

## Notice of Meeting:

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

**Date:** Thursday 31 May 2018  
**Time:** 9.30am  
**Meeting Room:** Council Chamber  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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## Council OPEN AGENDA

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### Membership

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

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

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

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Lee-Ann Jordan  
Governance Manager

**25 May 2018**

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## **Purpose**

The Council is responsible for:

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

## **Terms of Reference**

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

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

**Oversight of Policies:**

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

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**1 Apologies**

**2 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.

# Council Report

**Committee:** Council **Date:** 31 May 2018  
**Author:** Amy Viggers **Authoriser:** Becca Brooke  
**Position:** Committee Advisor **Position:** Governance Team Leader  
**Report Name:** Confirmation of Council (10 Year Plan Hearings) Minutes - 11-17 May 2018

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

That the Council confirm the Open Minutes of the Council (10 Year Plan Hearings) Meeting held on 11-17 May 2018 as a true and correct record.

## Attachments

Attachment 1 - Minutes Council (10-Year Plan Hearings) Meeting - Open - 11-17 May 2018 .

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## Council

# 10 Year Plan Hearings

## OPEN MINUTES

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Minutes of meetings of the Council held in the Council Chamber, Municipal Building, Garden Place, Hamilton on Friday 11 May 2018 at 9.40am and Monday 14 May 2018 (which reconvened Tuesday - Thursday 15-17 May 2018). The reports for both these meetings were contained within the agenda of the Extraordinary Council meeting of 11 May 2018.

### PRESENT

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

In Attendance:	Richard Briggs – Chief Executive
	Lance Vervoort – General Manager Community
	Sean Hickey – General Manager Strategy and Communication
	David Bryant – General Manager Corporate
	Chris Allen - General Manager Infrastructure
	Jen Baird - General Manager City Growth
	Blair Bowcott – Executive Director Special Projects
	Julie Clausen – Programme Manager
	Chelsey Stewart – Project Manager 10 Year Plan
	Nigel Ward - Acting Communications Team Leader
	Andy Mannering – Manager Social Development
	Andrew Parsons - City Development Manager
	Greg Carstens – Acting Unit Manager Economic Growth & Planning
	Nathan Dalgety – Team Leader Growth Funding & Analytics
	Stafford Hodgson – Senior Strategic Policy Analyst
	Muna Wharawhara – Amorangi Maaori

Governance Staff:	Lee-Ann Jordan - Governance Manager
	Becca Brooke – Governance Team Leader
	Amy Viggers, Claire Guthrie and Rebecca Watson – Committee Advisor

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*Muna Wharawhara carried out a blessing and Rev Phil Wilson a reading to open the Council Meeting.*

**1. Apologies****Resolved:** (Crs Casson/Taylor)

That the apologies for partial attendance from Deputy Mayor Gallagher, Cr Mallett, and Cr Macpherson for Friday 11 May 2018 are accepted.

**2. Confirmation of Agenda****Resolved:** (Crs Bunting/Henry)

That the agenda be confirmed.

**3. Declarations of Interest**

No members of the Council declared a Conflict of Interest.

*The following members of the public spoke to their submissions on the Draft 10 Year Plan, Draft Rating Review Statement of Proposal and Draft Development Contributions Policy.*

**Darryn Mills** (Waikato River Explorer) – Draft 10 Year Plan

Mr Mills spoke in support of the Draft 10 Year plan noting that he was in support of projects such as the Hamilton Gardens entrance fee and the Waikato Regional Theatre. He felt there were several projects not necessary such as Garden Place redevelopment and components of the River Plan.

**Glen Wallace** (Hot Gossip Bra Shop and Solve Consultants Ltd) – Draft 10 Year Plan

Mr Wallace spoke against the immediate move to Capital Value rating as businesses had planned for the change over the next 7 years as was approved during the previous 10 Year Plan. He spoke in support of the Waikato Regional Theatre.

**Stuart Gordon** (WIP and NZ Food Innovation Waikato Limited) – Draft 10 Year Plan

Mr Gordon spoke against the Draft 10 Year Plan, noting that he objected to the proposal to move to Capital Value rating as costs would have to be passed onto customers. He suggested that there was need for funding to be brought forward to resolve congestion issues that were caused by growth in areas such as Ruakura.

**The meeting adjourned 10.07 to 10.25am.**

*Cr Mallett joined the meeting during the above adjournment.*

*Deputy Mayor Gallagher left the meeting during the above adjournment.*

**Matt Stark** (Stark Properties) – Draft 10 Year Plan

Mr Stark spoke in support of the Draft 10 Year Plan. He noted Stark Properties had proposed an upgrade to Ward Street to occur in conjunction with the development of the Kmart building.

**The meeting adjourned 10.30 to 10.35am.**

**Jeff Hunter** (Individual) – Draft 10 Year Plan

Mr Hunter spoke to his submission on the Draft 10 Year Plan. He felt that the proposed rates increase placed too much burden on households for the sake of growth.

**Jonathan Tuhua** (First Trust) - Draft 10 Year Plan

Mr Tuhua spoke to the Draft 10 Year Plan. He suggested that there was greater need for Community Infrastructure and increased public transport options.

**The meeting adjourned 10.53am to 11.19am**

**AJA Pratapsingh** (Individual) – Draft 10 Year Plan

Mr Pratapsingh raised concerns with the proposed rates increase. He felt that the Draft 10 Year Plan was missing information on revenue stream and cost saving methods.

**Aaron Wong** (Generation Zero) – Draft 10 Year Plan

Mr Wong spoke to the Draft 10 Year Plan and each of the challenges that Council faced. He noted that Generation Zero was in support infill targets, growth and some of the transport proposals.

**Graeme Mead** (YMCA) – Draft 10 Year Plan

Mr Mead spoke in support of the Draft 10 Year plan. He suggested charities should be paying their own way rather than requesting funding from Council. He noted that the YMCA wanted to be a part of Council future through the investment of funds for Community Infrastructure in Hamilton.

**Katy King** (North East Community Hub) – Draft 10 Year Plan

Ms King spoke to the Draft 10 Year Plan noting that development of Community Infrastructure in the North East was critical for the Community. She advised that, based on feedback she had received from the North-East Community, the priorities were a swimming pool, a recreation centre and then a library.

**Alan Sciascia** (Hospitality New Zealand) – Draft 10 Year Plan

Mr Sciascia spoke against an entrance fee to Hamilton Garden as in his opinion this would cause a drop in visitors to Hamilton. He suggested the introduction of a policy to recognise short term accommodation (AirBnB and BookaBach) as businesses and rate them accordingly rather than as residential properties.

**Mark Goodman** (Individual) – Draft 10 Year Plan

Mr Goodman spoke to his submission on the Draft 10 Year Plan noting his concerns with the Council finances. He advised that he was not in support of a fee to enter Hamilton Gardens, nor the development of the Waikato Regional Theatre.

**David Hill** (Individual) – Draft 10 Year Plan

Mr Hill spoke against the Draft 10 Year Plan as he felt that none on the proposed rating options were fair. He explained his concerns were that similar properties within the same area had different rates based on the calculator on the Council's website.

**Doreen Wood** (Individual) – Draft 10 Year Plan

Ms Wood spoke to her submission on the Draft 10 Year Plan. She felt that the Waikato Regional Theatre project should be replaced by a project to develop the Waiwhakareke Natural Heritage Park.

**Christine Norris** (Individual) – Draft 10 Year Plan

Ms Norris suggested that the Council should clarify its financial situation before continuing with the 10 Year Plan process. She felt that there should be no increase to rates, instead spending should be lessened.

**Brian Main** (Individual) – Draft 10 Year Plan

Mr Main spoke to his submission on the Draft 10 Year Plan. He suggested Council consider alternate options to generate funds.

**Benson Wu** (Individual) – Draft 10 Year Plan

Mr Wu spoke to his concerns regarding congestion around the city. He felt that Council was not considering outside the box methods to resolve issues.

**Kelvyn Eglinton** (Momentum) – Draft 10 Year Plan

Mr Eglinton spoke to the Draft 10 Year Plan and the challenges that Council had to address each proposal. He noted that Momentum was in support of the development of a Community Hub in the North East as well as other areas of the city.

**Sarah Nathan** (Creative Waikato) - Draft 10 Year Plan

Ms Nathan spoke to her organisation's concern that there was not enough community funding available for community groups. She suggested the implementation of a Waikato Arts Navigator which was needed to support fund proposals and would work in conjunction with the Hamilton City Council Arts Agenda.

*Cr Macpherson left the meeting (12.57pm) during the above submission.*

**The meeting adjourned 1.04pm to 1.49pm.**

**Bryce Arnold** (Hamilton Rowing Club) – Draft 10 Year Plan

Mr Arnold spoke to his organisation's submission and requested that Council consider a 100 year lease with the club who wanted to develop the area with a River Centre. He noted that the club had some concerns regarding the jetty that was a part of the River Plan.

**Megan Campbell, Fraser Hill, Joohui Lee, Luka Rigter, Mia Wilson, Diakan Govender, and Jimmy Crawford** (Rototuna High School) – Draft 10 Year Plan

Ms Campbell spoke to the need for community facilities in Rototuna due to growth in the area. She noted that Rototuna High School was willing to collaborate with Council to deliver community facilities.

*Deputy Mayor Gallagher re-joined the meeting at 2.08pm during the above submission.*

**Dave Simpson and Kelly Bunyan** (Spark NZ) - Draft Rating Review Statement of Proposal and Draft 10 Year Plan

Mr Simpson and Ms Bunyan spoke against the Draft Rating Review Statement of Proposal and the proposed increase to rates. They noted that their organisation felt the commercial rates increase placed an unfair burden on business.

**Susan Trodden** (Orchestra Central and Rail Project) – Draft 10 Year Plan

Ms Trodden noted that Orchestra Central was in support of the presentation and submission made by Creative Waikato. She then spoke to the submission made by Rail Project and advised that the development of a passenger rail service would lessen congestion issues within the city.

*Cr O'Leary left the meeting at 2.30pm.*

The Programme Manager read the submission received from Louis Marco who was unable to attend the Hearing to make his verbal submission.

**Kim Campbell** (Employers & Manufacturers Association) - Draft 10 Year Plan

Mr Campbell spoke in support of the Draft 10 Year Plan noting that the capital program, in his opinion, was irresponsible. He suggested Council consider other revenue options to fund the capital program.

*Cr Mallett retired from the meeting at 2.57pm.*

**The meeting adjourned 3.04pm to 3.34pm.**

*Cr O'Leary re-joined the meeting at during the above adjournment.*

**Shannon J Osborn** (Individual) – Draft 10 Year Plan

Mr Osborn spoke to his submission on the 10 Year Plan. He suggested the development of a footbridge between Frankton station and Frankton shopping centre to allow better access to the area.

**Bruce Cresswell** (Individual) – Draft 10 Year Plan

Mr Cresswell spoke to his submission regarding developing the Founders Theatre site into a Children's Museum. He noted that he was in support of the Waikato Regional Theatre proposal.

**Alec Forbes** (Individual) – Draft 10 Year Plan

Mr Forbes spoke in support of the Draft 10 Year Plan and noted that he was in full support of the Waikato Region Theatre Proposal.

**Graham Polard** (Individual) – Draft 10 Year Plan

Mr Polard spoke in support of a rates increase but noted that the suggested increase was too high and a better option would be to spread the increase over a number of years. He advised that he supported the Zoo Master Plan Proposal and felt that funding should be brought forward to years 1 through 3 of the Draft 10 Year Plan.

**Ron Pengelly** (Individual) – Draft 10 Year Plan

Mr Pengelly spoke against an increase in rates as it was not affordable for the public and he felt that it would be a better to focus user payer options rather than a general rates increase.

**Christopher Manson** (Individual) – Draft 10 Year Plan

Mr Manson spoke to his submission on the Draft 10 Year Plan. He suggested Council consider other options such as fruit trees when planting. He felt that the development of Peacockes would increase congestion issues in the city and place too much pressure on infrastructure.

**Greg Blewett** (Individual) – Draft 10 Year Plan

Mr Blewett spoke to his submission on the Draft 10 Year Plan. He noted that he was against the proposal to move immediately to capital value and in the introduction of the Uniform Annual General Charge.

**Jill Masters and Tim Cox** (RESTORE) – Draft 10 Year Plan

Ms Masters and Mr Cox spoke to their organisation's requests that Council consider including a project to restore the water quality in Lake Rotoroa in the Draft 10 Year Plan. They noted that members of the public had indicated that they would prefer to restore the water in Lake Rotoroa instead of the redevelopment of Garden Place proposal.

**Cliff Thomas** (Waikato Historical Society) – Draft 10 Year Plan

Mr Thomas spoke to his organisation's submission. He advised that the organisation was against the Central City Park proposal. They felt that the saving from not removing the buildings on Victoria Street could be better used to assist building owners to complete appropriate restoration.

**Artur Grochala** (Individual) – Draft 10 Year Plan

Mr Grochala spoke against an increase in rates. He suggested the introduction of a policy to rate properties that were renting out their properties for short term accommodation as businesses would be a way be increase revenue for the city.

**Sally and Roberta McDougall** (Individual) – Draft 10 Year Plan

Ms S McDougall spoke to their concerns that those on fixed incomes or living alone would not be able to afford the rates increase.

**Bruce Murdoch** (Individual) – Draft 10 Year Plan

Mr Murdoch spoke to his submission on the Draft 10 Year plan. He challenged Council to develop other rating options that did not include the Uniform Annual General Charge.

**The meeting was declared closed at 5.22pm Friday 11 May 2018, with the hearings to continue at the Council Meeting on Monday 14 May 2018 at 9.30am.**

**The meeting of Monday 14 May 2018 at ware declared open at 9.30am, noting that the agenda for the meeting was the same as for the Extraordinary Council meeting of Friday 11 May 2018.**

**4. Apologies**

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

That the apologies from Cr Mallett (early departure) and Cr Tooman (early departure) are accepted.

*Note: During the course of the Council meeting which commenced on 14 May 2018 and continued through to 17 May 2018, a number of Elected Members also tendered apologies for absence, early departure or late arrival. These arrivals and departures are noted throughout the minutes.*

**5. Confirmation of Agenda**

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

That the agenda be confirmed.

**6. Declarations of Interest**

No members of the Council declared a Conflict of Interest.

*The following members of the public spoke to their submissions on the Draft 10 Year Plan, Draft Rating Review Statement of Proposal and Draft Development Contributions Policy.*

**Roger Hennebry** (Grey Power Submission) - Draft 10 Year Plan

Mr Hennebry spoke to Grey Power's submission which represented the views of 40-60 members. Grey Power was opposed to the proposed rates increases as this would cause financial distress for many members and wanted to remain with the existing 3.8% rates rise and gradual move to capital value rating. The organisation recommended that the Council look to reducing costs and staff and live within its budget.

**Roger Hennebry** (Individual) - Draft 10 Year Plan

Mr Hennebry spoke against rates increases, the proposed new projects and changing to capital value rates.

**Lindsay Cumberpatch and Vik Arcus** (Bryant Trust) - Draft 10 Year Plan

Mr Cumberpatch and Mr Arcus spoke to the Trust's submission and asked the Council prioritise social infrastructure to enhance human welfare by having a cross-sector housing plan and increasing the community assistance grants to match population growth and inflation.

*Cr Tooman left the meeting (9.58am) during the above submission.*

**James Bevan** (Individual) - Draft 10 Year Plan

Mr Bevan spoke to his submission that rates parity with neighbouring councils was positive as he would rather live in a nice city than a cheap one. He strongly supported the Gully Restoration Plan as many residents are working on gully restoration already and would benefit from Council's vision and plan.

**Edgar Wilson and Rachel Kuata** (K'aute Pasifika Trust) - Draft 10 Year Plan

Ms Kuata and Mr Wilson spoke to their submissions and outlined that the Trust wanted to invest in a community hub, with a medical practice and early childhood centre, that was centrally located, close to public transport, and Wintec to encourage existing educational links and was asking the Council for support for a community facility. Ms Kuata said the Pacifica community noted that there was no mention of their community in the 10 Year Plan even though there was 15,000 Pacifica living in the Waikato region.

**Deborah Fisher** (Individual Submission) - Draft 10 Year Plan

Ms Fisher spoke to her submission which was against the proposed rates increase and associated projects. Ms Fisher stated that the Council could downsize or defer proposals and that growth should not be prioritised at all costs.

*Cr Tooman re-joined the meeting (10.27am) during the above submission.*

**Chris Rollitt** (Hamilton East Community Trust and Individual) - Draft 10 Year Plan

Mr Rollitt spoke to the Community Trust's submission that it did not support a pontoon at Wellington Beach. The Trust wanted a holistic design to development, preserving the area's heritage. Mr Rollitt stated there was a need for more river pathways to connect Hamilton East to the city, for youth activity areas and for the Council to maintain facilities in Hamilton East such as the toilet block at Steele Park.

**Steve Leppien** (Waikato Softball Draft) - Draft 10 Year Plan

Mr Leppien spoke to his organisation's concerns with the substandard drainage in the playing fields, inadequate equipment storage and the poor condition of the toilets at the Resthills Sports Club. He said Waikato Softball needed all year access to playing fields with artificial turf and lighting.

**John Walker** (Individual) Sub- Draft 10 Year Plan

Mr Walker said Council should keep rates within the rate of inflation. He said he supported development in Rotokauri (closer to existing infrastructure), library development, the Regional Theatre, the zoo and Waiwhakareke. However, he did not support the River Plan, development in Garden Place or building more indoor facilities.

**Geoff Kreegher** (Individual) - Draft 10 Year Plan and Draft Rating Review

Mr Kreegher spoke to both his submissions. He was against more debt and said that rates should cover the running of the city. He said there should be a fairer user pays system, by person not by property value. Mr Kreegher noted that council staff wages and consultants' fees were substantial and he did not support any increases. He did not support the rail proposal and believed that the zoo should be sold.

**The meeting adjourned from 11.08am to 11.20am.**

**Dr Alison Campbell** (Individual) - Draft 10 Year Plan

Dr Campbell stated her major concern was that the city lived within its means and that the proposed rate increases were punitive for lower socio-economic groups. She said the 10 Year Plan needed to be forward focused with a focus on community infrastructure and not on luxuries such as Garden Place development, the Central City Park and the Waikato Regional Theatre.

**Kelli Pike** (Individual) - Draft 10 Year Plan

Ms Pike spoke to her presentation and said her priority was development in Waiwhakareke to go ahead, to improve Lake Rotoroa and the river's water quality. She supported the River Plan.

**Robert and Judy Bragger** (Individual) - Draft 10 Year Plan and Draft Rating Review

Mr and Mrs Bragger spoke together on their submissions stating that the consultation document was very confusing and they had to choose between non-choices. They said the level of city debt was unacceptable and that the 10 Year Plan will not reduce debt. They did not support rates increases.

**Laura Jones** (Individual) - Draft 10 Year Plan

Ms Jones said she supported development in Rotokauri and that the city should upgrade and maintain their current assets and infrastructure. She said she did not support the Garden Place

upgrade nor charging for entrance at Hamilton Gardens except for international visitors. She also supported with the Regional Theatre.

**Jamie Strange**(Individual) - Draft 10 Year Plan

Mr Strange said he wanted central and local government to work together and saw affordable housing, the Regional Theatre and the rail link as important areas of development.

**Samantha Rose** (Individual) - Draft 10 Year Plan

Ms Rose said that she wanted the Council to engage more actively with communities and that she could not see what ethics and principles were driving decision making. She said the Council could charge for water and for land that was fallow as this should be used for the community. She supported a permanently affordable housing plan, more public transport and food gardens.

**Matthew Cooper and Michelle Holland** (Sports Waikato) - Draft 10 Year Plan

Mr Cooper supported the employment of a community advisor focused on sport to work alongside the Council's community advisors. Sport Waikato also supported changing the multi-year grants so they were adjusted for population and inflation; bringing forward the indoor sports centre at the University of Waikato; providing artificial playing surface and improving sport parks drainage. It did not support development of Garden Place.

**Fiona Bradley** (Hamilton Operatic) Draft 10 Year Plan

Ms Bradley said Hamilton Operatic strongly supported the Regional Theatre proposal and agreed that parking was an issue for the CBD site. She suggested shuttles to local carparks be provided to ensure people's safety.

**Anju** (Individual) - Draft 10 Year Plan

Anju spoke in support of more family facilities in Hamilton such as an amusement park.

**Roger Stratford** (Individual) - Draft 10 Year Plan

Mr Stratford stated he supported development at Rotokauri as this area would suit cycling better.

**James Alexander Hope** (Individual) - Draft 10 Year Plan

Mr Hope spoke in Te Reo and was against development in Peacockes because of the high cost of infrastructure. He said he supported Rotokauri as it was close to existing facilities. Mr Hope supported provision of bi-lingual signage in Hamilton to support the historical names of Hamilton and suggested this initiative would encourage tourism.

**Mark Schroder** (Individual) - Draft 10 Year Plan

Mr Schroder said the Council needed to live on the income it received and pay off debt but had no preference for the type of rates increase. He said he did not support growth into productive farmland and he supported the Council and Tainui talking more often about this. Mr Schroder did support public transport development.

**The meeting adjourned from 12.42pm to 1.45pm.**

**Sophie Ward** (Individual) - Draft 10 Year Plan

Ms Ward said she supported the provision of more public transport and that more direct routes needed to be provided for buses and more bike lanes. She suggested Council provide re-usable public bikes such as those found in overseas cities. Ms Ward said Council should get rid of all single-use plastic bags at supermarkets and that she supported a new theatre.

*Cr O'Leary joined the meeting (1.50pm) during the above submission.*

**Richard Cocks (Individual) - Draft 10 Year Plan**

Mr Cocks said he supported the transition to a capital value rating system and noted that Council was not honouring its past decisions. He said there was a differential impact of the rates increase and that a \$1000 yearly increase would use up any wage or superannuation increase that people received. He did not support continuing with the Hamilton Gardens targeted rate.

**Megan Lyon (Individual) - Draft 10 Year Plan**

Ms Lyon supported the Council to re-develop and re-open the Municipal Pools and explained the benefits of an outdoor, centrally located swimming pool for Hamilton residents. She said this development would align with the River Plan.

**David Braithwaite (Property Makers and Stirling) Draft 10 Year Plan**

Mr Braithwaite spoke to both organisations' submissions on the 10 Year Plan which they found hard to understand and noted that the debt ratio was out of date. He said revaluation of HCC assets did not require rating increases and that proper maintenance meant no depreciation. Borrowing money to run the city was not supported. Development of Peacockes was supported, along with water and roading and building the new theatre on the existing site. Other projects were not supported.

**Jo de Lisle and Ellie Wilkinson (Ethnic Community Strategic Plan/Settlement Centre Zoning) - Draft 10 Year Plan**

Ms de Lisle and Wilkinson supported the Ethnic Community Strategic Plan as this would give direction to planning ethnic diversity support. The re-zoning of the Settlement Centre was necessary for future expansion and security of tenure was needed for funding applications.

**Paul Bennett (Braemar Hospital) - Draft 10 Year Plan**

Mr Bennett spoke against rates increases and noted that the status quo was not included as an option so the choices were misleading. He outlined the impact the proposed rates increase would have on Braemar Hospital, preventing any future expansion. He said the 676% increase over five years could not be recouped and that any increases should be capped to be fair to all. Mr Bennett said HCC should live within its means.

**Ian Bridges (Individual) - Draft 10 Year Plan and Draft Rating Review**

Mr Bridges spoke to both his submissions stating HCC should only spend what ratepayers can afford as the proposed changes would have a huge impact on ratepayers. He said that rates have increased 62% over ten years but incomes have only increased by 19% and that rates should remain at 3.8% increase per year. He did not agree with the increases in staff salaries, operating costs and professional fees.

**Margaret Evans and Mavora Hamilton (TOTI) Draft 10 Year Plan**

Ms Evans spoke to HCC supporting eco sustainability as an opportunity to manage risks caused by climate change/severe weather events as this was not a focus in consultation documents and HCC was not a signatory to the UN climate change declaration. Engineering thinking needed to be innovative such as onsite treatment stations in Peacockes and looking at underground power lines. Ms Evans also spoke to re-imagining local government.

**Josh Moore (Individual) - Draft 10 Year Plan**

Mr Moore supported charging for entry to Hamilton Gardens as research showed that tourists would spend money on good attractions. This was evidenced by the entry fees charged by Waitomo Caves, Hobbiton and Rotorua's attractions. He noted that people on Hamilton's boundaries would be disadvantaged by an entry fee.

**Anna Sloan, Ryan West and Gemma** (SEED Waikato) Draft 10 Year Plan

SEED represented 23% of Hamilton's population, the 18-30 year olds, and spoke to three issues, housing affordability, sustainability and community infrastructure. Mr West explained the group supported community hubs in vulnerable areas and said they were disappointed by the lack of reference to Tangata Whenua in the consultation documents.

**Judy McDonald** (Individual) - Draft 10 Year Plan

Ms McDonald said that Hamilton had a history of poor decision-making and residents wanted more open and transparent governance and less 'no other option'. She said rates increases would seriously affect the quality of life for many residents and Hamilton needs to be liveable. She did support important traffic infrastructure developments and increasing road safety along with the Zoo and Waiwhakareke proposals.

**The meeting adjourned from 3.15pm to 3.30pm.**

**Julie Shaw** (Individual) - Draft 10 Year Plan

Ms Shaw spoke in support of the Citizens' Advice Bureau and against the sale of St Peter's Hall which was the CAB's current office. She asked that CAB be given a long lease.

**Dr Rebekah Graham** (Individual) - Draft 10 Year Plan

Dr Graham spoke in support of the following – increased funding for public transport, safe walking and biking options, managing safety issues around schools, funding for junior sports fields and family facilities such as Waterworld and playgrounds.

**Renaldo Pantoja** (Individual) - Draft 10 Year Plan

Mr Pantoja spoke against the rates increases and the immediate move to capital value and said the city should work within its means. He did not support Garden Place development.

**Kathryn Parsons** (Friends of the Library) - Draft 10 Year Plan

Ms Parsons spoke in support of library development at Rototuna, the Hillcrest library extension and IT developments as libraries created a positive flow on effect for the city.

**Jason Dawson** (Hamilton Waikato Tourism) - Draft 10 Year Plan

Mr Dawson spoke against the proposed \$10 entry fee to Hamilton Gardens as this could impact on the significant domestic tourist market. He supported \$11.50 targeted rate for the Hamilton Gardens.

**Jason Wade** (Clarence Street Theatre and Individual) - Draft 10-Year Plan

Mr Wade suggested councillors should make innovative decisions to help the city flourish. He supported the Regional Theatre and requested funding for improvements to Clarence Street Theatre.

**Neil Curgenvin** (NZ History Foundation) - Draft 10 Year Plan

Mr Curgenvin suggested Council establish a trust to manage historic sites and to continue the work set out the Heritage Plan. He said heritage status should be applied to sites identified in the Heritage Trail. The Foundation opposed the sale of St Peter's Hall and wanted the reintroduction of the Heritage Fund.

**Martin Toop** (Individual) - Draft 10 Year Plan

Mr Toop said he would not be able to afford the proposed rates increases over 5% and asked if Hamilton was living beyond its means. He did not support the Regional Theatre or more development at the Hamilton Gardens.

**Nancy Caiger** (Individual) - Draft 10 Year Plan

Ms Caiger said she understood the need for a general rate increase but wanted to keep to the 3.8% increase and transition to capital value. She said she found the submission document was skewed towards certain outcomes and it was hard to understand the true state of the finances. Ms Caiger was concerned about the impact of the HIF loan. She supported an entry fee to Hamilton Gardens not the targeted rate. She also supported the Regional Theatre.

**Karen Walters** (Waikato BOP Football) - Draft 10-Year Plan

Ms Walters said her organisation supported an increased commitment to playing field maintenance and the development of an indoor recreational facility and lighting. She said the lack of facilities was inhibiting growth of sport, particularly the lack of lighting.

**Mano Haran** (Individual) - Draft 10 Year Plan

Mr Haran was concerned about the Council's financial state and did not support the proposed rates increase and immediate move to capital value. He said he did not support a new theatre as one already existed and Garden Place should not have more money spent on it.

**Stan Jones** – Individual Submission Draft 10-Year Plan

Mr Jones submitted that the consultation document and process was confusing and simpler information should have been disseminated, particularly the rates increase measures.

**Margaret Southgate** (Individual) - Draft 10 Year Plan

Ms Southgate spoke about concerns in Hamilton East with the potential for high density housing to become slums, the carparking issues, the lack of area for retail to grow, and the lack of community input into Steele Park to create a real community area.

**The meeting adjourned from 5.00pm to 5.15pm.**

**Askel Bech** (Tamahere Community Committee) - Draft 10 Year Plan

Mr Bech spoke about the number of initiatives in Tamahere to enhance services for cyclists and walkers. There were also gully restoration projects underway to restore and allow access rights.

**Matthew Small** (Individual) - Draft 10 Year Plan

Mr Small did not support development in Garden Place but the provision of more events to encourage use of the area. He suggested moving i-SITE to the Transport Centre, and making destination playgrounds more accessible to those who were disabled. He was concerned that rate increases would increase rents to an unaffordable level.

**Justin Den Otter** (Individual) - Draft 10 Year Plan

Mr Den Otter stated the Council's financial situation was not sustainable and that current investments, such as Waterworld, should be maintained but that further large luxury projects should be avoided until the money is available.

**Suzanne and Harry O'Rourke** (Individual) - Draft 10 Year Plan

Ms O'Rourke and Harry were keen to see a skate park built in Hamilton East, and suggested this could be part of the destination playground that was proposed for the area.

**Ian Lewis** (Individual) - Draft 10 Year Plan

Mr Lewis asked that the Bike Plan be brought forward to accelerate options for children to get to school by bicycle or walking. He said the transport network needed work to make transport easier and reduce congestion.

