

Notice of Meeting:

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

Date: **Wednesday 10 June 2020**

Time: **10.00am**

Meeting Room: **Audio Visual Meeting**

Venue:

Richard Briggs
Chief Executive

Council OPEN AGENDA

Membership

Chairperson	Mayor P Southgate
Deputy Chairperson	Deputy Mayor G Taylor
Members	Cr M Bunting
	Cr M Forsyth
	Cr M Gallagher
	Cr R Hamilton
	Cr D Macpherson
	Cr K Naidoo-Rauf
	Cr A O'Leary
	Cr R Pascoe
	Cr S Thomson
	Cr M van Oosten
	Cr E Wilson

Quorum: **A majority of members (including vacancies)**

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

Becca Brooke
Governance Manager

5 June 2020

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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.
- i) Approval of all Council and Committee Advisory Groups and their terms of reference.
- j) Appointments to, and removals from, CCO CCTO and CO boards;
- k) Approval of proposed major transactions or constitutional adjustments of CCOs, CCTOs and COs.
- l) Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO or CO.
- m) Approval of city boundary changes, including in respect of Strategic Boundary Land Use Agreements.
- n) Approval Activity Management Plans.

Oversight of Policies and Bylaws:

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

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1 Apologies

2 Confirmation of Agenda

The Council to confirm the agenda.

3 Declaration of Interest

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

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five 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:** 10 June 2020
Author: Julie Clausen **Authoriser:** Sean Hickey
Position: Unit Manager Strategy and Corporate Planning **Position:** General Manager Strategy and Communications
Report Name: 2020/21 Draft Annual Plan Report and Draft Consultation

Report Status	<i>Open</i>
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Purpose

1. To seek Council's approval of the proposed draft 2020/21 Annual Plan budget –Year 3 of the 2018-28 10-Year Plan, Hamilton's COVID-19 recovery budget.
2. To seek Council's approval of the proposed consultation document 'Back on track. Hamilton's COVID-19 recovery budget', subject to changes from this meeting, to allow consultation from 22 June 2020 to 10 July 2020.

Staff Recommendation

3. That the Council:
 - a) Approves the inclusion of the funding of the following Community Response projects in the draft 2020/21 Annual Plan budget:
 - (i) Community welfare package of \$400,000; and
 - a) The COVID-19 Community Response Fund criteria be expanded and broadened to allow groups from all community sectors to apply for funds due to hardship caused by the effects of the COVID-19 pandemic; and
 - b) That the revised criteria and application process be brought to the 23 June 2020 Community Committee for consideration and approval; and
 - c) That the current allocation Committee for the COVID-19 Community Response Fund being Cnrs Bunting, Naidoo-Rauf, Maangai Thompson-Evans and Community and Social Development Manager, Andy Mannering continues until the funds have all been allocated.
 - (ii) Rent relief to community groups provision of \$72,000
 - (iii) Rates relief to community groups provision of \$32,000
 - (iv) Business response centre funding of \$100,000
 - (v) Business support fund of \$250,000
 - (vi) The extension of the Council Rebate scheme for residential ratepayers to 2020/21 with a provision of funding of \$280,000.

- b) Approves \$64.9 million of savings in the capital programme for 2020/21 though changes to timing:

Projects deferred

- (i) River Plan - VOTR Boardwalk: \$0.4 million
- (ii) Hillcrest and Newcastle Demand Management Areas: \$4.8 million
- (iii) Peacocke - Network Infrastructure: \$35.2 million
- (iv) Rotokauri - Developer upsizing – stormwater for larger developments: \$5 million
- (v) Rotokauri - Developer upsizing – cycleway Rotokauri Rise to Wintec: \$1 million
- (vi) Rototuna - North City Road and Turakina Rise: \$1.3 million
- (vii) Rototuna Network Neighbourhood Park land: \$2.7 million
- (viii) Rototuna Network – Linear Park and Park Connection Land Purchase: \$0.3 million
- (ix) Ruakura - Developer upsizing – Far Eastern interceptor: \$3 million
- (x) Transport Improvements - Mass Transit: \$3.4 million
- (xi) Eastern Pathways (School Link and University Link Development): \$4.8 million
- (xii) Gordonton Road Corridor: \$4.8 million
- (xiii) Transport Centre Rejuvenation: \$1.1 million
- (xiv) Transport Model: \$1.7 million

Projects brought forward to 2020/21

- (xv) Peacocke Community Infrastructure: \$1.6 million
- (xvi) Ruakura Road Upgrade: \$1 million
- (xvii) Ring Road – Cambridge to Cobham: \$2 million.
- (xviii) Ruakura Road West \$3.0 million

- c) Notes the inclusion in the budget of \$7.3 million of operating savings.
- d) Approves inclusion of additional funding in the draft 2020/21 Annual Plan budget for the following proposals:
- (i) Resource to support the Economic Development Committee and the Central City Advisory Group to create opportunities for economic growth: \$270,000.
 - (ii) Resource to support environment strategy, delivery of climate action plan and sustainability programme: \$280,000.
 - (iii) Continuation of phase 1a (Renewal of Zoo entrance building) and 1b (Waiwhakareke entrance and linkage) of the Hamilton Zoo/Waiwhakareke entry precinct: reduction in operational costs of \$94,000 and a reduction in capital revenue of \$724,000.
 - (iv) Resource to meet increased demand, and deliver business outcomes across the waters, transport and rubbish & recycling activities: \$830,000.
 - (v) Resource for the continuation of work to secure Infrastructure Funding and Financing opportunities for Rotokauri, support the Peacocke and Central City programmes of work: \$525,000.
 - (vi) Resource to investigate opportunities for future use of 88 Crosby Road and the removal of the two houses at 18A Ruakiwi Road: \$90,000.
- e) Approves the following changes to Year 3 of the 2018-28 10-Year Plan, the draft 2020/21

Annual Plan budget:

- (i) Reduction in growth revenue due to changed growth assumptions arising from the impact of COVID-19 consisting of \$11.2 million decrease in development contribution revenue, \$0.9 million decrease in resource consent revenue and a \$2.7 million decrease in building consent revenue.
 - (ii) COVID-19 impact on operating budget of \$4.8 million consisting of a \$6.6 million reduction in revenue offset by a \$1.8 million decrease in expenditure.
 - (iii) Other budget adjustments resulting in a \$11.9 million decrease in revenue, \$1.4 million increase in expenditure and \$38.2 million gain, resulting in an increase in the operating surplus by \$29 million.
- f) Notes that the proposed average annual rate increase remains at 3.8% for 2020/21.
 - g) Notes the impact of the draft 2020/21 Annual Plan budget on the financial strategy targets for 2020/21 are:
 - \$25 million balancing the books deficit
 - 217% debt to revenue ratio
 - \$637 million debt.
 - h) Approves consultation on the proposed changes to the Rates Remission and Postponement Policy to provide for the extension to the Council Rebate, to assist those residential ratepayers whose income continues to be significantly affected by COVID-19.
 - i) Approves the issuing of two rate instalment invoices per year.
 - j) Approves the draft Annual Plan Consultation Document, Back on track. Hamilton's COVID-19 recovery budget, subject to changes from this meeting, for consultation to occur from the 22 June 2020 to 10 July 2020.

Executive Summary

4. Council was on track to adopt an Annual Plan for 2020/21 based on Year 3 of the 2018-28 10-Year Plan, adjusted for the budget changes Council had approved, along with the consideration of several proposals.
5. COVID-19 occurred during the draft 2020/21 Annual Plan development phase and Council needed to take the time to assess the potential impact of COVID-19 on the wellbeing of our city. This delayed the Annual Plan process to allow for the assessment and subsequent consultation with the community. A new Annual Plan adoption date was set of 10 August 2020.
6. The key impacts of COVID-19 on the Council's Annual Plan have been:
 - A \$22m reduction in forecast non-rates revenue from building and consent fees, development contributions and community facilities and visitor attractions like our pools and the Hamilton Zoo.
 - The need to respond to those hardest-hit by COVID-19.
 - The opportunity to leverage central government funding to stimulate the economy.
7. A key challenge for Council in responding to these changed circumstances is to reduce costs to reflect lower revenues whilst continuing to provide services and deliver projects that contribute to the wellbeing of Hamiltonians in the short, medium and long-term.
8. The proposed Annual Plan budget responds to this challenge and we have named it 'Back on Track - Hamilton's COVID-19 recovery budget'.

9. Key features of the proposed Annual Plan budget are:
 - \$64.9m of capital savings from deferring capital projects scheduled for 2020/21
 - \$7.3m of operating savings to be achieved without impacting services to the community
 - \$1.1m of community support initiatives targeted at those hardest-hit by COVID-19
 - \$1.9m of proposals to support ongoing delivery of key Council services.
10. A number of proposals that were being considered prior to COVID-19 are not being recommended by staff. However, these proposals are contained in the report should Elected Members wish to include them in the draft budget.
11. The proposed budget continues with the 3.8% average annual rate increase set out in the 2018-28 10-Year Plan.
12. Staff have also considered the impact of a lower rates increase (2.8%). This would further reduce Council's revenue by approximately \$1.85m in 2020/21 which would either add to debt or could be offset by further reductions in expenditure.
13. Staff have identified further possible savings in both capital and operating expenditure should Council wish to consider them.
14. The impact of the draft 2020/21 Annual Plan budget on the financial strategy for 2020/21 is:
 - \$25 million balancing the books deficit
 - 217% debt to revenue ratio
 - \$637 million debt.
15. Although the debt to revenue ratio stays within our financial strategy limit of 230% during 2020/21, it is forecast to increase in future years. This will need to be addressed in the 2021-31 Long Term Plan, either through revising the capital programme or increasing Council's debt to revenue limits.
16. Staff also have also proposed a reduction in the number of rates instalments from four to two per year along with some minor changes to rating policies.
17. Staff recommend the Council consults the community on the draft Annual Plan budget from 22 June – 10 July 2020 before deliberating on any further changes on 23 July.
18. Given the dynamic environment, there are likely to be further considerations to take into account during the deliberation discussion on 23 July. Of particular note will be the status of any government stimulus (shovel-ready) projects.
19. The Annual Plan is due to be adopted on 10 August 2020.

Background

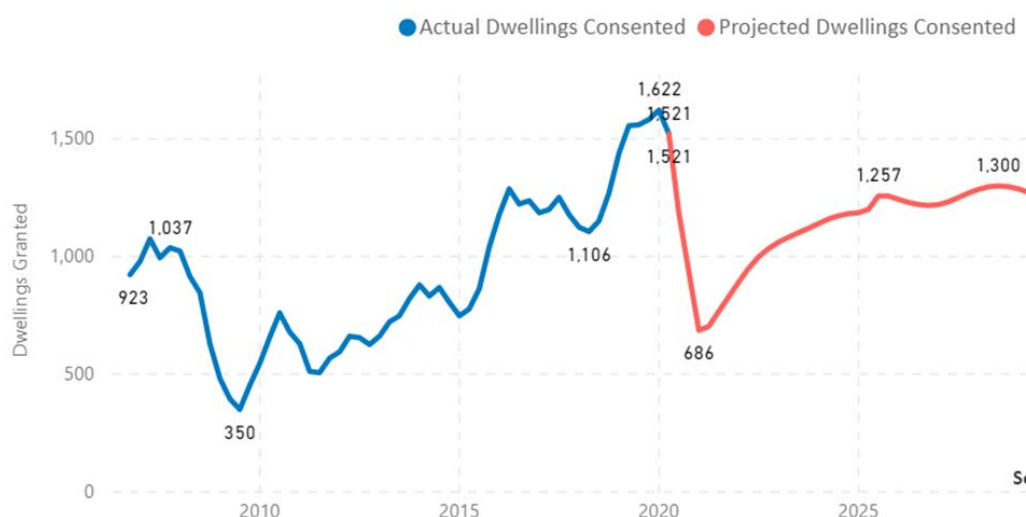
20. The Council approved the 2018-28 10-Year Plan in June 2018 and this plan set out the Council's direction for the next 10 years with a focus on the first three years.
21. The Council is required every year to adopt an Annual Plan. The 2020/21 Annual Plan:
 - i. provides the annual budget and funding impact statements for the year (2020/21)
 - ii. identifies any variation from the budget and funding impact statements included in the Long-Term Plan (Year 3).
22. Council was on track to adopt an Annual Plan for 2020/21 based on the Year 3 of the 2018-28 10-Year Plan adjusted for the budget changes Council had approved, along with the consideration of a number of proposals for additional funding.

23. COVID-19 occurred during the draft 2020/21 Annual Plan development phase and Council decided to take the time to assess the potential impact of COVID-19 on the wellbeing of our city. This delayed the Annual Plan process to allow for the assessment and consultation with the community.
24. The environment created by COVID-19 is significantly different from that which was envisaged when the 2018-28 10-Year Plan was developed. Staff have reviewed the key assumptions used for the 2018-28 10-Year Plan and revised the following assumptions:
- Growth revenue assumption
 - Population growth assumption
 - Operating environment assumptions for activities.

25. Growth Revenue Assumption

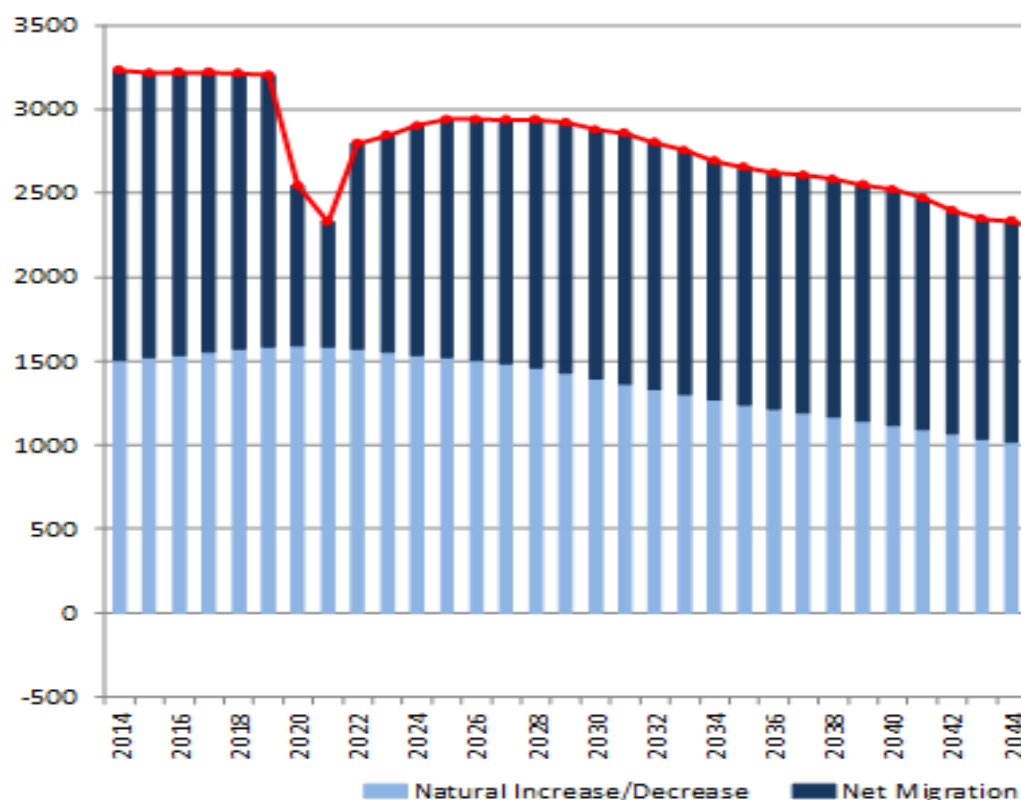
26. Staff, using information from the Treasury Budget 2020 forecast and past recession data, forecast that an economic recession in 2020/21 will result in a 36% reduction in the forecast growth in the building sector. The reduction is a short-term impact and over the medium-term growth will return to the levels forecast in the 2018-28 10-Year Plan. This forecasted impact is shown below in Graph 1.

Graph 1. Forecasted New Building Dwelling Consents



27. Population Growth Assumption

28. On 27 May 2020, NIDEA provided an updated population projection for Hamilton City taking COVID-19 into account and reflecting an adjusted migration expectation. It is forecast there will be reduced projected population growth in the short-term and population growth will return to the long-term 10-Year Plan forecasts. This forecasted impact is shown below in Graph 2.

Graph 2. Forecasted Population Growth

29. The impact of the decline in population forecast is a short-term reduction and Council has not adjusted service levels to reflect this decline, hence the change in assumption has not been factored into the 2020/21 Annual Plan budget.
30. Operating Environment Assumption for Activities
31. Staff have reassessed the operational budget based on an assumption of operating within an COVID-19 Alert Level 2 for six months and then Alert Level 1 for six months. This assumption requires an adjustment to account for limited visitor numbers and increases in costs associated with maintaining safety for staff and the community.
32. In response to COVID-19, Council is proposing a 'Back on track. Hamilton's COVID-19 recovery budget' and will engage with the community on this plan.
33. The Annual Plan adoption date has been set as 10 August 2020.

Community Response Projects

34. Council responded to mitigate the social and economic impact of COVID-19 by the adoption of a 12-point plan on the 27 March 2020 to provide immediate assistance to the city.
35. To continue to support the community and businesses, staff recommend the extension of the following initiatives which require additional new funding of \$1,104,000 in the draft 2020/21 Annual Plan budget. These initiatives are shown below in Table 1.

Table 1. Proposed Additional Funding 2020/21 Annual Plan for Community Support Initiatives

Initiative	2020/21 Annual Plan Funding
Community welfare package	\$400,000 *
Rent relief to community groups	\$72,000 rent relief \$32,000 rate relief
Business Response Centre	\$100,000 *
Business Support Fund	\$250,000

Council Rate Rebate extension	\$250,000
Total	\$1,104,000

36. Note * indicates the funding for these projects is the balance of the funding provided for in 2019/20 that had not been spent in the 2019/20 year.
37. The unallocated funds from the original \$1 million COVID-19 Community Response Fund are \$400,000. Staff recommend that the criteria and guidelines are expanded and broadened to allow for applications from groups from all community sectors that can demonstrate hardship brought about by the effects of COVID-19. It is recommended that the Allocation Committee of Cnrs Bunting, Naidoo-Rauf, Maangai Thompson-Evans and Community and Social Development Manager, Andy Mannering stay in place. The revised criteria for this fund and a contestable process will be presented to the 23 June 2020 Community Committee meeting for consideration.
38. In addition to the Community Welfare package, the Council allocated \$1,435,000 in the 2020/21 budget to provide community support through the Community Assistance Policy. This funding is split between:
 - a) \$918,000 for the Multi-Year Community Grant, which supports the operational management of community infrastructure to support community gathering spaces and the delivery of services, programmes and activities that benefit the social, cultural, arts and environmental wellbeing of communities in Hamilton. The 24 organisations currently supported (2018/19-2020/21 agreements) include theatres, community houses and capacity building organisations.
 - b) \$517,000 is allocated through two annual contestable schemes, the Community Event Fund (opens in July 2020) and the Single-Year Community Grant (opens in February 2021). The Single-Year Community Grant supports not-for-profit community organisations that deliver services, programmes and activities that benefit the social, cultural, arts and environmental wellbeing of communities in Hamilton. The Community Event Fund supports not-for-profit community organisations that host inclusive, free or low-cost events with a high profile in our community such as the Hamilton Gardens Art Festival and Balloons Over Waikato.
39. The Business Response Centre funding for 2020/21 will be used to support economic innovation by working in partnership with business leaders across sectors to support them to identify solutions and initiatives to position Hamilton's economy for a resilient and prosperous future. The key sectors partners will be in the innovation, technology, education and freight and logistics sectors.
40. The Business Support Fund will be a fund to support, on a case-by-case basis, businesses that demonstrate hardship arising from the impact of COVID-19. The criteria for the fund will be determined and approved at the appropriate Council committee.
41. As part of the 12-point recovery plan, the Council Rebate to residential ratepayers was extended to include those residential owner occupiers who had experienced a significant reduction in their household income as a result of COVID-19.
42. It is expected that the impacts of COVID-19 will continue for some time, therefore staff recommend the extension to the Council Rebate to 2020/21 with a funding provision of \$250,000.
43. Staff currently have the ability to enter into extended payment agreements to assist ratepayers. A rate deferral is effectively an extended payment arrangement.
44. To allow businesses additional time to meet their full rates payments in 2020/21 staff recommend:
 - a) A deferral agreement to be developed and implemented, which allows commercial ratepayers affected by COVID-19 to defer part of their rates until 20 January 2021. This

enables business sectors affected by COVID-19 to access the cashflow from revenues over the Christmas period.

- b) A deferral agreement to be developed and implemented, which allows commercial ratepayers who are receiving a significant rate increase (above \$20,000) caused by the final year of the transition to capital value, to defer the amount of the rates increase until 31 May 2021.
45. Although rates staff currently have the ability to enter into extended payment agreements to assist ratepayers, the intention is to include these options within the consultation document to ensure businesses are aware of the options available to assist with their financial planning for the following year.

Capital Savings

46. The 2020/21 capital budget was \$364 million. Staff have reviewed the programme and have identified savings that can be achieved through changes in the delivery timing by deferring \$64.9 million of capital projects to 2021/22. This also gives Council the ability to reconsider the capital programme as part of the 2021-31 Long-Term Plan. The proposed capital programme is shown below in Table 2.

Table 2. Proposed Capital Programme 2020/21

Programme	2020/21 Approved Budget (including deferrals) \$M	2021/21 Suggested Deferral or Bring Forward \$M	2020/21 Revised Budget \$M
Citywide Community	10.3	0.4	10.1
Citywide Waters	37.3	4.8	33.3
Peacocke	107.2	33.6	73.6
Renewals & Compliance	87.8	-	85.9
Rotokauri	16.0	6.0	8.7
Rototuna	33.2	4.3	27.8
Ruakura	13.6	2.0	11.6
Transport Improvement	58.6	13.8	46.6
TOTAL	364.0	64.9	297.7

47. The specific projects to be deferred are shown below in Table 3.

Table 3. Proposed Deferrals to Capital Programme 2020/21

Programme	Project	2020/21 Approved Budget \$M	Deferred \$M	2020/21 Revised Budget \$M
Citywide Community	River Plan – VOTR Boardwalk	0.4	0.4	0.4
Citywide Waters	Hillcrest and Newcastle Water Demand Management Areas	6.9	4.8	2.1
Peacocke	Network Infrastructure (Transport, Waste Water)	98.8	35.2	63.6
Rotokauri	Developer upsizing – stormwater for larger developments	5.0	5.0	-
	Developer upsizing – various transport	2.2	1.0	1.2
Rototuna	North City Road and Turakina Rise	7.9	1.3	6.6
	Rototuna Network Neighbourhood Parkland	2.7	2.7	-

	Rototuna Network – Linear Park and Park Connection Land Purchase	0.3	0.3	-
Ruakura	Developer upsizing – Far Eastern wastewater interceptor	6.0	3.0	3.0
Transport Improvement	Mass Transit	5.4	3.4	2.0
	Eastern Pathways (School Link and University Link Development)	6.8	4.8	2.0
	Gordonton Road Corridor	7.5	4.8	2.7
	Transport Centre Rejuvenation	2.1	1.1	1.0
	Transport Model	2.2	1.7	0.5

48. In addition to the deferrals, four projects have been identified as being required to be brought forward to 2020/21 for project delivery coordination as shown below in Table 4.

Table 4. Proposed Projects brought Forward to Capital Programme 2020/21

Programme	Project	2020/21 Approved Budget \$M	Bring Forward \$M	2020/21 Revised Budget \$M
Peacocke	Community Infrastructure	8.4	1.6	10.0
Ruakura	Ruakura Road Upgrade	4.9	1.0	5.9
Transport Improvement	Ring Road – Cambridge to Cobham	12.0	2.0	14.0
Ruakura	Ruakura Road West	0	3.0	3.0

49. Note the deferral moves the timing of the projects out to future years.

50. The deferrals that have been recommended by staff will change the sequence and timing of projects but will not have a significant impact on the delivery of objectives of the capital portfolio.

Operating Savings

51. \$7.3 million of operating savings have been included in the proposed draft 2020/21 Annual Plan budget, to be achieved without impacting services provided to the community.

52. The plan to achieve these savings is a combination of tight cost management and transformation initiatives. The key programmes of work are:

- **Capital programme optimisation** – We plan to achieve interest and depreciation savings through cost management, innovative procurement, integration with developers and portfolio management.
- **Wage freeze for staff on \$70,000 and above** – We will give a 2.5% salary increase only for those employees earning \$70,000 or less (or for employees earning between \$70,000 and \$100,000 who are paid below 90% of their pay grade).
- **Reduced travel and training** – We have restricted travel and training for the next year and will reassess what ongoing savings can be made from working differently in future years.
- **Partnerships** – We continue to seek shared funding opportunities to reduce cost to Council for various projects/services. This includes:
 - Leveraging the Local Authority Shared Services Model
 - Collaboration with other councils (e.g. library services)
 - Shared facilities (e.g. shared recreation facilities)
 - Collaboration with other stakeholders (e.g. Waikato Tainui, The University of Waikato).

- **Reduced property costs** – We aim to leverage new ways of working to reduce the need for (and cost of) physical office space.
- **Digital transformation** – We are developing a programme to ‘digitise’ manual processes and transactions with the aim of both improving customer experience and reducing costs. This will include, for example, online consenting, increasing uptake of online rates payment etc.
- **Business-led efficiencies (including vacancy management)** – Each business unit in the Council is continually looking for opportunities to improve systems, processes and ways of working to improve efficiency and reduce costs. This saving is realised primarily in personnel costs through, for example, consolidating roles, redeploying staff and not recruiting vacant roles.

53. A summary of the planned savings is shown below in Table 5.

Table 5. Proposed Operating Savings Initiatives 2020/21

Potential Initiative	Savings 20/21 \$(000)
Capital programme optimisation (Interest and depreciation saving)	1,308
Wage freeze for staff on \$70k +	1,000
Reduced travel and training	200
Partnerships and shared funding opportunities	250
Reduced property costs (savings in future years)	0
Digital transformation	250
Business-led efficiencies (including vacancy management)	3,500
Further savings to be identified	800
TOTAL	7,308

54. It should also be noted there are still savings of \$800,000 to be identified. Staff will work closely with Elected Members to identify further savings opportunities to fill this gap.
55. The Mayor has challenged the Chief Executive to identify additional savings that can be delivered next year. The Mayor recognises the difficult financial times across the community and feels it is incumbent on council to do everything in its power to identify cost-saving opportunities and, if possible, reduce the burden on ratepayers. The Mayor has noted that saving an additional \$1.85 million could enable a reduced rate increase of 2.8%, rather than 3.8%.
56. In response, staff have identified a further tranche of potential operating savings totalling \$1.8 million. They note that these would have community impact. Staff do not recommend these initiatives at this stage, and these initiatives are not included in the draft budget, but are outlined below should Elected Members wish to include them:
- **Postpone the Municipal Pool demolition** – \$700,000 has been provisionally included in the draft 2020/21 Annual Plan. Most of this could be deferred to the following year (2021/22) with \$100,000 retained to complete detailed design and site restoration and interpretation plan (condition of consent).
 - **Close the Smart Space** – The Smart Space (at the front of the Central library) is an interactive space to engage the community in innovation, put forward ideas and challenges and showcase ‘smart’ initiatives. If the space was closed, some of the functionality might be incorporated into the Maker Space next door. Savings would be one staff member and the potential to use the space for other purposes.

- **Stop cat de-sexing subsidy** – The cat de-sexing subsidy has been in place for two years. Stopping the subsidy would mean that another stakeholder would have to pick up the cost or that fewer cats would be de-sexed.
- **Close public display houses at Hamilton Garden Nursery** - Closure of public houses would mean that public could no longer view these. However, it may also assist with increasing Nursery production space on site.
- **Reduce 1 x Community Advisor role** – This role is currently vacant, and workload would be shared across remaining staff.
- **Stop digitisation of Library heritage collection** - \$250,000 per year has been budgeted in years 2 - 6 of the Long-Term Plan. Removing funding for one year would have minimal impact on current level of service but would reduce or delay amount of materials available online in future years. There is an existing annual amount of \$50,000 to continue a low level of digitisation.
- **Reduce Central Library hours** – closing the central library at 5pm on Monday, Tuesday, Wednesday and Friday and on Sundays (with late night only on Thursday).
- **Further interest savings for additional capital project deferrals** – If Elected Members opted to defer further capital projects from 2020/21 there would be additional interest savings in 2020/21 (noting that any depreciation savings would only be accrued from the following year). Based on an indicative \$30 million of additional capital deferrals, staff have estimated \$500,000 of interest savings.

57. A summary of the potential savings is shown below in Table 6.

Table 6. Potential Operating Savings not included in the draft 2020/21 Annual Plan budget

Potential Initiative:	Savings 20/21 \$(000)
Postpone Municipal Pool demolition by one year	600
Close the Smart Space	75
Stop cat de-sexing subsidy	100
Close public display houses at Hamilton Garden Nursery	80
Reduce 1 x Community Advisor role (currently vacant)	70
Stop digitisation of Library heritage collection	250
Reduce Central Library hours	110
Further interest savings from additional capital project deferrals	500
TOTAL	1,785

58. Staff have identified a further tranche of potential capital deferrals. The principals that have been adopted for the paragraph 47 recommended deferrals and the paragraph 59 deferrals are:

- no reduction in Renewals and Compliance programme funding
- no deferrals of projects that are committed (contractually or Council decision)
- projects are deferred, not removed
- the deferral of projects creates a level of risk that Council is willing to accept
- funding will be retained in 2020/21 to continue to develop the deferred projects
- the opportunity will exist to bring forward funding in 2020/21 through a specific Council decision.

58. These initiatives are not included in the draft 2020/21 Annual Plan budget but are outlined below in Table 7 should Elected Members wish to include them.

