Notice of Meeting:

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

Date:	**Tuesday 26 February 2019**
Time:	**9.30am**
Meeting Room:	**Council Chamber**
Venue:	**Municipal Building, Garden Place, Hamilton**

Richard Briggs
Chief Executive

Council
OPEN AGENDA

Membership

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr R Hamilton
Quorum:	**A majority of members (including vacancies)**
Meeting Frequency:	**Monthly – or as required**

Lee-Ann Jordan
Governance Manager

20 February 2019

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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 taskforces and their terms of reference.

Oversight of Policies:

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

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 three minutes or longer at the discretion of the Mayor.

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

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

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

Item 5

Council Report

Committee: Council

Date: 26 February 2019

Author: Greg Carstens

Authoriser: Jen Baird

Position: Growth Funding & Analytics Unit Manager

Position: General Manager City Growth

Report Name: Development Contributions Policy Update

Report Status	*Open*

Purpose

1. To seek the Council's approval for updates to the Development Contributions Policy and publicly consult on these updates.

Staff Recommendation

2. That the Council, for the purposes of preparing a proposed Development Contributions Policy 2019/20 for public consultation in April 2019, approves:

   a) the Council's integrated growth funding modelling environment be updated to reflect any changes to the Council's 10-Year-Plan growth and capital programme;

   b) identified capital projects that contain a component of growth but are not included within the 2018/19 Schedule of Assets, to be reviewed for inclusion in the 2019/20 Schedule of Assets;

   c) amending the definition of 'gross floor area' as set out in attachment 1 of this report; and

   d) amending the 'wet industries' clause as set out in paragraph 35 of this report.

Executive Summary

3. The Council adopted the Development Contributions Policy 2018/19 on 28 June 2018 and it became operative on 1 July 2018. This report makes recommendations as part of Council's practice of updating its Development Contributions Policy on an annual basis.

4. Through this report Staff seek direction from the Council regarding potential updates to the Development Contribution Policy 2019/20, and make the following recommendations:

   - Recommendation a) is to update the Council's integrated growth funding modelling environment to reflect any changes to the Council's 10-Year-Plan growth and capital programme;

   - Recommendation b) is that selected 10-Year Plan projects that contain a component of growth but are not included within the 2018/19 Schedule of Assets be reviewed for inclusion in the 2019/20 Schedule of Assets. These projects will be assessed through Council's capital cost allocation process to determine if they are candidates for inclusion and, if they are, to what extend they should be funded by growth.

- Recommendation c) is to make a minor amendment to the definition of ‘gross floor area’
- Recommendation d) is to make a minor amendment to clarify the ‘wet industries’ clause.

5. Preliminary calculations in relation to Recommendation b) indicate increases in development contributions due to inclusion of the water treatment plant upgrade. This increase is likely to be approximately one thousand dollars to the citywide charge per household unit equivalent (HUE). The charge is potentially a further one to four thousand dollars per HUE for the other wastewater, transport and stormwater projects which are candidates for inclusion (depending on catchment).
6. The proposed updates require a Council resolution and public consultation (separate to any requirement for consultation on the Council’s Annual Plan).
7. Council has another option provided for in the Local Government Act (LGA) which is to simply increase its development contribution charges (on the capital component only) by the Producers Price Index Outputs for Construction (PPI) provided by Statistics New Zealand. Development contributions would increase by an estimated 1-2% under this option. Updating charges by PPI instead of updating the Schedule of Assets is not recommended in this report.

Background

8. The Council must plan for future demand for infrastructure that comes from growth and establish a capital expenditure programme that provides for this future demand. The Council must determine which of its available funding sources these activities are to be funded from, including development contributions.
9. The Council planned for growth through the development of the 2018-28 10-Year Plan and the corresponding financial policies.
10. At the 28 June 2018 meeting, the Council adopted the Development Contributions Policy 2018/19, with an operative date of 1 July 2018.

Discussion

11. Staff now seek direction regarding potential updates to the Development Contribution Policy.
12. Based on the desired direction of the Council, staff will bring to Council on 4 April 2019 an updated Development Contributions Policy to adopt for consultation.
13. In respect of the CBD remission, the Council resolved in a meeting of 31 May 2018 to phase out the CBD remission, with a 66% automatic CBD remission to apply until 1 July 2019, 33% until 1 July 2020, and no automatic remission from 1 July 2021.
14. The Development Contributions Policy 2018/19 was based on the best information available when it was drafted. Staff recommend updating the policy to reflect another year’s worth of information.
15. **Recommendations**
16. **Recommendation a)**: Run the Council’s integrated growth funding modelling environment with updated data.
17. The development contributions are set through the Council’s integrated growth funding modelling environment. Staff propose to update this with the latest data including:
    - last year’s actual capital expenditure replacing estimated capital expenditure;
    - updated estimates and timing of future capital expenditure;
    - a review of interest rates;

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- historical revenue and HUEs; and
- updating growth projections (within the model).

18. **Recommendation b)**: Include selected growth projects into the Schedule of Assets.

19. Staff have identified projects that contain a component of growth but are not included within the 2018/19 Schedule of Assets.

20. These projects include:
    - erosion control
    - upgrades to the water treatment plant
    - transport projects such as safety upgrades, cycleways and bridge widening and
    - certain wastewater projects.

21. All these projects, by varying degrees, were caused by growth and benefit the growth community. The funding needs of the Council must be met from those sources that the local authority determines to be appropriate.

22. Aside from the water treatment plant upgrade, the projects referred to in the list above had elements still being finalised and were not able to be included in the 2018/19 Schedule of Assets for recovery through development contributions. As explained at a 14 February 2019 Council briefing, the water treatment plant upgrade was an omission from the Schedule during the 10-Year Plan process last year. Given the Council's Revenue and Financing Policy guiding principle 'growth will pay for growth', staff assessment is that, in particular, the water treatment plant upgrade should be included in the 2019/20 Schedule of Assets.

23. The other projects listed above will be assessed through Council's capital cost allocation process to determine if they are candidates for inclusion and, if they are, to what extend they should be funded by growth.

24. Due to the scale of the capital expenditure recommended to be added to the Schedule of Assets and depending on the outcome of the cost allocation process, the quantum of development contributions may increase materially.

25. Preliminary calculations in relation to Recommendation b) indicate increases in development contributions due to inclusion of the water treatment plant upgrade. This increase is likely to be approximately one thousand dollars to the citywide charge per household unit equivalent (HUE). The charge is potentially a further one to four thousand dollars per HUE for the other wastewater, transport and stormwater projects which are candidates for inclusion (depending on catchment).

26. To include these projects, the Council's integrated growth funding modelling environment must be run (Recommendation a).

27. **Recommendation c)**: Minor clarification to 'gross floor area' definition.

28. During the implementation of the Development Contributions Policy 2018/19, operations staff have identified an improvement to the definition of gross floor area (GFA).

29. Currently the definition excludes "*incidental or temporary loading and servicing areas and access thereto"*.

30. The definition was originally derived from the District Plan definition for GFA. While aligning definitions across the Council is generally good practice, this clause is rarely applied when assessing development contributions and is broadly only applicable to minor areas.

31. Staff recommend the removal of this section of the definition to simplify the definition and avoid any misinterpretation of its meaning (see Attachment 1: Gross Floor Area Definition).

32. **Recommendation d):** Minor amendment to the 'wet industries' clause.

33. The Development Contributions Policy 2018/19 contains clauses relating to wet industries (industrial developments that are assessed to or will utilise more than 15,000 litres of water per day).

34. These clauses were first introduced into the Development Contributions Policy 2013/14 but were first used only recently.

35. Staff recommend, based on recent experience assessing wet industries, to update Schedule 5, Note 2 in the Development Contributions Policy 2019/20 as follows;

At the discretion of the Council, the charges for water and wastewater for wet industries may be assessed on a case by case basis in relation to the level of demand produced by the development and the cost of servicing it, and set by agreement with the developer in accordance with sections ~~200(2)~~ 207(A-F) of the LGA. The factors used for calculating the charges for developments that do not fall into this category are averages that have been calculated by excluding usage by wet industries, but wet industry usage has been included in the overall demand growth projections.

Alternative option

36. Council has another option provided for in the Local Government Act (LGA) which is to simply increase its development contribution charges (on the capital component only) by the Producers Price Index Outputs for Construction (PPI) provided by Statistics New Zealand. Development contributions would increase by an estimated 1-2% under this option.

37. If Council were to choose this option and declined to make the policy amendments in the staff recommendation, it would not be required to undertake public consultation. The Local Government Act 2002 S106(2B) provides territorial authorities the option of increasing development contributions by PPI "*without consultation, formality, or a review of the Development Contributions Policy".*

38. Development contributions may only be increased without consultation by multiplying the proportion of the total costs of capital expenditure *not* related to interest and other financing costs by PPI.

39. Note that staff recommendation in this report and the PPI adjustment are mutually exclusive options.

40. Updating charges by PPI instead of updating the Schedule of Assets is not recommended by staff. Recommendation a) is recommended over PPI as it keeps the Development Contributions Policy aligned with Council's 10-Year-Plan growth and capital programme.

Financial Considerations

41. The updates proposed in this paper are not considered significant enough to require updates to development contributions revenue estimates.

Legal and Policy Considerations

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

43. Staff have taken verbal legal advice in respect of the recommended options in this report.

Cultural Considerations

44. The recommendations provided to Council are not known to impact the cultural interests of Hamilton's people and communities specifically.

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Risks

45. If the Council does not approve Recommendations a) and b), the Development Contributions Policy will not be using the most up-to-date data and therefore the level of development contributions will not reflect the current growth environment.

46. If the Council does not approve Recommendations c) and d) there is a risk that those policy provisions may be misinterpreted.

Significance & Engagement Policy

Significance

47. Given the statutory requirement to consult, staff have not considered the key considerations under the Significance and Engagement Policy to assess the significance of recommendation(s) in this report.

Engagement

48. There is a statutory requirement to consult as per legislation outlined below.

49. Section 201A (5) of the Local Government Act 2002 allows Council "make changes to the schedule required by subsection (1) at any time without consultation or further formality, but only if *"… the change does not increase the total or overall development contribution that will be required".*

50. If the staff recommendations are adopted, consultation is required.

Attachments

Attachment 1 - Gross Floor Area Definition - Proposed Amendment

Appendix 1: Proposed update to Development Contributions Policy definition for Gross Floor Area (GFA)

6.22

gross floor area (GFA) means the sum of the gross floor area of all floors of all buildings on a site measured from the exterior faces of the exterior walls or from the centrelines of walls separating two buildings. Gross floor area shall:

a) include elevator shafts, stairwells and lobbies at each floor and mezzanine floors and balconies,
b) exclude any provided car-parking~~, incidental or temporary loading and servicing areas and access thereto~~ and building service rooms containing equipment such as lift machinery, tanks, air conditioning and heating plants,
c) exclude buildings and structures where defined as temporary in a relevant consent,
d) include permanent outdoor covered structures,
e) for the purposes of this Policy, include car parking provided on a commercial basis, and
f) in cases where there is no constructed floor or in which existing floor area is covered for the first time by a roof or other covered structure, include the area under the roof or the covered structure

Item 6

Council Report

Committee: Council

Date: 26 February 2019

Author: Greg Carstens

Authoriser: Jen Baird

Position: Growth Funding & Analytics Unit Manager

Position: General Manager City Growth

Report Name: Funding Growth Infrastructure Options Report

Report Status	*Open*

Purpose

1. To inform the Council on options for funding growth infrastructure, as requested by the Finance Committee on 4 December 2018.
2. To inform the Council on the options available to them to ensure demand on public infrastructure arising from development is appropriately accounted for through Development Contribution revenue.
3. To seek a Council resolution to adopt Option 1 for funding growth infrastructure as described in this report and agree a series of criteria to be considered when applying Option 1.