**Rangimahora Reddy** (CEO Rauawaawaa) - Draft 10 Year Plan

Ms Reddy explained that her organisation supported people in poverty and was concerned about the proposed rates increases particularly for the elderly and those renting. She also noted that transport was difficult for elderly as many pathways and footpaths needed fixing or were not age friendly.

**Rita Ahlers** (Individual) - Draft 10 Year Plan

Ms Ahlers spoke about her concerns with the proposed rates increases, particularly the speed of the changes and noted that wage increases were not keeping up. She said that projects could be postponed or cancelled to save money. Ms Ahlers did not support Garden Place development or the proposed Regional Theatre and thought the Founders site could be used in the future when affordable.

**Rohan West** (Netball Waikato/BOP) - Draft 10 Year Plan

Mr West said his organisation supported an indoor sports facility but would like this in year 2 and 3 not in year 4 and 5. He said that high performance teams did not have a dedicated base for training.

**The meeting adjourned from 3.15pm to 3.30pm.**

**Rowena Edge** (Waikato Lacrosse Association) - Draft 10 Year Plan

Ms Edge explained that lacrosse was the fastest growing women's sport in Hamilton and that there was a lack of suitable playing fields. She said lacrosse and other sports groups envisioned a multi-sport development, with Council providing the land and infrastructure, such as turf and lights.

**Palamen Gerasimov** (Individual) - Draft 10 Year Plan

Mr Gerasimar did not support the proposed rates increase as they were too expensive for people to afford as wages did not increase at the same rate. He said it was hard to find information and there were not enough options in the consultation document.

**Russell Wilson** (Hamilton Cricket Association) - Draft 10 Year Plan

Mr Wilson supported the development in Peacockes and supported investment in sports parks and open spaces. He said sports fields needed investment in drainage and he would like to see investment in artificial turf at Rototuna and hybrid turf at Galloway Park for football and cricket.

**Eion Fields** (Individual) - Draft 10 Year Plan

Mr Fields spoke of his concern with city expansion into surrounding agricultural land and opposed development into Peacockes. He said Hamilton should make best use of the space in the city boundaries.

**Ralph Connor** (Individual) - Draft 10 Year Plan

Mr Connor opposed the rate increases as too dear for some to manage. He also did not support the regional theatre site in Victoria Street preferring the Founders site and said the development of Garden Place was totally unnecessary.

**The meeting adjourned from 6.45pm to 7.30pm.**

**Keith Hogan** (Individual) - Draft 10 Year Plan

Mr Hogan spoke against the proposed rate increases, particularly for those on fixed incomes. He also opposed development in Garden Place and said Council should provide events to bring people into the city centre.

**Alison Gibb** (Friends of the Waikato Museum) - Draft 10 Year Plan

Ms Gibb said her organisation was concerned that there was a lack of additional funding for the Museum in the Draft plan. She said they supported the River Plan and would provide more planting and gift a sculpture. The organisation asked that "Art" be put back into the Museum's title.

**Xiangjun Zhu** (Individual) - Draft 10 Year Plan

Ms Zhu spoke against individual entry fees for Hamilton Gardens and supported charging for international visitors and tourist buses.

**Steve Tritt** (Individual) - Draft 10 Year Plan

Mr Tritt spoke in favour of passenger rail and said an autonomous electric rail line with Otorohanga, Te Awamutu, Te Kuiti could be developed with HCC to provide \$12,000 to evaluate the suitability/feasibility of infrastructure.

**John and Dorothy Wakeling** (Waiwhakareke Sculpture Park) - Draft 10 Year Plan

Mr and Mrs Wakeling presented a proposal for a partnership with HCC to provide a 'free to enter' sculpture park. The Park would provide the land and two kilometres of trail and asked the Council to maintain the park.

**Laura Kellaway** (Waikato Heritage Taonga Group) -Draft 10 Year Plan

Ms Kellaway spoke to her organisation's submission. It asked that the Heritage Panel be reinstated, noted that the Heritage Fund was small, and asked that heritage buildings be retained in Hamilton. It requested the Frankton Stationmaster's House be returned to Frankton, that St Peter's Hall and Beale Cottage remain in community ownership and that heritage buildings in the south end of Victoria Street are retained.

**Niall Baker** (Individual) - Draft 10 Year Plan

Mr Baker supported Option 6 (Challenge 1) and supported Peacockes as the next major housing area. He agreed with funding for walking and cycling infrastructure and supported 9 projects in Challenge 4. He did not support heritage protection, moving i-SITE and said to keep a paper version of City News.

**Steve West** (Individual) - Draft 10 Year Plan

Mr West spoke to his submission and asked Council to stop spending money as the rates are too expensive and that it needed to stick to core infrastructure. He said Hamilton needed to be affordable for people to live here.

**Lloyd Seeney** (Individual) - Draft 10 Year Plan

Mr Seeney spoke to his submission supporting the installation of waste water pipes to support the Rotokauri housing area.

**The meeting adjourned at 8.00pm Monday 14 May 2018 , to be reconvened on  
Tuesday 15 May 2018 9.30am.**

**The meeting reconvened on Tuesday 15 May 2018 at 9.30am.**

*The following members of the public spoke to their submissions on the Draft 10 Year Plan, Draft Rating Review Statement of Proposal and Draft Development Contributions Policy.*

**Virginia Graham** (Friends of the Gardens) - Draft 10-Year Plan

Ms Graham spoke to her organisation's submission which supported investment in the Gardens and opposed an entry fee. She said donations should be encouraged, that wi-fi be installed and that parking congestion must be addressed.

**Leanne Bills** (Hamilton East Village Business Association) - Draft 10-Year Plan

Ms Bills spoke of the problems vagrants were causing in Hamilton East with a range of anti-social behaviours. She would like to see increased safety funding to reduce these problems.

**Malcolm Barrett** (GVG Management Trust) - Draft Rating Review

Mr Barrett spoke to his group's submission opposing the proposed rate increases and explained the effect of differential ratings on carpark buildings as the increases were substantial.

**Susan Harwood** (Citizens Advice Bureau (CAB)) - Draft 10-Year Plan

Ms Harwood spoke to CAB's submission which opposed the sale of the CAB building. They explained that this building had been used by CAB for 26 years and provided substantial benefits for the community as it was centrally located, with a pleasant environment, a reception area, rooms for confidential interviews, it was close to other services, and the Cathedral provided free carparks for the volunteers.

**Steven Drysdale** (Citizens Advice Bureau (CAB)) - Draft 10-Year Plan

Mr Drysdale spoke as a CAB volunteer and Board member and said that funding is diminishing and asked Council not to sell St Peter's Hall and end CAB's lease.

*Cr Taylor and Hamilton Joined the meeting (10.11am) during the above submission.*

**Jeanette Holborrow** (Citizens Advice Bureau (CAB)) - Draft 10 Year Plan

Ms Holborrow spoke to CAB's submission and said that the venue they used was very suitable for the work that CAB undertook as their clients often had complex cases and needed face to face support and advice. She asked that Council not sell the premises as the revenue from selling the hall was a minor component of the value that CAB contributed to Hamilton. She also explained that other such premises were not available in the CBD.

**Harvey Brooks and Dallas Fisher** (Waikato Regional Economic Development Agency) - Draft 10 Year Plan

Mr Brooks and Mr Fisher explained the role the Agency was looking to provide in the region with a hub based at Innovation Park for increased regional collaboration. They said they would continue with 'Waikato Means Business' and asked Council to support their request for funding.

**Susan Woodhouse and Katherine Luketina** (Sink or Swim) - Draft 10 Year Plan

Ms Woodhouse and Ms Luketina asked Council to revitalise the inner-city environment by re-developing the Municipal Pools as this was the best option for increasing swimming pool accessibility for the public. It would connect the area to the River Plan and was a cost-effective solution. They explained that the cost of \$4 million was affordable with a targeted rate of \$1 a week and the funding allocated to Garden Place developments.

**Tim and Finn Babbage** (Northern United Sports Club) - Draft 10 Year Plan

Mr Babbage and Finn spoke in support of an indoor recreation centre development at Rototuna Sports Park as there was a shortage of sport and recreation facilities in their area. They explained

that their club had no club rooms, which they were interested in developing, and that there was a need for sports field maintenance and drainage.

**Margaret Allen** (Individual) - Draft 10 Year Plan

Ms Allen spoke against the proposed rates increase as this increase was financially difficult for low income earners. She said Council was spending ratepayers' money and that nothing in the list of projects was essential because Hamilton did not need more development. Ms Allen said that Council should maintain and repair their current facilities, such as the broken equipment at the Hamilton Lake playground, before looking to build more. She asked Council to lobby central government to increase the rates rebate.

**Anita Goodman** (Individual) - Draft 10 Year Plan

Ms Goodman did not support unnecessary projects such as the Central City Park but she could support rates rises for more worthy projects such as cycle ways. She said she did not support an entry fee for Hamilton Gardens.

**Alan Julian** (Individual) - Draft Rating Review

Mr Julian spoke to his concerns with the proposed substantial rates increase particularly as he lived in an area which did not receive many of the services funded through rates.

**The meeting adjourned from 11.05am to 11.35am.**

*Cr Macpherson left the meeting during the above adjournment.*

**Maria Eaton** (Individual) - Draft 10 Year Plan

Ms Eaton strongly supported Council advancing alternative forms of transport to cars. She said cars were dangerous and that lower speed limits and making some roads in the CBD one way only would allow safe cycle and pedestrian usage.

*Cr Macpherson re-joined the meeting (11.43) during the above submission.*

**Samantha Samuel** (Individual) - Draft Rating Review

Ms Samuel was opposed to the rates increase and explained how she would be affected with a possible 110% rates rise. She wanted the separately used inhabited clause in the rates proposal to be removed as this affected the viability of her property.

**Alex (Tung Seng) Cheung** (Individual) - Draft 10 Year Plan and Rating Review

Mr Cheung spoke against rates increases as his businesses, based at Chartwell, The Base and Centreplace would be negatively affected by the proposals in the Rating Review.

**Mark Servian and Antanas Procuta** (Riff Raff Public Art Trust) - Draft 10 Year Plan

Mr Servian and Mr Procuta spoke to their submission which was on three subjects. Firstly, the Regional Theatre needed to be a great building and they encouraged Council to allocate more funding. Secondly, they did not support Central City Park and preferred that funding to go to the theatre. Thirdly, they saw Garden Place as a significant public place and if it was opened to community input, as their Trust had with Embassy Park, this would solve the issues.

**Nicolette Brodnax** (Individual) - Draft 10 Year Plan

Ms Brodnax said the consultation document did not allow for residents to choose no increase in rates so she supported Option 6. As an artist, she asked Council to reduce ArtsPost commissions. She submitted that Council should stop borrowing to pay bills as their job was to do what they could pay for.

**Kathryn Billings** (Individual) - Draft 10 Year Plan

Ms Billings said she faced daily challenges as someone who used a wheelchair and asked Council to provide shelters at bus stops and enough room to get on and off the bus safely. She said it was difficult for her to negotiate some intersections and footpaths and asked for maintenance to be done. There were also issues with footpaths being blocked during construction creating a safety issue as no alternative routes were provided.

**Tania Simpson** (Individual) - Draft 10 Year Plan

Ms Simpson supported the proposed Rototuna Hub and as the organiser for Gourmet in the Gardens she supported more events in Garden Place, including using the food trucks.

**Rawiri Bidois** (Individual) - Draft 10 Year Plan

Mr Bidois noted a lack of acknowledgement for Maaori in the Draft Plan which did not reflect their proportion of the population. He said there should be support in the Plan to encourage Maaori to be involved in planning stages for Council operations. He said he supported the riverside management plan.

**Margaret de Man** (James Pascoe Group) - Draft 10 Year Plan

Ms de Man spoke on behalf of her organisation and said it would have a 130% increase under the proposed rates increase. This would increase rents in their businesses which would have a negative effect on business viability. She said they were aware of the move to capital value and asked Council to continue with the agreed 10-year transition.

**Sarah Gibbs** (Community Waikato) - Draft 10 Year Plan

Ms Gibbs worked as a community grants advisor and asked Council to increase funding by 10% to cover inflation as funding had decreased from \$10 to \$7 per resident over the last ten years because of inflation.

**Simlar Price, Michael Dove**, (Claudelands Rovers Football Club) - Draft 10 Year Plan

These speakers spoke in support funding being spent on Galloway Park as this Club and Hamilton Cricket need improved drainage and field conditions. Also, the No 1 pitch is under regulation size and needed upgrading.

**Michelle Hooper, Karen Watkins, John Gallagher** (Hamilton Christmas Tree Trust) - Draft 10 Year Plan

The Trust spoke against Garden Place development as it would mean no space for the Christmas Concert. The Trust funded the Christmas Parade and Christmas Tree with no cost to HCC but would appreciate receiving some financial support.

**The meeting adjourned from 1.05pm to 2.00pm.**

**Alan Pearson, Anne Ferrier-Watson** (Riverlea Environment Society) - Draft 10 Year Plan

The presenters spoke against proposed Te Awa cycleway using the Hammond Park boardwalk for cycling and asked that cyclists dismount and walk through the short section of the boardwalk. The changes required to allow cycling would be costly and cause some damage to the forest it was designed to protect.

**Michael West** (Individual) - Draft 10 Year Plan

Mr West spoke against the rates rises to balance the books and the immediate move to capital value. He asked Council to review their costs.

**Phil Basel and Declan** (Hamilton Boys High School (HBHS) and Waikato Hockey) - Draft 10 Year Plan  
The speakers spoke in support of funding for hockey as there was a lack of hockey turf space in the city. HBHS was now managing a partnership between community/school/Waikato Hockey for hockey playing fields and was seeking resource consent.

**Warren Stace** (Individual) - Draft 10 Year Plan  
Mr Stace spoke in support of the river pathway system in the Hammond Park Plan and wanted this included in the Draft 10 Year Plan.

**Philip Morris** (Individual) - Draft 10 Year Plan  
Mr Morris spoke to his concerns with a pathway in his area being closed for over one year and questioned why maintenance could not be undertaken. He asked Council to retain and maintain current pathways and standardize barricades on paths. He said that he did not support Garden Place development when there were more urgent matters for attention.

**Roderick Aldridge** (Individual) - Draft 10 Year Plan  
Mr Aldridge spoke in support of alternative transport options focused on more sustainable options such as cycling. He asked Council to stop borrowing.

**Neil Tolan** (Western Community Centre) - Draft 10 Year Plan  
Mr Tolan said the Centre appreciated Council's ongoing support as this provided resources to strengthen neighbourhoods. He asked for grants to be increased and connected to population growth.

**Paul Knox** (Individual) - Draft 10 Year Plan  
Mr Knox spoke to his submission noting that he was against the immediate move to Capital Value.

**Phil Evans** (Individual) - Draft 10 Year Plan  
Mr Evans spoke to his concerns that the consultation process was flawed. He asked that Council keep any rates increase to 3.8% as per the previous 10 Year Plan.

**Michael O'Brien** (Waikato Society of Art) – Draft 10 Year Plan  
Mr O'Brien spoke to his organisation's submission. He supported an increase to Community Funding and suggested that be made more easily available to groups.

**Robert Bell** (Individual) - Draft 10 Year Plan  
Mr Bell spoke in support of the Regional Theatre noting that he had concerns about carparks in the area. He advised that he did not support the redevelopment of Garden Place nor the entrance fee for Hamilton Gardens.

**Kerry Davis** (Drury Lane Dance School) – Draft 10 Year Plan  
Ms Davis spoke to her organisation's concerns that Council had proposed the sale of St Peters Hall.

**Cynthia Armstrong** (Individual) - Draft 10 Year Plan  
Ms Armstrong spoke to her submission on the Draft 10 Year Plan noting that she was against a charge to enter the Hamilton Gardens. She suggested instead that a charge was instituted for use of the bathrooms.

**Michael Macrides** (Mitre 10 Ruakura and Te Rapa) – Draft 10 Year Plan  
Mr Macrides spoke in support of the proposal to lessen congestions issues through the increased funding for transportation infrastructure. He explained that he was not in support of proposal to move to Capital Value rating due to the likely effect it would have on the business, instead he suggested a staged transition.

**Pippa Mahood and Judith Cartwright** (Awatere Club) – Draft 10 Year Plan

Ms Mahood and Ms Cartwright spoke to the development of Hamilton Gardens. They suggested a governance board be formed to oversee all development. They noted that they were opposed to an entry charge for non-resident visitors.

**Jane Landman** (Waimarie Hamilton East Community House) – Draft 10 Year Plan

Ms Landman raised concerns at the number of people that she was seeing from the community requesting funds. She suggested that instead of the proposal to redevelop Garden Place the funds moved to a community focus proposal.

**Stephanie Hammond** (Individual) - Draft 10 Year Plan

Ms Hammond suggested that funding should be allocated to the Waiwhakareke Natural Heritage Park to develop public access and facilities for volunteers.

**Mischele Rhodes** (Individual) - Draft 10 Year Plan

Ms Rhodes spoke against the Draft 10 Year Plan. She felt that the proposed rates increases were too high and were unaffordable for residents.

**Joe Citizen** (Individual) - Draft 10 Year Plan

Mr Citizen asked Council to continue to work in consultation with youth to develop high quality public art. He felt that continued funding would ensure youth had a voice via public art and that they would use this as a platform to represent themselves.

**Tony Dixon** (Individual) - Draft 10 Year Plan

Mr Dixon spoke to his submission, noting that in his opinion the Draft 10 Year Plan and Draft Rating Review statement of Intent were deceptive. He felt that there was too much focus on cycling and not enough focus on fixing infrastructure such as footpaths.

**Warren Hastie** (Individual) - Draft 10 Year Plan

Mr Hastie requested Council consider developing a footpath that linked Templeview and Dinsdale areas. He felt that the implementation of these paths would link communities as well as increase walking and biking opportunities.

**Warren Williams** (Ngaa Uri O Maahanga Trust) - Draft 10 Year Plan

Mr Williams highlighted that the Trust supported Maaori representation in Council affairs and collaboration with Iwi. He noted that the Council should stop borrowing for growth and adopt a more staged approach, having tighter controls on budget spend. The Trust supported Rotokauri as the next housing area, as it was closer to family friendly areas.

**Raymond Rudford** (Individual) - Draft 10 Year Plan

Mr Rudford noted that rates increases will differ across properties and that some properties will see rate reductions instead. He stated that a revaluation could be the catalyst for a change in rating structure. He felt that there should be a more moderate and steady approach.

**Terry Podmore** (Individual) - Draft Rating Review

Mr Podmore introduced himself as a retired ratepayer, with no way of increasing income to deal with increased payments required under the proposed rates review. He requested a slower change to the move to capital valuation. He felt that the projects planned were too grandiose.

**Jen Richardson** (NZ Red Cross) - Draft 10 Year Plan

Ms Richardson stated the Red Cross wanted to see a migrant strategic plan. They were seeing changes in settlement populations and would like to advocate for Hamilton becoming a pilot city for migrant activity.

**Greg Orchard** (Accessible Properties) - Draft 10 Year Plan

Mr Orchard strongly opposed the proposed Option 6, in the proposed Uniform Annual General Charge. He felt that this increase was unaffordable for those people on fixed incomes. He urged Option 4 to be used as he felt that capital rating is fairer.

**Michael Buyn** (Individual) - Draft 10 Year Plan

Mr Buyn highlighted that he would see an 84% increase in his rates over the next 3 years if the proposed rates change went ahead. He also stated that the increase would be passed on the renters which would make rents unaffordable for some, particularly those on lower incomes.

**Mark Brown, John Macintosh, Maryanne Gill** - Life Unlimited/Aspire Trust/Community Living Trust) - Draft 10 Year Plan

Mr Brown, Mr Macintosh and Ms Gill noted that the social services sector accounts for 27.4% of the gross domestic product. Housing, infrastructure, transport and infrastructure were their main areas of concerns. They noted that they would like to see the Council employ more people with disabilities and highlighted some of the positive outcomes they had seen with employment.

**Jenny Bothwell** (Individual) - Draft 10 Year Plan

Ms Bothwell spoke against the draft 10-Year Plan, explaining that she would face a 57.5% rates increase, which was unaffordable on a fixed income. She also asked the Council to consider separated cycle lanes on the roads.

**Joe Dennehy** (Individual) - Draft 10 Year Plan

Mr Dennehy noted that he felt the 10-Year Plan survey had been designed for certain answers. He felt that costs should be cut to meet income and that as a monopoly provider the Council had a special duty of care to manage funds and expenditure. He was also against the Regional Theatre.

**Sue Edmonds** (Individual) - Draft 10 Year Plan

Ms Edmonds supported the proposed funding for the Museum and Art Gallery and the Museum Strategic Plan. She was against the proposed Regional Theatre because of the proximity of the bars and concerns around location of the carparking. She did support the sale of Founders Theatre site.

**John Simmons** (Taitua Arboretum) – Draft 10 Year Plan

Mr Simmons spoke to the submission, and sought suitable capital to enable Taitua Arboretum to continue to develop. He was realistic that the development of the arboretum may be a 10 year plan, not a 5 year one.

**John Gallagher** (Individual) - Draft 10 Year Plan

Mr Gallagher noted that he has no issues with Council borrowing for critical infrastructure, as these are multi-generational items. He also supported moving to capital value for rating purposes. He noted that 2 people living in a \$2 million dollar house should be paying less than 15 people living in a \$500 thousand house, due to the additional demand put onto infrastructure. He saw a lot of inefficiencies and stated the Council should look at LEAN manufacturing principles. He didn't support the redevelopment of Garden Place but did support the Regional Theatre.

**Paul Bradley** (Individual) - draft 10-Year Plan

Mr Bradley spoke to a vision of Hamilton, with a bustling CBD, strong arts and culture scene. He stated there were opportunities to attract young professionals to the city and that the Council should enable apartments to be built. He felt the Development Contributions and zoning was going well but thought there needed to be good amenities in the centre of the city. He supported the Regional Theatre.

**Saskia Schuitemaker** (Individual), draft 10-Year Plan

Ms Schuitemaker spoke regarding social sustainability and wellness. She requested local government involvement in housing with a more holistic approach and for greenfield development to include good design to support health and wellness.

**Marie-Claire Lepina** (Individual), draft 10-Year Plan

Ms Lepina noted that there was a need for a centre for family violence prevention. This would be an area to teach life skills for children and create space for the whole family to be able to spend quality time together.

**Eddie Neha, Maria Marsh, Richard Mahara** (Te Wharae O Te Ata/Desert Springs Community Centre/Chartwell Community Trust), draft 10-Year Plan

Mr Neha, Ms Marsh and Mr Mahara noted that there was a need to see more social housing, particularly 2 bedroom housing. They supported Rototuna Community Hub but not the extent planned. They felt there should be a meaningful reinvestment in existing communities and there was a need for Council to help more people.

**Jacqueline Simpson** (Individual) - Draft 10 Year Plan

Ms Simpson stated that intensification created more opportunities for greater rates revenue. She felt that Hamilton should look to overseas examples of cities for urban design and the Council should look after fertile land.

**The meeting adjourned at 10.00pm Tuesday 15 May 2018, to be reconvened on Wednesday 16 May 2018 9.30am.**

**The meeting reconvened on Wednesday 16 May 2018 at 9.30am.**

*The following members of the public spoke to their submissions on the Draft 10 Year Plan, Draft Rating Review Statement of Proposal and Draft Development Contributions Policy*

Attachment 1

**Anna Casey-Cox** (Waikato Living Wage Network) – Draft 10 Year Plan

Ms Casey-Cox asked HCC to endorse and pay a living wage to directly employed and contract staff and provided information on other Territorial Authorities who have already implemented this initiative.

**Anna Casey-Cox** (Poverty Action Waikato) – Draft 10 Year Plan

Ms Casey-Cox said Poverty Action Waikato supported the proposal for social housing and noted that PAW had expected the money from the sale of pensioner housing to be invested into social housing.

**Anna Casey-Cox and Sonia Fursdon** (Go Eco) – Draft 10 Year Plan

Ms Casey-Cox and Ms Fursdon spoke to Go Eco's support for gully restoration funding, for Waiwhakareke opening for the public, cycling infrastructure and for glass to be collected separately so it did not contaminate other waste streams making them unrecoverable.

**Anna Casey-Cox** (Individual) – Draft 10 Year Plan

Ms Casey-Cox supported increased access to nature through gully restoration, which could be funded by not funding Garden Place developments, which she did not support. She asked that funding be provided to tell stories of local history.

**Tania Ashman** (Individual) – Draft 10 Year Plan

Ms Ashman spoke in support of the Biking Plan, particularly implementing the School Biking Link over the next three years.

**Ross Millar** (Individual) – Draft 10 Year Plan

Mr Millar spoke in support of the Biking Plan, particularly the School Biking Link which would increase the number of children cycling to school on safe cycleways.

**Margaret Henshaw** (Individual) – Draft 10 Year Plan

Ms Henshaw spoke in support of funding for libraries.

**John Dobson** (Hamilton Gardens Development Trust) - Draft 10 Year Plan

Mr Dobson spoke in support of Hamilton Gardens development and said the Trust wanted more than three gardens funded. He said the Council should invest more than \$5.3 million as there were substantial economic benefits for the city from this investment and that the Trust would fundraise the bulk of the money needed to complete all the gardens now.

**Keith and Jenny Paterson** (Individual) – Draft 10 Year Plan

Mr and Ms Paterson spoke against the rates increases and explained their family situation where their farm had multiple titles.

**Rowena Kaleopa** (Individual) – Draft 10 Year Plan

Ms Kaleopa said she found the consultation document explanation of finances confusing and did not view paying staff as core services. She believed it was contradictory to have 'want' projects with the current financial circumstances.

Item 5

**Sian Wilson** (Individual) – Draft 10 Year Plan

Ms Wilson spoke to her concerns with traffic safety in Kay Road West. She said truck traffic issues were increasing and she had worked Council to reduce speed limits and protect the community. She asked for temporary 50 km speed limits.

**Nikki Edwards** (Individual) – Draft 10 Year Plan

Ms Edwards spoke to proposed increased swimming charges at Gallagher Pool. She said she swam at the pool several times a week and used a concession card which would not be available under the new charging. The cost would be more expensive than the private pool in town and she was disappointed with this as she enjoyed using the Gallagher Pool.

**Thomas Beuker** (Netherville Retirement Village) – Draft 10 Year Plan

Mr Beuker spoke against the proposed rates increases as this would result in a 31% rates increase. He was also against increased Chief Executive salary and the project outcomes.

**Sam Newton** (NZ Recreation Association) – Draft 10 Year Plan

Mr Newton spoke of the economic and social value of recreation and said his organisation supported Challenge 4, sports field drainage, a skate park, recreation centre, playgrounds, the Rototuna Hub with an allocation of space for a swimming pool, Wellington Street Beach and River Plan pedestrian bridge.

**Marilyn Yeoman** (Individual) – Draft 10 Year Plan

Ms Yeoman spoke in support of Hamilton Gardens development and wanted to keep the targeted rate. She was against the proposed entry fee and the proposed management structure change for the Hamilton Gardens Development Trust.

**Glenn Harris** (Individual) – Draft 10 Year Plan

Mr Harris spoke against the proposed rates increases as he would have a 61% rise. He said this type of increase would be detrimental for those on low incomes. He was also opposed to the immediate move to capital value and selling St Peter's Hall.

**Sarah Neal-King and Harry Li** (Hillcrest High School Students) – Draft 10 Year Plan

The students spoke to their submissions and supported better public transport especially at peak times. They were against the rates increases as they were too high and asked HCC to consider a lesser increase, over a longer period. They said it was important to look after the environment.

**Brian Squair** (Individual) – Draft 10 Year Plan

Mr Squair said he generally supported the Plan but was opposed to the scale and scope of both Garden Place and Central City Park proposals.

**Edward Hardie** (Ace Swimming) – Draft 10 Year Plan

Mr Hardie was involved with 8 aquatic clubs and Swim Waikato which used Waterworld facilities and concerned with the governance of the facility. His group believed Waterworld would be better managed by a Community Trust which would be able to get more out the complex.

**Kathryn Drew and Mark Morgan** (Titanium Park and Waikato Regional Airport) – Draft 10 Year Plan

Ms Drew and Ms Morgan spoke to the growth at the airport and how HCC decisions affected what happened at the airport. They supported a rail link and had designated land for this purpose. They also supported development at Peacockes.

**David Bluett and Monica Leggett** (Hamilton City Netball Centre) - Draft 10 Year Plan

Mr Bluett and Ms Leggett asked HCC to bring forward the money tagged for court development from 2023/2024 to spring/summer 2019 and use to fund improvements for the amenities block. The Netball Centre can get private funding for court development but not for the amenities block.

**Sue Griffin** (Individual) – Draft 10 Year Plan

Ms Griffin spoke against Garden Place developments as she was a resident in Garden Place and did not want carparks and a shared road outside her home. She said the reduction in grass coverage would create water permeation. She proposed a one way circuit around Worley / Alexandra Street, Victoria / Ward Streets, which would allow for more parking.

**Thomas Hakaria** (Individual) – Draft 10 Year Plan and Draft Rating review

Mr Hakaria spoke against the rates increases and the move to capital value.

**Jayden Randall** (Hamilton Girls High School) – Draft 10 Year Plan

Ms Randall spoke in support of a high performance health and wellness centre to be set up at Hamilton Girls High School and open to the public. This centre would have 4-6 indoor and outdoor netball courts, and fitness facilities. This was a joint initiative with the Ministry of Education who were contributing \$1.8 million and wanted HCC to link to fund this project through a shared use agreement with HGHS.

**Wendy Embling** (Individual) – Draft 10 Year Plan

Ms Embling spoke in support of developments at Rototuna – the Community Hub, including an aquatic centre and library, a sports park which should include a skate park.

**Vivienne and Peter John Bratton** (Individual) – Draft 10 Year Plan

Mr and Mrs Bratton spoke against the proposed rates increases and UAGC. They said the UAGC should be per title.

**Bruce Clarkson** (Environment Research Institute and University of Waikato) – Draft 10 Year Plan

Professor Clarkson spoke in support of gully restoration and opening Waiwhakareke to the public. He was opposed to the Central City Park and additional River Plan projects.