Table 7. Potential Capital deferrals not included in the draft 2020/21 Annual Plan budget

Project	Budget \$M 2020/21 (after staff recommended deferrals above)	Considerations	Extra Deferral \$M	Budget \$M to remain in 2020/21 for design, investigation etc (if the project is deferred)
Citywide Community Programme				
Hamilton Gardens	2.8	Works planned for 2020/21 are the Egyptian Garden which has been tendered and is ready for award, the Palm Court and linking paths (\$1.95 million). The Egyptian Garden is to be completed prior to the Palm Court and linking path, for construction access reasons. These areas must also be completed to provide public access to the new western toilet block and the Hamilton Club summerhouse. The Western toilet block and Hamilton Club Summer house have received external funding which cannot be processed until access is enabled.	0.8	2.0
Zoo/ Waiwhakareke Shared Entrance Precinct	5.4	We have received a grant for \$100,000 and we are waiting to hear on others. This has been included in the Annual Plan proposals.	4.4	1.0
Rototuna Programme				
Community Facilities and support transport	9.5	If this was deferred the development of community facilities in Rototuna would be further delayed. High reputational risk with community and developers through engagements and agreements. This is an important project for the community wellbeing in recovering from COVID-19. Consideration could also be given to defer an additional \$5.6 million of transport funding for the development the transport network around the Rototuna Community Facilities.	6.1	3.4
Hare Puke Park Development	1.6	If project deferred the land would continue to be undeveloped and not suitable for any organised sport by the community. Land purchased to keep up with projected city-wide demand for dedicated sports parks and more specifically, to cater to the population growth in the Rototuna area. Additional reputational risk to deferral as high consultation with local stakeholders around planned development in 2020/21.	1.36	0.24

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Project	Budget \$M 2020/21 (after staff recommended deferrals above)	Considerations	Extra Deferral \$M	Budget \$M to remain in 2020/21 for design, investigation etc (if the project is deferred)
Mangaiti Sports Park Development	0.5	If project deferred the land would continue to be undeveloped and not suitable for any organized sport by the community. Land purchased to keep up with projected city-wide demand for dedicated sports parks and more specifically, to cater to the population growth in the Rototuna area.	0.45	0.05
Te Manatu Park Development	0.4	Concept plan has been through public consultation, awaiting further detailed design and consent work. Risk is that deferral would leave site undeveloped and restricting local communities' access to well developed, purpose-built parks and open spaces.	0.35	0.05
Transport Improvement Programme				
Te Awa Path	3.5	This is currently in design phase and almost ready to go to tender. Design estimate likely to exceed budget and funding from other parts of transport improvement will need to be reallocated. Estimated \$1.6-2.3 million additional funding required.	3.5	0.0
Biking Connectivity	3.5	The identification and filling of gaps in the existing biking network would be on hold for another year.	3.0	0.5
Transport Centre Rejuvenation	1.0	Business case and some design would continue.	0.5	0.5
City Wide Waters Programme				
Dinsdale Pump Station	2.8	The benefits of this project include upgraded safety features, better pump efficiency and reliability. There are operational and overflow risks in the network if the project is deferred.	2.6	0.2
Ruakura Programme				
Waste Water Interceptor Contribution-	6.0	Could defer \$5 million to 2021/22, then consider bringing it forward next year if TGH develop faster than expected.	5.0	1.0
Rotokauri Programme				
Te Wetini Drive	2.7	Could defer \$2.2 million to 2021/22, then consider bringing it forward if Rotokauri Development Ltd develop faster than expected.	2.2	0.5
Total	39.7		30.8	8.9

Proposals

59. In November 2019, Elected Members were invited to propose changes to Year 3 of the Long-Term Plan to be considered through the 2020/21 Annual Plan process. Following this, staff developed proposals for consideration by Elected Members at the 13 March 2020 Council

meeting. Further proposals were identified post the 13 March 2020 meeting, and these were considered by Elected Members at a workshop on 24 April 2020.

60. Staff have recommended the following proposals for inclusion in the draft 2020/21 Annual Plan budget on the basis they support the capacity of Council to deliver on improving the wellbeing of Hamiltonians. The proposals included in the draft 2020/21 Annual Plan budget are shown below in Table 8.

Table 8. Proposals Recommended for inclusion in the draft 2020/21 Annual Plan budget

Business Case Reference	Description of Item	Financial Consideration		
		Type of Expenditure	+/- \$000	Ongoing/ 2020/21 only
1	Resource to support the Economic Development Committee and the Central City Advisory Group to create opportunities for economic growth	Opex	+270	2020/21
2	Resource to support environment strategy, delivery of climate action plan and sustainability programme	Opex	+280	Ongoing
8	Continuation of phase 1a (Renewal of Zoo entrance building) and 1b (Waiwhakareke entrance and linkage) of the Hamilton Zoo Waiwhakareke entry precinct	Opex	-94	2020/21
		Capital Revenue	-724	2020/21
10	Resource to meet increased demand, and deliver business outcomes across the waters, transport and rubbish and recycling activities	Revenue Opex Net	+390 +1,220 +830	Ongoing
11	Resource for the continuation of work to secure Infrastructure Funding and Financing opportunities for Rotokauri, supports the Peacocke and Central City programmes of work	Opex	+525	2020/21 only
14	Resources to investigate opportunities for future use of 88 Crosby Road and the removal of the two houses at 18A Ruakiwi Road	Opex	+90	2020/21 only
Total impact for 2020/21				+/- \$000
Operating revenue				+390
Operating expenditure				+2,291
Capital revenue				-724

Note: The + means we are adding additional revenue or adding additional expenses
The – means we are taking revenue out or adding in more expenses

61. All proposals have been developed on the basis of a full 12-month cost. Any budget adjustments identified during the year arising from shorter programme length due to commencement timing will be reported through the Finance Committee.
62. The proposals **not** recommended by staff for inclusion in the draft 2020/21 Annual Plan budget are shown below in Table 9.

Table 9. Proposal not included in the draft 2020/21 Annual Plan budget

Ref	Description of Item	Financial Consideration		
		Type of Expenditure	+/- \$000	Ongoing/ 2020/21 only

Ref	Description of Item	Financial Consideration		
		Type of Expenditure	+/- \$000	Ongoing/ 2020/21 only
3	Extending funding for existing partnerships with Maaori and the development of a Maaori strategy	Opex	+75	Ongoing
4	Extend resourcing for events and the development of an events strategy	Opex	+115	Ongoing
5	Support funding for the community land trust	Opex	+50	2020/21
6	Natural areas fund to assist community group work. Full programme of future work developed upon completion of the Nature in the City Strategy	Opex	+100	2020/21
7	Enderley Park community-led development. Funding for community-led engagement on options for the Enderley Park Community Centre and preliminary investigation of options	Opex	+60	2020/21
9	Extend resourcing for community engagement – updated business case	Opex	+240	Ongoing
12	Growth – continuation of the suburban response team	Opex	+237	Ongoing
13	Fund the increase of Council's Minimum Wage rate to equal the Living Wage rate	Opex	+353	Ongoing
	Total impact for 2020/21			+/- \$000
	Operating expenditure			+1,230

Note: The + means we are adding additional revenue or adding additional expenses

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63. The business cases for the proposals are attached in Attachment 1 – Proposal Business Cases.

Budget Adjustments

64. The change in the growth assumption in relation to the assumption applied in the 2018-28 10-Year Plan will result in lower Development Contributions revenue, Building Consent revenue and Resource Consent revenue, reducing the budgeted revenue for 2020/21 by \$14.842 million. The details of this reduced revenue are shown below in Table 10.

Table 10. Impact of COVID-19 on Year 3 2018-28 10-Year Plan Growth Revenue

Group of Activity/ Activity	Revenue +/- \$000	Expenditure +/- \$000	Net Impact +/- \$000	Explanatory Note
Development Contributions	-11,259	-	-11,259	36% decrease in forecasted Development Contribution Revenue.
Planning Guidance	-877	-	-877	36% decrease in forecasted resource consent applications
Building Control	-2,706	-	-2,706	36% decrease in forecasted resource consent applications
COVID-19 Impact on Growth Revenue	-14,842	-	-14,842	

65. Any additional unforeseen impact of an economic recession resulting from COVID-19, or conversely less of a recession than forecast, will be addressed by the re-assessment of revenue forecasts during the year and be reported to the Finance Committee.

66. The result of the revised activity operating assumptions is a lower revenue forecast of \$6.6 million offset by reduced costs of \$1.8 million, overall a \$4.8 million negative impact on the operating position. The detail of this changes by activity are shown below in Table 11.

Table 11. Impact of COVID-19 on Year 3 2018-28 10-Year Plan Operational Budget

Group of Activity/ Activity	Revenue +/- \$000	Expenditure +/- \$000	Net Impact +/- \$000	Explanatory Note
Venues, tourism and major events				
H3 venues	-2,278	-1,691	-587	Level 2 - Restrictions on attendees at gatherings limited and limited revenue due to televised only sporting events Level 1 – increase in events taking place but recognising international borders being a potential constraint
i-SITE visitor information centre	-29		-29	Reduction of income from operators for brochure advertising and reduction in bookings due to restrictions on international visitors
Visitor attractions				
Hamilton Gardens	-1,304	-877 0	-427	95% reduction in income due to public event restrictions, 95% reduction in retail sales and 90% reduction in donations, direct offset by cost saving in retail stock and personnel savings
Waikato Museum	-149	-67	-82	40% reduction in revenue offset by personnel savings
Hamilton Zoo	-889	+3	-892	40% (L2) and 20% (L1) reduction in entry fees, 90% (L2) and 25% (L1) reduction in education revenue, 90% (L2) and 50% (L1) reduction in retail revenue. Additional operating costs to manage visitor control
Arts and community				
Community development		+275	+275	Extend community grants
Libraries		+100	+100	50% increase in cleaning costs
Parks and recreation				
Community parks	-2	-126	+124	75% reduction in park bookings offset by reduced operating costs
Sports parks	-174		-174	50% reduction in fees and user charges and rental income due to Community Groups affected by COVID-19 demonstrating financial hardship and unable to pay lease costs. Continuation of waiver of sports fields hire fees from 1 July to 30 December 2020)
Cemeteries and crematorium	-10	+30	-40	50% reduction in revenue from Chapel bookings due to smaller gathering limits 50% increase in cleaning costs
Pools	-747	+6	-753	40% reduction in pool entry, Learn to Swim and Gym fees. Additional cost for rent relief for tenant
Indoor recreation	-13		-13	50% reduction in Te Rapa Sports dome bookings
Safety				
Environmental health	-144		-144	50% reduction in revenue based on forecast of 25% of businesses not restarting due to the impact of COVID-19

Group of Activity/ Activity	Revenue +/- \$000	Expenditure +/- \$000	Net Impact +/- \$000	Explanatory Note
Alcohol licensing	-111		-111	50% reduction in revenue based on forecast of 25% of businesses not restarting due to the impact of COVID-19
Planning and development				
Planning guidance		+83	-83	Unspent Heritage fund moved to 20/21
Transport				
Transport network	0	+156	-156	Additional cleaning of bus shelters
Parking management	-225	0	-225	Loss of revenue traffic infringement notices
Rubbish and recycling				
Refuse collection		+236	-236	Extension of existing contracts
Democracy		-40	+40	Reduction in Elected Member training
Corporate and support functions				
Strategic property	-400		-400	15% reduction in revenue from commercial tenancies
Customer services	-190		-190	25% reduction in LIM revenue to adjust for the uncertainty in the market due to COVID-19
Information services		+75	-75	Higher access requirements and data use, additional direct service desk support
Facilities		+38	-38	20% increase in cleaning budget for 6 months
Strategy and communications		+55	-55	Additional Annual Plan costs offset by savings
Total	-6,665	-1,854	-4,811	Operating budget adjustments due to COVID-19

Note: The + means we are adding additional revenue or adding additional expenses

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67. All other significant forecasting assumptions in the 2018-28 10-Year Plan have been reviewed and no changes impacting on the draft 2020/21 Annual Plan budget have been identified.
68. Since the commencement of the 2018-28 Long Term Plan on 1 July 2018, Council has made decisions that have impacted on Year 3. The ongoing impact was considered during the decision process and reflected in the adjusted Financial Strategy as presented to the subsequent Finance Committee.
69. Council at the 12 March 2020 meeting approved the following budget adjustments for inclusion in the 2020/21 Annual Plan budget. The detail of the changes which increased operational expenditure by \$1,913,000 are shown below in Table 12.

Table 12. Budget adjustments arising from previous Council decisions

Item	Description	Council resolution	Type of change	+/- \$000	Ongoing/ 2020/21 only
Municipal Pool	Deferral of demolition costs from 2019/20 to 2020/21	4 Jun 2015	Opex	+700	2020/21
Minimum wage	Introduction of minimum wage	6 Dec 2017	Opex	+242	Ongoing
Maangai Maaori	Introduction of Maangai Maaori roles	9 Oct 2018	Opex	+102	Ongoing
Elected Member remuneration	Increase directed by independent Remuneration Authority determination	15 Nov 2019	Opex	+174	Ongoing
WRC bus operations rental	Contribution to the value of WRC bus operations to 30 June 2021	6 Dec 2018 (G&I)	Opex	+65	2020/21
Waikato Sub-regional 3 Waters Project	Contribution to delivery of a long-term strategic 3 waters infrastructure investment programme	12 Dec 2019	Opex	+250	2020/21
Implications from growth	Peacocke programme operating funding	26 February 2019	Opex	+350	Ongoing
Rototuna town centre 3rd party agreements	Costs related to third party agreements on a Rototuna pool	6 Dec 2017	Opex	+30	Also 2021/22
Total impact				+/- \$000	
Operating expenditure				+1,913	

Note: The + means we are adding additional revenue or adding additional expenses
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70. Council at the 12 March 2020 meeting also approved the CEO recommended budget adjustments with a net impact of increasing operational expenditure of \$566,000, decreasing capital revenue of \$700,000 and decreasing capital programme of \$1,700,000. The details of the changes are shown below in Table 13.

Table 13. CEO-Proposed Budget Adjustments

Item 5

Item and description	Impact if not approved	Type of change	+/- \$000	Ongoing/ 2020/21 only
Corporate: Cybersecurity and LGOIMA roles Security software & monitoring of cyber risks and extension of LGOIMA role to permanent	Our ability to mitigate current and potential security risks to our IS systems and networks will be degraded. The lack of a LGOIMA role will result in LGOIMA being responded to by the business rather than through a strategic approach	Opex	+380	Ongoing
Security Review (PSR) Transfer of budget from 2019/20 to 2020/21	The completion of the security review underway will be compromised	Opex	+70	Ongoing
LTP external audit Fee for the External Audit of the LTP originally included in 2019/20 rather than 20/21	The budget for the compliance audit for LTP will not be available	Opex	+153	2020/21 only
Cremation fees and charges Impact of new competitor in the cremation market	Budget will continue to be overstated	Operating Revenue	-250	Ongoing
Strategic property Increase in rental revenue to reflect current revenue streams	Full revenue will not be recognised in the budget	Operating Revenue	+400	2020/21 only
Strategic Property Consequential opex arising from purchase of properties in Peacocke area	Properties will not be maintained as required	Opex	+200	2020/21 to 2021/22
Playground programme amended Alignment of the budget to the Long-Term Plan programme	The Playground programme will not be aligned to the budget	Capital Revenue	-700	2020/21 only
		Capex	-1,700	
		Opex	-87	
Total impact			+/- \$000	
Operating revenue			+150	
Operating expenditure			+716	
Capital revenue			-700	
Capital expenditure			-1,700	

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71. Since the 12 March 2020 further budget adjustments have been identified by staff that have a financial impact and are recommended for inclusion in the proposed draft 2020/21 Annual Plan budget. The detail of the changes is shown below in Table 14.

Table 14. Additional budget adjustments for Year 3 2018-28 10-Year Plan

Item and description	Revenue +/- \$000	Expenditure +/- \$000	Gain/ (Loss)	Net Impact +/- \$000
Operational Activity Adjustments				
Animal Control – savings in operations		-48		0 -48
Landfill provision adjustment		-309		+ -309
Consequential opex on properties in Peacocke area		-150		+150
Parking Technology opex		+92		-92
Offstreet Parking revenue	+77			+78
City Waters WLASS contribution		+58		-58
Rates correction – item removed from parking	-50			-50
Founders Theatre demolition moved from Yr3 to Yr4		-809		+809
IS consequential opex budget adjustment		-400		-400
Operational Activity Adjustments	+27	-882	-	-794
Adjustments Required due to COVID-19				
Social housing grant deferred to 2020/21		+1,000		-1,000
Social housing grant to be spent in 2020/21		+1,000		-1,000
IFF expenditure delay due to COVID-19		+200		-200
Waikato Theatre Grant deferred to 2020/21		+6,000		-6,000
Central City Plan - work to develop a 20-year vision		+190		-190
Various Transportation Projects opex not required		-25		+25
Infrastructure Consequential opex not required		-454		+454
Refuse and recycling contract budget adjustment		-127		+127
Waikato Sub-regional 3 Waters Project		-250		+250
Rates revenue decrease- represents est rates growth of 1.67% (10YP was 2.57%)	-1,373			-1,373
Adjustments Required due to COVID-19	-1,373	+7,534	-	-8,907
Financial Adjustments				
HIF fair value benefit recalculation	-10,128			-10,128
Depreciation from prior year approved in baseline		-6,051		+6,051
Interest revenue reduction	-400			-400
Ring Rd & Resolution drive loss moved into Year 4 (2022)			+48,717	
Dixon Road roundabout loss			-10,457	
Financial Adjustments	-10,528	-6,051	+38,260	-4,477
Proposed Additional Budget Adjustments	-11,874	+717	+38,260	+25,669

Note: The + means we are adding additional revenue or adding additional expenses
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Average Annual Rate Increase

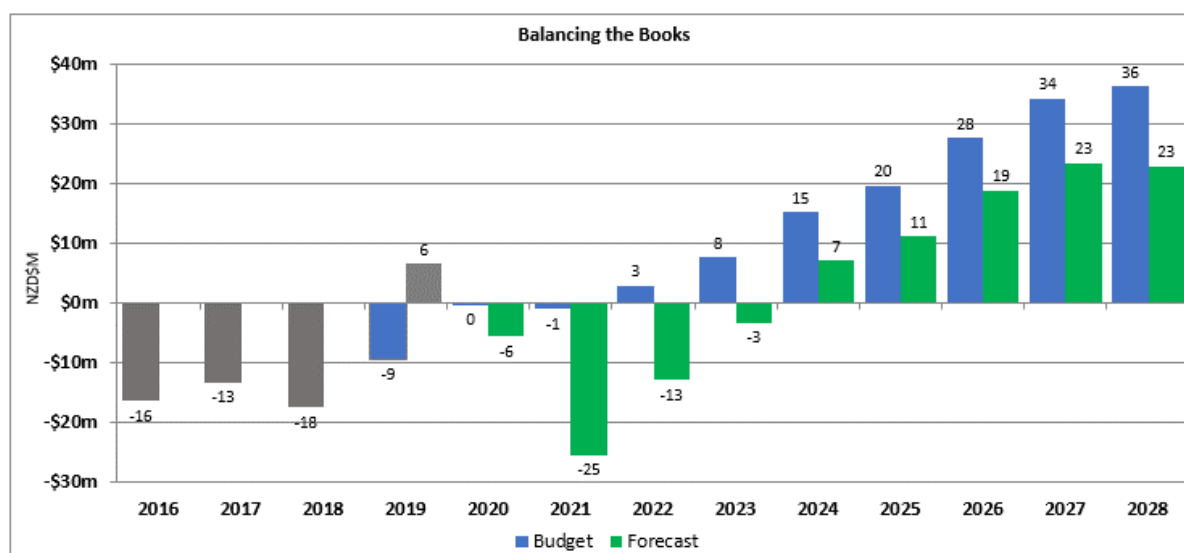
72. The 'Back on Track Hamilton's COVID-19 recovery budget' has targeted community relief to those who need it most through the provision of the specific community response funding.
73. The average annual rate increase for Year 3 of the 2018-28 10-Year Plan was set out in the 2018-28 10-Year Plan as 3.8% to deliver on the 10-Year Plan strategic intentions of:
 - strategic infrastructure for growth throughout the city, including opening a new growth cell in Peacocke, to the south of the city
 - a transport programme to improve safety, congestion and transport choice (walking, cycling and public transport)

- a community infrastructure programme to enhance what we have and provide new community spaces and facilities for a growing city; and
 - a major renewals and maintenance programme to look after and replace existing assets when needed.
74. Staff recommend the continuation of the 3.8% average annual rate increase as set for Year 3 of the 2018-28 10-Year Plan.
75. Elected Members asked staff to look at the impact of a 2.8% rate increase. This would result in an ongoing funding impact of \$1.85 million per year and would equate to an average \$25 per household per year lower rate bill than under the planned 3.8% rate increase.
76. The funding for this proposal could be provided by:
- An increase in debt to fund the additional operational deficit of \$1.85 million per year; or
 - A corresponding decrease in operational expenditure achieved by the additional potential cost savings outlined in the Operational Savings section above (paragraphs 53-58).
77. Staff do not recommend an annual rate increase of 2.8% and do not recommend this option is considered for consultation.

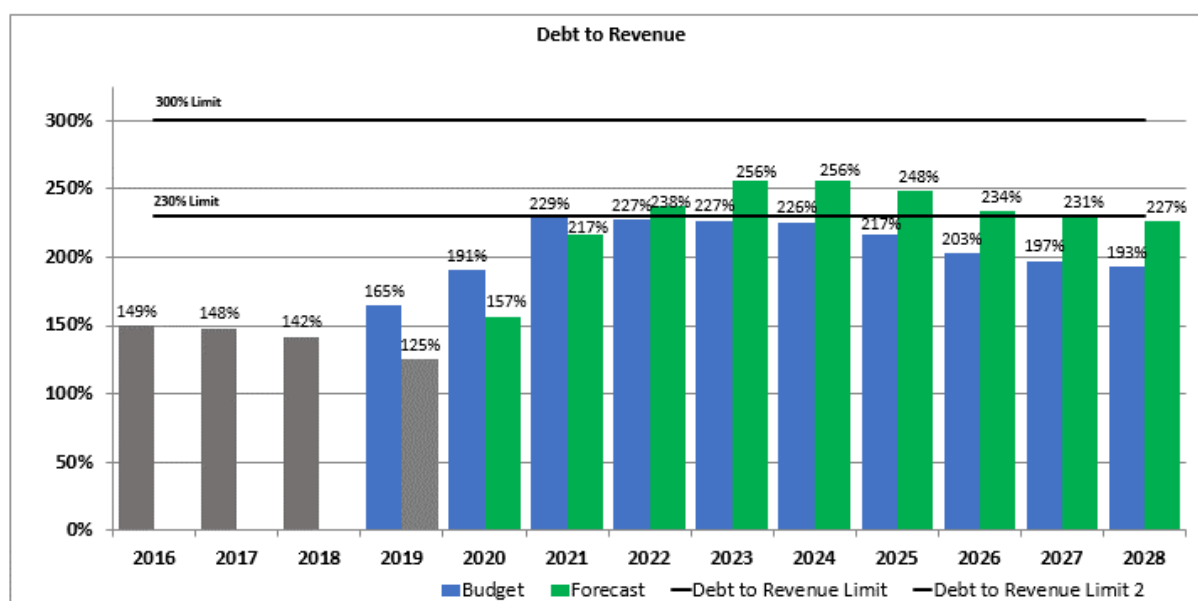
Financial Strategy Impact

78. The implications of the proposed recommended changes to the Year 3 2018-28 10-Year Plan (draft 2020/21 Annual Plan budget) are:
- Balancing the books measure deficit of \$25 million in 2020/21 as shown below in Graph 3
 - Debt to revenue ratio of 217% in 2020/21 as shown below in Graph 4
 - Debt level of \$637 million in 2020/21 as shown below in Graph 5.

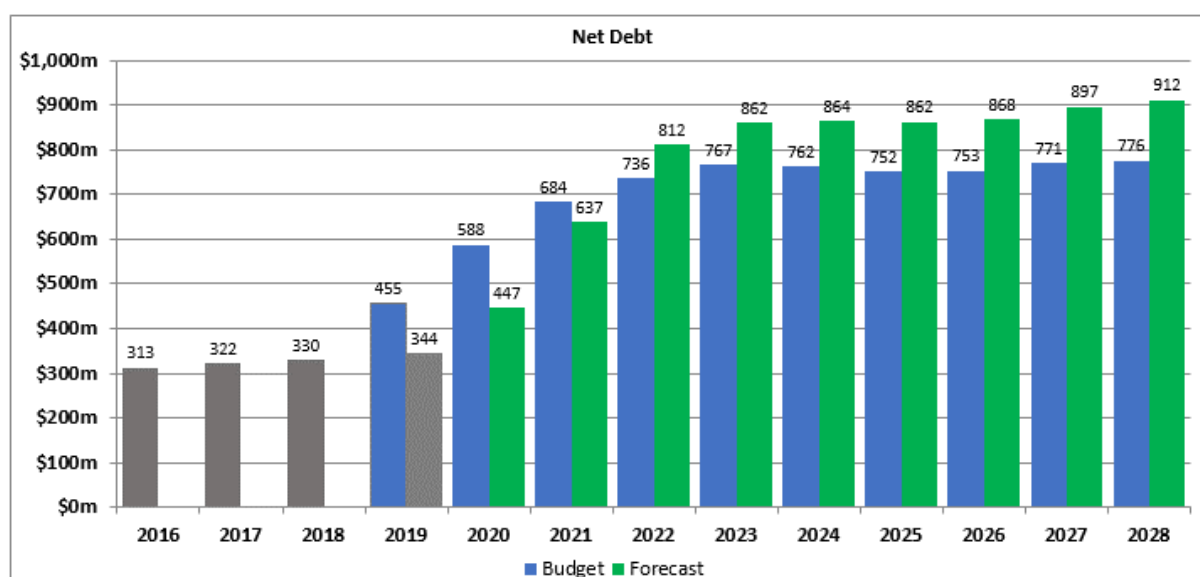
Graph 3. Balancing the Books Measure



Graph 4. Debt to Revenue Ratio



Graph 5. Debt Level



79. The impact of responding to COVID-19 in the draft 2020/21 Annual Plan on the Financial Strategy as set out in the 2018-28 10-Year Plan results in Council's debt to revenue ratio cap level of 230% being breached in 2021/22. Council recognises this breach is inconsistent with the 2018-28 10-Year Plan Financial Strategy targets. The 2021-31 Long-Term Plan, currently in development, will consider the future years debt levels and ensure the debt to revenue ratio is set in line with the Financial Strategy associated to the 2031-31 Long-Term Plan.
80. Council is aware the Local Government Funding Agency is proposing an increase to the debt to revenue ratio to a maximum of 300%. If this is approved, Council can consider a review of its limit with the option to increase to a level it deems appropriate.

Rate Instalment Invoices

81. Annual rates are currently invoiced over four instalments. The first instalment is sent shortly after the rates are adopted each year. Rates are to be paid on the due date of the instalment, however ratepayers can pay on a more frequent basis through direct debit or other payment methods if they prefer.
82. To allow ratepayers additional time before the next payment is required, staff recommend a reduction in the number of rates instalments from four to two per year with the first invoice issued in October 2020, due mid-November, and the second invoice due in May 2021. Ratepayers will be notified of their annual rates as soon as the rates have been adopted, so they are able to plan and adjust their payments early as required.
83. Alongside the implementation of the recommended change, a campaign will be run to encourage ratepayers to switch to email communication and to pay rates on a more frequent basis via direct debit or other payment methods.
84. No additional funding is required for this initiative.
85. It is proposed consultation be undertaken on this option.

Rates Remission Policy

86. Council currently has a policy that provides for rates remission – Rates Remission and Postponement Policy.
87. Minor changes are required to the Policy to reflect the continuation of the extension to the Council rebate, to assist those residential ratepayers whose income continues to be significantly affected by the impacts of COVID-19. The conditions and criteria for 2020/21 will be included in this change.
88. It is proposed this change is included in the community consultation.

Annual Plan Process

89. Post the adoption of the draft 2020/21 Annual Plan budget on the 10 June 2020, community engagement on the key options will commence from the 22 June 2020 for a three-week period to the 10 July 2020.
90. The submissions will be made available to Elected Members and the public on the 11 July 2020 via the 'Have your say' portal.
91. Two days, the 15-16 July 2020, have been set aside for the Elected Members to hear verbal submissions.
92. At the Annual Plan Council meeting on the 23 July 2020, staff will present a report that incorporates options for changes to the draft 2020/21 Annual Plan budget and seek direction from the Elected Members to allow the preparation of the final budget and the Annual Plan document.
93. Council will adopt the 2020/21 Annual Plan on 10 August 2020 and set the rates for the 2020/21 year at the same meeting.

Other Matters raised by Elected Members

94. Other matters have been raised by Elected Members that will be considered as part of the Long-Term Plan process.
95. Elected Members have expressed an interest in reviewing Council's approach to the Municipal Endowment Fund with a view to using it in a commercial way to support the

Economic Development of the city. The endowment fund currently owns two properties and has approx \$29 million in cash reserves. The Fund's cash reserves currently offset Council's debt thereby reducing the interest burden for ratepayers.

In the early part of the financial year, Elected Members will consider their opportunity with the fund and work toward a set of principles which will guide its use. Part of this will be an agreed approach to how the cash reserves are managed to enable them to be easily available for investment. Any ring fencing of endowment cash reserves would reduce Council's debt headroom. Any changes in treatment of the reserves will be reported to the Finance Committee for a decision of Council.

Legal and Policy Considerations

96. Staff confirm that the recommendations of this report comply with the Council's legal and policy requirements.

Wellbeing Considerations

97. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
98. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
99. The recommendations set out in this report are consistent with that purpose.

Social

100. Social wellbeing is defined as the capacity of individuals, their families, whaanau, iwi, hapuu and a range of communities to set goals and achieve them.
101. The draft 2020/21 Annual Plan budget - 'Back on track Hamilton's COVID-19 recovery budget', has been developed to provide targeted support for residents, community and businesses of Hamilton. The provision of the targeted relief through the Community Response Initiatives provides relief to residential ratepayers to support families in their homes and support to community groups who work with and within our neighbourhoods and community sectors.

Economic

102. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security.
103. The draft 2020/21 Annual Plan budget considers two key factors that will impact the economy of Hamilton - the impact of a possible recession from COVID-19 resulting in a reduction in forecast growth and the impact of reduced visitors to the city on the economy of the city.
104. The continuation of the delivery of Council services, and the delivery of the \$297.7 million capital programme supports employment within the city.
105. Staff have developed a model to understand the impact on economic wellbeing factors, such as jobs created, household income and gross domestic product. In general, cuts to Council's investment in its capital programme reduce overall economic wellbeing indicators.

Environmental

106. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.

- 107. The draft 2020/21 Annual Plan budget continues the programmes outlined in the 10-Year Plan to support sustainable and alternative transport options subject to a timing deferral of \$13.8 million of transport improvements capital projects.
- 108. In addition the draft 2020/21 Annual Plan budget includes specific resources for the support of the Environment Committee to deliver the environment strategy, climate action plan and sustainability programme.

Cultural

- 109. Cultural wellbeing is defined as the capacity of communities to retain, interpret and express their shared beliefs, values, customs, behaviours, and identities.
- 110. The draft 2020/21 Annual Plan budget recognises the impact of COVID-19 on the arts sector and provides support through the community initiative fund.
- 111. The communities across the city will continue to be supported by Council's Community Development team.

Risks

- 112. There are no known risks associated with the decisions required for this matter. Significance & Engagement Policy

Significance

- 113. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a high level of significance.
- 114. Significance is defined in the Local Government Act 2002 as the *degree of importance of the proposal or decision as assessed by the Council, in terms of its likely impact on, and likely consequences for, — a) the city b) any persons who are likely to be particularly affected by, or interested in, the proposal or decision. c) the capacity of the Council to perform its role, and the financial and other costs of doing so.*
- 115. COVID-19 has had a significant impact on the city and the Council's response will be of high interest to the community, will impact a significant proportion of the community and have a high degree of impact. Furthermore, the decisions proposed by Council in relation to budgeted operational and capital spend will impact the community. Hence the significance is deemed as high.

Engagement

- 116. Given the high level of significance determined, the engagement level is high. Engagement is required.
- 117. Consultation will take place from 22 June to 10 July 2020.
- 118. The final 'Back on Track Hamilton's COVID-19 recovery budget' consultation document will be available online (haveyoursay.hamilton.govt.nz) and in print (front page wrap in the Hamilton Press and copies available at Council offices and facilities).
- 119. This topic will have high community interest so the communication and engagement strategy aims to reach a wide cross-section of our community.
- 120. Communication and engagement tactics will include (but are not limited to) a comprehensive city-wide digital, radio and print advertising campaign, community

webinars, pop-up information kiosks and handouts at Council facilities across the city, and targeted social media tactics via Facebook, Instagram and Neighbourly.