Staff Recommendation

4. That the Council **resolves** as follows:

   a) subject to the criteria set out in resolution b), to adopt Option 1 in this report as the preferred option for ensuring there is no future funding shortfall by electing to assess development contributions at lodgement of building consent or application for service connection, not on lodgement of subdivision consent;

   b) staff will have regard to the following non- exhaustive criteria consistent with Option 1 in this report and clause 10.4 of the 2018/19 Development Contributions Policy, in determining whether “good reason” exists to require development contributions on the granting of a building consent or a service connection, and without limiting the Council’s overall discretion:

      i. whether a growth cell or project becomes funded in a 10-Year Plan and is not reflected in a previous DC policy’s Schedule of Assets;

      ii. whether the benefits arising from Council-funded projects and accruing to the development are not adequately reflected in the assessed DC charge;

      iii. the nature and scale of the development;

      iv. the timing, staging and duration of the development project, including in relation to the timing of a policy change;

      v. whether a potential funding shortfall can be avoided by way of a preferred alternative funding mechanism;

vi. where the Council has made no direct and legally binding commitment with a developer to a particular milestone;

vii. where there is uncertainty as to the timing or funding source for growth infrastructure;

viii. fairness and equity as between developers, and as between developers and ratepayers.

Executive Summary

5. 10-Year Plan budgets were approved and confirmed by the Council on 31 May 2018 and adopted on 28 June 2018. Those budgets assumed development contributions (DC) revenue based on a certain number of developments being levied under the 2016/17 DC Policy and a certain number under the new 2018/19 DC Policy.

6. On 4 December 2018, the Finance Committee directed staff to bring recommendations to Council to avoid or mitigate any potential funding shortfalls between the two policies to the Council on 21 February 2019 (subsequently moved to 26 February 2019).

7. This report informs the Council on the three options investigated. The options, and the advantages/disadvantages and financial implications of each, are outlined in the table in the section below titled Detailed Options Analysis.

8. A higher than expected number of resource consent applications were lodged with the Council in the period immediately prior to 28 June 2018, principally in the Peacocke and Rotokauri growth cell areas, but also across the city. This means more DCs than anticipated will be assessed under the 2016/17 DC Policy, which has lower charges generally than the 2018/19 DC Policy.

9. Depending on whether the Council requires DCs on the granting of resource consents or on application for Code Compliance Certificate (CCC) or application for service connection, the total DCs a development pay may differ. Under certain circumstances choosing one instead of the other could lead to a potential under-recovery of anticipated future DC revenue.

10. It’s important to note regarding the potential under-recovery of anticipated future DCs, that the lower level of recovery is a *potential* future state and would not materialise immediately, and in fact may be avoided.

11. The 2018/19 DC Policy indicates in clause 10.4 that while it is still the Council’s preference to require DCs at the earliest available opportunity, where good reason exists, it reserves the right to require DCs at a later milestone, such as upon the granting of a building consent or service connection.

12. Staff recommend Option 1 in the table below for any identified development, under which DCs would be required at lodgement of building consent or application for service connection – not on lodgement of subdivision consent as is the default approach. If all DCs can be collected at building consent or service connection, DCs would be paid at the rate of the 2018/19 DC Policy and any funding gap (in relation to the applicable development) would be avoided.

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 medium level of significance.

Background

14. To meet projected growth demands, the city needs an extra 12,500 houses over the next 10 years. The Council's role is to provide new strategic infrastructure such as roads, pipes and parks to enable this. The 2018-28 10-Year Plan saw a substantial increase in investment across the city, including the development of the Peacocke growth cell.

15. Typically, DC charges increase each time a reviewed or updated DC Policy is adopted, but only by a small or moderate amount, and the DC Model and its long funding horizon absorbs this effect without the need for intervention.

16. Some developers lodged their consents immediately prior to 1 July 2018. If DCs are required at the time of lodgement of those consents, DCs would be calculated under the 2016/17 DC Policy as opposed to the 2018/19 DC Policy. The effect of this for the developer is to attract substantially lower DCs. For the Council, this means less DC revenue than anticipated to fund the growth-related capital expenditure budgeted in the 10-Year Plan. Unmitigated, this will have a significant impact on the Financial Strategy and delivery of growth infrastructure.

17. As an example, in the Peacocke growth cell subdivision consents lodged in June 2018 containing 906 residential lots. The majority of these comprise the 867 lot Amberfield subdivision lodged with the Council on 15 June 2018, immediately prior to the adoption of the new DC policy, which created a potential under-recovery of anticipated future DCs of an estimated $20M to $25M.

18. The Council's growth forecasts did not anticipate development in Peacocke Stage 2 until after the 2018/19 DC Policy came into effect on 1 July 2018; as such the 10-Year Plan budget was predicated on the basis that future development in that cell would pay the 2018/19 DC rates and not the 2016/17 DC rates.

19. Average DCs in Peacocke in the 2016/17 DC Policy are $17K per lot compared to $45K in the 2018/19 DC Policy.

20. Other areas within the city were subject to a similar surge of applications for resource consents lodged prior to 28 June 2018. For example, Rotokauri was subject to applications totalling approximately 668 (471 advised) lots, made up of a number of separate subdivisions. Some of these applications have received indications from the Council that DCs will be levied on the granting of resource consent, while others have not. Staff are currently identifying where any commitments to require DCs on the granting of resource consent must be met, and where the Council can consider deferring until the granting of building consent or service connection.

21. In Rotokauri there are options being considered as to the ultimate funding source for the $128M stormwater swale, which could take this asset off the Council's balance sheet, introduce third party funding, and/or reduce the cost of the build. If the asset is not on the Council's balance sheet DCs cannot be levied against it. The Council should retain all rights available to it while these circumstances play out.

22. In addition to these growth cell areas, resource consent applications for approximately 400 lots across the balance of the City were received in the three months leading up to June 2018. Unlike development in the Peacockes and Rotokauri areas, these developments are in largely mature growth cells or the built-up city.

23. Previous DC policies have indicated Council's preference to levy DCs at the earliest opportunity, usually being on resource consent because this typically comes first in the development process.

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24. On 4 December 2018, the Finance Committee directed staff to bring recommendations to mitigate any potential funding shortfall to the Council on 21 February 2019 (subsequently moved to 26 February 2019); resolution follows:

That the Finance Committee:

a) receives the report;

b) requests staff to continue investigating options to mitigate the funding shortfall on growth infrastructure; and

c) notes that staff will bring their recommendations to the Council meeting on 21 February 2019 for consideration.

Options

25. Staff have identified three options for consideration. They are identified and analysed in the table below:

Detailed Options Analysis

Options	Advantages	Disadvantages	Comments	Financial Implications
Option 1:	**Require DCs at building consent or service connection**			
Which includes:	**Require DCs at Building Consent**			
Description: Charge Development Contributions on building consent, and not resource consent. Collect DCs prior to release of Code Compliance Certificate (CCC)	Is an established practice. Avoids a funding shortfall arising. Has low legal risk. Can be administered by the DC team without new funding. Public consultation is not required. Would improve builders cashflow.	Financial risk is created as a key statutory trigger (224c) is bypassed. Leads to an expected 1-2 year delay in payment compared to resource consent requirement.	This is the application of existing rights under the *LGA S198 "Power to require development contributions".*	**Nil.** There will be an average time delay for DCs of 1-2 years.
Or:	**Require DCs at service connection**			
Description: Assess and charge Development Contributions at time of service connection and require payment before connection is granted. Does not limit the Council's rights to require at building consent.	Avoids a funding shortfall arising. Can be administered by the DC team without additional funding. No public consultation is required.	Financial risk is created as a key statutory trigger (224c) is bypassed. Could potentially change developer behaviour, slowing down the delivery of housing.	This is the application of existing rights under the *LGA S198 "Power to require development contributions".*	**Minimal** Timing of payment of DCs would likely be later when compared to collection at resource consent,

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Option 2:	Require DCs at resource consent and targeted rate the funding gap			
Description: Require DCs on resource consent, and targeted rate difference between the policies. E.G. between the 2016/17 and 2018/19 DC policies.	Incentivises developer to develop their land quickly to pass on the targeted rate burden. The Council will collect some money on 224 (c) under the DC policy applicable at the time of consent lodgement (earlier).	Would require public consultation. Allows a funding shortfall to arise and then requires addressing. There are cost implications (estimated $80k) to establish this method as it requires a new rating tool to be established, as well as policy and administration support. Locks in the low 2016/17 rate in perpetuity for the developer, potentially creating further funding gaps in the future.	It is uncertain how the targeted rate will be priced into the market. This will likely not be in home-buyers' favour. Mortgage lenders and other professionals should help prospective home-owners factor this in.	**A future funding shortfall.** **Some DCs recovered.** **Recovery of funding shortfall from other sources including a Targeted Rate.** Funding shortfall may accumulate when future DC Policies are adopted because low rates are locked in. Recovery of all of the funding gap may not be possible due to constraints in the Rating Act.
Option 3:	**Charge at resource consent and rates fund the funding gap**			
Description: Charge at resource consent and general rates pay for the funding gap	Easy to execute and no development of new funding mechanisms are required.	This will mean that the funding shortfall is not being funded by growth, contradicting the Council's principle of Growth Pays for Growth.	This is the status quo position if no other option is progressed i.e. if no other action is taken general rates will end up funding the shortfall	**A future funding shortfall.** **Some DCs recovered.** **General rates fund the gap.**

Discussion

26. **Option 1 (Staff recommendation)**. This option sees the Council exercising its discretion to require DCs at a later milestone than the granting of resource consent. This discretion arises from s198 of the Local Government Act 2002 (LGA) which provides;

> ***198 Power to require contributions for developments***
> *(1) A territorial authority may require a development contribution to be made to the territorial authority when—*
>
> > *(a) a resource consent is granted under the Resource Management Act 1991 for a development within its district;*

(b) a building consent is granted under the Building Act 2004 for building work situated in its district (whether by the territorial authority or a building consent authority);

(c) an authorisation for a service connection is granted.