**Steve Williams and Seamus Marten** (Melville United AFC) – Draft 10 Year Plan

Mr Williams and Mr Marten spoke in support of the proposed sports fields maintenance as there was a lack of quality sports pitches in Hamilton as drainage was a serious issue.

**Lynne Garnham** (Tui 2000) – Draft 10 Year Plan

Ms Garnham supported opening Waiwhakareke to the public and for HCC to fund infrastructure in the proposed 10 Year Plan. She said the first priority was to provide public toilets, with at least one in the park.

**Simon O'Dowd and Karl Gaskell** (Alpine Retirement Group) – Draft 10 Year Plan

Mr O'Dowd and Mr Gaskell spoke to their organisation's submission noting that they were in support of the Peacockes development.

**Stafford Houghton** (Hamilton Home Zone Limited) – Draft 10 Year Plan and Draft Development Contributions Policy

Mr Houghton spoke to his organisation's submissions which opposed the Draft 10 Year Plan and Draft Development Contributions Policy. He noted his concern that Hamilton City Council could not be relied on due to Council's proposal to move immediately to capital value.

**Kate Mackintosh** (On Behalf of Kiwi Properties and Stride Properties) – Draft 10 Year Plan

Ms Mackintosh spoke to the submission noting that the rate increase for the Base would be \$1.2 million, Centreplace \$680,000 and Chartwell \$850,000 if the plan was to be approved. She advised that the businesses felt the increase was unreasonable and unjustifiable.

**Marcus Brown** (Individual) – Draft 10 Year Plan and Draft Development Contributions Policy

Mr Brown spoke about vehicle congestion becoming more of a problem in Hamilton City and suggested that the east bound lane of the Claudelands Bridge be shut down to vehicular traffic at peak time, to be used by cyclists and walkers. Traffic could use Whitiora Bridge instead.

**Marcus Brown** (Blue Wallace Surveyor) - Draft 10-Year Plan

Mr Brown suggested using a portion of the income from Development Contributions to better improve relationships between developers and iwi/hapu, by using the model to fairly mitigate the costs of development and the impact on cultural and heritage sites.

**Kevin and Patricia Radich** (Individual) – Draft 10 Year Plan and Draft Development Contributions Policy

Mr and Ms Radich spoke to their proposal to develop land they held on Borman Road into a wraparound centre to provide early childhood education as well as social services in the community, such as education, assistance with language, and support for young mothers.

**Natasha Farac** (Housnell Holdings Ltd) - Draft 10-Year Plan and Draft Development Contributions

Ms Farac requested that the Council undertake a comprehensive review of the Development Contributions model for the proposed Rotokauri growth cell, as she believes that the proposed model makes the growth cell unaffordable. Ms Farac also asked for Council input into collector and arterial roads.

**Andrew McGiven** (Waikato Farmers Trust) - Draft Development Contributions Policy

Mr McGiven noted that the Waikato Farmers Trust had purchased commercial properties to provide income for charitable purposes such as education. He spoke against the removal of the CBD remissions on Development Contributions.

**Bill Michelmore** (Samme Trust Ltd) - Draft Development Contributions Policy

Mr Michelmore spoke about some areas of concerns around the proposed Development Contributions Policy – the proposed increases in charges, the manipulation of policy definitions to maximise revenue, Development Contributions remissions requirements and the complicated nature of the proposed fees and charges.

**David Chafer and Andrew Wood** (Te Rapa Gateway) Draft Development Contributions Policy

Mr Chafer and Mr Wood raised concerns that under the proposed policy Development Contributions will increase significantly and add considerable costs to building. They felt that the proposed increases were not viable and would have a negative impact on land values.

**Katherine Wilson** (Property Council New Zealand) - Draft 10-Year Plan

Ms Wilson noted that generally the Property Council NZ agreed with the Council's Draft 10-Year Plan, and was supportive of the multi growth cells and transport options. It did have some concerns over Council's financial situation and did not support Options 1-4 of the rates options. It conditionally supported option 5.

**Thomas Gibbons** (Property Council New Zealand) - Draft 10-Year Plan

Mr Gibbons questioned whether higher Development Contributions provided for more affordable housing. He suggested the Council transition the removal of the CBD remissions or look at targeted rates instead. He supported the status quo on capped Development Contributions and proposed lower caps that have a broader net of developers.

**Peter Bos** (Individual) - Draft Development Contributions Policy

Mr Bos stated that the types of housing available in the city were not what were needed. He believed a review of the District Plan was needed and 10% of housing should be high density, rather than the 20% which is high density now.

**Andrew Wood** (Homes for Living) - Draft Development Contributions Policy.

Mr Wood explained that under the proposed policy up to an extra \$19,000 Development Contributions may be charged and that this would make it too costly for people to build. He noted that the proposed policy would affect house of 3 or more bedrooms.

**The meeting adjourned 6.41pm to 7.19pm.**

*Cr Henry retired from the meeting during the above adjournment.*

**Ashley Hooper and Peter Bos** (Cycle Action) - Draft 10-Year Plan

They spoke in favour of the proposed Rotokauri housing development, due to its mixed use and proximity to proposed rail options. They asked Hamilton City Council to sign up to Action Zero, as private car use was too high and they had some ideas for safety that could be trialled. They suggested the Council looked to tactical urbanism as a concept.

**Ashley Hooper** (Individual) - Draft 10-Year Plan

Mr Cooper spoke to the need to have greater access to safe cycleway, and suggested using the historical town belt to create a cycle ring road around the city, which could be used for recreation or transport. Such a cycle way would have access to 22 parks in total.

**Andrew Sykes** (Department of Conservation) - Draft 10-Year Plan

Mr Sykes spoke of the need for resources for the protection, restoration and enhancement of conservation areas. He noted that the Department of Conservation were not opposed to development and housing but recognise that they will have an adverse effect on the environment. He also raised that the Council needs to meet agreed levels of reserves.

**Glen Archer** (GJ Gardner Homes Waikato) - Draft Development Contributions Policy

Mr Archer noted that every working day, GJ Gardner were handing over a home to new owners. They opposed the bedroom based methodology for development contributions and they believe this will constrain the housing and building market.

**Craig Malone, Bill Michelmore, Tony Glockland** (Ti Star Group, Porter Properties, Chedworth Properties and J&G Gallagher) - Draft Development Contributions Policy

Mr Malone noted that with the proposed Development Contributions Policy other areas such as Cambridge and Tauranga will be more attractive to developers than Hamilton, as the proposed policy will make development unaffordable. He also stated that in his opinion areas of the proposed Development Contributions Policy were unlawful, and that the proposed gross floor area calculation was flawed. Further, the CBD remissions scheme was not transparent.

**The meeting was adjourned at 10.00pm on Wednesday 16 May 2018, to be reconvened on Thursday 17 May 2018 at 9.30am.**

**The meeting reconvened Thursday 17 May 2018 at 9.40am.**

*The following members of the public spoke to their submissions on the Draft 10 Year Plan, Draft Rating Review Statement of Proposal and Draft Development Contributions Policy*

**Craig Batchelar and Graham Royal** (Catholic Diocese of Hamilton) - Draft Development Contributions Policy

Mr Batchelar spoke to his organisation's submission, noting that they believed it unreasonable and unfair for schools to have to meet Development Contribution costs. He requested Council consider a Development contribution exemption for schools.

**Bianca Tree** (Stride Investment) - Draft Development Contributions Policy

Ms Tree spoke to her organisation's submission that opposed the Draft Development Contribution Policy. She suggested that Council maintain the development contribution caps and remove the recovery of fees for objections from the Draft policy.

**Peter Vautier** (Individual) – Draft 10 Year Plan

Mr Vautier spoke to his submission to the Draft 10 Year Plan. He requested Council include a proposal to reinstate Founders Theatre to the previous standard. He noted that the cost to reinstate Founders Theatre should not be above \$13 million.

**Peter Finlay** (Individual) – Draft 10 Year Plan and Draft Development Contributions Policy

Mr Finlay spoke to his submissions. He noted that there were components of both Draft Development Contributions Policy and Draft 10 Year Plan that he supported such as; growth paying for growth and increased levels of service in transportation. He advised that he did not support the addition of the Uniform Annual General Charge or recovery of Development contributions outside the Draft 10 Year Plan.

**Lucy de Latour and Dr John Small** (The Adare Company Limited) - Draft Development Contributions Policy

Ms de Latour and Dr Small spoke to their organisation's submission. They noted their concerns that the policy would deter development in Hamilton through some of the underpinning principles of the Draft policy such as indexing and the rebate policy.

**Robert Dol** (Golden Valley Farms) - Draft Development Contributions Policy

Mr Dol spoke to his submission noting his concern that the increase in Development Contributions affected developers and individuals to the point that development would be pushed outside Hamilton. He advised that he supported Council embracing growth but not to the detriment of developers.

**Jay Geldard** (24-7 Youthwork Aotearoa) – Draft 10 Year Plan

Mr Geldard gave a verbal submission to the Draft 10 Year Plan. He requested Council consider his proposal to implement Youthwork services in Hamilton schools. He advised that there was a need to address the crisis in schools through the introduction of Youth workers to schools who would be positive role models to students.

**Mike Garrett and Allen Livingston** (Waikato Regional Council) – Draft 10 Year Plan and Draft Development Contributions Policy

Mr Garrett and Cr Livingston spoke in support of the Draft 10 Year Plan and Draft Development Contributions Policy.

**The meeting adjourned 11.15am to 11.39am.**

**Ted Te Boyt** (Individual) - Draft 10 Year Plan and Draft Development Contributions Policy  
Mr Te Boyt spoke to his submissions. He suggested that the Council move to a user pay system and that the rates increase should be no higher than 3.8%. He also noted that in his opinion the Draft Development Contributions Policy needed to be changed so that it was easier to read and understand.

**Richard Rucke** (Everton Heights) - Draft 10 Year Plan and Draft Development Contributions Policy  
Mr Rucke advised of his disappointment that Rotokauri funding had been delayed again by the Draft 10 Year Plan. He noted that if the Draft Development Contribution policy was to be approved it would halve the value of his development in the Rotokauri area.

**Mike Neale** (NAI Harcourts) – Draft Development Contributions Policy  
Mr Neale spoke to his organisation’s submission. He felt that if the CBD remission policy was to be removed from the Development Contributions policy development then growth in the CBD would stall. He suggested Council consider phasing out the remission policy over several years instead.

**Vanessa Williams** (HCBA) – Draft 10 Year Plan  
Ms Williams spoke in support of the Draft 10 Year Plan and suggested options to revitalise the CBD.

**The meeting was adjourned 12.28pm to 2.45pm.**

**Chris Joblin** (Tainui Group Holdings) - Draft Development Contributions Policy  
Mr Joblin spoke against the immediate move to Capital Value rating as it would place an unreasonable burden on rate payers. He suggested a stronger focus on more innovative infrastructure particularly stormwater and wastewater.

**Keith Friends** (Ministry of Education) - Draft Development Contributions Policy and Draft 10 Year Plan  
Mr Friends spoke to his organisation’s submissions. He noted that the Ministry of Education wished to work with Council to ensure school sites are available in the correct areas.

**Paul Radich and Vanessa Mills** (Perry’s Group) - Draft Development Contributions Policy and Draft 10 Year Plan  
Mr Radich and Ms Mills spoke to their organisation’s submissions. They agreed developers should pay their share of infrastructure, and that affordable housing was one of the city’s greatest challenges. They spoke to their concern that increased Development Contributions would make housing unaffordable.

#### **4. 2018-28 Draft 10 Year Plan and Rating Review Submissions Report**

The report was taken as read.

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

That the Council:

- a) receives the report, without the Submissions Analysis Report Attachment (Attachment 1), and;
- b) note that the Submissions Analysis Report Attachment (Attachment 1) will be provided to the Council at its meeting on 31 May 2018.

**Cr Macpherson Dissenting.**

**5. 2018-19 Proposed Development Contributions Submissions Report**

The report was taken as read.

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

2) That the Council:

- a) receives the report; and
- b) notes that feedback will be considered during the deliberations on the proposed Development Contributions Policy at the 31 May 2018 Council meeting; and
- c) notes that the Development Contributions Policy 2018/19 is scheduled to be adopted at the 28 June 2018 Council meeting.

**Cr Southgate Dissenting.**

**The meeting was declared closed at 4.20pm, Thursday 17 May 2018.**

**Item 5**

**Attachment 1**

# Council Report

**Committee:** Council **Date:** 31 May 2018  
**Author:** Lee-Ann Jordan **Authoriser:** Richard Briggs  
**Position:** Governance Manager **Position:** Chief Executive  
**Report Name:** Notice of Motion from Cr Casson in relation to the 9th floor balustrade

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

1. A Notice of Motion was received by the Chief Executive on 22 May 2018 seeking to revoke in full a resolution from the Council meeting of 16 November 2017.
2. The resolution in question relates to the 9<sup>th</sup> floor balustrade (Attachment 1).
3. The Notice of Motion received is consistent with Standing Order 3.8.1 which allows Council to revoke or alter all or part of resolutions previously passed at meetings.

## Attachments

Attachment 1 - Notice of Motion from Cr Casson in relation to the 9th floor balustrade .

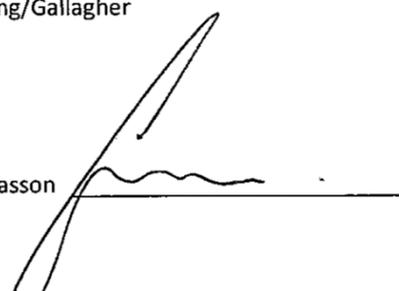
I would like to put a motion to Council meeting on 31 May 2018 as follows:

That the Council revoke the resolution of Council made at the 16<sup>th</sup> November 2017 Ordinary Council meeting that:

**"Council approves up to \$25,000 for the replacement of the 9th floor deck balustrade with safety glass".**

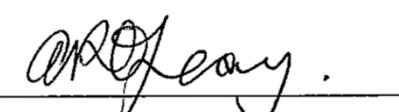
Moved by: Mayor King/Gallagher

Moved: CR James Casson

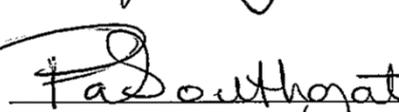


Signed by elected members:

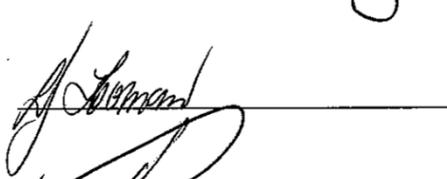
CR Angela O'Leary



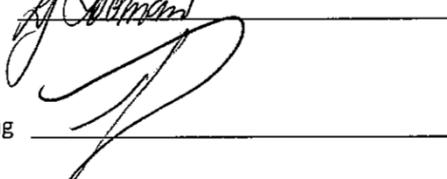
CR Paula Southgate



CR Leo Tooman



CR Mark Bunting



# Council Report

**Committee:** Council **Date:** 31 May 2018  
**Author:** Chelsey Stewart **Authoriser:** David Bryant  
**Position:** Project Manager 10-Year Plan **Position:** General Manager Corporate  
**Report Name:** 2018-28 10-Year Plan Deliberations

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

- To seek direction and approval from the Council on changes required to finalise the 2018-28 10-Year Plan and Rating Policies for adoption on 28 June 2018.

## Staff Recommendation

- That the Council:
  - receives the report; and
  - notes the updated assumptions in paragraph 60 of this report will be used for the purposes of preparing the final 2018-28 10-Year Plan;
  - approves the following changes to be made to the draft 10-Year Plan budget, for the purposes of preparing the final 2018-28 10-Year Plan:
    - the base operating budget changes described in paragraph 65 of this report
    - the base capital budget changes described in paragraph 70 of this report
    - an additional \$385,000 in Year 2 and \$385,000 in Year 3 to undertake further stages of the Regulatory Efficiency and Effectiveness Programme (i.e., to examine other Council regulatory functions)
    - an additional \$150,000 in Year 1 and \$50,000 per annum over Years 2-10 to fund the customer improvements identified during Stage 1 of the Regulatory Efficiency and Effectiveness Programme;
  - approves, for the purposes of preparing the final 2018-28 10-Year Plan and Rating Policies:

### **EITHER**

OPTION A: Rates to be based on 100% capital value rating (CV) from Year 1 of the 10-Year Plan

### **OR**

OPTION B: Rates to be based on 100% capital value rating (CV) from Year 3 of the 10-Year Plan, with the following transition: Year 1: 50% CV, Year 2: 75% CV, Year 3: 100% CV

**OR**

OPTION C : Rates to be based on 100% capital value rating (CV) from Year 7 of the 10-Year Plan, with the following transition: Year 1: 40% CV, Year 2: 50% CV, Year 3: 60% CV, Year 4: 70% CV, Year 5: 80% CV, Year 6: 90% CV, Year 7: 100% CV

- e) approves, for the purposes of preparing the final 2018-28 10-Year Plan and Rating Policies:
  - (i) a Uniform Annual General Charge (UAGC) to be introduced in Year 1 of the 10-Year Plan; **and**
  - (ii) that the amount of UAGC applied is transitioned evenly over the same number of years as the transition to 100% capital value rating; **and**
  - (iii) that the full amount of the UAGC to be applied (when rates are based on 100% capital value) is \$500
- f) approves that the UAGC is charged per separately used or inhabited part of a rating unit (SUIP), for the purposes of preparing the final 2018-28 10-Year Plan and Rating Policies
- g) approves changes to the Rates Remission policy for Council rates rebate that:
  - (i) set the Council rates rebate income thresholds to match the Government rebate income threshold
  - (ii) increase allowable cash assets from \$20,000 to \$30,000 to be reviewed every three years
- h) approves the following average rates increases to existing ratepayers, for the purposes of preparing the final 2018-28 10-Year Plan:

**EITHER**

**Option 1: Balance Books in Year 1**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
15.7%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

noting that Council would balance its books from Year 1 of the 10-Year Plan and that debt to revenue ratio would peak at 215% in Year 3 and noting that these figures will be impacted by decisions made in respect of recommendations (b) to (g), above

**OR**

**Option 2: Balance Books in Year 2**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
9.1%	9.1%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

noting that Council would balance its books from Year 2 of the 10-Year Plan and that debt to revenue ratio would peak at 222% in Year 6 and noting that these figures will be impacted by decisions made in respect of recommendations (b) to (g), above

OR

**Option 3: Maximise Debt to Revenue with one year of rates increase**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
12.5%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

noting that Council would balance its books from Year 4 of the 10-Year Plan and that debt to revenue ratio would peak at 230% in Year 6 and noting that these figures will be impacted by decisions made in respect of recommendations (b) to (g), above

OR

**Option 4: Maximise Debt to Revenue with two years of rates increase**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
8.3%	8.3%	8.3%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

noting that Council would balance its books from Year 4 of the 10-Year Plan and that debt to revenue ratio would peak at 230% in Year 6 and noting that these figures will be impacted by decisions made in respect of recommendations (b) to (g), above

OR

**Option 5: Maximise Debt to Revenue with three years of rates increase**

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
7.0%	7.0%	7.0%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

noting that Council would balance its books from Year 4 of the 10-Year Plan and that debt to revenue ratio would peak at 230% in Year 6 and noting that these figures will be impacted by decisions made in respect of recommendations (b) to (g); and

- i) requests the Chief Executive prepare the final 2018-28 10-Year Plan, for audit and adoption, based on the draft 10-Year Plan budget, adjusted for changes agreed at this meeting.

## Executive Summary

3. This report presents proposed changes to the draft 10-Year Plan budget and rating policies. It reflects community feedback following consultation as well as updates to significant forecast assumptions and new information that has become available since the Consultation Document was approved.
4. The recommendations in the report are staff's best advice on any changes that should be made to the draft 10-Year Plan budget or rating policies. This advice is based on:
  - Consideration of community feedback
  - Guiding financial principles for the 10-Year Plan.
  - Financial Strategy and metrics review.
  - Revenue and rating options analyses.

- Key forecasting assumptions including growth rates and greenfield sequencing.
5. The four key challenges that were addressed in developing the draft 10-Year Plan budget were put to the community in the Consultation Document. Those challenges are:
    - We are borrowing to pay for everyday costs.
    - We need to decide where our next big housing area will be.
    - We need to improve Hamilton's transport system.
    - We need to invest in community infrastructure.
  6. The Council received an unprecedented level of response from the community:
    - 2,189 submissions on the draft 10-Year Plan.
    - 49 submissions on the draft Development Contributions policy.
    - 373 submissions on the Rating Review.
    - 244 verbal submissions to the Council.
  7. The volume and nature of submissions reflected a sound understanding and a healthy level of engagement in the challenges the city faces.
  8. The Council now needs to determine the response to these challenges.
  9. The deliberations meeting is the opportunity for the Council to make its final decisions on the 10-Year Plan. In doing so Elected Members are required by the Local Government Act (s78) to *give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.*
  10. Decisions on the 10-Year Plan budget need to be made by the end of this meeting to allow sufficient time for the processing of changes, preparation of financial statements, auditing (including a secondary review by the Office of the Auditor General) and final technical adoption by 30 June 2018.
  11. If budget decisions are not concluded in this meeting it is unlikely that Council will be able to meet its statutory timeframe for adoption of the 10-Year Plan.
  12. Due to the interconnected nature of budget and rating policy matters, decisions on one issue may impact the options available for other issues. Therefore, Elected Members will need to balance the decisions that are made and should do so with an awareness of the impact on the 10-Year Plan budget as a whole.
  13. Staff consider the matters and decisions in this report to have high significance and that the recommendations comply with the Council's legal requirements.

## Background

### Context

14. In 2012, the Council was facing a serious financial situation. A financial strategy was put in place, focused on balancing the books over time, creating debt capacity to fund future growth and providing certainty to ratepayers. Some difficult decisions were made to improve the Council's financial position, including cuts to services, fee increases and a significantly reduced capital programme.
15. By adopting and working to this strategy, Council has improved its financial position significantly.

16. However, at the Council meeting on 7 March 2017, the Chief Executive provided Elected Members with a presentation on the financial outlook which indicated that the current financial strategy was no longer sustainable.
17. In that presentation, he was concerned that recent growth and revised projections for future growth of the city presented new and significant funding challenges for Council.
18. At the 7 March 2017 Council meeting it was resolved that:
19. Council review the current Council approved financial strategy in preparation for the 2018-28 10-Year Plan and report back with recommendations for changes, if any, to this financial strategy; and
20. The review is to include looking at revenue stream options including changes to the present rating structure and/or calculation of rates, targeted rates being suggested, and give consideration to all and any other options for rating and revenue gathering; and
21. A report come back to the 24 August 2017 Council Meeting.
22. Subsequently the Financial Strategy and Revenue Taskforce was established, with terms of reference giving effect to this resolution.
23. PwC were engaged to verify the information presented by the Chief Executive on 7 March 2017 and provide further analysis relating to the funding challenges highlighted. They were also asked to assess the appropriateness of the current financial strategy in light of these challenges.
24. PwC found that the financial strategies used in the development of Council's 2012-22 and 2015-25 10-year Plans were appropriate for their time. In that time Council reduced debt and reduced deficits.
25. The Financial Strategy and Revenue Taskforce established thirteen guiding financial principles:

*Guiding financial principles*

- Growth cells will be completed to an approved level of service.
- Growth will pay for growth.
- Asset sale proceeds will be used to pay down debt.
- Council will fund maintenance and renewals as per approved Asset Management Plans.
- Council should explore external funding options for new discretionary projects whenever possible.
- The everyday costs of running the city will be met from everyday revenues.
- The main source of our everyday revenue will be general rates.
- Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.
- When a private benefit can be identified and it is efficient to collect the revenue, user charges will be considered.
- Rates certainty will be a key consideration.
- Affordability of rates will be considered.
- Council will adopt a prudent Financial Strategy which supports its current credit rating.

**Community Outcomes**

26. In September 2017, Council adopted the Community Outcomes to use for decision-making in determining the plans, strategies, services and projects delivered to the city and its residents.
27. The Community Outcomes are:
- A great river city: Our city embraces its natural environment and has green spaces, features and community facilities that make it a great place to live, work, play and visit.
  - A city that embraces growth: Our city has infrastructure that meets our current demands, supports growth and helps build a strong economy.
  - A Council that is best in business: Our Council is customer-focused, financially sustainable and has the best people delivering the best outcomes for the city.

### **The draft 2018-28 10-Year Plan budget**

28. The Council approved a draft 10-Year Plan budget at its meetings running from 6-12 December 2017. It then approved an update to that budget, as part of the underlying information that supported the Consultation Document, at its meeting on 27 March 2018.
29. This is referred to as the draft 10-Year Plan budget in this report.
30. The starting point for the draft 10-Year Plan budget was the delivery of sustainable service levels for existing activities and ensuring the Council is 'looking after what we've got'. This has meant an increase in the 'base' budget to address:
- The impact of past growth on operating budgets.
  - The impact of deferred renewals and maintenance.
  - The increase in compliance and other 'unavoidable' costs.
  - The impact of previous efficiency measures.
31. The draft 10-Year Plan budget also addressed the following matters, which became the key challenges in the Consultation Document:
- Challenge 1: We are borrowing to pay for everyday costs.
  - Challenge 2: Deciding where our next big housing area will be.
  - Challenge 3: Improving Hamilton's transport system.
  - Challenge 4: Investing in community infrastructure.

### **Consultation**

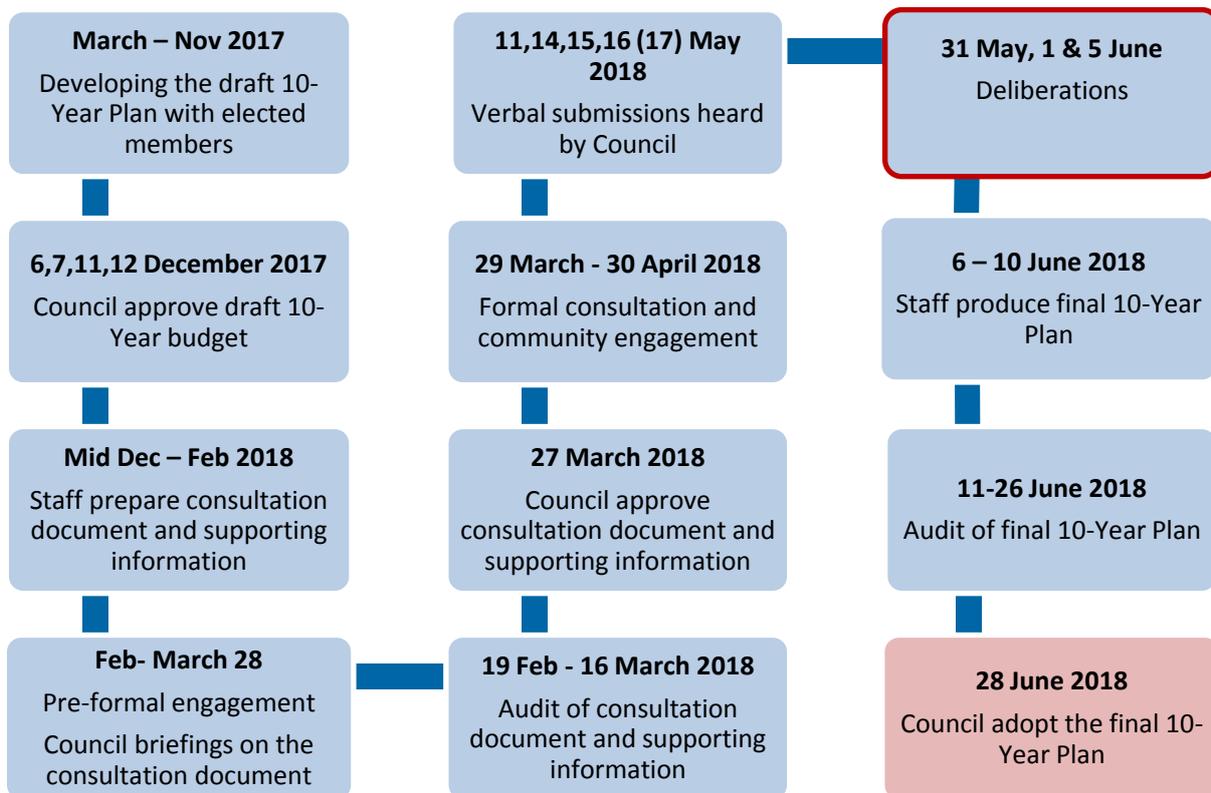
32. Supported by an Elected Member reference group, staff produced a Consultation Document which formed the basis of the formal public consultation. The production of this document is a legal requirement and involved the audit and review of Audit NZ and the Office of the Auditor General.
33. The Consultation Document and supporting information was approved by the Council on 27 March 2018.
34. The formal consultation period ran from 29 March to 30 April 2018 and covered consultation on three topics; the 10-Year Plan, Development Contributions policy and the Rating Review. Starting in February 2018, staff also ran a robust pre-engagement process with the community, interest groups and stakeholders to inform them of the consultation process, how to make submissions and encourage them to have their say.
35. 2,189 submissions were received on the draft 10-Year Plan Consultation Document, 49 on the draft Development Contributions policy and 373 as part of the Rating Review consultation.

36. 244 submitters made verbal submissions to the Council over five days from 11 to 17 May 2018. On the final day, an Elected Member briefing was held to present the items staff had identified for potential inclusion in this report.
37. Summaries of key themes and feedback of the submission analysis report is included throughout this report. An updated submissions analysis, including revised figures in relation to Question 8 in the Consultation Document (“Do you think the investment of \$70.7 million in the nine projects is the right option?”) is in Attachment 1.
38. In preparing this report, staff have considered all submissions received in electronic and hardcopy submission forms, verbally during the hearing of verbal submissions and by freeform correspondence (i.e. those who did not complete a submission form but forwarded their feedback by letter or email).