121. The draft consultation document is attached in Attachment 2- Draft Consultation Document.

Item 5

Attachments

Attachment 1 - Proposal Business Cases

Attachment 2 - Draft Consultation Document

2020/21 Annual Plan Budget (Business Cases)

Index:

Proposals recommended for inclusion in the draft 2020/21 Annual Plan Budget

Business Case Number	Proposal
1	Resource to support the Economic Development Committee and the Central City advisory Group to create opportunities for economic growth
2	Resource to support environment strategy, delivery of climate action plan and sustainability programme
8	Continuation of phase 1a (Renewal of Zoo entrance building) and 1b (Waiwhakareke entrance and linkage) of the Hamilton Zoo Waiwhakareke entry precinct
10	Resource to meet increased demand, and deliver business outcomes across the waters, transport and rubbish & recycling activities
11	Resource for the continuation of work to secure Infrastructure Funding and Financing opportunities for Rotokauri, supports the Peacocke and Central City programmes of work
14	Resources to investigate opportunities for future use of 88 Crosby Road and the removal of the two houses at 18A Ruakiwi Road

Proposals not included in the draft 2020/21 Annual Plan budget

Business Case Number	Proposal
3	Extending funding for existing partnerships with Maaori and the development of a Maaori strategy
4	Extend resourcing for events and the development of an events strategy
5	Support funding for the community land trust
6	Natural areas fund to assist community group work. Full programme of future work developed upon completion of the Nature in the City Strategy
7	Enderley Park community-led development. Funding for community-led engagement on options for the Enderley Park Community Centre and preliminary investigation of options
9	Extend resourcing for community engagement – updated business case
12	Growth – continuation of the suburban response team
13	Fund the increase of Council's Minimum Wage rate to equal the Living Wage rate

Hamilton City Council Business Case

1.

Business Case name: Economic Development resources

Trim document number: D-3245631



Hamilton City Council
Te kaunihera o Kirikiriroa

Business case

Summary

Name	Economic Development Resources
Description	<p>Council has established a new Economic Development Committee to create opportunities for it to play a more proactive role in driving economic growth. The new structure also includes a Central City Advisory Group.</p> <p>As these new groups develop their agendas, they will require staff resource to support them in maintaining momentum, particularly during their establishment phase. There is currently limited expert personnel within Council to provide this support and the provision of this expertise is unbudgeted.</p> <p>This proposal is for operating funding in 2020/21 to provide internal (staff) and external (professional advice) support as the new groups develop their work programme and set priorities. The level of ongoing support required will be assessed during 2020 and this will inform funding requests through the LTP process.</p>
Staff Recommendation	Option 2: Provision of \$270,000 of operating funding in 2020/21 for economic development resources to support the new Council's focus on this area

1.0 Strategic Case

Current situation	<p>The new Council has formed a new committee dedicated to supporting the economic development of Hamilton. While there are a number of organisations already working in the economic development ecosystem in the Waikato region, there is a unique role for Council to play to support the city's economic growth to drive improved wellbeing for its residents.</p> <p>The new Council also formed a new Central City Advisory Group to lead the work to drive a vision and set of projects to enhance the attractiveness, liveability and vibrancy of our central city.</p> <p>Together these new groups generate a significant amount of additional focus and work for the organisation, and resource is required to deliver effectively.</p> <p><u>Current situation:</u></p> <p>We have a single Key Account Manager whose current role is split as follows:</p> <ul style="list-style-type: none"> • 50% support for Peacocke by working with land owner and developers to enable the suburb to flourish • 25% key account management – supporting the path of larger developments as they traverse the Council's planning and consenting processes • 15% supporting economic development activity including the Developers Forum and supporting work generated by other organisations (e.g. Te Waka) • 10% Reactive support for ad hoc projects (e.g. NZIST expression of interest) <p><u>Economic Development Agenda:</u></p> <p>Staff are currently drafting an overview of the opportunities Council has to influence the ED ecosystem. At the same time, the chair and deputy chair of the Committee are meeting with other organisations and groups who work in ED across our region to discover and then articulate our place within that ecosystem.</p> <p>The chair and deputy chair have indicated a desire for work to commence to understand an appropriate structure and possible opportunities for the Municipal Endowment Fund.</p> <p>Staff will present a project plan to the Central City Advisory Group shortly that sets out the work required to deliver on the central city vision project and look to deliver appropriate projects into the next LTP.</p>
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	These projects all require expertise and time that is currently not provided for in the organisation's budgets. This business case seeks to resolve that challenge.
Prior consideration	None
Impact of the issue on the community	<p>This new funding will help support the work of the new committee and advisory group. Both are new dedicated focus areas and to enable both to deliver results they need to have access to the right expertise.</p> <p>Both topics (economic development and central city growth) are specialist areas. Both are considering the use of the Municipal Endowment Fund to enable the delivery of the best possible city outcomes. The organisation does not currently have the level of commercial and development expertise needed to deliver on these goals.</p>
Objective of the project	<p>Access to the right resources (both internal resource and access to highly qualified consultants) will enable Council to deliver an effective agenda for delivery and set up projects for success.</p> <p>This expertise is also required in order to minimise the risk to the city from any investment decisions the committee and advisory group want to make.</p> <p>A detailed breakdown of the required funds has not been undertaken as the first step is to solidify the role of Council in the economic development space and cement a project plan of the central city work. Once both of those tasks is complete, we will have a clearer view of the expertise required to deliver on the goals of each group. That process will inform any requests to Council through the Long-Term Plan process for budget to provide ongoing support.</p>
Wellbeing outcomes	The Economic Development Committee was set up to deliver directly to the economic wellbeing of the city. Working alongside our partners, Hamilton City Council has an important role to play in facilitating and enabling positive economic outcomes for the benefit of Hamiltonians. This funding will enable the organisation to delivery on the committee's aspirations and resulting work programme.
Strategic alignment	Council has formed the Economic Development Committee to deliver on economic wellbeing. This project will ensure the resource to support the new group in its first year.
Alignment to Long-Term Plan	<p>Does this project relate to work approved in the 2018-28 Long-Term Plan?</p> <p><input type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input checked="" type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	<p>The project is dependent on funding through the Annual Plan.</p> <p>The project is limited to one year, which may constrain what is achieved after that time period.</p>
Level of significance	<p>Level of significance is low.</p> <p>The funding is for one year only and does not affect service delivery.</p> <p>The decision could be reversed at any time.</p>

2.0 Options Analysis

Option 1	
Name	Status quo
Description	Support the new committee and advisory group using current resources and staff, and within existing budgets.
In scope deliverables	<p>Current funding exists to deliver:</p> <ol style="list-style-type: none"> 1. A 'Central City Vision' project. This funding was allocated in 2019 for use within the 2019/20 financial year. This will be used within the initial phase of the central city work to deliver the project plan and initial work on projects for consideration. 2. A Key Account Manager is in place whose role is split as follows: <ul style="list-style-type: none"> • Support for Peacocke development (50%) • Some key account management for key developments (25%) • Supports current ED activity e.g. working with Te Waka, Developers Forum etc (15%)

	<ul style="list-style-type: none"> Reactive support for ad hoc projects (e.g. NZIST expression of interest) (10%) 					
Out of scope deliverables	Work to support the new Economic Development Committee and use of the Municipal Endowment Fund.					
Risks and mitigations	Risks			Mitigations		
	Economic Development Committee is unable to deliver outcomes for Hamilton			Scale back expectations of committee deliverables		
Benefits	Desired funding can be used for other projects to benefit the community					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex						
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	0	0	0	0	0	0
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact	0	0	0	0	0	0
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input type="checkbox"/> Requires Council to approval additional funding					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Option 2	
Name	Provision of Economic Development Resources
Description	Provision of dedicated economic development staff and expertise to support the new committee and advisory group including consideration of the potential use of the Municipal Endowment Fund. Review of level of support and expertise required will inform requests for ongoing funding through the Long-Term Plan process.
In scope deliverables	Current funding exists to deliver: <ol style="list-style-type: none"> A 'Central City Vision' project. This funding was allocated in 2019 for use within the 2019/20 financial year. This will be used within the initial phase of the central city work to deliver the project plan and initial work on projects for consideration. A Key Account Manager is in place whose role is split as follows: <ul style="list-style-type: none"> Support for Peacocke development (50%) Some key account management for key developments (25%) Supports current ED activity e.g. working with Te Waka, Developers Forum etc (15%) Reactive support for ad hoc projects (e.g. NZIST expression of interest) (10%)

	New funding is required: 3. Dedicated role to support the Economic Development Committee's scope of work and a budget for expert advice to the committee. The role's responsibilities expected to include: <ul style="list-style-type: none"> Detailed work required to get projects business case ready for consideration in the LTP. Review and consider options for a change to our approach to Municipal Endowment Fund asset use. Economic Development activity over and above current status quo including creation of any attraction or investment material. Supporting the Chair and Deputy Chair of the new committee to establish an effective position for Hamilton City Council's ED work in the Waikato ED ecosystem 																
Out of scope deliverables																	
Risks and mitigations	Risks	Mitigations															
	Community perceptions of increase in expenditure	Clear communication around the purpose being in the best interest of the economic development of Hamilton City															
Benefits	Support for the work of the new committee and advisory group. Both are new dedicated focus areas and to enable both to deliver results, they need to have access to the right expertise. Both topics (economic development and central city growth) are specialist areas. Both are considering the use of the Municipal Endowment Fund to enable the delivery of the best possible city outcomes.																
Cost impact																	
	20/21	21/22	22/23	23/24	24/25	Total											
OPEX IMPACT																	
Personnel	150000					150000											
Other opex	120000					120000											
Consequential opex																	
Value of any assets to be disposed of																	
Total Opex Impact	270000					270000											
CAPEX IMPACT																	
Capital expenditure																	
Capital subsidy (i.e. grants or NZTA)																	
Total Capital Impact	0	0	0			0											
Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding																
Procurement process	Standard recruitment process including a clear job description Any consultants would be procured through a PSP supplier or by tender if required.																
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High																

Preferred Option	
Name of preferred option	<p>Option 2. Provision of Economic Development Resources. Access to the right resources (both internal resource and access to highly qualified consultants) will enable Council to deliver an effective agenda for delivery and set up projects for success.</p> <p>This expertise is also required to assist with consideration of the use of the Municipal Endowment Fund and minimise the risk to the city from any investment decisions the committee and advisory group want to make.</p>
Financial impact	\$270,000 opex in 2020/21

Hamilton City Council Business Case

2.

Business Case name: Climate,
Environment and
Sustainability Resource

Trim document number: D-3244620

Business case

Summary

Business Case Name	Climate, Environment and Sustainability Resource
Description	<p>This proposal is to provide resource to lead Council's approach to climate change, sustainability and environment issues.</p> <p>Community expectations of Council to take a more active role on environmental issues have been expressed through various channels. In 2019, Council resolved to develop a Climate Action Plan and, in this term of Council, an Environment Committee has been established to lead Council's approach at a governance level.</p> <p>Although there are pockets of staff expertise within Council related to various aspects of climate change, sustainability and environmental issues, there is no dedicated resource to lead a strategic response or to support the work of the Environment Committee.</p> <p>This proposal is for dedicated staff resource and operational funding to respond to this issue. This resource would support the work of the Environment Committee, lead development and delivery of the Climate Action Plan and provide expertise and leadership on a broader range of environmental and sustainability matters.</p>
Staff Recommendation	Option 2 – To approve \$280,000 of operating funding annually from 2021 for additional staff resource and additional operating costs to lead Council's approach to climate change, sustainability and environment issues.

1.0 Strategic Case

Current situation	<p>The newly created Environment Committee has a mandate to develop the Council's approach and response to the issues of climate change, the sustainable use of the city's natural resources and broader environmental issues. Elected members have asked for support for the committee to be considered within the Annual Plan discussions.</p> <p>For the past three years, Council has been operating according to a set of sustainability principles which were designed to underpin the work that staff did (a largely 'bottom up' approach). The establishment of the Environment Committee, the development of a Climate Action Plan and the introduction of environmental wellbeing outcomes and measures into our decision-making processes requires us to take a more directive approach to the work that we do.</p> <p>Within Council, there is currently no dedicated resource to lead this work at a strategic level or to coordinate the efforts of staff across council to ensure most effective use of resource.</p> <p>Staff in the Strategy and Planning Team currently take responsibility for collation of an annual sustainability stocktake report and are leading the work to develop the Climate Action Plan, with a draft expected in June 2020.</p> <p>Whilst the Climate Action Plan may identify a need for further resource, it is anticipated that this will be considered by Council through the 2021 Long-term Plan.</p>
Prior consideration	This is a new proposal to be considered.
Impact of the issue on the community	Sustainability, environment and climate change are key issues of importance and interest to the community. In committing to a Climate Action Plan, Council has set the expectation with the community that we will take more decisive action in this space.
Objective of the project	To ensure we have adequate resources to deliver on the expectations of our community to deliver improved environmental wellbeing outcomes.

Wellbeing outcomes	The proposed resource will enable progress towards achieving the environment wellbeing outcomes.
Strategic alignment	This project aligns to the terms of reference for the Environment Committee and will enable the support and delivery of the Climate Action Plan.
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input checked="" type="checkbox"/> New unbudgeted project/service – the Environment Committee structure did not exist in the 2018-28 Long term Plan</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	None identified
Level of significance	This matter has been assessed as having Low Significance in accordance with Council's Significance and Engagement Policy.

2.0 Options Analysis

Option 1						
Name	Status Quo – No dedicated resource					
Description	Strategic direction on environmental issues, support for the Environment Committee and management of the Climate Action Plan will be resourced from existing staff resources.					
In scope deliverables	<ul style="list-style-type: none">Support for the development of policy, strategy and advocacy as directed by the Environment Committee from existing staff resource across the organisation.Limited advocacy on environmental issues with central government and other stakeholdersLimited leveraging of key partners, stakeholders and community groups to co-ordinate citywide action on environmental issues.					
Out of scope deliverables	<ul style="list-style-type: none">Initiation of new projects/opportunities for consideration by the Environment Committee.Continued measurement of city’s carbon emissionsDevelopment of new reporting or measurement tools (if required)Research into environmental issuesFunding of specific environmental initiatives (noting that this will be determined by Council through the Annual Plan/Long term plan process).					
Risks and mitigations	Risks	Mitigations				
	Poor direction/co-ordination of Council effort leads to poor environmental outcomes	Clear definition of scope for work and priorities agreed with Environment Committee				
	Lack of capacity within existing teams may result in work not been undertaken in a timely manner or to the quality required	Community and stakeholder messaging to communicate wellbeing/cost trade-off				
	Community perception that Council is not supporting its Council decision to make climate change (or other environmental issues) a matter of urgency.	Reconsider resource required following completion of the Climate Action Plan				
Benefits	Cost containment					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel	0	0	0	0	0	0
Other opex	0	0	0	0	0	0
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	0	0	0	0	0	0

CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact	0	0	0	0	0	0
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input type="checkbox"/> Requires Council to approval additional funding					
Procurement process	No requirements as no additional resources will be procured.					
Cost confidence	<input checked="" type="checkbox"/> Existing costs - high					

Option 2		
Name	Climate, Environment and Sustainability Resource	
Description	Additional staff resource and operating costs to lead Council's approach to climate change, sustainability and environment issues.	
In scope deliverables	<ul style="list-style-type: none"> Initiation of new projects/opportunities for consideration by the Environment Committee. Continued measurement of city's carbon emissions Development of new reporting or measurement tools (if required) Research into environmental issues Advocacy on environmental issues with central government and other stakeholders Leveraging of key partners, stakeholders and community groups to co-ordinate citywide action on environmental issues. 	
Out of scope deliverables	<ul style="list-style-type: none"> Funding of specific environmental initiatives (noting that this will be determined by Council through the Annual Plan/Long term plan process). 	
Risks and mitigations	Risks	Mitigations
	Community perception of increased costs for issues that are not viewed as important by the whole community	Community and stakeholder messaging to communicate wellbeing/cost trade-off
Benefits	<ul style="list-style-type: none"> A more effective use of council resources to achieve better environmental wellbeing outcomes Improved leverage of non-council resources to achieve better environmental wellbeing outcomes Improved perception of community that Hamilton City is responding appropriately to environmental issues 	

Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel	130,000	130,000	130,000	130,000	130,000	650,000
Other opex	150,000	150,000	150,000	150,000	150,000	750,000
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	280,000	280,000	280,000	280,000	280,000	1,400,000
CAPEX IMPACT						
Total Capital Impact	0	0	0	0	0	0
Funding impact	<input checked="" type="checkbox"/> Requires Council to approval additional funding					
Procurement	Staff resource would be recruited as permanent FTE. The role would be within the Grade 20 which as a					

process	mid point for the range of \$122,601. In addition to salary there will be normal staff and IT related costs estimated at a cost of \$7,400 per year (total personnel \$130,000) The consultation budget of \$150,000 is an estimate of cost to resource technical advice and provide advocacy support. Example of costs are climate greenhouse gas emission stocktake, research for policy recommendations. There is no capital requirement.
Cost confidence	<input checked="" type="checkbox"/> Rough order estimate – Low

Preferred Option	
Name of preferred option	Option 2 - Climate, Environment and Sustainability Resource
Financial impact	\$280,000 opex per year

Hamilton City Council Business Case

8.

Business Case name:

Zoo/Waiwhakareke Shared Entry
Precinct

Trim document number: D-3246988

Business case

Summary

Name	Zoo/Waiwhakareke Shared Entry Precinct
Description	<p>In the 2018-28 Long-Term Plan a proposal was approved to create a new entry precinct linking the Hamilton Zoo and Waiwhakareke Natural Heritage Park. The precinct project delivers a high-quality, genuinely unique visitor destination that allows people to experience natural environments that showcase pre-European native flora and native and exotic wildlife. It will realise a number of community and economic benefits for Hamilton and the region. The proposal included: upgrading the Zoo entry buildings, car parks and connections serving both the Zoo and Waiwhakareke.</p> <p>The costings provided were stated to be “rough order costs undertaken in 2014 as part of the Master Plan”. Further investigation into the project has now occurred and the total budget of \$5.9M is significantly under what would be required to deliver the full entry precinct (\$15M).</p> <p>The 2018-28 funding also allowed for a new visitor attraction (lemur walkthrough). Upon further research, this attraction has been discounted as these animals can quickly become sensitised to public access. Other visitor attractions, aligned with the project outcomes, are possible to deliver.</p> <p>Considering more accurate costings and external funding constraints, staff consider the most practicable way to deliver the project is a staged development enabling HCC to manage expenditure and maximise opportunities for external funding.</p> <ul style="list-style-type: none"> • Stage 1a: Renewal of Zoo entrance building • Stage 1b: Waiwhakareke entrance and linkage • Stage 2: New entrance precinct car parks • Stage 3: New function and education centre <p>The cost for Stages 1a and 1b is: \$7.569M (incl. \$500k spent to date).</p>
Staff Recommendation	<ul style="list-style-type: none"> • Through the 2020/21 Annual Plan the Council proceed with stages 1a and 1b of the Zoo/Waiwhakareke Shared Entry Precinct project and that stages 2 and 3 are considered through the LTP. • Re-allocate the \$350,000 for the Lemur walkthrough to another visitor attraction aligned with new capital development and external funding priorities. • Pull forward \$700k of transport funding allocated for Brymer Road in year six (2023/24) to year 3 (2020/21) to enable design works and to align the roading construction.

1.0 Strategic Case

Current situation	<p>While loved by Hamiltonians, the profile of the Zoo is not as high as it could be. There is considerable opportunity through the development of an improved precinct to promote both the Hamilton Zoo and Waiwhakareke Natural Heritage Park to locals and domestic and international tourism markets. The current built form, connections and overall experience of both destinations do not meet the needs and expectations of the existing and future community and user groups.</p> <p>Zoo Buildings</p> <p>Currently the Zoo has an aged and out-dated entrance building that is not fit for purpose and does not adequately promote its functions and national and international conservation successes. The current entrance does not sufficiently:</p> <ul style="list-style-type: none"> • Give visitors a sense of the quality of the Zoo experience or Hamilton Zoo’s reputation as a highly regarded modern zoo • Link to Waiwhakareke Natural Heritage Park • Promote our conservation purpose and role in educating visitors and the public about conservation, and the species and natural environments we care for and about
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	<ul style="list-style-type: none"> • Guide and inform visitors about the Zoo and Waiwhakareke • Profile and promote the Zoo/Waiwhakareke and other Hamilton visitor attractions • Enable the flow and volume of visitors, particularly at peak times. <p>The entrance building has been assessed as being at the end of its useful life. The original 1970s building has been extended and modified over decades to try to accommodate changing functions, technologies and visitor expectations. These modifications have occurred in an ad hoc way so that, while the building allows for delivery of required functions (ticketing, customer services and retail), the environment is not at all conducive to a great visitor experience. The delivery of essential services is significantly constrained by the appearance and sub-optimal functionality and flow of the different (ad hoc) spaces.</p> <p>The most recent condition assessment of the building estimates 1-5 years of remaining life, requiring full replacement. The multiple extensions to the building have caused issues with weather-proofing and fitness for purpose:</p> <ul style="list-style-type: none"> • Different profiles of roofing iron (due to varying roof heights and pitches) and the variety of windows and flashing arrangements don't match sufficiently to maintain weather tightness. • Much of the exterior cladding of the original buildings is asbestos material., • Outside ground levels have been built up which has created rot and damage to bottom plates of the wall structures. • Internal wall linings are varied contributing to a haphazard appearance, and the café would need to be replaced with seamless linings for health and hygiene reasons. <p>The proposal for a new entry precinct approved in the 2018-28 Long-Term Plan assumed the replacement of this building as part of the precinct project and consequently, the renewal aspects of the build were subsumed within it. Now that staff have assessed that the most practicable way forward is a staged development of the project, this renewal context is more relevant - renewals are seen by external funders to be the responsibility of Council and therefore applications for this aspect of the project are unlikely to be successful.</p> <p>Linkage to Waiwhakareke Natural Heritage Park</p> <p>Equally important, the current Zoo entrance does not actively connect to Waiwhakareke visually or physically. At the moment the Waiwhakareke entrance is located in the Zoo's overflow grass carparking with no obvious entrance to the Park itself., The rural road connecting the two locations has a speed limit of 80 kph with no formalised safe crossing for pedestrians. There are also no shared infrastructure, educational, conservation or biodiversity links between the two sites.</p> <p>The west side of the city has grown out to meet the Zoo with new residential areas in the early stages of development on the Zoo's doorstep. There is very little amenity available to the community in the area so building the entrance, café and public toilets provides necessary public facilities and creates a hub for the community to utilise and come together while further community infrastructure develops.</p>
Prior consideration	<p>2014 Zoo Master Plan</p> <p>2018-28 Long-Term Plan</p> <p>Unsuccessful funding applications to Provincial Growth Fund, Lottery Significant Projects, MBIE Tourism Infrastructure and Trust Waikato Significant Fund.</p>
Impact of the issue on the community	<p>The Zoo has been part of the City for over 50 years. Between 2017 and 2019 Hamilton Zoo welcomed 418,000 visitors, averaging 140,000 visitors each year. Visitation is made up of locals, tourists and school and tertiary students. Almost 30,000 of these visits relate to students accessing the Zoo through formal education programmes (Learning Experiences Outside the Classroom (LEOTC) programmes). On event days at the Zoo visitor numbers can exceed 2500.</p> <p>Waiwhakareke Natural Heritage Park opened to the public in November 2019 after 15 years of development and 6329 people have visited since then. As the Park is attracting global interest and acclaim as a natural heritage destination, local and overseas visitors are expected to grow year on year.</p> <p>The improved entry precinct provides for enhanced visitor experience at both destinations, visitor</p>

	<p>and community facilities (café, meeting spaces and toilets), and creates a hub for local residents while further development takes place in the surrounding suburbs.</p> <p>The Zoo Master Plan has been in the public arena since 2017 with favourable media coverage and public comment. Through the 2018-28 Long-Term Plan, 522 respondents told us they supported the completion of the key projects in the Hamilton Zoo Master Plan.</p>
Objective of the project	<p>To increase the profile of the Hamilton Zoo and Waiwhakareke Natural Heritage Park locally, nationally and internationally and create an efficient and high-quality visitor arrival experience to two of the city's key visitor destinations, through:</p> <ul style="list-style-type: none"> • A new Zoo entrance building; and • Visual and physical connections between the Zoo and Waiwhakareke. <p>The ultimate outcomes to be achieved with the above are to:</p> <ul style="list-style-type: none"> • Enhance and improve the community's engagement with and understanding of conservation within New Zealand and abroad (improved education, wildlife and nature experience); • Attract more visitors to these sites and encourage visitors to stay longer in Hamilton, enhancing dollar spend per visitor; and • Encourage the use of the precinct by the local community as a recreation space and place for social connection.
Wellbeing outcomes	<p>The Council's purpose is to improve the environmental, social, cultural and economic wellbeing of our community. The delivery of the Zoo / Waiwhakareke entry precinct will focus aspirations across all these areas. The following proposed wellbeing outcomes will be sought through this project:</p> <p>Environmental wellbeing – the project has significant potential to improve environmental wellbeing in Hamilton. Waiwhakareke natural heritage park is a unique and important space for improving biodiversity outcomes within the city and the work undertaken by the Zoo promotes conservation and environmental education. Improving the infrastructure for these facilities providing greater access and education opportunities for residents and visitors alike.</p> <p>Cultural wellbeing – Both the Zoo and Waiwhakareke are acknowledged as important sites for enhancing cultural wellbeing in Hamilton. Waiwhakareke speaks strongly to Maaori heritage and will provide an opportunity for the community to have insights into the city's landscape pre-European settlement. As an important cultural site for Mana Whenua Waiwhakareke provides an important meeting space where all cultures can gather and share knowledge and experiences to building cultural wellbeing.</p> <p>Social wellbeing – Waiwhakareke and Hamilton Zoo both provide opportunities for informal play and recreation in Hamilton. This contributes to residents and visitors staying active and experiencing their surroundings in an active way that will improve their social wellbeing. Both the Zoo and Waiwhakareke's peaceful, natural landscapes complement our active city environment and contribute to our community's mental as well as physical wellbeing.</p> <p>Economic wellbeing – This project will enhance the attractiveness of the Zoo and Waiwhakareke as a visitor destination and will encourage an increased length of stay and spend per visitor both within the City and in the wider region thereby improving economic outcomes.</p>
Strategic alignment	<p>The Zoo/Waiwhakareke Shared Entry Precinct project delivers on outcomes or goals in the following Council strategies and plans:</p> <ul style="list-style-type: none"> • Hamilton Zoo Master Plan • Play Strategy • Hamilton City Council Open Space Plan • Compliance with regulations and Council policies (health and safety and MPI)
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input checked="" type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>

Constraints and dependencies	<p>The proposed funding model for the project means that elements linked to Waiwhakareke (Stage 1b) will be dependent on successful external funding applications and can only be delivered if external funding can be achieved. The value of these projects that are likely to attract external funding is currently estimated at \$1.8M.</p> <p>The timing of the walkway including pedestrian crossing from the Zoo to Waiwhakareke needs to be aligned with the Brymer Road upgrade which is a transportation project budgeted in year 6 (2023/24) of the 2018-28 Long-Term Plan.</p>
Level of significance	<p>This project has been assessed against Council's criteria and is considered of low significance. Areas of medium impact relate to public interest and project timing as it proposes increased expenditure within the 2018-2028 timeframe. See document D-3204756.</p>

2.0 Options Analysis

Option 1 of 3

Name	Status Quo: 2018-28 Long-Term Plan approved proposal – the precinct delivered in full	
Description	<p>This option sees the Council continue with the approved 2018-28 Long-Term Plan proposal to upgrade the Zoo entry buildings, car parking, connections serving both the Zoo and Waiwhakareke, and a new function/education centre. This option includes stages 1, 2 and 3 of development as proposed by staff as well as the new visitor attraction (animal encounter).</p> <p>Estimated Costs</p> <ul style="list-style-type: none"> Estimated total cost (Stage 1-3) based on recent QS of the concept design is \$14.65 M* The cost of the visitor attraction is \$350k The total estimated cost including the new visitor attraction therefore is \$15.00M. The estimated potential external revenue for the project is \$2.5M. <p><i>*A recent QS has been undertaken for stages 1a and 1b based on concept designs but QS for stages 2 and 3 in detail is still to be done.</i></p>	
In scope deliverables	<p>Demolition of current building and construction of new building including:</p> <ul style="list-style-type: none"> Inward and outward facing café Improved education, ticketing and retail space Covered walkway attached to the building Immediate path connecting east and west Landscaping around the building New visitor attraction Waiwhakareke entrance (walkway and landscaping) Waiwhakareke and Rongoa walkways and Waiwhakareke canopy and viewing platform Entrance Precinct car parks New function/education centre 	
Out of scope deliverables	<p>The Brymer Road Upgrade project will be delivered by City Transportation and the budget for this (\$8M) is not included in the above budget figures, however the timing of the two projects will need to be aligned.</p>	
Risks and mitigations	Risks	Mitigations
	Disruption to business/services during construction period	Construction will be staged to utilise existing facilities until the project is completed
	Decline in visitor numbers/satisfaction due to construction	Staged construction to ensure business continuity and quality visitor experience

	Not proceeding with replacing the existing building: <ul style="list-style-type: none">Steadily declining visitor experience with associated reputation risks.Missed opportunities for profile for the Zoo and Waiwhakareke, visitor attraction and gain associated economic benefits.Disruption to business functions/visitor services from failing facilities.Opportunity lost to provide needed community facilities.						Continue to do the best with what we have.	
	Reputational risks of not doing the project include: <ul style="list-style-type: none">Not meeting visitor and public expectations for modern and efficient servicesnot being seen to look after our assetsnot implementing the Zoo Master Plannot continuing to develop Waiwhakareke						The staged development allows for steady and transformational progress while also managing spend and quantum of work prudently.	
	The project not being completed on time and within budget.						Strong project management and detailed design/QS prior to commencement. Staged approach enables review points to ensure resources, timing and funding are appropriate.	
	Not meeting the target for external funding for stage 1B.						Funding/sponsorship plan developed to guide funding and grant applications which will be overseen by the Partnerships Funding team.	
Benefits	<ul style="list-style-type: none">Improved and safer roading/cycling and pedestrian access, community infrastructure and facilities including the replacement of end of life buildingsCreation of an impactful arrival experience and the physical connection of the Zoo and Waiwhakareke to create one highly attractive and unique visitor and tourism offeringIncreased awareness and promotion of conservation and Hamilton’s role in this globallyIncreased revenue through improved visitation and venue-hire opportunities and economic and tourismProvide a significantly improved visitor experience and education offerings, connecting people with wildlife and nature experiencesCreation of an inward and outward facing café for not only visitors but the local community and delivery of a community hub in Hamilton that fills a current facilities gap for local residentsIncreased length of stay of visitors in the city and the regionCreation of a unique native experience for visitorsImproved stormwater treatment of road and carpark runoff							
Cost impact								
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT								
Depreciation and Amortisation					139	139	139	417
Consequential opex ¹				135	167	188	196	686
Value of any assets to be disposed of				228				228
Total Opex Impact				363	306	327	335	1,331

CAPEX IMPACT								
Capital expenditure ²	250	250	4,552	2,517	2,831	4,600		15,000
Capital subsidy (i.e. grants or NZTA) ³	0	0	-900	-900	-700			-2,500
Total Capital Impact⁴	250	250	3,652	1,617	2,131	4,600	0	12,500

¹ Consequential opex excludes any costs associated with retail activity with the assumption that this will remain unchanged. Opportunity to revisit figures in LTP as more information becomes available.

² Original budget was \$5.9M (incl. inflation) of which \$250k was spent in 2018/19 and \$250k is forecast to be spent in 2019/20. Total expenditure also includes \$350k for new visitor attraction (animal enclosure).

³ \$330k of the budgeted capital revenue has been secured to date.

⁴ \$700k of transport budget allocated to the Brymer Road upgrade in year 6 is requested to be brought forward to year 3 to enable design works and alignment of this project with the entry precinct works. This is a separate budget and not included in the above.

Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding
Procurement process	Tender RFT
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High

Option 2 of 3

Name	Staged approach - Stage 1(a): Renewal of end of life Zoo entrance building only
Description	<p>This option includes the staged demolition and replacement of the current Zoo entrance building. Through the renewal of the entrance building there is an opportunity through smart design and layout to significantly improve its functionality and appearance and the visitor arrival experience.</p> <p>The replacement building will include:</p> <ul style="list-style-type: none"> • removal of the old building • landscaping around the new building • an inwards and outwards facing café • limited education space • improved retail and ticketing area • temporary car park • Immediate path connecting east to west side (externally funded) <p>Stage 1(a) also includes a new visitor attraction with Council funding allocated in the 2018-28 Long-Term Plan of \$350,000. This funding was tagged for Lemur walkthrough. Upon further research, this attraction has been discounted as these animals can quickly become sensitised to public access. The Zoo is confident it can replace this attraction with an enclosure that will be very popular with the public.</p> <p>Stage 1(a) excludes any projects related to the Waiwhakareke entrance or linking the Zoo and Waiwhakareke except the immediate path next to the entrance building connecting east and west (This will be externally funded)</p>

	Estimated Costs <ul style="list-style-type: none"> Estimated total cost based on recent QS of the concept design is \$5.11M. The cost of the new visitor attraction is \$350k. \$330k external funding achieved to date towards this and other Waiwhakareke connection elements. The total estimated cost including the new visitor attraction therefore is \$5.46M (this includes \$500k spent to date on design) No further opportunity to seek additional external funding for Stage 1(a) due to the Zoo being deemed by funders to be a commercial entity and building renewal. 	
In scope deliverables	Demolition of current building and construction of new building including: <ul style="list-style-type: none"> Inward and outward facing café which includes bookable meeting spaces Improved education, ticketing and retail space Covered walkway attached to the building Immediate path connecting east and west side and landscaping around the building New visitor attraction Temporary car park on Western (Waiwhakareke) side would need to be installed at a cost of \$50k. 	
Out of scope deliverables	<ul style="list-style-type: none"> Waiwhakareke entrance (walkway and landscaping), walkway canopy and viewing platform Entrance precinct carparks Function/ education centre The Brymer Road Upgrade project will be delivered by City Transportation and the budget (\$8M) isn't included in the above budget figures, however the timing of the two projects will need to be aligned. 	
Risks and mitigations	Risks	Mitigations
	Disruption to business/services during construction period	Construction will be staged to utilise existing facilities until the project is completed
	Decline in visitor numbers/satisfaction due to construction	Staged construction to ensure business continuity and quality visitor experience
	Not proceeding with replacing the existing building: <ul style="list-style-type: none"> Steadily declining visitor experience with associated reputation risks. Missed opportunities for profile for the Zoo and Waiwhakareke, visitor attraction and gain associated economic benefits. Disruption to business functions/visitor services from failing facilities. Opportunity lost to provide needed community facilities.	Continue to do the best with what we have.
	Reputational risks of not doing the project include: <ul style="list-style-type: none"> Not meeting visitor and public expectations for modern and efficient services not being seen to look after our assets not implementing the Zoo Master Plan not continuing to develop Waiwhakareke 	The staged development allows for steady and transformational progress while also managing spend and quantum of work prudently.
	The project not being completed on time and within budget.	Strong project management and detailed design/QS prior to commencement. Staged approach enables review points to ensure resources, timing and funding are appropriate.

	Not meeting the target for external funding for stage 1B.						Funding/sponsorship plan developed to guide funding and grant applications which will be overseen by the Partnerships Funding team.	
Benefits	<ul style="list-style-type: none"> • Replacement of an end of life building/ renewal of key HCC building asset • Creation of an arrival experience to Hamilton's key visitor destinations- Zoo and Waiwhakareke • Increased awareness of conservation and Hamilton's role in this globally • Creation of an inwards and outwards facing café for not only visitors but the local community. • Increased visitor revenue • Creation of another community hub in Hamilton 							
Cost impact								
\$000	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT								
Depreciation					139	139	139	417
Consequential opex ¹				135	167	188	196	686
Value of any assets to be disposed of				228				228
Total Opex Impact				363	306	327	335	1,331
CAPEX IMPACT								
Capital expenditure ²	250	250	3,500	1,465	-	-	-	5,465
Capital subsidy (i.e. grants or NZTA) ³	0	0	-330	0	-	-	-	-330
Total Capital Impact⁴	250	250	3,170	1,465	-	-	-	5,135
<p>¹ Consequential opex excludes any costs associated with retail activity with the assumption that this will remain unchanged. Opportunity to revisit figures in LTP as more information becomes available.</p> <p>² Original budget was \$5.9m (incl. inflation) of which \$250k was spent in 2018/19 and \$250k is forecast to be spent in 2019/20. Total expenditure also includes \$350k for new visitor attraction (animal enclosure).</p> <p>³ \$330k of the budgeted capital revenue has been secured to date.</p> <p>⁴ \$700k of transport budget allocated to the Brymer Road upgrade in year 6 is requested to be brought forward to year 3 to enable design works and alignment of this project with the entry precinct works. This is a separate budget and not included in the above.</p>								
Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding							
Procurement process	Tender RFT							
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input type="checkbox"/> Based on historical information – Low to Medium <input checked="" type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High							

Option 3 of 3 (staff recommended option)		
Name	Staged approach - Stage 1 (a + b): Replacement of end of life Zoo entrance building + Waiwhakareke entrance and linkage	
	<p>This option is the combination of option 2 above, which includes the demolition and replacement of the current Zoo entrance building and the delivery of the Zoo-Waiwhakareke walkway and play and education elements in the Heritage Park.</p> <p>With the renewal of the entrance building there is an opportunity through smart design and layout to improve functionality and visitor arrival experience including (stage 1a);</p> <ul style="list-style-type: none"> • an inwards and outwards facing café • limited education space • an improved retail and ticketing area • Covered walkway attached to the building • Immediate path connecting east and west side • Landscaping around the new building and removal of the old building. • Temporary car park <p>In addition, this option includes Waiwhakareke-related elements (Stage 1b):</p> <ul style="list-style-type: none"> • Waiwhakareke entrance (walkway and landscaping) • Waiwhakareke walkway canopy • Viewing platform <p>This option also includes a new visitor attraction. Council funding of \$350k was allocated in the 2018-28 Long-Term Plan, tagged for lemur walkthrough. Upon further research, this attraction has been discounted as these animals can quickly become sensitised to public access. The Zoo is confident it can replace this attraction with an enclosure that will be very popular with the public.</p> <p>Estimated Costs</p> <ul style="list-style-type: none"> • Estimated total cost based on recent QS of the concept design is \$7.219M. • Cost of visitor attraction is \$350k • The total estimated cost including the new visitor attraction therefore is \$7.569M (includes \$500k expenditure to date) • There is an opportunity to seek external funding for \$1.8M for Waiwhakareke-related projects. 	
In scope deliverables	<p>Demolition of current building and construction of new building including:</p> <ul style="list-style-type: none"> • Inward and outward facing café • Improved education, ticketing and retail space • Covered walkway attached to the building • Immediate path connecting east and west side and Landscaping around the building • Waiwhakareke entrance (walkway and landscaping) • New Visitor Attraction (tbc) • Waiwhakareke Walkway Canopy, Viewing Platform, Rongoa Walkway • Temporary car park on Western (Waiwhakareke) side would need to be installed at a cost of \$50k. 	
Out of scope deliverables	<ul style="list-style-type: none"> • Entrance Precinct Carparks • Function/ Education Centre • The Brymer Road Upgrade project will be delivered by City Transportation and the budget for this (\$8M) is not included in the above budget figures, however the timing of the two projects will need to be aligned. 	
Risks and mitigations	Risks	Mitigations
	Disruption to business/services during construction period	Construction will be staged to utilise existing facilities until the project is completed

	Decline in visitor numbers/satisfaction due to construction	Staged construction to ensure business continuity and quality visitor experience
	Not proceeding with replacing the existing building: <ul style="list-style-type: none"> Steadily declining visitor experience with associated reputation risks. Missed opportunities for profile for the Zoo and Waiwhakareke, visitor attraction and gain associated economic benefits. Disruption to business functions/visitor services from failing facilities. Opportunity lost to provide needed community facilities. 	Continue to do the best with what we have.
	Reputational risks of not doing the project include: <ul style="list-style-type: none"> Not meeting visitor and public expectations for modern and efficient services not being seen to look after our assets not implementing the Zoo Master Plan not continuing to develop Waiwhakareke 	The staged development allows for steady and transformational progress while also managing spend and quantum of work prudently.
	The project not being completed on time and within budget.	Strong project management and detailed design/QS prior to commencement. Staged approach enables review points to ensure resources, timing and funding are appropriate.
	Not meeting the target for external funding for stage 1B.	Funding/sponsorship plan developed to guide funding and grant applications which will be overseen by the Partnerships Funding team.
Benefits	<ul style="list-style-type: none"> Replacement of an end of life building/ renewal of key HCC building asset Creation of an arrival experience to Hamilton's key visitor destinations- Zoo and Waiwhakareke Linkage of the Zoo and Waiwhakareke to one destination Provide a significantly improved and more inviting visitor experience including improving the education offering at the Zoo and Waiwhakareke. Increased awareness and promotion of conservation and Hamilton role in this globally Creation of an inwards and outwards facing café for not only visitors but the local community (hub). Replacement of an end of life building Increased length of stay of visitors Unique native experience for visitors 	

Cost impact								
\$000	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT								
Depreciation					139	139	139	417
Consequential opex ¹				135	167	188	196	686
Value of any assets to be disposed of				228				228
Total Opex Impact				363	306	327	335	1,331
CAPEX IMPACT								
Capital expenditure	250	250	4,552	2,517				7,569
Capital subsidy (i.e. grants or NZTA) ³			-900	-900				-1,800
Total Capital impact²	250	250	3,652	1,617				5,769

¹ Consequential opex excludes any costs associated with retail activity with assumption that this will remain unchanged. Opportunity to revisit figures in LTP as more information becomes available.

² Original budget was \$5.9 M (incl. inflation) of which \$250k was spent in 2018/19 and \$250k is forecast to be spent in 2019/20. Total expenditure also includes \$350k for visitor attraction.

³ \$330k of external funding achieved to date, proposed to be deferred to 20/21.

⁴ \$700k of transport budget allocated to the Brymer Road upgrade in year 6 is requested to be brought forward to year 3 to enable design works and alignment of this project with the entry precinct works. This is a separate budget and not included in the above.

Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding
Procurement process	RFT Tender
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input checked="" type="checkbox"/> Quantity surveyor costings – High

Preferred Option – Option 3 above	
Stage 1 (a + b): Replacement of end of life Zoo entrance building + Waiwhakareke entrance and linkage	<p>The preferred option seeks the additional funding required to commence with stages 1a and 1b of the Zoo/Waiwhakareke Shared Entry Precinct programme and that stages 2 and 3 are considered through the LTP. This allows for further QS and investigation work for these stages to be undertaken to establish a high level of cost confidence and the scope of the external revenue opportunity.</p> <p>Council funding of \$350k was allocated in the 2018-28 Long-Term Plan for new visitor attraction and was tagged to a lemur walkthrough. This business case recommends the reallocation of the \$350k to another new visitor attraction that aligns with the new capital development.</p> <p>In addition, it is recommended that \$700k of transport funding allocated for Brymer Road in year 6 (2023/24) is brought forward to year 3 (2020/21) to enable design works and to align the roading construction in the following year with the entry precinct project.</p>

Financial impact	<p>Capital expenditure: Total budgeted capital expenditure in LTP (incl. inflation): \$5.926M Total proposed capital expenditure to complete Stages 1a and 1b: \$7.569M Additional required capital expenditure: \$1.643M</p> <p>Operational expenditure: Operational saving of \$94k made in 20/21 (\$44k depreciation and \$50k consequential opex \$89k additional opex required in 21/22 for the disposal of assets Consequential opex in future years (22/23 onwards) remains unchanged with the opportunity to adjust figures through the LTP as required.</p> <p>Capital revenue: Budgeted capital revenue in LTP: \$3.185M Proposed capital revenue: \$1.8M Decrease in capital revenue component: - \$1.385M. This decrease is due to the renewal of the building and commercial components of the project being unattractive for external funders.</p>
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Hamilton City Council Light Business Case

10.

Business Case name: Annual Plan
Proposal – Infrastructure
Operations Resourcing

Trim document number: D-3290440



Hamilton City Council
Te kaunihera o Kirikiriroa

Summary

Business Case Name	2020-21 Annual Plan Proposal – Infrastructure Operations resourcing request
Description	<i>Additional resourcing required to deliver on the HCC Long Term Plan, respond to growth, increasing compliance requirements including incident and complaint response, legislative changes and operational services for Transport, Water, Wastewater, Stormwater and Rubbish and Recycling activities within the Infrastructure Operations Group.</i>
Staff Recommendation	Option 2 – approve 2020-21 Annual Plan Proposal – Infrastructure Operations resourcing - request to mitigate the high risk of non-compliance with legislative and resource consent requirements. To provide operational staff resilience for the operational delivery of approved 3 waters, transport and solid waste LTP operational and capital work programmes, delivery on organisational business requirements and central government legislative changes and reviews.

Review/Approval Summary

Author	Name:	Tania Hermann
	Position:	Group Business Manager
Business Owner	Name:	Eeva-Liisa Wright
	Position:	General Manager, Infrastructure Operations
Project Sponsor	Name:	N/A
	Position:	
Project Manager (if known)	Name:	N/A
	Position:	
Gateway Review Committee (endorse)ⁱ	Date:	N/A
	Minutes CM Reference:	
Steering Group (approve)^j	Date:	N/A
	Minutes CM Reference:	
Council Approval	Date:	<i>If through the Annual Plan or LTP use date this is approved</i>
	Minutes CM Reference:	

1.0 Strategic Case

Outline the issue and current situation	<p>The 2018-28 Long Term Plan included \$2B of new investment in roads, water and wastewater services, parks and community facilities, and to support growth.</p> <p>After the plan was adopted the Chief Executive initiated a reorganisation of the Council's City Infrastructure Group to deliver this investment in the most efficient, innovative and cost-effective way. The City Infrastructure Group was split into two, and a new group, Development, was created to focus on the capital programme of work and the Infrastructure Operations Group realigned to deliver the operational aspects for the:</p>
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	<ul style="list-style-type: none"> • Delivery of high quality drinking water, wastewater and stormwater services • Delivery of transport management (all modes), safety, optimisation and planning programmes • Delivery of solid waste including rubbish and recycling services, waste management and minimisation programmes • Undertaking education, compliance and regulatory management for the above • Owning Activity and Asset Management Plans, including renewal planning. <p>The Infrastructure Operations Group has approximately 200 staff split over five activity groups:</p> <ul style="list-style-type: none"> • Transportation • Water • Wastewater • Stormwater • Rubbish and recycling <p>The essential services provided by each activity is integral to how the city functions – from having safe running water, to safe commuting across the city, to enjoying a clean environment in which to work, live and play.</p> <p>Since the split of the two Groups in 2018, other than the additional LTP funded positions, no significant changes have been made to the Infrastructure Operations Group structure. With the increasing demand on workflows created by the effects of the increased Capital Works programme, increasing compliance expectations and developments within a growing city, there is a need to review how the Group is able to keep up with its operational business requirements.</p>
Prior consideration	<p>A number of additional positions were included in the development of the LTP budgets, however, these were an estimate of resourcing in regard to staff time and development projections. This estimate has been identified as being considerably short on the resourcing required to keep up with the approved LTP operational and capital work programmes, delivery on organisational business requirements and central government legislative changes and reviews.</p> <p>To enable the Infrastructure Operations Group to run to its required capacity, additional positions are required. Operational budgets have been reviewed to accommodate some of the new proposed positions which will be offset by a projected revenue from NZTA subsidy, capital projects and waste levy funding which will continue to be received. In addition to this, remuneration reviews need to take place for key operational staff to ensure alignment with the market. These positions are hard to fill positions and staff with these skill sets are highly sought after particularly in transport and 3 waters operations.</p>
Impact of the issue on the community	<p>If the Infrastructure Operations Group is not resourced to deliver on the approved programme of work and also organisational business requirements it may have an impact on:</p> <ul style="list-style-type: none"> • a resilient water treatment and supply of Aa grade, high quality, safe drinking water to Hamilton residents and businesses • Continued compliance with wastewater and stormwater services and consents • Delivery of safe and high quality transport services (all modes) • Delivery of high quality solid waste services, waste management and minimisation • Undertaking education, compliance and regulatory management for all activities • Owning Activity and Asset Management Plans, including renewal planning • Protection of the environment and public health <p>Without sufficient resourcing, key projects and activities and incidents will not be able to be delivered and or be responded to in a timely manner. A growing city has also impacted existing operations requiring roles approved in years 4, 5 and 9 of the Long-Term Plan to be brought forward to deliver on anticipated central government legislative changes, increasing work programmes including</p>

	environmental compliance requirements and expectations from Waikato Regional Council for managing resource consents conditions and notification requirements.
Objective of the project	<p>Realignment of roles and responsibilities has highlighted gaps in resourcing. The objective of this project is to fill these gaps to enable staff to deliver on the key activities and respond within agreed timeframes to overflow incidents and monitoring of bylaws within a high growth City.</p> <p>The Group review of roles has also identified better alignment of roles and responsibilities, ensuring that the right roles will be delivering on the right outcomes.</p>
Wellbeing outcomes	<p>Council's purpose is to improve the environmental, social, cultural and economic wellbeing of our community.</p> <p>The Infrastructure Operations Group is responsible for:</p> <ul style="list-style-type: none"> • Delivering high quality water, wastewater and stormwater services • Delivering high quality transport services (all modes) • Delivering high quality solid waste services, waste management • Undertaking education, compliance and regulatory management for all activities <p>These deliverables align with and deliver on all of the wellbeing outcomes.</p>
Strategic alignment	<p>This project will deliver on the programme of work that is currently outlined and funded for through the 2018-28 LTP.</p> <p>Waikato Tainui Environmental Plan Access Hamilton Strategy The Hamilton Biking Plan Hamilton to Auckland Corridor Metro Spatial Plan including mass transit and mode shift plans Regional Land Transport Plan Regional Public Transport Plan Legislative Change - Water Services Bill Draft Climate Action Plan HCC 2018-26 Waste Management and Minimisation Plan</p>
Alignment to Long-Term Plan	<input checked="" type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing) <input checked="" type="checkbox"/> New unbudgeted project/service <input type="checkbox"/> Removal of a budgeted project/service
Constraints and dependencies	Covid-19 impacts on the central Government 3 waters Review timing.
Level of significance	Low

2.0 Options Analysis

Option 1		
Name	Status Quo –no additional resourcing, no bringing forward of 2018-28 LTP roles.	
Description	Operations within the 3 waters, Transport solid waste areas will continue as status quo, with no resilience and just in time or deferred work programmes	
In scope deliverables	Continue to deliver strategies and plans just in time or deferring work.	
Out of scope deliverables	Any new additional projects outside of the approved 2018-28 LTP work programmes limited by skills and capacity of staff	
Risks and	Risks	Mitigations
	Non compliance - Increased response times to	Allow non compliance and pay the fine rather

mitigations	overflow incidents risking non compliance with WRC granted Resource consents and Legislative requirements resulting in court convictions, decreased water supply quality and associated costs in regards to remediation and court fines.		than comply.			
	Not delivering on LTP and annual plan projects and activities or projects and activities are delayed due to resourcing constraints.		Reprioritise capital and operational work programme. Put projects on hold, defer into future years until resourcing becomes available.			
	3 waters management including treatment and supply is not prepared for legislative reform of the water services being provided by local authorities.		Be reactive to changes. Do not have a structure in place to deliver and lead legislative reform on 3 waters			
	No staff resilience in 3 waters management including treatment and supply. Increased risk to staff wellbeing and safety due to lack of resource resilience to cover shift work, on call duties, annual and sick leave.		Work at pandemic level orange and red of business continuity plans. Risk appetite high for non compliance with Health Act and WRC granted resource Consent conditions.			
	Level of service and urgent response and resolution times for customer complaints and requests for service may not meet LTP key performance targets. Reputational risk of not responding within an acceptable timeframe.		Reduce Level of service targets to align with resourcing.			
	May not be able to met the statutory timeframes for Roading Control Authority review and traffic impact assessments of resource consent applications.		Do not review any resource consent plans that are provided meaning that suboptimal infrastructure decisions being made resulting in increased costs to Council			
Benefits	What are the benefits the community/organisation will experience if this option is selected?					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex						
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact						
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input type="checkbox"/> Requires Council to approval additional funding					
Procurement process	N/A					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Option 2		
Name	Infrastructure Operations Resourcing - New Staff Resourcing and bringing forward of 2018-28 LTP roles	
Description	<p><i>Fund the Infrastructure Operations Group: Total</i></p> <p>Total of \$830,000 net opex of which \$250,000 is already included in 2018-28 LTP future years resulting in a \$580,000 opex impact on LTP YR 3.</p> <p><i>Transport –Partially Funded by capital projects and NZTA subsidy</i></p> <ul style="list-style-type: none">- Senior Transport Planner -- Active and Sustainable Transport Engineer- Active Transport Project Engineer- Safety Transport Engineer- Customer and Business Performance advisor <p><i>Water, Wastewater, Stormwater</i></p> <ul style="list-style-type: none">- Compliance Officer (3 Waters and waste Inspections) brought forward from Yr 9 10YP)- Apprentice 1 – Waters (brought forward from Yr 4 10YP)- Apprentice 2 – Waters (brought forward from Yr 5 10YP)- Intermediate Planner- Customer and Business Performance advisor <p><i>Rubbish and Recycling – (both roles fully funded by waste levy funding)</i></p> <ul style="list-style-type: none">- Communications and Education Advisor – Waste Minimisation education and engagement- Customer services role – (2020-21 only)	
In scope deliverables	<p>Personnel for Infrastructure Operations that will deliver –</p> <ul style="list-style-type: none">- Transport mode shift design, implementation and delivery- Transport planning to support mode shift and parking alignment with strategies- Planning, Reporting and Operations resilience including Council committee reports- Support during the transition of Water and Wastewater Legislative and regulation changes- Waste minimisation education as per Council approved 2018-26 Waste Management and Minimisation Plan and actions	
Out of scope deliverables		
Risks and mitigations	Risks	Mitigations
	Recruitment may be delayed should the correct skills not be found.	Reprioritise capital and operational work programme, Use consultants to complete work
	Covid-19 continues to add staffing pressure onto essential services staff in the 3 waters operations	Work at pandemic level red of business continuity plans. Increased risk of non compliance
Benefits	<p><i>What are the benefits the community/organisation will experience if this option is selected?</i></p> <p>Environment and public health protected with compliance with resource consent conditions and response expectations and requirements. Clean streets as kerbside waste will be monitored and actioned under bylaws and Litter Act infringements. Safe travelling and transport infrastructure working towards vision zero. Resilient skilled operations staff to ensure continued safe quality drinking water is treated and supplied and wastewater is captured and treated to Hamilton Residents.</p>	

Cost impact									
	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	
OPEX IMPACT									
Personnel	1,140,000	1,080,000	1,010,000	1,010,000	1,010,000	1,010,000	920,000	920,000	
Consequential opex	80,000	70,000	60,000	60,000	60,000	60,000	50,000	50,000	
Less: Revenue	390,000	390,000	390,000	390,000	390,000	390,000	390,000	390,000	
Total Opex Impact	\$830,000	\$760,000	\$680,000	\$680,000	\$680,000	\$680,000	\$580,000	\$580,000	
Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding								
Procurement process	N/A								
Cost confidence	<input checked="" type="checkbox"/> Rough order estimate – Low <input type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High								

Preferred Option	Option 2
Infrastructure Operations - Resourcing	To mitigate the high risk of non compliance with legislative and resource consent requirements and provide operational staff resilience for the operational delivery of approved 3 waters, transport and solid waste LTP operational and capital work programmes, delivery on organisational business requirements and central government legislative changes and reviews.
Financial impact	\$830,000 opex 2020-21

Hamilton City Council Light Business Case

11.

Business Case name: Growth
Programmes Funding

Trim document number: D-3260973



Hamilton City Council
Te kaunihera o Kirikiriroa

Summary	
Business Case Name	2020-21 Annual Plan proposal - Growth Programmes Funding
Description	<i>Resourcing and professional costs to continue to deliver on the work required to respond to and plan for growth. This includes Government growth funding and financing initiatives like Shovel Ready and IFF, the Rotokauri Detailed Business Case and Private Developer Agreement, planning for growth for the Long Term Plan and programme management for Peacocke and Central City. This also includes funding for a Ruakura Programme Manager which is dependent on the Government decision on our Shovel Ready funding application.</i>
Staff Recommendation	Option 2 – Approve 2020-21 Annual Proposal – Growth Programmes Funding - to fund Growth Programmes Team Resourcing, including a Ruakura Programme Manager and professional costs for Rotokauri PDA.

Review/Approval Summary	
Author	Name: Karen Saunders Position: Growth Programmes Manager
Business Owner	Name: Jen Baird Position: GM Growth
Project Sponsor	Name: Jen Baird and Blair Bowcott Position: GM Growth and Executive Director Special Projects
Council Approval	Date: Minutes CM Reference:

1.0 Strategic Case

<p>Outline the issue and current situation</p>	<p>The Growth Programmes team was formed in 2019 to support a new way of planning for and delivering major growth projects with a focus on wellbeing for the community.</p> <p>With a strong focus on stakeholder engagement, the team is focussed on embedding new ways of working across Council and with our partners, including central government agencies.</p> <p>In addition to the Peacocke Programme, the team has picked up several new initiatives.</p> <p>These include:</p> <ul style="list-style-type: none"> ▪ Shovel Ready Stimulus Packages ▪ Infrastructure Funding & Financing (IFF) ▪ Rotokauri Detailed Business Case and Private Developer Agreement (PDA) ▪ Leading the Growth Workstream for the Long Term Plan (LTP) ▪ Supporting the draft Metro Spatial Plan Engagement ▪ Programme Management for Central City <p>There will be new work to do should the Government choose to fund the Ruakura Shovel Ready funding application. This would need a Programme Manager to apply the Programme Management approach used in Peacocke to Ruakura.</p> <p>Some of the work outlined above was funded in the 2019/20 annual plan (e.g. the Rotokauri Detailed Business Case). However, except for Central City Programme and the Peacocke Programme, there is no funding available in the 2020/21 Annual Plan to continue this work.</p> <p>This business case explores several options for funding this work in the 2020/21 Annual Plan.</p> <p>Staff are also working on options for funding this work in the 2021-31 Long Term Plan.</p>
<p>Impact of the issue on the community</p>	<p>Without continued funding, the Growth Programmes team will need to stop working on several of the initiatives above.</p> <p>The consequences of stopping the work could include:</p> <ul style="list-style-type: none"> ▪ Poor engagement with stakeholders and partners on key growth projects, leading to sub-standard outcomes ▪ Disjointed approach to long term planning and delivery for growth within Council and with our subregional partners ▪ Lost opportunity from savings arising from alternative funding streams such as Private Developer Agreement and IFF for Rotokauri ▪ Uncoordinated response to Government Stimulus initiatives, e.g. Shovel Ready leading to reputational damage, non-delivery of required outcomes and potential lost opportunities during delivery ▪ Lost opportunity to align with our regional partners to include funding in the 2021-31 LTP to get new growth areas game ready, for example strategic land agreements and funding to deliver some of the transformational outcomes that the Metro Spatial Plan seeks to achieve. The window for that planning is May – August 2020. <p>These consequences impact the community from a financial and wellbeing sense. The work that the Growth Programmes team are doing today will impact on the wellbeing outcomes of new communities and neighbourhoods in 15-20 years' time.</p> <p>Examples of impacts on the community include:</p> <ul style="list-style-type: none"> ▪ Poor housing and community outcomes – 'soulless suburbs' ▪ Decreased sense of community through lack of or delay in construction of community amenity in new growth areas

	<ul style="list-style-type: none">▪ Availability of developer ready land at the right time▪ Changes to affordability of homes resulting from lack of developable land, high Development Contributions etc.▪ High DC's for developers or delays to developments/financial pressure▪ Pressure on education providers, for example Ministry of Education and Early Childhood Centres.																				
Objective of the project	<p>To improve the wellbeing of Hamiltonians by transforming the way that we embrace and deliver growth, growing new communities in a joined up way and getting us game ready for new growth funding opportunities.</p> <p>The options look at funding a combination of opex for:</p> <table><tr><th></th><th>Component</th><th>Option 1</th><th>Option 2</th></tr><tr><td>a)</td><td>Resourcing for the core Growth Programmes Team:<ul style="list-style-type: none">- Growth Programmes Manager- Project Manager Growth- Programme Coordinator (50%)</td><td>\$290,000</td><td>\$290,000</td></tr><tr><td>b)</td><td>Professional Costs for the Rotokauri Private Developer Agreement, which is a critical piece of work connected to the Rotokauri Detailed Business Case. Costs include:<ul style="list-style-type: none">- Consultants \$50k- Legal \$50k</td><td>-</td><td>\$100,000</td></tr><tr><td>c)</td><td>A Ruakura Programme Manager. Note, this is dependent on the Government on Shovel Ready funding application decision. If the funding is approved and the opex programme management costs are included, then this will not be required.</td><td>-</td><td>\$135,000</td></tr><tr><td></td><td></td><td>\$290,000</td><td>\$525,000</td></tr></table> <p>Note, the Rotokauri Detailed Business Case was due to be completed by June 2020. It was paused to allow the financial modelling for the case to incorporate the potential changes arising from the Annual Plan and COVID-19. There is a separate CE Request requesting carry over of \$200,000 of unspent funds from 2019/20 into the 2020/21 Annual Plan to complete the Rotokauri Detailed Business Case.</p>		Component	Option 1	Option 2	a)	Resourcing for the core Growth Programmes Team: <ul style="list-style-type: none">- Growth Programmes Manager- Project Manager Growth- Programme Coordinator (50%)	\$290,000	\$290,000	b)	Professional Costs for the Rotokauri Private Developer Agreement, which is a critical piece of work connected to the Rotokauri Detailed Business Case. Costs include: <ul style="list-style-type: none">- Consultants \$50k- Legal \$50k	-	\$100,000	c)	A Ruakura Programme Manager. Note, this is dependent on the Government on Shovel Ready funding application decision. If the funding is approved and the opex programme management costs are included, then this will not be required.	-	\$135,000			\$290,000	\$525,000
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Wellbeing outcomes	The work the growth programmes team does touches on all wellbeing outcomes.																				
Strategic alignment	Hamilton to Auckland Corridor Plan and Hamilton to Waikato Metro Spatial Plan Hamilton Urban Growth Strategy 30 Year Infrastructure Strategy																				
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input checked="" type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>																				
Constraints and dependencies	The Ruakura Programme Manager is dependent on Government decision on Shovel Ready funding.																				
Level of significance	Low																				

2.0 Options Analysis

Option 1						
Name	Fund Growth Programmes Team Resourcing Only					
Description	Total of \$290,000 opex to fund personnel costs for the 2020/21 Annual Plan for the current Growth Programmes team resources including: <ul style="list-style-type: none"> ▪ Growth Programmes Manager ▪ Project Manager Growth ▪ Programme Coordinator 					
In scope deliverables	Continued coordination of Shovel Ready Work, Rotokauri Detailed Business Case, Infrastructure Funding & Financing work, Growth Workstream of the Long Term Plan, Peacocke and Central City Programmes.					
Out of scope deliverables	Rotokauri PDA Ruakura Programme Manager Funding for any other new growth areas or shovel ready resources that may be required.					
Risks and mitigations	Risks			Mitigations		
	Lost opportunity for alternative funding and significant savings for Rotokauri, as a result of ceasing work on the PDA. This could also result in substandard outcomes if the developer chooses to forge ahead with developments in the area on a consent by consent basis before Council has delivered the strategic infrastructure necessary to enable developments.			Status quo LTP timing for infrastructure. Resource consenting process, although controls are limited.		
	Lost opportunity to deliver Ruakura in a joined up way using a programme management approach, resulting in reduced quality of community outcomes.			Standard delivery.		
	Loss of knowledge and key talent if not funded.			Redeployment if available.		
Benefits	Retention of key staff and relationships with key stakeholders. Wellbeing outcomes for Peacocke, Rotokauri, Central City, Shovel Ready Projects (if approved) and from our joined up approach to long term planning for growth.					
Cost impact						
<i>Complete with assistance from your Business Support Accountant. Add extra columns if the impact extends beyond 5 years</i>						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel	290,000					
Other opex						
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	290,000					
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)	0					
Total Capital Impact	0					
Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding					
Procurement process	Not applicable					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Option 2																																																																														
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Description	<p>In addition to funding personnel costs for the core Growth Programmes Team this option is to also fund professional costs for the Rotokauri PDA and personnel costs for a Ruakura Programme Manager.</p> <p>Total of \$525,000 opex for the 2020/21 Annual Plan which includes:</p> <table border="1"> <thead> <tr> <th></th> <th>Component</th> <th>Option 2 Opex</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>Resourcing for the core Growth Programmes Team: - Growth Programmes Manager - Project Manager Growth - Programme Coordinator (50%)</td> <td>\$290,000</td> </tr> <tr> <td>b)</td> <td>Professional Costs for the Rotokauri Private Developer Agreement, which is a critical piece of work connected to the Rotokauri Detailed Business Case. Costs include: - Consultants \$50k - Legal \$50k</td> <td>\$100,000</td> </tr> <tr> <td>c)</td> <td>A Ruakura Programme Manager. Note, this is dependent on the Government on Shovel Ready funding application decision. If the funding is approved and the opex programme management costs are included, then this will not be required.</td> <td>\$135,000</td> </tr> <tr> <td>-</td> <td></td> <td>\$525,000</td> </tr> </tbody> </table>		Component	Option 2 Opex	a)	Resourcing for the core Growth Programmes Team: - Growth Programmes Manager - Project Manager Growth - Programme Coordinator (50%)	\$290,000	b)	Professional Costs for the Rotokauri Private Developer Agreement, which is a critical piece of work connected to the Rotokauri Detailed Business Case. Costs include: - Consultants \$50k - Legal \$50k	\$100,000	c)	A Ruakura Programme Manager. Note, this is dependent on the Government on Shovel Ready funding application decision. If the funding is approved and the opex programme management costs are included, then this will not be required.	\$135,000	-		\$525,000																																																														
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Procurement process	Not applicable	
Cost confidence	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Rough order estimate – Low Based on historical information – Low to Medium Based on recent quote – Medium Quantity surveyor costings – High

Preferred Option	
Name of preferred option	Option 2 - Fund Growth Programmes Team Resourcing, including a Ruakura Programme Manager and professional costs for Rotokauri PDA.
Financial impact	\$525,000 opex or \$390,000 opex if Government approves Ruakura Shovel Ready funding application and opex for the Ruakura Programme Manager is included within that funding.