27. Usually, the Council levies at the earliest opportunity, which is mostly on resource consent, because this typically comes first in the development process. Previous DC policies have indicated this is the Council's preference, while also making provision for the Council to require DCs at a later stage.

28. The 2018/19 DC Policy indicates that while it is still the Council's preference to require DCs at the earliest available opportunity, where good reason exists, it reserves the right to require DCs at a later milestone, such as upon the granting of a building consent or application for service connection. The relevant clauses in the 2018/19 DC Policy are as follows:

    10.4 Council, at its sole discretion, will determine at which of the milestones set out in clauses 10.2 and 10.3 it will require development contributions. Unless in Council's view there is good reason, Council will require a development contribution to be paid at the earliest milestone.

    10.5 If Council elects to not require a development contribution at the earliest of the milestones set out in clauses 10.2 and 10.3, it reserves the right to require a development contribution at any subsequent milestone, regardless of whether the assessed development contribution charge at that subsequent milestone is higher or lower.

29. In some circumstances the requirement for a DC to be paid on the granting of a resource consent may give rise to a future funding shortfall, whereas if deferred to the granting of a building consent or service connection, the shortfall is avoided. In accordance with clause 10.4, the ability to avoid a future funding shortfall is a good reason to defer requiring the DC until the granting of building consent or service connection.

30. This deferral under clause 10.4 of the 2018/19 DC Policy is reflected in Option 1. This is the recommended option.

31. **Option 2** retains the status quo preference for requiring DCs on the granting of resource consent, which will give rise to a future funding shortfall. Council can then fund that shortfall through the levying of a targeted rate against households within the development. This is not recommended because it will require a new rating tool to be developed and consulted on and will be less straightforward to administer than Option 1.

32. **Option 3** is the status quo preference for requiring DCs on the granting of resource consent, which will give rise to a future funding shortfall, an has the general ratepayer bearing the burden of that shortfall. This is not recommended as it is inconsistent with the principle that "growth should pay for growth" and places an unfair burden on the ordinary ratepayer.

33. At a high level, it is believed that regardless of the option preferred by the Council, the DC liability will be shared between the building company, the land developer, and end purchaser, but with the end purchaser probably taking the greatest share. Factors influencing this share include:

    - relative leverage in negotiations,
    - knowledge of the liability,
    - the extent to which the future liability can be passed on or back, and
    - the timing of transactions in the development cycle.

34. Staff recommend Option 1 and seek a Council resolution in relation to criteria that should be given regard to in exercising discretion as to whether DCs are required at a milestone later than the granting of resource consent. This should be anchored by clause 10.4 of the 2018/19 DC Policy which states that unless there is "good reason", the Council will require DCs at the earliest milestone. What constitutes a "good reason" is not defined in the policy.

35. Staff consider the following non-exhaustive list of criteria as being 'good reasons':

(i) Whether a growth cell or project becomes funded in a 10-Year Plan and is not reflected in a previous DC policy's schedule of assets;

(ii) Whether the benefits arising from Council-funded projects and accruing to the development are not adequately reflected in the assessed DC charge;

(iii) The nature and scale of the development;

(iv) The timing, staging and duration of the development project, including in relation to the timing of a policy change;

(v) Whether a potential funding shortfall can be avoided by way of a preferred alternative funding mechanism;

(vi) Where the Council has made no direct and legally binding commitment with a developer to a particular milestone;

(vii) Where there is uncertainty as to the timing or funding source for growth infrastructure

(viii) Fairness and equity as between developers, and as between developers and ratepayers.

Financial Considerations

36. Financial implications are outlined under in the Detailed Options Analysis table above.

Legal and Policy Considerations

37. Staff confirm that all options comply with the Council's legal and policy requirements under the Local Government Act 2002 and Local Government (Rating) Act 2002.

Cultural Considerations

38. The recommendations provided to the Council are not considered to specifically impact the cultural interests of Hamilton's people and communities.

Risks

39. Risks under each option are outlined under the disadvantages section in the Detailed Options Analysis table above.

40. A challenge by individual developers may assert-that the Council's use of Option 1 is inconsistent from development to development. This could give rise to judicial review or an objection to DC charges. This risk will be managed through a transparent assessment of the development against the decision-making criteria set out in resolution b).

Significance & Engagement Policy

41. 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 medium level of significance.

Engagement

42. Community views and preferences are already known to the Council through ongoing communication with developers throughout the development process and through the consultation on the 2018/19 DC Policy. Developers prefer to pay DCs at the lowest possible rate, while ratepayers prefer to ensure rates are kept to a minimum and that growth should pay for growth.

43. Given the medium level of significance determined, the engagement level is medium. No engagement is required.

Attachments

There are no attachments for this report.

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Council Report

Committee:	Council	**Date:**	26 February 2019
Author:	Julie Clausen	**Authoriser:**	Sean Hickey
Position:	Unit Manager – Corporate Planning and Strategy	**Position:**	General Manager Strategy and Communications
Report Name:	Annual Plan 2019/20 - Proposed Budget Changes		

Report Status	*Open*

Purpose

1. To approve changes to the 2018-28 10-Year Plan 2019/20 budget, for inclusion as the draft 2019/20 budget in the draft 2019/20 Annual Plan.

Mayor's recommendation

That the Council:

a) receives the report;

b) ***Operating adjustments to the proposed draft 2019/20 10 Year-Plan budget:***

- approves an **increase in the budget operating surplus** of $4,779,000 in 2019/20 consisting of:

	$000 Revenue - (Increase)/ Decrease	$000 Expenditure - Increase/ (Decrease)	$000 Impact on operating surplus (Increase)/ Decrease
Impact of Council Decisions			
Reduction in libraries revenue due to cessation of Waikato District Council contract (Council 11 October 2019)	300		300
Reduced Waikato Regional Council revenue at Transport Centre (G&I Committee 6 Dec 2018)	55		55
Increased Corporate personnel budget (Maangai Maaori; Council 9 October 2018)		70	70
Revenue from NZTA capital subsidies due to capital expenditure deferrals (TBC at Finance Committee 21 Feb 2019)	(7,447)		(7,447)
Indicative Contract Costs			
Increase in cost of cleaning contract (TBC in March 2019)		539	539
Increase in insurance premiums (Advised to Audit & Risk Committee 27 Nov 2018)		850	850
10-Year Plan Timing Correction			
Demolition of Founders Theatre deferred from 2018/19 to 2019/20		809	809
Operating costs to maintain Founders Theatre until demolition		45	45
Total operating adjustments			(4,779)

c) ***Capital adjustments to the proposed draft 2019/20 10 Year-Plan budget***

- approves an **increase in the capital budget** of $36,900,000 in 2019/20 consisting of:

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	$000 Expenditure - Increase/(Decrease)
Capital expenditure deferred from 2018/19 to 2019/20 (TBC on 21 Feb 2019)	
Projects on track for completion in accordance with 10YP timeframes	21,900
Projects dependent on the timing of third party actions outside Council's control	8,200
Projects deferred for other reasons	7,000
Bring forward decisions	(200)
Total capital adjustments	36,900

d) ***Traffic study in Greenwood St/Kahikatea Dr area proposal***

- approves an increase of $150,000 of operating funding in 2019/20 for a study to be undertaken jointly with NZ Transport Agency to consider the impacts of growth on the Greenwood St/Kahikatea Dr area bounded by Kahikatea Dr rail crossing to Killarney Rd and Tuhikaramea Rd as set out in attachment 1 of this report;

e) ***Victoria on the River/River Park master plan proposal***

- approves an increase of $200,000 of operating funding in 2019/20 to enable development of a master plan for the proposed river park at 260-266 Victoria St as set out in attachment 1 of this report;

f) ***Seismic strengthening proposal***

- approves an increase of $1M of capital funding in 2019/20 to enable a response to findings from the seismic assessment of Council buildings in 2019/20 as set out in attachment 1 of this report;

g) ***Options for providing separation between swimmers/divers and vessels at Hamilton Gardens proposal***

- approves an increase of $150,000 of capital funding in 2019/20 to contribute to development of an alternative structure for swimmers/divers or vessels at Hamilton Gardens as set out in attachment 1 of this report;

h) notes formal community consultation is not required as adjustments to the proposed draft 2019/20 Annual Plan budget are not significantly or materially different from the proposed year 2 budget in the 2018-28 10-Year Plan; and

i) requests the Chief Executive prepares the draft 2019/20 Annual Plan budget, based on Year 2 of the 2018-28 10-Year Plan and as amended by changes approved by Council, for consideration at the meeting of Council on 21 May 2019.

Executive Summary

2. Mayor King has established the strategic direction for the 2019/20 Annual Plan based on the Council’s existing financial strategy parameters. Council management has prepared the proposed draft 2019/20 Annual Plan budget to reflect this direction.

3. This report has been prepared using an exception-based approach i.e. it is concerned only with matters that require a change to the 2019/20 budget previously approved as Year 2 of the 2018-28 10-Year Plan.

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4. The proposed draft 2019/20 Annual Plan budget changes comprise of:
   a) Operating adjustments to reflect previous council decisions, indicative contract costs and 10-Year Plan timing changes;
   b) Capital adjustments to reflect changes proposed in the 21 February 2019 Finance Committee Capital Portfolio Monitoring Report; and
   c) Proposals incorporated in the proposed draft 2019/20 Annual Plan budget as outlined in Attachment 1 (and referred to in parts d-g of the Mayor's recommendation).
5. The changes recommended in this report fit within Council's financial strategy:
   - Average rates increases (to existing ratepayers) will remain at 3.8% in 2019/2020
   - Debt to revenue ratio will remain below 230%
6. Amendments in 2014 to the Local Government Act 2002 (LGA) mean that Council is no longer required to consult on the Annual Plan as a matter of course. The legislation now encourages councils to focus only on changes to the budget and to only consult only on those changes that are significant and material. Staff recommend that changes proposed in the proposed draft 2019/20 Annual Plan budget are not significant or material and do not require formal community consultation.
7. The Council is required to approve the 2019/20 Annual Plan and rates resolutions by 30 June 2019 to comply with the Local Government Act.

Background

8. The Council approved the 2018-28 10-Year Plan in June 2018.
9. The 2018-28 10 Year Plan set out the Council's financial strategy of:
   - Debt to revenue ratio will remain below 230%
   - Average rate increases (to existing ratepayers) will not exceed 9.7% in 2018/19 and then 3.8% from 2019/2020 onwards.
   - Balancing the books: Everyday costs should be paid for from everyday revenues.
10. The Council is required to adopt an Annual Plan for 2019/20. The Annual Plan:
    - provides the annual budget and funding impact statements for the year (2019/20)
    - identifies any variation from the budget and funding impact statements included in the 10-Year Plan for Year 2 (2019/20).
11. On 28 November 2018, the Mayor invited Elected Members to propose changes to year 2 of the 10-Year Plan to be considered as part of the 2019/20 Annual Plan.
12. In consultation with Elected Members, staff further developed the proposals resulting from that invitation, considering factors including significance and materiality, current work programmes, indicative costs, impact on the financial strategy and implementation options.
13. In considering this proposed draft budget, the Council has the opportunity to propose additional items for inclusion in the draft 2019/20 Annual Plan budget.