### **Deliberations**

39. The purpose of the deliberations meeting is for the Council, having heard from the community, to agree any changes to the draft 10-Year Plan budget, so that staff can prepare the final 10-Year Plan to be presented to Council for adoption on 28 June 2018.
40. Where no change is sought to items in the draft 10-Year Plan budget, no resolution is required.
41. In making recommendations in this report, staff have applied an exceptions-based approach. That is, recommendations are only made where staff think a change should be made to the draft 10-Year Plan budget.
42. The deliberations report does not respond to every item raised through submissions, focussing instead on key themes. Elected Members have the opportunity to raise motions on any 10-Year Plan items, regardless of whether staff have made a recommendation.
43. Figure 1 shows where we are in the process of producing the final draft of the 2018-28 10-Year Plan and how the decisions of this meeting fit in to the critical path of decision making.

**Figure 1: 10-Year Plan Critical Path**



## Assumptions and budget adjustments

### Summary

44. Assumptions have been updated to reflect changes that have occurred since the Consultation Document and supporting information was adopted. These changes are likely to change further as a consequence of the decisions of the meeting. Staff suggest these changes are noted by the Council. The final assumptions will be approved as part of the content of the final 10-Year Plan.
45. Changes to the Operating budgets for the 10 years reduce the accumulated surplus by \$51.2m (inflated). This is the sum of the net movements outlined within this section.
46. Changes to the Capital budgets for the 10 years increase by \$38.1m (inflated). This is the sum of the net movements outlined within this section.
47. These changes are corrections or new information identified since the adoption of the Consultation Document and supporting information.
48. The Chief Executive has approved these to go into the base starting position for this meeting as they are necessary responses to be factually accurate or to deliver the service levels proposed in the 10-Year plan.
49. Any proposed changes to the growth programme, transport improvement programme, community infrastructure programme or other 'discretionary' operating costs are dealt with in the appropriate section of this report.

### Introduction

- 50. The Council adopted the draft 10-Year Plan operating and capital budgets as supporting information to the Consultation Document.
- 51. The draft budget includes an operational programme that accounts for a bigger city, reinstates maintenance and renewals budgets to sustainable levels and meets the demands of increased compliance costs. This has increased net everyday costs (relative to the current financial year – 2017/18) by \$21m.
- 52. The budget includes \$55m of targeted savings over 10 years through innovation and changing the way the Council works, without making service cuts.
- 53. It also includes a renewals programme of \$569m (inflated) that meets the management recommendations included in the Asset Management Plans. This ensures there is adequate provision for replacing core network infrastructure, community infrastructure and other assets.

**Updated assumptions**

- 54. The Council approved the significant forecasting assumptions as part of supporting information to the Consultation Document on 27 March 2018. They were published on the Council’s website [2018-2028 Significant Forecasting Assumptions](#).
- 55. It is necessary to review and update the significant forecasting assumptions at every step in the 10-Year Plan process. The assumptions are generally updated for changes in the environment (political, economic, natural events etc), from additional information that becomes available (e.g. contract negotiations) or additions (to clarify matters of significance).
- 56. Changes to forecasting assumptions will continue to be made as a consequence of decisions at the deliberations meeting starting 31 May 2018. They will be reviewed and updated for events up to the time of the adoption of the 10-Year Plan. The formal write-up of the updated assumptions will therefore be undertaken in preparation of the final 10-Year Plan document.
- 57. Opening Debt
- 58. Opening Debt as at 30 June 2018 was first forecast in October 2017. This forecast has been updated in May 2018. The updated forecast adjusts for identified capital savings, increased Development Contributions cash and other cash movements.
- 59. Re-forecasting debt has resulted in a reduction in opening debt of \$22m.
- 60. Significant Forecasting Assumptions
- 61. The following changes are proposed to the significant forecasting assumptions:

Original (March 2018)	Revised	Effect of Financials
<p>Development Contributions (DC) Revenue</p> <p>Paragraph 35 of Significant Forecasting Assumptions - revenue table.</p> <p>10 Year total \$285.6m.</p>	<p>A new revenue table will be inserted.</p> <p>This will match the final budgeted revenue for DC’s.</p> <p>Revenue has changed for the previously reported overstatement and will further change depending on decisions on the DC policy and on any capital project that has a</p>	<p>Revised 10 Year total \$253.1m.</p> <p>Including adjustments for errors but excluding policy changes and changes to capital</p>

Original (March 2018)	Revised	Effect of Financials																																																		
	portion of growth benefit.	programme.																																																		
<p><b>Ratepayer Growth</b></p> <p>Paragraph 39 of Significant Forecasting Assumptions.</p> <p>“Ratepayer growth has been calculated based on the growth assumptions on growth in the number of households and growth and square meters of commercial space. The relationship between ratepayer growth and the forecast growth metrics is complex. One household does not represent a one to one relationship with one rating unit. Ratepayer growth has been calculated based on the historic trends in the relationship between these forecasts and actual rating unit growth over the previous 4 years.</p> <p>There is a considerable amount of uncertainty around these forecasts. The percentage increases represent the expected increase in general rate revenue provided by growth in the rating base.</p> <table border="0" data-bbox="300 1456 534 1814"> <tr><td>Year 1</td><td>2.48%</td></tr> <tr><td>Y2</td><td>2.50%</td></tr> <tr><td>Y3</td><td>2.50%</td></tr> <tr><td>Y4</td><td>2.46%</td></tr> <tr><td>Y5</td><td>2.38%</td></tr> <tr><td>Y6</td><td>2.33%</td></tr> <tr><td>Y7</td><td>2.29%</td></tr> <tr><td>Y8</td><td>2.24%</td></tr> <tr><td>Y9</td><td>2.20%</td></tr> <tr><td>Y10</td><td>2.16%</td></tr> </table>	Year 1	2.48%	Y2	2.50%	Y3	2.50%	Y4	2.46%	Y5	2.38%	Y6	2.33%	Y7	2.29%	Y8	2.24%	Y9	2.20%	Y10	2.16%	<p>A new revenue table will be inserted along with a dollar increase table.</p> <p>The forecast is updated based on the actual change to the District Valuation Roll up to the end of April 2018 plus estimated growth for the final two months before the rates are set. This estimation was based on a review of 700 consents.</p> <p>This has not changed the forecast growth in rating units in other years which remains based on the NIDEA low growth assumptions.</p> <table border="0" data-bbox="738 1456 1053 1814"> <tr><td>Year 1</td><td>1.92%</td><td>\$2.9m</td></tr> <tr><td>Y2</td><td>2.44%</td><td>\$4.2m</td></tr> <tr><td>Y3</td><td>2.36%</td><td>\$4.5m</td></tr> <tr><td>Y4</td><td>2.39%</td><td>\$4.9m</td></tr> <tr><td>Y5</td><td>2.36%</td><td>\$5.2m</td></tr> <tr><td>Y6</td><td>2.36%</td><td>\$5.5m</td></tr> <tr><td>Y7</td><td>2.36%</td><td>\$5.9m</td></tr> <tr><td>Y8</td><td>2.25%</td><td>\$6.0m</td></tr> <tr><td>Y9</td><td>2.20%</td><td>\$6.2m</td></tr> <tr><td>Y10</td><td>2.17%</td><td>\$6.5m</td></tr> </table>	Year 1	1.92%	\$2.9m	Y2	2.44%	\$4.2m	Y3	2.36%	\$4.5m	Y4	2.39%	\$4.9m	Y5	2.36%	\$5.2m	Y6	2.36%	\$5.5m	Y7	2.36%	\$5.9m	Y8	2.25%	\$6.0m	Y9	2.20%	\$6.2m	Y10	2.17%	\$6.5m	<p>The changing of the rate growth assumption decreases the amount of revenue growth in Year 1 by \$0.6m.</p>
Year 1	2.48%																																																			
Y2	2.50%																																																			
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Original (March 2018)	Revised	Effect of Financials
<p>Interest Rates</p> <p>Paragraph 67 of Significant Forecasting Assumptions.</p> <p>Year 1 5.05%            Y2 4.90%            Y3 4.85%            Y4 4.80%            Y5 4.80%            Y6 4.75%            Y7 4.70%            Y8 4.70%            Y9 4.70%            Y10 4.70%</p>	<p>A new revenue table will be inserted.</p> <p>Interest rates have been revised down based on current fixed rate contracts, forward looking market rates and expected credit margins.</p> <p>Year 1 4.85%            Y2 4.70%            Y3 4.70%            Y4 4.70%            Y5 4.70%            Y6 4.70%            Y7 4.60%            Y8 4.60%            Y9 4.60%            Y10 4.60%</p>	<p>This reduces interest costs by \$6.4m over 10 years.</p> <p>This amount will change based on decisions of the meeting.</p>
<p>Third Party Funding</p> <p>Waikato Regional Theatre</p> <p>Not in current document.</p>	<p>New Section:</p> <p>The Council has proposed to fund \$25m towards the Waikato Regional Theatre. Part of the Council's share (\$6m) is funded directly from Vibrant Hamilton Trust, a Council Controlled Organisation of HCC, to the cost of building the theatre.</p> <p>The Council's financial statements show \$19m being paid by the Council.</p> <p>As final contracts are not in place there is a degree of uncertainty as to the exact nature and timing of this payment.</p>	<p>No effect.</p> <p>This assumption has been added following a request from Audit NZ since the adoption of the Consultation Document and supporting information.</p>

**Operating budget adjustments**

62. Operating budgets for each year of the 10-Year Plan were adopted when adopting the supporting information to the Consultation Document on 27 March 2018.
63. Changes are required to these budgets as a consequence of new information since preparing the reports for the adoption of the Consultation Document and supporting information.
64. In summary, these changes impact the 10-Year Plan as follows:

Base operating budget changes post consultation (overall net impact - inflated)	2019-28 \$m
Total 10-year surplus/(deficit) as per Consultation Document.	1.058
Total 10-year updated surplus/(deficit) after changes post consultation.	1.007
Total 10-year surplus/(deficit) variance Favourable/(Unfavourable)	(51)

65. The overall change, as shown in the table above, is to reduce the net sum of the 10 years of rates surplus by \$50.9m.
66. The table below details the reasons and the dollar amounts that have changed. The year in which these changes occur varies. They could be a one-off change in a single year or a change in multiple years. Attachment 3a shows the full impact of these changes over 10 years.

Base operating budget changes post consultation (Net impact – inflated)	10-year budget change Fav/(Unfav) \$m
Reduced development contributions (correction).	(32.421)
Increased depreciation and amortisation expense as a result of improved modelling.	(28.497)
Rubbish and recycling contract price adjustments (new information).	(4.261)
City Planning personnel required (four roles staged over three years) to meet budgeted revenue aligned with growth assumption (correction).	(3.142)
City Planning revenue aligned with growth assumption (correction).	(2.940)
Two new roles required to manage the rubbish and recycling contract (correction).	(1.731)
Reduced trade-waste income as a result of hospital agreement (new information).	(1.673)
Organic Centre lease income budgeted in two cost centres (correction).	(0.900)
Heritage fund grant budget omitted (correction).	(0.854)
DC policy review budget required every 3 years (correction).	(0.605)
Impact of Waterworld closure being later than originally expected/budgeted (new information).	(0.280)
Regional sports facilities plan MOU with Sports Waikato (new information).	(0.248)
Hamilton Gardens entrance fee revenue to commence in April 2019	(0.183)

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instead of December 2018 (new information).	
BID grant payment aligned to BID targeted rate income (correction).	(0.066)
Hamilton and Waikato Tourism grant CPI adjustment in 2018/19 (new information).	(0.009)
Municipal Building painting budget moved from year 10 to year 4 (correction).	0.213
New events to be held at FMG stadium in 2018/19 (new information).	0.121
Partner capital contributions for FMG Stadium Waikato to offset capital expenditure (correction).	1.000
Reduction of Central City Park buildings loss on disposal (new information)..	2.027
NZTA subsidy on historical land purchases (new information)	2.040
Information Services consequential opex savings resulting from capital programme review (new information/correction).	2.095
Pools savings as identified in contracting out business case (new information).	4.790
Reduced finance costs as a result of reduced interest rates (new information).	6.382
Inflation corrections as reported by Audit New Zealand (correction).	8.187
Total base operating budget changes post consultation (Net impact – inflated)	(50.955)

**Capital budget adjustments**

- 67. Capital budgets for each year of the 10-Year Plan were adopted when adopting the supporting information to the Consultation Document on 27 March 2018.
- 68. Changes are required to these budgets as a consequence of new information since preparing the reports for the adoption of the Consultation Document and supporting information.
- 69. In summary, these changes impact the 10-Year Plan as follows:

Base capital budget changes post consultation (overall net impact - inflated)	2019-28 \$m
Total 10-year gross capital expenditure budget as per Consultation Document.	1,965
Total 10-year gross updated capital expenditure budget after changes post consultation.	2,004
Total 10-Year gross capital expenditure variance Favourable/(Unfavourable)	(38)

- 70. The overall change, as shown in the table above, is to increase the net sum of the 10-Years capital budget by \$38.1m.

71. The table below details the reasons and the dollar amounts that have changed. The year in which these changes occur varies. They could be a one-off change in a single year or a change in multiple years. Attachment 3a shows the full impact of these changes over 10 years.

Base capital budget changes post consultation (Overall impact – inflated)	Total 10-Year budget change Fav/(Unfav) \$m
Additional budget required over years 6-10 to increase the west wastewater network capacity (correction).	(17.495)
Information Services major upgrade projects previously unfunded (correction).	(5.485)
Additional budget required over the 10 years for City Parks fleet (correction).	(5.327)
Information Services technology and data services projects previously unfunded (correction).	(3.523)
Additional budget required for Ferrybank revetment and timing changed from year 2 to year 3 (new information).	(2.246)
Additional budget required over years 2 and 3 to upgrade the Ruakura far eastern wastewater interceptor to 1050dia (new information).	(2.081)
Additional budget required over years 1-6 for ArtsPost retaining wall structural strengthening. This is a new budget item that will form part of a larger business case being prepared (new information).	(1.183)
FMG Stadium Waikato capital expenditure funded by partner capital contributions (correction).	(1.000)
Eastern bulk main slip funding approved by Council (correction).	(0.800)
Additional budget required for Peacocke land purchase due to increased land valuation (new information).	(0.750)
Additional budget required over years 8-10 to increase the east wastewater network capacity (correction).	(0.454)
Pukete 3 wastewater treatment plant upgrade brought forward from year 2 to year 1 (new information).	(0.148)
Rephasing of Peacockes stage 2 water mains (new information).	(0.107)
Rotokauri stage 1 wastewater rephased over the 10 years (new information).	0.014
Community capital projects brought forward to 2017/18 (new information).	0.330
Rototuna wastewater network project no longer required (new information).	0.360
Wastewater Treatment Plan and Water Treatment Plant seismic strengthening brought forward to 2017/18 (new information).	0.850
Rototuna water network saving in year 1 due to this being partially completed in 2017/18 (new information).	0.951

Total base capital budget changes post consultation (Overall impact – inflated)	(38.094)
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**Financial Strategy Impact of Changes.**

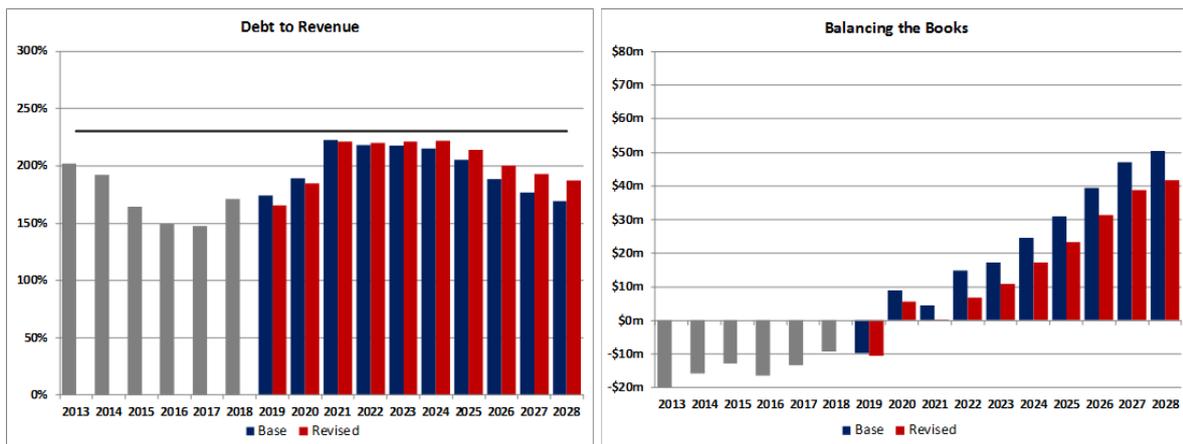
72. In summary, the following changes have been made to the base starting position since the adoption of the Consultation Document and supporting information:

- Assumption changes.
- Operating costs increase.
- Capital costs increase.

73. The effect of these changes on the base starting position are shown below in the financial strategy graphs:

- The rate increase for 10 years is reduced from 9.5%, 9.5%, 3.8% ongoing to 9.1%, 9.1%, 3.8% ongoing with the books balanced in two years.
- Debt capacity is reduced at the end of 10 years by \$68.4m. Total debt is higher and debt repayments from surplus' is lower.

74. Note that the dark blue is the financial strategy from the Consultation Document. The red is the revised base starting position. The table below the graphs shows the values used in the graph.



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>(Net) Debt/Revenue</b>										
Base	174%	189%	223%	218%	218%	215%	205%	188%	177%	169%
Revised	165%	185%	222%	220%	222%	222%	214%	200%	193%	187%
Variance	-9%	-4%	-1%	1%	4%	7%	9%	12%	16%	18%
<b>Net debt</b>										
Base	480,703	600,407	690,239	736,575	759,672	746,814	729,017	714,419	705,677	699,551
Revised	456,243	582,654	680,550	734,520	765,811	763,680	753,852	750,884	762,231	767,966
Variance	(24,460)	(17,753)	(9,690)	(2,055)	6,139	16,866	24,835	36,465	56,554	68,415
<b>Balancing the books</b>										
Base	(9,532)	8,940	4,506	14,833	17,247	24,678	31,001	39,400	47,133	50,425
Revised	(10,446)	5,562	391	6,962	10,855	17,125	23,264	31,492	38,910	41,800
Variance	(914)	(3,379)	(4,114)	(7,871)	(6,392)	(7,553)	(7,737)	(7,908)	(8,223)	(8,625)
<b>Rates increases</b>										
Base	9.50%	9.50%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Revised	9.10%	9.10%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Variance	-0.40%	-0.40%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Regulatory Efficiency and Effectiveness Programme (REEP)**

75. The objective of the Regulatory Efficiency and Effectiveness Programme (REEP) is to ensure that the Council's regulatory functions are delivered in an effective, efficient and customer-focused manner.
76. Stage 1 focuses on the provisions of the District Plan and is broken into two sections. Part A looks at the efficiency and effectiveness of the Plan provisions; Part B is aimed at identifying process efficiency improvements from a customer perspective.
77. The terms of reference and funding for Stage 1 were approved by the Council on [1 June 2017](#) and a project Task-Force was appointed. The project is proceeding on time and within budget.
78. At its 6 December 2017 Council meeting, the Council resolved to withdraw funding for the REEP project these were estimated at \$385,000 in Year 2, and \$385,000 in Year 3, and ongoing annual costs of \$150,000 in Year 1 and \$50,000 for the following nine years (total funding \$1,370,000) until such time as:
1. The project reports formally to Council on its progress to date, and
  2. Advises its targets going forward, and
  3. Advises how the REEP project will spend the \$1,370,000.
79. The Council received a report at its 24 May 2018 Council meeting that addressed the three items in the resolution, above and requested further information that will be available. At the deliberations meeting.
80. The report to the 24 May 2018 Council Meeting can be accessed [here](#).
81. Option A – Reinstate funding for the Regulatory Efficiency and Effectiveness Programme
82. If the Council is satisfied that the conditions of the resolution from 6 December 2017 meetings have been addressed, staff recommend that it should reinstate the funding for the REEP.
83. This option is the staff recommendation in this report.
84. Option B – Do not fund the Regulatory Efficiency and Effectiveness Programme
85. The REEP project is not currently funded in the draft 10-Year Plan budget.
86. If the Council does not want to reinstate the funding for the REEP, no resolution is required to change the draft 10-Year Plan budget.

## Growth programme

### Summary

87. Staff advice is that the Council's proposed growth programme (the option currently in the draft 10-Year Plan budget) is the best option for meeting the growth needs of the city over the next 10 years and responding to issues raised through submissions.
88. As this option is already reflected in the draft 10-Year Plan budget, the Council does not need to make a resolution to accept the staff advice.

### Background

89. Planning for growth and infrastructure required to support growth delivers on the community outcome of 'a city that embraces growth'.
90. To meet projected growth demands and to satisfy requirements under the National Policy Statement for Urban Development Capacity (the NPS), the city needs an extra 12,500 houses over the next 10 years and 32,000 over the next 30 years.

91. The Council has a role to provide the strategic infrastructure necessary for this development to happen.
92. To meet its growth obligations, the Council needs to:
- Fund strategic infrastructure for a new greenfield growth cell;
  - Complete city-wide infrastructure projects which support both greenfield and infill growth and meet increasing compliance standards;
  - Continue with contractually-committed developments, for example from private development agreements; and
  - Complete existing greenfield areas, for example Rototuna.
93. At its meeting on 6 December 2017, the Council considered a number of possible growth programmes with different options for where, when and how to develop a new greenfield growth cell. All programmes included the same city-wide, contractually committed and existing greenfield infrastructure.
94. The Council approved in its draft 10-Year Plan budget, a growth programme which included Peacocke as the next major greenfield housing area, supported by a 10-year interest free loan for the Peacocke growth related infrastructure under the Government’s Housing Infrastructure Fund (HIF).

**Options**

95. The Council consulted on its preferred growth programme and an alternative option which had Rotokauri as the next major greenfield housing area. The consultation options summarised below do not include aspects of the Council’s full growth programme which are common to both:

96. Option A - Peacocke

Capacity for new homes:	3,700 (10 years) 8,400 (30 years)
Total cost over 10 years (includes inflation), funded by:	\$410.7m
- New Zealand Transport Agency subsidy.	\$115.5m
- Council borrowing, paid back from Developer Contributions.	\$254.4m
- Council borrowing, paid back from rates.	\$40.8m

97. Option B - Rotokauri

Capacity for new homes:	2,500 (10 years) 5,400 (30 years)
Total cost over 10 years (includes inflation), funded by:	\$267.1m
- New Zealand Transport Agency subsidy.	\$23.8m
- Council borrowing, paid back from Developer Contributions.	\$199.4mm
- Council borrowing, paid back from rates.	\$43.9mm

98. Full detail of the Peacocke and Rotokauri growth proposals were included in the December 6 2017 Council report and can be accessed [here](#).

### Consultation

99. Of the 1,416 submitters that answered this question, 73% selected Peacocke and 27% selected Rotokauri.
100. Key themes from consultation were:
- Transport - Concern about potential traffic caused by growth and the need to ensure transport links are built or upgraded to cope with additional residents travelling from new areas;
  - Community infrastructure - Wherever the next big housing area is, there is a need to invest in appropriate community infrastructure (e.g. community hubs and parks) at the time of development;
  - Cost of growth - The Council should ensure that developers / new properties are paying for the cost of growth, including community infrastructure;
  - Densification - Mixed views on infill housing/densification: it can offer revitalisation of existing areas but concern about impacts on heritage/flavour of area and the need for community infrastructure to be upgraded to service a larger population; and
  - Planning for growth - Mixed views on whether growth of city should be mapped for long-term or left to market to determine.

### Discussion

101. Staff have considered the feedback from submissions and note the following points:
102. Transport
103. The Council's proposed growth programme includes significant investment in transport infrastructure that responds to anticipated growth in vehicle traffic and provides options for cycling, walking and public transport.
104. The Council's approach is to create transport corridors which can be accessed safely and efficiently by all modes of transport and we work with the Waikato Regional Council, New Zealand Transport Agency (NZTA) and developers to ensure that public transport services are developed to meet the needs of the growing city.
105. Key growth-related transport projects in the draft 10-Year Plan budget include:
- Northern River crossing designation.
  - Resolution Drive extension and connection to Waikato Expressway.
  - Ring road completion (Cobham Drive Intersection).
  - Wairere Drive extension into Peacocke, including a new bridge over the Waikato River.
  - Arterial roads within Peacocke, including a new intersection with State Highway 3.
  - Ruakura spine road.
106. The proposed growth programme also helps to advance work on the Southern Links corridor which will improve the transport system for Hamilton's west and our neighbours.
107. It is important to note the proposed growth programme includes only the most necessary transport projects. Other growth-related transport projects, such as the 4-laning of parts of Wairere Drive, are not funded in the draft 10-Year Plan budget.
108. There are, however, a number of other transport projects which have been included in the proposed transport improvement programme, considered in the transport improvement section of this report.
109. Community infrastructure

110. The Council's proposed growth programme includes \$45.3m investment in parks and playgrounds in greenfield cells. Key projects funded in the Peacocke growth cell are:
- Neighbourhood parks.
  - A sports park.
  - Two neighbourhood playgrounds and toilets.
  - Gully network and walkway development.
111. The growth programme also includes development of a basic sports park in the Rotokauri growth cell.
112. The upgrade and the renewal of parks in existing parts of the city, and renewals and maintenance of existing community facilities, are also funded in the draft 10-Year Plan budget.
113. Other new community infrastructure is considered in the community infrastructure section of this report.
114. Cost of growth
115. As outlined at the 6 December 2017 (Council meeting to approve the draft 10-Year Plan budget), the proposed growth programme is the "lowest-possible-cost growth programme to meet demand".
116. This means only essential infrastructure has been funded. A list of unfunded projects is included in the 6 December 2017 Council Report. This can be accessed [here](#).
117. In developing its draft 10-Year Plan budget, the Council had as one of its principles 'growth will pay for growth'. This principle is not absolute but there is a recognition that the development community should pay an appropriate proportion of growth-related costs.
118. That proportion is addressed in the cost-allocation that applies to all 10-Year Plan capital projects.
119. This involves an assessment of whether a particular project has a growth component, and if it does, a development contribution may be required to ensure growth pays for growth.
120. However, the proportion of the total cost that growth must pay is to be determined on a project by project basis. This takes into account a range of factors, including whether the project provides an increased level of service for existing users, who benefits overall, and what are the drivers of the project. In this way, growth pays for growth, but in a fair, equitable and proportionate manner.
121. This is considered through the Development Contributions Policy (a separate item on this agenda).
122. By way of example, the cost of the Peacocke growth cell over 10 years (including inflation) is \$410.7m.
123. We expect more than 90% of this cost to be funded from NZTA subsidies (\$115.5m) and recovered from developers (\$254.4m).
124. The cost to the ratepayer is \$40.8m - less than 10% of total development costs.
125. The Council's proposed growth programme also includes accessing the \$189.1m interest-free loan from the Housing Infrastructure Fund (HIF). This is expected to save the Council approximately \$65m in interest costs.
126. The Government have already approved the HIF loan being offered to Council. The funding agreements for the HIF loan will be presented to Council for approval on 28 June 2018, subject to the Peacocke Growth programme being confirmed in the 10 Year Plan. This is the final step in the HIF application process and would enable the HIF loan and related NZTA subsidy to be accessed from 1 July 2018.

127. Densification
128. To meet growth demands, the city needs to develop within the existing suburbs as well as through a new greenfield cell.
129. Infill or higher density housing in established suburbs (e.g. Frankton and the University precinct) is expected to continue. This is likely to include apartments, multi-unit complexes, duplexes and the subdividing of sections.
130. Over time, we expect half of new homes to be infill and half to be in greenfield areas, which continues the trend of recent years.
131. The Council has approved four Special Housing Areas (SHAs) that, once completed, will deliver approximately 1,700 new homes within the city, across a mix of both infill and greenfield areas. It is likely the Council will receive further applications for SHAs in the latter half of 2018.
132. The Council's District Plan helps to protect the heritage and character of existing suburbs whilst providing for development and intensification. The Urban Design Panel also works with the Council and developers to make recommendations on various development proposals in Hamilton.
133. Planning for growth
134. The Council is required by the Local Government Act to provide strategic infrastructure for growth. It is also required to produce a 10-Year Plan and 30-Year Infrastructure Strategy every three years.
135. Hamilton City Council works very closely with its neighbouring Councils, Central Government, developers and other partners to proactively manage growth. This ensures transport networks, core infrastructure and community facilities are co-ordinated efficiently and cost-effectively for optimal community outcomes.
136. If the Council did not plan for growth and provide strategic infrastructure, individual developers could put in place infrastructure to suit only their respective developments. This has many potential negative consequences for the city and the Council, including:
- Making further development more expensive and possibly preventing adjacent land from being developed.
  - Increasing operating costs to Council to maintain a network of 'sub-optimal' vested assets.
  - Decreased levels of service (e.g. traffic congestion or dangerous intersections) caused by the cumulative effects of individual developments.
  - Legal challenges where developers consider Council's lack of investment unreasonable.
  - Restriction of growth where no individual developer can reasonably fund significant infrastructure on their own (e.g. a bridge across the Waikato River).

## Conclusion

137. Staff have concluded the Peacocke growth programme (the option currently in the draft 10-Year Plan budget) is the best option for meeting growth demand over the next 10 years and responding to issues raised through submissions.
138. This option provides more benefits financially, economically and socially. It delivers more homes over the long-term and, once the HIF loan and NZTA subsidies are included, has a similar net cost to the Council to the Rotokauri growth programme.
139. Peacocke brings more strategic advantages with its location, supports regional growth and improves the strategic transport system for Hamilton's south and west and our neighbouring communities.

140. As this option is already reflected in the draft 10-Year Plan budget, the Council does not need to make a resolution to accept the staff advice.

## Transport Improvement Programme

### Summary

141. Staff advice is that the Council's proposed transport improvement programme (the option currently in the draft 10-Year Plan budget) is the best option for meeting the transport needs of the city over the next 10 years and responding to issues raised through submissions.
142. As this option is already reflected in the draft 10-Year Plan budget, the Council does not need to make a resolution to accept the staff advice.

