risk of pool damage, loss of revenue) Survey every 3 months	10,000 minimum to detect Per visit	HCC
12	Risk	50m: Loss of chemically treated water from slow leaking pipes	Cost of water and treatment associated (heat, chemicals, pH)	Live	Cost	running cost budget	Quite Common	Minor	Moderate	40	Monitor trend in water make-up for individual pools	0	HCC
13	Risk	WWV failure/closure	Loss of income	Live	Cost	Loss of facilities	Likely	Major	Extreme	350	Replace pipework	600,000 excluding concourse	HCC
14	Risk	WWV failure/closure	Reputation	Live	reputation	Regional significance, biggest facility outside AKL	Likely	Substantial	Extreme	500	Replace pipework	600,000 excluding concourse	HCC
15	Risk	Flooded plant room could cause damage to electrical switchboard and electrical failure, especially if system not earthed. Not covered by insurance	Electrocution in event of pipe failure	Live	Other	Electrocution	Unlikely	Major	Very High	210	Seal tunnel from plantroom, put mesh doors from tunnel to outside instead of hatches, to divert potential flood water from Plant Room.	10,000	HCC
16	Risk	50m: Pipes to Balance tank risk of seismic failure (no flexibility between structure and pipes).	Flooding risks above (Plant room, Creche and Studio TWO). Catastrophic damage to asset.	Live	All	Catastrophic failure of pool pipes	Unusual	Substantial	Very High	200	New seismically resistant pipe installation	600,000 excluding concourse	HCC
17	Risk	50m: Leak in concrete encased supply line pipes	Ingress of contaminated water and concrete debris to chemically filtered and treated water into swimming pool	Live	Other	Failure of pumps and propeller	Quite Common	Major	Very High	280	Replace pipework	600,000 excluding concourse	HCC





**Attachment 6**



**Item 16**



HAMILTON CITY COUNCIL

# WATERWORLD AQUATIC CENTRE

ACTIVITY COMPONENT DEVELOPMENT - PRELIMINARY CONCEPT AND COST REPORT

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SEPTEMBER 2017



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www.bgbb.co.nz | SEPTEMBER 2017



TEAM ARCHITECTS

PRELIMINARY CONCEPT AND COST REPORT | 02  
HAMILTON CITY COUNCIL

6195/3.1

15th September 2017

**WATERWORLD AQUATIC CENTRE**

Activity Component Development - Preliminary Concept & Cost report for Hamilton City Council

1.0 INTRODUCTION

Hamilton City Council have engaged Team Architects to carry out preliminary concept development and cost estimating work to assist HCC personnel to understand development opportunities at the Te Rapa located aquatic facility Waterworld. In particular the following indoor aquatic activity components:

- A. Multipurpose Water polo & Lane pool
- B. Leisure & Wave pool

Each of the activity components is to be housed within a new stand-alone enclosure building with staff and visitor access from the existing Waterworld pool hall structure and associated visitor arrival, reception, café, change and toilet amenities. Each will include their own pool water, heating and air handling plant, and storage provision.

The following report outlines preliminary concepts, development opportunities, risks, and costs for each of the proposed activity components.

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Aerial image of existing facility

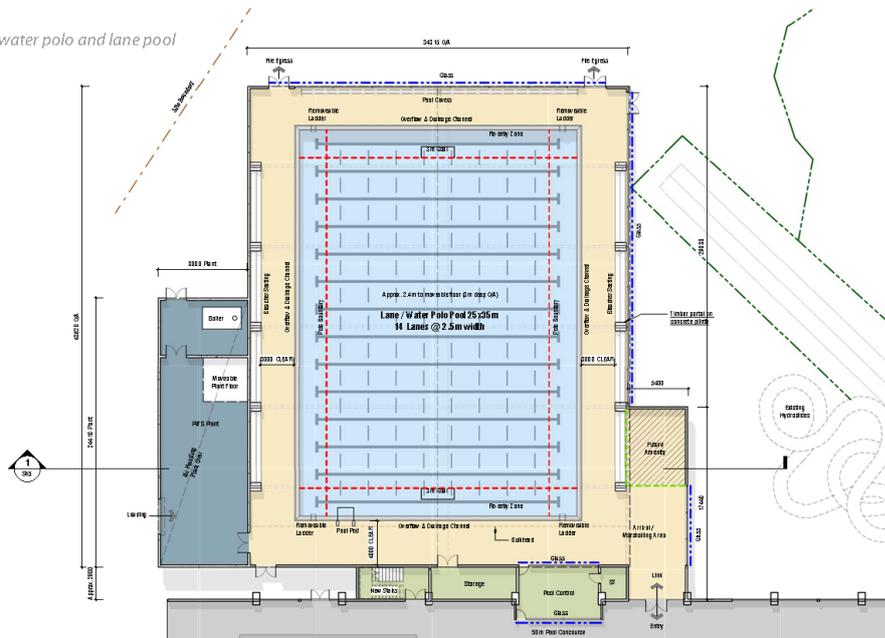
## 2.0 ACTIVITY COMPONENT DESIGN FEATURES

### A. Multipurpose Water polo & Lane pool

Description:

- 35m long x 25m wide pool
- 2.4m depth
- Partial movable floor (25x10m) to promote multi-use
- 27 to 29.5 deg C water temperature
- Flush overflow channels. No raised ledges or plinths
- Lane markings, start blocks & ropes across pool for 25m lap swimming (up to 15 lanes)
- Recessed foot ledges in the sides of the pool to allow lap swimmers to rest
- Water polo able to be set up in the long direction of the pool (30x20m field) with space at ends & sides for goals & re-entry zones
- Plant room sized to accommodate future replacement Dive Pool filtration plant
- Concourse space to allow for event marshaling and spectator seating (future)

Concept plan of water polo and lane pool

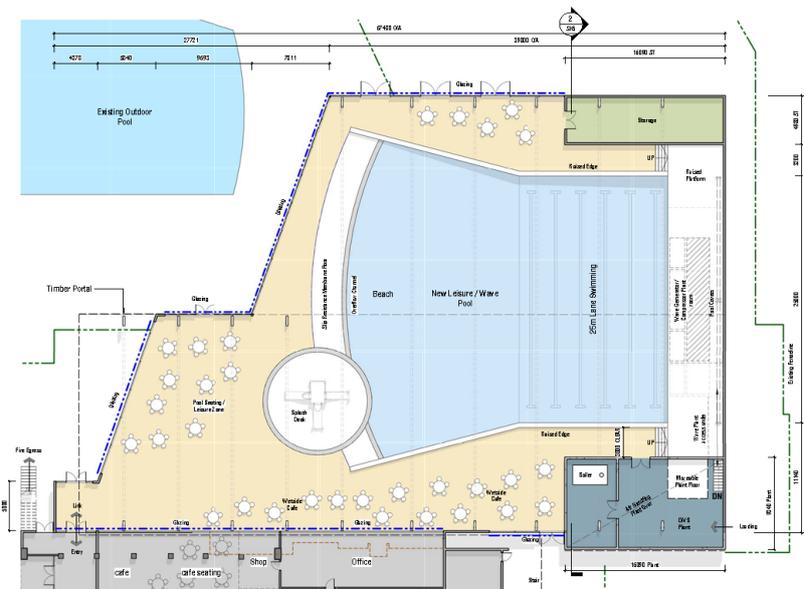


**B. Leisure & Wave pool**

Description:

- Nominally 36m long x 25m wide with fan shaped beach feature
- 0 to 2.0/2.4m depth (dependent upon wave generator)
- 29 – 33 deg C water temperature
- Raised ledges to 3 sides of the pool to focus waves toward the beach.
- Recessed overflow channels in pool walls
- Flush overflow channel at beach entry
- Allowance for wave machine (future)
- Water supply pipework and plant space for “water play” equipment and features (future)
- Lane markings & lane rope anchors for 25m lane swimming at deep end of the pool
- Recessed foot ledges at ends of lanes

Concept plan of leisure and wave pool



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### 3.0 NEW BUILDING CONSTRUCTION

Modern pool buildings must be constructed to withstand the harsh pool environment, long operating hours, and limited shut-down periods whilst providing an acceptable level of user comfort, efficient and predictable operating and long term maintenance costs.

This can be achieved by use of durable and low maintenance construction materials and systems, an effective and energy efficient air handling system, good quality lighting and acoustic treatments, and functional space planning to optimise staffing efficiency.

It is proposed that both activity component buildings are constructed using similar structural and enclosure systems. Building forms may vary but for the purposes of this report a simple gable form and structural portal logic has been applied as an economical approach to achieving an open-span and durable structural method. The proposed buildings comprise the following elements:

- i. Reinforced concrete foundations, floors and pool concourses;
- ii. Glue laminated timber or paint protected Structural steel portal primary and secondary wall and roof structure;
- iii. Thermomass insulated precast wall panels to lower walls to provide a robust finish to the interior & exterior of the buildings and enhance thermal and energy performance;
- iv. Aluminium structural flushglaze and double glazed windows and commercial doors to provide a strong visual connection between new and existing indoor spaces, splash park & surrounding grounds & park beyond. Doors located to provide access from existing indoor pool environment and to outdoor activity areas;
- v. External shading applied to control glare & overheating from solar gain;
- vi. Kingspan insulated wall panels to upper walls and roof incorporating an Aquasafe internal finish for durability in the pool environment as well as high levels of thermal insulation and vapour control;
- vii. Acoustic ceiling treatment to control noise and to create an air plenum for fresh air ventilation. This provides even air distribution, enhances the durability of the structure, and prevents condensation on the exterior glazing. It also directs fresh air to perimeter concourse areas for user comfort;
- viii. Degadur or similar epoxy coating to the pool concourse floors areas for durable, and non-slip surface;
- ix. LED lighting suitable to withstand internal pool environment and located over concourse areas for ease of access;
- x. Use of 316 grade Stainless Steel fittings and fixtures within internal pool environment.



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TEAM ARCHITECTS

PRELIMINARY CONCEPT AND COST REPORT | 07  
HAMILTON CITY COUNCIL

## 4.0 NEW POOL WATER FILTRATION & TREATMENT

### 4.1 Defender Filtration

We understand this to be a preferred filtration system for new and renewals work at Waterworld. Advantages over traditional Pressure or Vacuum DE systems include ease of operation and reduced water use for filter back washing. Sand filtration may also be a viable option as comparatively simple and safe operation when compared with DE and DE replacement media systems but may require additional plant room space due to size of sand filters.

Downsides to the Defender system may include less than the promoted level of water saving as pool water may still need to be dumped to maintain TDS levels at an acceptable level. We also understand some long term durability issues can result from the paint protected mild steel filter tank construction.

### 4.2 UV Steralisation

UV treatment is currently incorporated in the existing Waterworld plant and is proposed to be used in conjunction with the Defender filtration system for enhanced water quality and safety.

### 4.3 Sodium Hypo Chloride supply

The current pool plant uses 13% sodium hypo chloride therefore it is proposed that new plant will use the same for consistency of supply. An automated dosing system is proposed as per current plant.



Control plant at Caroline Bay Aquatic Centre

## 5.0 NEW HEATING AND MECHANICAL VENTILATION

### 5.1 Heating system

It is proposed to employ a dual source system for optimum energy efficiency and reduced operating cost:

- i. Gas condensing boiler – as per existing Waterworld pool plant, this system comprises comparatively low capital costs but high running costs and fossil fuel use. Therefore this system is a boost high temperature (approx. 80degC) system to maintain pool temperatures when the low temperature system is operating at capacity. We recommend design of system capacity to allow for future inclusion of any additional plant requirements, eg, Outdoor splashdeck and lido, poolside showers etc.
- ii. Air Source Electric Heat Pump – low temperature (approx. 40degC) system with high energy efficiency and lower running costs providing heat to pool water and air handling systems

### 5.2 Fresh Air Ventilation and Heat Recovery

It is proposed to employ a heat recovery system to transfer heat from exhaust air to incoming fresh air, and optimise energy efficiency. This is achieved by extract and intake air plenums and return heating coils. The extract plenum will include noise control to mitigate fan noise received by the indoor environment.

### 5.3 Fresh Air distribution

It is proposed to use the ceiling void between roofing and acoustic ceiling as a ventilation plenum to distribute warm fresh air down external wall and glazing. This has the positive effects of protecting building elements from water vapour and corrosive compounds, reducing condensation on window glazing, and directing fresh air to perimeter concourse areas for occupant comfort.

The system eliminates exposed ducts and associated maintenance issues and provides a high volume and low speed air distribution system enhancing occupant comfort by eliminating the cooling effect of air movement on wet skin associated with traditional forced air ducted systems.

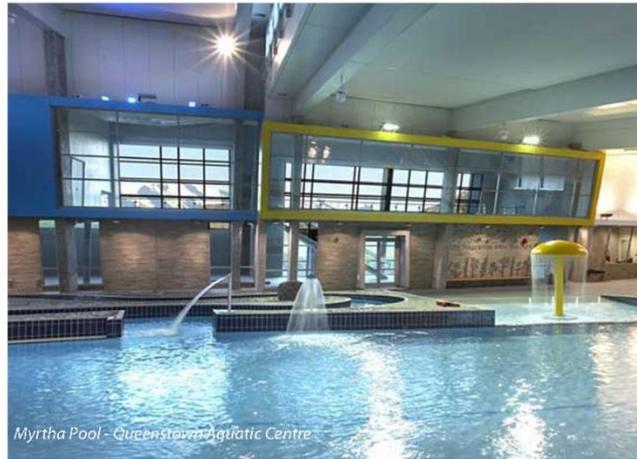
6.0 POOL CONSTRUCTION

It is proposed to construct pool tanks and associated drainage systems using proprietary pool systems such as Myrtha or Natara as compared with traditional concrete pool tanks, waterproofing methods and tiled finishes. Both Myrtha & Natara pool systems can accommodate movable floors, movable bulkheads, beach, wave, and water play features.

Although similar in cost to traditional tiled concrete pools, the Myrtha and Natara pool systems can offer sequencing and programme advantages during construction.



Myrtha Pool - AC Pools, Taupo



Myrtha Pool - Queenstown Aquatic Centre



Myrtha Pool - Queenstown Aquatic Centre



Natara Pool - Cardio Club, Hamilton

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7.0 POOL FEATURES

**7.1 Movable Floor (Water polo / Lane pool)**

Full & partial movable floors have been considered as these are a significant cost item. Advice from UK floor supplier Wrightfield indicates full moveable floors are uncommon and can restrict pool use as single depth may not suit multiple and coinciding activities.

For the purpose of this report a 25x10m partial movable floor system has been allowed as a option within cost estimating.



**7.2 Movable Bulkhead (Water polo / Lane pool)**

After discussion with HCC staff a movable bulkhead is not considered a requirement as 25m lane swimming can be achieved across the pool. Allowance can be made to install a bulkhead in future if required and cost estimates include an option cost for this feature.



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7.3 Pool Covers (Both Pools)

Pool covers minimise evaporation from the pool surface outside facility operating hours preventing heat loss and enhancing energy efficiency and reducing operating costs. Pool covers are proposed for both pools with costs provided as options within Pool FF&E allowances for both activity components.



7.4 Pool Access

Recessed steps can be incorporated into the side of the pools with removable rails above the water for access into the pool. These must be designed to not restrict a movable floor or bulkhead.

Pool access for users with limited mobility can be achieved for both pools as follows:

- i. Beach entry to the Leisure / Wave pool allows easy access to the pool either walking or by aquatic wheel chair
- ii. A Pool Pod Platform lift facilitates access to the Water polo / Lane pool and has been allowed within Pool FF&E costs for the Water polo / Lane pool.



**7.5 Wave Generator (Leisure / wave pool)**

There are a variety of wave types available from full surfing capable waves to generators that produce sea type surface chop and gentle waves breaking on beach type pool features. The scope of the proposed component development at Waterworld indicates suitability of the latter where waves suit all ages and swimming abilities in one pool. The attached cost estimate includes for a cost option to install a wave generator at a future stage if required.



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**7.6 Beach Entry (Leisure / Wave pool)**

Both Myrtha & Natara provide a padded PVC floor system to beach entry areas providing a non slip and “soft fall” zone. The area can incorporate water play / splash deck features.