Mayor's proposed draft 2019/20 Annual Plan budget

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14. The proposed draft 2019/20 Annual Plan budget changes comprise:

a) Operating adjustments to reflect previous council decisions, indicative contract costs and 10-Year Plan timing changes;

b) Capital adjustments to reflect changes proposed in the 21 February 2019 Finance Committee Capital Portfolio Monitoring Report; and

c) Proposals incorporated in the proposed draft 2019/20 Annual Plan budget as outlined in Attachment 1.

15. **Operating Adjustments:**

	Operating 2019/20		
	$000 Revenue - (Increase)/Decrease	$000 Expenditure - Increase/ (Decrease)	$000 Impact on operating surplus (Increase)/ Decrease
2019/20 10-Year Plan approved operating surplus			**112,545**
Impact of Council Decisions			
Reduction in libraries revenue due to cessation of Waikato District Council contract (Council 11 October 2019)	300		300
Reduced Waikato Regional Council revenue at Transport Centre (G&I Committee 6 Dec 2018)	55		55
Increased Corporate personnel budget (Maangai Maaori; Council 9 October 2018)		70	70
Revenue from NZTA capital subsidies due to capital expenditure deferrals (TBC at Finance Committee 21 Feb 2019)	(7,447)		(7,447)
Indicative Contract Costs			
Increase in cost of cleaning contract (TBC in March 2019)		539	539
Increase in insurance premiums (Advised to Audit & Risk Committee 27 Nov 2018)		850	850
10-Year Plan Timing Correction			
Demolition of Founders Theatre deferred from 2018/19 to 2019/20		809	809
Operating costs to maintain Founders Theatre until demolition		45	45
Total operating adjustments			(4,779)
Proposed draft 2019/20 Annual Plan budget operating surplus			**117,324**

16. **Capital Adjustments:**

	Capital 2019/20
	$000 Expenditure - Increase/(Decrease)
2019/20 10-Year Plan approved capital expenditure	**288,500**
Capital expenditure deferred from 2018/19 to 2019/20 (TBC on 21 Feb 2019)	
Projects on track for completion in accordance with 10YP timeframes	21,900
Projects dependent on the timing of third party actions outside Council's control	8,200
Projects deferred for other reasons	7,000
Bring forward decisions	(200)
Total capital adjustments	36,900
Proposed 2019/20 capital expenditure	**325,400**

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17. **Proposals included in the Mayor's proposed draft 2019/20 Annual Plan budget**

The following proposals have been included in the proposed draft 2019/20 Annual Plan budget. Supporting information is provided in Attachment 1 to this report.

a) Traffic study in Greenwood St/Kahikatea Dr area

- Allocation of $150,000 additional operating funding in 2019/20 to contribute to a study with NZTA to consider the impacts of growth on the Greenwood St/Kahikatea Dr area.

b) Victoria on the River/River Park master plan

- Allocation of $200,000 additional operating funding in 2019/20 for creation of a master plan to inform future development of the Victoria on the River precinct and the proposed River Park between Victoria on the River and the new regional theatre.

c) Seismic strengthening

- Allocation of $1M additional capital funding in 2019/20 to respond to findings from seismic assessments of Council structures currently underway.

d) Options for separation of swimmers and vessels at Hamilton Gardens

- Allocation of $150,000 additional capital funding in 2019/20 to contribute to construction of the best option for separating swimmers and river vessels as recommended by a staff investigation in 2018/19.

Forecasting assumptions

18. The significant forecasting assumptions used in the 10-Year Plan have been reviewed and no changes that will impact on the financial strategy have been identified as at February 2019.

19. Approval of the Council's 2018/19 capital project deferrals at the Finance Committee meeting on 21 February 2019 has been assumed.

20. The change in depreciation costs to reflect revaluations and capital project deferrals has not yet been calculated. The impact on debt and therefore on interest costs has not been assumed. These impacts will be incorporated into the draft 2019/20 Annual Plan budget presented to the Council on 21 May 2019.

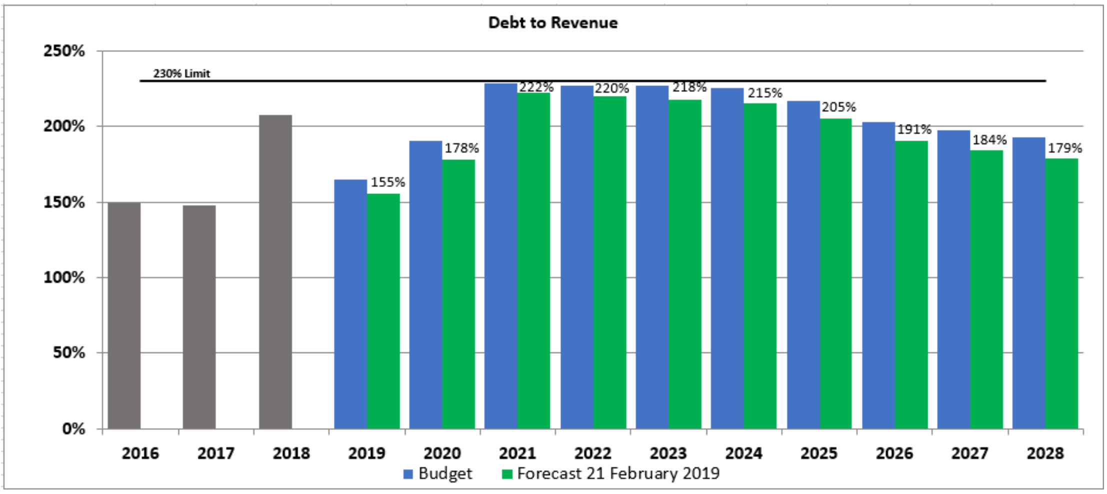
Impact on the financial strategy

21. The Council's Financial Strategy model as detailed in the 21 February 2019 Financial Strategy Monitoring Report has been updated with recommended changes identified in paragraphs 22 - 23 and proposals as summarised in paragraph 24.

22. After including these changes and proposals, the proposed draft 2019/20 Annual Plan budget remains within Council's Financial Strategy limits.

23. The following graphs show the original 10-Year Plan budgets (in blue) and the impact of the proposed draft 2019/20 Annual Plan budget (in green).

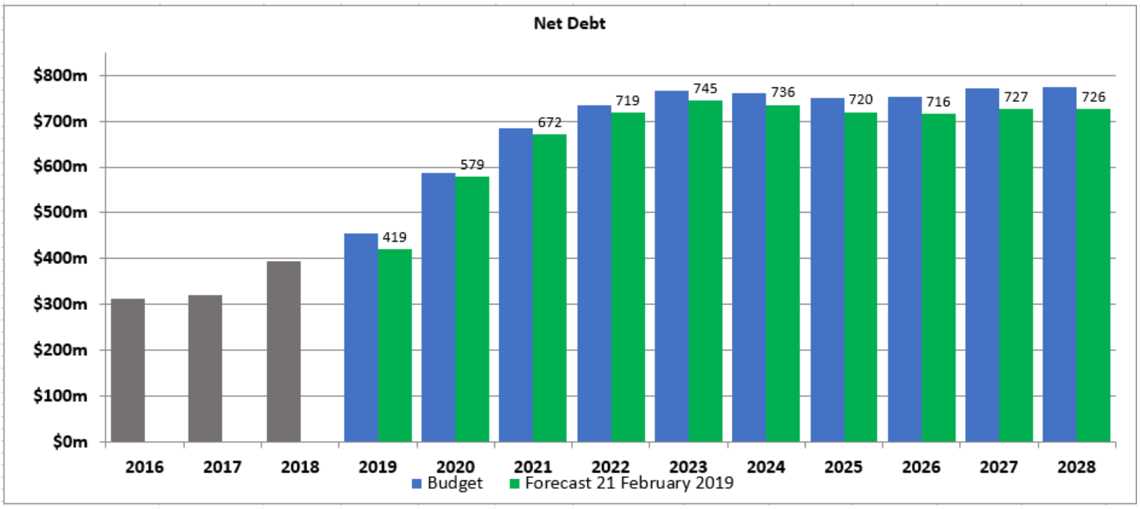
Debt to Revenue



24. The graph above shows that the impact of the proposed draft 2019/20 Annual Plan budget on Council's debt to revenue forecast remains within Council's Financial Strategy limits.

25. At 2021 debt capacity is $24M.

Net Debt



26. The Net Debt graph shows a decrease in net debt against the 10-Year Plan, with debt in 2028 being $49M lower. This updated 2028 result is $5M favourable against 21 February 2019 forecast.

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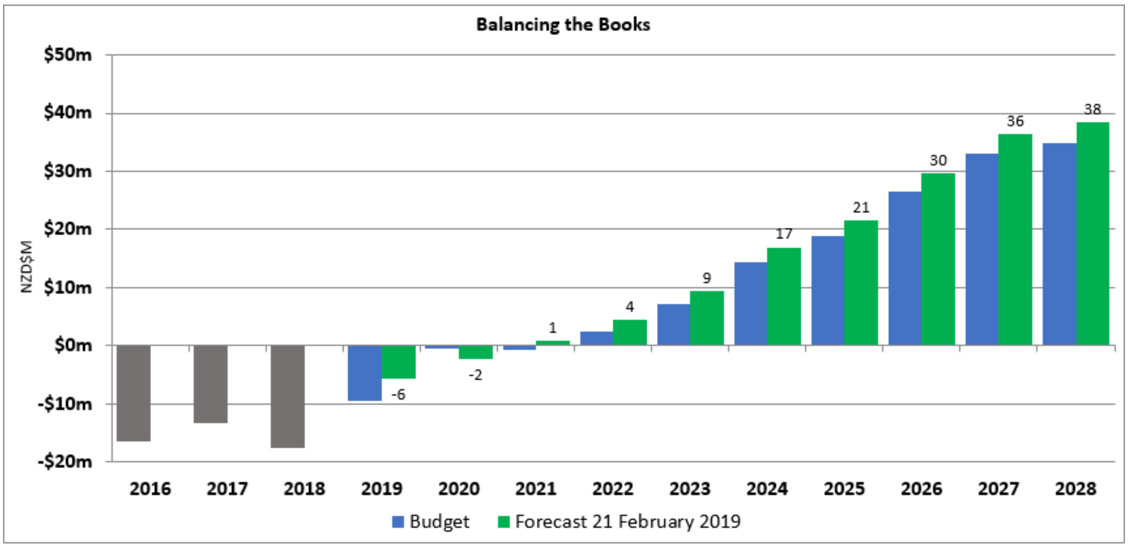
Balancing the Books



27. The balancing the books graph shows a forecast deficit decrease in 2019 of $3.6M ($1.2M deficit decrease change since 21 February 2019).