14.

Council Report

Committee: Community Committee **Date:** 19 May 2020
Author: Emily Botje **Authoriser:** Lance Vervoort
Position: Facilities Manager **Position:** General Manager Community
Report Name: Council Owned Dwellings

Report Status	<i>Open</i>
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Purpose

1. To recommend to the Community Committee future options for 12 Council owned houses.

Staff Recommendation

2. That the Community Committee approves the:
 - a) Commencement of public consultation and expressions of interest process to consider the redevelopment of houses at 57 and 103 Memorial Drive into a community leased space or café, and \$10,000 to be funded through the 2020/21 Annual Plan, to enable this work to happen.
 - b) Removal of houses at 18A Ruakiwi Road and 2483 River Road, with funding of \$40,000 per dwelling to be provided in the 2020/21 Annual Plan.
 - c) Removal of the house at 140A Cobham Drive with funding to be provided through the proposed 10 Year Plan.
 - d) Removal of the house at 2447 River Road, with funding to be provided through the proposed 10 Year Plan.
 - e) Staff to carry out investigations on opportunities for future use of 88 Crosby Road and report back to the Community Committee with recommendation(s), with funding of \$10,000 to be provided through the 2020/21 Annual Plan to enable the investigations.
3. That the Community Committee recommends to the Infrastructure Operations Committee the removal of houses at 2483 and 2247 River Road.

Executive Summary

4. Council owns 12 dwellings located in parks and operational sites that are either rented to staff or the public.
5. Many of these dwellings are at the end of their life and require considerable renewal investment to ensure that are habitable and compliant in the longer term.
6. Where there is no economic benefit to Council to retain a house, it is possible to revoke the reserve status, survey and sell the dwelling or change its use to provide community spaces. Alternatively, these houses could also be removed and the land return to greenspace.
7. This report provides the following options for consideration:

- Option A – Status quo
 - Continue with ownership, maintenance / renewals and renting to staff or public.
 - This option will provide Council with a nominal return on investment of \$45,000 over a ten-year period.
 - Option B – Staff Recommendation
 - 57 and 103 Memorial Drive – commence public consultation and an expressions of interest process to change use to community space and or commercial café. Works to be funded through the 2020/21 Annual Plan.
 - 18A Ruakiwi Road – remove the dwelling and return the land to green space, works to be funded through the 2020/21 Annual Plan.
 - 140A Cobham Drive – remove the dwelling and return the land to Gardens use. Works to be funded through either the proposed 10 Year Plan.
 - 2483 River Road - remove the dwelling and return the land to pasture, works to be funded through the 2020/21 Annual Plan.
 - 2447 River Road - remove the dwelling and return the land to pasture, works to be funded through the proposed 10 Year Plan. The property is to remain tenanted until funding is made available.
 - 88 Crosby Road – staff to carry out further investigations on potential opportunities for this dwelling and return to the Community Committee with recommendation(s). Works to be funded through the 2020/21 Annual Plan.
 - All other dwellings are to remain, the short-term strategy for these dwellings is to maintain and reactive renewals only (renew upon failure) are undertaken. A cost benefit exercise should be undertaken for all works greater than \$10,000.
 - Option C – Other options for consideration
 - Sale of properties. It is possible to survey and sell houses that hold no operational use to Council. Houses that could be sold include 88 Crosby Road, 2483 and 2427 River Road. It should be noted that both River Road properties have a landfill gas hazard on site
 - Return to greenspace. Houses at Memorial Drive and Crosby Road could be removed and the land returned to greenspace.
 - The house at Ruakiwi Road could be developed into a community space. The cost of doing so is estimated to be \$300,000.
8. Staff consider the decision in this report have a medium significance, public consultation is required prior to a final decision is made. The recommendations comply with the Council's legal requirements.

Background

9. Hamilton City Council has acquired 12 dwellings over many years on land that is used for operational purposes or that is now designated as parks and reserves.
10. All of the dwellings are at the end of their life, ages range from 50 years to over 100 years old. Significant investment is now required to bring them up to a reasonable standard.
11. Law changes to rental properties came into effect 1 July 2019, with landlords required to install ceiling and underfloor insulation. Works were undertaken in 2019 to ensure compliance for all Council owned dwellings.
12. By 1 July 2024, Council will also be required to improve heating, ventilation, moisture and drainage and draught stopping at each of the houses. In addition to this, due to the age of the house replacements of kitchens and bathrooms are now due. Some houses also require new roofs and structural improvements. None of these dwellings require seismic improvements if kept for residential use.

13. A review of the dwellings has been undertaken by staff to look at future options and costs over the next ten years to determine the best long-term solution for the house.
14. Excluded from this review are:
 - Dwellings owned by Council for the purpose of development (Peacocke, roading etc)
 - Heritage status houses – Beale Cottage and the Old Station Masters House at Hamilton Gardens.

Discussion

15. This section provides a description of each dwelling, its history, current condition and total cost of ownership.
16. Traditionally Council owned dwellings were rented to staff, as staff also provided a security presence in the Parks. Due to safety concerns this role is no longer undertaken, except for phoning the police if a disturbance occurs. Security is now provided by CCTV, alarms and manned security patrols where it is appropriate to do so.
17. For each house the total cost of ownership has been calculated for the next ten years. The total cost of ownership takes into consideration
 - Future legislative improvements
 - Operations and maintenance costs
 - Renewal requirements
 - Market rental income
18. The staff recommendation includes the sale properties. Due to COVID-19, the property market may slump, sale should only take place when the market is favourable.
19. 57 and 103 Memorial Drive
20. Within Memorial and Parana Park there are two dwellings at 57 Memorial and 103 Memorial Drive.



Figure 1: 57 and 103 Memorial Drive

21. Both houses are in good condition and provide a positive financial return of \$90,000 over the next ten years.
22. Access to the houses is through the service road gates to Parana and Memorial parks. As these gates are locked each night, the houses can only be rented to staff.
23. Both houses provide opportunity for community leased use. A change of use will be required involving the surveying off the area and reclassification as Local Purpose (Community) Reserve, with use being appropriate to the park. This process triggers the need for public consultation prior to a final decision being made. A resource consent will also be required.
24. Number 57 could be repurposed as a commercial café, given its centralised location in the park and proximity to the proposed foot bridge. The financial return for Council is dependent on patronage and development set up costs, estimated return could range between \$45,000 to \$90,000 per annum. This opportunity will not need reclassification of the reserve status but will require a resource consent.
25. The costs associated with the redevelopment are difficult to estimate at this stage, as it will be dependent on the proposed use and lease conditions. Council funded redevelopment costs could include: change of use, carparking, disability access and bathrooms, fire etc. These costs could range from \$50,000 to \$300,000 depending on the scope of works and lease conditions. Fit out and ongoing maintenance and ongoing renewals should be the responsibility of the lease holder. Funding to be sourced from the proposed 10 Year Plan.
26. It is recommended that staff commence the public consultation and expressions of interest process to determine the community's views on change of use, reclassification of reserve status and interest and report back to Council. The report will also include financial considerations for Council including development costs and revenue. It is requested that \$10,000 be made available through the Annual Plan to enable this work to progress.

27. Alternatively, the houses could be removed, and the land returned to greenspace. The estimated cost for this work is \$40,000 per dwelling.
28. 18A Ruakiwi House
29. At the 25 June 2019 [Community, Services and Environment Committee](#) a paper was presented regarding the future options for the house at 18A Ruakiwi Road.
30. The committee requested through [resolution](#) for staff to access the viability of the house being transformed into a community space. If it is viable, staff were to offer the property to the community sector through an expressions of interest process.
31. A full structural assessment has been completed, issues found within the house include new roof and framing, fascia board replacement, insulation, internal finishing (plastering, painting and wallpapering), removal of water tank, re-piling and subfloor framing replacements where required, structural strengthening of the porch, front gable wall and chimneys.
32. The estimated cost for the works is \$300,000. Concept and detailed design works are required to refine the works further and to provide certainty on cost. This work will also need to include level surveys and geotechnical assessments to obtain detailed information on the subsidence at the front of the house.
33. The change of use of the building from residential to a Community Facility will likely trigger additional costs, these works are dependent on the end use and are yet to be defined.
34. The site is subject to a Council designation for the existing water reservoir. City Waters has confirmed that future additional water storage on this site will be required to meet growth. This additional storage will require the removal of the house at 18A Ruakiwi Road.
35. 18A Ruakiwi Road is not suitable as a community space, as it will require an investment of greater than \$300,000 to make it fit for purpose and has a limited lease life of 10 years
36. The cost of removing the dwelling and returning the land to green space is estimated to be \$40,000. It is recommended that this work is carried out as soon as possible to reduce vandalism and funded through the 2020/21 Annual Plan.
37. 140A Cobham Drive – Nursery House
38. This house was constructed in approximately the early 80's relocated to its current position in 1985 to provide security to the Nursery and Gardens. The house has been placed on a concrete foundation, essentially making it a two storied structure with garaging and nursery storage underneath.
39. It's now at the end of its life, significant works are now required including a new roof, waterproof membrane on the deck, new kitchen and bathroom, carpets and finishing.
40. Over the next ten years the cost to maintain and improve the house to enable it to be fit for a rental is estimated to be \$290,000. The rental income over the same period is estimated to be \$230,000, creating a shortfall of \$60,000 over the ten-year period.
41. The cost of removing the dwelling and returning the land so it is available for nursery use is estimated to be \$47,000.
42. The house is located in the proposed Gate 1 access in the alternative proposal being put forward in the Draft Hamilton Gardens Management Plan. If approved this house will require to be removed.
43. Due to the location within the Nursery the house is not suitable for sale, or community lease due to its elevated position and required renewals.

44. Removal of the house can occur at any time, it is recommended that funding is sourced through the proposed 10 Year Plan.
45. 2483 River Road
46. 2483 River Road forms part of the 95Ha Horotiu closed landfill site which operated between 1984 to 2007. The sale and purchase agreement at the time included provision for the previous owner to remain in the house for the remainder of their life. Since mid-2019 the dwelling has been vacant. The pumped water supply and associated shed have been removed due to landfill gas hazards.
47. Parts of the Horotiu Landfill are still active i.e. they are producing landfill gas (methane) and leachate. Future development of the site cannot be considered until such time the gas and leachate production are minimal. Future development will be restricted as the landfill cap cannot be compromised. Other closed landfills in the city are used for recreation purposes such as a golf driving range.
48. Over the next ten years the cost to maintain and improve the house at 2483, to enable it to be fit for a rental is estimated to be \$340,000. The rental income over the same period is estimated to be \$230,000, creating a shortfall of \$110,000
49. Works required to improve the house include new kitchen, bathroom, electrical replacement, internal and external painting, flooring and reticulated water supply.
50. The cost to remove the house and return the land to grazing is estimated to be \$40,000.
51. The house can be surveyed into a separate title and then sold. However, the sale could restrict development into the future, as a small proportion of land will be under private ownership, refer Figure 2. If sold Council will be required to have access to the property to continue landfill gas monitoring on the site. The continuous cost of this is approximately \$6,000 p.a.
52. The property has an estimated market value of approx. \$520,000 (prior COVID-19). Costs associated with the sale including surveying and agent fees is estimated to be \$30,000.
53. Due to the proximity to the landfill there is a significant presence of landfill gas, which creates an explosion risk if ignited and an asphyxiation risk in enclosed spaces. The dwelling is within 40m of two sampling points that regularly exceed the lower explosive limit for methane. Staff recommend that this dwelling is removed.
54. Removal should occur as soon as possible, as the property is vacant and could be subject to vandalism and funded through the 2020/21 Annual Plan.



Figure 2: Horotiu closed landfill

55. 2447 River Road
56. 2247 River Road is also part of the 95Ha Horotiu closed landfill site. The property is currently rented.
57. Over the next ten years the cost to maintain and improve the house to enable it to be fit for a rental is estimated to be \$300,000. The rental income over the same period is estimated to be \$230,000, creating a shortfall of \$70,000 over the ten-year period.
58. The house can be surveyed into a separate title and then sold. However, the sale could restrict development into the future, as a small proportion of land in private ownership, refer Figure 2.
59. The property has an estimated market value of approx. \$480,000 (prior COVID-19). Costs associated with the sale including surveying and agent fees is estimated to be \$30,000.
60. Landfill gas is a hazard on the property but does not pose the same risk as that at 2483. If sold Council will be required to continue landfill gas monitoring on the site. Unlike 2483, this dwelling is not currently monitored as it is outside the 200m radius of the municipal landfill locations.
61. Alternatively, the house could be removed, and the land returned to greenspace. The estimated cost for this work is \$40,000. Staff recommend that this dwelling is removed due to its proximity to the landfill, with works funded through the proposed 10 Year Plan.
62. Zoo and Arboretum Dwellings
63. There are three dwellings located within the Zoo and Arboretum that form part of the long-term strategies for these sites.
64. The legislative improvements at each house will need to be undertaken, the total estimated cost of these improvements across the four dwellings is \$11,000.
65. The remaining life of the dwellings is dependent on the Master Plan development of each of the sites. It is estimated that the total renewal costs for the dwellings will range between \$300,000 and \$580,000 depending on the dwellings remaining life. Collectively the four dwellings provide a positive return over the next ten years between \$110,000 (if all renewals took place) to \$195,000 (no renewals).
66. Future renewals include the removal of log fires and replacement with heat pumps, kitchen, bathroom, flooring replacements and internal / external painting.

67. Staff recommend that the short-term strategy for these dwellings is to maintain and reactive renewals only (renew upon failure) are undertaken. A cost benefit exercise should be undertaken for all works greater than \$10,000.
68. 1303 and 1348 Pukete Road
69. These properties were acquired by Council for future expansion of the wastewater treatment plant. The houses were originally built in the 1960's and are currently rented to the public.
70. Over the next ten years the total cost of maintenance and renewals on these two houses is equal to the rental income obtained.
71. Both properties potentially will provide for additional treatment capacity at some time in the future and is currently being considered as part of the Metro Spatial and Sub Regional Plan development.
72. If the long-term plans identify that the properties are not required for wastewater treatment the long-term strategy for the dwellings could be to maintain as rentals until it is no longer economic to do so or redevelop for community development.
73. Both houses due to their proximity to the treatment plant are not suitable for sale due to the risk of reverse sensitivity.
74. Staff recommend that the short-term strategy for these dwellings is to maintain and reactive renewals (renew upon failure) are undertaken. A cost benefit exercise should be undertaken for all works greater than \$10,000.



Figure 3: Pukete Road Properties

75. 88 Crosby Road
76. 88 Crosby Road is located adjacent to the Fairfield Reservoir, within Porritt Park.



Figure 4: Crosby Road

77. The house is currently rented to staff, but there is no reason why it cannot be rented to the public. Over the next ten years, the rental income exceeds the cost to maintain by \$86,000 over the ten-year period.
78. This house provides several opportunities for Council, including:
 - a) The house can also be surveyed and sold, as it holds no operational use to Council. This would require a survey and revocation of the Reserves Act 1977 status for the house section which triggers the need for a public consultation prior to a final decision being made. The property has an estimated market value of approx. \$450,000 (prior COVID-19). Costs associated with the sale including surveying and agent fees is estimated to be \$30,000.
 - b) The house could be offered to the Community Lands Trust, to provide housing to our community. As the house is located on a bus route, this option could be favourable to the Trust. Depending on the size of the lot created, the Community Lands Trust may wish to develop the site further to offer higher density housing. If sold to the Trust, the property will still require a survey and revocation of the Reserves Act 1977 and public consultation.
 - c) The house could be offered to the community for use under Council's community lease model. A change of use will be required involving the surveying off the area and reclassification as Local Purpose (Community) Reserve, with use being appropriate to the park. This process triggers the need for public consultation prior to a final decision being made.
 - d) The house could be removed, and the land returned to greenspace.
79. It is recommended that staff investigate the future options for this house further and report back to Council once information has been obtained.

Options

80. Staff have assessed that there are a number reasonable and viable options for the Community Committee to consider. The options are set out in the table below.
81. Market values and costs presented were those pre COVID-19 and may be subject to change.
82. Option B provides staff's preferred option for each of the dwellings.

Dwelling	Option A Status Quo	Option B Staff Recommendation	Option C Other options for consideration

Dwelling	Option A Status Quo	Option B Staff Recommendation	Option C Other options for consideration
57 and 103 Memorial Drive	Rented to staff. Cannot be publicly rented due to access. Rental income exceeds cost to maintain by \$90,000	Survey, reclassification of land and change of use to enable buildings to be leased for community or commercial cafe in keeping with the park. Carry out a public notification and Expressions of Interest process and report back to Council. Cost is estimated to be between \$50,000 and \$300,000 dependant on Council led improvements required e.g. carparking, disability access and bathrooms, fire etc.	Remove houses and return land to green space. Cost is estimated to be \$40,000
18A Ruakiwi Road	Publicly rented. Cost of maintenance exceeds rental income by \$120,000 over 10 years	Remove house and return land to park. Cost is estimated to be \$40,000, funded through the 2020/21 Annual Plan.	Improve dwelling with change of use to enable community lease. Building will need to be returned to Council within 10 years to enable reservoir development. Cost is estimated to be at least \$300,000
140A Cobham Drive	Rented to staff. Cannot be publicly rented due to access. Cost of maintenance exceeds rental income by \$60,000 over 10 years	Remove house and return land to the nursery. Cost is estimated to be \$47,000, funded through either the proposed 10 Year Plan.	
2483 River Road	Publicly rented. Cost of maintenance exceeds rental income by \$110,000 over 10 years. Property at significant risk of landfill gas	Remove the house and return land to pasture. Cost is estimated to be \$40,000 funded through the 2020/21 Annual Plan.	Survey and sell property. Market value less costs is approximately \$490,000. Risk of landfill gas on property, continuous gas monitoring required at \$6,000 p.a.
2447 River Road	Publicly rented. Cost of maintenance exceeds rental income by \$70,000 over 10 years.	Remove the house and return land to pasture. Cost is estimated to be \$40,000. Funded through the proposed 10 Year	Survey and sell property. Market value less costs is approximately \$450,000

Dwelling	Option A Status Quo	Option B Staff Recommendation	Option C Other options for consideration
		Plan.	
Zoo and Arboretum Dwellings (3xdwellings)	Rented to staff. Location of dwellings within the Zoo and Park does not allow rental to public.	Retain dwellings and maintain with reactive renewals only (renew upon failure). Cost benefit undertaken for all works over \$10,000. Rental income will exceed maintenance costs between \$110,000 to \$195,000 over 10 years. Manage long term use of the dwellings through Master Plans for the sites.	Retain dwelling and maintain with planned renewals. Rental income will exceed maintenance costs by \$110,000 over 10 years
1303 and 1343 Pukete Road	Publicly rented.	Retain dwellings and maintain with reactive renewals only (renew upon failure). Cost benefit undertaken for all works over \$10,000. Rental income will exceed maintenance costs between \$0 and \$80,000. Re-assess future requirements of the properties for the 2024 Ten Year Plan.	Retain dwelling and maintain with planned renewals. Rental income is equal to the cost of maintenance over the next 10 years.
88 Crosby Road	Currently rented to staff but can be publicly rented Rental income exceeds cost to maintain by \$85,000	Staff carry out further investigation on the options regarding the property including development by the Community Lands Trust or community lease.	Remove the house and return the land to green space. Cost is estimated to be \$40,000. OR Survey and sell property. Market value less costs is approximately \$420,000.

Financial Considerations

83. Staff recommendation is for the following to be funded through the 2020/21 Annual Plan

- Removal of 18A Ruakiwi House and return to greenspace, estimated cost \$40,000
- Removal of 2483 River Road and the return land to pasture, estimated cost \$40,000
- Public consultation and expressions of interest process for 57 and 103 Memorial Drive, estimated cost \$10,000.

- Investigation and public consultation cost of \$10,000 for 88 Crosby Road, subject to further information being presented to the Community Committee once further investigation has been completed.

84. Staff recommendation is for the following to be funded through the proposed 10 Year Plan:

- Re-development of Memorial Drive houses estimated to be between \$50,000 and \$300,000 depending on future use and redevelopment needs
- Removal costs for 140A Cobham Drive estimated to be \$47,000
- Removal of 2247 River Road and return of land to pasture estimated to be \$40,000

Legal and Policy Considerations

85. Staff confirm that all options presented in this report comply with the Council's legal and policy requirements.

Wellbeing Considerations

86. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
87. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
88. The recommendations set out in this report are consistent with that purpose.

Social

89. Staff recommendation to redevelop two dwellings into community leased buildings provides social wellbeing for Hamiltonians. An expressions of interest process will be carried to source appropriate community groups to lease the properties.
90. Options presented also include the removal of houses and returning the land to greenspace, therefore increasing public areas available for Hamiltonians.

Economic

91. The sale of dwellings will provide Council with funding that could be redirected into other projects.

Environmental

92. The removal of buildings may require full demolition or removal for resale. All works will be carried out to ensure the recycling of material if there is benefit to do so. If asbestos is found, then this will be managed as per statutory guidelines. After removal / demolition the sites will be returned to green space.

Cultural

93. There are no known cultural considerations identified by staff.

Risks

94. There are no known risks associated with the decisions required for this matter.

Significance & Engagement Policy

Significance

95. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a medium level of significance.

Engagement

96. Given the medium level of significance determined, the engagement level is medium. Engagement is required.

Attachments

There are no attachments for this report.

3.

Business case – D-3248033	
Summary	
Name	Partnership with Maaori
Description	This proposal is for additional funding to meet increased demands on time for Maaori partners and for additional resource to complete a Maaori strategy
Staff Recommendation	Option 2 – Increased support for Maaori partnerships

1.0 Strategic Case	
Current situation	<p>In addition to its relationship with Waikato Tainui, Hamilton City Council has partnership and service level agreements with THAWK, representing mana whenua, Te Runanga o Kirikiriroa, representing maataawaka, and Tame Pokaia, our Council Kaumatua.</p> <p>These partnerships are managed through our Amorangi Maaori (Muna Wharawhara).</p> <p>Hamilton city is one of the fastest growing cities in the country, which has meant increasing demand for engagement with, and project support and input from, Maaori partners. This proposal is for additional funding to reflect the increased demand on partners' time.</p>
Prior consideration	The Partnership with Maaori budget has not been considered, adjusted or reviewed by Council for more than six years.
Impact of the issue on the community	<p>The Local Government Act 2002 (LGA) and Resource Management Act 1991 (RMA) require Council to provide opportunities for Maaori to contribute to local government decision-making processes. This includes taking into account the principles of the Treaty when making decisions.</p> <p>The total population of Maaori in Hamilton has grown from 23,300 in 2000 to 35,340 in 2016. Its Maaori population ranks second in size out of the 67 districts in New Zealand; 4.8 per cent of New Zealand's Maaori population usually live in Hamilton City. The Maaori population is projected to increase to around 30 per cent of the total population by 2038.</p> <p>Maaori are also a significant contributor to the Hamilton City economy and community. Maaori contribution to regional gross domestic product was worth \$1.4 billion or 8.0 per cent of the total in 2012.</p> <p>The potential impact on the community and Council is reputational, monetary, risk of uninformed decision-making; and cost of delay in delivery of Hamilton City plans, projects and strategic outcomes.</p>
Objective of the project	Additional funding will allow Council to engage Maaori more frequently, confidently and competently to meet the increase in demand. This will eliminate the risk of project delays and associated cost to those delays and ensure Council receives the timely and accurate information it requires to make informed decisions.
Wellbeing outcomes	<p>This proposal provides social, cultural, environmental and economic benefits to improving the wellbeing of Hamiltonians:</p> <p>Social Wellbeing Partnership/relationship with maataawaka and iwi service providers that offer a range of services that promote connected, safe and healthy individuals, whanau, families and communities.</p> <p>Environmental Wellbeing Sharing of maatauranga Maaori and kaitiakitanga principles and values to enhance restore and protect Hamilton's natural resources and ecosystems.</p> <p>Economic Wellbeing Partnership/relationship with iwi and mana whenua as potential funders and advocates of key initiatives that drive growth and bring employment, income and wealth to Hamilton City.</p>

	Cultural Wellbeing Understanding, taking ownership of and celebrating with biased pride the unique heritage and history of Hamilton/Kirikiriā, and taking responsibility and action for Hamilton/Kirikiriā's future.
Strategic alignment	The project provides support to several Council plans, projects and strategies across the business. These include <ul style="list-style-type: none"> • Co-management Agreement of the Waikato River with Waikato Tainui • Resource consenting, both public and private • City growth and infrastructure i.e. Southern Links, Peacocke, H2A, 3 Waters projects/works, integrated catchment management plans • Community i.e. parks and open reserves projects and management plans, road/parks/facilities naming, cultural advocacy to community group projects • Strategy and Communication i.e. Policy/By-law review and input, supporting community events, Hamilton City Council strategic plan review and development
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input checked="" type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	No known constraints or dependencies
Level of significance	This matter has been assessed as having low significance in accordance with Council's Significance and Engagement Policy.

2.0 Options Analysis

Option 1		
Name	Status quo	
Description	This option creates no change to budget or delivery of services	
In scope deliverables	No change to current service deliverables	
Out of scope deliverables		
Risks and mitigations	Risks	Mitigations
	Informed decision-making is at risk through lack of engagement	Redirect current resource and time towards engagement
	Project delays and cost	Prioritise projects where Council incurs high penalty costs for delays
	Budget blowout and no engagement due to lack of available funding	Micro management of budget and a selective process of projects, plans and strategies that are engaged on.
	If current resource and time re-directed other services will likely suffer	Removal or reassigning services to other staff or area of Council Making variances to services and outcomes to make achievable
Benefits	Cost containment	

Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex	0	0	0	0	0	0
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	0	0	0	0	0	0
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input type="checkbox"/> Requires Council to approval additional funding					
Procurement process	No change					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Option 2					
Name	Option 2 – Increased support for Maaori partnerships				
Description	To increase the existing Partnership with Maaori budget to meet the current demand for engagement with Maaori and to fund additional external resources to complete a Maaori strategy to set direction for future activity.				
In scope deliverables	<ul style="list-style-type: none"> Increase in contract payments to Te Runanga, THAWK and Council Kaumatua (\$45,000 per year) Contract resource to complete Maaori strategy (\$30,000 one-off) 				
Out of scope deliverables	<ul style="list-style-type: none"> Any future requirements arising from the development of the Maaori strategy (to be considered separately by Council during the Long-Term Plan) 				
Risks and mitigations	<table border="1"> <thead> <tr> <th>Risks</th> <th>Mitigations</th> </tr> </thead> <tbody> <tr> <td>Public criticism and disapproval of council decision</td> <td>Community and stakeholder messaging to communicate Council obligations and commitment support Maaori participation in the decision-making of council</td> </tr> </tbody> </table>	Risks	Mitigations	Public criticism and disapproval of council decision	Community and stakeholder messaging to communicate Council obligations and commitment support Maaori participation in the decision-making of council
Risks	Mitigations				
Public criticism and disapproval of council decision	Community and stakeholder messaging to communicate Council obligations and commitment support Maaori participation in the decision-making of council				
Benefits	Council is fulfilling its commitment to engage Maaori in decision-making and is establishing a strategy for consideration and prioritisation of future activity				

Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex	75,000	45,000	45,000	45,000	45,000	255,000
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	75,000	45,000	45,000	45,000	45,000	255,000
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						
Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding					
Procurement process	Adjustments to existing Level of Service contracts					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Preferred Option	
Name of preferred option	Option 2 – Increased support for Maaori partnerships
Financial impact	\$75,000 opex in 2021 \$45,000 opex per year from 2022

4.

Business case – D-3244137

Summary

Name	City Events Activity - Future Focus
Description	<p>This proposal is to implement a revised City and Civic Events Programme to align with Council direction and enhance delivery of this activity.</p> <p>The City and Civic Events team delivers and supports a variety of event types</p> <ul style="list-style-type: none"> • Civic events Key focus on city pride, recognition of historic events, Council reputation and relationships – citizenship ceremonies, civic awards, Anzac Day. These events will always involve the Mayor and/or Elected Members • Council events Key focus on events that celebrate our spaces and places and mark the beginning or completion of projects in the community. • Internal events Key focus on events that engage, connect and inform our people • Community engagement events (Your Neighbourhood) Key focus on engaging communities with Council. These events might be held around a particular issues for Council to better understand general issues in particular neighbourhoods. • Community events Key focus on city pride and community celebrations. These events are not run by Council but we may support with event logistics, manage permits, road closures etc. Some of these events receive sponsorship funding. <p>An independent review of the City and Civic Events activity in 2019 identified issues with limited resources to deliver the current work programme, increased demand for quantity and quality of events, the need to align events with organisational objectives, increasing costs associated with event delivery and limited opportunities to leverage events. A revised City and Civic Events Programme has been developed to respond to these issues.</p> <p>Note: this business case focuses on resourcing of City and Civic Events and does not include resourcing for events activities undertaken within the Venues, Tourism and Major Events Group. Nor does it cover increased funding for sponsorship of events.</p>
Staff Recommendation	Option 2 - To approve \$115,000 of operating funding annually from 2021 for an additional staff resource and additional event operating costs to deliver the City and Civic Events Programme.