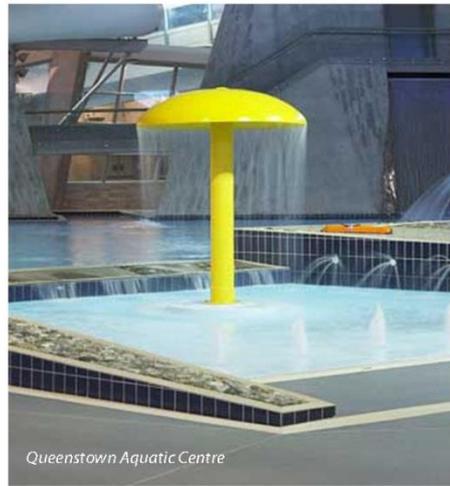
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7.7 Waterplay (Leisure / Wave pool)

It is proposed to make future allowance for water play features in beach and adjacent concourse area. This comprises water supply pipework, deck drainage, and plant room space. Play equipment can range from a single and interactive multiple water feature piece of equipment to separate deck and raised interactive water features. The latter can incorporate mounting plate systems to facilitate sharing of play equipment between centrally managed facilities.



Todd Energy Aquatic Centre, New Plymouth



Queenstown Aquatic Centre



Caroline Bay Aquatic Centre

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## 8.0 COMPLIANCE REQUIREMENTS

### 8.1 Fire Safety

The proposed developments will be required to be part of an overall Fire Design for the complex comprising a suitable alarm system and smoke separation from existing indoor areas. Some degree of fire separation between existing and new structures where in close proximity may be required subject to detailed fire design assessment. Where practicable Fire separation (fire cell design) should be avoided in pool spaces to allow use of glazed partitioning between new and existing spaces to enhance visitor and lifeguard visibility to aquatic activity spaces.

### 8.2 Accessibility

New buildings will be required to meet NZ Building Code as a minimum standard in regard to accessibility. HCC may also have policies in regard to its public accessed facilities and Barrier Free enhancements. Many of these do not involve significant cost and can easily be incorporated at an early design stage.

### 8.3 Seismic Resilience

We understand there has been seismic strength assessment of existing structures undertaken for the Waterworld complex. New structures will be stand-alone and incorporate seismic separation detailing from existing structures with foundation design suitable to geotechnical sub-soil conditions. No geotechnical investigation of the proposed development sites has been undertaken as part of this concept and cost reporting.

### 8.4 General

Development proposals will be required to meet all relevant NZ Building Code requirements and applicable standards; and all relevant HCC District Plan controls.



Caroline Bay Aquatic Centre

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## 9.0 COMPONENT COST ESTIMATES

Cost estimates for the proposed activity components have been prepared by Rawlinsons Quantity Surveyors (appended). A summary of costs is scheduled below

### A. Multipurpose Water polo & Lane pool

General Construction	\$3,173,005
Building Services	\$1,987,082
Specialist Pool Construction & equipment	\$1,244,922
Preliminaries & General	\$576,451
Contractor Margin	\$349,073
Subtotal	\$7,330,533
Professional fees	\$1,099,580
Consents	\$126,452
Contingency	\$1,283,485
Exchange rate contingency on specialist pool	\$118,992
TOTAL	\$9,959,042
PROJECT TOTAL (rounded)	\$10.0m
Component options:	
i. Movable Floor	\$990,000
ii. Movable Bulkhead	\$356,400
iii. Starting blocks, Pool Pod, Pool FF&E	\$165,000
<b>INCLUSIVE PROJECT TOTAL (rounded)</b>	<b>\$11.5m</b>

**B. Leisure & Wave pool**

General Construction	\$4,106,018
Building Services	\$2,323,356
Specialist Pool Construction & equipment	\$1,275,374
Preliminaries & General	\$693,427
Contractor Margin	\$419,909
Subtotal	\$8,818,084
Professional fees	\$1,322,713
Consents	\$152,112
Contingency	\$1,543,936
Exchange rate contingency on specialist pool	\$127,537
Total	\$11,964,382
<b>PROJECT TOTAL (rounded)</b>	<b>12.0m</b>
Component Options:	
i. Wave generator	\$236,500
ii. Water play equipment	\$165,000
iii. Starting blocks and pool FF&E	\$165,000
<b>INCLUSIVE PROJECT TOTAL (rounded)</b>	<b>\$12.6m</b>

EXCLUSIONS:

- Goods & Services Tax (GST)
- Resource Consent and associated fees and charges
- Provision for work to be completed in stages
- Allowance for inflation
- Allowance for removal of hazardous materials if required
- Allowance for AV/TV and PA systems
- Allowance for spectator seating
- Site improvements
- Expansion of current car parking provisions
- Site infrastructure upgrades if required

# Council Report

<b>Committee:</b>	Council	<b>Date:</b>	21 September 2017
<b>Author:</b>	Sean Murray	<b>Authoriser:</b>	Sean Murray
<b>Position:</b>	General Manager Venues, Tourism and Major Events	<b>Position:</b>	General Manager Venues, Tourism and Major Events
<b>Report Name:</b>	Waikato Regional Theatre		

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform Council on responses to the resolutions from the Council meeting of 24 August 2017 regarding the report from Momentum Waikato on the concept design plan for the development of a new Waikato Regional Theatre (WRT).
2. To seek Council agreement in principle for actions to progress Momentum Waikato's proposal for a new Waikato Regional Theatre.
3. To note that a report on the future options for Founders Theatre is the subject of a separate agenda item at this meeting.

## Staff Recommendation

That the Council:

- a) receives the report;
- b) accepts in principal Momentum Waikato's new Waikato Regional Theatre concept design and location masterplan and their proposed ongoing ownership and operating model but reserves the right to offer further feedback and conditional advice on the function and capability of the theatre as more detailed public feedback is received and as the detailed design process evolves;
- c) agrees in principal that Council will seek to raise funds to the \$30,000,000 (plus GST) level proposed by Momentum Waikato's proposal subject to the outcome of the following:
  - i) the completion of public engagement activity in October – November 2017 post the presentation of the first draft budget on 19 October 2017 which will include the new Waikato Theatre proposal funding option and will be reported back to Council at its meeting on 14 December 2017;
  - ii) the completion of public consultation in early 2018 specifically regarding the draft 2018-2028 10-Year Plan including full financial disclosure and the impact of the new Waikato Theatre proposal within Council's broader financial strategy and funding priorities.
- d) approves unbudgeted funding of \$250,000 in the 2017/18 financial year to contribute towards work on the next stage of the design development for the Waikato Regional Theatre;

- e) declines the offer from Foster Construction to purchase property adjacent to the proposed new Waikato Theatre development site on Victoria Street.

## Background

4. At the Council meeting on 24 August, the following resolutions were approved:

**Resolved:** (Mayor King/Cr Taylor)

*That the Council:*

- a) *receives the report; and*
- b) *notes that Management will report back to Council at its 21 September 2017 meeting with:*
- i. management's response to the concept design;*
  - ii. financial implications of the proposed capital contribution of \$30,000,000 plus GST;*
  - iii. financial implications of any ongoing annual contribution by Council to the Waikato Regional Theatre's ownership and operating costs;*
  - iv. options and financial implications regarding the future of Founders Theatre; and*
  - v. a work plan for a public consultation process on the proposal for the new Waikato Regional Theatre and future options for the Founders Theatre including a draft consultation document, communications plan, timetable and cost estimate.*
5. This report addresses b)i – iii and v. A report on the future options for Founders Theatre is the subject of a separate agenda item at this meeting.
6. A copy of the report to Council on 24 August is linked [here](#). The Momentum Waikato Proposal Document (Waikato Regional Theatre Phase One report) is attached as attachment one. The design report from CharcoalBlue referenced in the Phase One report is linked [here](#).

## This Report

7. Management have assumed Council remains committed to pursuing the Momentum Waikato proposal for the development of a new regional theatre driven by Momentum Waikato in partnership with Hamilton City Council and other funding entities including surrounding local body authorities.
8. Should Council wish, it could choose not to continue to support this proposal. However it should be noted this is not the recommendation of management in this report. In any case, further work on the project by Momentum Waikato is required and Council is required to undertake public consultation on the matter. These factors are the subject of this report.
9. However, alternatives could be that Council either decides to defer/postpone any consideration of the build of a new regional theatre until another time or ask management to reconsider the original case for the refurbishment of the existing Founders Theatre as originally proposed in 2016. The outcome of the proposed consultation phase to come (as proposed by this report) will most likely better inform Council as to the advisability of those options at that time.

## Management Response to Momentum Waikato's Concept Design

10. The Work of Momentum Waikato, it's WRT Governance Panel and notably the expert advisers, Charcoalblue, has provided an outstanding concept plan that delivers to a very challenging brief for a new theatre for Hamilton and the wider region.

11. It must be stressed however the concept design presented to Council is indicative of an expected final outcome but some adjustments as more detailed design and certainty over the business model become clearer should be expected.

#### **Technical Attributes**

12. There is no doubt the proposed WRT will be significantly superior to Founders Theatre. However, given that the life of the new theatre will be 50 years (+), some uncertainty over how future proofed the new technical attributes are does require further discussion. This is particularly valid given rapid technological changes in theatre delivery and capability currently taking place around the world.

#### **Back of House Areas**

13. The detailed design work as part of Phase 2 of the project will address the need for more certainty over sufficient and accessible back of house (BOH) areas to cater for arts, production teams and permanent staff on site. Similarly this phase will also identify more fully shared spaces for public activation such as audience hospitality zones.

#### **Seating Capacity**

14. Management also have a view on the seating capacity in the WRT auditorium. Founders Theatre auditorium had a seating configuration that ranged from 1,249 seats to 1309. The proposed new Waikato Regional Theatre would range under its current plan from 933 seats to 1,093.
15. Seating capacity is a big driver of the build costs however for some performance streams (mostly commercial operators delivering higher yields to the theatre) this could be the difference between a show coming to Hamilton or not. For example 200 seats could equate to \$15,000 in revenue for a single performance.
16. Given the points raised above, management suggest that through Phase 2 works, Council reserves the right to have further conversations with the governance panel and Momentum Waikato on seating capacity.

#### **Proposed Location**

17. The proposed location for the new WRT adds great value to Council's broader aspirations for the central city area and improved connectivity to the Waikato River. Further attraction is also that the current owner has stated an interest to make the land available without charge.
18. However, there is some debate over the challenges of the site such as big-rig (truck) access and onsite parking for production sets and equipment; vehicle drop off and pickup zones at the theatre entrance and proximity to public parking.
19. Further work, which would be assisted by Phase 2 work, is to more firmly define the cohabitation rules and mutual expectations with the co-developer of the site. This includes an understanding of the commercial model for both parties; use of shared space and building functionality. This would also better inform the draft business case that has been developed for the proposed Operating Trust.
20. In addition to that there is some support for the new theatre to be built on the current Founders Theatre site within the West Town belt. No doubt opinion on these issues will also be more fully explored through the public consultation process and direct feedback to Council and Momentum Waikato.
21. Within the Momentum Waikato proposal, the Chairman disclosed that his private company Foster Construction, had purchased two properties adjacent to the proposed WRT on the corner of Victoria Street and Embassy Park. These are very likely to become valuable sites for

the WRT assimilation into that location. Equally they might act as additional office and administration space not currently provided for within the WRT design itself at this time.

22. Given the construct of Council's potential partnership role with the WRT, it does not seem necessary for Council to engage in any associated land ownership. That may or may not be a matter for the new Ownership Trust to consider.
23. Staff recommend Council declines Foster Construction's offer to purchase property adjacent to the proposed Waikato Regional Theatre site on Victoria Street.

#### **Costings**

24. The original cost of Momentum Waikato's WRT proposal was for a build cost of \$55,000,000 (plus GST). The proposal received 24 August 2017 is \$72,880,000 (plus GST).
25. The costing includes a reassuring level of project contingency of 20%.
26. If the proposal had incorporated additional seating (another 200) and advanced staging technology the likely costs would have reached in excess of \$85,000,000 (plus GST).

#### **Governance Structure and Business Model**

27. The proposal for independent ownership and an Operating Trust for the new WRT has the benefit of enabling community and business interests to own and operate the new theatre totally independent of Council.
28. Council's only on-going engagement would be through an annual grant of \$1,100,000 to the ownership entity as a contribution towards the WRT's asset management programme.
29. The question over the appropriateness and affordability of the \$1,100,000 contribution by Council needs to be considered but it should be noted the proposal would enable Council to fully exit from this function on a day to day operational basis and remove it from the longstanding risk of such an operation.
30. As Council will potentially be a major funder of the build cost and provide ongoing operating contributions, Council should reserve the right to participate in the development of the responsibility and capability of the new governance model at its inception.

#### **Funding**

31. The request for a \$30,000,000 build contribution by Council has been publically well-known since July 2016. However as this is a matter of high significance, public consultation on the WRT proposal and public views on Council raising the money is required as part of the 2018-2028 10-Year Plan.
32. Given the timing as it relates to the current development of Council's 2018-2028 10-Year Plan, the outcome of that consultation should then be factored into ratepayer and public feedback on the totality of the long-term plan inclusive of the WRT proposal. The WRT will be a significant expenditure item within that plan. This will include at that time a full analysis of the financial implications of the proposed capital build and the ongoing annual ownership contribution by Council sought by Momentum Waikato under the 2018-28 10-Year Plan.
33. Since the presentation of its report to Council on 24 August, Momentum Waikato has released further information on significant amounts of funds raised. The work of Momentum Waikato in this regard is exemplary. They will shortly move into fuller discussion with Central Government and our neighbouring Councils to discuss any contribution opportunities from those sources.
34. Momentum Waikato has advised that they wish to proceed with the next steps of the 'design development' for the project in order to keep to its schedule. (Refer attachment one).
35. Their proposal is that the \$500,000 cost for Phase 2 work be split between Council and Momentum Waikato equally, being \$250,000. This is in addition to the \$100,000 already spent

by Council to complete Phase One. Both amounts would be deducted from Council's core funding assuming the project proceeds.

36. The benefits of proceeding include an opportunity to keep the project execution alive during Council's 2018-2028 10-Year Plan development phase and whilst funding generation by Momentum Waikato proceeds. As it is this is a lengthy project with an end point in 2021 this would support the current timetable. It might also enable to project to address and resolve some of the outstanding issues raised that are dependent on the design process for resolution. On the downside this could be work that expended but not used for some time if for some reason the project in full does not proceed. Given the strength of positive feedback and goodwill towards this project management consider that it is appropriate to proceed as requested.

## **Significance & Engagement Policy**

### **Significance**

37. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter in this report has a high level of significance.

### **Engagement**

38. Staff recommend that no additional separate consultation is undertaken at this stage on the WRT proposal or Council's contribution to the WRT as there is planned consultation as part of the 2018-2028 10-Year Plan.
39. The consultation on Council's contribution to the WRT is a substantial financial contribution that was not forecast within the current 2015-2025 10-Year Plan. It is proposed that both the WRT financial contribution and the future of the Founders Theatre be considered within the context of the 2018-2028 10-Year Plan which Council is currently developing for adoption in June 2018. The 2018-2028 10-Year Plan will have a formal consultation period 23 March 2018 to 23 April 2018 where the full financial disclosure and the impact of the new WRT proposal can be considered within Council's broader financial strategy and funding priorities.
40. Post the presentation of the first draft budget on the 19 October 2017, Council will be undertaking engagement during October and November 2017 to gain a snapshot of the communities preference for funding projects, including the WRT. Elected members will be able to use the feedback from the engagement during their budget deliberations on 6 December 2017.
41. It is proposed that Council does not directly ask the community for feedback on the WRT proposal and instead directs all feedback to Momentum Waikato to ensure all the feedback is captured and processed together.
42. Consultation on the future of the Founders Theatre is the subject of a separate agenda item at this meeting.