Other matters for consideration in the proposed draft 2019/20 Annual Plan budget

28. The following proposals have not been included in the proposed draft 2019/20 Annual Plan budget. Supporting information for the proposals is provided in Attachment 2 to this report as indicated.

   a) Level of service change for drainage reserve maintenance

   - This proposal is to increase the frequency of maintenance of drainage reserves adjacent to private property. See Attachment 2.
   - The financial impact is an additional $19,000 of operating expenditure per annum for the remaining nine years of the 10-Year Plan (an increase of $171,000 in total).

   b) City Safe programme extension to suburbs

   - This proposal is to expand the City Safe service to suburban Hamilton, including regular patrols by vehicle and the ability to dispatch a mobile team to respond to specific complaints. See Attachment 2.
   - The financial impact is an additional $230,000 of operating expenditure per annum for the remaining nine years of the 10-year Plan (an increase of $2.07M in total).

   c) West Town Belt master plan projects

   - The West Town Belt master plan is currently being developed to enable improved and coordinated management of the facilities, parks and open spaces that make up the 36ha West Town Belt. The master plan will help guide current and future Councils' decisions on the area.
   - The master plan is due to be reported back to the Community and Services Committee by June 2019. Staff are therefore recommending a decision on funding West Town Belt master plan projects is deferred to the 2020/21 Annual Plan.

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d) Rear of museum connection to river paths

- A proposal to open up the rear of Waikato Museum to create a better connection with the river path network was made during 2018-28 10-Year Plan deliberations. This proposal was unsuccessful, and the project was not included in the 10-Year Plan budget.
- An application has been made to the Government's Provincial Growth Fund for a combination of projects along the river/museum precinct. The outcome of this application is not yet known.
- Due to the scale of the work proposed, the fact it needs to align to an overall redevelopment of the area and the fact that a central government financial contribution has yet to be determined, staff are recommending the proposal be Significance & Engagement Policy

Significance

29. The Local Government Act requires the Council to consider if the proposed Annual Plan changes are significant or material differences from the 2018-28 10-Year Plan. Staff advise that the proposed draft 2019/20 Annual Plan budget does not include any significant or material differences from the 2018-28 10-Year Plan.

30. 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

31. The Council is not required to consult on the Annual Plan (LGA 2002 Amendment Act 2014) if the Annual Plan does not contain significant or material differences from the 10-Year Plan (and does not need to consult – s95 (2A)).
32. Staff consider that the proposed changes to the 2019/20 budget do not represent, either individually or cumulatively, a significant or material change to the 10-Year Plan.

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

Risk

34. Additional emerging issues have been disclosed to Council in the 21 February 2019 Finance Committee – February 2019 Financial Strategy Monitoring Report. These are:
    - Peacocke Funding Gap
    - Western Wastewater Interceptor Duplication (saving)
    - Arthur Porter Drive.
35. Due to the uncertainty associated with these, staff have been unable to quantify the cost impact associated with each of them and therefore these have not been included in this proposed draft 2019/20 Annual Plan budget. Further changes to the budget may be identified during the financial year, such as the depreciation and interest adjustment, and these will be incorporated into the draft 2019/20 Annual Plan budget prepared for Council consideration on 21 May 2019.
36. If the Council makes decisions during the remainder of 2018/19 that result in full utilisation of debt capacity under the financial strategy, there will be limited ability to respond to unforeseen events in 2019/20 and 2020/21.

37. There is a risk that a decision not to consult may be perceived by the community as a lack of transparency on the Council's part. This risk will be mitigated through communication and engagement that focuses on informing the community about major projects planned for 2019/20 and helping ratepayers to better understand the Council finances.

Legal and Policy Considerations

38. Staff confirm that this report and the recommendations it contains comply with the Council's legal and policy requirements of the Local Government Act 2002.

Cultural Considerations

39. The cultural interests of Hamilton's peoples were considered as part of the process staff followed when investigating the proposals for the proposed draft Annual Plan 2019/20 budget.

Financial Considerations

40. The cost of preparing an Annual Plan has been budgeted within operating budgets as $30,000 for staff time and design and an additional $20,000 for communication and engagement costs if the Council undertakes community consultation.

Next steps

41. Following decisions today, staff will begin preparing the draft budget for Council to confirm at its meeting on 21 May 2019. These budget decisions will be reflected in the final Annual Plan document which will be presented to the Council for adoption on 20 June 2019.
42. If the Council decides that the changes in the proposed draft 2019/20 Annual Plan budget do represent a significant or material change to the 2018-28 10-Year Plan and community consultation is required, this will take place during April 2019.

Attachments

Attachment 1 – Proposals included in the Proposed Draft 2019/20 Annual Plan Budget

Attachment 2 – Proposals not included in the Proposed Draft 2019/20 Annual Plan Budget

ANNUAL PLAN 2019/20 PROPOSAL

Greenwood St/Kahikatea Dr area traffic study

a) Description/Introduction

Study to consider how local road network will be affected by Southern Links and to consider staging options that will improve safety and accessibility in the short and medium term

b) Staff Recommendation

Allocate $150k in 2019/20 to contribute to a study with NZTA into options to address network traffic issues in the Killarney Road to Kahikatea Dr rail crossing area. **There is a financial impact of $150,000 opex on the 2019/20 budget.**

c) Relationship to the 10-Year Plan

- ☐ The project/service was proposed in the 10-Year Plan and this is a variation to the 10-Year Plan budget or timing
- **X** A new project or service
- ☐ The removal of a project/service proposed in the 10-Year Plan
- ☐ Other

Explain other

d) Explain what has driven the need for the change

There are existing safety concerns in regards to the use of the Greenwood Street intersections with Kahikatea Drive and Duke Street and with the industrial growth potential in the area. A study is required to consider how best to manage these issues, both prior to construction of the NZ Transport Agency Southern Links and in the interim period prior to construction.

e) Has the issue been considered previously - what was the outcome?

Yes. A roundabout is designated at the Greenwood Street/Kahikatea Drive intersection as part of the NZ Transport Agency Southern Links Project but no consideration has been given to the integration of this project with the local street network and how the work might be staged to facilitate growth.

f) Service Level Impact

Improved level of service, allowing for increased safety and accessibility.

g) What are the risks of <u>not doing</u> the proposal?

Congestion gets to the stage that drivers take inappropriate risks, resulting in safety incidents at the intersections.
Growth in the area is stalled because of transport uncertainty.
Southern Links is built with inadequate consideration of its integration with the local street network.

h) What are the risks of <u>doing</u> the proposal?

NZ Transport Agency does not prioritise working with HCC to jointly consider the best for City outcomes.
NZ Transport Agency doesn't prioritise interim intersection improvements ahead of Southern Links if the study confirms appropriate staging options.

i) What are the other possible options?

Interim solutions or staging of Southern Links Programme are potential options that would need to be progressed.

j) Financial impact

2019/20 and remaining 9 years of the 10-Year Plan

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

REVISED BUDGET

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Professional costs	150								
Total expenses	150	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	-150	0	0	0	0	0	0	0	0
Capital Expenditure	0	0	0	0	0	0	0	0	0

VARIANCE - NET Benefit/(Cost) to Council

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Professional costs	150	0	0	0	0	0	0	0	0
Total expenses	150	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	-150	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

k) Significance Assessment

		Select			Explanation
Change in service	Alters the delivery of a core service		High	Cease or commence a service Note this must be a 10-YP decision	The study will allow for an understanding of the options for managing traffic flow that will inform the 10-Year Plan capital requirements
			Medium	a more than nominal alteration of a service	
			Low	A nominal or no alternation of service	
	Transfers the ownership of a strategic asset		High	Majority transfer Note this must be a 10-YP decision	No change to ownership
			Medium	Minority transfer	
			Low	Nominal or no transfer	
Impact of decision	Ability to reverse decision		High	Highly difficult	Study only. No binding decision
			Medium	Moderately difficult	
			Low	Low difficulty	
	Consistency with prior decisions		High	Significantly inconsistent	This is consistent with the designation work already done by NZTA
			Medium	Consistent but has some notable variations	
			Low	Is consistent	
Reputation	Level of public interest known		High	High levels of public interest	Adjacent industrial activity and related traffic flows
			Medium	Moderate levels of public interest	
			Low	Low level of public interest	
	Impact on proportion of community		High	Impacts large proportion of community	Industrial land owners, business owners, customers, residents
			Medium	Impacts a subgroup or groups within the community	
			Low	Impacts an individual person or household	
	Degree of impact on affected people		High	High degree	This will potentially postively impact the community in ensuring the right options are evaluated to get the right outcomes
			Medium	Moderate degree	
			Low	Low degree	

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Impact on Financial Strategy	Operating costs		High	change impact is >10% of total Council expenses 2019/20 (**$266 m)**	Operating cost of $150k
			Medium	change impact is 10%>5% of total Council expenses 2019/20 (**$266M)**	
			Low	change impact is <5% of total Council expenses 2019/20 (**$266m)**	
	Operating revenue		High	change impact is >10% of total Council revenue 2019/20 (**$257m)**	Assuming no subsidy
			Medium	change impact is 10%>5% of total Council revenue 2019/20 (**$257m)**	
			Low	change impact is <5% of total Council revenue 2019/20 (**$257m)**	
	Capital Cost		High	change impact is >1% of total Council assets 2019/20 (**$289m)**	No impact
			Medium	change impact is 1%>0.5% of total Council assets 2019/20 (**$289m)**	
			Low	change impact is <0.5% of total Council assets 2019/20 (**$289m)**	
	Timing within budget timeframe		High	Timing moves within the 3 year window (2018/19 to 2020/21)	New project for year 2
			Medium	Timing moves within the 10 year window (2018/19 - 2027/28)	
			Low	no change in timing	

l) Cultural Considerations

[Consider the cultural impacts of the proposed change]	Select what level			Explain
	Participation-involving	Protection-locking in	Partnership-collaborating	
Manaakitanga - improving the quality of life/satisfaction with our environments and standards of living				Will be considered as part of the study
Whanaugatanga - developing vibrant communities/a city that caters for diverse Maaori lifestyles and experiences				
Rangatiratanga - enhancing Maaori leadership and participation/people engaged in their communities				
Kaitiakitanga - ensuring sustainable futures/intergenerational reciprocity				
Wairuatanga - promoting distinctive identify/recognised sense of identity, uniqueness and belonging				
Kiingitanga - acknowledging the history of Kiingitanga and the Kiingitanga movement				

ANNUAL PLAN 2019/20 PROPOSAL

VOTR/River Park – Master Plan

a) Description/Introduction

Funding to develop a master plan for the proposed central city park between VOTR and the theatre. Excludes the delivery of any projects identified in the master plan. Recommended by the River Plan Task Force (5 February). **There is a financial impact of $200,000 opex on the 2019/20 budget.**

b) Staff Recommendation

Recommended for consideration as part of the 2019/20 Annual Plan as this will provide sufficient time for projects proposed in the master plan to be considered for inclusion in the 2021-31 10-Year Plan

c) Relationship to the 10-Year Plan

- ☐ The project/service was proposed in the 10-Year Plan and this is a variation to the 10-Year Plan budget or timing
- **X** A new project or service
- ☐ The removal of a project/service proposed in the 10-Year Plan
- ☐ Other

Explain other

d) Explain what has driven the need for the change

Council approved the purchase of buildings on 260-266 Victoria Street in September 2018. There is potential to develop this site, which is located next to Victoria on the River. A master plan is recommended to first understand the impact of the proposed park on the central business district and the best form and function to support the CBD while achieving the vision and outcomes of the River Plan.

e) Has the issue been considered previously - what was the outcome?