### Background

143. Over the past six years, the Council's infrastructure investment has focussed on the city's most critical needs – mainly water and wastewater infrastructure.
144. Investment in transport has been limited largely to planning for the future, looking after what we've got, dealing with essential growth and completing the Ring Road.
145. The Access Hamilton Taskforce identified key transport issues affecting Hamilton. These include increased levels of congestion, a decrease in levels of safety and the need for more choice in modes of transport – walking, cycling and public transport.
146. Investment in transport to meet current and future needs delivers on the community outcomes of 'a great river city' and 'a city that embraces growth'.
147. The taskforce developed a business case and comprehensive programme of projects to address these issues. The programme was approved by the Growth and Infrastructure Committee on 24 October 2017 as a basis for the taskforce developing a prioritised programme to be considered by the Council.
148. The prioritised transport improvement programme was approved by the Council in the draft 10-Year Plan draft budget at its meeting on 6 December 2017.
149. The programme assumes that each project will attract a New Zealand Transport Agency (NZTA) subsidy which cannot be confirmed until the time of development of each project.

### Options

150. The Council consulted on this programme of transport improvements and two alternative options – to spend 10% more, or to spend 10% less.
151. Option A – The Council's proposed transport improvement programme
152. The Council's proposed transport improvement programme categorised projects under the headings of Safety improvements, Managing congestion and More choice.

Project	Years of investment	Total Cost (Uninflated)
<b>Safety improvements</b>		<b>\$57.9m</b>
Minor Improvements	1-10	\$20.0m
Gordonton Road roundabouts - Thomas/Puketaha & pedestrian/cycle path	1-4	\$11.7m
Grey/Cook Safety Upgrade	1,5	\$2.0m
Grey/Beale Safety Upgrade	1,3	\$1.5m
Grey/Wellington Safety Upgrade	1,5	\$2.0m
Tristram/Rostrevor Safety Upgrade	5,6	\$4.1m

Lake/King Safety Upgrade	5,6	\$3.1m
Pembroke/Ruakiwi/Palmerston Safety Upgrade	5,7	\$6.1m
Anglesea/Bryce Safety Upgrade	1,2	\$1.6m
Wairere/Huntington	1,5,6	\$5.8m
<b>More choice</b>		<b>\$130.2m</b>
Bus Stop Infrastructure	1-10	\$6.5m
Integrated Transport Modes	1-10	\$15.0m
Mass Transit Corridor Priority	1, 3-7, 9-10	\$21.0m
Mass Transit Interchanges	1, 5-7	\$4.3m
Mass Transit Intersection Priority	1-8	\$10.7m
Rotokauri Park and Ride	1-3	\$9.7m
Rotokauri Rail Platform	1,4	\$2.0m
Transport Centre Rejuvenation	1-2	\$5.5m
Bus Maintenance Shed Upgrade	1	\$0.8m
Biking Plan - Biking Connectivity Projects	1-10	\$15.5m
Biking Plan - School Link PT and Cycleway	1-4	\$20.0m
Te Awa South River Ride	2	\$4.0m
Biking Plan - Central City	8	\$3.1m
Biking Plan - Citywide Biking Signage	1	\$.3m
Biking Plan - University Route	7-8	\$7.7m
Whitiora Bridge Shared Footpath	9-10	\$1.1m
Kirikiroa Bridge Widening	9-10	\$3.1m
<b>Managing congestion</b>		<b>\$31.9m</b>
Cross city connector - Heaphy terrace signals	8-10	\$4.9m
Pembroke/Selwyn Capacity Upgrade	2,8	\$4.1m
Tristram/Collingwood Capacity Upgrade	2,6	\$5.1m
Peachgrove/Clyde Capacity Upgrade	2,4	\$4.1m
Fairfield Br/River Rd Capacity Upgrade	2,9	\$3.1m
Horsham/Thomas Capacity Upgrade	2,9	\$3.6m
Grey/Te Aroha Capacity Upgrade	2,8	\$5.1m
Pembroke/Ohaupo Capacity Upgrade	2,9	\$2.0m
<b>Total Transport improvement programme</b>		<b>\$220.0m</b>

153. Option B – Spend 10% more

154. Specific projects that would be added to the Council's proposed transport improvement programme under this option were not included in the Consultation Document. Staff have since identified potential projects that could be added to the programme if the Council selected this option.

Project	Years of investment	Additional Cost (Uninflated)
<b>Additional projects (10% more)</b>		<b>\$22.0m</b>
Biking Facilities	1-10	\$1.8m

Minogue Park Bridge	8-10	\$7.2m
Peacocke Park and Ride	4,6	\$10.0m
Minor Improvements - Increased	1-6	\$1.5m
Integrated Transport Modes - Increased	1-6	\$1.5m

155. Option C – Spend 10% less

156. Specific projects that would be removed from the Council’s proposed transport improvement programme under this option were not included in the Consultation Document. Staff have since identified potential projects that could be reduced or deferred if the Council selected this option.

Project	10YP Cost Savings (Uninflated)
<b>Project deferrals / reductions</b>	<b>\$21.9m</b>
Bus stop infrastructure – Reduce each year by \$150k	\$1.5m
Mass transit corridor priority – Rephase \$6.1m to Years 11-12 & reduce by \$0.8m	\$6.8m
Biking Pan - Biking Connectivity Projects – Rephase \$1m to Year 11	\$1.0m
Whitiora Bridge Shared Footpath – Rephase \$1.1m to Years 11-12	\$1.1m
Kirikiroa Bridge Widening – Rephase \$3.1m to Years 11-12	\$3.1m
Cross city connector - Heaphy terrace signals – Rephase \$3.3m to Year 11	\$3.3m
Pembroke/Selwyn Capacity Upgrade – Rephase \$4.1m to Years 11-12	\$4.1m
Grey/Te Aroha Capacity Upgrade – Reduce by \$1.0m	\$1.0m

### Consultation

157. Of the 1,404 submitters that answered the question on the Council’s proposed transport improvement programme:

- 39% agreed with the Council’s option.
- 12% thought the Council should invest 10% more.
- 49% thought the Council should invest 10% less.

158. Submitters were also asked in which of the three areas they thought the Council should spend more, less or the same.

159. Of the submitters that thought Council should spend *more* overall:

- 64% thought the Council should spend more on choice.
- 53% thought the Council should spend more on congestion.
- 38% thought the Council should spend more on safety.

160. Of the submitters that thought the Council should spend *less* overall:

- 46% thought the Council should spend less on choice.
- 30% thought the Council should spend less on congestion.
- 29% thought the Council should spend less on safety.

161. Key themes from the consultation were:

162. Safety:

- Concern about safety and congestion of current transport network
- Number of comments on specific intersections and roads that are currently a concern to the community.

163. Modes of choice:

- Need for more effective bus service – with areas of focus being, safety, size, frequency, accessibility and routes.
- A number of comments in favour of a Rail link to Auckland – also suggestion for light rail within Hamilton.
- Create a transport hub in town with connecting transport centre and central train station.
- Park and ride should be available for all modes of transport – train, bus and cycle paths.
- More education and promotion of alternative transport modes to increase community participation/utilization rates.
- Strong support for cycleways in commentary and links for school seen as important.
- Concerns about cycling safety and suggestion to separate traffic from cycleways to make it safe for cyclists (especially children).
- Improvements to footpaths for those with access issues (e.g. wheelchairs).

164. Managing congestion:

- Concern about potential traffic caused by growth and the need to ensure transport links are built or upgraded to cope with additional residents travelling from new areas;
- Council should ensure major transport links are in place – including ring road, bridges, main roads; and
- New roads should have capacity for expansion.

### Discussion

165. Staff have considered the feedback from submissions and note the following points:
166. The Council's proposed transport improvement programme takes a balanced approach across the three areas of 'safety', 'choice' and 'congestion'.
167. The nature of transport projects is such that many projects can impact all three areas. For example, the Biking Plan School Link provides more choice for how children get to school, makes it safer for them to cycle and reduces congestion by taking cars off the road.
168. To work toward its long-term goal of zero road deaths, the Council's proposed transport improvement programme has prioritised intersections that have the highest number of crashes and/or the most severe crashes. The proposed investment in biking also has a strong safety element.
169. The proposed programme also features a significant investment in public transport including investment in the infrastructure to support a rail service to Auckland – most notably a park-and-ride and rail platform at Rotokauri.
170. The programme also includes upgrades to intersections that have the highest levels of congestion and, as noted in the growth discussion of this report, the Council is also investing in transport infrastructure to respond to growth. Again, this investment is expected to improve safety, choice and congestion.
171. Projects in the proposed programme are subject to business cases for NZTA funding. Staff expect some projects may not receive NZTA funding, in which case we will work with the Access Hamilton taskforce to reprioritise projects that do. The Council's overall investment in transport improvement projects would not reduce.
172. Staff also note that the draft 10-Year Plan budget funds the necessary renewals and maintenance of the existing transport infrastructure, including footpaths.

### Conclusion

173. The response from submissions is mixed (in terms of Council investing more, less or the same) and staff think the proposed programme strikes the right balance between affordability and level of service.
174. Staff have concluded the Council's proposed transport improvement programme (the option currently in the draft 10-Year Plan budget) is the best option for meeting the transport needs of the city over the next 10 years and responding to issues raised through submissions.
175. As this option is already reflected in the draft 10-Year Plan budget, the Council does not need to make a resolution to accept the staff advice.

## Community Infrastructure

### Summary

176. Staff have not made any recommendations to remove, change or add projects to the Community Infrastructure programme included in the draft 10-Year Plan budget.
177. As part of preparing the original proposals, staff provided the Council with information to support Elected Members' understanding of community use and expectations of a range of community infrastructure. This provided the Council and the community with some choices.
178. Staff consider it appropriate that the Council now reflects on that information alongside all of the submissions they have received and determine what investment in community infrastructure they believe will best respond to what they have heard from the community.
179. If Elected Members want to remove, change or add a project to the proposed Community Infrastructure programme, the Council will need to make the appropriate resolution for that project.

### Background

180. Community infrastructure plays an important role in delivering the community outcome of 'a great river city'. The vision is for a city that embraces its natural environment and has green spaces, features and community facilities that make it a great place to live, work, play and visit.
181. One of the challenges for the 10-Year Plan is to balance the needs and wants of the people of Hamilton for new community infrastructure with the city's ability to fund it.
182. In developing the draft 10-Year Plan, staff identified a number of priority areas for investment:
- Attractive and usable open spaces.
  - A strong network of indoor, outdoor and recreational facilities based on need.
  - Fit for purpose community facilities that are well used and relevant to the communities that use them.
  - Leveraging the city's successful visitor attractions to enhance reputation and economic benefit to the city.
  - Revitalisation of the central city through river connectivity and a vibrant CBD.
183. Due to the financial constraints commencing with the 2012-22 10-Year Plan, there has been limited investment in community infrastructure across the city. The last 10-Year Plan prioritised investment in core three waters infrastructure ahead of other infrastructure.
184. The choice now is how much, and in what areas, should the Council invest in community infrastructure to deliver on community expectations.

### Options

185. Items funded in the draft 10-Year Plan budget

186. Nine proposals to invest in community infrastructure projects were approved for inclusion in the draft 10-Year Plan budget and the Consultation Document. These are:
- Hamilton Gardens Development (including the capital programme and introduction of an entry fee).
  - Garden Place.
  - Waikato Regional Theatre.
  - Central City Park – River Plan.
  - Waiwhakareke Natural Heritage Park.
  - (Pooches and Parks) Fenced dog area.
  - Indoor Recreation Facility.
  - Playgrounds.
  - Rototuna Community Hub.
187. The options for all funded proposals are either:
- Fund as per draft 10-Year Plan; or
  - Do not fund the proposal.
188. This is with the exception of the Hamilton Gardens proposal where staff have developed an alternative option in response to feedback.
189. Summaries of each proposal and proposal-specific information from submissions analysis can be found in Attachment 4: Community Infrastructure – Funded Proposals.
190. More detailed information can be found in the original proposals presented at the 6 December Council meeting in sections 2 and 3d of the agenda. This agenda can be accessed [here](#).
191. Items not funded in the draft 10-Year Plan budget but included in Consultation Document
192. Six unfunded Community Infrastructure projects were also presented in the Consultation Document as alternative choices for the community. The unfunded proposals are:
- Hamilton Zoo Master Plan.
  - River Plan.
  - Skate Parks.
  - Sports Parks Drainage Improvements.
  - Artificial Turf at Rototuna Sports Park.
  - Library Network Expansion and Improvements.
193. The options for all unfunded proposals are either:
- Do not fund as per draft 10-Year Plan budget; or
  - Fund the proposal.
194. This is with the exception of the Hamilton Zoo Master Plan proposal where staff have developed an alternative option in response to feedback.
195. Summaries of each proposal can be found in Attachment 5: Community Infrastructure – Unfunded Proposals.
196. More detailed information can be found in the original proposals presented at the 6 December 2017 Council meeting in sections 2 and 3d of the agenda. This agenda can be accessed [here](#).

## Consultation

197. In the Consultation Document, Question 8 asked “Do you think the investment of \$70.7m in the nine projects is the right option” and respondents were asked to select “Yes” or “No, Council should not do the following projects”. 1,676 submissions responded to this question.
198. Following publication of the consultation results it was noted that some respondents had misread Question 8. Once alerted to this staff contacted 1,437 submitters to clarify whether their submission correctly represented their views. 37 submissions were corrected as a result. The submissions analysis report has been updated to incorporate any corrections.
199. Of the 1,676 submitters that answered the question on the Council’s proposed community infrastructure investment:
- 14% agreed with the Council’s selection of projects.
  - 86% supported some other combination of projects.
200. A number of submissions supported the need for community facilities, parks, sport parks, playgrounds and libraries within communities.
201. There was also support for the development of attractions – such as Waiwhakareke Natural Heritage Park development and the Hamilton Gardens to promote Hamilton as a destination for local residents and visitors.
202. However, there were also some strong views that community projects are seen as discretionary projects and, in consideration of the proposed level of rates increase, that the Council should do fewer (or no) new projects until it is in a better financial position.
203. The Council’s approach to make the most of partnership opportunities with community and key stakeholders was encouraged.
204. Investment in the arts by supporting a theatre was tempered by commentary against the location of the proposed Waikato Regional Theatre in the city centre and concerns about the ability to limit financial exposure for the Council.
205. Submission feedback on specific proposals (both funded and unfunded) can be found in the relevant proposal summaries in Attachments 4 and 5.

### Discussion

206. Staff have considered the feedback from submissions and note the following points:
207. There is no clear consensus on the level of investment or the mix of Community Infrastructure projects that the Council should fund in the 10-Year Plan.
208. While staff consider it appropriate for Elected Members to determine the appropriate set of projects to include in the final Community Infrastructure programme, staff advise it is important to consider the programme holistically.
209. Of particular note are the proposals for visitor attractions – Waiwhakareke Natural Heritage Park, the Hamilton Gardens and the Hamilton Zoo Masterplan. While these are presented as independent proposals, strategic investment in these assets has the potential to deliver greater revenue to the Council and increased benefit to the City.
210. The New Zealand tourism sector is forecasted to grow steadily over the next seven years, reaching 5.1 million visitors annually by 2024. This is up 37% from 2017. Numbers are expected to climb rapidly over the next two years due to favourable economic conditions, but the long-term growth will be more moderate.
211. Tourism is the country’s major export earner and a sector in which Hamilton has scope to realise greater economic benefit to the city. With Hamilton Gardens being the city’s only major tourism destination, the timing of the proposed introduction of fees without any new value-add experience is forecasted to have a negative impact on visitation numbers to the city.

212. Launching a shared entry precinct for the Hamilton Zoo and Waiwhakareke as a second major visitor attraction to align with completion of the Western End of Hamilton Gardens Enclosed Garden would enhance Hamilton's viability to attract more visitors who stay longer.
213. Hamilton Gardens Plus Zoo Development
214. The successful launch of an enhanced Zoo/Waiwhakareke experience, ideally rebranded as a Wildlife and Conservation Zoo Sanctuary, would rely on leveraging off Hamilton Garden's existing visitation. Packaging a 'dual' or 'triple' experience (Gardens, Zoo, Museum) operating alongside other key facilities including stadiums and theatres, would bolster visitor numbers and create more reasons to 'stay and play' in the city.
215. 57% of domestic visitors to the Waikato are 'visiting friends and relatives' who act as hosts and recommend places to visit. Hamiltonians are proud ambassadors of the Hamilton Gardens and Hamilton Zoo, so this would assist in selling products and experiences which combine both.
216. Most often Inbound Tour Operators (ITO's) use Hamilton Gardens as a day stop for group tours on their way to Rotorua (or less often Hobbiton or Waitomo). Feedback sought from ITO's) at the 2018 TRENZ Expo identified that due to Hamilton's central location, a greater number of tours groups would stay in Hamilton if there was more accommodation available and at least one more major attraction to warrant stopping over.
217. The Horwath HTL Report conservatively estimates the 2018 wider economic benefit from the Hamilton Gardens to be \$11.2 million prior to the introduction of any admission fee. Imposing an admission fee to non-Hamilton residents is estimated to reduce that number to \$4.6 million (a reduction of 42%) in the first year. As visitor numbers to the Gardens recover, the annual impact to Hamilton's wider economy is projected to incrementally increase to \$7.8 million by 2030. If no entry charge was introduced and visitation continued at current project rates, the economic benefit is likely to reach around \$15.8 million by 2024<sup>1</sup>.
218. There is no data available on forecasted economic benefit for an enhanced Zoo and Waiwhakareke experience operating alongside the Hamilton Gardens, but it could be expected to be significantly higher than the current projections provided for Hamilton Gardens alone. Detailed modelling would need to be undertaken to obtain accurate projections.

## Other matters

219. A number of 'other items' that are included in draft 10-Year Plan budget or were raised by submitters require consideration or noting by the Council.

## Sale of Old St Peters Hall

220. The Council resolved to 'approve the sale of Old St Peter's Hall' at the 6-12 December 2017 Council meeting.
221. The Hall is currently leased by Waikato Dance Performance Trust ("Drury Lane Dance Studio") with the adjacent building leased by Citizens Advice Bureau ("CAB"). Both organisations are not-for-profit organisations and both have expressed an interest in renewing their leases (both due to expire 30 June 2018).
222. The Consultation Document notified the public of the proposed sale of the Old St Peter's Hall as an item of interest. While this invited comment from the community there was no specific question as part of the submission form.
223. 62 of the 2,189 submitters requested Council not to sell Old St Peter's Hall and the Citizens Advice Bureau office.

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<sup>1</sup> The Horwath report provides projected increasing visitation up to 2024 under the status quo (no entry fee) and these visitation numbers have been used to estimate economic benefit.

224. The Citizens Advice Bureau and Drury Lane Dance Studio, along with supporters of the dance school, made verbal submissions in opposition to the sale.
225. Option A - Sell Old St Peter's Hall as per draft 10-Year Plan budget.
226. If the property is sold, the Council may expect to receive approximately \$740,000 from the sale and will benefit from a reduction in maintenance and upkeep costs of approximately \$190,000 over the 10-Year Plan period. This has been reflected in the draft 10-Year Plan budget.
227. An expression of interest has been received from the Waikato Cathedral Church of St Peter. It notes the church's interest in purchasing the hall and its intention, should it be successful in doing so, to retain the current tenancy arrangements. Correspondence on this has been circulated to Elected Members previously.
228. If the Council decides to declare the Old St Peter's Hall surplus, and to sell the property, then it must first be offered to the Waikato Diocesan Trust Board ("Diocese") at full market value.
229. Should the sale be able to proceed without disrupting the existing tenants, as may occur if sold to the Diocese under the terms indicated, the effect on the community may be lessened. The benefits to the Council would be in revenue gained and reduced operating expenditure.
230. If the property was placed on the open market for sale, the continuation of the existing tenancies and the services they provide from that location to the community would not be able to be guaranteed to continue. Staff would caution the Council against selling the Hall if an arrangement cannot be made with the potential purchaser to safeguard the interests of the existing tenants and services they provide.
231. If the Waikato Diocesan Trust Board choose not to buy the property then the Council can either retain the property, or place it on the open market for sale.
232. If the property is placed on the open market for sale staff recommend a fully transparent, competitive sales process intended to maximise the return.
233. A resolution is required to clearly express Council's intentions regarding the sale of the property.
234. Option B: Status quo - Do not sell Old St Peter's Hall.
235. If the property is retained the Council will receive approximately \$30,000 in revenue over ten years (\$3,000 per annum). Maintenance and upkeep is estimated to cost \$220,000 over the same period. The Council's estimated net position is a cost of approximately \$190,000 over 10 years.
236. Under this option it is probable that current lease arrangements would continue and the impact on the community would be nil.
237. If the Council does not wish to sell Old St Peters Hall, a resolution is required to change the draft 10-Year Plan budget to reflect this.

#### **Minimum wage for Council staff**

238. The government is planning to increase the New Zealand minimum wage to \$20 per hour by 2020/21.
239. At its December 6-12 Council meeting, the Council considered whether to implement a \$20 minimum wage effective 1 July 2018.
240. Discussions included concerns relating to relativities between staff salaries across levels and the cost of addressing relativity concerns being unknown.
241. Council approved, in its draft 10-Year Plan budget, to move the minimum wage paid to its staff (including permanent, fixed term and casual staff) to \$20 per hour over a four-year period.

242. This will see the Council minimum wage rise by \$1 per hour on 1 April each year from 2018 to 2021. The cost of this is included in the draft 10-Year Plan budget.
243. Three organisations – the Waikato Living Wage Network, Living Wage Waikato and Poverty Action Waikato – and eleven individuals made submissions to Council in favour the Council implementing a living wage.
244. Option A – Continue the transition to \$20 per hour over a four-year period
245. This is the option that is in the draft 10-Year Plan budget. If the Council still wants to support this option, no resolution is required.
246. Option B – Implement a \$20 minimum wage, effective from 1 July 2018
247. If the Council wanted to implement a minimum wage of \$20 to be effective from 1 July 2018, staff estimate this would cost an additional \$1.1m over the first four years of the 10-Year Plan.

### Central city parking trial

248. The Council is running a parking trial (from 1 October 2017 to 30 June 2018) that allows for 2-hour free parking within the central city with the ability to extend this time period on the basis of paying \$6 for every hour stayed beyond the initial 2-hour free offer.
249. At the time of writing this report, the Growth and Infrastructure Committee was due to receive a report at its 29 May 2018 meeting recommending that the parking trial continue for another 12 months until 30 June 2019.
250. The draft 10-Year Plan budget assumes that the parking trial will continue. If the Council agree with the staff recommendation to continue the trial, no resolution is required to change the 10-Year Plan budget.
251. If the Council does not want to continue the parking trial, a resolution is needed to change the draft 10-Year Plan budget to reflect that (this is Option 2 in the staff report to the 29 May 2018 Growth and Infrastructure Committee which can be accessed [here](#)).

### Matters raised by submitters

252. A number of submitters raised issues that Elected Members sought further information on. Staff collated these questions and provided responses to Elected Members through the Elected Member Request Register and Supplementary Information.
253. Items that were identified as potential 10-Year Plan matters to be considered (that are not addressed elsewhere in this report) are summarised in Attachment 2. If the Council want to make changes to the draft-10 Year Plan in respect of any of these items, it will need to make the appropriate resolution for each item.

## Rating Structure

### Summary

254. Arising from the rating consultation the following matters are considered for recommendation.
255. Moving to capital value faster
256. The Council proposed transition to 100% capital value from Year 1 2018/19.
257. Following submissions, the Council sought consideration of two other options:
- Transitioning over 7 years (as originally planned).
  - Transitioning over 3 years.
258. Each of these remain an option for the Council to consider.

259. Introducing a Uniform Annual General Charge (UAGC)
260. The UAGC has the effect of reducing the extremes of higher and lower value properties rates.
261. To achieve an appropriate allocation of rates across ratepayers the Council proposed the introduction of a UAGC.
262. Staff have concluded that a UAGC is a preferred option under each of the transition options.
263. Other matters
264. Other rating structure proposals were supported by a majority of submitters and resolutions are not required to implement these.

### **Rating Changes**

265. Background
266. In 2014, the Council decided to change from a land value to a capital value rating system. Most councils in New Zealand use a capital value rating system.
267. The Council is in the third year of the 10-Year transition to a capital value rating system. The Consultation Document proposed to complete this transition faster and move to 100% capital value rating from Year 1 2018/19.
268. A separate rating consultation was undertaken along-side the 10-Year Plan consultation.
269. The Council's proposed changes were outlined in the Rating Review Statement of Proposal (Rating SOP). These are:
- Move to capital value rating faster.
  - Introduce a UAGC.
  - Change how rural properties are rated.
  - Continue the Hamilton Gardens targeted rate.
  - Changing Rating Policies
270. Additionally, the Council proposed to change the way Service Use rates are calculated. That is the rates for water, wastewater and refuse paid by non-rateable and not for profit community use properties.
271. The rating review proposals are primarily about the distribution of rates across the City and not the amount of rates collected.
272. These proposals would reduce the sum total of rates existing ratepayers would pay by increasing the sum total of rates the Council gets from those benefitting from growth and from those creating more costs to the Council because of growth.

### **Submissions on Rating Review**

273. The Council received a large number of submissions that either addressed the Rating Review directly (generally in regard to moving to capital value rating faster or introducing a UAGC) or indirectly when submitting on the size of rates increases.
274. The response from the majority of submitters on each question was:
- submitters supported keeping the transition and not moving to capital value rating faster.
  - submitters opposed the introduction of the UAGC, however 75% of those stated "... a bedroom with an ensuite and a bench with a sink does not constitute a Separately Used or Inhabited Part (SUIP) ...". This indicates that the majority of those opposed were multi-dwelling properties.
  - submitters supported the change from Rural to Other and continuing Hamilton Gardens Rate.

275. Changing the way Services Use rates are calculated.
276. Every affected ratepayer was formally written to and advised of the proposed change. Feedback was provided from two affected ratepayers:
- Waikato District Health Board worked with staff and confirmed that due to the contract it has with the Council on trade waste there is no effect on its waste charges.
  - Waikato Diocesan School for Girls who opposed the change.
277. Two matters of policy were raised by submitters and Elected Members. These are:
- The definition of Separately Used Inhabited Parts of a rating unit (SUIP) - used for the Hamilton Gardens Rate and the UAGC.
  - Changes to the Rates Remissions Policy - specifically the consideration of rates affordability.

### **Move to capital value rating faster**

278. The Council proposed its preferred option was to move to 100% capital value from Year 1 - 2018/19.
279. This option provided for greater uplift in rates revenue from new properties while redistributing rates to existing ratepayers. This provides an advantage to half of all ratepayers and disadvantages the others.
280. Rates revenue was estimated in the Consultation Document to grow by \$40m over the 10-years from new properties. Cash surpluses reduced debt and provided capacity for new investment in the longer term.
281. A predominant theme from submissions was that 100% capital value was 'too much - too quickly'. The transition to 100% capital value from year 7 was the preference of the majority of submitters.
282. Council could adopt one of the three following options:
- Option A: 100% capital value from Year 1.
- OR**
- Option B: 100% capital value from Year 3.
- OR**
- Option C: 100% capital value from year 7.
283. The only variable between these three options is the transition time period to moving to capital value. The change in the debt capacity represents the difference between the three options. For all examples, it is assumed the UAGC will be transitioned to \$500 at 100% capital value.
284. Advantages and Disadvantages
285. *Option A: 100% capital value from Year 1.*
286. The Rating SOP outlines the advantages and disadvantages of 100% capital value next year 2018/19.
287. As a result of changes to the budgets and assumptions the following matters stated in the Rating SOP have changed:

- The Consultation Document advised this option would generate \$40m of additional rates. This was based on modelling measured off a 7-year transition to 100% capital value.
  - Modelling has been updated. Comparing Option A: 100% capital value from in year 1 with Option C: the 7-year transitioning to 100% capital, with both options now including a \$500 UAGC. The difference in rates growth on this comparison is \$14.3m.
288. The impact on the Council is:
- Council has the lowest rates increase to stop borrowing for everyday costs in year 1 – 15.7%.
  - Council’s debt capacity is the greatest of the three options.
  - Council’s debt after 10 years is the lowest of the three options - forecast at \$768m.
289. The impact on ratepayers is:
- Some properties get large increases due to capital value and multiple SUIP impacts.
  - Half of all properties pay a lesser share of the rates.
  - The majority of submitters opposed this option.
290. *Option B: 3-year transition to 100% capital value*
291. This option was considered at the Council meeting 6 December 2017. It was not presented in the Rating SOP.
292. The 3-year transition has been modelled to move to capital value at 2018/19 50%, 2019/20 75% and 2020/21 100% capital value.
293. The impact on the Council is:
- Council has a slightly higher rate increase to stop borrowing for every day costs in year 1. – 15.9%.
  - Council’s debt capacity is reduced by 1% compared to Option A.
  - Council’s debt after 10 years is increased by \$1.9m compared to Option A.
294. The impact on ratepayers is:
- Properties with large capital value and multiple SUIP increases will have the increase spread over 3 years. This provides for owners to have some time to plan for the change.
  - Submitters did not have the option to comment on this proposal.
295. *Option C: 7-year transition to 100% capital value*
296. The Rating SOP outlines the advantages and disadvantages of continuing the transition for the remaining 7 years.
297. The impact on the Council is:
- Council has a slightly higher rate increase to stop borrowing for every day costs in year 1. – 16.0%.
  - Council’s debt capacity is reduced by 6% compared to Option A.
  - Council’s debt after 10 years is increased by \$17.4m compared to Option A.
298. The impact on ratepayers is:
- Properties with large capital value and multiple SUIP increases will have the increase spread over 7 years. As this change is the same as the plan from 3 years ago ratepayers will have adjusted their financial planning accordingly.
  - The majority of submitters supported this proposal.
299. Samples of the individual property impact of Options A, B and C are attached (Attachment 3b).