## **Attachments**

Attachment 1 - Waikato Regional Theatre Phase 1 Report from Momentum Waikato - presented to Council 24 August 2017

**To:** Hamilton City Council (HCC)  
**From:** Leonard Gardner, Chair, Momentum Waikato  
**Date:** 11 August 2017  
**Subject:** Waikato Regional Theatre Phase One Report

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The purpose of this report is to provide a written summary of the status of the proposed new Waikato Regional Theatre ('WRT'). The Momentum Waikato submission on the Founders Theatre given 8 July 2016 provided for an option for a new Theatre to be considered. This report provides a feasibility study for a new Waikato Regional Theatre, based on a robust process, and engagement with key stakeholders. There is an air of possibility in the community that something special can be achieved with this project.

On 28 July 2016, the Hamilton City Council ('HCC') resolved:

*"Council supports building a new performing arts theatre in Hamilton and commits in principle, a maximum of \$30million plus GST contribution towards the new build. This sum includes any funding sourced from other Waikato Councils or government sources and funds."*

We trust this report provides confidence to HCC that the feasibility of the WRT proposal has followed a good process, and HCC is able to confirm their commitment of the above resolution. For clarity, the funding requirement from HCC towards this project is still limited to \$30m.

The Momentum Waikato submission is on behalf of generous donors who have asked Momentum Waikato to convene and connect parties interested in delivering an iconic world class theatre facility here in Hamilton. We are grateful to their ongoing support, the work of the Waikato Regional Theatre Governance Panel, the work of the Panel of experts led by CharcoalBlue, the Momentum Waikato team and everyone who has contributed through the stakeholder engagement process.

This is a generational opportunity to create a new community theatre that will support the Waikato Region as it continues to grow and prosper. This is a partnership between the community and local council to deliver a place our community can be proud of and enjoy. Further, in master planning the whole site with the current property owner, we believe there is an opportunity to create a Boutique Arts Hotel, and space for a Community Art Gallery to display the Waikato's treasures. Together we can do something great.

We believe the Phase One Design Report by the panel of experts delivers on the strategic aspirations including:

1. Enabling the development of a creative precinct around the theatre
2. Connecting creativity through the Waikato region through education
3. Leveraging social, cultural and economic value from the project
4. Creating a community gathering place and tourism place of arrival

This report will cover the following areas:

1. Design Report
2. Governance Structure
3. Business Model
4. Community Use
5. Timeframes
6. Funding
7. Next Steps

#### **Design Report**

CharcoalBlue have completed a comprehensive phase one design report which will be a public document made available for download through the Momentum Waikato website. This design report articulates the process that has been followed to establish the conclusions around location and design. This is a feasibility report only, and this reflects in the level of design detail. The next phase of design will deliver floor plans, elevations and more detailed concepts. The feasibility report contains a schedule of accommodation to ensure enough floor area is included in the planning.

The process followed has been in general accordance with the original Momentum Waikato Submission to HCC of 16 July 2016.

The phase one design report covers:

- A. Background and terms of engagement
- B. Stakeholder consultation
- C. Audience analysis
- D. Review of worldwide theatre precedents
- E. Site location. This report was release in July 2017 identifying the Hamilton Hotel site on the corner of Victoria St and Sapper Moore Jones Place
- F. Schedule of accommodation
- G. Auditorium proposals. This covers seating capacity, area, acoustics and other technical functionality.
- H. Master planning of the site. This includes:
  - a. Site history
  - b. Relationship with city and regional plans
  - c. Relationship between Victoria St and Waikato River
  - d. Relationship between community theatre and commercial function
- I. Structural considerations
- J. Sustainability considerations
- K. Project costings
- L. Project programme

We strongly encourage people to review the Phase One Design Report to get a feel for what is looking to be created. The phase one design report key points are:

- World class multi-functional theatre able to cover a range of performance types
- Internationally benchmarked standard set. We note the international experience of CharcoalBlue has brought tremendous value to the design process.
- Restoration of Hamilton Hotel site history including:

- Historic façade restoration
- Potentially a boutique arts hotel, the hotel being the historic site use
- Preservation, enhancement and showcasing of protected trees
- Inspiring historic buildings around site on South End of Victoria St to be upgraded
- Connection between Victoria St and the Waikato River, continuing to enhance Embassy Park as a main entry point and celebration of history and culture
- Celebration of the Waikato river through the building architecture
- Space for curated public art gallery to display the Waikato's art treasures
- Size requirement between 1,000 and 1,300 seat capacity. The current seating in the feasibility is 1,090 seats.
- Shared facilities between community spaces and commercial spaces (hospitality, administration) to provide space utilisation and cost efficiencies
- Recommended footbridge location to connect with Memorial Park, and connection with commercial jetty to transport patrons to the Hamilton Gardens
- Structure likely to require piles. This is included in the costings. It is also noted that all major new structures in Hamilton, on the riverbank or not, require piles.
- Sustainability and environmental considerations

#### **Location**

Feedback to the Hamilton Hotel site has been overwhelmingly positive, both in terms of the ability to deliver a world class theatre, and to deliver transformational outcomes for the Waikato region. People have generally read and understood the location report, and the process undertaken to select the right site for the project.

There have been some concerns about the site raised by the public. These include:

- Parking and access
- Security
- Embassy park

We are confident these concerns can be worked through in a collaborative way between HCC, property owners and the WRT team.

The land is currently owned and controlled by the Plaw family. We are in discussions with them as to the best way to bring the land into the project. As a result of those discussions, it is not expected that land will be an additional capital cost to the theatre project.

#### **Costings**

The design report contains a Budget Estimate by Rider Levett Bucknall ('RLB'). This Budget Estimate is summarised as follows:

<i>Build Cost</i>	
Site preparation	1,075,000
Building structure and envelope	17,250,000
Building fitout	17,880,000
Landscaping	1,150,000
Site services	250,000
TOTAL Build Cost	<u>37,605,000</u>

<i>Theatre Fitout and Equipment Cost</i>	
Specialist theatre fitout	9,190,000
Technical theatre fitout	3,385,000
Loose furniture, fittings and equipment	400,000
TOTAL Theatre fitout and equipment	12,975,000

<i>Consultants, Fees and Levies</i>	
Consultants fees	9,250,000
Consents, insurance and levies	600,000
TOTAL Consultants, Fees and Levies	9,850,000

<i>RLB Recommended Contingencies</i>	
Cost Escalations	6,050,000
Project Contingency	6,400,000
TOTAL RLB Recommended Contingencies	12,450,000

*All values exclude GST*

The total RLB Budget Estimate is \$72,880,000.

We provide the following cost commentary:

- The building cost and specialist theatre fitout costs are benchmarked against the recent Auckland Theatre Company project in Wynyard Quarter, Auckland CBD.
- The budget is inclusive of the Waikato River community and art gallery spaces
- Extra value of \$1.2m allowed for deep foundations
- Cost escalation and project contingencies account for 20% of the budget estimate, and reflect the high level of cost uncertainty in the current NZ construction market.

We acknowledge the total RLB Budget estimate exceeds the initial \$55m project cost for a new theatre, and contains a lot more aspiration in terms of:

- Creation of community space connecting to the Waikato River
- Art Gallery capacity
- Creative precinct

As we continue to work through the design process, we will be able to obtain more cost certainty and clarity.

#### **Governance Structure**

We have convened meetings to discuss the best governance structure for the project. This has involved a cross section of the Waikato professional community who have contributed their time free of charge, and has been led by Tompkins Wake.

The process involved brainstorming all the possible governance structures that could be used, and evaluating these on the basis of strengths and weaknesses.

The conclusion of this process provided the following Governance Structure recommendation:

1. A Waikato Regional Property Trust ('WRPT') be establish to own and maintain the WRT asset.  
The WRPT would have the following characteristics:
  - a. Trustees appointed with experience in asset management

- b. Trustees appointed by appointments panel made up of nominations by key Waikato Stakeholders. These stakeholders are yet to be fully defined.
  - c. Responsibility to maintain the WRT asset at an agreed standard into the future
  - d. Annual reporting obligations to key stakeholders
  - e. Ownership of the Waikato Regional Theatre Operating Company
2. A Waikato Regional Theatre Operating Company ('WRTOC') be established to run the theatre operations. The WRTOC would have the following characteristics:
- a. Community-minded Directors appointed with commercial experience and acumen, and a passion for the creative sector
  - b. Directors appointed by appointments panel the same as WRPT
  - c. Responsibility to run the theatre operations with a balance of commercial and community outcomes
  - d. Responsibility to run the theatre in a manner that reflects the Waikato community
  - e. Responsibility to run the theatre at a surplus, inclusive of community and commercial sponsorship
  - f. Annual reporting obligations to stakeholders

The key reasons for the above recommendation were:

- Clearly defined responsibilities between asset ownership and maintenance, and theatre operations
- Removal of theatre responsibility from political environment
- WRPT vehicle for collaborative funding by local councils in an agreed formula based on population and distance from venue
- Risk of theatre operations ring fenced in limited liability company
- Structure able to be expanded in the future to include other regional assets

Should our proposal be acceptable, we will look to establish the WRPT to take over the delivery of the WRT project from the next stage.

#### **Business Model**

The business model has been prepared by Deloitte. The basis for preparation is to benchmark against the other community theatres around New Zealand, and reference data from H3 from Founders Theatre while it was open, and events of a similar nature going through Claudelands. On this basis, the WRTOC business model represents a theatre for hire with the following characteristics:

- Revenues from:
  - Venue and equipment hire
  - Ticketing
  - Merchandise commission
  - Food and beverage commission
- Community use discount of 40% applied to venue hire
- Food and beverage operated separately with commission paid to WRTOC. This enables the WRTOC to focus on theatre operations rather than managing food and beverage offerings

The objective is to create an operating theatre that is proactive in making creative performances happen, and conducts business on a risk rewards basis.

In terms of the WRPT, we expect the lease to the WRTOC to be \$1 per annum. The WRPT would look to the local councils for on-going funding in order to maintain the asset at the agreed standard through a robust maintenance and renewal programme. This is intended to be the limitation of the on-going local council funding requirement.

We anticipate this on-going funding requirement to be around \$1.4m per annum. These funds would maintain the asset, and build an asset maintenance reserve for the theatre. We would anticipate HCC's contribution to this to be around \$1.1m per annum (being the anticipated annual contribution HCC would have made to a refurbished Founders Theatre), with the balance being made up from other local councils and sponsorship.

Where the WRPT looks to improve the asset beyond the agreed standard, this funding will need to come from the community.

#### Community Use

The Waikato Regional Theatre will be of a world class standard, but will be a community asset. The success of the theatre will not be in the quality of the performances held, although this will help, but will be in the community it creates.

We look to the success of the Avantidrome which was originally intended as a high performance venue, but the true success has come from how it is being used as a community asset.

The business model allows for a 40% discount on the venue hire for community use. The directors of the WRTOC will have responsibility for balancing commercial and community use of the theatre.

Education is a strategic pillar, and we are exploring ways to provide opportunities for all the students in the Waikato to have the chance to visit and be inspired by the theatre, and to connect with the Waikato tertiary institutions to further their skills and expertise.

In addition to the theatre, what is being proposed in a public art gallery. In order for this to be operated free for the community, we will need to find on-going sponsorship to meet the operating costs. There will be some operational efficiency with the theatre operations, but there will still be a requirement for staff dedicated to the art gallery.

We recognise that in order to be a true community asset, the Waikato Regional Theatre needs to be accessible to everyone in the Waikato Community, not just the arts patrons. One of the roles of the directors of the WRTOC will be to find this balance.

#### Timeframes

The project programme is included in the design report, and provides for the following key milestones:

HCC/Momentum Waikato Funding confirmation	December 17
Concept Design	March 18
Preliminary Design	June 18
Developed Design	October 18
Detailed Design	February 19
Building Consent Issued	April 19
Construction Complete	April 21
Soft Fitout	June 21
THEATRE OPENING	July 21

There is an opportunity to move ahead with the concept design on the same basis as the feasibility report has been completed. While there is a risk until a final funding decision is made in December 17, there is the potential to bring the opening forward to March 21. We anticipate the cost to do the concept design will be \$500,000, and the Momentum Waikato funders are prepared to fund \$250,000 of this in partnership with HCC.

### **Funding**

Funding is clearly an important element of the project. We will need to have confidence that funding is in place by December 17 for the project to proceed. The current funding picture, based on a projected cost of \$70m is as follows:

Local Councils	\$30m
Waikato Community	\$30m
Central Government	\$10m
TOTAL Funding	\$70m

Momentum Waikato has established a campaign cabinet to raise funds for the project. We are encouraged by the positive conversations we have had with people who, having seen no plans or images of the project, understand the need and the transformational change that can occur through the WRT project. Now that we have plans and images, we will be able to confirm pledges.

There are a number of generous families who have indicated significant support for the Waikato Regional Theatre without having seen plans or images. They get the transformation change this project can bring to the region. Representative of these generous families are Mitch Plaw and John Gallagher who are present at the HCC council meeting.

Members of the campaign cabinet have also committed significant personal funding. The staff of Momentum Waikato have also committed to provide personal funding.

Funding arrangements range from one off gifts, to annual or monthly gift commitments. A \$5,000 a month commitment for a four year period is \$240,000, and this makes a significant difference to the fundraising picture. We have a number of generous families and businesses considering giving at this level.

Momentum Waikato, as part of the public consultation meetings, will be entering into discussions with the Waikato District, Waipa and Matamata Piako councils.

### **Next Steps**

We see the next steps for HCC as follows:

1. HCC receive this report and confirm the commitment made in their resolution of 28 July 2016
2. HCC direct the HCC CEO to commit \$250,000 of further funding towards the concept design stage of the new theatre based on his assessment of public sentiment of the theatre concept. Note this contribution, along with the initial \$100,000 contribution would be considered part of the overall HCC contribution to the project.
3. HCC proceed with public consultation in line with legislative requirements

We see the next steps for Momentum Waikato as follows:

1. Engagement with the Waikato Community for funding
2. Hold public consultation meetings across the Waikato Region
3. On commitment from HCC CEO towards the concept design, instruct the Waikato Regional Theatre Governance Panel to proceed with Concept design
4. Engage with Central Government towards funding
5. Establish the Waikato Regional Property Trust

#### **Personal Disclosure**

While this submission is provided in my capacity as the Chair of Momentum Waikato, I disclose I am a director and shareholding of Foster Construction Group ('FCG').

After becoming aware of the site location, FCG contracted to purchase 198 Victoria St as this was required to control the whole site between Embassy Park and Sapper-Moore Jones Place. This contract is now unconditional and has been transferred to the Plaw Family.

FCG also contracted to purchase 220 & 226 Victoria St as the development of these buildings is required to enhance the Theatre entrance through Embassy Park. The contracted value of these properties is \$1.275m. These contracts have been entered into for the benefit of the theatre project, and we provide HCC with a four month option (expiring 31 January 2018) to purchase these properties at the contracted value for redevelopment. Should HCC not take up this option, it is the intention of FCG to develop these properties to support the theatre development.

#### **Momentum Waikato's Role**

Momentum Waikato's role is to convene, connect and align generous people in the Waikato to create a better Waikato for everyone forever. We are here to serve generous donors by ensuring their generosity is leveraged to make the greatest positive impact on the community we love. The new theatres project provides an opportunity for local councils to work in partnership with the community to deliver an World Class Community Theatre that we can all stand up tall in.

**Leonard Gardner** | Chairman | Momentum Waikato Community Foundation

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# Council Report

Item 18

**Committee:** Council **Date:** 21 September 2017  
**Author:** Sean Murray **Authoriser:** Sean Murray  
**Position:** General Manager Venues, Tourism and Major Events **Position:** General Manager Venues, Tourism and Major Events  
**Report Name:** Founders Theatre - Update on Options

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform Council on the options and financial implications regarding the future of Founders Theatre as per the Council resolution of 24 August 2017.

## Staff Recommendation

2. That the Council:
  - a) receives the report;
  - b) approves the three options outlined as the basis for public consultation on the future of Founders Theatre;
  - c) approves the consultation plan and budget of \$27,000 as described in this report; and
  - d) notes Management will report back on 14 December 2017 with the consultation findings and a recommended approach for the future of Founders Theatre.