1.0 Strategic Case

Current situation	<p>Council's City and Civic Events Activity has evolved and expanded over time to now deliver and support a large programme of civic, community engagement, Council and community events.</p> <p>Each year we deliver approximately 25 civic events, approximately 15 council events (eg playground openings, sod turnings etc) and, more recently, an increased number of community engagement events.</p> <p>The role of Council in each event has been determined on a case by case basis and is a culmination of political or community expectations and decisions made over time.</p>
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	<p>There has been an increase in event expectations over the past 12 months from across the business (in terms of number of events) as well as from management and elected members (in terms of the quality and safety of events). Newly introduced events such as the Your Neighbourhood series and the all staff Shape a City have further increased demand.</p> <p>Currently the Communication and Engagement Unit provides a mixture of event delivery and support activity.</p> <p>Event delivery</p> <ul style="list-style-type: none"> • Civic events - citizenship ceremonies, civic awards, Armistice Day, Anzac Day etc • Council events – events that celebrate our spaces and places and beginning or completion of projects in the community (playground openings, sod turnings) • Internal events – All staff Shape a city • Community engagement events – LTP engagement, local body elections, Your Neighbourhood events, wellbeing engagement <p>Event support</p> <ul style="list-style-type: none"> • Permitting of approximately 150 events each year • Event advice to community groups and organisations <p>Costs for these events are covered by the Communication and Engagement Unit budget as well as activity areas when events are for a specific activity.</p> <p>In 2019, a review of the City and Civic Events Programme highlighted both issues and opportunities.</p> <p>Findings from the audit included:</p> <ul style="list-style-type: none"> • Community events have no clearly defined criteria or priority areas of focus resulting in a number of unplanned events across the organisation and city • Community and civic events are under resourced in comparison to other Councils in terms of staff numbers and funding dedicated to event delivery, support and event funding. There are extremely limited resources to deliver and add value to the current work programme and this is becoming more of an issue due to the increasing costs of event delivery (which are not reflected in current budgets). • A review of the branding and promotions used for events is needed as there appears to be many different websites used (HLive, Visit Hamilton, Our Hamilton, Waikato NZ). <p>The impact this has on this activity is:</p> <ul style="list-style-type: none"> • Increases risk associated with event delivery including health and safety, and security. • Limited opportunity to add value to the way events are delivered and the experience that is provided. Sometimes we are not in a position to deliver the best possible product that we know we could achieve if we had the resources. • Limited opportunity to leverage off events as limited resources to support potential initiatives. • No specific measures in place to assess performance and outcomes in this area or clear priorities to ensure resources are focused where they need to be. • Burn out of our people who are required to work on multiple weekends and after hours (and result in high leave balances). <p>Since the audit, initial guidance has also been provided by the Mayor's Office around increased expectations for civic events and community engagement.</p>
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	The review outcomes and the new Council provide an opportunity to implement a revised City and Civic Events Programme that has strong alignment to Council's objectives and responds to issues identified in the review.
Prior consideration	There has been no prior review of this activity that staff are aware of.
Impact of the issue on the community	<p>City and Civic Events contribute to a range of social and cultural outcomes including community connections and identity, city pride and celebration of diversity. They also a key way to connect the Council and the community which often results in greater levels of engagement with Council processes.</p> <p>The additional resourcing proposed in this business case seeks to ensure we deliver the best possible service to the community and provide high quality events that engage as many people as possible, and are accessible to all.</p> <p>Other initiatives to improve the events offer to the community include development of a Council events calendar (to improve co-ordination and resourcing) and improving the digital platform that assists event organisers to deliver quality events in the community. A greater frequency of smaller Your Neighbourhood events will increase Council's visibility and involvement in the community and provide greater opportunities for the community to engage regularly with Council at a local level.</p>
Objective of the project	To implement a revised City and Civic Events Programme that aligns with Council direction and enhances delivery of this activity.
Wellbeing outcomes	City and Civic Events contribute to a range of social and cultural outcomes including community connections and identity, city pride and celebration of diversity. They also a key way to connect the Council and the community which often results in greater levels of engagement with Council processes.
Strategic alignment	<p>The City and Civic Events Programme is aligned to the Council's aspiration for Hamilton to be a great place to live, work play and visit.</p> <p>The revised programme and process improvements will also ensure greater compliance with legislation/regulations and mitigation of risk.</p> <p>An overarching events strategy is being developed to consider the full range of events in Hamilton which will inform any future events programme or funding.</p>
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input checked="" type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	None identified.
Level of significance	This matter has been assessed as having Low Significance in accordance with Council's Significance and Engagement Policy.

2.0 Options Analysis						
Option 1						
Name	Status Quo – No Change to City and Civic Events resourcing.					
Description	<p>Delivery of a reduced City and Civic Events programme within existing events budget. The current City and Civic Event budget consists of:</p> <ul style="list-style-type: none"> • \$25,000 city events – casual staff, traffic management, events equipment hire etc • \$27,000 Anzac Day – event related expenses • \$20,000k (approx) civic events – citizenship ceremonies, civic awards, Mayor’s music matinee, Freedom of the City etc • \$20,000 income from DIA for citizenship ceremonies (dependent on candidate numbers). • \$145,000 staff costs <p>Some increased event running costs are unavoidable to comply with more comprehensive security regulations and health and safety practices. To deliver a Civic and Community Events programme within existing budgets, no additional events or event support could be accommodated and some existing events would have to be pared back or stopped.</p>					
In scope deliverables	Review (and reduction) of the existing City and Civic Events Programme (within existing budgets) to be agreed with the Mayor and Elected Members.					
Out of scope deliverables	Venues, Tourism and Major events – separate activity and business unit of Council. Contestable Event funds – Sponsorship and Community funds.					
Risks and mitigations	Risks		Mitigations			
	Poor delivery/quality of events		Fewer events, delivered effectively.			
	Community dissatisfaction with fewer events		Community and stakeholder messaging to communicate wellbeing/cost trade-off			
	Stakeholder dissatisfaction with limited Council support					
	Non-compliance with security, health and safety regulations					
Benefits	Cost containment					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel	\$0	\$0	\$0	\$0	\$0	\$0
Other opex	\$0	\$0	\$0	\$0	\$0	\$0
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	\$0	\$0	\$0	\$0	\$0	\$0
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity’s existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <input type="checkbox"/> <i>Provide details if this option is selected</i> Requires Council to approval additional funding					
Cost confidence	<input checked="" type="checkbox"/> Existing costs - high					

Option 2	
Name	Revised City and Civic Events Programme
Description	<p>Delivery of a revised City and Civic Events programme to align with Council direction and enhance delivery of this activity. This would require an additional \$115,000 per year as outlined below:</p> <ul style="list-style-type: none"> City events - \$15,000 to cover costs of traffic management, event equipment, equipment set up, event collateral and promotion Anzac Day - \$10,000 to cover increased costs due to extra security and health and safety requirements (The Christchurch Terror Attacks resulted in new national rules and regulations around security with public events). Civic events - \$20,000 for additional event costs (which will take these events to a new level) and to create a civic engagement toolkit including branded collateral, equipment for elected members. Staff - \$70,000 for an additional staff member to support increased event activity <p>The additional resource will enable the City and Civic Events team to:</p> <ul style="list-style-type: none"> Deliver the existing programme of events Meet the demand for more community-led events Provide greater support to Council's key partner and stakeholder events Increase the level of service and support for event organisers Minimise security and health and safety risks at events Better leverage events for greater community value Provide an even better event experience for our community Meet Elected Member expectations around the civic event programme Provide greater support to Elected Members attending events Manage a city events calendar (to be built as part of the web review project currently budgeted and underway).
In scope deliverables	Delivery of an enhanced City and Civic Events Programme
Out of scope deliverables	Venues, Tourism and Major events – separate activity and business unit of Council. Contestable Event funds – Sponsorship and Community funds.
Risks and mitigations	Risks
	<p>Community perceptions regarding increased investment in events (based on legacy issues).</p> <p>Mitigations</p> <p>Community and stakeholder messaging to communicate wellbeing/cost trade-off Development of overarching Events Strategy (and engagement with community) will help set community expectations and budget implications – to be considered through LTP</p>
Benefits	<ul style="list-style-type: none"> More/better events which improve cultural and social wellbeing outcomes for our community Minimisation and mitigation of security and health and safety risks at events Improved experience of stakeholders, partners and other event organisers

Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$350,000
Other opex	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$225,000
Consequential opex						
Value of any assets to be disposed of	-					
Total Opex Impact	\$115,000	\$115,000	\$115,000	\$115,000	\$115,000	\$575,000
CAPEX IMPACT						
Capital expenditure	-					
Capital subsidy (i.e. grants or NZTA)	-					
Total Capital Impact						
Funding impact	<input checked="" type="checkbox"/>	Requires Council to approval additional funding				
Cost confidence	<input checked="" type="checkbox"/>	Based on historical information – Medium				

Preferred Option	
Name of preferred option	Option 2 - Revised City and Civic Events Programme
Financial impact	\$115,000 opex per year

5.

Business case D-3243650

Summary

Name	Waikato Community Lands Trust Operational Grant
Description	<p>The Council has led the establishment of the Waikato Community Lands Trust and has set aside \$2M as seed funding for the Trust to purchase land. The Trust Board is planning to appoint a Trust Manager to lead the creation of strategic and operational policy and procedures, and to pursue ongoing operational funding to meet the Trust's objectives.</p> <p>A \$50,000 grant has been approved through WEL Energy Trust's Vital Impact Housing Grant for 2020/21 to support the establishment of the Trust with operational costs. This proposal is to provide an operating grant of \$50,000 to the Lands Trust to enable the appointment of a Trust Manager in 2020/21.</p> <p>If Council granted \$50,000 to the Trust, that would give \$100,000 to appoint a Trust Manager and set them up to begin work on the foundational documents for operation.</p> <p>Council support will ensure there is positive momentum in the first year of the Trust's operations. Without this operational support, Trustees will be limited in their ability to utilise their expertise and networks, as they will be forced to work on operational matters until appropriate funding is secured to appoint a Trust Manager.</p>
Staff Recommendation	A \$50,000 operational grant is made in 2020/21 to the Waikato Community Lands Trust

1.0 Strategic Case

Current situation	<p>A growing number of Waikato residents are experiencing housing stress due to the increasing costs of housing and an insecurity of tenure in the private rental market. Community housing providers have limited access to land and capital for housing developments, reducing their ability to respond to the needs of communities and the inadequate supply of affordable homes.</p> <p>The Waikato Community Lands Trust aims to reduce housing stress by removing the cost of land from iwi and community housing providers potential developments, accelerating the development of quality housing across the social and affordable housing spectrum and increasing security of tenure for Waikato residents. The aim of this proposal is to support the establishment of the Waikato Community Lands Trust to create their operational infrastructure and cross-sector partnerships – practically developing the operating procedures, policies, and initial strategic plan. The objective is to have the Trust in a position to purchase land held in perpetuity for families seeking affordable housing as quick as possible.</p> <p>The Council has supported the establishment of the Trust through staff time and legal costs (approximately \$25,000 legal fees, \$50,000 staff time) over 2018/19 and 2019/20, alongside granting the Trust \$1M in 2019/20 and \$1M in 2020/21 to acquire land.</p> <p>The Trust is supported by the Waikato Region Housing Initiative workstream as well as having an appointments panel made up of Waikato-Tainui, Waikato Mayoral Forum, Property Council, Institute of Directors, Momentum Waikato and community members.</p> <p>The speed of establishment and production of housing outcomes will depend on the ability of the Trust to identify key responsibilities and functions, development of funding plans, policy and procedures, and leverage possible support networks, including the applying to philanthropic funders. As the Trustees will all be volunteers, some practical operational support will be required. Currently the Trust is fully reliant on preliminary support from Council staff and on the success of funding applications to achieve a more permanent solution. An operational grant of \$50,000 will combine</p>
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	<p>with the WEL Energy Vital Impact grant of \$50,000 to provide initial funding towards appointment of a Trust Manager to pull together the required documents and relationships.</p> <p>Once the Trust has appointed a Trust Manager to carry out the strategic and operational objectives, they will be able to utilise their expertise and networks to leverage greater opportunities to maximise the Trust's impact. Council support will ensure positive momentum happens in the first year of operations.</p>
Prior consideration	The Council has led the community conversations around how to best utilise the \$2M set aside to address housing concerns in the city in 2018/19. Through a co-design process the establishment of a lands trust that worked in partnership with iwi and community housing providers was recommended to the Council. The Council subsequently approved the establishment of the Waikato Community Lands Trust with the full \$2M to support land acquisition over 2019/20 and 2020/21.
Impact of the issue on the community	<p>The Waikato Region Housing Initiative has released a stocktake on the region's housing shortfall (http://www.waikatoplan.co.nz/projects/housing-stocktake/), which indicates that Hamilton City currently has a shortfall in houses of 4004. It is projected that by 2043 a further 26,231 houses are needed to meet population increases. Most of these houses will be needed in the social and affordable sections of the housing spectrum.</p> <p>Our community expects that every person and every family will be well-housed. The wider housing sector uses the United Nations right to adequate housing entitlements as the definition for 'well-housed'. 'Well-housed' means timely access to habitable, affordable, accessible, culturally appropriate, appropriately located, and with security of tenure housing.</p>
Objective of the project	<p>The aim of this proposal is to support the establishment of the Waikato Community Lands Trust operational infrastructure and cross-sector partnerships.</p> <p>The Trust will need to employ someone to create operating procedures, policies, strategic plans, contract documents with iwi and community housing providers, funding plans, funding proposals and develop operational regional relationships.</p> <p>The objective is to have the Trust in a position to purchase land held in perpetuity for families seeking affordable housing as quickly as possible.</p>
Wellbeing outcomes	The beneficiaries of the Waikato Community Lands Trust will be community members who are experiencing ongoing housing stress. International research demonstrates positive links between home ownership and the generation of employment and wealth outcomes. Wider social wellbeing will be increased for those working with the Trust as security of housing allows individuals to invest their time and energy into the local community. Individuals and families who are having to constantly move spend significant time addressing immediate needs and have less time to focus on the future and their wider community.
Strategic alignment	The Waikato Community Lands Trust will assist in improving the wellbeing of residents in the city needing assistance to address their housing stress. The Council has already committed resources to establish the Trust. This proposal is to give it a greater opportunity to achieve housing outcomes in the short term.
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input checked="" type="checkbox"/> New unbudgeted project/service (one off operational grant)</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	There are no constraints or dependencies relating to this proposal.
Level of significance	Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matters in this proposal have a low level of significance.

Option 1						
Name	Waikato Community Lands Trust Operational Grant					
Description	The Council provides the Waikato Community Lands Trust with a grant of \$50,000 towards operational costs in 2020/21.					
In scope deliverables	An OPEX grant to support the establishment of the Trust Some ongoing assistance with identifying funding opportunities					
Out of scope deliverables	Management of the Trust's day-to-day operations					
Risks and mitigations	Risks			Mitigations		
	The Trust still takes time to recruit and appoint a suitable Trust Manager given the remuneration package available			The Council will continue to offer staff support to assist the Trust in its establishment phase. Trustees will need to spend time and energy to work on operational procedures.		
Benefits	The Waikato Community Lands Trust will be able to recruit staff to create operating procedures, policies, strategic plans, contract documents with iwi and community housing providers, funding plans, funding proposals and develop the regional relationships needed to carry out the strategic and operational objectives. This will enable Trustees to focus on utilising their expertise and networks to leverage greater opportunities to maximise the Trust's impact in the first year of operations.					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex	\$50,000					\$50,000
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	\$50,000					\$50,000
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						
Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding					
Procurement process	A grant agreement will be established between the Council and the Waikato Community Lands Trust					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Option 2																																																																														
Name	No OPEX funding provided to the Waikato Community Lands Trust																																																																													
Description	There is currently no Council funding set aside to support the operational activity of the Waikato Community Lands Trust. The Trust is independent and liable for raising funds to establish itself. Council staff time will be required to support the volunteer Trust until sufficient funds are available for the Trust to appoint its own staff.																																																																													
In scope deliverables	Limited, unbudgeted support from Council staff for the Trust's establishment and to identify funding opportunities																																																																													
Out of scope deliverables	Management of the Trust's day-to-day operations																																																																													
Risks and mitigations	<table border="1"> <tr> <th>Risks</th> <th>Mitigations</th> </tr> <tr> <td>Delivery of housing outcomes will take longer while the Trust focuses on securing money for personnel and operational funding to undertake its activities</td> <td>WEL Energy Trust's Vital Impact Housing Grant has approved \$50,000 to the Trust to support initial phase of establishing the necessary processes and procedures. Council staff will continue to support the trust with guidance around other funding opportunities.</td> </tr> <tr> <td>Loss of confidence in the Trust from external stakeholders and potential delivery partners if noticeable outcomes are not delivered quickly</td> <td>Staff will continue to advocate with external stakeholders.</td> </tr> </table>	Risks	Mitigations	Delivery of housing outcomes will take longer while the Trust focuses on securing money for personnel and operational funding to undertake its activities	WEL Energy Trust's Vital Impact Housing Grant has approved \$50,000 to the Trust to support initial phase of establishing the necessary processes and procedures. Council staff will continue to support the trust with guidance around other funding opportunities.	Loss of confidence in the Trust from external stakeholders and potential delivery partners if noticeable outcomes are not delivered quickly	Staff will continue to advocate with external stakeholders.																																																																							
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Benefits	No benefits noted																																																																													
Cost impact																																																																														
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Procurement process	Not applicable																																																																													
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High																																																																													

Preferred Option	
Name of preferred option	Option 1 – Provide the Waikato Community Lands Trust with a \$50,000 grant for operational costs in 2020/21
Financial impact	An additional \$50,000 of operating funding in 2020/21

6.

Business case – D-3243643

Summary

Name	Natural Areas Fund to assist Community Group Work
Description	<p>Natural areas maintenance funding was reduced in the 2012-22 Long-Term Plan and subsequent increases have only kept pace with inflation. Since then new areas have been added to the city's gullies network with no increase in funding to maintain them. Levels of service have been adjusted to respond to the pressure on budgets.</p> <p>Hamilton has six particularly active community groups involved in gully development and maintenance. They work regularly on their respective areas but cannot carry out some activities, such as large tree maintenance and work requiring specialist skills or machinery. These groups look to Council for support and are frustrated when this is not forthcoming because the work is outside current budgets.</p> <p>Staff are developing a biodiversity strategy (Nature in the City) for Council approval by the end of 2020. This will inform proposals for funding through the 2021-31 LTP process. The community groups are aware of this project and that it may have a positive impact on their endeavours; however, this does not address their immediate needs.</p> <p>This proposal is to provide a one-off fund in 2020/21 so staff can assist established community groups' work in Hamilton's natural and gully areas.</p>
Staff Recommendation	Option 3: Council approves an additional \$100,000 of operating funding in 2020/21 to assist the work of established community groups developing and maintaining natural areas in Hamilton.

1.0 Strategic Case

Current situation	<p>Natural areas operational maintenance funding was reduced in the 2012-22 Long-Term Plan by approximately \$245,000, affecting levels of service, particularly planting maintenance. Since then maintenance budgets for existing areas have only increased by the rate of inflation and new areas have been added to the network without any increase in funding to maintain them.</p> <p>We currently have approximately 232.22 hectares of developed gully system where we currently carry out maintenance visits two to three times per year. We also have approximately 34ha (3.45261m²) of undeveloped gullies where we are obligated to carry out reactive plant and animal pest control. Maintenance funding has not increased from 2017 and is currently \$1.3M, broadly broken down as:</p> <ul style="list-style-type: none"> • Maintenance and planting: \$780,000 (includes mowing and fixed assets) • Plant purchases: \$300,000 • Reactive maintenance: \$140,000 • Pest management: \$ 75,000 <p>Waikato Regional Council (WRC) through Project Watershed contributes \$245,000 to the above operational budget (cleaning up and planting areas as agreed with WRC).</p> <p>Staff are currently developing a biodiversity strategy (Nature in the City), which aims to engage our wider community and set high-level direction and priority for biodiversity outcomes. This work will be complete by the end of 2020 and will inform potential Long-Term Plan proposals.</p> <p>Through the 2018-28 Long-Term Plan, staff proposed increasing operational and capital funding to develop our gullies as per the Gully Reserves Management Plan. These proposals were not funded.</p> <p>Of the number of community groups in the city focused on care and development of natural areas, six have been active over a long period and work on site at least monthly. Due to the voluntary nature of</p>
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D-3243643

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	<p>the work, there are some activities, such as large tree and work requiring specialist skill/machinery, the groups cannot do. This work is outside Council's budgeted programme and the groups are frustrated by a perceived lack of support.</p> <p>There is general awareness a biodiversity strategy is being developed but feedback from the community groups and Council's community co-ordinator is that they need tangible support now. Elected members have asked that staff investigate support options through the Annual Plan process.</p>
Prior consideration	2012-22 Long-Term Plan, 2018-28 Long-Term Plan
Impact of the issue on the community	<p>Staff have regular contact with community voluntary groups working on natural areas, particularly with the six groups directly affected by this proposal. Feedback from the groups is they don't receive enough support for their projects and support from the Council is not always timely.</p> <p>The groups in question are:</p> <ul style="list-style-type: none"> • Mangaonua Stream care group • Mangakotuku Stream care group • Mangaiti Gully care group • Friends of Waiwhakareke/Tui 2000 • AJ Seeley • RESI (Hammond Park) <p>These groups carry out manual clearance and maintenance on existing plantings and some clearance on reserve land. They have the capacity to increase their planted and maintenance areas if they were supported by staff/contractors doing more specialist works.</p>
Objective of the project	The project aims to introduce funding to assist community groups with maintenance works outside their skill set. This would provide the community groups with timely access to practical support that could enable them to more effectively focus on maintenance and planting, activities more suitable and appealing to volunteer workers than heavier, more specialist work.
Wellbeing outcomes	<p>This project enhances work directly contributing to ensuring our city has a healthy environment. The groups that would utilise the fund are spread by location relatively evenly across the city, so multiple communities would have an opportunity to benefit from enhanced restoration efforts. Volunteers whose work is recognised and valued through the fund will likely experience an increased feeling of belonging and greater trust and confidence in Council.</p> <p>Environmental wellbeing – the project has significant potential to improve environmental wellbeing in Hamilton. Hamilton has a strong network of gullies running through urban areas, and these become important spaces for fauna and flora to thrive. However, some of these spaces are degraded and in need of support to ensure their long-term health.</p> <p>Cultural wellbeing – Like all waterways, gullies are critically significant to mana whenua. Their ongoing protection and enhancement are key elements of the Waikato-Tainui Environmental Plan.</p> <p>Social wellbeing – Gullies are important sources of social interaction for many Hamiltonians. A growing number of individuals and groups are involved in restoration and enhancement of natural areas and experience the social benefits of working alongside like-minded people on a worthwhile mission.</p> <p>Economic wellbeing – The improvement of natural areas enhances perceptions of Hamilton as a green city, improving liveability and the city's appeal.</p>
Strategic alignment	<p>This project aligns with the:</p> <ul style="list-style-type: none"> • Open Space Plan aims • Gully Reserves Management Plan outcomes • Community Outcomes • Play Strategy • West Town Belt Masterplan (Waitawhiriwhiri character area)

Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input checked="" type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	Staff are currently working on a biodiversity strategy (Nature in the City) for Hamilton. The constraint is that Council would be committing to investing in community activities without the direction and prioritisation that will come through the new strategy.
Level of significance	Staff have completed a significance and engagement assessment and consider the issue has a low level of significance due to the short-term nature and small value of the proposed Council investment.

2.0 Options Analysis

Option 1						
Name	Status quo					
Description	Funding and maintenance arrangements remain unchanged until proposals can be aligned with the Nature in the City work and considered in the 2021-31 Long-Term Plan.					
In scope deliverables	Reactive gully maintenance in undeveloped sites 2-3 maintenance visits per year for developed planted areas Ad-hoc support for community groups					
Out of scope deliverables	Targeted support for community groups Development of sites Additional resource					
Risks and mitigations	Risks	Mitigations				
	Community groups feel their work continues to be undervalued	Work closely with these groups on the strategy development and proposals for the next LTP				
	Existing funding continues to be stretched	Prioritise sites for maintenance.				
Benefits	What are the benefits the community/organisation will experience if this option is selected? No new benefits					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						0
Other opex						0
Consequential opex						0
Value of any assets to be disposed of						0
Total Opex Impact	0	0	0	0	0	0
CAPEX IMPACT						
Capital expenditure						0
Capital subsidy (i.e. grants or NZTA)						0
Total Capital Impact	0	0	0	0	0	0
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity’s existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity Provide details if this option is selected <input type="checkbox"/> Requires Council to approval additional funding					

Procurement process	Not applicable
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High

Option 2						
Name	Introduce an ongoing fund to assist and support the work of established community groups actively involved in natural areas development and maintenance					
Description	<p>A fund of \$100,000 is made available to be used in consultation with the community groups working in each of the following natural areas:</p> <ul style="list-style-type: none">• Mangaonua Stream• Mangakotuku Stream• Mangaiti Gully• Waiwhakareke• AJ Seeley Reserve• Hammond Park <p>The fund would specifically be used to carry out planting preparation, tree maintenance and pest control (plant and animal) works that require specialist skills and/or training to be undertaken safely. The fund would be co-ordinated by existing Council staff.</p>					
In scope deliverables	<ul style="list-style-type: none">• Consultation with six community groups working in the above areas• Physical works including plant and animal pest control and maintenance requiring specialist skills/training• Development planting within the six areas					
Out of scope deliverables	<ul style="list-style-type: none">• Fixed asset development (paths, bridges etc)• Development or additional maintenance outside the six areas					
Risks and mitigations	Risks			Mitigations		
	New areas or community groups are not included			Targeted communications explaining why		
	Investment may not entirely align with targets and priorities determined by the Nature in the City strategy			The strategy will take existing activity into account. Low risk as it is unlikely areas that are currently maintained will be removed from work programmes.		
Benefits	Community groups will see Council actively supporting the work and committing to doing so on an ongoing basis. This will foster and encourage true partnerships between Council and its community and stronger engagement on the Nature in the City strategy.					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	100,000	100,000	100,000	1000,000	100,000	\$500,000
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						

Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding
Procurement process	Not applicable
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High

Option 3		
Name	Offer a one-off fund in 2020/21 to assist the work of established community groups actively involved in natural areas development and maintenance	
Description	<p>Council sets aside \$100,000 in 2020/21 to be used in consultation with the community groups working in each of the following areas:</p> <ul style="list-style-type: none">• Mangaonua Stream• Mangakotuku Stream• Mangaiti Gully• Waiwhakareke• AJ Seeley Reserve• Hammond Park <p>The fund would specifically be used to carry out planting preparation, tree maintenance and pest control (plant and animal) works that require specialist skills and/or training to be undertaken safely. Allocation would be co-ordinated by existing Council staff.</p>	
In scope deliverables	<ul style="list-style-type: none">• Consultation with six community groups working in the above areas• Physical works including plant and animal pest control and maintenance requiring specialist skills/training• Development planting within the six areas	
Out of scope deliverables	<ul style="list-style-type: none">• Fixed asset development (paths, bridges etc)• Development or additional maintenance outside the six areas	
Risks and mitigations	Risks	Mitigations
	New areas or community groups are not included	Targeted communications explaining why
	Investment may not entirely align with on targets and priorities which will be determined by the Nature in the City strategy.	The strategy will take existing activity into account. Low risk as it is unlikely areas that are currently maintained will be removed from work programmes.
	Council’s commitment is seen as short term and inappropriate given the long-term nature of the restoration work	Community groups are encouraged to engage with Council in developing the Nature in the City strategy and LTP proposals
Benefits	Community groups will see Council actively supporting the work they do, helping to foster and encourage true partnerships and leading to stronger engagement on the Nature in the City strategy.	

Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex	\$100,000					\$100,000
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	100,000					\$100,000
CAPEX IMPACT						
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						
Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding					
Procurement process	Not applicable					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input checked="" type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Preferred Option	
Name of preferred option	Option 3 – Introduce a one-off fund to assist the work of established community groups working in natural areas. This option recognises and supports voluntary efforts to continue to maintain and protect our natural areas but allows for further consideration of this issue on completion of the Nature in the City Strategy and through the Long-Term Plan.
Financial impact	A \$100,000 increase in operating funding in 2020/21.

7.

Business case – D-3243647

Summary

Business Case Name	Enderley Park Community-led Development
Description	<p>The Enderley Park Community Centre is an ageing facility within a part of Hamilton. The centre is maintained to a minimum standard and there has been limited prior consideration given to future options and how the centre could be better utilised to enhance the community within which it sits.</p> <p>This proposal is to undertake robust engagement with the community on options for the Enderley Park Community Centre and to gain a better understanding of community aspirations. Analysis undertaken with the community would include investigating potential ownership models as well as options for upgrading the facility.</p> <p>Working alongside the community to develop their aspirations and in partnership with other agencies such as Kaainga Ora, Te Runanga o Kirikiriroa and Waikato-Tainui will assist Council in making decisions that positively impact the wellbeing of Enderley and wider community.</p> <p>The Enderley Park Community Centre is a vital community asset that, with the right investment and buy-in from the community, could play a significant role in improving the wellbeing of Enderley residents and their wider neighbourhood.</p>
Staff Recommendation	To provide operating funding of \$60,000 in 2020/21 to undertake community-led engagement and options analysis for the Enderley Park Community Centre

1.0 Strategic Case

Current situation

Enderley Park is in Tennyson Road and consists of a sports park with a basketball court and small play area, and a community centre. The community centre has bookable spaces managed by Council staff and Te Papanui Enderley Community Trust runs programmes out of the centre. The trust offers a range of services that support the community and contribute to a strong, healthy and progressive area. Current Enderley Park Community Centre activities include:

- Gym for fitness and weight training
- Medical appointments at Raukura Hauora o Tainui Medical Clinic
- After-school care and holiday programme
- Computer club - exploring and creating
- The Computer Hub - computers (for job search, CVs etc), photocopier and laminator

The community centre is an aging asset maintained to a minimum standard. In addition to the medical centre and programmes run by Te Papanui, the centre has several small and medium-sized rooms available for hire. There is a larger dining area and a commercial standard kitchen. The centre also has an indoor court. A small playground is situated next to the community centre building and doubles as gym equipment for the sports teams that use the park. Rugby league are the main users of the park.

An early childhood centre (owned and operated by Te Kohao Health) is located in front of the community centre. Kaainga Ora own a small piece of land in front of the community centre. Kaainga Ora have a number of bare lots within Enderley and the wider area and have indicated the potential for future housing development utilising a community-led approach.

Elected Members raised Enderley Park Community Centre at the December 2019 Council meeting as an Annual Plan issue, specifically options for future development towards enhancing wellbeing outcomes within the Enderley community.