Funding was allocated in the 2018-2028 10 Year Plan to progress the proposed park ($7m in 18/19 to purchase property). A master plan was not considered as part of the deliberations.

f) Service Level Impact

This propoasl has the potential to improve the outcomes of future proposals regarding the proposed park. Without implementation, the master plan has no effect on service levels.

g) What are the risks of not doing the proposal?

The purpose of the proposal is to inform the next 10-Year Plan in a manner which ensures the River Plan: Central City Park delivers maximum benefits to the CBD. Without a master plan, the next 10-Year Plan deliberations may be hampered by limited information, resulting in less effective outcomes for the central city. The park comprises a reasonably significant proportion of the CBD and has the potential to impact other public spaces and existing and future businesses. A master plan would minimise the risk of unforeseen negative impacts upon the CBD.

h) What are the risks of doing the proposal?

The development of a master plan creates a public expectation that projects will be delivered. However there is no current funding within Council's 10-Year Plan to implement a master plan. The engagement will minimise the uncertainty and impact on existing businesses, property owners and residents in the affected area.

i) What are the other possible options?

Developing a master plan could be deferred until the next 10-Year Plan. Council would have less information when considering development of the site than they would if a master plan is prepared in advance of the 10-Year Plan process

j) Financial impact

2019/20 and remaining 9 years of the 10-Year Plan

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

REVISED BUDGET

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Professional costs	200								
Administration costs	0	0	0	0	0	0	0	0	0
Property costs									
Total expenses	200	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	-200	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

VARIANCE - NET Benefit/(Cost) to Council

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Professional costs	200	0	0	0	0	0	0	0	0
Administration costs	0	0	0	0	0	0	0	0	0
Property costs	0	0	0	0	0	0	0	0	0
Total expenses	200	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	-200	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

k) Significance Assessment

		Select			Explanation
Change in service	Alters the delivery of a core service		High	Cease or commence a service Note this must be a 10-YP decision	Decision to do a master plan does not affect Council's core service.
			Medium	a more than nominal alteration of a service	
			Low	A nominal or no alternation of service	
	Transfers the ownership of a strategic asset		High	Majority transfer Note this must be a 10-YP decision	No impact
			Medium	Minority transfer	
			Low	Nominal or no transfer	
Impact of decision	Ability to reverse decision		High	Highly difficult	Investigation only
			Medium	Moderately difficult	
			Low	Low difficulty	
	Consistency with prior decisions		High	Significantly inconsistent	Supports the plan to develop a central city park but is a new project not originally included in the 10-Year Plan.
			Medium	Consistent but has some notable variations	
			Low	Is consistent	
Reputation	Level of public interest known		High	High levels of public interest	The 2018-28 10 Year Plan process established that there is a reasonable level of interest in the central city park (presumably because of the size of the financial investment). The decision to undertake a master plan is expected to be of lesser interest to the public but potentially still quite high.
			Medium	Moderate levels of public interest	
			Low	Low level of public interest	
	Impact on proportion of community		High	Impacts large proportion of community	Businesses/community within the CBD may be impacted by the projects identified through the master plan. The investigation itself has a low impact
			Medium	Impacts a subgroup or groups within the community	
			Low	Impacts an individual person or household	
	Degree of impact on affected people		High	High degree	Businesses/community within the CBD may be impacted by the projects identified through the master plan. The investigation itself has a low impact
			Medium	Moderate degree	
			Low	Low degree	

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Impact on Financial Strategy	Operating costs		High	change impact is >10% of total Council expenses 2019/20 ($266 m)	$200k change in operating costs
			Medium	change impact is 10%>5% of total Council expenses 2019/20 ($266M)	
			Low	change impact is <5% of total Council expenses 2019/20 ($266m)	
	Operating revenue		High	change impact is >10% of total Council revenue 2019/20 ($257m)	No impact on operating revenue
			Medium	change impact is 10%>5% of total Council revenue 2019/20 ($257m)	
			Low	change impact is <5% of total Council revenue 2019/20 ($257m)	
	Capital Cost		High	change impact is >1% of total Council assets 2019/20 ($289m)	No capital cost
			Medium	change impact is 1%>0.5% of total Council assets 2019/20 ($289m)	
			Low	change impact is <0.5% of total Council assets 2019/20 ($289m)	
	Timing within budget timeframe		High	Timing moves within the 3 year window (2018/19 to 2020/21)	n/a (new project)
			Medium	Timing moves within the 10 year window (2018/19 - 2027/28)	
			Low	no change in timing	

l) Cultural Considerations

[Consider the cultural impacts of the proposed change]	Select what level			Explain
	Participation-involving	Protection-locking in	Partnership-collaborating	
Manaakitanga - improving the quality of life/satisfaction with our environments and standards of living				Doing a master plan will increase the probability a central city park will improve CBD standards of living
Whanaugatanga - developing vibrant communities/a city that caters for diverse Maaori lifestyles and experiences				
Rangatiratanga - enhancing Maaori leadership and participation/people engaged in their communities				Master plan process needs to engage with tangata whenua as a key stakeholder in the CBD
Kaitiakitanga - ensuring sustainable futures/intergenerational reciprocity				Master plan enables a CBD that continues to be successful in the future
Wairuatanga - promoting distinctive identify/recognised sense of identity, uniqueness and belonging				Has the potential to contribute to wairuatanga for the CBD
Kiingitanga - acknowledging the history of Kiingitanga and the Kiingitanga movement				

ANNUAL PLAN 2019/20 PROPOSAL

Seismic strengthening

a) Description/Introduction

To provide funding for seismic projects that have been identified through the assessment programme in 2019/20

b) Staff Recommendation

Approve $1m of capital funding in 2019/20 to respond to findings from seismic assessments currently underway. Funding will be applied to specific buildings. **There is a financial impact of $1m capex to the 2019/20 budget.**

c) Relationship to the 10-Year Plan

- ☐ The project/service was proposed in the 10-Year Plan and this is a variation to the 10-Year Plan budget or timing
- X A new project or service
- ☐ The removal of a project/service proposed in the 10-Year Plan
- ☐ Other

Explain other

d) Explain what has driven the need for the change

The seismic assessment programme for Council buildings has been progressing over the last few years. At the time of the 2018-28 10-Year Plan the need for works was unclear and an assumption was made to fund seismic works through future Annual Plan processes as they became known. Since the 2018-28 10-Year Plan has been adopted, a number of assessments have progressed through to detailed seismic assessment stage. A number of seismic assessments will be completed throughout 2019 and the funding is for detailed design for strengthening projects and costs associated with operational responses.

e) Has the issue been considered previously - what was the outcome?

Funding for seismic upgrades has not been included in previous budgets due to uncertainty about requirements

f) Service Level Impact

Addressing seismic strengthening allows Council to continue to provide services to the community through its facilities over the long term

g) What are the risks of not doing the proposal?

Funding would need to be found to respond to strengthening work likely to be required after seismic assessments currently underway are completed. This would mean that capital budgets would need to be made available throughout the year if urgent works were deemed to be required. Not doing works may mean that facilities cannot be strengthened or are operating outside Council's seismic performance policy.

h) What are the risks of doing the proposal?

Any substantial proposed physical works will be subject to separate business case approval by Council to ensure all risks are considered as part of Council's decision-making.

i) What are the other possible options?

Make no provision for likely required works and look to accommodate within the financial year as costs become more certain

j) Financial impact

2019/20 and remaining 9 years of the 10-Year Plan

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

REVISED BUDGET

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
To meet additional demand									
To improve level of service	1000	0							
To replace existing assets (renewals)									
Capital Expenditure	1000	0	0	0	0	0	0	0	0

VARIANCE - NET Benefit/(Cost) to Council

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
To meet additional demand	0	0	0	0	0	0	0	0	0
To improve level of service	1000	0	0	0	0	0	0	0	0
To replace existing assets (renewals)	0	0	0	0	0	0	0	0	0
Capital Expenditure	1000	0	0	0	0	0	0	0	0

k) Significance Assessment

		Select			Explanation
Change in service	Alters the delivery of a core service		High	Cease or commence a service Note this must be a 10-YP decision	Maintains service
			Medium	A more than nominal alteration of a service	
			Low	A nominal or no alternation of service	
	Transfers the ownership of a strategic asset		High	Majority transfer Note this must be a 10-YP decision	No impact
			Medium	Minority transfer	
			Low	Nominal or no transfer	
Impact of decision	Ability to reverse decision		High	Highly difficult	Allocation of budget
			Medium	Moderately difficult	
			Low	Low difficulty	
	Consistency with prior decisions		High	Significantly inconsistent	Allocation of funding now information is available
			Medium	Consistent but has some notable variations	
			Low	Is consistent	
Reputation	Level of public interest known		High	High levels of public interest	Community concerns about safety
			Medium	Moderate levels of public interest	
			Low	Low level of public interest	
	Impact on proportion of community		High	Impacts large proportion of community	Community concerns about safety
			Medium	Impacts a subgroup or groups within the community	
			Low	Impacts an individual person or household	
	Degree of impact on affected people		High	High degree	Community concerns about safety
			Medium	Moderate degree	
			Low	Low degree	

Impact on Financial Strategy	Operating costs		High	change impact is >10% of total Council expenses 2019/20 ($266 m)	
			Medium	change impact is 10%>5% of total Council expenses 2019/20 ($266M)	
			Low	change impact is <5% of total Council expenses 2019/20 ($266m)	
	Operating revenue		High	change impact is >10% of total Council revenue 2019/20 ($257m)	
			Medium	change impact is 10%>5% of total Council revenue 2019/20 ($257m)	
			Low	change impact is <5% of total Council revenue 2019/20 ($257m)	
	Capital Cost		High	change impact is >1% of total Council assets 2019/20 ($289m)	$1m
			Medium	change impact is 1%>0.5% of total Council assets 2019/20 ($289m)	
			Low	change impact is <0.5% of total Council assets 2019/20 ($289m)	
	Timing within budget timeframe		High	Timing moves within the 3 year window (2018/19 to 2020/21)	
			Medium	Timing moves within the 10 year window (2018/19 - 2027/28)	
			Low	no change in timing	

l) Cultural Considerations

[Consider the cultural impacts of the proposed change]	Select what level			Explain
	Participation-involving	Protection-locking in	Partnership-collaborating	
Manaakitanga - improving the quality of life/satisfaction with our environments and standards of living				Will be considered in the business case for specific work
Whanaugatanga - developing vibrant communities/a city that caters for diverse Maaori lifestyles and experiences				
Rangatiratanga - enhancing Maaori leadership and participation/people engaged in their communities				
Kaitiakitanga - ensuring sustainable futures/intergenerational reciprocity				
Wairuatanga - promoting distinctive identify/recognised sense of identity, uniqueness and belonging				
Kiingitanga - acknowledging the history of Kiingitanga and the Kiingitanga movement				