## Background

3. At the Council meeting on 24 August 2017, management were asked by resolution to report back to Council the options and financial implications regarding the future of Founders Theatre.
4. With the closure of Founders Theatre in 2016 and the well advanced progress towards the potential build of a new Waikato Regional Theatre, Council needs to consider the future of the closed theatre building.
5. As reported to Council previously, the Founders Theatre building is in need of substantial upgrade and seismic strengthening work in order for it to be re-opened in one form or another. The cost to do so is significant however there is interest in its preservation across the community. However, this is without a clear understanding of the costs involved.
6. Any possible future for Founders Theatre is a matter of significant interest and requires a formal public consultation process in order to assist Council in its ultimate decision.

## Founders Theatre – Future Options for Consultation

7. There are three potential options for the future of Founders Theatre:

### Option 1: Complete Demolition

- Demolish the entire building and return the site to greenspace.

### Option 2: Partial Demolition and Re-use

- Demolish the stage house, auditorium and stage house, but retain the existing dressing room building for re-use. Integrate the building with the surrounding park.

### Option 3: Reinstate for Community Use

- Undertake earthquake strengthening and compliance upgrades and cut down the height of the stage house with the balance of the building to be retained in its current state.

8. One further option that has been mooted is the refurbishment of the Founders Theatre to being a fully operable community based theatre facility. This has been discounted primarily due to cost (estimated at \$19-\$23 m to make code compliant and operable roughly in its current format), the fact that a new and modern regional theatre is proposed to be built and that a range of other smaller theatre format facilities exist across the city. A reinstated Founders Theatre would return Hamilton back into an over-supply position with the potential to cannibalise utilisation rates for other theatres notably a new Waikato Regional Theatre.

9. The background, scope, estimated costs and advantages/disadvantages of each option are outlined in more detail (attachment one) although through the consultation process respondents would be encouraged to put forward any alternative scenarios that could be considered by Council.

## Significance & Engagement Policy

### Significance

10. Staff have assessed the key considerations under the Council's Significance and Engagement Policy, and view the matter in this report as having a high level of significance.

## Consultation Plan

### Engagement

11. Staff recommend engagement activity is undertaken in October and November 2017 to allow the community to provide its views on the future of Founders Theatre.

12. The cost for this activity is estimated at \$27,000 and is unbudgeted.

13. The engagement would consist of two activities:

- A quick on-line survey which asks the community to pick their preferred option.
  - This would be a "pulse" test and would be promoted through social media and online.
  - There would be no paper survey available.
  - The survey would be available via iPads placed in the Hamilton City Libraries and the main Council Municipal Building reception.
  - The survey will run for three weeks 28 October to 19 November 2017.
- A formal submission to propose an alternative use of Founders Theatre.

- Submitters will be asked to prepare a formal submission (using a guide template) on their proposed alternative use of Founders.
- This option is for community groups and other organisations with a proposal for the use and management of Founders Theatre by their group.
- Submitters will need to register to receive the template.
- The submissions will be reviewed by a panel of Elected Members to determine initial viability.
- Viable options will be asked to present to Council. The Council can then consider if it wishes to proceed with any option or defer to the options of this paper.
- Promotion of the option will be from 1 October and submissions will close 19 November 2017.
- This will allow the Panel to assess the submissions between 20 November and 24 November 2017 and determine the outcome for a report to the Council on 14 December 2017.

## **Attachments**

Attachment 1 - Founders Theatre Future Options - Potential Consultation Options



**Founders Theatre – Three Potential Consultation Options**

Option	Background	Scope	Description of Works	Estimated Cost	Advantages	Disadvantages
<b>Option 1</b>  <b>Complete Demolition</b>  <i>Demolish the entire building and return the site to greenspace.</i>	Founders Theatre sits within the West Town Belt that borders the central city area and could be returned to greenspace.	This option proposes complete demolition of the entire building including: <ul style="list-style-type: none"> <li>Remove demolished material from site, backfill foundation voids with crushed concrete and return the building site to parkland with 500mm topsoil and grass seed;</li> <li>Allowing for asbestos removal, retaining the Dame Hilda Ross fountain and plaza and existing carpark;</li> <li>Disconnect and cap/seal services and utilities;</li> <li>Remove the service lane from existing carpark to Tristram St;</li> <li>Install bollards to park edges to match existing;</li> <li>Resurface the degraded existing car park and replace existing car park lighting;</li> </ul>	Demolition	\$617,100	<ul style="list-style-type: none"> <li>Creates additional greenspace in the West Town Belt</li> <li>Most cost effective option</li> </ul>	<ul style="list-style-type: none"> <li>Loss of a significant civic building and history</li> <li>Removes a potentially re-useable part of the building (dressing room block)</li> </ul>
			Provisional sum for site reinstatement	\$185,000		
			<b>Total Estimated Cost</b>	<b>\$802,100</b>		
<b>Option 2</b>  <b>Partial Demolition and Re-use</b>  <i>Demolish the stage house, auditorium and stage house, but retain the existing dressing room building for re-use. Integrate the building with the surrounding park.</i>	While the bulk of the building (auditorium and stage house) are earthquake prone, the dressing room block is not and could be re-used if the balance of the building were demolished. The re-use of this part of the building could be a catalyst to activate the space where the auditorium and stage house currently sit and integrate this into the surrounding park.	This option proposes to demolish the stage house, auditorium and front of house areas and retain the dressing room block for re-use, including: <ul style="list-style-type: none"> <li>Remove demolished material from site, backfill foundation voids with crushed concrete and return the building site to parkland with 500mm topsoil and grass seed.</li> <li>Allowing for Asbestos removal, retaining the Dame Hilda Ross fountain and plaza and existing carpark.</li> <li>Rebuild and clad the front of the dressing room block once demolition has been undertaken.</li> <li>Reinstate compliant fire protection systems in the rear building.</li> <li>Reinstate services and security alarms to the re-used building as required.</li> <li>Retain the service lane from carpark to Tristram St.</li> <li>Resurface the degraded existing car park and replace existing car park lighting.</li> <li>Install bollards to park edges to match existing.</li> <li>Install new landscaping to integrate the retained building with the surrounding greenspace.</li> </ul> <p><i>Note: It is not practical to retain the foyer due to its shape with part of the space below the auditorium upper seating and due to the rear auditorium wall that bisects it.</i></p>	Demolition	\$837,718	<ul style="list-style-type: none"> <li>Creates additional greenspace in the West Town Belt</li> <li>Cost effective option</li> <li>Part of the building can be retained for community use</li> <li>Opportunity to recognise and commemorate the history of the site</li> <li>Integrates the retained building with the surrounding greenspace</li> </ul>	<ul style="list-style-type: none"> <li>Loss of a significant civic building and its history</li> <li>More expensive than total demolition</li> </ul>
			Provisional sum for site reinstatement	\$170,000		
			Provisional sum for new landscaping	\$190,000		
			<b>Total Estimated Cost</b>	<b>\$1,197,718</b>		
<b>Option 3</b>  <b>Reinstate for Community use</b>  <i>Undertake earthquake strengthening and compliance upgrades and cut down the height of the stage house with the balance of the building to be retained in its current state.</i>	The building could be strengthened and upgraded to ensure it met minimum building code requirements. The removal of the top of the fly tower is recommended with a new lower level roof and appropriate rigging system to be installed. On this basis Founders Theatre could be re-opened for community use.	This option proposes to re-instate the building for community use with a limited service refurbishment including: <ul style="list-style-type: none"> <li>Earthquake strengthening to auditorium and stage house.</li> <li>Remove the fly tower and recap the stage house with a new fixed roof and suspension points.</li> <li>Upgrade of building systems (including fire protection, electrical, HVAC etc) to achieve building compliance.</li> <li>Allowance for accessibility improvements to meet current building code requirements.</li> <li>Resurface the degraded existing car park and replace existing car park lighting.</li> </ul> <p><i>Note: Consideration would need to be given to the potential impact of continuing to operate Founders Theatre as a community space upon the utilisation of the proposed new Waikato Regional Theatre and other existing community run theatre operations (e.g. The Meteor, Riverlea, Clarence Street Theatre and the Academy of Performing Arts at The University of Waikato). Also Founders Theatre is located on reserve land and a commercial tenant would not be appropriate.</i></p>	Modified Stage House	\$1.0 - \$2.5m	<ul style="list-style-type: none"> <li>Retains a significant civic building and history</li> <li>Provides additional space for community use</li> </ul>	<ul style="list-style-type: none"> <li>Over supply of theatre spaces within the Hamilton market</li> <li>Would cannibalise bookings from the new Waikato Regional Theatre (and other community theatres)</li> <li>Large auditorium is oversized for community use</li> <li>Further ongoing funding would be required to maintain the building</li> <li>Does not create additional greenspace in the West Town Belt</li> <li>Least cost effective option</li> </ul>
			Earthquake Strengthening (varying methods could apply)	\$3.0- \$6.0m		
			Building System Compliance	\$0.6- \$1.0m		
			Associated refurbishment works	\$0.1-0.5m		
			Contingency (20%)	\$1.0- \$2.0m		
			<b>Total Estimated Cost</b>	<b>\$5.7m - \$12m</b>		



# Council Report

Item 19

**Committee:** Council  
**Author:** Richard Briggs  
**Position:** Chief Executive  
**Report Name:** Hamilton Properties Limited

**Date:** 21 September 2017  
**Authoriser:** Richard Briggs  
**Position:** Chief Executive

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform the Council of the risk profile and associated financial scenarios associated with Council's decision to reactivate Hamilton Properties Limited (HPL).
2. To seek Council approval to defer the process agreed at the meeting held on 9 March 2017 until a property strategy is completed, properties are identified and detailed business cases are developed
3. This report is an annex to the risk assessment received by Council on 9 March 2017.

## Staff Recommendation

4. That Council:
  - a) receives the report;
  - b) notes the increased risk of investing in property, via HPL, over the current debt offset approach;
  - c) approves the suspension of the process, as agreed at the meeting held on 9 March 2017, until such time as a property strategy is completed, properties are identified in collaboration with the private sector and detailed business cases are developed; and
  - d) requests the Chief Executive provides an updated timetable to the October 2017 Council meeting.

## Executive Summary

5. Council resolved to transfer the assets and management of the Municipal and Domain Endowment Funds to HPL on 29 September 2016; a detailed timeline for implementation was adopted by Council at this time. This timeline was updated by Council on 9 March 2017.
6. A high level risk analysis, prepared by PWC, was provided to Council on 9 March 2017. This analysis did not include detailed risk assessment and supporting financial information.
7. PWC have extended their risk analysis and financial analysis in the attached report (Attachment 1).
8. PWC have identified that the risk relation to property development is real and is greater than the current debt offset approach.

9. PWC have reaffirmed there are mitigations in place to address these property development risks, mitigations such as the appointment of an expert property manager and an experienced board, **but** have noted Council should identify opportunities in conjunction with the private sector and complete a detailed business cases prior to appointment of the property manager and the board.
10. A property strategy should be developed ahead of any detailed work.
11. Council has indirectly set its property development risk appetite as part of the Municipal and Domain Endowment Funds Policy. Within the Policy Council has noted that the funds will be used to enter into joint ventures and turnkey developments only.
12. Council will need to borrow the funds to invest in HPL. Due to Council's conservative approach to measuring the debt to revenue ratio this borrowing has no impact on Council's measure. It does, however, have a negative impact on external agencies assessment of Council's debt to revenue ratio calculation.
13. It should be noted Council can accept the current levels of risk and continue with the process underway.

## Background

### 14. Policy Position

15. Council adopted the Municipal and Domain Endowment Funds Policy on 29 September 2016.
16. The Policy outlines three principles including that the endowment capital must be preserved and that the underlying investment must increase the returns of the Endowment Funds.
17. The Policy requires that funds are used to support, advance and implement Council's strategic plans and that the Council will identify the priorities within these strategic plans in each 10-Year Plan.
18. The policy also outlines seven directives including undertaking profitable investments that yield a substantially greater return.
19. Council has indirectly set its property development risk appetite as part of the Policy. Within the Policy Council has noted that the funds will be used to enter into joint ventures and turnkey developments only.
20. The Policy is attached (Attachment 2).

### 21. Previous Reports

22. Refer to the following links for background reports to Committees and Council.
  1. 25 February 2014 Business and Investment Subcommittee Minutes  
[Business and Investment Subcommittee Minutes](#)
  2. 23 May 2016 Business and Investment Subcommittee Minutes  
[Business and Investment Subcommittee Minutes](#)
  3. 29 June 2016 Business and Investment Subcommittee Minutes  
[Business and Investment Subcommittee Minutes](#)
  4. 2 August 2016 Business and Investment Subcommittee Minutes  
[Business and Investment Subcommittee Minutes](#)
  5. 30 August 2016 Business and Investment Subcommittee Minutes  
[Strategy and Policy Meeting Minutes](#)

6. 29 September 2016 Council Meeting Minutes  
[Council Meeting Minutes](#)
7. 9 March 2017 Council Meeting Minutes  
[Council Meeting Minutes](#)
23. **Summary**
24. Council resolved to transfer the assets and management of the Municipal and Domain Endowment Funds to HPL on 29 September 2016; a detailed timeline for implementation was adopted by Council at this time. The resolution required that a risk analysis is presented to Council at the March 2017 meeting.
25. On 9 March 2017 a report was tabled at Council. This report included a revised timeline as well as a risk analysis prepared by PWC.
26. The risk analysis undertaken on 9 March 2017 was a high level risk analysis and did not provide a detailed financial analysis of the risks of investing the Municipal and Domain funds within HPL. The purpose of this report is to extend the March 2017 report to include a detailed financial analysis.
27. **PWC HPL Business Case and Risk Analysis**
28. The PWC HPL Business Case and Risk Analysis report attached to this report is an extension to their 9 March 2017 risk analysis. The report highlights the risk profile through investment in a property company as well as the variations in risk depending on the nature of property investment undertaken.
29. The PWC business case supporting the decision to reactivate HPL was premised on a set of assumptions, with inherent uncertainty and risk associated with each assumption. The premise of the business case, as per the previous reports was to invest 20% of the endowment fund in property (approximately \$10.5m on average per annum), recycling the investment to achieve \$105m in capital development over a 10 year period.
30. **Specific points raised in the PWC report:**
- The business cases supported that a financial return can be achieved whilst investing the endowment fund to achieve strategic objectives.
  - Property development has significantly more risk than current debt offset. Risk can be managed but not eliminated.
  - That Council should only undertake developments which contribute to strategic objective and act as a catalyst for private sector to act and not purely for financial return.
  - That Council should identify actual projects prior to appointment of staff and directors.
  - That Council should complete a detailed business case should be undertaken; again prior to the appointment of staff and directors.
31. The PWC report notes borrowing to invest in HPL will increase Council's debt from an external perspective – e.g. with LGFA and Fitch. PWC also note that there is only a marginal increased return through property investment over the current debt offset and that there could well be a delay in expected returns as the property business ramps up.
32. The PWC report notes that HPL should only invest in projects that align with Council's strategic intentions and not seek higher more speculative returns – this is potentially at odds with the policy that currently requires a return greater than current levels.

## Discussion

33. The decision to reactivate HPL is significant and it is important that Council fully considers the risks associated with this decision, effects necessary mitigations to those risks and knowingly

accepts residual risks. Any risk assessment should consider the potential impacts on the financial strategy.

- 34. Based on the PWC report there are also a number of outstanding decisions required to leverage the value of HPL and mitigate risk to an acceptable level (PWC note that the risk will never be as low as the current debt offset approach).
- 35. The key theme throughout the latest PWC report is that Council needs to take a strategic approach in addressing the necessary risks of reactivating HPL and entering property development. To support this view a property strategy should be developed and would include the level of investment in HPL (i.e. how much of the Endowment fund should be allocated), when the funds would be engaged, the strategic benefits that Council is seeking, the nature of development Council wishes to undertake and the level of risk Council will tolerate (risk appetite).
- 36. PWC hold the view that, in conjunction with the private sector, actual opportunities should be identified and detailed business cases should be undertaken.
- 37. **Financial Strategy – Debt to Revenue**
- 38. There are a number of impacts on Council’s financial strategy as a result of the decision to activate HPL.
- 39. Council will need to borrow the capital to invest in HPL.
- 40. Councils pay down debt with proceeds from endowment assets sold, however Council’s debt to revenue ratio is conservative and council adds back, as debt, any endowment related cash; i.e. when Council borrows to fund endowment property purchase, or when it injects cash into HPL, it **DOES NOT** impact Council’s debt to revenue ratio.