300. The Financial Strategy impacts of Option A, B and C are attached (Attachment 3c).

301. Other options considered

Additional to those options considered in the Rating SOP, the possibility of a capital value rate on Peacocke only has been raised. This is possible, but complex. This option would create only a small amount of additional rates from 100% capital value as Peacocke, in the next few years, represents a small amount of growth as existing sections in the north east fill up and infill happens (representing 50% of growth).

302. Conclusion

303. Option A provides the greatest financial benefit to the Council’s financial strategy however it also has the greatest impact on individual ratepayers. Option C affects individual ratepayers the least and received the most support from submitters. Staff have not selected a recommended option. It is for Elected Members to determine which option is the most appropriate balance between demonstrating financial prudence and meeting community expectations.

**Introducing a Uniform Annual General Charge (UAGC).**

304. A UAGC was proposed as a result of modelling which showed the rates on higher value properties would be some of the highest in the country when comparing properties of the same value. Conversely lower value properties would pay a lower share of the rates. This was demonstrated in the Residential Rates Comparison Graph on page 11 of 18 in the Rating SOP.

305. The UAGC has the effect of reducing the extremes of higher and lower value properties rates. The mitigating effect is dependent on the value of the UAGC and its proportion of total rates. That is, the larger the UAGC the bigger the benefit to higher value homes but conversely the lesser the impact on multi-unit and low value properties.

306. When the Council reaches 100% capital value, whether next year or in 7 years, the rates on the properties at the extremes will be outside the national norm. A UAGC mitigates this affect, as would any other fixed targeted rate.

307. The UAGC, under law, is a general rate. The UAGC reduces the amount collected from the General Rate.

308. For the reasons outlined above, staff are recommending that whichever transition option is chosen (between 0 and 7 years), a UAGC should be implemented. It should be set to reach the targeted amount by the end of the transition period.

- For example: If the targeted UAGC is \$500 (including GST) but the 7-year transition option is selected, then a UAGC of \$71.43 (including GST) could be introduced to reach \$500 (including GST) by the time 100% capital value is reached. Before rates increases the UAGC would increase as follows:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
\$71.43	\$142.86	\$214.29	\$285.72	\$357.15	\$428.58	\$500.00

309. The Council would set the rates every year and could determine any amount for the UAGC. To maintain parity between ratepayers it is necessary for the UAGC to increase at the same rate as the General Rate each year. The rating policies are drafted giving effect to this.

310. Many submitters opposed the UAGC. The majority of these appeared to oppose it due to the effect of the SUIP rather than the amount. Another group opposed the UAGC as they believed it was on top of the general rates which it is not.
311. Conclusion: Staff recommend introducing a UAGC for any of the rating system options.
312. Determining the amount of the UAGC.
313. Setting the amount of the UAGC could be based on a formula or simply an amount determined by the Council. Auckland, Tauranga and Christchurch set their UAGC simply by resolution of the Council.
314. In adopting the Consultation Document, the Council considered \$500 (including GST) to be an appropriate UAGC at 100% capital value rating. This was set on the basis it reduced the rates on higher value properties by an appropriate amount and increased the rates on lower value properties by an appropriate amount. This was demonstrated on the graph on page 11 of 18 in the Rating SOP.
315. A UAGC cannot be more than 30% of rates.
316. The Council has the option to select any amount for the UAGC so long as it doesn't exceed approximately \$1,000 (due to the 30% rule). Some councils have a policy to set the UAGC each year at the maximum of the 30% rule.
317. Conclusion: Staff recommend a UAGC consistent with achieving the \$500 (including GST) target at 100% capital value.
318. Separately Used or Inhabited Part of a rating unit (SUIP) basis
319. A UAGC can be set either on a rating unit basis or a SUIP basis.
320. A rating unit is defined by law. Each rating unit gets a rates invoice.
321. A SUIP is defined by each council. Mostly councils seek identify each dwelling and business. Where policies tend to differ is in the exceptions. The updated Hamilton policy has few exceptions.
322. At a Council briefing a variety of properties and circumstances were identified and discussed. From this the policy was drafted and then adopted as part of the rating Funding Impact Statement. The law requires this to be done annually.
323. The Council intended to capture any dwelling and chose not to make exceptions for family use. Part of the reasoning for this is that defining a family is complex and while a family member may be in residence today this may change overnight. The Council reviewed a number of multi-unit arrangements from separately rented rooms with common areas through to converted motel units, purpose built multi-unit complexes, cross lease units and apartments. The Council confirmed its intention to identify these as separate.
324. Some councils provide an exception for family members living in a second SUIP (e.g. Ancillary building). This generally requires a degree of administration to obtain evidence of the unit being occupied by a family member rent free with annual declarations of conformity to the policy. The remission is removed on disposal of the property or on any information coming to the attention of the Council that the property is no longer conforming with the rules.
325. During the consultation, a few submissions were identified that had incorrectly been identified as having additional SUIP. These have been corrected. The Rates Remissions Policy allows corrections after the rates are set.
326. Airbnb and similar accommodation options were identified as missing the rating net. The current SUIP policy would capture any self-contained unit but not the commercial aspect of a whole house permanently used for short-term accommodation. More extensive policies are

complex and require changes to the district plan. It is not practicable to implement a rating solution for short term accommodation providers of this nature at this time.

327. Conclusion: Staff recommend no change to the definition and application of the SUIP definition.

**Introduce a new “Other” category to replace ‘Rural’.**

328. This changing in rating policy arose as the Council identified that rural rates appeared too low and the differential was incongruous with the District Plan. The District Plan zoning means all land will become part of the future city and not remain rural. The Council is spending a significant amount every year in planning and preparing for this to occur on green and brown fields. This cost cannot be recovered from Development Contributions.
329. The proposal would collect an additional \$0.5m in rates at 100% capital value. This is lower than stated in the Rating SOP, due to the impact of the UAGC on the General Rate.
330. If a transition of land value rating continues this increase will be less. The current land value differential would remain unchanged. The capital value differential will be increased as proposed to 72% of residential rate. This is to recognise an adjustment for water and wastewater services not received by these properties.
331. Two thirds of submitters supported the proposal to introduce a new Other category to replace Rural.
332. Conclusion: Staff recommend that the proposal proceeds unchanged.

**Changing Services Use Rate Calculation.**

333. Service Use rates are charged to non-rateable properties and not for profit community organisations. These ratepayers do not pay the General Rate, Hamilton Gardens Rate and UAGC. Legislation provides that these properties should pay for water, wastewaters and refuse. With a rating system that has no targeted rates for these services, the Services Use rates have been established to give effect to the legislation.
334. Non-rateable properties range from small clubs to very large government funded organisations like Waikato University and the Waikato District Health Board.
335. The proposed changes redistributed the rates within this category. The largest impact is the change in the wastewater rates which increased higher capital value properties (e.g. Waikato District Health Board, University of Waikato, Wintec and large schools) and reduced the rates on clubs and societies.
336. Every affected ratepayer was written to (Attachment 3d). Staff discussed this proposal with two organisations that responded.

337. The proposed changes are:

Type	Proposed Rate	Calculation Method
<b>Wastewater</b>	Combination of rates based on the land and capital value of the property: - 65% based on land value. - 35% based on capital value.	The rate is based on the cost of supplying wastewater services.  This includes the cost of providing the network and wastewater treatment.
<b>Rubbish &amp; Recycling collection</b>	\$114 per Separately Used or Inhabited Part of a rating unit (SUIP).  <i>Generally, properties which are residential in nature, but used for not for profit community activity receive this service.</i>	The rate is based on the cost to provide rubbish and recycling services to residential properties.  This includes the cost to pick up and dispose of rubbish from each part of a property receiving the service.
<b>Non-metered water</b>	\$452 per Separately Used or inhabited Part of a rating unit (SUIP).  <i>Generally, properties will be charged for water consumption via a water meter.</i>	The rate is based on the cost of supplying water to residential properties.  This includes the cost of the network and water treatment supplied to each part of the property.

338. The impact on a range of ratepayers is shown in the following table.

Sample of HCC Service Use properties - Wastewater rates				
Capital Value	Land Value	Improvement Value	2017/18 Rates	Proposed 2018/19 Rates
523,700,000	11,500,000	512,200,000	\$27,893	\$212,253
234,110,000	19,465,000	214,645,000	\$46,911	\$117,854
50,690,000	8,780,000	41,910,000	\$21,399	\$32,839
43,750,000	4,950,000	38,800,000	\$12,255	\$24,129
22,800,000	4,280,000	18,520,000	\$10,655	\$15,301
13,015,000	2,635,000	10,380,000	\$6,727	\$9,042
6,790,000	2,350,000	4,440,000	\$6,047	\$6,281
2,690,000	1,130,000	1,560,000	\$3,134	\$2,808
1,402,000	915,000	487,000	\$2,621	\$1,986
1,530,000	680,000	850,000	\$2,060	\$1,657
1,142,000	407,000	735,000	\$1,408	\$1,075
530,000	240,000	290,000	\$1,009	\$581

339. The largest increase was for the Waikato District Health Board (DHB). Due to the Council's trade-waste contract that is unique to the Hospital the DHB will pay less trade-waste as a result of the rating change. The contract has two years to run. The 10-year cost is \$1.7m (inflated). The changes to the base operating cost showed a reduction in trade-waste income because of the change in rating policy.

340. Conclusion: Staff recommend that the proposal proceeds unchanged.

### Rate Remissions Policy

341. Many residential submitters spoke of the challenges of paying higher rates. Rates affordability is one of the Council's guiding financial principles.

342. The Council had considered this as part of the development of the rating policy. It was also recognised that Hamilton rates are lower than comparable council as shown in the graph on page 17 of the Consultation Document. The Council also considered that Hamilton rates were lower than Auckland, Waikato and Tauranga as a percentage of average household income.

343. Elected Members requested further information and consideration of options for mitigating the impact of higher rates.
344. Government Rebate
345. The Department of Internal Affairs provides a rates rebate scheme administered by local government to provide rates assistance to ratepayers who have a lower household income.
346. The property must be the ratepayers usual place of residence as at the previous 1 July.
347. Only the ratepayer (and spouse or partner) living in the property need declare income. The Government has no regard as to the ability to pay of other owners should they not be living in the property.
348. The income to be declared is based on the previous tax year.
349. From 2018/19 onwards the Government extended the provision of their rates rebate scheme to include residents of retirement villages in certain circumstances. The potential uptake of this is currently unknown however we estimate this may result in a further 2-400 Government applications.
350. Council Rates Rebates
351. Hamilton City currently offer a further remission to assist those residential ratepayers experiencing financial difficulty.
352. Up to 30 June 2018 the 'Council Hardship Remission' had been geared towards assisting in those cases where there is 'extreme financial hardship'.
353. The reference to 'Hardship' has been removed from the name of the remission, and from 2018/19 this will be known as the 'Council rates rebate'.
354. Previous research has shown that average residential rates in Hamilton are lower when compared with a number of other cities and neighbouring districts, although when compared with other councils, Hamilton City is somewhat unique in providing additional remissions on top of the Government Rates rebate scheme.
355. The proposed changes to the rating system, including a budget increase of 9.5% and the introduction of a Uniform Annual General Charge, will mean greater rates as a percentage of income. The table below shows that for single person households Hamilton rates as a percentage of income is low compared with the other centres.

Measure	Source	Auckland	Waikato	Hamilton	Tauranga
Average Residential Rates 2017/18	HCC	\$3,069	\$2,807	<b>\$2,188</b>	\$2,631
Median Household Income	Stats 2013 census	\$76,500	\$69,400	<b>\$64,100</b>	\$55,800
% of Average rates	Calculated	4.0%	3.9%	<b>3.4%</b>	4.2%
One Family Household (65% of Hamilton Households)	Stats 2013 census	\$88,700	\$81,900	<b>\$78,300</b>	\$69,100
% of Average rates	Calculated	3.5%	3.3%	<b>2.8%</b>	3.8%

One Person Household (22% of Hamilton Households)	Stats 2013 census	\$31,800	\$27,800	<b>\$29,000</b>	\$25,500
% of Average rates	Calculated	9.6%	9.8%	<b>7.5%</b>	10.3%

356. Differences between the Government and Council Rebates

357. There are several differences around qualification between the Government and Council Rebates. These are shown in table below:

Criteria	Government Rebate	Council Rebate	Notes
Must be living in the property on 1 July and usual place of residence?	✓	✓	
Requires declaration of income (last tax year)?	✓	✓	
Has a cash asset threshold?	✗	✓	Maximum up to \$20k in bank or investments allowed for Council rebate
Can own more than 1 property?	✓	✗	Previous assumption has been that ownership of significant assets does not equate to hardship.
Trusts and similar ownership structures eligible?	✓	✗	Trustees/ Beneficiaries have additional benefits from this ownership structure. Rates liability applies to all trustees.
If multiple owners, only include income of people living in the house?	✓	✗	Rates liability applies to all owners, therefore all income is considered.
Calculation includes both HCC and WRC rates?	✓	✗	Council rebate includes only HCC rates in the calculation
Are required to provide paper evidence of income	✗	✓	Council remission requires proof of income
Retirement Villages eligible ( <b>NEW from 2018/19</b> )	✓	?	Not included in 2017/18 numbers

358. The table below shows the current rebate numbers and some estimates for 2018/19

	2017/18		2018/19 (Estimated)	
	Government Rebate	Council Rebate	Government Rebate	Council Rebate
Approximate number of annual applications	2,200	510	2,600	?
Maximum rebate amount (per qualifying ratepayer)	\$620	\$482	\$630	\$528
Approximate annual total (gst inclusive)	\$1.27m	\$240k	\$1.53m	?
Income Threshold	\$24,790	\$24,012	\$25,187	\$25,187

359. Analysis of Rebate Data

- There is a reasonably uniform spread of applicants throughout the City.
- For 2017/18 about 24% of ratepayers who qualified for a Government rates rebate also qualified for a Council rates rebate.
- When looking solely at the rates and income calculation (i.e. excluding the multiple owner, multiple property, and cash asset conditions) about 93% of Government rebate recipients would also qualify for the Council rates rebate. This indicates that the current income threshold is not the reason for the low qualification rate for the rebate.

- Increasing the income threshold to match the Government rebate increases this qualification rate to approximately 96%.
  - Including Waikato Regional Council (WRC) rates in the calculation of the Council rates rebate would then increase this qualification rate to 100%.
360. The dollar value of the Government rebate increases annually by CPI. The Council rates rebate increases annually by the amount of the average rates increase. It is estimated by year 7, the maximum rates rebate of the two schemes will be of similar value.
361. Summary
362. The difference in income thresholds between the Government and Council rates rebates makes little material difference.
363. Inclusion of WRC rates in the calculation method would potentially result in a small uplift in successful applications.
364. The predominant reason as to the difference in the number of applications between the Government and Council rates rebates is the three qualifying criteria being:
- Allowable cash assets.
  - Exclusion of trusts and similar ownership structures.
  - Unable to own more than one property.
365. The qualifying criteria for the Council rates rebate are explained prior to the application process. This means that we are not able to identify the reason why a ratepayer did not apply.
366. Feedback from staff has been that in the past the reference to 'hardship' has been off putting to some applicants. This has been addressed within the proposed Remission Policy by changing the name from 'Hardship Remission' to 'Council rates rebate'. It is expected that this change will also result in some additional uptake of the scheme.
367. Rates Rebates and the effect of the SUIP based UAGC
368. Proposed changes to the rating system see the introduction of a UAGC based on SUIPs. Where there is an ancillary dwelling, the Council recognises this as two SUIP's and therefore two UAGC's are applied.
369. For the Government rebate, the total income of the ratepayer(s) and spouse or partner is required to be declared. This would normally be that of the occupants of the main dwelling.
370. Generally, the occupant of the ancillary dwelling cannot apply for the Government rebate separately.
371. The exception to this is where the occupant of the ancillary dwelling is also recorded as the ratepayer (has an ownership interest), and where Council has identified it as a second SUIP. There is a provision under the Rates Rebate Act where the additional SUIP can be treated separately and a rebate can be applied for.
372. There will be genuine circumstances where the ancillary dwelling is occupied by a family member but who is not recorded as the ratepayer, and who may have otherwise qualified for the Government Rebate should the ancillary dwelling have been on its own rating unit.
373. In these circumstances, where no other rebate or remission is available, and where the technical translation of the policy does not allow implementation of the intent of Council, it is proposed that this be reviewed on a case by case basis under the 'Exceptions' remission.
374. Conclusions.

- 375. The previous decision to rename the Councils rates rebate is expected to increase ratepayer applications. Adding to the there is room to make some changes which provide additional relief to those who are just outside the scope of the current policy.
- 376. The recommend changes are:
  - set the Council rates rebate income thresholds to match the Government rebate income threshold.
  - increase allowable cash assets from \$20,000 to \$30,000 to be reviewed every three years.
- 377. Budget considerations
- 378. It is assumed these recommendations will be accommodated within the proposed 2018/19 budget.
- 379. Staff therefore recommend the current budget for the Council rates rebates remains unchanged.

**Rates increase**

- 380. Background
- 381. The Council selected a rating proposal that set the rates increase at an average of 9.5% for existing ratepayers spread over the first two years and 3.8% each year after that. This proposal meant everyday revenues covered everyday costs after two years and consequentially there was sufficient debt capacity to fund the Council’s preferred capital programme for both the next 10 years and in the 30-year infrastructure strategy.
- 382. The rate increases as reported in the Consultation Document have been updated for the revised base. To have everyday revenues fund everyday costs in the first year of the plan, the rates increase would need to be 15.7%.
- 383. Rates increases are described as the average rate increase to existing ratepayers. This is the Council’s approved Financial Strategy limit of rates increases.
- 384. Some submitters identified the total rates increase was much higher. This is due to the rates uplift of changing the rating policies and the extra rates from growth.
- 385. Submitters did not support a high rate increase and many discussed affordability challenges. Affordability is further discussed in the rates remissions section below.

**Average rates increase**

- 386. Elected Members will have access to modelling during the meeting to see the impact of decisions.
- 387. In setting the rates the Council will have regard to:
  - the size of the increase.
  - the spreading the increase over a time period.
  - the impact of everyday revenues paying for everyday costs.
  - the impact on debt, debt capacity and the Council’s 230% debt to revenue limit.
- 388. The options below represent the reasonably practicable options.
- 389. All options are based on 100% capital value and \$500 (including GST) UAGC from year 1 of the 10-Year Plan:

Option	Rate increases	Balance the Books Year	Debt to Revenue Peak %
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Option 1. Balance Books Year 1	15.7%	3.8%	3.8%	3.8%	Year 1	Year 3 215%
Option 2. Balance Books Year 2	9.1%	9.1%	3.8%	3.8%	Year 2	Year 6 222%
Option 3. Maximise Debt to Revenue with one year of rates increase	12.5%	3.8%	3.8%	3.8%	Year 4	Year 6 230%
Option 4. Maximise Debt to Revenue with two years of rates increase	8.3%	8.3%	3.8%	3.8%	Year 4	Year 6 230%
Option 5. Maximise Debt to Revenue with three years of rates increase	7.0%	7.0%	7.0%	3.8%	Year 4	Year 6 230%

390. Financial strategy graphs for each option are attached as Attachment 3e.
391. This provides a range of rates impacts to provide some context to assist with decision making.
392. Conclusion:
393. Option 1 provides the greatest financial benefit to the Council’s Financial Strategy however it also has the greatest impact on individual ratepayers. It is for Elected Members to determine which option is the most appropriate balance between demonstrating financial prudence and meeting community expectations.

## Legal and Policy Considerations

394. Staff confirm that the recommendations in this report comply with the Council's legal and policy requirements.
395. The recommended changes to Council's Rating Policy have been independently legally reviewed.

## Cultural Considerations

396. Engagement on the 10-Year Plan has been extensive, including specific engagement with the Maaori community.
397. Waikato-Tainui have been involved in the development of the 10-Year Plan primarily through regular Co-governance meetings. As part of the 10-Year Plan development process, Waikato-Tainui staff presented their priorities directly to Council at a briefing.
398. The wider Maaori community have been engaged with through targeted engagement during the consultation process. A dedicated session for Maaori stakeholders was held at the Kirikiriroa Marae.

## Risks

399. There are a number of risks inherent in the draft budget that were explained at the time of initial consideration as part of the 6 December 2017 Council meetings. Risks in relation to specific projects were explained in the associated proposal papers for that project where they exist.
400. Many of the risks associated with confirming the 10-Year Plan budget relate to the consequences of funding decisions for individual projects or particular proposals, for example:
- Risk of asset failure if renewals are not adequately funded.
  - Risk of negative community reaction if expected services or projects are not delivered.
  - Risk of unmanaged growth if growth infrastructure is not funded.
  - Risk of growth not occurring at the rate anticipated in this plan.
401. Risks associated with the development of the budget were outlined as part of the Draft budget meeting on 6 December 2017. This included a line by line analysis of capital projects that have not been funded in the draft budget.
402. Risks that should be considered by Council in its decision making on the Final 10-Year Plan budget have been included throughout this report as part of the discussion on the options being considered.
403. Timing
404. Council is required to adopt a 10-Year Plan by 30 June 2018. To meet this legislative deadline many interdependent process steps are required to be completed. Given the process steps remaining, Council is required to make final decisions on the budget as part of this meeting. If budget decisions are not completed by 5 June 2018, there is a risk that the 10-year Plan will be unable to be completed and formal adoption achieved (with an Audit opinion) by 30 June 2018.
405. The 10-Year Plan gives assurance to credit rating agencies and our lenders. If the Council does not adopt a 10-Year Plan by 30 June 2018, our credit rating may also be impacted.

406. The work required to finalise the 10-Year Plan includes finalising the projects to be funded where these have been altered, uploading data and running financial and development contributions models, writing final content for the plan, legal review, quality and assurance review, design work and finally audit (including an Office of the Auditor General 'hot review') and incorporating any changes required by audit.
407. The plan to finalisation of the 2018-28 10-Year Plan with key audit steps is as follows:

Timing	Activity
4-8 June 2018	Staff produce a final 10-Year Plan.
11-21 June 2018	Final audit and incorporation of any changes.
22 June 2018	Agenda for adoption for the final 10-Year Plan out to Elected Members.
25 June 2018	10-Year Plan to Office of the Auditor General (OAG) for 'hot review'.
26 June 2018	OAG response received and any final changes made to the 10-Year Plan.
27 June 2018	Audit clearance received.
28 June 2018	Council meeting to adopt the 10-Year Plan including the rating policy and rates increase level and to adopt the Development Contributions Policy (audit opinion and changes schedule to be tabled at the meeting).

408. There is a real risk that staff and audit will not be able to achieve audit clearance of the 10-Year Plan by 28 June 2018.
409. The rates cannot be set and the development contributions policy cannot be implemented until the 10-Year Plan is adopted.
410. The implications of not adopting the 10-Year Plan is that the Council will not immediately be able to set rates and introduce changes to the development contributions policy. If the Council was to adopt the 10-Year Plan in July 2018, the rates invoices would be at the new adopted rates. Should this deadline not be met the first instalment would be based on 2017/18 rates and future instalments would catch up any shortfall.
411. For Development Contributions, the policy links to the 10-year capital programme and the new charges can only be implemented the day after the 10-year plan is adopted.
412. Clear project management processes are in place and daily assessments of progress and issues are being undertaken to manage this. Staff resource remains under strain and adds to the potential risk of the organisation in achieving the delivery of the plan should unforeseen delays occur.
413. Reputational risk
414. There is the potential for reputational risk if the Council fails to approve a 10-Year Plan by the legislative deadline of 30 June 2018.
415. There is a potential for reputational risks to the Council depending on the choices they make as part of this report. This is in terms of how the community sees the decisions Council makes as either taking account of or disregarding their feedback following consultation.
416. Staff have endeavoured to provide guidance to Elected Members on how and where they can make choices that will take account of the wishes of the community where this is clearly expressed or evenly divided.

- 417. A number of staff recommendations have been made around alternative options designed to respond to consultation feedback.
- 418. A communications plan is in place to support media and the community to understand the decisions made as part of deliberations and manage and communications issues that may arise.

### **Significance & Engagement**

- 419. The development of and consultation on the Draft 10-Year Plan has been consistent with the principles and provisions of Council's Significance and Engagement Policy.
- 420. The engagement process on the 10-Year Plan has been extensive and based on the specific Consultation Document prepared for this purpose. In addition, substantial underlying information was collated and made available to support informed public analysis and feedback as part of the consultation process. An overview of the consultation has been covered elsewhere in this report.
- 421. If through the deliberation process, Council may seek to make a decision that has not previously been considered or consulted on. This new decision should be assessed against the Significance and Engagement Policy and if it is deemed to be 'Significant', consideration should be given to whether additional consultation is required on this specific matter.

### **Attachments**

- Attachment 1 - 2018-28 10-Year Plan - Deliberations Report - Attachment 1- 10-Year Plan and Rating Review Submission Analysis Report
- Attachment 2 - 2018-28 10-Year Plan - Deliberations Report - Attachment 2 - Elected Member Request Register
- Attachment 3 - 2018-28 10-Year-Plan - Deliberations Report - Attachment 3 - Financial Attachments
- Attachment 4 - 2018-28 10-Year Plan - Deliberations Report - Attachment 4 - Community Infrastructure - Proposal Summaries - FUNDED
- Attachment 5 - 2018-28 10-Year Plan - Deliberations Report - Attachment 5 - Community Infrastructure - Proposal Summaries - UNFUNDED .

## ATTACHMENT 1

# 2018-28 10-Year Plan & Rating Review

## SUBMISSION ANALYSIS

### 1. 10-Year Plan Submissions

#### 1.1. Introduction

We have received 2189 submissions to the 10-Year Plan consisting of 1756 individual submitters and 223 organisations/businesses. We have had over 300 submitters indicate they wanted to speak to verbal submissions and 244 appeared before Council to make a verbal submission.

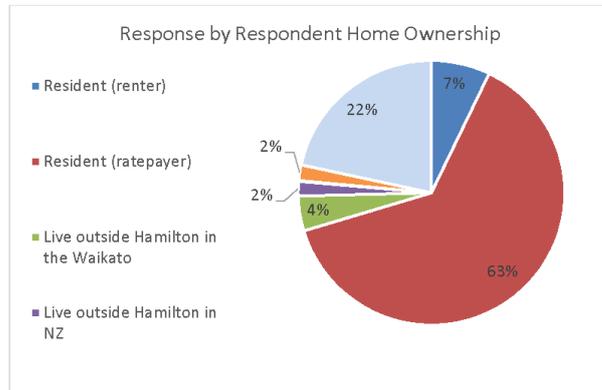
This submissions analysis report addresses both the 10-Year Plan and the Rating Review Consultations that ran from 29 March to 30 April 2018.

To be as accessible as possible, the questions in the questionnaires allowed for submitters to skip the check boxes and provide their feedback in the commentary section. We also allowed submitters to provide feedback by email or letter rather than using the submission form.

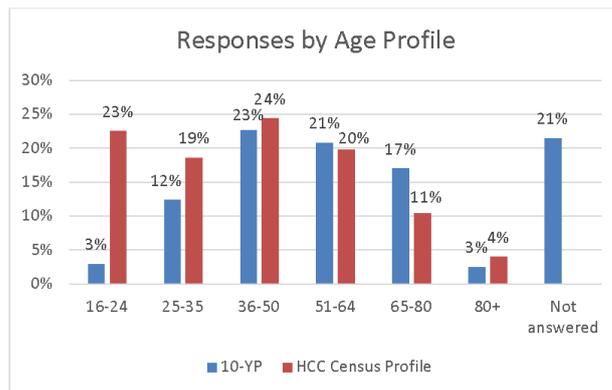
Hence the feedback from the submitters is a mix of qualitative information from the comments which provide an understanding of the opinions of the community, and quantitative data from the analysis of the selected checked boxes. This combined approach gives a wide breadth of feedback from the community.

#### 1.2. Profile of Submitters

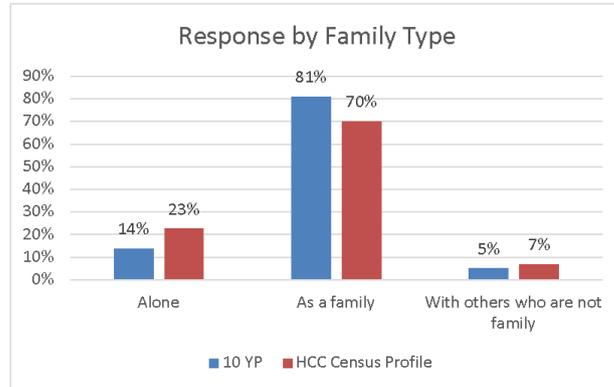
- i. A total of 2189 submissions were received.
- ii. 98% of submitters provided their name.
- iii. 65% of submissions were received online and 35% were on freeform (email, paper submission form or letter).
- iv. 80% of submitters responded as individuals, 4% as businesses, 6% as organisations and 10% did not indicate this.
- v. 70% of the submitters are residents of Hamilton, 8% are from outside Hamilton and 22% did not indicate this.



- vi. The distribution of age, of those that indicated an age group, shows we had a higher proportion of responses from our older population and a lower proportion of responses from our younger population.



- vii. The distribution of household type shows we have a lower proportion of responses from our living alone households and a higher proportion of responses from multi-person households.