ANNUAL PLAN 2019/20 PROPOSAL

Options for providing separation between swimmers/divers and vessels at Hamilton Gardens

a) Description/Introduction

There are safety concerns over people diving near the Hamilton Gardens jetty and the potential for accidents involving the Waikato River Explorer. The proposal is to consider an alternative option for river swimmers. Recommended by the River Plan taskforce (5 February). **There is a financial impact of $150,000 capex to the 2019/20 budget.**

b) Staff Recommendation

Staff recommend $150,000 of capex is allocated in the 2019/20 Annual Plan towards development of an alternative structure, either for swimmers/divers or for river vessels. Remaining costs will be covered by external parties and the first step of investigating the options will be undertaken within existing budgets.

c) Relationship to the 10-Year Plan

- ☐ The project/service was proposed in 10 Year Plan and this is variation to the 10-Year Plan budget or timing
- X A new project or service
- ☐ The removal of a project/service proposed in the 10-Year Plan
- ☐ Other

Explain other

d) Explain what has driven the need for the change

This is in response to a safety issue that has emerged due to developments along the river. Hamilton Gardens has for generations been a popular spot for swimming and riverbank jumping. The location is in a lee in the river with slower currents and deeper water than typical. The Waikato River Explorer has increased the frequency of their service and conflict has arisen between the two user groups with swimmers regularly putting themselves at risk by coming between the docking vessel and the pontoon.

e) Has the issue been considered previously - what was the outcome?

The original Hamilton Gardens jetty proposal was to construct a jetty in a different location. The proposed location would have resulted in access being through the enclosed gardens, thereby reducing the hours it was available for public use. During the development of that proposal Waikato Tainui made it clear that the resource consent application would not be viewed favourably if Council did not first repair the existing jetty to maintain river access at all times. As a result of budget constraints, only the original jetty was upgraded, using funds in the FY16/17 and FY17/18 years.

f) Service Level Impact

This site has been used for swimming and diving for generations and this activity will be allowed to continue safely under the recommended approach. There will be an increased level of service for boat users including the Waikato River Explorer, which will be able to dock at a site that will be less appealing to swimmers.

g) What are the risks of <u>not doing</u> the proposal?

Risks include the potential for serious injury or death of members of the public swimming in the area; a reduction in service frequency for tourism operators to mitigate the safety risks (PR, River Plan outcomes reduced), making their services and a visit to Hamilton Gardens less appealing to tourists; and the potential for conflict between swimmers and other Hamilton Gardens visitors

h) What are the risks of <u>doing</u> the proposal?

Public perception associated with the cost attached to Council investing in a second jetty in the vicinity; risk of swimming in the Waikato River cannot be completely removed; still work to be done to establish feasibility of construction and consenting. Alternative jetty locations may be more difficult to find for users, which will mean increased signage or other access options may be required.

i) What are the other possible options?

Do not undertake investigation or construction of an alternative for swimmers or vessels and continue current work on promoting safe behaviour (difficult when new members of public may arrive at any time) and work with Waikato Security Services to improve current security practices. Engaging seasonal 'life guards' could also be considered.

j) Financial impact

2019/20 and remaining 9 years of the 10-Year Plan

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

REVISED BUDGET

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Operating and maintenance costs	0	0	0	0	0	0	0	0	0
Professional costs									
Administration costs	0	0	0	0	0	0	0	0	0
Property costs									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
To meet additional demand									
To improve level of service	150								
To replace existing assets (renewals)									
Capital Expenditure	150	0	0	0	0	0	0	0	0

VARIANCE - NET Benefit/(Cost) to Council

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
To meet additional demand	0	0	0	0	0	0	0	0	0
To improve level of service	150	0	0	0	0	0	0	0	0
To replace existing assets (renewals)	0	0	0	0	0	0	0	0	0
Capital Expenditure	150	0	0	0	0	0	0	0	0

k) Significance Assessment

		Select			Explanation
Change in service	Alters the delivery of a core service		High	Cease or commence a service Note this must be a 10-YP decision	Improvement to safety
			Medium	a more than nominal alteration of a service	
			Low	A nominal or no alternation of service	
	Transfers the ownership of a strategic asset		High	Majority transfer Note this must be a 10-YP decision	Not applicable
			Medium	Minority transfer	
			Low	Nominal or no transfer	
Impact of decision	Ability to reverse decision		High	Highly difficult	Additional infrastructure
			Medium	Moderately difficult	
			Low	Low difficulty	
	Consistency with prior decisions		High	Significantly inconsistent	This issue was not considered in previous discussions
			Medium	Consistent but has some notable variations	
			Low	Is consistent	
Reputation	Level of public interest known		High	High levels of public interest	Provision for river swimmers
			Medium	Moderate levels of public interest	
			Low	Low level of public interest	
	Impact on proportion of community		High	Impacts large proportion of community	Public who swim or dive at the Gardens and users/operators of boat services at the Gardens are impacted
			Medium	Impacts a subgroup or groups within the community	
			Low	Impacts an individual person or household	
	Degree of impact on affected people		High	High degree	Safety improvement for all involved
			Medium	Moderate degree	
			Low	Low degree	

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Impact on Financial Strategy	Operating costs		High	change impact is >10% of total Council expenses 2019/20 ($266 m)	No impact
			Medium	change impact is 10%>5% of total Council expenses 2019/20 ($266M)	
			Low	change impact is <5% of total Council expenses 2019/20 ($266m)	
	Operating revenue		High	change impact is >10% of total Council revenue 2019/20 ($257m)	No impact
			Medium	change impact is 10%>5% of total Council revenue 2019/20 ($257m)	
			Low	change impact is <5% of total Council revenue 2019/20 ($257m)	
	Capital Cost		High	change impact is >1% of total Council assets 2019/20 ($289m)	$150,000 capex
			Medium	change impact is 1%>0.5% of total Council assets 2019/20 ($289m)	
			Low	change impact is <0.5% of total Council assets 2019/20 ($289m)	
	Timing within budget timeframe		High	Timing moves within the 3 year window (2018/19 to 2020/21)	Due to safety risk, this proposal is prioritised
			Medium	Timing moves within the 10 year window (2018/19 - 2027/28)	
			Low	no change in timing	

I) Cultural Considerations

[Consider the cultural impacts of the proposed change]	Select what level			Explain
	Participation-involving	Protection-locking in	Partnership-collaborating	
Manaakitanga - improving the quality of life/satisfaction with our environments and standards of living				Swimming in the Waikato is a cultural activity
Whanaugatanga - developing vibrant communities/a city that caters for diverse Maaori lifestyles and experiences				
Rangatiratanga - enhancing Maaori leadership and participation/people engaged in their communities				Engagement with the affected swimmers
Kaitiakitanga - ensuring sustainable futures/intergenerational reciprocity				N/A
Wairuatanga - promoting distinctive identify/recognised sense of identity, uniqueness and belonging				N/A
Kiingitanga - acknowledging the history of Kiingitanga and the Kiingitanga movement				N/A

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ANNUAL PLAN 2019/20 PROPOSAL

Level of service change for drainage reserve maintenance

a) Description/Introduction

Additional funding for maintenance on drainage reserves next to private properties.
The drainage reserves referred to in this document are defined as in residential areas that may be considered as a continuation of a road reserve or park, may be used by the public as a thoroughfare and could be either an open drain or a piped easement. There are 19 sites, which are maintained to differing LOS catagories as outlined in Option 1 below.

Drainage reserves assocated with stream gullies, industrial or commercial areas and areas covered under separate budgets such as sewer pumping stations and stormwater devices (wetlands) are not included in this assessment.

b) Staff Recommendation

Staff recommend that Option 4 of Section (i) is approved by Council as an interim solution at an additional cost of $18,516 per annum. There is an opportunity in the 2021-31 10-Year Plan to change the nature of some existing sites to enhance the amenity/environmental value and minimise ongoing maintenance cost. **There is a financial impact of $171,000 opex across the remaining 9 years of the 10YP.**

c) Relationship to the 10-Year Plan

- ☐ The project/service was proposed in the 10-Year Plan and this is a variation to the 10-Year Plan budget or timing
- ☐ A new project or service
- ☐ The removal of a project/service proposed in the 10-Year Plan
- X Other

Explain other: Increased level of service arising from a resident complaint

d) Explain what has driven the need for the change

A resident whose property backs onto a drainage reserve raised this as an issue with elected members. There have been no complaints from neighbouring residents, who have generally maintained the parts of the reserve their properties adjoin.

e) Has the issue been considered previously - what was the outcome?

This is a new issue and has not been considered previously

f) Service Level Impact

Additional maintenance across all of the drainage reserves will increase the levels of service currently provided.

g) What are the risks of <u>not doing</u> the proposal?

There is no risk if this proposal did not go ahead for the majority of areas.
There is likely to be continued customer dissatisfaction associated with one drainage reserve if levels of service are not increased.

h) What are the risks of <u>doing</u> the proposal?

The proposal may set a precedent for levels of service for other reserve areas

i) What are the other possible options?

There are four options available for all the above defined drainage reserves. The current annual baseline budget to support the current LOS for drainage reserves is $59,358. The below costs are in addition to the current annual baseline budget.