**Financial Considerations**

- 41. Fitch Credit Rating Agency (Fitch) and the Local Government Funding Authority (LGFA) do not treat debt reduction from the sale of endowment properties any differently from other cash proceeds, i.e. from a Fitch perspective if Council borrows to inject cash into HPL **IT WILL** negatively impact the Fitch and LGFA calculated debt to revenue ratio. The more Council borrows to invest in HPL the greater the impact.

At 30 June 2017	Debt to Revenue Ratio	
	HCC	Fitch
Reserve funds remain as cash	174%	209%
Reserve funds invested in property	174%	226%

- 42. The business case from PWC suggests HPL would not leverage the capital invested by Council to borrow more funds.
- 43. It should be noted that Fitch will consider the extent to which a 100% subsidiary (i.e. HPL) borrows more money; i.e. Fitch takes a group approach in considering credit rating.
- 44. Fitch does not have any particular concern over Council re-activating HPL. Fitch will give consideration to the risk profile of all 100% consolidated entities as part of the rating programme for Council. Fitch’s key consideration is the risk that Council will need to bail out a subsidiary.
- 45. **Financial Strategy – Balancing the Books/Rates Certainty**
- 46. Proceeds from Endowment funds are currently used to subsidise rates, i.e. cashed up endowment assets are used as debt offset and reduce interest charges.

47. The transfer of cash to HPL would reduce this offset. However the Municipal and Domain Endowment Policy sets guidance to mitigate this impact by requiring HPL to return a dividend that is equivalent to the average cost of Council's debt over a three year period.
48. The risk associated with moving from a debt offset to property development is identified in the PWC report. In short, there is an increased risk with property development, but if the correct mitigations are put in place (e.g. specialist board) the returns could be much higher than the cost of Council's debt.
49. PWC have noted in their report there is a risk over lower returns in the start-up phase.
50. At present the average interest rate for Council is 5.36%. There is an interest rate fluctuation risk that is mitigated by Council's hedging programme. Investing in property exposes Council to greater risk of fluctuating returns (refer PWC report). It should be noted that reducing interest rates potentially provide HPL an advantage – as interest rates drop (over a three year average), the policy reduces dividend expectations and as such, subject to a strong property market, HPL would have greater opportunity to reinvest capital and potentially yield stronger returns.
51. **Financial (and Resourcing) Implications**
52. PWC have undertaken a number of reports in respect of Hamilton Properties Limited. The costs to date as previously reported is \$25,319. The cost for the updated Summary HPL Business Case and Risk Analysis is \$6,000.

### **Risks**

53. This report reflects a detailed risk assessment. No further risks are identified.

### **Significance**

54. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter in this report has a low level of significance.

### **Engagement**

55. Given the low level of significance determined, the engagement level is low. No engagement is required.

### **Attachments**

Attachment 1 - HPL Business Case Risk Summary

Attachment 2 - Municipal and Domain Endowment Fund Policy

Attachment 1

# *Hamilton City Council* Summary HPL Business Case and Risk Analysis

*Strictly private  
and confidential*

*10 August 2016*

Item 19

**pwc**



Richard Briggs  
Chief Executive  
Hamilton City Council  
Garden Place  
Hamilton

10 August 2017

### Summary HPL Business Case and Risk Analysis

Dear Richard

We are pleased to present this updated summary to the HPL Business Case report and additional risk analysis in relation to the potential management of the Municipal Endowment Fund (“MEF”) and the Domain Endowment Fund (“DEF”), together referred to as the “Endowment Funds”, through Hamilton Properties Limited (“HPL”) as a Council Controlled Trading Organisation (“CCTO”).

The business case contemplates the utilisation of the MEF by HPL to undertake a number of property development projects to achieve both a commercial return and deliver other municipal benefits to Council in support of Council’s key strategic objectives.

This report should be read in conjunction with our two previous reports, being:

- Phase One: PwC report on the Municipal Endowment fund dated 27 June 2016
- Phase Two: PwC HPL Business Case

The background to these previous reports, and summary of key findings are detailed at appendix 4.

This report is draft, our principal findings and conclusions will be set out in our final report.

This report is provided in accordance with the terms of our engagement outlined in our letter dated 17 August 2016 and is subject to the restrictions set out in Appendix 3 of this report.

Yours faithfully

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Hamilton City Council  
PwC

Strictly private and confidential

10 August 2016  
2

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## Conclusion and Recommendation

***PwC View** – Council need to identify actual opportunities and assess the actual risk profile against the estimated return, being both financial and the contribution to strategic objectives. The identification of actual opportunities will mitigate the risk that insufficient volume of development projects are secured and should precede the recruitment of staff and directors.*

**1** The MEF financial business case identified that a sufficient financial return can be achieved whilst contributing to key Council strategic objectives.

**2** Investment in property development has significantly more risk than the current debt offset. Risk can be managed or mitigated but not eliminated. The key factors influencing risk include:

- The level of MEF capital applied to property development, assumed at 20% in the business case;
- The type of property development and the level of contractual commitments (tenant or purchasers) which mitigate risk; and
- The degree of counter-party risk based on the strength of development partners, tenants and purchasers.

**3** It is our recommendation that Council only undertake developments which contribute to strategic objectives and act as a catalyst for the private sector to act.

**4** Council should identify actual projects, either internally or through engagement with the private sector, prior to the appointment of staff and directors.

**5** Once actual development opportunities are identified a detailed business case should be prepared for each development, assessing the:

- Risk profile of the counter parties involved;
- Likelihood of securing pre-construction commitments from tenants or purchasers;
- Estimated financial returns; and
- Contribution to Council’s strategic objectives.

This approach will allow Council to assess the risk profile of the actual development opportunity(s) and ensure that sufficient development opportunities exist to justify the overhead structure required by HPL.

**6** Once opportunities are identified, and assuming the risk profile is acceptable, Council should proceed to recruit an experienced and capable Development Manager and Board of Directors, both of which are seen as critical to successful execution.

## Summary of Key Points

***PwC View** – Property Development has a significantly higher risk profile than the current debt offset which is largely risk free. Council should only undertake property development to act as a catalyst in contributing to key Council led strategic objectives. To address execution risk Council should identify actual opportunities in conjunction with the private sector which will enable the assessment of actual risk against the estimated financial and strategic returns.*

The proposal to utilise the Municipal Endowment Fund (**MEF**) to undertake property development commenced under the previous Council.

This paper highlights the financial risk associated with undertaking property development under various scenario's, whilst acknowledging the underlying purpose and the critical success factors identified in activating Hamilton Properties Limited (**HPL**).

It also highlights the very real risk associated with property development.

### Strategic Reasoning

- It is our view that Council led property development should only be undertaken where there are clear strategic reasons to do so or where there is a market failure or challenge which means the private sector is unlikely to act.
- In this case the strategic reason is the municipal benefit of acting as a catalyst in contributing to key Council led strategic objectives and plans which is consistent with the draft policy dated 2 August 2016.
- It is our view that Council should not undertake property development for a purely financial return, other than dealing with non-strategic land holdings which would not require the activation of HPL.

### Critical Success Factors

- The success of HPL will be determined by execution of opportunities, an experienced and capable development manager is critical as is partnering with experienced market participants.

- The governance of the Board of Directors, including skills, experience and relationships is also seen as critical as detailed on page 18.

### Financial Risk

- Property Development is high risk with a large variability of risk between difference development projects. The current debt offset is largely risk free, meaning Council needs to accept greater risk.
- The HPL business case assumes an annual average of 20% of MEF capital is applied to property development, with an estimated post-tax net return of 6.8%, which is diluted by overhead costs and tax, being marginally higher than the 5.5% debt offset.
- A greater return could be achieved through investing a higher level of capital, however this would increase the overall risk weighting of HPL.
- Development will also bring volatility to the dividend or earnings that HPL will pay Council. Until initial developments are completed and profits realised the annual return to Council may decrease.

### Impact on Council

- The transfer of MEF funds to HPL will impact the calculation of Council's debt capacity under the LGFA debt to revenue covenant (250% maximum).
- The risk profile of HPL, and any external borrowings in addition to the transfer of MEF cash (consequential debt increase to Council) will be considered by Fitch in setting Council's credit rating.

# *Financial Return Analysis*

Item 19

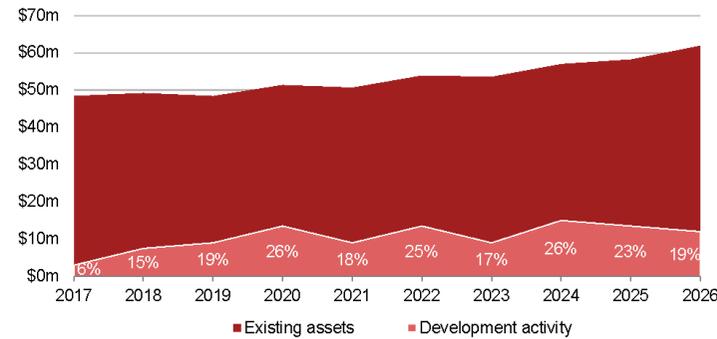
Attachment 1

## Financial Return Summary

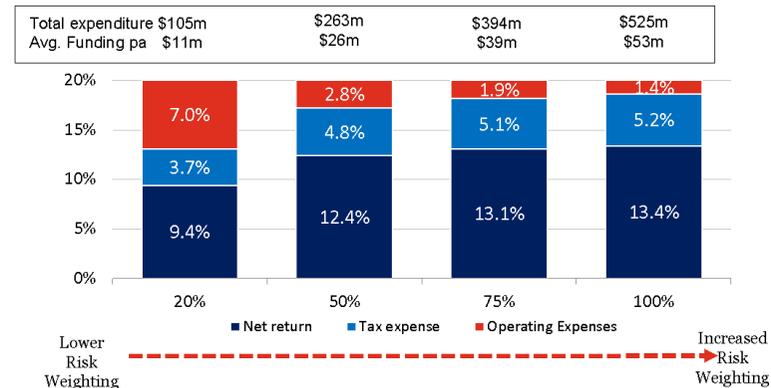
***PwC view** – The HPL business case assumes that an average of 20% of total fund capital is applied to development activities across a 10 year period. The key driver of undertaking developments is to act as a catalyst for the private sector and to contribute to strategic objectives, whilst mitigating risk as much as possible and achieving a minimum return of 5.5% per annum which is distributed to Council*

- Investment in property development has a **significantly greater risk** profile than cash deposits or debt offsets. Therefore, the gross return should reflect the risk premium required to encourage such investment or the level of return will be assessed alongside the **other municipal benefits** which may accrue from the development.
- The business case is illustrative and is not based on known developments.
  - Each individual Development will have its own **unique risk profile** due to the degree to which risk has been mitigated, which may include a pre-construction commitment to tenant or sell.
- Execution remains a significant risk and it is recommended that HPL:
  - Recruit and appoint an **experienced Development Manager / General Manager** and operate under a clear mandate not influenced by changing short-term priorities; and
  - Ensure that they partner with the **private sector** and undertake developments where a contractually secured tenant or purchaser is secured pre-construction.
- The HPL Business Case assumed that an **average of 20% (\$10.5m)** of total fund capital is applied to development activity over the 10 year forecast period (\$105m gross expenditure) providing a **net return of 6.8%** after administrative expenses and tax. The annual return to Council may reduce initially before developments are completed and sold (before retained earnings are available to enable the consistent minimum return).
- The underlying purpose for the development is to act as a **catalyst** for the private sector and to contribute to **wider strategic objectives**.
- Should a greater, purely financial return be desired Council will have to accept increased risk and should consider a passive investment in a listed property vehicle as an alternative investment.

**Capital Allocation**



**Gross Return – % of MEF Applied to Development**



*The debt offset is largely risk free, the rationale of HPL development is to contribute to the wider Council strategic objectives with developments undertaken in partnership with the private sector*

The chart opposite provides a comparison between the current “debt offset” scenario against the proposed development activities presented in the HPL Business Case (“the Business Case”).

Property Development is a **significantly higher risk** form of investment than cash deposits or debt offsets, therefore the gross return reflects the increased risk.

Each individual property development will have its own unique risk profile based on the degree to which risk has been mitigated as discussed on pages 13 and 14.

*Debt Offset*

- The debt offset is the lowest risk in terms of application of the HPL funds, the key financial risk being that capital will not be preserved in real terms.

*Development Activities*

- On average **20%** of HPL capital is applied to development activities.
- The Business Case assumes development activities earn a **gross margin of 20%** before administration costs. The increased administration costs, governance costs and tax expense means the net return would be reduced to **6.8%** as illustrated in the Business Case, albeit with significantly more risk.
- We note that HPL will have sufficient funds to undertake considerably more development activity should opportunities be identified.
- The key financial risk of development activities includes the risk that underlying capital is lost due to unprofitable developments, however steps can be taken to mitigate this risk, including the application of a portion of total funds and other mitigating factors as detailed on pages 13 and 14.
- It is intended that Council development acts as a **catalyst** for the private sector to undertake development consistent with **strategic plans**, therefore development activities present the potential for Council to achieve wider economic and municipal benefits.

	HCC Model Debt offset	HPL model Development Activity
<b>Gross Return</b> (before overheads)	5.5%	20%
<b>Admin costs</b> <sup>(1)</sup>	Minimal	\$730k pa
<b>Net profit margin</b>	5.5%	9.4% - 13.4% <sup>(2)</sup>
<b>Key financial risk</b>	<ul style="list-style-type: none"> <li>• Not preserving capital in real terms</li> </ul>	<ul style="list-style-type: none"> <li>• Risk that underlying capital is lost due to unprofitable developments</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• Lowest risk profile</li> </ul>	<ul style="list-style-type: none"> <li>• Wider economic and financial benefits including contribution to strategic plans</li> <li>• Opportunity for greater return</li> </ul>

(1) Admin costs exclude inflation.

(2) Net return for development activities increases as more capital is employed.

*The Business Case assumes that developments will be undertaken in partnership with the private sector and will likely involve a contractually secured tenant or purchaser pre-construction which greatly reduces risk*

*The purpose of HPL is to act as a catalyst to achieve strategic objectives, whilst achieving an acceptable return on each development. The business case assumes an average of 20% of MEF capital is applied to property development, totalling \$105m over 10 years.*

**Capital Allocation**

The chart opposite illustrates the capital applied to development activities as a percentage of the total fund value as assumed in the Business Case. We note the following:

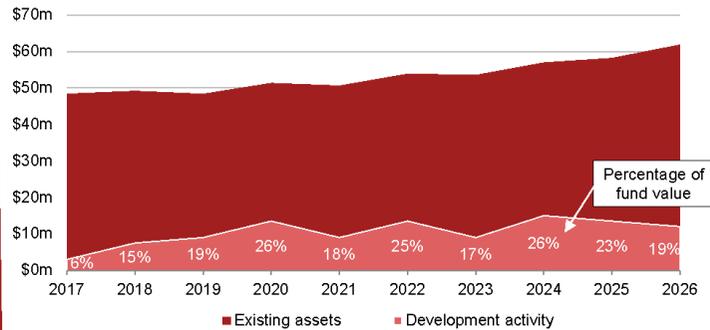
- The Business Case assumes ten development projects. The capital applied to development activities is expected to range between \$3m and \$15m per annum at an **average of \$10.5m** per year over the forecast period.
- The change in investment from interest bearing deposits (debt offset) to property development requires Council to increase debt (not MEF debt) to the extent funds are applied to HPL.
- Total development expenditure is forecast at \$105m over the forecast period which utilises an average of **20%** of the total capital.
- The business case intended for **wider municipal and economic benefits** to be achieved through development activities. The feasibility of each project should consider both the projected financial return and the **strategic rationale** and the wider economic and municipal benefits.