## 2. Challenge 1: We are borrowing to pay for everyday costs

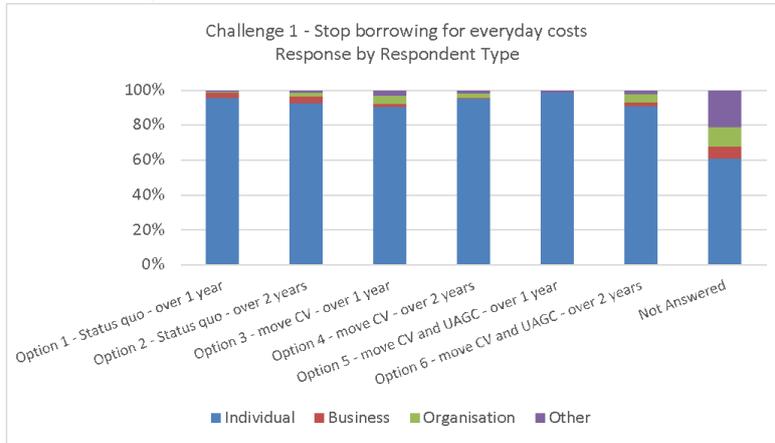
### 2.1 Summary of Responses

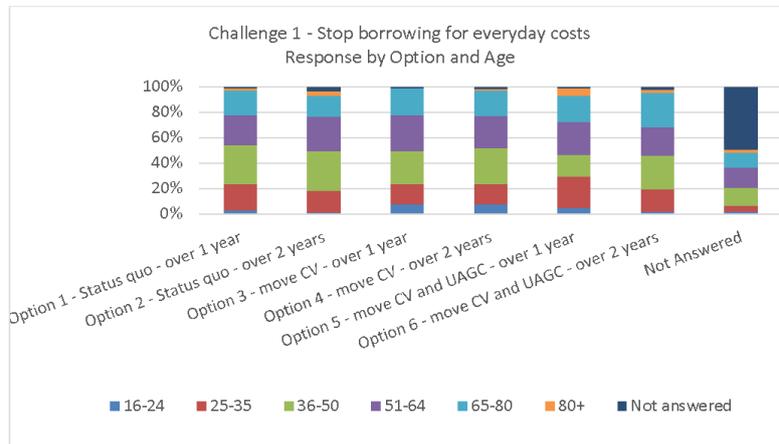
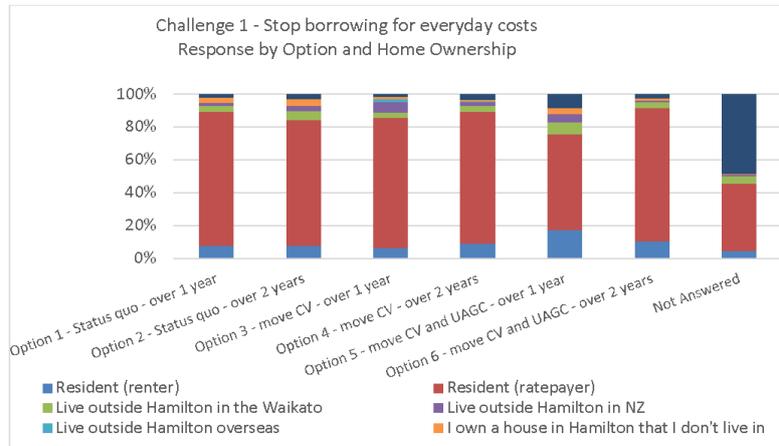
- i. Of the 1296 submissions received:
  - 29% support keeping the rating system the same as it is now, continuing with a staged transition to capital value (CV) rating and no Uniform Annual General Charge (UAGC).
  - 14 % indicated they support a move to immediate CV (without the UAGC).
  - 17% indicated they support a move to immediate CV with the introduction of UAGC.
  - 41% of the submitters did not select any option and commented on their concerns about the affordability of the proposed rate increase.

	Option 1 - Status quo - over 1 year	Option 2 - Status quo - over 2 years	Option 3 - move CV - over 1 year	Option 4 - move CV - over 2 years	Option 5 - move CV and UAGC - over 1 year	Option 6 - move CV and UAGC - over 2 years	Not Answered
Number of responses	302	322	63	236	82	291	893
% of Total	14%	15%	3%	11%	4%	13%	41%
% of those responded	23%	25%	5%	18%	6%	22%	

- ii. Of the submitters that selected an option,
  - 48% support keeping the rating system the same as it is now, continuing with a staged transition to capital value and no UAGC.
  - 34% support stopping borrowing to pay for everyday costs over one year (Options 1,3,5).
  - 66% supported spread the rates increase over two years (Options 2,4,6).

### 2.2 Profile of responses:





2.3 Key Themes from commentary to Question 2:

- i. 950 submitters made a comment under Question 2: Do you have any other ideas about how the Council should change the way the rates are calculated?
- ii. 324 Submitters commented about their concerns on the affordability of the level of the rate increase, especially for those on fixed or limited income. This was raised by businesses as well as individuals.
  - i. 287 submitters preferred the Council to limit the rate increases to a lower level such as the 2015-25 10-YP 3.8% increase.
- iii. There was support for the move to CV but 280 submitters, including businesses, commented that the transition should continue as planned to allow for the impact to be budgeted for and absorbed over a longer timeframe. Many commented that as the transition timeframe had already been agreed it was inappropriate to change it.

- ii. 196 submitters raised concerns about the UAGC, in particular the impact on lower value properties and the application of a UAGC based on SUIPs for shared residents and affordable housing units.
- iv. 150 submitters commented that Council should control spending and limit new projects until the financial position improves.
- v. 74 submitters suggested the introduction of user pays across a range of services such as parking, entrance fees and water meters.

#### 2.4 Key Themes from commentary to Question 3:

- i. 325 submitters made a comment under Question 3: Do you have any ideas about changes the Council can make to increase its revenue to cover everyday costs?
- ii. 321 submitters commented that Council should find efficiencies and control costs to reduce the amount of rate rise required. Many mentioned the Council should “live within its means”. However, there was not significant feedback that the Council should cut existing services to reduce costs.
- iii. 180 submitters commented Council should control spending by not investing in new projects.
- iv. 178 submitters suggested the introduction of user pays across a range of services to shift the burden of cost from ratepayers to the users of the services and facilities.
- v. 69 submitters suggested Council should seek more partnerships with key stakeholders, community groups and central government to access alternative revenue sources.
- vi. 59 submitters commented that the Council should ensure developers pay their contribution towards the infrastructure for growth.
- vii. Fuel tax and road tolls were also mentioned by 41 submitters as appropriate sources of funding to shift the burden of cost to users rather than ratepayers.

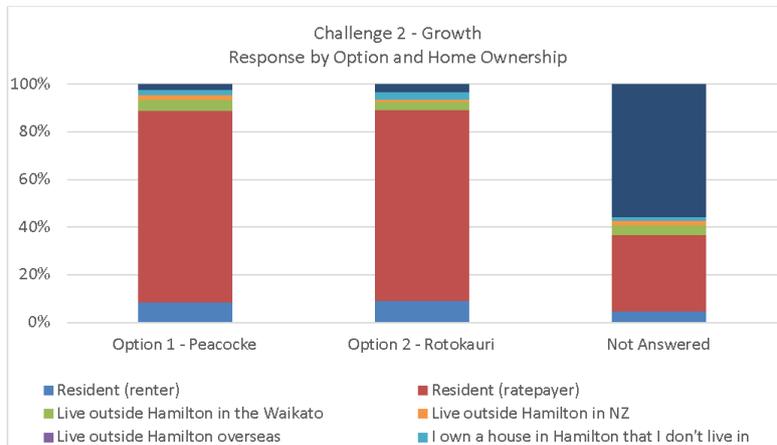
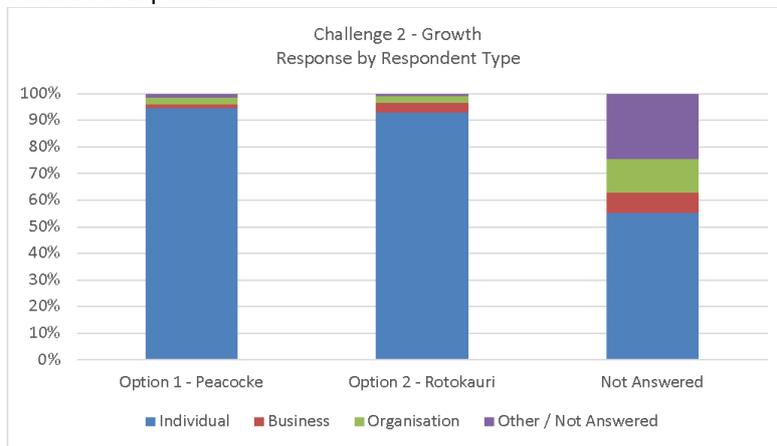
### 3. Challenge 2: Deciding where Hamilton’s next big housing area will be

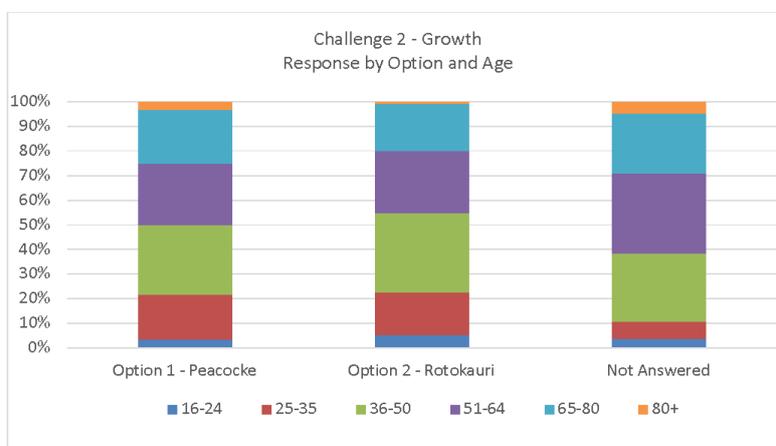
#### 3.1 Summary of Responses

- i. 1417 submitters selected an option. Of these 73% have supported Councils’ preferred option of Peacocke as the next growth area compared to 27% indicating support for Rotokauri.

	Option 1 - Peacocke	Option 2 - Rotokauri	Not Answered
Number of responses	1038	379	772
% of Total	47%	17%	35%
% of those that responded	73%	27%	

#### 3.2 Profile of responses:





### 3.3 Key Themes from commentary to questions

- i. 193 submitters made a comment under Questions 5: Is there anything you think the Council should consider in deciding how the city grows?
- ii. 332 submitters indicated that Council should ensure it invests in infrastructure, such as community and park space and transport links, at the time of development rather than having to retro fit facilities.
- iii. 107 submitters commented that the developers should be charged development contributions to ensure infrastructure, including parks and community facilities are provided and paid for by the new areas.
- iv. 100 submitters indicated that densification:
  - a. would provide additional housing while preventing the city from sprawling into productive farmland;
  - b. would not require significant investment in new infrastructure;
  - c. in new development areas could provide affordable housing; and
  - d. in the CBD would promote CBD revitalisation.
- v. 64 submitters saw infill housing as a solution as long as the current facilities and infrastructure were improved to provide capacity for additional residents.
- vi. 67 submitters indicated that the next growth areas should be determined by the market and the developer.
- vii. 41 submitters indicated that the proximity to current infrastructure should direct growth.
- viii. The need to provide for affordable housing was raised by 73 submitters, in particular organisations that support the community.

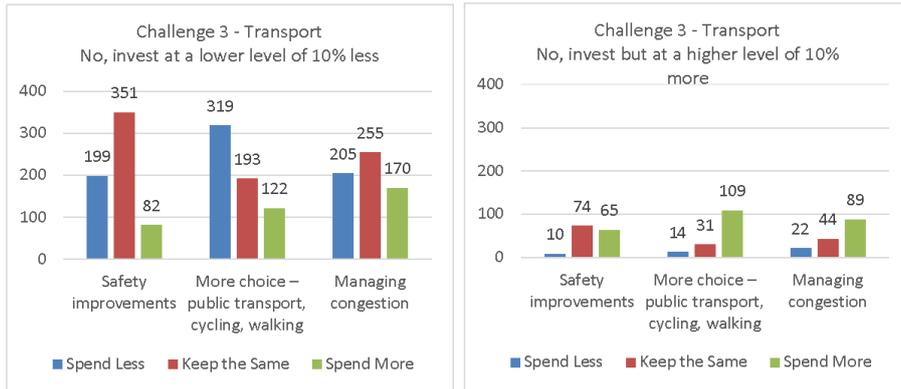
## 4. Challenge 3: Improving Hamilton’s transport system

### 4.1 Summary of Responses

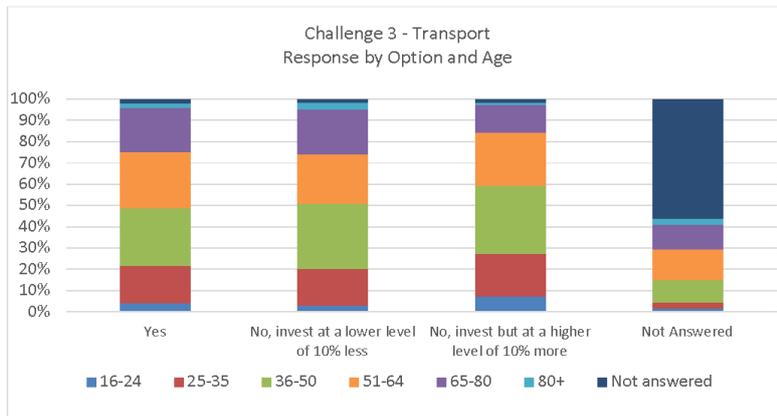
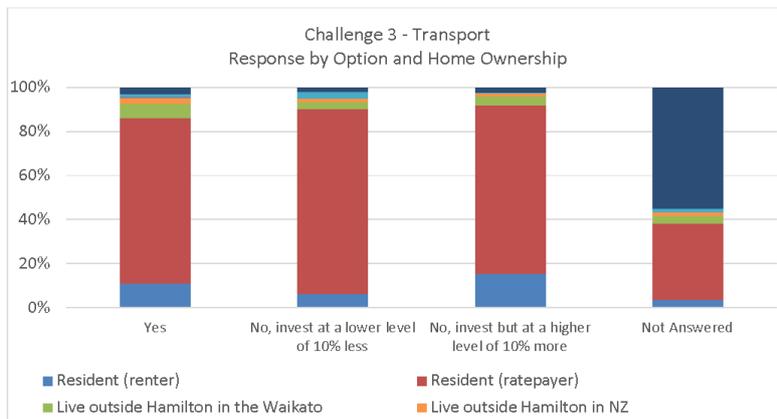
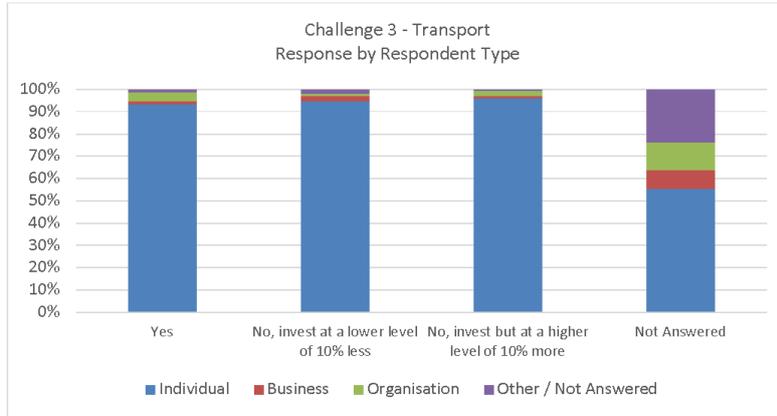
- i. Of the total responses, the preferred option was to invest in the proposed transport improvement programme at a lower level of 10% less.
- ii. 1402 submitters selected an option. Of these, 39% support the Councils preferred investment programme, 49% support the investment at lower level (10% less) and 12% preferred a higher (10% more) investment.

	Yes	No, invest at a lower level of 10% less	No, invest but at a higher level of 10% more	Not Answered
Number of responses	545	688	169	787
% of Total	25%	32%	8%	36%
% of those that responded	39%	49%	12%	

- iii. Of the submitters who supported the investment at a lower level (10%) less, the majority selected to spend less in the area of ‘more choice’. Of the submitters that supported investing at a higher level (10% more), the majority selected to spend more in the area of ‘more choice’.



4.2. Profile of responses:



#### 4.3. Key Themes from commentary to questions:

- i. 193 submitters made comments under Question 7: Do you have any specific transport projects you think Council should consider?
- ii. 238 submitters commented on the need to improve the bus system, around the frequency of the service, the buses being too large in non-peak hours, safety on buses and at the transport centre. In addition, 44 submitters commented on the need for more education to promote the use of public transport.
- iii. 247 submitters supported improving cycleways and pedestrian and running tracks and suggested a need to improve personal safety on the cycle and path ways.
- iv. 233 submitters supported improving congestion at intersections and roads that are currently perceived as problem areas, and encouraged Council to act now to manage congestion.
- v. 138 submitters commented on the need to build transport links such as bridges, the ring road and main roads that have enough capacity for peak times.
- vi. 175 submitters mentioned rail as an option for around the city as well as to Auckland. They commented on the need to have a central rail station that is connected to the bus station to provide a central city transport hub.
- vii. 33 submitters commented on the need for park and ride for all modes of transport – buses, cycleways and rail.

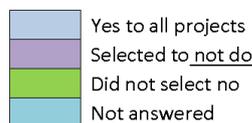
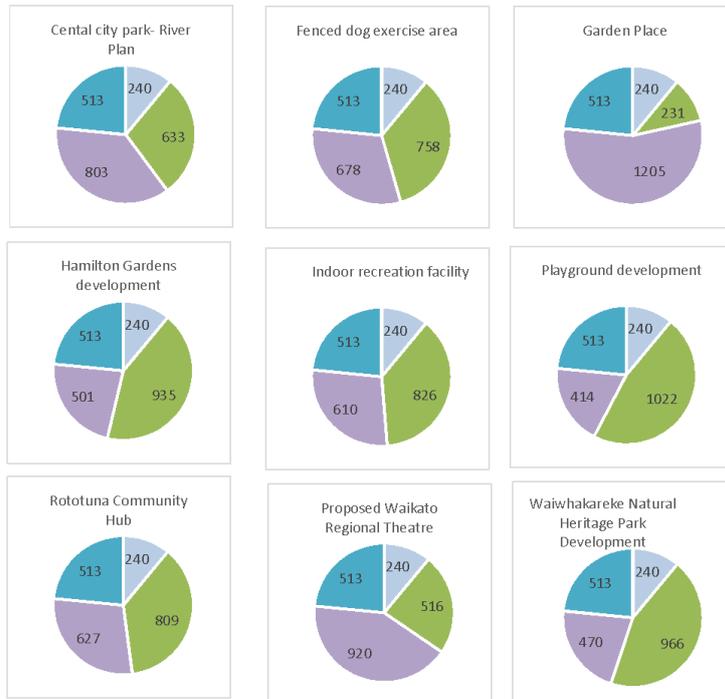
## 5. Challenge 4: Investing in community infrastructure

### 5.1 Summary of Responses

- i. 1676 of the submitters selected an option. Of these, 14% supported the list of community projects proposed in the Consultation Document, while 86% supported some other combination of projects.

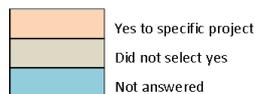
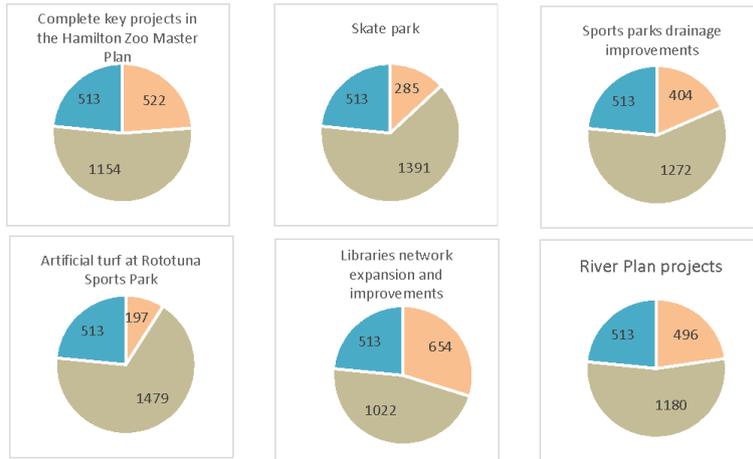
	Yes	No	Not Answered
Number of responses	242	1437	511
% of Total	11%	66%	23%
% of those that responded	14%	86%	

- ii. The Consultation asked submitters that did not support the list of projects proposed by Council to indicate specifically which projects Council should not do.
- iii. The Consultation then asked submitters to indicate whether they supported any of the projects considered by Council but not proposed.
- iv. The graphs below show the responses by projects funded in draft 10-Year Plan:



Note: Central City Park Of the 803 responses, 412 submitters had selected Central City Park and post the change in words 391 submitters had selected Central City Park – River Plan.

- v. After the consultation results were published, it was brought to staff’s attention that some submitters may have misread the question relating to Council’s proposed community projects. As a result, some submitters may have ticked the projects they did support rather than those they did not. An email was sent to 1437 submitters to confirm their choice. We received 79 responses of which 37 corrected their selection. The corrected selection is incorporated in the above graphs.
- vi. The following graphs indicate the support for the projects considered but not included in the draft 10-Year Plan.



- vii. 1674 submitters selected an option for Question 11: Do you think the Council should charge a \$10 entry fee to Hamilton Gardens’ enclosed themed gardens for visitors who are over 18 and not Hamilton residents? Of those who responded, 52% supported the introduction of an entry charge and 48% did not support the introduction of an entry charge.
- viii. 49 submitters made comment in question 10 that Council should introduce an entry fee for Hamilton Gardens but a lower level (\$5 was the amount most mentioned).

**5.2. Key Themes from commentary to questions:**

- i. 998 submitters provided comments in Question 10: Are there any other community projects you think the Council should consider? A wide range of ideas were provided by submitters and the consistent messages were:
- ii. 161 submitters suggested the Council should concentrate on core services and delay new projects until the financial position improves.
- iii. 133 submitters mentioned the Council should do more partnerships with the community and 128 submitters mentioned the Council should do more partnerships with key stakeholders to provide services and facilities across the city.

- iv. 117 submitters suggested the water quality of Hamilton Lake (Lake Rotoroa) should be improved to provide a safe swimming location.
- v. 71 submitters suggested that Council should rebuild Founders Theatre or build the theatre on the existing Founders Theatre site.
- vi. 61 submitters did not support the location of the proposed Waikato Regional Theatre in the central city due to a perceived lack of close parking and concerns for personal safety while walking to the theatre or a car late at night.
- vii. 62 submitters requested Council not to sell Old St Peters Hall and the CAB office.
- viii. 41 submitters thought Council should focus on neighbourhood playgrounds and 19 submitters thought Council should focus on destination playgrounds.
- ix. 48 submitters focused on the need for more community facilities and 48 submitters commented on a need to improve the provision of sporting facilities.

## 6. Other ideas

The submission form included a section to allow submitters to put forward an idea or proposal. The following is the list of key ideas captured.

Idea	Promoted by:
<b>Community Support</b>	
HCC to develop and adopt an 'Ethnic Communities Strategic Plan' (ECSP)	HMS trust Settlement Centre Decypher HMS trust Waikato University Perez DIA Ethnic community Community Waikato Hamilton Ethnic Woman's Centre Trust Red Cross
Rezone Settlement Centre footprint	HMS Trust Migrant Youth Settlement Centre Hamilton Multicultural Services Trust
Affordable Housing	Aspire Trust Generation Zero Accessible Properties WEL Energy Trust The Peoples Project
Invest in a Pan Pacifika Community Hub	K'aute Pasifika Wintec
<b>Natural Spaces</b>	
Invest in Taitua Arboretum	Taitua Arboretum
Invest in Waikakaruru Arboretum	Waikakaruru Sculpture Park
Invest in Waiwhakareke Natural Heritage Park	Tui 2000
Increase funding for gully restoration	Gully groups Environmental Research Institute Mangakotukutuku Stream Care Group
<b>Bikeways</b>	
River Path walkway link - Hamilton Gardens to Hammond Park	Riverlea Environmental Society Inc
Cycle links in Temple View	Individual
Invest in Berkley Ave to Annebrook Rd shared path	Tamahere Community
Make Claudelands bridge a bikeway in the mornings	Cycle Action

Idea	Promoted by:
<b>Attractions</b>	
Alternative to Hamilton Gardens entry fee	Friends of Hamilton Gardens Hospitality NZ Hamilton Gardens Development Trust
Change the name of the Museum	Friends of the Museum
Cultural tourism	Tainui Waka Tourism Inc
Make Hinemoa Park a music hub	Orchestra Central Trust
<b>Sports</b>	
Partner with YMCA for facilities	YMCA
Eastlink Sports as sport hub	Waikato Badminton
Galloway Park Football field requirements	Rovers
Galloway Park Football field requirements, Hamilton Cricket Association club facility at Jansen Park	Hamilton Cricket Association
Hamilton Rowing Club site expansion	Hamilton Rowing Club
Invest in a regional squash facility	Squash Waikato
Invest in fields for Waikato Lacrosse	Waikato Lacrosse
Invest in fields for Waikato Lacrosse	Melville United AFC
Invest in Hamilton Boys High and Waikato Hockey proposal	Hamilton Boys High
Invest in Mahoe Park - Baseball	Hamilton Raiders Baseball Club
Invest in Resthills Park (Waikato Softball)	Waikato Softball
Keep and refurbish Municipal pools	Sink or Swim
Make Hamilton Lake swimmable	Auckland University Restore
<b>City Revitalisation</b>	
CBA proposal for CBD	Hamilton Central Business Association
Improve the cycling and pedestrian connection on Ward Street between Norris Ward Park and the CBD	Stark Property
City safe programme in Hamilton East	WEL Energy Trust The Peoples Project Hamilton East Business Association

## 7. Rating Review

- Capital Value Rating: Of the responses that selected an option, 87% support keeping the rating system the same as it is now, continuing with a staged transition to capital value rating.
- ii. Introduce a UAGC: Of the responses that selected an option, 76% support not introducing a UAGC.
  - iii. Introducing an 'other' category for rural properties: Of the responses that selected an option, 66% support introducing a 'other' category for rural properties.
  - iv. Continue the Hamilton Gardens rate to fund further development of the Garden: Of the responses that selected an option, 59% support continuing the Hamilton Gardens rate.
  - v. There were some suggestions that B&B's are commercial properties and should be rated differently to residential ratepayers.
  - vi. There was concern about the current remissions policy criteria being restrictive and the application of the SUIP definition as applied to the remissions policy.

## ATTACHMENT 2

**Elected Member Request Register****Post-Consultation Elected Member Questions & Staff Responses**

This is a summary of the Elected Member questions and requests for information received by staff following the closure of consultation on the draft 2018-28 10-Year Plan.

Items on the full list that do not appear here are those that relate to:

- Very specific information relating to individual submissions or rates circumstance;
- Where a response is unavailable at the time; or
- Where an item was identified as not being relevant to deliberations during verbal submission wrap up sessions with Council.

This information is available in the full and complete register of requests "Elected Member Request Register – Full version" that was circulated to Elected Members on 25 May 2018.

Supplementary information was circulated at the same time or, for large documents, uploaded to the Elected Member OneDrive.