Options	Preferred	Increase to current annual budget	Benefits	Dis-benefits
Option 1: Status Quo - Maintain Drainage reserves (19 sites) adjacent to residential properties to the current Level of Service categories: Category A - Maintained 12 times per year Category B - Maintained 6 times per year Category C - Maintained 4 times per year Category D - Maintained 1 time per year	No	$ -	Nil	Increased reactive costs, isolated customer dissatisfaction
Option 2: Increase the minimum level of service to maintain 12 times per year (Category A).	No	$ 63,930	Increased Level of service, reduced reactive costs	Increased preventive costs, increase precedence for other reserves
Option 3: Increase the minimum Level of Service to maintain 6 times per year (Category B)	No	$ 10,965	Partial increased Level of Service, very minor reduction of reactive costs	Increased preventive costs, isolated customer disatisfaction
Option 4: Increase the minimum Level of Service to maintain 4 times per year (Category C) and elevate the Level of Service for one specific drainage reserve to maintain 12 times per year (Category A).	Yes	$ 18,516	Status quo for most, improved LOS for selected, reduced reactive costs	Increased preventive costs

j) Financial impact

2019/20 and remaining 9 years of the 10-Year Plan

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

REVISED BUDGET

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Operating and maintenance costs	19	19	19	19	19	19	19	19	19
Professional costs									
Administration costs	0	0	0	0	0	0	0	0	0
Property costs									
Total expenses	19	19	19	19	19	19	19	19	19
Operating surplus/(deficit)	-19	-19	-19	-19	-19	-19	-19	-19	-19
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

VARIANCE - NET Benefit/(Cost) to Council

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Operating and maintenance costs	19	19	19	19	19	19	19	19	19
Professional costs	0	0	0	0	0	0	0	0	0
Administration costs	0	0	0	0	0	0	0	0	0
Property costs	0	0	0	0	0	0	0	0	0
Total expenses	19	19	19	19	19	19	19	19	19
Operating surplus/(deficit)	-19	-19	-19	-19	-19	-19	-19	-19	-19
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

k) Significance Assessment

		Select			Explanation
Change in service	Alters the delivery of a core service		High	Cease or commence a service Note this must be a 10-YP decision	Nominal service level change
			Medium	a more than nominal alteration of a service	
			Low	A nominal or no alternation of service	
	Transfers the ownership of a strategic asset		High	Majority transfer Note this must be a 10-YP decision	No impact
			Medium	Minority transfer	
			Low	Nominal or no transfer	
Impact of decision	Ability to reverse decision		High	Highly difficult	Council service delivery decision
			Medium	Moderately difficult	
			Low	Low difficulty	
	Consistency with prior decisions		High	Significantly inconsistent	New issue
			Medium	Consistent but has some notable variations	
			Low	Is consistent	
Reputation	Level of public interest known		High	High levels of public interest	Small number of residents with adjoining land impacted
			Medium	Moderate levels of public interest	
			Low	Low level of public interest	
	Impact on proportion of community		High	Impacts large proportion of community	Small number of residents with adjoining land impacted
			Medium	Impacts a subgroup or groups within the community	
			Low	Impacts an individual person or household	
	Degree of impact on affected people		High	High degree	Small number of residents with adjoining land impacted
			Medium	Moderate degree	
			Low	Low degree	

Impact on Financial Strategy	Operating costs		High	change impact is >10% of total Council expenses 2019/20 **($266 m)**	$19,000 per annum
			Medium	change impact is 10%>5% of total Council expenses 2019/20 **($266M)**	
			Low	change impact is <5% of total Council expenses 2019/20 **($266m)**	
	Operating revenue		High	change impact is >10% of total Council revenue 2019/20 **($257m)**	No impact
			Medium	change impact is 10%>5% of total Council revenue 2019/20 **($257m)**	
			Low	change impact is <5% of total Council revenue 2019/20 **($257m)**	
	Capital Cost		High	change impact is >1% of total Council assets 2019/20 **($289m)**	No impact
			Medium	change impact is 1%>0.5% of total Council assets 2019/20 **($289m)**	
			Low	change impact is <0.5% of total Council assets 2019/20 **($289m)**	
	Timing within budget timeframe		High	Timing moves within the 3 year window (2018/19 to 2020/21)	No impact
			Medium	Timing moves within the 10 year window (2018/19 - 2027/28)	
			Low	no change in timing	

I) Cultural Considerations

[Consider the cultural impacts of the proposed change]	Select what level			Explain
	Participation-involving	Protection-locking in	Partnership-collaboration	
Manaakitanga - improving the quality of life/satisfaction with our environments and standards of living	☑			
Whanaugatanga - developing vibrant communities/a city that caters for diverse Maaori lifestyles and experiences	☑			
Rangatiratanga - enhancing Maaori leadership and participation/people engaged in their communities	N/A			N/A
Kaitiakitanga - ensuring sustainable futures/intergenerational reciprocity	☑			
Wairuatanga - promoting distinctive identify/recognised sense of identity, uniqueness and belonging				N/A
Kiingitanga - acknowledging the history of Kiingitanga and the Kiingitanga movement				N/A

Attachment 2

Item 7

ANNUAL PLAN 2019/20 PROPOSAL

City Safe programme extension to suburban areas

a) Description/Introduction

Extend City Safe service delivery into suburbs via a mobile response capability.

In the action plan that supports the Central City Safety Strategy 2018 - 2021:
• Review City Safe levels of service. Develop an options proposal for extended service to other areas of the city for Council consideration during the 2019/20 Annual Plan

b) Staff Recommendation

That Council approve the change to provide a seven day a week response vehicle (5 additional FTE staff, $230k) to patrol and respond to complaints of begging and anti-social behaviour in the Hamilton suburban areas. **There is a financial impact of $2.07m opex across the remaining nine years of the 10YP ($230,000 per annum).**

c) Relationship to the 10-Year Plan

☐ The project/service was proposed in the 10-Year Plan and this is a variation to the 10-Year Plan budget or timing
X A new project or service
☐ The removal of a project/service proposed in the 10-Year Plan
☐ Other

Explain other

d) Explain what has driven the need for the change

Success of City Safe in the central city to deter begging and anti-social behaviour has resulted in an increase in complaints about such behaviour now occurring in a number of suburban areas where there is no City Safe presence. Police only respond to criminal offending, leaving a significant void that is negatively impacting upon community safety perceptions.

e) Has the issue been considered previously - what was the outcome?

A specific City Safe expansion in support of the proposed Hamilton East Neighbourhood Plan was included in the 10YP but not approved. Complaints from other suburbs have resulted in a new approach being recommended involving a mobile response capability rather than a static staff-intensive suburb-based response.

f) Service Level Impact

This proposal will only be workable with additional investment in staffing. Five additional FTEs will allow for a two-person response vehicle available seven days a week to respond to any complaints from suburban areas. Down time will be spent patrolling suburban shops and enhancing safety. All other operating costs will be met from within existing operating budgets.

g) What are the risks of <u>not doing</u> the proposal?

The success of City Safe in the central city to deter begging and anti-social behaviour has resulted in an increase in complaints about such behaviour now occurring in a number of suburban areas where there is no City Safe presence. There is real potential of a significant negative impact on community perceptions of safety, as voiced at a number of recent community meetings.

h) What are the risks of <u>doing</u> the proposal?

Extension of service that will need to be maintained

i) What are the other possible options?

One option is to retain the status quo, where City Safe staff are concentrated in the central city area. Another is to remove City Safe staff from the central city area as the need arises to respond to complaints from suburban areas, leaving no one to patrol the central city. Police will not attend such issues unless criminal offences are involved.

j) Financial impact

2019/20 and remaining 9 years of the 10-Year Plan

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Total expenses	0	0	0	0	0	0	0	0	0
Operating surplus/(deficit)	0	0	0	0	0	0	0	0	0
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

REVISED BUDGET

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Personnel costs	230	230	230	230	230	230	230	230	230
Depreciation and amortisation expense									
Total expenses	230	230	230	230	230	230	230	230	230
Operating surplus/(deficit)	-230	-230	-230	-230	-230	-230	-230	-230	-230
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

VARIANCE - NET Benefit/(Cost) to Council

$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Personnel costs	230	230	230	230	230	230	230	230	230
Total expenses	230	230	230	230	230	230	230	230	230
Operating surplus/(deficit)	-230	-230	-230	-230	-230	-230	-230	-230	-230
Capital Expenditure									
Capital Expenditure	0	0	0	0	0	0	0	0	0

k) Significance Assessment

		Select			Explanation
Change in service	Alters the delivery of a core service		High	Cease or commence a service Note this must be a 10-YP decision	Extension of an existing service. Note: City Safe is not defined as a core service
			Medium	A more than nominal alteration of a service	
			Low	A nominal or no alternation of service	
	Transfers the ownership of a strategic asset		High	Majority transfer Note this must be a 10-YP decision	No ownership change of any asset
			Medium	Minority transfer	
			Low	Nominal or no transfer	
Impact of decision	Ability to reverse decision		High	Highly difficult	Elective option that can be reversed if required
			Medium	Moderately difficult	
			Low	Low difficulty	
	Consistency with prior decisions		High	Significantly inconsistent	Would be consistent with earlier decisions around activity to enhance perceptions of safety among community/central city users
			Medium	Consistent but has some notable variations	
			Low	Is consistent	
Reputation	Level of public interest known		High	High levels of public interest	Consistent level of community complaints about anti-social behaviour increase in community and lack of adequate response. Advanced at community meetings
			Medium	Moderate levels of public interest	
			Low	Low level of public interest	
	Impact on proportion of community		High	Impacts large proportion of community	Impacts upon entire community but most notably those who are vulnerable or on their own when visiting shops. Real impacts on safety concerns of community. Also impacts on businesses in areas where people feel threatened
			Medium	Impacts a subgroup or groups within the community	
			Low	Impacts an individual person or household	
	Degree of impact on affected people		High	High degree	Will have significant positive impact on safety concerns of community. Will enhance safety perceptions and reinforce acceptable behaviours in area
			Medium	Moderate degree	
			Low	Low degree	

Impact on Financial Strategy	Operating costs		High	change impact is >10% of total Council expenses 2019/20 ($266 m)	Low - change is only OPEX increase of $230k per annum. 230k is made up of 5 FTE staff. Spend on uniform will come from budgets already established within the City Safety team.
			Medium	change impact is 10%>5% of total Council expenses 2019/20 ($266M)	
			Low	change impact is <5% of total Council expenses 2019/20 ($266m)	
	Operating revenue		High	change impact is >10% of total Council revenue 2019/20 ($257m)	N/A - no revenue impact
			Medium	change impact is 10%>5% of total Council revenue 2019/20 ($257m)	
			Low	change impact is <5% of total Council revenue 2019/20 ($257m)	
	Capital Cost		High	change impact is >1% of total Council assets 2019/20 ($289m)	N/A - no capital impact
			Medium	change impact is 1%>0.5% of total Council assets 2019/20 ($289m)	
			Low	change impact is <0.5% of total Council assets 2019/20 ($289m)	
	Timing within budget timeframe		High	Timing moves within the 3 year window (2018/19 to 2020/21)	Recommended to commence in 2019/20
			Medium	Timing moves within the 10 year window (2018/19 - 2027/28)	
			Low	no change in timing	

l) Cultural Considerations

[Consider the cultural impacts of the proposed change]	Select what level			Explain
	Participation-involving	Protection-locking in	Partnership-collaborating	
Manaakitanga - improving the quality of life/satisfaction with our environments and standards of living				Specialist input sought. The consideration is for inclusion of all of the above into any designed solution. In particular the concepts of manaakitanga - improving the quality of life and standards of living are very relevant
Whanaugatanga - developing vibrant communities/a city that caters for diverse Maaori lifestyles and experiences				
Rangatiratanga - enhancing Maaori leadership and participation/people engaged in their communities				
Kaitiakitanga - ensuring sustainable futures/intergenerational reciprocity				
Wairuatanga - promoting distinctive identify/recognised sense of identity, uniqueness and belonging				
Kiingitanga - acknowledging the history of Kiingitanga and the Kiingitanga movement				

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Appointment of Board Chair - Waikato Regional Airport Limited	) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

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

Item C1.	to protect the privacy of natural persons	Section 7 (2) (a)
	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)