**Fund Returns**

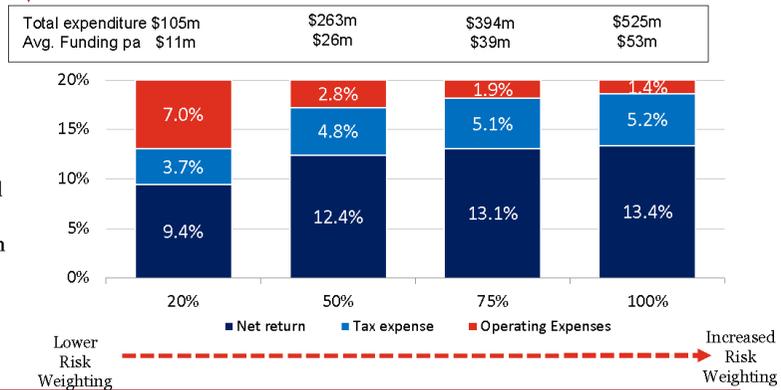
The chart opposite illustrates projected returns assuming 20%, 50%, 75% and 100% of MEF capital was applied to development activities with all other assumptions held constant. We note the following:

- The level of development activity is illustrative and not based on known developments.
- Applying a greater percentage of MEF capital to property development will increase HPL's overall risk exposure level.
- The assumed gross return on each development is 20%, actual margins can vary greatly between developments.
- The governance and operating expenses are largely fixed in nature, therefore net returns increase with greater levels of development activity.
- The **business case net return of 6.8%** is 1.3% greater than the current debt offset of 5.5%, equating to \$7.5m over the 10 year forecast period.

**Capital Allocation**



**Gross Return – % of MEF Applied to Development**



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# *Risk Analysis*

**Risk increases exponentially as the capital required to complete a development increases. This reflects the greater risk of variation in execution which accompanies larger, more complex developments.**

**Development Options Council's Typically Use**

*Sell Land As Is*

- Non-strategic land holdings can be sold and the capital applied to other purposes.
- Strategic land can also be sold if the private sector can be expected to develop in a way that satisfies Council's strategic objectives.

*Rezone Land and Sell*

- Strategic objectives may require the rezoning of land with Council owning existing land within the zoning boundaries. The above considerations to the strategic importance of the land still apply.

*Project Development Agreement*

- This approach to development is the most common approach to Council-led development in NZ and overseas, for all forms of development.
- It tends to appropriately balance Council's level of capital commitment and risk with its wider objectives.

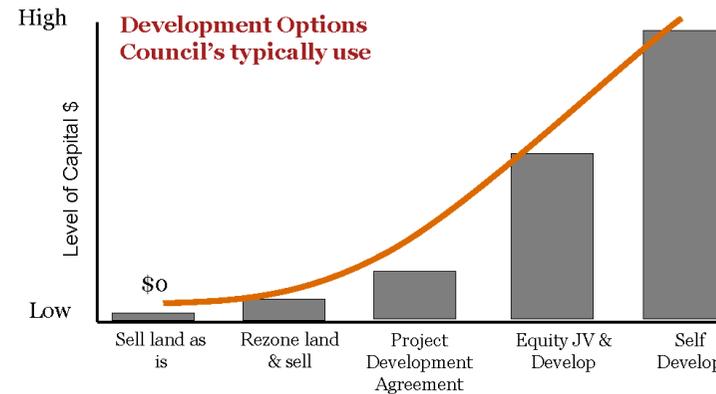
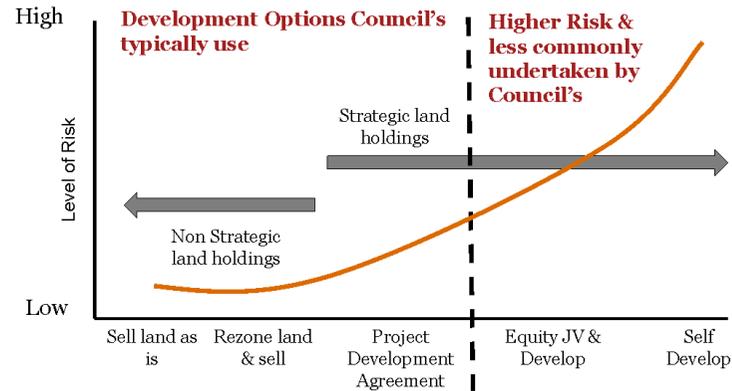
**Higher Risk and Less Common**

*Equity JV and Develop*

- Council's equity contribution is typically land, but can be cash or funding. This may involve a pre-committed tenant or purchaser and a pre-planned divestment strategy.
- Equity JV's are typically avoided as, whilst the level of capital commitment is reduced, the level of counterparty risk increases significantly.

*Self Develop*

- Council could lead the development and appoint a construction company to build at an agreed cost with no equity at risk.



## Variability of risk associated with a single development

### Property Development Risk Matrix

	Risk Type	Description	Risk Comment	Finance Risk	Market Risk	Construction Risk	Tenant Risk	Disposal Risk
Low Risk  High Risk	Debt Offset	MEF applied to Council Debt	N/A	Low	N/A	N/A	N/A	N/A
	Turn-Key Development	Purchaser secured pre-construction.	Risk varies based on financial strength of purchaser.	Low	Low	Contractual terms dictate risk level but risk can never be fully mitigated	N/A	Low
	Pre-committed Tenant	Tenant committed pre-construction.	Risk varies based on financial strength of tenant.	Medium	Medium		Low	Medium
	Speculative Development	No tenant or purchaser when construction commences.	Risk can be mitigated by market demand, location, mix-use etc.	High	High	High	High	

**Note:** Finance risk is low as the business case assumes an average of 20% of MEF capital is utilised, therefore external borrowing would be limited or discretionary meaning HPL would always have sufficient funds to complete each development.

## Risk Summary (1 of 2)

Risk	Explanation	Mitigating Factors
<b>Governance and Control Risk</b>		
<b>1. HCC Control</b>	Control, and the ability to make investment decisions, is transferred to HPL with the Board of Directors being responsible for investment decisions and the Development Manager / General Manager responsible for execution of the strategy.	<p>The Board will be mandated to make investment decisions consistent with the Strategic Objectives and Statement of Intent to be set by Council.</p> <p>The weighting of the portfolio by asset class and the feasibility and approval process established under the statement of intent for potential investments will also mitigate the ability of HPL to operate outside of the set objectives.</p>
<b>2. Council Liability</b>	<p>HPL is a Company and therefore has limited liability. The liability is limited to the assets held by HPL only, however it is unlikely that HPL could walk away from a development or creditors if market conditions required or justified this course of action.</p> <p>From an accounting perspective the assets and liabilities of HPL will be consolidated into HCC for financial reporting purposes.</p>	<p>Clearly set objectives, robust policy and limiting the percentage of funds applied to any single development, will limit the risk of liabilities exceeding assets on a total fund basis.</p> <p>Given the role of Council and public perception risks limited liability can not be assumed, which further highlights the importance of feasibility and partnering with the private sector.</p>
<b>3. Public Perception</b>	There is potential that there is negative public reaction to Council undertaking developments.	This may be mitigated through partnering with the private sector and positive publicity and communications around developments consistent with Council objectives and wider municipal benefits.
<b>Investment Portfolio Risk</b>		
<b>4. Property Development Risk</b>	<p>Development risk includes completing developments as budgeted, from both a cost and time perspective, and the ability to divest or tenant the development on completion at a price and timeframe consistent with budget.</p> <p>Property development by its very nature is a high risk investment option. The margins can be high, making it attractive, which represents consideration for the considerably higher risk.</p> <p>The development risk can impact on the financial return and also the capital preservation of the MEF.</p>	<p>The development risk can be mitigated through:</p> <ul style="list-style-type: none"> <li>Partnering with local developers to share risk and benefit from the experience and expertise of their people; and</li> <li>Commissioning turn-key developments with committed tenants or a committed purchaser.</li> </ul>
Hamilton City Council PwC	Strictly private and confidential	10 August 2016 13

## Risk Summary (2 of 2)

Risk	Explanation	Mitigating Factors
<b>Investment Portfolio Risk Continued</b>		
<b>5. Fluctuating returns to HCC</b>	Property development activities will likely create significant volatility in cash flows to HPL. This is due to the cash requirement during construction and then the realisation of the asset and resulting cash inflow, including the development margin.	Initially, before developments are completed and sold and profits retained, the minimum return of 5.5% to Council may not be met. Once there are sufficient retained earnings a smooth, or consistent minimum return could be provided to Council. The dividend policy should be set by the Board of Directors with consideration given to the forecast profitability of current developments on approval.
<b>6. Loss making investments</b>	There is potential for any single development or investment to make a negative return or loss. <b>Property development</b> is impacted by specific regional, national and global macro-economic factors. There is a risk that even conservative development assumptions do not eventuate, refer to development risk detailed on the previous page. <b>Managed Funds</b> are also subject to global macro-economic factors, however the assets underpinning the portfolio are typically across a diverse range of industries and regions.	<b>Development risk</b> can be mitigated through partnering with experienced developers, commissioning turn-key developments with tenants or purchasers secured pre-construction and through ensuring that the development team is experienced and capable. The impact of <b>investment losses</b> on the overall portfolio return to Council can, to some extent, be mitigated through diversification via sector and single asset exposure limits.
<b>7. Insufficient Development Opportunities are Identified</b>	Undertaking property development through HPL will likely create an increased overhead cost base. Therefore sufficient opportunities need to be identified and executed based on assumed development margin to cover the increased cost base and deliver greater municipal benefit and / or financial returns to Council.	It would appear the key mitigating factors would be: <ul style="list-style-type: none"> <li>Establishing a pipeline of potential opportunities based on current land holdings or land known to be available for purchase; and</li> <li>The appointment of a capable team with the relevant experience and skill set, including local market knowledge and relationships.</li> </ul>
<b>8. Tax Expense</b>	With reference to the previous report and business case, the tax implications of transferring each category of assets (i.e. existing commercial properties) requires consideration to minimise the tax expense incurred by HPL.	Retaining existing properties and passive investments within Council will mitigate the tax expense incurred. The feasibility of property developments should be considered on a profit after tax basis.

# Appendices

<b>Appendices</b>		<b>15</b>
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## *Restrictions*

This Summary to the HPL Business Case and Risk Analysis (the report) has been prepared for Hamilton City Council (“HCC”) to provide an illustration of the potential financial performance of HPL and the impact on the financial position of HCC. This report has been prepared solely for this purpose and should not be relied upon for any other purpose. We accept no liability to any party should it be used for any purpose other than that for which it was prepared.

This report has been prepared solely for use by Hamilton City Council and may not be copied or distributed to third parties without our prior written consent.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the “Information”). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of Hamilton City Council. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

We take no responsibility for the accuracy or completeness of the underlying financial assumptions and projections. We are unable to express an opinion as to whether actual results will approximate those projected because the projections are based on estimates and assumptions regarding future events, which, by their nature, are not able to be independently substantiated. Some assumptions inevitably will not eventuate and unanticipated events and circumstances will occur. Therefore, the actual results will vary from the projections.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report, was not brought to our attention, or subsequently comes to light.

This report is issued pursuant to the terms and conditions set out in our engagement letter dated 17 August 2016.

## Background Information

### Phase One: PwC report on the Municipal Endowment fund dated 27 June 2016

1. The common law principle of endowment requires the preservation of capital, however Council policy can be changed as long as the purpose provides a municipal purpose.
2. Council has done it before:
  - Hamilton Properties Limited (“HPL”) operated over an 8 year period to 1998 undertaking a number of high-profile developments, and was governed by a number of high-profile and successful local business leaders.
  - Other Councils have and are undertaking property development and property investment activities through CCTO structures.
3. The MEF could be utilised as a means of enabling Council to better achieve its longer-term strategic objectives as set out in Council plans. The overall purpose being:
  - Balancing a targeted minimum return with the indirect financial and economic benefits and wider municipal benefit of improving Hamilton City.
4. Following the sale of a number of high yielding properties in recent years and the resulting high-level of cash held, it is an appropriate time to review the management and investment approach of the MEF. The key questions to address include:
  1. How should the fund be structured?
  2. Where should the fund be invested?
  3. Can the fund be applied to other municipal benefits?

### Phase Two: PwC HPL Business Case

1. The business case was developed to illustrate a scenario whereby Council receives a minimum return (5.5% of fund value) and HPL utilises the MEF to undertake a number of property development projects. The goal of the development being to achieve both a commercial return and other municipal benefits in support of Council’s key strategic objectives.
2. It was assumed that an average of 20% of MEF capital was applied to property development with total development activity forecast across the 10 year period totalling \$105m. Gross margin before administrative overheads was estimated at 20% based on discussion with industry experts.
3. To address risk and control issues identified it was recommended that Council undertake development activity through HPL, a Council Controlled Trading Organisation (CCTO).
4. Based on this level of property development achieved the following would be achieved:
  - A return in excess of the 5.5% minimum required by Council (debt offset equivalent);
  - Preserved fund value in real terms, with fund value increasing from \$49m (current) to \$62m by year 10, net of distributions and tax paid on profits.
5. The MEF would not materially change forecast debt projections with peak debt across the 10 year period increasing just \$10m above Council forecast debt.
  - We note that MEF cash is excluded from the calculation of Council debt limits under the LGFA covenant (250% revenue).

## **Critical Success Factors – at a glance**

*The critical success factors detailed below were identified in undertaking the HPL Business Case*



First adopted:	26 August 1998
Revision dates/version:	6 November 2002, 6 July 2005, 10 March 2008, 10 December 2008, 8 April 2009, 29 September 2016
Next review date:	29 September 2019
Engagement required:	Yes – Non SCP
Document number:	D-2183176
Associated documents:	Appointment and Remuneration of Board Members of Council Controlled Trading Organisations (CCTOs) Policy; Freeholding of Council Endowment Land Policy; Sale and Disposal of Council Land Policy
Sponsor/Group:	General Manager City Growth

## Municipal and Domain Endowment Funds Policy

### Purpose and Scope

1. To provide principles and criteria for management of the Municipal Endowment Fund and Domain Endowment Fund ("Endowment Funds").

### Principles

2. The capital must be preserved to comply with the common law principles of endowment.
3. Endowment Funds must be used for municipal and domain purposes.
4. Investment must aim to increase returns from the Endowment Funds and must return a dividend to Council that is equivalent to the average cost of Council's debt over the first three-year period of each 10-Year Plan.

### Policy

5. Endowment Funds may be managed by Council, a Council Controlled Trading Organisation or any other entity or organisation that Council approves.
6. Endowment Funds must be used to directly or indirectly support, advance and implement Council's strategic plans. The Council will identify the priorities within these strategic plans in each 10-Year Plan.
7. To achieve the outcomes required in paragraph 6, the entity managing the Endowment Funds will:
  - a. Undertake new profitable investments as cash flows allow which, over their life, will yield a substantially greater return than previously achieved;
  - b. Promote development of properties in a manner which will maximise the commercial value of the asset by ensuring that the addition of any new capacity is related as closely as possible to actual and forecast market demand;
  - c. Encourage freeholding of endowment properties to generate capital for investment in higher yielding assets as soon as practicable;
  - d. Enter into joint venture or turn-key developments to provide flexible options for the future;
  - e. Manage its financial assets and liabilities on a prudent basis;
  - f. Seek and effectively administer service contracts with other public sector entities;
  - g. Strive to minimise operating costs.

# Council Report

Item 20

**Committee:** Council  
**Author:** Nicolas Wells  
**Position:** Strategic Property Unit Manager  
**Date:** 21 September 2017  
**Authoriser:** Kelvyn Eglinton  
**Position:** General Manager City Growth  
**Report Name:** Endowment Funds - Dissolution

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To inform the Council of the process to dissolve (“cash-up”) the Municipal (MEF) and Domain Endowment Funds (DEF)

## Staff Recommendation

2. That the Council receives the report.

## Executive Summary

3. Staff have been instructed to provide initial advice on the process to dissolve the endowment funds, convert the current property assets into cash, and deploy the cash without the restrictions imposed by the endowment.
4. The legal principles governing all endowments, including the MEF and DEF are to:
  - Preserve the capital so that it is available in perpetuity as an assured source of income.
  - Ensure that the capital and income are utilised for the purpose of the endowment.
5. The Council can apply to the Minister for Local Government (“the Minister”) to approve additional, or different, purposes of the endowment.
6. Tompkins Wake consider that an application to the Minister for the endowment funds to be freed of their endowment status, and be made available for general Council purposes would not succeed. Tompkins Wake does not recommend such an application be made.
7. If the Council has a particular project in mind that does not comply with the endowment purpose, but will sustain the capital value of the fund and provide a quantifiable financial or social benefit, then application could be made to the Minister for approval. However, any approval is at the discretion of the Minister and may not be granted.
8. Staff consider the matters in this report have low significance and that the recommendations comply with the Council’s legal requirements.