Preliminary discussions have been held with Te Papanui, who have expressed an interest in exploring

	<p>future options with the community and Council. Discussions are also planned with other potential partners and stakeholders including Kaainga Ora, Te Runanga o Kirikiriroa and Waikato-Tainui.</p> <p>Community-led engagement and analysis of options for the Enderley Park Community Centre in calendar year 2020 will enable information to be provided to the Council for consideration in the 2021-31 Long Term Plan.</p>
Prior consideration	<p>Interest has been expressed by previous Councils about community facilities in Hamilton and there has been some focus on community lease arrangements and management of some Council facilities. Staff are currently undertaking community facilities planning to further assess current provision, building condition, need and demand including impacts of growth. This work will inform asset management planning and support the Council to develop the strategic direction for provision of community facilities.</p> <p>From 1999-2008 the Council allocated \$400,000 biannually to support the capital developments of community centres around the city. Over \$1.5M was allocated during this period to build the community infrastructure owned by organisations working to benefit the wellbeing of our neighbourhoods.</p> <p>The Enderley Community Centre was operated by Council staff up until 2013. It was also tenanted by some central government agencies including Community Police and Housing NZ tenancy staff. At this time holiday and after-school programmes were also run by a trust (Enderley Park Community Centre Trust). Staffing and out of school programmes were disestablished following cuts in central government and HCC funding in 2012.</p> <p>The Enderley Computer Clubhouse, established in 2011 with some assistance from Council, operated as Waikato Digital Youth Network. The model, trustees and purpose has changed over time and this entity was recently formalised as the Te Papanui Enderley Community Trust. The aim of the trust is to support the community and contribute to a strong, healthy and progressive area. Trustees have expressed an interest to staff and some elected members in further developing their role in supporting the Enderley community.</p> <p>Limited prior consideration has been given to future options for the Enderley Community Centre. Community-led engagement and investigation of options for the community centre will enable Council to consider how this asset can best benefit the community in conjunction with the Enderley community and key stakeholders alongside wider community development initiatives in this area.</p>
Impact of the issue on the community	<p>Enderley is located on in the east of Hamilton and is part of the East Area 4 as identified within the Hamilton City Council Community Profiles https://www.hamilton.govt.nz/our-city/community-development/useful-info/understanding-your-community/Pages/default.aspx</p> <p>This area also includes Porritt, Fairview Downs and Fairfield. The total population of this area is 15,468 – 9.6 per cent of the Hamilton population. Enderley itself comprises a population of around 5250. The community centre and park are used by the wider area.</p> <p>The five units that make up East Area 4 have a deprivation index between 8 and 10 (2013 census data), indicating a high level of deprivation. The unemployment rate in East Area 4 is 12.4 per cent, compared to the Hamilton average of 9.5 per cent. The proportion of people who are studying (over the age of 15) is 18.4 per cent compared to the Hamilton average of 18.1 per cent.</p> <p>There are 5265 private dwellings in East Area 4. A lower proportion of those in the area own their dwelling – 34.1 per cent compared to the Hamilton average of 57.2 per cent. The average rent weekly paid is similar to the Hamilton average. The proportion of households where people are living alone in East Area 4 is 26.1 per cent. This is higher than the Hamilton average of 22.7 per cent. East Area 4 residents feel less safe in their neighbourhood than the Hamilton average, both during the day and night.</p> <p>While the community profiles provide a snapshot of community wellbeing, further targeted engagement is required to really understand the needs and aspirations of the community and to investigate how the community centre might be better leveraged to help achieve and sustain those aspirations in the long term.</p>

Objective of the project	The objective is to work closely with the community utilising a community-led development approach to understand community aspirations and the level of support required for their realisation. The outcomes include identification of potential options for future use of the community centre and what is required in terms of potential upgrade, ownership and operational models.
Wellbeing outcomes	<p>Council's purpose is to improve the environmental, social, cultural and economic wellbeing of our community. Engagement with the Enderley community will focus on their aspirations across all these areas and how Council and other stakeholders can best provide the required level of support and resourcing to enable community wellbeing. Empowering community-led development is complex, iterative and long term in nature and it is vital to achieving sustainable and successful outcomes.</p> <p>The project will focus on predominantly social and cultural wellbeing outcomes but these also influence and are influenced by economic wellbeing. If people live in a healthy environment in which they experience being valued and have a sense of belonging, they have a greater sense of wellbeing and are more readily able to participate in meaningful civic activities.</p>
Strategic alignment	<ul style="list-style-type: none"> Community Outcomes Play Strategy 2019 Community and Social Development Strategic Plan
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input checked="" type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	There are no known constraints or dependencies that will impact the successful delivery of the project objectives. There are opportunities to explore partnerships that could enhance future outcomes including community and housing development projects.
Level of significance	Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matters in this proposal have a medium level of significance. The project is an engagement project and may also inform decision-making that could result in increased investment and/or potential vesting of assets.

2.0 Options Analysis

Option 1	
Name	Status quo - No opex funding provided
Description	<p>There is currently no funding set aside to support engagement and planning with the Enderley community. Council staff time and resources will be required to undertake a necessarily more restricted level of engagement. High level concepts and options for the community centre may be explored with rough order costs that will require further testing and analysis for more reliable estimates.</p> <p>Community and Social Development staff are already engaging with Te Papanui Enderley Trust and other stakeholders to identify community development opportunities, including capacity building of the trust to be able to better support and enable community outcomes.</p>
In scope deliverables	<ul style="list-style-type: none"> Community Engagement – surveys and public events to build relationship with community and engage on high level community aspirations Discussions with community and stakeholders on potential options for the Enderley Park Community Centre and wider community-led development East Area 4 including Enderley Rough order estimates (low confidence) High level business case outlining potential options
Out of scope deliverables	<p>Concept designs</p> <p>Preliminary cost estimates</p>

Risks and mitigations	Risks		Mitigations			
	Level of engagement does not result in an enhanced relationship with the community, resulting in poor information and planning		<ul style="list-style-type: none"> Identify and connect with community leaders Partner with other stakeholders/agencies to collaborate and share resources 			
	The options analysis is insufficient for good decision-making		<ul style="list-style-type: none"> Ensure Council understands the confidence level of options and costs and seek approval from Council for funding of further investigation if needed in later years 			
Benefits	Build trust with community and increase understanding of community aspirations Build relationship with other stakeholders and develop a collaborative community-led development approach Council has information on potential options for further decision-making					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT	nil					
Personnel						
Other opex						
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact						
CAPEX IMPACT	nil					
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact						
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input type="checkbox"/> Requires Council to approval additional funding					
Procurement process	None					
Cost confidence	<input checked="" type="checkbox"/> Rough order estimate – Low <input type="checkbox"/> Based on historical information – Low to Medium <input type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Option 2	
Name	Enhanced community-led engagement and community centre options investigation
Description	<p>Funding is provided in 2020/21 to develop and implement an engagement process targeted to the diverse needs of the Enderley community, helping to foster the relationship with Council and stakeholders. Concept plans and feasibility of options for the Enderley Park Community Centre will be developed throughout this process to assist with consultation, feedback and information on the community's development and to enable informed decision-making by Council at a later stage.</p> <p>Investigation of options will include analysis of potential operational models, including vesting of the asset, and requirements to ensure successful and sustainable outcomes. It is important a community is sufficiently resourced to take over ownership and operations of an asset and the assets themselves should be in a good condition when transferred.</p>

In scope deliverables	<ul style="list-style-type: none">Community engagement – workshops, surveys, public events to build relationship with community and engage on high level aspirationsBuilding community-led development and engagement capability within the community and among community leaders and key agenciesDiscussions with stakeholders on potential options for the Enderley Park Community Centre and wider community-led development in East Area 4 including EnderleyPreliminary estimates based on concepts (medium confidence)Business case outlining potential options					
Out of scope deliverables	Upgrade of building, playground or park Vesting of assets					
Risks and mitigations	Risks			Mitigations		
	Community may develop expectation of increased investment which Council may not have the ability to fund			<ul style="list-style-type: none">Identify and connect with community leadersPartner with other stakeholders/agencies to collaborate and share resources		
Benefits	<ul style="list-style-type: none">Build trust with community (enhanced version of option 1)Develop increased understanding of community aspirationsBuild relationship with other stakeholders and develop a collaborative community-led development approachWell-developed options and cost estimates for the community centre inform decision making					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel						
Other opex						
Consequential opex	60,000					60,000
Value of any assets to be disposed of						
Total Opex Impact	60,000					60,000
CAPEX IMPACT	nil					
Capital expenditure						
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact	nil					
Funding impact	<input type="checkbox"/> Can be funded through the activity’s existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding					
Procurement process	To be determined – possibly RFP for concept plans					
Cost confidence	<input type="checkbox"/> Rough order estimate – Low <input type="checkbox"/> Based on historical information – Low to Medium <input checked="" type="checkbox"/> Based on recent quote – Medium <input type="checkbox"/> Quantity surveyor costings – High					

Preferred Option	
Name of preferred option	Enhanced community-led engagement and community centre options investigation
Financial impact	An increase of \$60,000 operating funding in 2020/21

Business case – D-3248501	
Summary	
Name	Increasing our commitment to community engagement
Description	<p>This proposal is to increase and improve the communication and engagement capability of Council.</p> <p>The purpose of the communication and engagement function is to connect the community and the council – ie by understanding more about what the community values, we help the council to direct its resources towards those things which will make the most difference to the wellbeing of Hamiltonians.</p> <p>This proposal is for a number of related resources, activities or projects which aim to improve engagement between the community and Council. The key components of the proposal are:</p> <ul style="list-style-type: none"> • Increased market research capability to capture and understand more representative community views • Increased programme of ‘Your Neighbourhood’ events • Purchase and operation of a mobile engagement unit • An improved digital communication work programme • Additional staff resource to support new or increasing work programmes: <ul style="list-style-type: none"> ○ The environment/climate change/sustainability programme ○ The economic development programme ○ The strategic growth programme (including metro spatial plan, Hamilton to Auckland corridor etc)
Staff Recommendation	Option 2 - Full implementation of Community Engagement Strategy

1.0 Strategic Case	
Outline the issue and current situation	<p>The Communication and Engagement unit was established, in its current form, in December 2018. It is responsible for:</p> <p>Communication</p> <ul style="list-style-type: none"> • Council projects - e.g. intersection upgrades, new facilities, new playgrounds etc • Council corporate messaging - e.g. financial strategy, changes to service delivery • Crisis communications - e.g. river slip, closures of facilities • Education campaigns - e.g. Smartwater, road safety, rubbish and recycling • Regional communication support - e.g. Metro spatial plan • Election and civic campaigns • Media management • Recruitment branding and advertising • Internal communications and internal channels – intranet, change management, staff newsletters • Management of corporate web channels – e.g. hamilton.govt.nz, ourhamilton.co.nz • Support other council websites – e.g. libraries, pools • Management of Council’s social media channels • Video and photography creation, including drone imagery

	<p>Community engagement</p> <ul style="list-style-type: none"> • Community wellbeing – e.g. wellbeing framework • Council strategies - e.g. Play Strategy, Nature in the City strategy • Council plans and proposals - e.g. Long term plan, Annual Plan • Council projects - e.g. asking people what they want in a new playground • Council policies and bylaws • Community engagement events - e.g. Your Neighbourhood campaign • Community engagement calendar • Creation and management of digital engagement tools - e.g. Have Your Say, e-newsletters, VR technology, interactive maps • Management of hearings • Management and analysis of submissions and feedback <p>Marketing and advertising</p> <ul style="list-style-type: none"> • Hamilton City Council brand guidelines • Creation and oversight of Council collateral – e.g. brochures, flyers • Management of Council advertising campaigns – e.g. radio, newspaper, billboards • Managing advertising on public spaces - e.g. billboards, banner bookings <p>Event support and delivery</p> <ul style="list-style-type: none"> • Civic events (civic awards, citizenship ceremonies, Anzac Day, Armistice Day etc) • Council events (playground openings, sod turnings etc) • Community engagement events (Your Neighbourhood) • Event support and permitting • Internal events e.g. Shape A city • Event marketing <p>In the past year, there has been a concerted effort to increase and improve the Council's connection to the community through, for example, Your Neighbourhood events, an increased social media presence and the 2019 election campaign.</p> <p>This has been achieved largely within existing budgets but has come at the expense of investment in areas such as promoting Council events and activities to our community, promoting Our Hamilton news platform and working with partners on developing a Hamilton City identity.</p> <p>A number of Elected Members have outlined expectations for improved communication and engagement with the community, including:</p> <ul style="list-style-type: none"> • Better representation from whole of community • Better engagement with typically under-represented groups such as Maaori, young people and ethnic minorities • Engagement at earlier stages in decision-making • More visible presence in the community • More targeted, local communication and engagement • More innovative and 'attractive' engagement methods and tools <p>Additionally, there is increased demand for communication and engagement support to support new or increasing work programmes, including:</p> <ul style="list-style-type: none"> • The environment/climate change/sustainability programme • The economic development programme • The strategic growth programme (including Metro spatial plan, Hamilton to Auckland corridor etc)
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	<ul style="list-style-type: none"> Working with partners to develop and promote 'Hamilton City' identity <p>Staff have developed a communication and engagement strategy that responds to these demands – the majority of which can be delivered within existing resources; this proposal covers those items which cannot be delivered within existing resources.</p>
Prior consideration	This is a new proposal to be considered
Impact of the issue on the community	Council's Communication & Engagement Strategy aims to ensure our community is engaged in understanding and influencing the work Council does. The degree to which we invest in this strategy helps determine the degree to which we align our decisions and actions to meet our community's needs.
Objective of the project	<p>The Communication and Engagement strategy has three key engagement objectives:</p> <ul style="list-style-type: none"> Hamiltonians have every opportunity to be part of decisions that matter to them. We make it easy for people to have their say, in a way that suits them. Our engagement influences council-decision making Our engagement insights have a meaningful and timely impact on our decision-making processes and used to influence our strategies and plans. Our engagement is genuine and authentic We prioritise early engagement and commit to working in collaboration with our partners and our community. <p>This proposal aims to achieve those overarching objectives and respond to the specific issues and opportunities raised by Elected Members (noted in outline of Current Situation, above).</p>
Wellbeing outcomes	By better understanding our community's wants and needs, Council can better align its decision-making and actions to those things that will have the greatest impact on environmental, social, economic and cultural wellbeing.
Strategic alignment	This project delivers on the outcomes in Council's Communication and Engagement Strategy. Further, the Local Government Act specifically states that we have a responsibility to communicate with our community in a 'manner and format that is appropriate to the preferences and needs of those persons'. Given the diversity of our community, it is important that we understand and respond to their preferred methods of engagement, what interests them and their issues/aspirations.
Alignment to Long-Term Plan	<p><i>Does this project relate to work approved in the 2018-28 Long-Term Plan?</i></p> <p><input checked="" type="checkbox"/> Variation to a budgeted item in the 2018-28 LTP (value or timing)</p> <p><input type="checkbox"/> New unbudgeted project/service</p> <p><input type="checkbox"/> Removal of a budgeted project/service</p>
Constraints and dependencies	The proposal is one of a number of initiatives that will collectively deliver on Council's Communication and Engagement strategy.
Level of significance	This matter has been assessed as having Low Significance in accordance with Council's Significance and Engagement Policy.

2.0 Options Analysis

Option 1	
Name	Status quo
Description	<p>This option is to deliver the core aspects of the Communication and Engagement strategy from within existing budgets.</p> <p>Some of the increased demand for communication and engagement services is unavoidable (due to Council's increased work programme) so it is likely some current activity will be reduced to accommodate this.</p> <p>This is likely to take the form of 'doing the traditional basics' well – ie media releases, social media, letter drops etc – but pulling back on new methods of communicating and engaging – e.g. interactive maps, virtual reality, child-focussed displays etc. We would also need to reprioritise resource from a</p>

	portfolio perspective – ensuring we communicate the key ‘must know’ Council messages, possibly at the expense of human interest and community-based stories.					
In scope deliverables	<ul style="list-style-type: none">• Delivery of the core aspects Communication and Engagement Strategy (within existing budgets)					
Out of scope deliverables	<ul style="list-style-type: none">• Delivery of the Communication and Engagement Strategy in full (ie including elements in Option 2)					
Risks and mitigations	Risks			Mitigations		
	Lower levels of community input into Council decision-making			Continue to refine the mix of communication and engagement tools and channels to best meet needs and preferences of community		
	Underrepresentation of some groups in community engagement					
	Lack of targeted, relevant communication (e.g. through digital channels)					
	Relatively poor understanding of Council decisions, projects and services					
Benefits	Cost containment					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel	0	0	0	0	0	0
Other opex	0	0	0	0	0	0
Consequential opex	0	0	0	0	0	0
Value of any assets to be disposed of						
Total Opex Impact	0	0	0	0	0	0
CAPEX IMPACT						
Capital expenditure	0	0	0	0	0	0
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact	0	0	0	0	0	0
Funding impact	<input checked="" type="checkbox"/> Can be funded through the activity’s existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input type="checkbox"/> Requires Council to approval additional funding					
Procurement process	Not applicable					
Cost confidence	<input checked="" type="checkbox"/> Existing costs - High					

Option 2	
Name	Full implementation of Community Engagement Strategy
Description	<p>This option is to deliver the Communication and Engagement Strategy in full. The key elements of that strategy that this proposal seeks to address are:</p> <p><i>Your Neighbourhood events</i></p> <p>Your Neighbourhood is our community engagement framework which focuses on taking a localised approach to engagement and talking with the community about issues that matter to them / what’s going on in their neighbourhood.</p> <p>The focus now is to create a mobile version which means we can go to multiple neighbourhood events (school fairs, market days etc) throughout the year. This will result in having more targeted, focussed, and more meaningful events across the city.</p>

	<p>Representative engagement</p> <p>It's very usual for council engagement and consultation processes to be influenced by the 'squeaky wheels'. While we can make efforts to target a balance of specific demographic groups, the most effective and reliable way of achieving a representative view is market research. Regular and independent market research will provide timely feedback on Council's services, activities and current projects. These established surveys will reduce the need for ad-hoc engagement around our activities.</p> <p>Being bold</p> <p>We need to invest in engagement that inspires and excites our community. By mixing good old-fashioned conversation with cutting-edge technology, we have the recipe for a winning engagement approach that will make a real difference to our city.</p> <p>Reaching our diverse community</p> <p>Our population is changing and the people of Hamilton now represent more than 160 ethnic groups. Our largest ethnic group is Indian (making up 7.31% of Hamilton's population) and our second largest ethnic group is Chinese (making up 5.79% of Hamilton's population).</p> <p>If we truly want to connect the council and the community, we need to have more of a focus on accessibility and use a variety of languages and channels that will best meet the needs of our diverse community.</p> <p>Building our digital brand</p> <p>For many in our community, the only interaction they have with Council is online. We need to focus on improving our digital experience so it is efficient, informative, engaging and personalised. With 84% of Hamiltonians using one or more social media platforms, we also need to increase our investment and influence on our social digital channels.</p> <p>Being relevant to our community</p> <p>For us to be relevant, we need to take a personalised and targeted approach to our communication. As a growing metropolitan city, relying heavily on city-wide communication just doesn't work and Hamiltonians expect a lot more than that. We know people care about what happens in their neighbourhood so we need to take a more localised approach. We need tools that enable us to capture, record and use people's preferences so we can target specific messaging about things we know they are interested in.</p> <p>To meet these objectives, a number of specific initiatives are proposed. These are detailed in the Scope Section, below.</p>
In scope deliverables	<p>Mobile Your Neighbourhood vehicle</p> <ul style="list-style-type: none"> • \$120,000 (one off capital cost) and ongoing operating costs of \$30,000 per year • A Your Neighbourhood trailer that is set up with screens, poster and brochure holders etc which means we have an automatic 'classroom' style space set up that we can use throughout the city. • The trailer will mean we can head along to existing neighbourhood events and facilities (school galas, playgrounds etc) and easily be set up to engage with our community. • The vehicle could also be available to use in civil defence and recovery situations where we often need to be available in localised places to assist with disaster situations. <p>Your Neighbourhood events</p> <ul style="list-style-type: none"> • \$80,000 per year • The next phase of Your Neighbourhood will see more events take place throughout the year. This will be a mixture of expo type events (3 – 5 per annum) and also supported by numerous neighbourhood events which will be of a much smaller scale (and often project specific). • On average each Your Neighbourhood event requires \$10,000 for event costs plus an additional \$10,000 for marketing and advertising.

	<ul style="list-style-type: none">There is no specific budget allocated for this and to date it has been taken from existing budgets however this is not a sustainable solution. <p>Staff resource (C&E Advisor and casual support crew)</p> <ul style="list-style-type: none">\$140,000 per year1 x Communication and Engagement Advisor to help deliver additional work programmeCasual communication and engagement support team who can be on stand-by to help us with our engagement activity. These people will have an interest in communication, events and engagement (e.g. University and Wintec students) and be available on an as-required basis.The crew will provide much more cost effective ‘people power’ to conduct surveys at playgrounds, shopping malls etc and capture everyday engagement from our community. <p>Market research and Insights</p> <ul style="list-style-type: none">\$60,000 per yearUse of independent research to support Council’s own engagement activityDesigned to provide representative community views on core issues and activities <p>Digital tools and marketing</p> <ul style="list-style-type: none">\$60,000 per yearDigital communication software and hardwareSocial media marketing to promote council activities, events and engagement activity					
Out of scope deliverables						
Risks and mitigations	Risks			Mitigations		
	Community perception of increased costs, relative to perceived importance of better communication and engagement			Community and stakeholder messaging to communicate wellbeing/cost trade-off Ensure feedback loop so that community can see how their feedback has been considered in council decision-making		
Benefits	<ul style="list-style-type: none">Higher levels of community input into Council decision-makingBetter representation of whole of communityMore targeted, relevant communication (e.g. through digital channels)Better community understanding of Council decisions, projects and services					
Cost impact						
	20/21	21/22	22/23	23/24	24/25	Total
OPEX IMPACT						
Personnel	140,000	140,000	140,000	140,000	140,000	700,000
Other opex	230,000	230,000	230,000	230,000	230,000	1,150,000
Consequential opex						
Value of any assets to be disposed of						
Total Opex Impact	370,000	370,000	370,000	370,000	370,000	1,850,000
CAPEX IMPACT						
Capital expenditure	120,000					120,000
Capital subsidy (i.e. grants or NZTA)						
Total Capital Impact	120,000					120,000

Funding impact	<input type="checkbox"/> Can be funded through the activity's existing budget <input type="checkbox"/> Can be funded through an agreed transfer of budget from another activity <i>Provide details if this option is selected</i> <input checked="" type="checkbox"/> Requires Council to approval additional funding
Procurement process	Undertaken in accordance with Council's procurement processes for purchase of equipment, contract services etc.
Cost confidence	<input checked="" type="checkbox"/> Rough order estimate – Low

Preferred Option	
Name of preferred option	Option 2 - Full implementation of Community Engagement Strategy
Financial impact	\$130,000 Capex in Year One \$370,000 Opex per year

12.

Council Report

Committee: Infrastructure Operations Committee **Date:** 16 April 2020

Author: Paul Blewman **Authoriser:** Jen Baird

Position: City Safe Operations Manager **Position:** General Manager City Growth

Report Name: Suburban Response Team Trial

Report Status	<i>Open</i>
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Take Purpose

1. To inform the Infrastructure Operations Committee on the 12-month trial of the Suburban Response Team.
2. To seek a recommendation from the Infrastructure Operations Committee's to the Council for the continuation of the Suburban Response Team as an operational activity.

Tuutohu-aa-kaimahi Staff Recommendation (Recommendation to Council)

3. That the Infrastructure Operations Committee:
 - a) receives the report; and
 - b) recommends to the Council that the Suburban Response Team continues and becomes a fully-funded operational activity, with consideration of \$237,000 being funded in the 2020/21 Annual Plan and a further \$2,370,000 being funded in the 2021/31 Long Term Plan.

Whakaraapopototanga matua Executive Summary

4. On 21 May 2019, the Council approved a 12-month trial of the Suburban Response Team, after recognising a need to extend compliance of the Safety in Public Places Bylaw into the suburbs.
5. With the success of the Safety Officer programme within the central city, some anti-social and begging behaviours had increased in the suburbs and were affecting the perceptions of safety for many businesses and members of the suburban communities.
6. In the past 8 months, the Suburban Response Team has responded to 1,047 calls for service and carried out 21,797 proactive interactions with businesses.
7. Feedback on the Suburban Response Team activity has shown that the suburban communities appreciate the Suburban Response Team's presence.
8. The Suburban Response Team has been funded for the 12-month trial to the end of June 2020. Further funding is required for the service to continue.
9. Elected Members were briefed on this topic on 11 March 2020.

10. Staff recommend that the Suburban Response Team continues and becomes a fully-funded operational activity (option 3) as detailed in paragraph 31 below.
11. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Kooreo whaimaarama Background

12. Early in 2019, the Council recognised a need to extend compliance of the Safety in Public Places Bylaw after an increase in anti-social and begging behaviours in the suburbs. The most effective way to do this was to extend the very successful central city Safety Officer programme into the suburbs with the capability to respond to calls for help.
13. At the 21 May 2019 meeting, the Council resolved:

*That the Council approves the inclusion in the 2019/20 Annual Plan budget of an additional \$230,000 operating funding to trial in 2019/20 a **seven-day-a-week mobile unit** (five additional FTE) to patrol and respond to complaints of begging and anti-social behaviour in suburban Hamilton.*
14. An existing Council vehicle was repurposed as a response vehicle.
15. The Suburban Response Team is tasked to:
 - a) provide an immediate response to all calls for service in the suburbs between 8am and 8pm (6pm in winter);
 - b) visit all retail outlets (except closed malls) providing support and advice to reduce nuisance and anti-social behaviours in their area;
 - c) provide a visible deterrent to nuisance and anti-social behaviours throughout the suburbs with their brightly-coloured appearance and active engagement;
 - d) interact with the public at every opportunity;
 - e) provide education opportunities for retail groups and vulnerable members of the community;
 - f) engage with The Peoples Project and the like in outreach activities;
 - g) have a presence at community shopping centre events (Frankton markets, East Hamilton market day).
16. The Suburban Response Team provides a 7-day-a-week response capability to Hamilton city suburbs. There are 5 fulltime Safety Officers on the team. For safety reasons, two Safety Officers work together.
17. Their brightly-coloured appearance and active engagement provides a presence and active deterrent to anti-social/nuisance behaviour.
18. Businesses and members of the public can contact the City Safe Control Centre to ask the Suburban Response Team to respond to their concerns using a new text capability in addition to the 0800 phone number.
19. The Suburban Response Team has attended neighbourhood gatherings to spread the personal safety message.
20. The Suburban Response Team has provided support for businesses wanting to issue trespass notices by helping them fill out the forms, serving the notices and forwarding them to police.
21. The past 8 months have seen the Suburban Response Team respond to 1,047 calls for service and carry out 21,797 proactive interactions with businesses.

22. Sixteen open evenings were held at the Genesis Operations Centre from June to September 2019; 60 business people attended including members from both the Western and Eastern Community Patrols.
23. The Suburban Response Team has provided support for the People's Project Outreach Programme. The Team has also connected many individuals with the People's Project for housing support. This partnership continues to grow and help vulnerable people.
24. The Suburban Response Team is currently working with police to provide crime prevention advice to suburban retail stores. This advice and support is designed to 'target harden' these businesses.
25. As the Suburban Response Team cements its connections to the suburban businesses, the team's focus will move to increasing education and community outreach.
26. Some of the plans include regular availability at the community centres for the public to meet and talk to the team. Presentations will be provided to our at-risk community through aged care facilities and villages. Planning is already underway to take the presentations out to the business groups.
27. Feedback on the Suburban Response Team activity has been sought through a short paper-based survey. Suburban businesses were surveyed prior to the deployment of the Suburban Response Team and in late January 2020. The survey showed that the suburban communities appreciate the Suburban Response Team's presence.

Discussion

28. The Suburban Response Team has been a very successful initiative within the suburban business community. Without the service, businesses would continue to be targeted and intimidated by anti-social behaviour. They may revert to feeling they are on their own as they try and deal with these social issues.
29. If the Suburban Response Team funding is not approved as an operational expense, we are likely to continue to have challenges recruiting and retaining the right people. The staff recruited to carry out this role are highly trained and can take up to 3 months to be completely competent. Extending the trial state means staff remain in a fixed-term environment. As staff leave for permanent positions elsewhere, it is difficult to recruit high-quality staff with only a few months left of the trial.
30. The Suburban Response Team supports the Council's Safety in Public Places Bylaw, the purpose of which is to:
 - a) protect the public from nuisance;
 - b) protect, promote, and maintain public health and safety; and
 - c) minimise the potential for offensive behaviour in public places.

Options

31. Staff have assessed that there are 3 reasonable and viable options for the Committee to consider. The options are:
 1. **Option 1:** The Suburban Response Team trial ends with no further action.
 2. **Option 2:** The Suburban Response Team trial is extended for a further twelve months and its cost of \$237,000 is funded in the 2020/21 Annual Plan.

3. **Option 3:** The Suburban Response Team continues and becomes a fully-funded operational activity, with consideration of \$237,000 being funded in the 2020/21 Annual Plan and a further \$2,370,000 being funded in the 2021/31 Long Term Plan.
32. Staff recommend **Option 3** because this will allow for the positive impact of the team's activities on the community to continue, for the Council's obligations under its Safety in Public Places Bylaw to be fulfilled, and for the continuity of professional, highly-trained staff to be recruited and retained.

Whaiwhakaaro Puutea Financial Considerations

33. The cost to fund this work for the next Annual Plan period is \$237,000.
34. The cost to fund the Suburban Response Team in the 2021/31 Long Term Plan is \$237,000 each year, totalling \$2.37m.
35. The current funding is only until the end of the 12-month trial period (to 30 June 2020).

Operating Expenditure	2020/21 AP	2021/31 LTP	
5 x Safety Officers	\$237,000	\$2,370,000	\$2,607,000
Depreciation	\$	\$	\$
Consequential Opex	\$	\$	\$
Total Opex	\$237,000	\$2,370,000	\$2,607,000

Whaiwhakaaro-aa-ture Legal and Policy Considerations

36. Staff confirm that the staff recommendation complies with the Council's legal and policy requirements. **Whaiwhakaaro-aa-oranga tonutanga Wellbeing**

Considerations

37. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
38. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
39. The recommendations set out in this report are consistent with that purpose.

Social

40. The Suburban Response Team provide a visible and active deterrent to anti-social behaviour allowing people to feel safe visiting their community retail businesses.

Economic

41. The Suburban Response Team adds to helping create an environment where business feel safe to operate.

Tuuraru Risks

42. Without the Suburban Response Team, the Council would not be fulfilling its obligations under its Safety in Public Places Bylaw. Businesses would continue to be targeted and intimidated by anti-social behaviour and may revert to feeling they are on their own in trying to deal with these social issues.

43. If funding is extended for another 12 months only, rather than as an ongoing operational expense, we will continue to have recruitment issues. The staff recruited to carry out this role are highly trained and can take up to 3 months to be completely competent. It can also be difficult to retain staff on a fixed-term contract.

Kaupapa here whakahira/anganui *Significance & Engagement Policy*

Significance

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

Engagement

45. The views of the suburban business community have been assessed via a short paper-based survey. Businesses were surveyed prior to the deployment of the Suburban Response Team and in late January 2020. The survey showed that the suburban communities appreciate the Suburban Response Team's presence.

Attachments

Attachment 1 - City Safe Suburban Response Team - Survey responses 2020-03-01

Attachment 2 - City Safe Suburban Response Team - Survey results 2020-03-01 .

Council Minimum Wage PROPOSAL

Author:	Dan Finn	Authoriser:	David Bryant
Position:	People, Safety and Wellness Manager	Position:	General Manager Corporate

Proposal

1. This proposal sets out a recommendation to increase Council's minimum wage rate to align to the current living wage rate of \$21.15 for all staff directly employed by Hamilton City Council.