## Background

9. The Council has two Endowment Funds:
  - Municipal Endowment Fund (MEF)

- Domain Endowment Fund (DEF)

### Municipal Endowment Fund (MEF)

- The MEF originated in the 1870s as a Crown grant of lands to the Hamilton Borough intended to provide an enduring income for “Municipal Purposes”. “Municipal Purposes” is not defined but the Council has historically utilised the capital to offset debt and the income to offset operating costs in accordance with the MEF Policy prevailing at the time.
- The MEF consists of three asset categories:

Category	Value (\$)	Yield	Proportion
Land (7 ground leases)	3,594,000	2.38%	8%
Investment Property (3 commercial properties)	12,650,000	6.94%	28%
Cash (Restricted Reserve = used to offset debt)	28,639,293	5.5%	64%
<b>Total</b>	<b>44,883,293</b>	<b>5.66%</b>	<b>100%</b>

- The land subject to ground leases could be sold (“freeholding”) at the request of the lessee. Council does not control the sale of this land. The controlling interest in the land is owned by the lessee.
- The Investment Property could be sold at any time – noting that the decision to sell should be based on commercial property-related factors. To maximise sale proceeds the properties should be sold on the open market in a transparent and fully competitive process.

### Domain Endowment Fund (DEF)

- The DEF originated in 1911 as the Hamilton Domain Board. The Hamilton City Council is the successor to the Hamilton Domain Board and is required to utilise the DEF for the improvement or development of recreation reserves, or the purchase of land for use as recreation reserve. The Council has historically utilised the capital to offset debt and the income to offset the Parks and Open Spaces Unit’s operating costs.
- The DEF consists of two asset classes:

Category	Value (\$)	Yield	Proportion
Land (7 ground leases)	2,985,000	2.44%	27%
Cash (Restricted Reserve = used to offset debt)	7,482,755	5.5%	73%
<b>Total</b>	<b>10,457,755</b>	<b>4.63%</b>	<b>100%</b>

- The assets of the endowment funds are scheduled on Attachment 1.

### Discussion

- Tompkins Wake has provided advice about the law relating to endowments.
- The recipient of an endowment has a duty to comply with the conditions that attach to the endowment, to maintain the capital value of that endowment, and to utilise the income (or benefit derived from the endowment) for its intended purpose. These common law principles apply in the local government context.
- Sections 140 and 141 of the Local Government Act 2002 (the “LGA”) provide that endowment property must be retained by the Council for the purpose for which the property was vested in the Council. However,
  - the Minister may approve additional or different purposes, or

- b) the Council may sell or exchange the property (unless expressly prohibited by the instrument that vested the property in the Council) but the proceeds must be used for a purpose that is consistent with the endowment.
20. By their nature, endowments are intended to endure for very long periods of time - if not in perpetuity.
21. Tompkins Wake advises that the Minister's power to approve different purposes under section 140 of the LGA would be used sparingly, and would require the fundamental principles relating to endowments to continue to be respected.
22. This would require the funds to be used for acquisition of a non-depreciating asset (typically land) that would also provide either income, or possibly a significant intangible community benefit.
23. Tompkins Wake consider that an application to the Minister for endowment funds to be freed of their endowment status, and be made available for general council purposes would not be successful. Tompkins Wake does not recommend such an application be made.
24. However, if the Council has a particular project in mind for the use of the endowment funds that might not fit totally within the initial endowment purpose, but nevertheless will sustain the capital value of the fund, and provides a real measurable financial or social benefit, then application could be made to the Minister under section 140 for approval.

### Financial Considerations

25. Table 1 below summarises the total value and performance of the endowment funds over the 2016/17 financial year.
26. Table 2 below summarises the total value and performance of the cash and investment assets of the endowment funds over the 2016/17 financial year - excluding the fourteen ground leases over which the Council has limited control.
27. It is possible to liquidate the investment assets of the MEF at any time. These assets have a Current Market Value of \$12.6M and generate a yield of 6.94%. The yield derived from these investment assets exceeds what would be generated by use of the sale proceeds to offset debt (5.5%).

**Table 1**

Endowment Funds – TOTAL VALUE		
Fund	Value (\$)	Yield
MEF	44,883,293	5.66%
DEF	10,467,755	4.63%
TOTAL	55,351,048	5.46%

**Table 2**

Endowment Funds – TOTAL VALUE – EXCLUDING GROUND LEASES		
Fund	Value (\$)	Yield
MEF	41,289,293	5.94%
DEF	7,482,755	5.50%
TOTAL	48,772,048	5.87%

### Legal and Policy Considerations

28. There are two Council policies governing the Endowment Funds:
- Municipal and Domain Endowment Funds Policy (Attachment 2) sets out the requirement for a minimum financial return from the assets equivalent to the Council's average cost of debt. The policy allows the assets to be deployed to "*support, advance and implement Council's strategic plans.*"
  - Freeholding of Council Endowment Land Policy (Attachment 3) encourages the freeholding (sale of the Council-owned land to the lessee) of low-yielding ground leases.
29. The statutory framework governing endowment is detailed in the discussion section above. In addition to the requirements of the LGA the Hamilton Domain Endowment Act 1979 requires the DEF to be utilised as described in 14 above.

### Cultural Considerations

30. Not applicable

### Sustainability Considerations

31. Not applicable.

### Risks

32. There is a risk that an application to the Minister to dissolve the endowment funds, or to utilise the endowment funds for a purpose that does not maintain the real value of the fund, will not succeed.
33. There is a risk that liquidating the investment assets of the MEF will generate a lesser return than is currently being achieved.
34. There is no substantive risk in maintaining the endowment funds as they currently operate.

### Significance & Engagement Policy

#### Significance and Engagement

35. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have a low significance. This means that the Council will not need to engage but may choose to inform.

### Attachments

Attachment 1 - Municipal and Domain Endowment Funds Asset Schedule

Attachment 2 - Municipal and Domain Endowment Funds Policy

Attachment 3 - Freeholding of Council Endowment Land Policy

MUNICIPAL ENDOWMENT PROPERTY ASSETS  
Annual Revaluation for the 2016/2017 Year (1 July 2016 to 30 June 2017)

Location	Date Purchased	Cost	Valuation 30/06/2016	Valuation 30/06/2017	Actual net income July 2015 to June 2016 after operating expenditure	Yield percentage on valuation at June 2016	Initial Lease Term	Next Renewal Date	Last Rent Review	Final Expiry Date
<b>MUNICIPAL INVESTMENT PROPERTIES</b>										
Asaleo Care (SCA Hygiene) 49 Foreman Road	31/05/2000	\$ 5,270,531	\$ 7,100,000	\$ 7,900,000	\$ 576,000	7.29%	10 years	30/09/2021	29/09/2015	30/09/2040
Online Security (Ironmountain) 378 Wairere Drive	19/04/2002	\$ 1,944,444	\$ 3,425,000	\$ 3,650,000	\$ 231,000	6.33%	8 years	01/04/2018'	01/04/2014	31/03/2026
Masters Avenue Shops 58 Masters Avenue	07/05/1996	\$ 317,000	\$ 860,000	\$ 1,100,000	\$ 71,318	6.48%	6 years	No Further Renewals	01/10/2010	30/04/2021
<b>TOTAL MUNICIPAL INVESTMENT</b>		<b>\$ 7,531,975</b>	<b>\$ 11,385,000</b>	<b>\$ 12,650,000</b>	<b>\$ 878,318</b>	<b>6.94%</b>				
<b>MUNICIPAL ENDOWMENT PROPERTIES</b>										
145-149 Ward Street	Unknown	Unknown	\$ 500,000	\$ 564,000	\$ 16,508	2.93%	21 years in perpetuity	27/07/2017	27/07/1996	NA
151-155 Ward Street	Unknown	Unknown	\$ 410,000	\$ 530,000	\$ 16,200	3.06%	21 years in perpetuity	19/05/2021	19/05/2000	NA
179 Ward Street	Unknown	Unknown	\$ 440,000	\$ 500,000	\$ 21,200	4.24%	5 years	31/12/2018	01/01/2010	NA
92 Clyde Street	Unknown	Unknown	\$ 170,000	\$ -			21 years in perpetuity	08/09/2032	08/09/2011	NA
258 Fox Street	Unknown	Unknown	\$ 215,000	\$ 295,000	\$ 4,188	1.42%	21 years in perpetuity	06/03/2020	06/03/1999	NA
12 Wiremu Street	Unknown	Unknown	\$ 230,000	\$ 355,000	\$ 3,080	0.87%	21 years in perpetuity	30/09/2021	22/09/2000	NA
77 & 79 Norton Road	Unknown	Unknown	\$ 840,000	\$ 1,350,000	\$ 24,503	1.82%	3 years	30/08/2017	01/11/2008	31/08/2018
<b>TOTAL MUNICIPAL ENDOWMENT</b>			<b>\$ 2,805,000</b>	<b>\$ 3,594,000</b>	<b>\$ 85,679</b>	<b>2.38%</b>				
<b>TOTAL CASH</b>				<b>\$ 28,639,293</b>	<b>\$ 1,288,768</b>	<b>4.50%</b>	as at 31/08/2017			
<b>TOTAL MUNICIPAL INVESTMENT</b>				<b>\$ 12,650,000</b>	<b>\$ 878,318</b>	<b>6.94%</b>				
<b>TOTAL GROUND LEASES</b>				<b>\$ 3,594,000</b>	<b>\$ 85,679</b>	<b>2.38%</b>				
<b>TOTAL ASSETS (Investment &amp; Endowment)</b>				<b>\$ 44,883,293</b>	<b>\$ 2,252,765</b>	<b>5.02%</b>				

DOMAIN ENDOWMENT PROPERTY ASSETS  
Annual Revaluation for the 2016/2017 Year (1 July 2016 to 30 June 2017)

Location	Date Purchased	Cost	Valuation 30/06/2016	Valuation 30/06/2017	Actual net income July 2015 to June 2016 after operating expenditure	Yield percentage on valuation at June 2016	Initial Lease Term	Next Renewal Date	Last Rent Review	Final Expiry Date
<b>DOMAIN ENDOWMENT PROPERTIES</b>										
297 Ulster Street	Unknown	Unknown	\$ 920,000	\$ 1,150,000	\$ 28,000	2.43%	21 years in perpetuity	01/05/2025	01/05/2004	NA
225 Dey Street	Unknown	Unknown	\$ 255,000	\$ -						
189 Fox Street	Unknown	Unknown	\$ 280,000	\$ 350,000	\$ 12,600	3.60%	21 years in perpetuity	21/12/2028	22/12/2007	NA
5 Henry Street	Unknown	Unknown	\$ 265,000	\$ 330,000	\$ 4,800	1.45%	21 years in perpetuity	08/09/2025	08/09/2004	NA
5 Cotter Place	Unknown	Unknown	\$ 265,000	\$ 325,000	\$ 3,900	1.20%	21 years in perpetuity	06/03/2023	07/03/2002	NA
126 Fox Street	Unknown	Unknown	\$ 290,000	\$ 355,000	\$ 4,200	1.18%	21 years in perpetuity	08/09/2021	08/09/2000	NA
101 Naylor Street	Unknown	Unknown	\$ 435,000	\$ 475,000	\$ 19,320	4.07%	21 years in perpetuity	01/06/2025	01/06/2004	NA
<b>TOTAL DOMAIN ENDOWMENT</b>			<b>\$ 2,710,000</b>	<b>\$ 2,985,000</b>	<b>\$ 72,820</b>	<b>2.44%</b>				
<b>TOTAL CASH</b>				<b>\$ 7,482,755</b>	<b>\$ 336,724</b>	<b>4.50%</b>	as at 31/08/2017			
<b>TOTAL GROUND LEASES</b>				<b>\$ 2,985,000</b>	<b>\$ 72,820</b>	<b>2.44%</b>				
<b>TOTAL ASSETS (Cash &amp; Leases)</b>				<b>\$ 10,467,755</b>	<b>\$ 409,544</b>	<b>3.91%</b>				
<b>TOTAL ASSETS (Cash &amp; Leases)</b>				<b>\$ 55,351,048</b>	<b>\$ 2,662,309</b>	<b>4.81%</b>				

D-2167039



First adopted:	26 August 1998
Revision dates/version:	6 November 2002, 6 July 2005, 10 March 2008, 10 December 2008, 8 April 2009, 29 September 2016
Next review date:	29 September 2019
Engagement required:	Yes – Non SCP
Document number:	D-13243
Associated documents:	Appointment and Remuneration of Board Members of Council Controlled Trading Organisations (CCT)s Policy, Freeholding of Council Endowment Land Policy, Sale and Disposal of Council Land Policy
Sponsor/Group:	General Manager City Growth

## Municipal and Domain Endowment Funds Policy

### Purpose and Scope

1. To provide principles and criteria for management of the Municipal Endowment Fund and Domain Endowment Fund (“Endowment Funds”).

### Principles

2. The capital must be preserved to comply with the common law principles of endowment.
3. Endowment Funds must be used for municipal and domain purposes.
4. Investment must aim to increase returns from the Endowment Funds and must return a dividend to Council that is equivalent to the average cost of Council’s debt over the first three-year period of each 10-Year Plan.

### Policy

5. Endowment Funds may be managed by Council, a Council Controlled Trading Organisation or any other entity or organisation that Council approves.
6. Endowment Funds must be used to directly or indirectly support, advance and implement Council’s strategic plans. The Council will identify the priorities within these strategic plans in each 10-Year Plan.
7. To achieve the outcomes required in paragraph 6, the entity managing the Endowment Funds will:
  - a. Undertake new profitable investments as cash flows allow which, over their life, will yield a substantially greater return than previously achieved;
  - b. Promote development of properties in a manner which will maximise the commercial value of the asset by ensuring that the addition of any new capacity is related as closely as possible to actual and forecast market demand;
  - c. Encourage freeholding of endowment properties to generate capital for investment in higher yielding assets as soon as practicable;
  - d. Enter into joint venture or turn-key developments to provide flexible options for the future;
  - e. Manage its financial assets and liabilities on a prudent basis;
  - f. Seek and effectively administer service contracts with other public sector entities;
  - g. Strive to minimise operating costs.

First adopted:	24 May 2012
Revision dates/version:	29 September 2016
Next review date:	September 2019
Engagement required:	No
Document number:	D-2154462
Associated documents:	None
Sponsor/Group:	General Manager City Growth Group

## Freeholding of Council Endowment Land Policy

### Purpose and Scope

1. This policy describes the process to freehold (sell) Council-owned land which is subject to Domain or Municipal Endowment ground leases.
2. Council owns land originally acquired by endowment from the Crown. Council owns the freehold interest in the land. The lessee (tenant) owns the leasehold interest in the same land.
3. This policy applies to land subject to Domain or Municipal Endowment ground leases (listed in Schedule 1 and 2 below).
4. This policy does not apply to any other Council-owned land or buildings.

### Principles of Policy

5. Council uses the income from the Domain Endowment (listed in Schedule 1) to maintain or improve reserves, purchase land in the name of the Crown as Recreation Reserve, or purchase land in the name of Council for the purposes of the Hamilton Domain Endowment Act 1979.
6. Council uses the income from the Municipal Endowment (listed in Schedule 2) for municipal purposes.
7. Council encourages lessees to freehold the land. Ground leases typically yield low returns. Council can benefit ratepayers by obtaining a greater return by placing the proceeds of sale in higher yielding investments.

### Policy

8. Council will freehold Endowment Land on application from the lessee.
9. Freeholding of **Domain Endowment** land shall proceed at 100% of the Current Market Value of the land based on independent valuation. The value may be contestable by arbitration.
10. Freeholding of **Municipal Endowment** land shall proceed at 100% of the Current Market Value of the land based on independent valuation OR the Lessors Interest Value based on independent valuation, whichever is the greater. The value may be contestable by arbitration.
11. The applicant lessee will pay all Council's reasonable costs in the matter.
12. The sale proceeds shall be immediately credited to the relevant Endowment Fund.

### Monitoring and Implementation

13. The Chief Executive will monitor the implementation of this policy.
14. The policy will be reviewed every three years, or at the request of Council, or in response to changed statutory requirements, or in response to any issues that may arise.

**Schedule 1: Domain Endowment Leasehold Land**

Property Reference	Property Address	Legal Description	Land Area
10002	297 Ulster Street	Lot 1 DPS 12212	2157.5m <sup>2</sup>
10010	225 Dey Street	Lot 10 DP 35144	812m <sup>2</sup>
10017	189 Fox Street	Lot 7 DPS 1200	675m <sup>2</sup>
10020	5 Henry Street	Lot 8 DPS 2099	759m <sup>2</sup>
10026	5 Cotter Place	Lot 8 DPS 4051	679m <sup>2</sup>
10027	126 Fox Street	Lot 4 DPS 5647	718m <sup>2</sup>
10029	103 Dey Street	} merged Lots 7 & 8 DP 34426 and Lot 1 DPS 82950	1457m <sup>2</sup>
10030	101 Naylor & Dey Streets		

**SCHEDULE 2: Municipal Endowment Leasehold Land**

Property Reference	Property Address	Legal Description	Land Area
20017.001	145-149 Ward Street	} Lots 14 & 15 DP 17135	791m <sup>2</sup>
20017.002	145-149 Ward Street		
20017	151-155 Ward Street	Lots 16 & 17 DP 17135	971m <sup>2</sup>
20019	179 Ward Street	Lots 23 & 24 DP 17135	592m <sup>2</sup>
20007	92 Clyde Street	Lot 6 DP 35296	559m <sup>2</sup>
20015	258 Fox Street	Lot 13 DP 35611	558m <sup>2</sup>
20016	12 Wiremu Street	Lot 9 DPS 5418	830m <sup>2</sup>
20023.001	77 Norton Road	Lots 3, 4 & 6 DPS 8955	1668m <sup>2</sup>
20023.002	79 Norton Road	Lot 5 DPS 8955	614m <sup>2</sup>

# Council Report

Item 21

**Committee:** Council **Date:** 21 September 2017  
**Author:** Ken Cunningham **Authoriser:** Chris Allen  
**Position:** Strategic Land Manager **Position:** General Manager City Infrastructure

**Report Name:** Road Stopping - Part of Hillsborough Tce - referred from the 12 September 2017 Growth and Infrastructure Committee Meeting.

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To seek approval for the stopping of approximately 530m<sup>2</sup> of Hillsborough Terrace and selling it to the adjoining property owner, I M Martin Family Trust.
2. This matter has been referred to Council by the Growth and Infrastructure Committee without recommendation.

## Staff Recommendation

3. That the Committee:
  - a) Receives the report.
  - b) Approves approximately 530m<sup>2</sup> of road at Hillsborough Terrace (subject to survey and shown on Attachment 1) be stopped and sold to the I M Martin Family Trust, subject to:
    - i. Any objection received from a public consultation process that remains unresolved is reported back to Committee for consideration.
    - ii. The sale and purchase price being agreed to.
    - iii. The transfer of land is not completed until resource consent is granted by Council, in its regulatory capacity, for the proposed development.
    - iv. A title being issued by Land Information New Zealand for the stopped road land.
    - v. The stopped road land being amalgamated with the adjoining property's title.
    - vi. All costs associated with the road stopping and sale and purchase processes being met by the I M Martin Family Trust.
  - c) Delegates to the Chief Executive authority to:
    - i. Sign all documentation relating to the road stopping.
    - ii. Negotiate the sale and purchase of the road stopping land, subject to a registered valuation report being obtained that has a valuation date of no more than two months prior to the signing of the sale and purchase agreement, which supports the sale and purchase price.
    - iii. Sign all documentation relating to the sale and purchase of the land.

## Executive Summary

4. Ian Martin of the I M Martin Family Trust (Family Trust) has requested that an area of approximately 530m<sup>2</sup> of Hillsborough Terrace be stopped and sold to the Family Trust to enable better development of its adjoining property. Refer Attachment 1.
5. A concept plan has been provided for a 15 unit apartment development, and carparking facilities, if the road stopping is successful. Refer Attachment 2.
6. The Family Trust's property is zoned as Residential Intensification in terms of the October 2016 Partly Operative District Plan; the stopped road land will therefore be zoned the same, if the road stopping is concluded.
7. No consent application has been received by Council for development of the land.
8. The road stopping, if granted by the Growth & Infrastructure Committee (Committee), will be completed in terms of the Local Government Act 1974.
9. All costs associated with the road stopping and sale and purchase of the land are to be met by the Family Trust.
10. This matter was considered by the Growth and Infrastructure Committee at its meeting on 12 September 2017. The Committee made the following resolution: that the item of business being discussed in relation to Road Stopping – Part of Hillsborough Tce, be referred to the Council Meeting of 21 September 2017 for decision.

## Background

11. A request has been received from the Family Trust to purchase an area of approximately 530m<sup>2</sup> of Hillsborough Terrace that is unformed road and adjacent to the Family Trust property.
12. The Family Trust has advised that by purchasing this land it would:
  - a) Reduce the amount of excavation and disposal of soil from the site, should the Family Trust need to proceed without the additional land.
  - b) Create a greater separation between the complex and neighbouring property.
  - c) Allow for an increase in carparks for residents and visitors.
  - d) Allow for an increase in the number of apartments.
  - e) Provides for greater flexibility for design.
13. In June 2016 the Family Trust obtained a geotechnical report from G A Hughes (2005) Ltd, which advised that land fill is present in its property and the road stopping area.

## Discussion

14. Mr Martin has had discussions with Council staff in 2015 on developing a six apartment complex plus carparking facilities on the Family Trust's existing property, which has steep contours that limits the area available for development without the need for excavation.
15. Since these discussions no formal consent application has been received by Council and Mr Martin has continued to investigate his options for developing the site.
16. Mr Martin now considers that by purchasing an area of adjacent road land that it would enable better development of the Family Trust's property and improve vehicle access to it from Hillsborough Tce.
17. A concept plan has been received from the Family Trust (refer Attachment 2) showing a proposed 15 unit apartment development that includes use of the road stopping area.

18. The Family Trust proposes that the development will consist of:

Ground level	Carparking for residents and visitors
Level 1	4 x 1 bedroom apartments (60sqm – 70sqm each)
Level 2	4 x 1 bedroom apartments (60sqm – 70sqm each)
Level 3	4 x 1 bedroom apartments (60sqm – 70sqm each)
Level 4	2 x 3 bedroom apartments (approx. 120sqm each)
Level 5	1 x 3 bedroom apartment (approx. 120sqm)

19. Sale of the proposed stopped road land to the Family Trust will not commence until Council, in its regulatory capacity, considers and grants resource consent for the proposed development.
20. The completion of the road stopping and sale to the Family Trust will allow improved residential intensification to occur in terms of the Proposed Operative District Plan (PODP).
21. The PODP zones the Family Trust's existing property as Residential Intensification, which identifies areas suitable to accommodate higher density development.
22. The intent of this zoning is to encourage site redevelopment, primarily for multi-level and attached housing, which is likely to be in the form of apartments and town houses.
23. Should the recommendation in this report not be granted or the road stopping process is unsuccessful, the Family Trust will be required to amend the plans for the development of its property. If this did occur, the subject land will remain vested in Council for roading purposes.
24. Not applicable.

### Financial Considerations

25. All costs associated with the road stopping and sale and purchase processes are to be met by the Family Trust.
26. The area proposed to be stopped will be valued upon the road stopping being successful.

### Legal and Policy Considerations

27. Staff confirm that the recommendations in this report comply with Council's legal and policy requirements.
28. The Committee (through the Governance Structure adopted by Council on 9 November 2016) has been delegated the following powers:
- Approval of purchase or disposal of land held for network infrastructure.
  - Approval of any proposal to stop any road, including hearing and considering written objections on such matters.
29. In terms of the Delegations to Positions policy staff are not delegated to authorise the sale, or proposed road stopping, as it is not recorded in the 2017/18 Annual Plan.
30. The Local Government Act 1974 (LGA) road stopping process will be utilised to meet the Family Trust's request. This consists of:
- a) Obtaining Council's consent for the proposed road stopping.
  - b) Obtaining a survey plan for the proposed road stopping area, which is to be approved by Land Information New Zealand

- c) Public Consultation.
  - d) A Certificate of Title issued in Council's name.
31. Section 345 of the LGA allows for the stopped road land to be purchased by the adjoining property owner and amalgamated with that property owners' title.

### **Cultural Considerations**

32. Not applicable.

### **Sustainability Considerations**

33. Not applicable.

### **Risks**

34. There are Council utilities (e.g. stormwater pipes) that have been identified as being near the proposed boundary of the proposed road stopping area. The boundary of the road stopping area, which will be determined upon survey being completed, will be located at a distance from Council's infrastructure that is acceptable to staff.
35. If the road stopping is not granted, or is unsuccessful through the public consultation process, then the proposed development will require modification due to the restriction in the area available.

### **Significance & Engagement Policy**

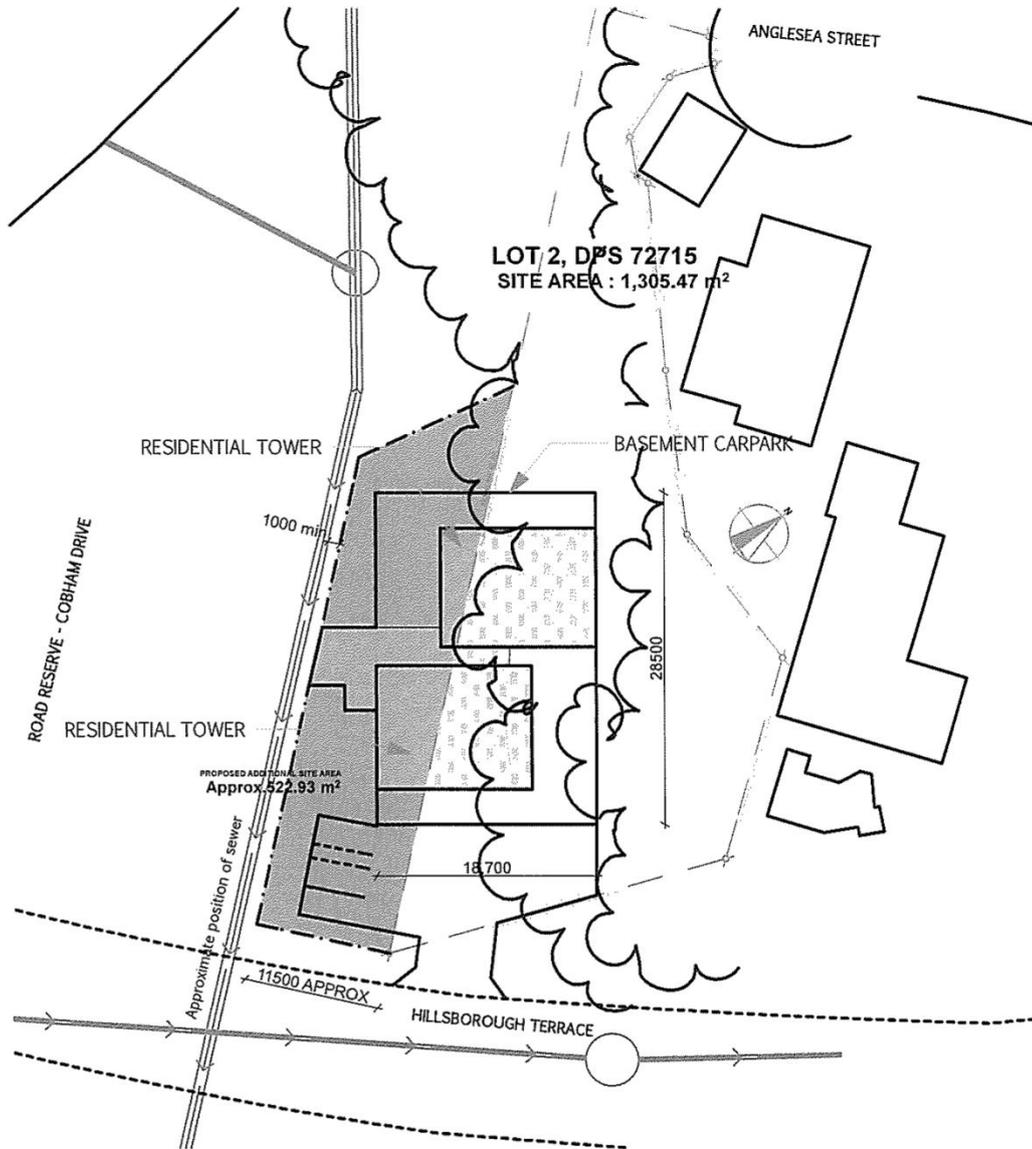
#### **Significance**

36. Staff considered the following factors under the Significance and Engagement Policy:
37. There's a legal requirement to engage with the community.
38. The proposal affects the level of service of a significant activity (including commencing or ceasing and activity) or involves transfer of the ownership or control of strategic assets.
39. Engagement with the public is proposed, in terms of the LGA, by advertising in the local newspaper and the Council's website for 40 days.
40. If any objection received within the 40 days is not resolved by staff, it will be reported to the Committee for consideration.
41. An unresolved objection can be referred to the Environment Court for determination.

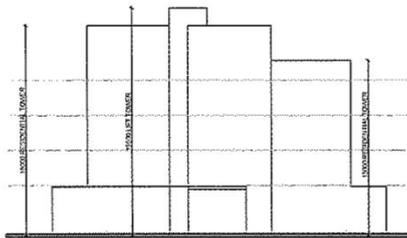
#### **Attachments**

- Attachment 1 - Plan indicating location of proposed Hillsborough Tce road stopping area.
- Attachment 2 - Apartment complex concept plan, Hillsborough Tce,





SITE PLAN 1:500



BULK ELEVATION FROM COBHAM DRIVE



Arcube Architects  
 PO Box 38161  
 HOWICK AUCKLAND  
 64 27 4748 237

CONCEPT FOR APARTMENT DEVELOPMENT  
 - 9 ANGLESEA STREET, HAMILTON



CONCEPT FOR APARTMENT DEVELOPMENT  
- 9 ANGLESEA STREET, HAMILTON



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# Council Report

Item 22

**Committee:** Council **Date:** 21 September 2017  
**Author:** Becca Brooke **Authoriser:** Lee-Ann Jordan  
**Position:** Governance Team Leader **Position:** Governance Manager  
**Report Name:** Confirmation of LGNZ Zone Two Representatives

<b>Report Status</b>	<i>Open</i>
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## Purpose

1. To seek Council approval to formally appoint Hamilton City Council's Zone Two representatives for the 2016-19 triennium.

## Staff Recommendation

2. That the Council approves Deputy Mayor Martin Gallagher and Councillors Dave Macpherson and Paula Southgate as Hamilton City Council's representatives to LGNZ Zone Two.

## Background

3. At the beginning of the 2016-2019 triennium, the Deputy Mayor and Councillors Southgate and Macpherson expressed their willingness to represent Hamilton City Council at the Zone Two meetings.
4. They have attended one or more of the Zone meetings held so far this triennium.
5. Council usually appoints up to three representatives to Zone Two each triennium.
6. There are six zones across New Zealand. Their purpose is to provide geographically based networking and information-sharing opportunities within and between zones, and between zones and LGNZ. They also act as 'electorates' for the appointment of LGNZ National Council representatives.
7. Each zone meets three times each year.
8. Zone 2 meeting-related expenses for official representatives are covered by the budget for *Councillor Conference by Resolution*.
9. Any other Councillors interested in Zone Two meetings are able to attend using their *Councillor Conference by Choice* budgets.

## Attachments

There are no attachments for this report.

## 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. Chair's Report - Public Excluded	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987 ) ) )	Section 48(1)(a)

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

Item C1. to enable Council to carry out commercial activities without disadvantage Section 7 (2) (h)