Recommendation

That Council approve a new minimum wage equivalent to the applicable Living Wage rate for all staff directly employed by Hamilton City Council, effective 1 July 2020, but to remain independent and not become an accredited employer of Living Wage Aotearoa.

Context

2. The Labour-Led Government intends to move the NZ Minimum Wage to \$20.00 by 2020/21, with the latest increase being to \$18.90 that came into effect on 1 April 2020.
3. Hamilton City Council currently has in place a minimum wage of \$20.00 per hour, which came into effect in December 2018.
4. The Living Wage is defined by Living Wage Movement Aotearoa as "*the income necessary to provide workers and their families with the basic necessities of life*". The current Living Wage is \$21.15 and was due to be reviewed and a new rate announced on 1 April 2020 (estimated to be \$21.70), which would come into effect on 1 September 2020. Due to the COVID-19 level 4 lock down period this announcement has been delayed.
5. A condition of becoming an accredited member of the Living Wage Movement Aotearoa is to extend the living wage to all contractors engaged by Council. The cost of this is unknown and will require staff to contact all businesses contracted to Council to provide this information.
6. Some councils have already implemented the Living Wage for their staff e.g. Wellington City Council, Christchurch City Council and Tauranga City Council. Auckland City Council chose to implement their own Council minimum wage aligned to the Living Wage rate but are not an accredited employer.
7. Staff recommend Hamilton City Council revise its minimum hourly rate to \$21.15 for all staff directly employed by Council to align with the Living Wage rate but remain independent of the Living Wage Movement Aotearoa. This provides Council with the flexibility to make decisions relating to staff wages and contractor rates.
8. The annual cost to implement this recommendation based on the current Living Wage rate of \$21.15 is \$205,000 per annum.
9. This paper presents three options:
 - Option 1: Full implementation of an increased Council minimum wage in 2020.
 - Option 2: Full implementation of the Living Wage in 2020.
 - Option 3: Status quo.

Option 1: Full implementation of an increased Council minimum wage in Year 3 of the 2018-28 10-Year Plan

10. Description

11. This option is for all staff directly employed by Council (including permanent, fixed term and casual staff), to be paid a minimum wage equivalent to the current Living Wage rate from 1 July 2020.
12. Council would not become an accredited member of Living Wage Aotearoa.
13. Each year this minimum wage would be reviewed in line with remuneration budgets so that the Council minimum wage remains ahead of the statutory minimum wage, but we are not locked into the increases and timelines defined by the living wage movement.

14. Advantages and Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> All staff will be paid at a rate higher than the statutory minimum wage. The increased minimum wage to date has helped Council attract people in our hard to fill roles (e.g. lifeguards and other pool staff). Council will be paying significantly more, in some role types, than others within the local labour market. By aligning to the Living Wage rate, but not joining the Living Wage Movement Aotearoa, Council is provided with the flexibility to make decisions relating to staff wages and contractor rates independently. This is the easiest option to implement as no further interventions would be required until either the statutory minimum wage is increased beyond what Council pays 	<ul style="list-style-type: none"> Setting a new minimum hourly rate above the current minimum hourly rate creates relativity concerns between some staff and compression issues across levels (e.g. supervisory positions and other more highly graded roles). The cost of addressing any relativity concerns is unknown.

15. Financial Implications

16. These costs are based on our peak seasonal numbers, using the yearly average earnings for employees and then reducing this by 20% to account for our fixed term and casual employees who do not work all year round. These numbers include the employer contribution to KiwiSaver of 3%.
17. A 2% increase is allowed for each year.
18. Costings do not include any adjustments to staff paid above the Living Wage rate who may be affected by relativity and compression. Understanding this cost would require significant work at an individual level to identify those supervisory and equivalent roles impacted and to assess the level of adjustment required to maintain a level of relativity.

Based on the current 10-year plan									
	Year 3 20/21 \$000	Year 4 21/22 \$000	Year 5 22/23 \$000	Year 6 23/24 \$000	Year 7 24/25 \$000	Year 8 25/26 \$000	Year 9 26/27 \$000	Year 10 27/28 \$000	Total over 8 years \$000
Total Revenue	-	-	-	-	-	-	-	-	-
Total Operating Expenses	205	209	213	217	221	225	230	234	1,754

Option 2: Implementation of the Living Wage

19. Description

20. This option is for all staff directly employed by Council (including permanent, fixed term and casual staff), to be paid the Living Wage and adhering to the Living Wage increases every year thereafter by becoming an accredited employer of Living Wage Aotearoa.

21. Advantages and Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> There is potential for a social and community advantage by being recognised as an employer paying the living wage. 	<ul style="list-style-type: none"> Council cannot influence the increases determined by Living Wage Aotearoa. Council would be bound to meet the increases to the Living Wage as prescribed each year by Living Wage Aotearoa. The cost to extend the living wage to all contractors engaged by Council is unknown.

22. Financial Implications

23. The costings to move to the current Living Wage rate can only be known for Year 3, although this may change following the announcement that was due 1 April 2020 but has been deferred due to the Covid-19 National lock-down period.
24. There would also be additional costs relating to paying contractor's staff the equivalent of at least the Living Wage rate. This cost is unknown at this time.
25. Once accredited, Living Wage Aotearoa gives organisations notice of any increases each year and adjustment must be implemented by 1 September of that year.
26. Given the current environment, we estimate that the Living Wage will be announced at approximately \$21.70 per hour and if this was the case the revised annual cost to implement this recommendation is \$345,000 for 2020/21. These costs are based on our peak seasonal numbers, using the yearly average earnings for employees and then reducing this by 20% to account for our fixed term and casual employees who do not work all year round. These numbers include the employer contribution to KiwiSaver of 3%.

Based on the current 10-year plan									
	Year 3 20/21 \$000	Year 4 21/22 \$000	Year 5 22/23 \$000	Year 6 23/24 \$000	Year 7 24/25 \$000	Year 8 25/26 \$000	Year 9 26/27 \$000	Year 10 27/28 \$000	Total over 8 years \$000
Total Revenue	-	-	-	-	-	-	-	-	-
Total Operating Expenses (staff)	345	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Total Operating Expenses (contractor)	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown

Option 3: Status quo**27. Description**

28. This option retains the status quo with no move to increase the minimum wage beyond the current Council minimum wage of \$20.00.

29. Advantages and Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none">No additional staff costs for those employees currently being paid the council minimum wage.	<ul style="list-style-type: none">Once the statutory minimum rate reaches \$20.00 in 2021 Council may lose an advantage of attracting talent into the organisation.

30. Financial Implications

31. There are no known financial implications if the status quo is retained.

Policy Brief – Hamilton City Council Living Wage Proposal

AProf. Michael P. Cameron, University of Waikato – April 2020



Background

The University of Waikato was approached in late March 2020 to provide an independent (from Living Wage Aotearoa) and objective overview of the merits of the Living Wage. This policy brief provides some background on the Living Wage, and then outlines the pros and cons of adopting the Living Wage.

Living Wage Movement Aotearoa New Zealand defines the Living Wage as:

*"...the income necessary to provide workers and their families with the basic necessities of life. A living wage will enable workers to live with dignity and to participate as active citizens in society."*¹

The modern concept of the Living Wage dates to the Living Wage Campaign run by London Citizens (now Citizens UK) in 2001. In New Zealand, the Living Wage was first estimated in late 2012 for the Living Wage Campaign (now Living Wage Movement Aotearoa New Zealand).² The initial Living Wage was estimated as \$18.40 per hour, being the minimum amount considered sufficient to support a household of two adults (one working full time and the other part time) and two children. This initial Living Wage was estimated based on basic weekly food costs, lower quartile national rent, average expenditures for the lower half of the income distribution on other itemised costs,³ plus the cost of 10 hours of childcare as well as contributions to Kiwisaver.

The Living Wage has been updated annually since 2014. The 2014 update (\$18.80 per hour) arose from a full recalculation based on the original method,⁴ and the 2018 update was similarly based on a full recalculation, but with improved needs-based estimates of expenditure on household energy, health, communication and education.⁵ Other annual revisions have been based on percentage changes in the average hourly wage. As of September 2019, the Living Wage for New Zealand is now \$21.15 per hour,⁶ adjusted from the 2018 estimate on the basis of the change in the average hourly wage. A 2020 update to the Living Wage has been delayed due to the COVID-19 crisis, but is expected to be \$21.70 per hour.

¹ See <https://www.livingwage.org.nz/about>.

² King, P., and Waldegrave, C. (2012). *Report of an investigation into defining a living wage for New Zealand*. Wellington: Family Centre Social Policy Research Unit. http://familycentre.org.nz/wp-content/uploads/2019/04/Living_Wage_Investigation_Report_2013.pdf

³ This includes: clothing and footwear; household energy; household contents and services; health; transport; communication; recreation and culture; primary education; miscellaneous goods and services; and other expenditure e.g. exceptional emergencies, non-mortgage interest payments.

⁴ e.g. King, P., and Waldegrave, C. (2014). *Living Wage Aotearoa New Zealand 2014 Update*. Wellington: Family Centre Social Policy Research Unit. https://d3n8a8pro7vnm.cloudfront.net/nzlivingwage/pages/129/attachments/original/1434872224/Living_Wage_2014_Report.pdf?1434872224

⁵ Waldegrave, C., King, P., and Urbanova, M. (2018). *Report of the Measurement Review for a New Zealand living wage*. Wellington: Family Centre Social Policy Research Unit. https://d3n8a8pro7vnm.cloudfront.net/nzlivingwage/pages/265/attachments/original/1522815168/Living_Wage_2018_Measurement_Review_Report_Final_2_4_18_%28ID_8512%29.pdf?1522815168

⁶ See https://www.livingwage.org.nz/the_new_living_wage_for_2019_is_21_15.

The HCC Proposal

Hamilton City Council adopted a minimum wage policy from December 2018, with a minimum hourly rate of \$20.00 for all permanent and fixed term employees and a minimum hourly rate of \$18.50 for all casual employees directly employed by Hamilton City Council. There is currently a proposal to match the Living Wage (currently \$21.15, but expected to rise to \$21.70 from July 2020) for all direct employees, with the potential for this to be extended to contractors.

It is important to note that no policy is implemented without cost. The move to a Council minimum wage of \$21.15 per hour in April 2020 was costed at \$205,000 per year, rising to \$234,000 per year by 2027/28. This cost must be met through some combination of: (1) higher rates and/or user charges for current ratepayers and service users; (2) borrowing, and consequent higher rates and/or user charges for future ratepayers and service users; and/or (3) decreases in the quality or quantity of service provision (offset by any productivity gains). While specific funding may be earmarked to cover the increased cost of the Living Wage, ultimately the cost must be covered in one or more of these three ways. Whether this cost is worthwhile is ultimately a political decision for council.

The Pros and Cons of the Living Wage

There is surprisingly little research on the living wage *per se*, although there is an abundant literature on minimum wages more generally. However, a statutory minimum wage that is binding for *all* employers is substantially different from a single employer (even a large employer) unilaterally adopting a Living Wage.⁷ A more appropriate research literature relates to the concept of an 'efficiency wage' (a wage paid by an employer that is substantially above the current market wage).

The literature on the efficiency wage is clear both theoretically and empirically. Efficiency wages decrease labour turnover (and the associated costs of hiring and training new workers); increase the quality of job applicants, and increase worker effort and productivity.⁸ There are two main theoretical explanations for these effects. First, workers may work harder as a result of the efficiency wage because of the threat of losing the higher wage. Under this theory, much of the benefits of the Living Wage may arise because of differences in relative wages between employers. So, if large numbers of employers adopt a Living Wage, the benefits to each individual employer are lost.⁹

Second, as noted by Nobel Prize winner George Akerlof, employment is a form of "gift exchange". In that case, workers will volunteer greater effort in exchange for being better paid (perhaps because of good feelings towards their employer). Improving the relationship with employees may be an important advantage of adopting the Living Wage. As a Council Report dated 1 December 2018 notes:

Having recently undertaken our annual employee engagement survey, we know that reward and recognition is the lowest ranked dimension within the survey following feedback from

⁷ A mandatory living wage has similar effects to a minimum wage. See Neumark, D., Thompson, M., and Koyle, L. (2012). The effects of living wage laws on low-wage workers and low-income families: What do we know now? *IZA Journal of Labor Policy*, 1(1), 1–34.

⁸ One classic example of the efficiency wage was Henry Ford's \$5-a-day factory wage in 1914, which was about double the market wage for factory work. Staff turnover fell from 370% per year to 20%, absenteeism fell, and productivity rose by 40-70%. The increase in productivity was so great that Ford's factory costs (production plus training costs) decreased even though they were paying much higher wages.

⁹ For more on this point, see <https://sex-drugs-economics.blogspot.com/2014/10/the-living-wage-is-good-for-employers.html>.

our people... Business Units where lower wage rates are more prominent, scored significantly lower than some other Groups within the organisation in this area.

A related benefit of the Living Wage is the reputational effects it confers on accredited Living Wage employers. Employers who pay the living wage receive a 'halo effect' benefit, not only in the eyes of their own employees, but also in the wider community. There may also be a corresponding negative effect of *not* being a Living Wage employer, when other comparable employers have become accredited. That may be the case for HCC, as Wellington and Dunedin City Councils have implemented a Living Wage, while Auckland Council and Tauranga City Council are not accredited Living Wage employers but are matching the Living Wage for their direct employees.

However, adopting a Living Wage potentially locks the employer into a situation where wages are set by an external organisation (the Living Wage Aotearoa Movement) and do not necessarily reflect local or commercial realities. Moreover, should HCC decide later to no longer be an accredited Living Wage employer, there is potential for substantial reputational damage that might outweigh any initial reputational gains from becoming accredited. It is interesting to note that HCC has to date opted not to be an accredited employer, while maintaining a minimum wage that is consistent with the spirit of the Living Wage – this midway approach has some of the benefits of offering a higher wage, while avoiding the lock-in associated with becoming an accredited Living Wage employer.

Adopting the Living Wage will likely affect the wages of those who were previously earning slightly more than the Living Wage. To maintain relativity between more junior and more senior staff, it may be necessary to adjust wages also for employees whose wage is above the Living Wage. For example, this has been shown in recent research to be a consequence of minimum wage increases.¹⁰ This suggests that the estimated cost of adopting the Living Wage may understate the full cost, once changes to wages above the Living Wage are accounted for.

Similarly, becoming an accredited Living Wage employer comes with an obligation to transition all indirectly paid workers employed by contractors to the Living Wage.¹¹ This transition is currently uncoded (i.e. it is not included in the \$205,000 per year cost mentioned earlier). The cost could be substantial, particularly given contractors in the cleaning, catering, and security sectors are likely to currently be paying their direct employees below the Living Wage. Moreover, it is not clear whether subcontractors to contractors are covered, although it is likely that is the intention.

Finally, perhaps the strongest argument in favour of a Living Wage is a moral philosophy argument, not an economics argument. The Living Wage is, ultimately, about fairness.¹² This point was noted in a Council Report dated 1 December 2018:

We want to pay and reward our people fairly for the work that they do, allowing them to provide the necessities to support their family and to participate as an active citizen within their community.

¹⁰ Jardim, E., Long, M.C., Plotnick, R., van Inwegen, E., Vigdor, J., and Wething, H. (2018). Minimum wage increases and individual employment trajectories, *NBER Working Paper 25182*. Cambridge, Ma.: National Bureau of Economic Research, 47 pgs.

¹¹ See the Living Wage Employer Accreditation Policy: https://d3n8a8pro7vhmx.cloudfront.net/nzlivingwage/pages/125/attachments/original/1434840733/LWE_Accreditation_Criteria.pdf?1434840733

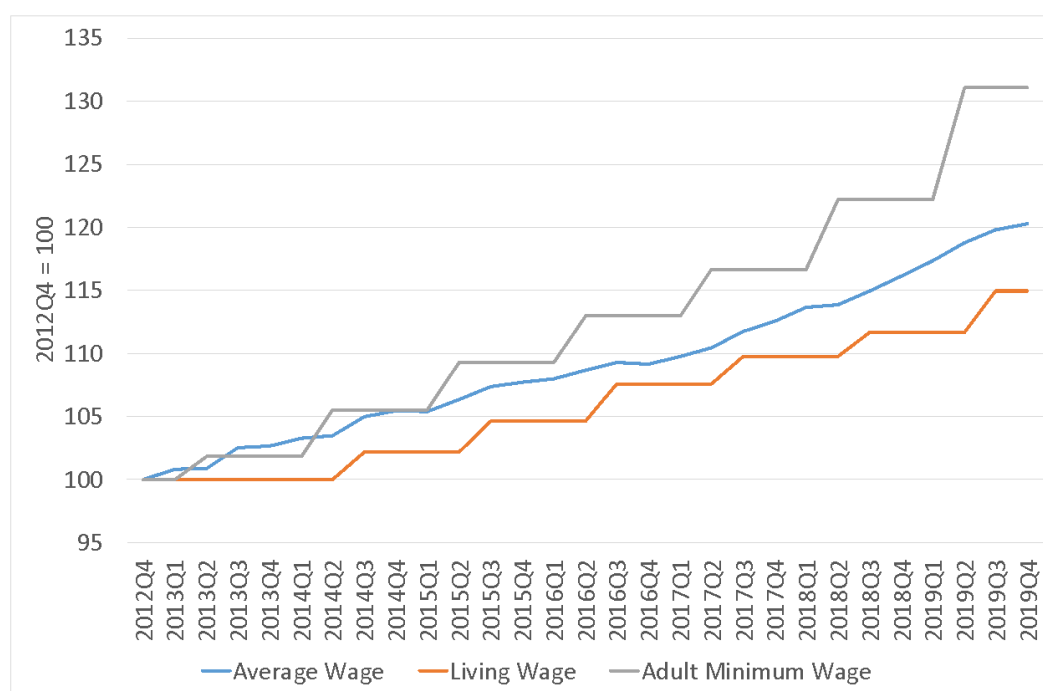
¹² For example, see the conclusions in Holzer, H.J. (2008). Living wage laws: how much do (can) they matter?, *IZA Discussion Paper No. 3781*. Bonn: Institute for the Study of Labor (IZA), <http://nbn-resolving.de/urn:nbn:de:101:1-20081126407>.

Other Considerations

An economic impact argument in favour of the Living Wage could be made on the basis of increased spending – employees who earn more will likely spend more in the local economy. However, the economic impact of this proposal is likely to be vanishingly small in comparison to the overall Hamilton economy, for several reasons: (1) the total proposed additional wage increases amount to \$205,000 per year for direct HCC employees, which is about 0.002% of Hamilton's estimated GDP of around \$10.12 billion;¹³ (2) not all of the additional wages will be spent, as some will contribute to taxes and to savings or paying down debt, while some will be spent outside of Hamilton City; and (3) higher rates or user charges (see earlier) would offset some of these gains. An economic impact argument in favour of a Living Wage is therefore incredibly weak.

A key consideration in adopting the Living Wage is how the Living Wage compares over time with the national adult minimum wage and with average wages. As shown in Figure 1 below, these measures have followed similar trends over the period since the Living Wage was introduced in the final quarter of 2012. Of the three series, the adult minimum wage has grown the fastest over this period (+31%), and the Living Wage has grown the slowest (+15%). However, the similarity in trends suggests that there is little advantage (or disadvantage) in adopting the Living Wage in preference to adopting a higher minimum wage based on a given proportion of the average wage, or based on a premium over the national minimum wage.

Figure 1: Changes in Average Wage, Living Wage, and Adult Minimum Wage, 2012Q4-2019Q4¹⁴



¹³ See <https://ecoprofile.infometrics.co.nz/Hamilton%20City/QuarterlyEconomicMonitor/Gdp>.

¹⁴ The numbers reported in this figure are relative to 2012Q4, which is set to equal 100.

The Living Wage may not be well targeted. While it is currently set on the basis of a household of two adults and two children, there are likely to be a considerable number of employees for whom this categorisation is incorrect. For some (e.g. those with large families or many dependents), the Living Wage may be too low given their family circumstances. For others (e.g. youths still living at home), the Living Wage would be welcome but may be unnecessary given their family circumstances. However, family circumstances are already rarely a consideration in wage setting processes.

Similarly, the Living Wage is currently set at a national average that does not consider regional differences in the cost of living. However, it is unlikely that the cost of living in Hamilton City deviates substantially from the cost of living nationally. For instance, the median house price in Hamilton (\$622,492) is not far below the median house price for New Zealand (\$722,475),¹⁵ and the median rent in Hamilton (\$450 per week) is also not far below the median rent for New Zealand (\$470 per week).¹⁶ The differences in cost of living between Hamilton and New Zealand overall are offset by differences in Accommodation Supplement entitlements, so the net difference in cost of living is likely to be small. Thus, an argument against the Living Wage based on regional differences is not particularly strong in the case of Hamilton.

Conclusion

There is neither a strong economic argument in favour of, nor a strong economic argument against, the adoption of a Living Wage. Pros of the living wage include efficiency wage gains such as improved productivity and reduced staff turnover and absenteeism, and reputational gains. Cons include the increased financial cost, and being locked into future wage changes that Council has little control over without suffering reputational damage.

¹⁵ See <https://www.qv.co.nz/property-trends/residential-house-values>.

¹⁶ See <https://www.interest.co.nz/charts/real-estate/median-rents-nz>.

Attachment 2

**Back on track
Hamilton's COVID-19 response budget**

From the Mayor

To come.

Item 5

Our role in Hamilton's COVID-19 recovery

Hamilton City Council was quick to respond to COVID-19. Council's priority was, and continues to be, helping those who need it the most.

On 26 March, the first day of the Alert Level 4 lockdown we were one of the first councils in New Zealand to launch a recovery plan. We released a 12-point recovery plan directing almost \$3.4 million of funding to support the wellbeing of those individuals, businesses and community groups hit hardest by COVID-19. Below are a few examples of the targeted support we provided.

- **Social service funding support**
32 Hamilton community organisations were able to provide emergency food, accommodation and crisis support thanks to this \$600,000 fund.
- **Support for residential ratepayers**
We extended our existing rates remission criteria to include ratepayers whose employment and/or income had been directly affected by COVID-19 and allocated a further \$280,000. You can apply at hamilton.govt.nz/recovery5
- **Consent fees relief and refunds**
\$460,000 was refunded to customers who no longer wanted to continue with their building projects.

We've also included a further \$1.1 million in our proposed budget for this year to further support those who need it the most. This includes continuing with rates relief measures plus a business support fund. You can read more about this on page xx.

For more information on our 12-point Recovery Plan, visit hamilton.govt.nz/recoveryplan

Shovel ready projects

Alongside our Waikato partners, we submitted 22 proposals to the Government and 21 have successfully made the first cut, including all 10 Hamilton proposals. If successful, we expect Government to fund most of the cost, but we may also need to contribute financially. The proposals include a number of different projects. But they all create jobs, have a wider public benefit and are ready to start immediately. Below are a few examples.

- **River tourism \$23 million**
Improve river-based cycling and pedestrian connections.
- **Hamilton to Auckland passenger rail start-up service \$101 million**
Enhance the level of service of the existing planned commuter train.
- **20 Minute City \$498 million**
Linking existing destinations with walking, cycling and public transport connections, creating a city where you can safely access most things within 20 minutes, without relying on private vehicles.

- **Development of natural area gully networks \$102.5 million**
Transform natural areas and gullies across Hamilton, including pathways and boardwalks, signage and seating.

For the full list of projects and more information on the proposal, check out hamilton.govt.nz/shovel-ready.

What does COVID-19 mean for our 2020-21 Annual Plan?

Every year Council develops a plan that sets out the projects and budgets for the year ahead. As a Council we had our plan sorted – to increase our revenue so we could continue to build and maintain the infrastructure our growing city needs.

We were set to balance our books (which means we pay for everyday costs from everyday revenue) by 2022/23 and our financial strategy was to continue paying down debt fast. We were staying within our debt to revenue levels, capping debt at 230% or \$2.30 for every \$1 collected in revenue.

But, things have changed.

Like most organisations, Council has been impacted by COVID-19. We're forecasting a \$22 million drop in non-rates revenue for the next 12 months from services like building and consent fees and development contributions and money paid to our community facilities and visitor attractions like our pools and the Hamilton Zoo.

We need to think differently, and as the saying goes, we need to cut our cloth to fit.

As part of our existing commitment to save \$94 million over 10 years, we've identified \$7million of savings without affecting services to the community. This is from things like more efficient processes, cutting travel and training costs and freezing wages for Council staff earning more than \$70,000 per year.

We're also planning to make some savings in our capital project programme. Capital projects are those projects that maintain or improve our city's infrastructure. For the next 12 months we are deferring \$65 million of capital projects to later years. Leaving \$297.7 million of capital projects still progressing over the next 12 months. We need to strike the right balance here, living within our means while making sure we invest in the economy to help get us through these difficult times.

Projects being deferred include upgrading the transport centre, a new river boardwalk for Victoria on the River and infrastructure work in our Peacocke and Rotokauri growth cells. These projects will still get done, but at a later date. For the full list of capital deferrals visit [Hamilton.govt.nz/AnnualPlan](https://hamilton.govt.nz/AnnualPlan)

We know we need to reduce the impact COVID-19 will have on our communities where we can, but every dollar we reduce our rates by is a dollar we can't use to provide services, or targeted relief or create jobs in Hamilton's economy. Reducing our rates by just 1% means we have \$1.85 million less over 12 months to invest in our great river city.

It also means that we reduce our ability to borrow more, if we wanted to down the track.

We also know we need to continue to invest and look after our assets, or we'll risk ending up with bigger rates rises in later years.

What has changed from the 10-Year Plan?

(this section will summarise the changes in the draft 2020/21 Annual Plan against Year 3 of the 10-Year Plan)

The section will be completed after the Council meeting 10 June.

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So, what's the plan?

We want to keep our promise to you. We are sticking with our original plan for a 3.8% average rate increase. This is what was agreed with our community in our 2018-28 Long Term Plan.

The proposed 3.8% average rate increase means we can maintain our current levels of service, keep most of our projects progressing (which is critical to get Hamilton's economy back on track) and means we can still prepare for the growth still coming our way.

We know that COVID-19 has changed everything. And we very seriously considered a rate increase of less than 3.8%. But this would have meant either cutting services or further increasing the city's debt levels.

The upside

- \$1.1 million will be set aside for a targeted relief package for residential ratepayers, businesses and community groups struggling to pay their rates. More on this below.
- We keep providing all services at the same standard people have told us they want, like upgrading our playgrounds and fixing our roads.
- We will keep delivering what you told us was important in our last Long-Term Plan.
- The more projects we can continue with = more jobs for Hamiltonians.
- We have demonstrated a commitment to continuing to invest in our city.
- We can be more certain about our financial position in the long term.

The downside

- We will delay balancing our books until 2024, that's two years later than planned, because of the lost non-rates revenue.
- Although our debt to revenue ratio stays within our financial strategy limit of 230% next year, it is likely to increase in future years and we will need to address that next year in our Long-Term Plan.
- We need to defer some capital work, but we can continue with \$297.7 million of capital work which will go a long way in supporting our city.

Targeted relief package for 2020/21

To make sure support is available for those who need it the most, we're proposing a targeted relief package for ratepayers, businesses and community groups struggling to pay their rates. We've come up with a few different ways we can offer support, and we're asking for your feedback.

Ratepayer support

- Rates remission

We are one of only a few councils that offer additional assistance to low-income ratepayers, on top of the nationwide rates rebate scheme. When COVID-19 happened, we extended our rates remission criteria to include ratepayers who had been directly affected by COVID-19. We want to continue to offer a rebate to Hamiltonians suffering hardship because of COVID-19. Eligible Hamiltonians could get a rates relief of up to \$570 for their 2020/21 rates.

To do this, we need to make a small change to our policy. View the Policy at hamilton.govt.nz/AnnualPlan

- Changing how often we invoice our rates
Currently we send you four rates invoices throughout the year, but we're proposing to change this to two or even one invoice. This means we can delay the due date of your next rates invoice, giving you more time to get back on track and work with us on a payment option that suits you. There's other benefits too, like reduced postage costs of \$51,000 each year (if we move to one invoice). You can still pay weekly, fortnightly, monthly, quarterly or whatever you prefer by setting up a direct debit or automatic payment.
- Extending payment arrangements
Giving you more time to arrange a payment plan with no penalties. Simply get in touch with our customer services team to arrange a payment plan.

Businesses community support

- Defer rate payments until January 2021.
All commercial ratepayers can apply to defer part of their rates instalment, without penalty, until January 2021. This gives you more time to pay and benefit from a potential increase in revenue over the Christmas period.
- Defer rates increase because of final year CV transition
This is the final year of the transition from land to capital value rating, this means some commercial properties will receive a significant increase in rates. To help offset this, commercial ratepayers with an increase of more than \$20,000 can defer payment of the amount their rates has increased until May 2021.

Community groups support

- Waive rent
We will continue to waive rent for community groups and businesses who are tenants of Council owned property that are unable to pay rent. This includes community groups, sports clubs, businesses operating from council facilities (such as

cafes), and other businesses that are tenants of Council and that can demonstrate hardship.

Attachment 2

More information about these initiatives, including how to apply, will be available after our Annual Plan is adopted in July.

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Have your say

Be part of the conversation, join our Mayor and Councillors online for a live webinar and have your questions answered.

Details to be confirmed

Help shape your city by telling us what you think.

- **Post** your feedback to

Hamilton City Council
Freepost xxxxx
- **Online** at hamilton.govt.nz/haveyoursay
- **Email** haveyoursay@hcc.govt.nz
- **Phone** xxxxxxxxx
- Visit Facebook.com/HamiltonCityCouncil

We need to know what you think by 10 July 2020. Share your voice, shape your city.

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Feedback form

Full name

Organisation (if responding on behalf of an organisation)

Privacy statement

The Local Government Act 2002 requires submissions to be made available to the public. Your name will be published with your submission and made available in a report to elected members and to the public. Other personal information supplied will be used for administration and reporting purposes only. Please refer to Council's Privacy Statement at hamilton.govt.nz for further information.

Please tick if you do not want your name to be published with your submission.

YOUR FEEDBACK

Do you have any other comments on our COVID-19 recovery budget?

We're proposing to provide a rate remission of up to \$570 for residential ratepayers struggling to pay their rates because of COVID-19. To do this we need to update our policy that deals with rates remissions.

Do you agree with updating our policy to allow for the remission to continue? Yes No

How often should Council send out rates invoices? You can still pay your rates weekly, fortnightly, monthly, quarterly or whatever you prefer.

4 times year (as now)

2 times a year which will save Council \$35,000 per year

1 time a year which will save Council \$51,000 per year

Would you like the opportunity to talk to us about your submission?

You can present your feedback to Council over Zoom on xxxxx. We'll be in touch with more details.

ABOUT YOU

This section tells us a bit more about you. By capturing this information, we can better understand who is, and isn't, providing feedback.

Where do you live?

I am a Hamilton city resident, my suburb is: _____

I live outside Hamilton City:

Waipa

Waikato

Elsewhere in New Zealand

Overseas

Contact details

We will use this to get in touch with you if you would like the opportunity to talk to us about your submission in person.

Phone: (day) _____ (evening) _____

Email: _____

What is your age group? (at your last birthday)

Under 16	16-19	20-24	25-29	30-34	35-39
40-44	45-49	50-54	55-59	60-64	65-69
70-74	75-79	80+			

Which ethnic group do you identify as? (tick all that apply)

NZ European	Maaori	Indian	Chinese
Samoan	British	Filipino	Tongan
Cook Island Maaori	South African	Other _____	

Which of the following best describes your household situation?

Living alone.

Family or couple with dependants (children or other family).

Family or couple with no dependents.

Living with others that are not family.

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