Rates	
<b>1</b>	<p><b>One property with 2 SUIPs</b>  <i>Clarification on our current policy regarding UAGC (example of 2 x single titles with family occupying and not rented out -policy clarification deliberations including effect on remissions eligibility)</i></p> <p>1 title generally = 1 rating unit.            1 rating unit generally = 1 SUIP, with the exception where there is multiple uses, dwellings or leases/tenancies.</p> <p>Council this then able to determine the SUIP definition and how this is applied.            In a residential context, more than 1 SUIP is defined by having more than one area (in addition to the main dwelling) which contains its own separate bedroom/living area, bathroom and sink (used a part of a kitchenette). There is no distinction in the current SUIP definition as to who uses the secondary SUIP as was initially discussed as part of Council briefings.</p> <p>The SUIP definition itself is quite detailed as a way to be clear as to what is included. The proposed definition is included as supplementary information.            The SUIP definition itself is quite detailed as a way to be clear as to what is included. This proposed definition is included as supplementary information.</p>

2	<p><b>LV to CV and UAGC</b>  <i>If we removed the immediate move to CV or delayed it what impact does this have on the UAGC, and if there is a need then for the UAGC?</i></p> <p>Council resolved that a UAGC is necessary to mitigate the impact of very high rates (compared to others) and conversely some of the lowest rates (compared to others) when we are at 100%.</p> <p>If we transition to 100% CV over 3 or 7 years then (applying the above decision) a UAGC will be needed at some point.</p> <p>It would be an option to consider transition from next year. E.g. start at \$75 and increase by \$75 for 7 years gets you to \$525.</p> <p>If transitioning the Council would have to set the UAGC each year as part of the rates resolution.</p>
3	<p><b>Basis for UAGC</b>  <i>Thorough explanation of the basis of the \$500 UAGC.</i></p> <p>It's an amount that reduces the rates on those paying the highest rates and increases the rates on those paying the least rates. At about 15% of total rates it is half the maximum UAGC. Apart from Christchurch, Hamilton has the next lowest amount of uniform rates (see graph p12 of 18 in the Rating Statement of Proposal).</p>
4	<p><b>UAGC practice across councils</b>  <i>What info do we have on other councils and a UAGC?</i></p> <p>See <b>Item 1.5</b> in pre-circulated supplementary information.</p>
5	<p><b>Specifically tagged UAGC</b>  <i>Which other councils have a UAGC tagged for specific services – who much and what services?</i></p> <p>There is a combination of Councils allocating specific cost/services to the UAGC and others allocating an arbitrary amount as a way to distribute rates and minimise impacts of rating systems.</p> <p>Auckland, Christchurch and Tauranga do not allocate specific cost/services to their UAGC amount.</p>
6	<p><b>CV cap</b>  <i>Under the rating act can Peacockes be defined as a separation areas and CV rating applied to it?</i></p> <p>Yes. It requires the removal of the general rate and creation of two new targeted rates (one for Peacocke and one for the rest of the City)</p> <p>Peacocke will have about 200 houses and will grow to 3800 by 10 years. This represents just over 30% of growth.</p>

7	<p><b>Holding off CV until re-valued</b>  <i>What is the impact of keeping current CV transition until after next year's re-evaluation?</i></p> <p>The reason for waiting would be a perception that the incidence of rates within a sector change and to some degree it will.</p> <p>So, if for example, Rotouna goes up by less than the average increase in CV and Enderley goes up by more than the average CV, what this means is that where the Council collects the same amount of total rates the ratepayers of Rototuna would pay less and the Enderley ratepayers more.</p> <p>This occurs at every revaluation every 3 years. Whether LV or CV rating. To date, over many years the Council has not changed the rating system for this. To do so would require many targeted rates by suburb.</p>
8	<p><b>Rural properties remissions</b>  <i>Policy on remissions for rural properties (refer Ryburn Rd submission) Reassurance that people living without services such as sewerage, footpaths etc – is that reflected in rates policy?</i></p> <p>There is no specific remissions policy for other category ratepayers. The Council rebate would apply if income is an issue regardless of the category.</p> <p>The new 'Other' rating category (about 660 ratepayers) is the residential rate less water and wastewater as those services are not provided to these properties.</p> <p>Some people consider themselves rural but are rated full residential rates as they receive these services.</p> <p>A full residential rate (anywhere in the city) that does not have either water or wastewater available has these remitted.</p> <p>No adjustment is made to any properties for footpaths or other services. Likewise, no additional charge is added for stormwater or other additional costs of servicing un developed properties.</p>
9	<p><b>Netherville Retirement Home</b>  <i>What is the ownership structure for individual properties?</i></p> <p>Netherville properties are individually owned and separately rated.</p>
10	<p><b>Rates for Air bnb</b>  <i>Can we have more information on the implications of having different rates for properties on Air B&amp;B can Air B&amp;B be rated as a separate group? (Queenstown and Rotorua do this).</i></p> <p>At this late stage this is not practicable to implement as it requires a degree of research and consideration that is not able to be done in the time available to set a lawful rate. It could be picked up and implemented next year.</p> <p>The most advanced implementation is in Queenstown. This policy relies on changes to the district plan to implement.</p> <p>From a financial point of view to convert 400 Airbnb or Book a Bach etc from residential to commercial could raise \$100,000 extra dollars of rates.</p> <p>While the impact on Council finances is not large there may be other reasons for implementing such a policy.</p>

11	<p><b>Landlord rebates on behalf of tenants</b>  <i>Do any other councils have a policy where residents renting can ask their landlords can apply on the behalf of tenants for rates rebates?</i></p> <p>Not that we have identified. The rates rebates are provided by Central Government with reasonably strict criteria including that the applicant must be the ratepayer (defined by the Certificate of title) and living in the property on 1 July. Hamilton City Council is somewhat unique in providing further remission in addition to the government rebate.</p>
12	<p><b>Rates remissions comparison for charitable trusts</b>  <i>What criteria do other LG's use in the rates remission and postponement policy for charitable trusts.</i></p> <p>We noted 3 years ago that there is a very large number of local charitable trusts that fall outside of the governments compulsory non-rateable rules and the Council's extended remissions.</p>

Growth	
13	<p><b>Special housing areas</b> <i>What is the impact of special housing areas on the cost benefits analysis for Peacocke and Rotokauri?</i></p> <p>The impact of any approved SHA is to deliver more housing supply to the Hamilton market over the 10-Year Plan period.</p> <p>However, the approval by Council of a SHA provides no certainty over the timeframe that houses will be delivered. Following the Ministers approval of a SHA, a qualifying development consent must be prepared and approved, along with a detailed private developer agreement. Both of these steps need to be negotiated, completed and accepted by both the developer and Council. Any supply of housing under a large SHA would be delivered over a period of a number of years, not all in one year.</p> <p>The draft LTP includes funding for infrastructure that enables developers to progress land development. The extent and timing of infrastructure that Council funds (and recovers costs back via Development Contributions) has been set to balance the supply of land to the demand for land (for houses and business/employment). There is little allowance for any surplus capacity as required by the National Policy Statement for Urban Growth (NPS). The benefit of any SHAs approved and ultimately progressed by a developer is that they provide housing supply above the supply outlined by Council in the LTP. A portion of all SHAs contains a supply of affordable housing (40%). This has the benefit of aiding Council to meet its NPS obligations but also ensures that there is a competitive housing supply market that contributes to keeping house prices affordable.</p> <p>There is a risk that if Council approves a series of large SHA developments to be delivered in a similar time period they will impact on the demand (and hence cost benefit analysis) for the existing greenfield growth cell investments by Council. This assessment will be an important test for any future SHA applications.</p>
14	<p><b>SHA's</b> <i>What are the full opportunities SHA's and what other SHA's are coming up?</i></p> <p>HASSHA was set up to speed up the delivery of homes (under the new government particularly affordable homes) by truncating some of the provisions of the RMA. As you know HCC have approved 4 SHAs, one has been gazetted and the other three will be sent to the Minister for approval once SOLs are in place for the provision of infrastructure. Council doesn't simply receive SHA applications, we need to call for expressions of interest, then work with applicants to bring these to the Council table. We have 2 SHA under discussion - Te Awa Lakes and Tawa Street – we are discussing Te Awa Lakes with Council next week. We won't know what else is in the pipeline until we call for further expressions (this won't happen until after the SHA Policy has been revised to include government affordability criteria and the Policy has been approved by Council.</p> <p>We are aware that Tainui Group Holdings are considering an SHA for land in Ruakura. No detail or timing has been confirmed for this.</p>

15	<p><b>River paths</b>  <i>Closed river walkways – update on these including Annandale Retirement Paths to connect temple view.</i></p> <p>There are 2 closure sites at Kirikiriroa Reserve.</p> <ol style="list-style-type: none"> <li>1. North of London St where renewals work is being undertaken. Renewal work uncovered rotten timbers in the boardwalk that were additional to what was originally planned. This work is due for completion in 4 weeks time.</li> <li>2. South of London St is where land movement has been the reason for closure. Within this area are 3 separate issues that require repair. Initially the site was closed for monitoring which did take some time. Engineers were assessing the risk and the likelihood of a more major failure at this point. An initial engineers report was received on 19<sup>th</sup> March 2018 and since then we have been working with the engineers and contractors to firm up best options and pricing for repairs.</li> </ol> <p>The section of path at Te Hikuwai reserve below Allandale retirement village is closed due to a land slip. Staff have recently received an updated engineer report along with costings and a report is due to the Community and Services Committee in September.</p>
16	<p><b>Bats</b>  <i>Peacocke Development Structure Plan and process - impact on bats?</i></p> <p>See <b>Item 2.10</b> pre-circulated supplementary information.</p>
17	<p><b>Future Proof</b>  <i>This is a regional strategy; can it include something on rail link to the airport?</i></p> <p>The Future Proof phase 2 update which is occurring this year will note the longer term aspiration for a rail link to the Hamilton Airport and the need to identify likely rail corridors.</p>

Transport Improvement	
18	<p><b>School Link</b> <i>What is planned – cost and timing for next 3 years for school link?</i></p> <p>The School Link activity has proposed funding over the first 4 years of the draft 10 YP. 18/19 has \$2m with 19/20, 20/21 and 21/22 proposing \$6m each year.</p>
19	<p><b>Uni to city cycleway</b> <i>Did the bike plan include any plans developed for a cycleway from Uni to the city via the railway line?</i></p> <p>The university route in the Biking Plan refers to ‘providing a continuation of the cycleway from the Central City to the University parallel to the rail track’ There are width constraints within the rail corridor which would make it not feasible from a safety perspective.</p> <p>The current thinking is that the University route would consider the options provided within the Clyde Street corridor and its potential to connect into the School route. Funding for construction of the University route is currently planned in years 2024/25 and 2025/26.</p>
20	<p><b>Cycleway and carriage separation</b> <i>More information on separation of cycleway and carriageway.</i></p> <p>Where possible cycle facilities will be off road and be in the form of shared paths (with pedestrians) such as the Western Rail Trail.</p> <p>Safety improvements to on-road cycle facilities at key ‘pinch points’ via the installation of separators, for example, hit sticks or similar are included in the Discretionary Transport programme and will be trialled in various locations over the first years programme of 10-year plan. The results of these trials will be used to inform any further installations.</p>
21	<p><b>Templeview cycleway link</b> <i>Proposed extended cycle trail links on west between city, Templeview &amp; surrounding areas. Can staff comment on this please?</i></p> <p>The draft 10-Year Plan currently proposes funding across the 10 years for biking connectivity projects. A new connection from Collins Road through to the city, via the Western Rail trail, was opened last year. A continuation of that cycleway would be considered within the connectivity programme if approved.</p>

22	<p><b>Claudlands Bridge</b>  <i>Could we get a traffic count eastbound on the Claudlands bridge between 6-9 weekdays?  What would the cost be to close the bridge to inbound city traffic in the mornings?</i></p> <p>On average, approximately 650 vehicles travel <b>outbound - eastbound</b> over Claudlands Bridge between 6 and 9 am, and about 780 vehicles between 6 and 9 pm each week day. Included in this is at least 1 bus every 30 mins.  On average, approximately 2040 vehicles travel <b>Inbound - westbound</b> between 6 and 9 am each week day. Included in this is at least 1 bus every 30 mins.</p> <p><u>Costs to close Claudlands Bridge to <b>outbound - eastbound vehicles 6-9am weekdays:</b></u>  Cost – Opex approx. \$200,000 per year:  A closure 5 days a week 6-9am for outbound traffic - road closed in 3 places (including the slip lane), signage and increased operational costs. Further costs to consider that are not included are - Impacts/Changes to Public Transport schedule and routes, transport network impacts resulting from closure. Additional capital expenditure for a more permanent practical set up would be required, i.e. pop up bollards etc (capex costs not included)</p>
23	<p><b>Gordonton road</b>  <i>What is in the budget for the mowing of strips to improve cycle access and beam access?</i></p> <p>Gordonton Road is one of many peripheral roads in the city bordering rural natured land and city urban development. The scope for this project is to improve the safety and operations with the introduction of new intersection measures at the Thomas/Gordonton and Puketaha/St James/Gordonton and other potential safety improvements along corridor.</p> <p>Funding has been allocated to create an off-carriageway walking/cycling provision connecting Thomas road community through to existing cycle networks in the south on Wairere Drive.</p> <p>The alignment of this pedestrian/cycling provision would follow alongside Gordonton Road with connections to existing off road cycling network.</p> <p>A full urban upgrade would occur as part of the city expansion and urban development into the R2 - Ruakura north growth cell.</p> <p>The 10-Year Plan funding for these works is \$ 12.3M inflated estimate.  Refer pre-circulated Supplementary Information.</p>
24	<p><b>Speed Limit Kay Road</b>  <i>Where exactly are we at with changing the speed limit of the area of Kay Road?</i></p> <p>Kay Rd is the proposed haul route (rock being carted from quarries) for the construction of Resolution Dr. Staff are currently working with Waikato District Council (WDC) and the Expressway Contractor regarding installing a temporary speed limit on Kay Rd between River Road and Resolution Drive. The traffic management plan is drafted and we are in communication with WDC regarding agreeing and finalising the proposal. Once approved signs can be installed.</p>

25	<p><b>University parking</b> <i>Parking around the University - can anything be done about setting rules &amp; policing them?</i></p> <p>There are already a lot of parking restrictions in place around this area and the parking wardens do regular patrols in the area – and respond to specific requests as received. It is noted that there is increasing pressure in the area as infill housing occurs and we work on a case by case basis to deal with any issues that are raised as a result. Changes in parking patterns did occur for a while after the University introduced parking charges on the campus, but these have generally returned to normal as the students returned to parking on campus and just paying the small fee. Development of a parking strategy for this area, along with other high demand parking areas e.g. hospital, Hamilton East, Chartwell Square are something that could be considered as part of the implementation of the Access Hamilton Strategy moving forward.</p>
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Community Infrastructure	
26	<p><b>Theatre</b> <i>Information on previous theatre consultation.</i></p> <p><a href="#">Please refer to Founders theatre consultation - Link to the Council report 28 July 2016 here.</a></p>
27	<p><b>Museum budget</b> <i>Museum Budget – confirm if budget is remaining the same.</i></p> <p>We can confirm that the Museum’s budgets within the 10-Year Plan are not being reduced.</p> <p>However, they have been adjusted to accommodate the following:</p> <ul style="list-style-type: none"> <li>• Inflation adjustments which are based on BERL rates (Business and Economic Research Limited). These have been applied to budgets years two onwards.</li> <li>• Market remuneration adjustments have been applied to deal with wage and salary expected to occur next year.</li> </ul> <p>The above does not include asset renewals, for example replacing the Museum roof in FY18/19.</p>
28	<p><b>Taitua Arboretum</b> <i>What is in the budget Taitua Arboretum?</i></p> <p>\$81,319 – Annual Operational funding. \$0 - No Council funded Capital projects last financial year and no funding included in the draft 10-Year Plan. \$10 - 15,000 - Taitua Momentum Fund – this is a fund that was set up by the Mortimer’s to fund capital projects only. Funds from interest gained off the trust can be spent on Capital projects (needs to spent each year, otherwise its absorbed back into the main fund). The Taitua Advisory Group work with staff to identify and complete the projects each year.</p>
29	<p><b>Wifi at the Gardens</b> <i>Friends of the Gardens: suggestion for decent wifi that will enable donations (or payment) by cellphone/internet AND will enable tourist apps &amp; the like to work. Can we sort this?</i></p> <p>A WiFi at the Hamilton Gardens project was launched a few weeks ago. Technical scoping has been completed with costs estimated at \$20-30k plus ongoing data. Project scope has installation due by July 2018.</p>
30	<p><b>Hamilton Gardens Community Trust Governance Model</b> <i>Information on the ideas raised in this submission in relation to a community trust governance model for the Hamilton Gardens.</i></p> <p>Council currently works in partnership with Friends of the Hamilton Gardens and the Hamilton Gardens Development Trust to raise funds for development of the gardens. Further exploration of a Community Trust governance model is required to understand how this would work as well as any advantages and disadvantages.</p>

31	<p><b>Return on improved visitation to attractions</b>  <i>Financial predictions about the potential return to the city council of improving visitor time in the city due to improvements to the zoo and gardens as a suite of attractions.</i></p> <p>The Community Infrastructure attachment to the deliberations report contains detail on this item.</p>														
32	<p><b>Admission prices for attractions</b>  <i>List of prices of attractions around Hamilton such as Hobbiton?</i></p> <p>See <b>Item 4.24</b> pre-circulated Supplementary Information.</p>														
33	<p><b>Libraries Facilities plan</b>  <i>Staffs priorities on actions with in the Libraries facility plan.</i></p> <p>Priorities for the libraries network capacity and optimisation improvements were outlined in an unfunded proposal within the agenda for the 6 December 2017 10-Year Plan Council meetings. The prioritised order of these projects from the perspective of staff is:</p> <ol style="list-style-type: none"> <li>1. Hillcrest library extension.</li> <li>2. Improvements to the central city library.</li> <li>3. Chartwell library - outdoor reading room.</li> </ol>														
34	<p><b>Libraries current draft 10-Year Plan</b>  <i>What is included in the 10YP for the next 3 years – what projects and what libraries?</i></p> <p>Capital projects for Libraries included are:</p> <p>Compliance  Year 1 Safety Improvements across the network \$80,000  Year 2 – RFID across the network \$1,131,000</p> <p>Community Infrastructure  Rototuna Community Hub and Town Square. At present the whole project is sitting in the libraries line including town square, caprarks , hub etc . The library/ hub proportion is around \$8 Mil-\$10 Mil depending on outcome of detailed design and feasibility. Phasing of this project and expenditure may move around once detailed project plan is developed.</p> <table border="0"> <tr> <td>Year 2</td> <td>\$ 2,405,000 enabling works, design</td> </tr> <tr> <td>Year 3</td> <td>\$9,743,400</td> </tr> <tr> <td>Year 4</td> <td>\$8,489,200</td> </tr> </table> <p>Renewal  Libraries collections, building and operational assets have renewal programmes covering all sites.</p> <p>Operational projects includes the Mayors budget addition of Digitisation:</p> <table border="0"> <tr> <td>Year 1</td> <td>NIL</td> </tr> <tr> <td>Year 2</td> <td>\$255,500</td> </tr> <tr> <td>Year 3</td> <td>\$261,000</td> </tr> <tr> <td>Year 4</td> <td>\$266,800</td> </tr> </table>	Year 2	\$ 2,405,000 enabling works, design	Year 3	\$9,743,400	Year 4	\$8,489,200	Year 1	NIL	Year 2	\$255,500	Year 3	\$261,000	Year 4	\$266,800
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35	<p><b>Rototuna Community Hub</b>  <i>Breakdown of \$19m for Rototuna Community Hub.</i></p>														

	<p>Note: these are high level estimates only – options, potential partnership and detailed design is still to be undertaken and a business case developed (year 1).</p> <p>Costs include inflation:  Library Community Hub \$9m  Public square \$7.5m  Carparks \$2.5m  Pool development EOI for private partner</p>
36	<p><b>Rototuna Hub</b></p> <p><i>Would it be possible to reposition the Hub closer to sports fields, and including 'sports rooms' (like the one at Western Community Centre) available for sports organisations to use?</i></p> <p>Options for the Rototuna Town Centre community facilities (location and form) will be explored as part of the feasibility/options study being undertaken in 2018/19.</p>
37	<p><b>Rototuna pool &amp; YMCA</b></p> <p><i>What work have we done with regards to the YMCA running and building the Rototuna Pool?</i></p> <p>There will be a formal procurement process where interested parties can submit an expression of interest to build and run the pool at Rototuna in Y1 (2018/19) if the Rototuna community Hub proposal is approved.</p>
38	<p><b>Pools Charge Comparison</b></p> <p><i>Can we have a comparison of charges and rationale for stopping 30 card concessions?</i></p> <p>Swim memberships allow unlimited access to the pools for those periods. There are also options to join the gym and pay a weekly amount that include free access to pools as part of the membership. Currently, the concession card provides customers with a large discount (as per below) and can be used by customers over a period of one year. This means that someone can buy a 30-card concession and use this for over 6 months if they are only swimming once a week and swim at our facilities for only \$4.33 per swim.</p> <p>To reward and discount customers who swim regularly (multiple times per week), it was proposed to disestablish the 20-30 concession cards and encourage members to purchase the swim memberships instead (85 per month, 240 for three months etc). This still incentivises and discounts regular swimmers, but does stop a large discount being applied for essentially nothing more than a bulk purchase. Only 8 of the 17 benchmarked pools provided 20 swim concessions and 4 out of the 17 provide 30 swim concessions. Fee comparisons are included in pre-circulated Supplementary Information.</p>
39	<p><b>Pool Trusts</b></p> <p><i>Circulate service delivery review on trusts to run pools</i></p> <p>See pre-circulated Supplementary Information.</p>
40	<p><b>Geologists report</b></p> <p><i>Geologists report on the UV study/scanning that Mayor Andrew mentioned to the Muni Pool submitters?</i></p> <p>Added - Tomo information and costs to remediate.</p>

	See <b>Item 4.38</b> pre-circulated Supplementary Information.
<b>41</b>	<p><b>Sink or Swim</b> <i>Sink or Swim re-opening the pool - check out their financial picture.</i></p> <p>Sink or Swim is a committee within Hamilton East Community Trust. Hamilton East Community Trust is registered with Charities Services, their financial year end is 31 March, so they have not filed their 2018 accounts online yet. Previous years financial are listed as:</p> <ul style="list-style-type: none"> <li>- 2017, income \$1,085 - expenditure \$1,232</li> <li>- 2016, income \$17,907 - expenditure \$21,627 (\$10k of this was Environment Court costs)</li> <li>- 2015, income \$41,178 - expenditure \$47,419 (\$43k of this was Environment Court costs)</li> </ul> <p>Their main purpose is to promote the preservation and protection of heritage buildings and sites in Hamilton East for the benefit of the community.</p>
<b>42</b>	<p><b>Sports park proposal</b> <i>More numbers and detail on sports park proposal.</i></p> <p>See <b>Item 4.28</b> pre-circulated Supplementary Information.</p>
<b>43</b>	<p><b>Resthill Park and policy stopping commercial catering service provider</b> <i>Resthill Park – what work has been done on the building and what is scheduled for the next three years (in particular for toilets, storage and carpark levelling)? Clarify if it is their own trust that prevents the commercial catering service provider or our lease agreement.</i></p> <p>See <b>Item 4.18</b> pre-circulated supporting information.</p>
<b>44</b>	<p><b>Steele park pavilion</b> <i>What work has been done on building and what is scheduled for next three years. Also around the toilets and old Plunket building?</i></p> <p>There are 3 buildings at Steele Park – The Women’s toilets (old Plunket), Men’s toilets and the Pavilion. Staff have identified issues with these toilets (male and female), and included budget for planning/design in Year 2 and an upgrade of the toilet/sport pavilion in year 3 of the draft 10-year Plan. The plan is, as a short-term solution, there is a screen to be installed (this week) in the Male toilets to deter some undesirable behaviour, and staff will continue to monitor this.</p>
<b>45</b>	<p><b>Sports Grounds - Gower Park</b> <i>What is the programme for renovating the sports park including programme for opex and renewals and drainage. Has work on Melville Football Club been done to standard?</i></p> <p>See <b>Item 4.56</b> pre-circulated Supplementary Information.</p>

46	<p><b>Innes Common</b>  <i>Is there any work scheduled in the 10- Year Plan for the draining of Innes common to improve the sports fields? Can we indicate costs? Breakdown of the costs of our budget for this?</i></p> <p>There is no new drainage work funded for Innes Common in the draft 10-Year Plan. The unfunded Sports Field Improvement Programme includes priority projects and funding for 13 fields that if funded staff are confident could alleviate capacity concerns and accommodate Lacrosse without investing in Innes Common Drainage.</p> <p>If a project to improve drainage at Innes Common was to be considered, to provide maximum benefit, primary drainage, secondary drainage and irrigation would be recommended at a cost of around \$260,000 per field.</p>
47	<p><b>Melville AFC</b>  <i>What are the plans for a sports park renovation?</i></p> <p>Melville AFC are based at Gower Park, which has one sand carpet field and 7 soil fields. The Parks team work to a budget of around \$215,000 per year for sports field renovations across the city and renovations are typically carried out in Spring and Autumn each year. Defining the scope for the renovations based on an assessment of sites, with specialist input as and when required. The City-Wide assessment each spring and autumn determines what the priority areas for renovations are and this determines how much is spent at each site. Typically, as a renovation, a sand carpet field would receive de-thatching, re-sanding, under sowing and aeration a minimum of 2x per year. A soil field would be assessed and receive under sowing, fertiliser, vertidrainage and additional soil to level out according to need/affordability.</p> <p>Last financial year \$31,549 was spent on renovation works on Gower. Response 4.56 contains more detail on the total costs associated with Gower Park.  Last financial year \$31,549 was spent on renovation works on Gower. Response 4.56 contains more detail on the total costs associated with Gower Park.</p>
48	<p><b>Access to sports parks</b>  <i>What work has Council been doing with Lacrosse and Suburbs community sports club to address access to sports parks?</i></p> <p>Staff are aware that Lacrosse has been liaising with other codes and clubs to see if there are partnership opportunities (Eastern Suburbs may have been one such club), but we (HCC) haven't been involved in the detail. There have been ongoing conversations between staff and Lacrosse. There are challenges around finding a site that would work for Lacrosse, with 4 fields that is available all year round (summer and winter).</p> <p>Staff have given Lacrosse an option of the Council providing two fields at two sites (Te Kootii and Derek Heather), located down the road from each other. Lacrosse were going to explore this option but have not accepted the offer.</p>

49	<p><b>Sports park drainage</b>  <i>Report on draining existing fields – update on current drainage plans - Will it meet the needs over the next three years?</i></p> <p>Renewals funding for sports fields primary drainage is included in the Draft 10-year plan and allows for a like for like replacement of drainage assets. This funding will only maintain the status quo over the next three years and does not create any further capacity. It does not cater for new sports or provide any solution to ground cancellations. The unfunded sports field improvement programme (discussed in item 4.28) suggests a programme of replacement primary drainage, plus secondary drainage plus irrigation. This work programme would provide additional capacity by addressing drainage issues in winter and ensure turf cover is maintained over the dry summer months thus extending the hours of use per field.</p>
50	<p><b>Artificial turf</b>  <i>Background on options for artificial turf. Are we using hybrid turf anywhere? If so, where, and is it cheaper, portable and drain-able?</i>  <i>Understanding of timing and funding of turfs as informed WRSFP and submitters.</i></p> <p>Auckland City Council is leading the way with artificial turf, and have recently built a number of hybrid fields. Initial indications out of Auckland are that Hybrids are half the capital cost of artificial's but provide two thirds the benefit both from a practical and sustainability point of view. They cost the same as a sand carpet to maintain in the long run. There are no hybrids turfs for Community Sport in Hamilton at this point in time.</p> <p>Prior to the next 10-Year Plan, Parks staff will be analysing participation demand data across sport clubs to identify our supply and demand. This will then lead onto a further layer of work that will look at how and where we build capacity, considering the full suite of turf options (soil, secondary, sand, hybrid and artificial etc). Sport Waikato have indicated a sub-regional approach to artificial turf, and we would support this. This is an opportunity to further our collaborative relationship, and they will have the oversight in terms of advocacy across the region.</p> <p>Description  Sand Carpet: Full profile sand carpets are free draining and provide an excellent natural playing surface. They do need a lot of regular maintenance to retain their integrity.  Artificial Turf: Full synthetic turf fibres with an infill compound to provide cushioning.  Hybrid Turf: Synthetic fibres intermixed through natural grass – good to use in high wear areas such as goal mouths.</p>
51	<p><b>Sports co-ordinator</b>  <i>What is the feasibility of sports co-ordinator based at Sport Waikato – for deliberation discussion?</i></p> <p>In the restructure of the Community Group, a new role was established, the Policy and Strategy Advisor - Social Development and Recreation, which has a focus on Sport and in particular working alongside Sport Waikato.</p> <p>In the strategic review of Community Development, there will be an opportunity to allocate one of the Community Advisors to a Sports focus in their role, to pull together the Sports and Recreation aspects of Council's business and liaise with sporting codes.</p>

	<p>If Council want to fund a Sports Coordinator that would be employed by and based at Sport Waikato, the cost would be 90-100K, which would cover salary costs and a vehicle.</p>
52	<p><b>Netball</b>  <i>What discussions have been had with Hamilton Netball? What has been spent and what is planned to be spent for the next 3 years?</i></p> <p>In late 2017 Netball first shared their aspirations for the Hamilton Netball Centre at Minogue Park with HCC staff. The proposal is to bring \$1.1million of court renewals funding forward from year 3 to year 1 and use this funding to fund an upgrade including reconfiguration and extension of the facilities building.          Concept designs have been presented, however staff have not seen any detailed design to inform how an upgrade project may impact on operational budgets. The reconfiguration of the amenities block would be an increase in level of service as its currently functional and in a good state of repair.</p>
53	<p><b>Netball at Claudelands</b>  <i>Why can Netball not use the Claudelands Arena when it is not in use?</i></p> <p>Claudelands Arena poses a number of challenges for netball users to access the venue for games outside of larger scheduled tournament bookings such as premier and international level games.</p> <ul style="list-style-type: none"> <li>• It is not possible to maintain a definitive schedule for users to plan their use of the venue given other bookings or commercial priorities that might override their plans.</li> <li>• The set up required for use is more complex that walking into a dedicated netball court and incurs additional costs such as special lighting setups cleaning and security etc.</li> <li>• It takes a total 46 man-hours to lay and mark out the court for each use and 42 man-hours to lift it and pack away. That's 88 hours at \$31.50 ph totals \$2,772 in cost for the court. That cost would have to be met by either the netball user (who would find it totally unaffordable) or by Council (currently with no budget provision). The condition of the uncovered Arena floor is not at all safe for game play.</li> <li>• It is very rare that the court is able to stay set for a prolonged period. Where we can, we have offered to netball days and times when it can be setup either side of a big game however that rarely suits their schedules.</li> </ul>
54	<p><b>Community use of stadia</b>  <i>Previous paper on the community use of stadia to be recirculated.</i></p> <p><a href="http://www.hamilton.govt.nz/AgendasAndMinutes/20170824%20-%20Council%20Open%20Agenda%20-%2024%20August%202017.pdf#page=34">http://www.hamilton.govt.nz/AgendasAndMinutes/20170824%20-%20Council%20Open%20Agenda%20-%2024%20August%202017.pdf#page=34</a></p> <p><a href="http://www.hamilton.govt.nz/AgendasAndMinutes/Council%20Minutes%20-%20Unconfirmed%20-%2024%20August%202017.pdf#page=5">http://www.hamilton.govt.nz/AgendasAndMinutes/Council%20Minutes%20-%20Unconfirmed%20-%2024%20August%202017.pdf#page=5</a></p>
55	<p><b>Hillcrest destination playground</b>  <i>Could destination playground in Hillcrest include a skatepark? When is Hillcrest destination playground going in?</i></p> <p>The Hillcrest Destination playground development has been included in Year 3 (2020/21) of the Draft 10-Year Plan. Each playground project would be subject to confirmation through a community engagement process and as part of this, staff can investigate the addition of skate elements within this site.</p>

56	<p><b>Catering for disability in playgrounds</b>  <i>How do we cater for children with disabilities in playground design? When a plan comes back for adventure playgrounds ensure it consider kids with disabilities.</i></p> <p>Playgrounds, in particular destination playgrounds, aim to cater for all ages and abilities. Many existing and all new playgrounds offer accessible surfaces, park furniture, toilets and items of play equipment. Plans for new destination playgrounds are reviewed by HCC Disability Advisor and the Access Coordinator from CCS Disability Action.</p>
57	<p><b>Skate park Rototuna</b>  <i>Opportunities for skate park in new Rototuna hub?</i></p> <p>A 2017 online survey and workshop with key stakeholders identified the Central City as the preferred location for a new skate park and Rototuna was the second preference. Within Rototuna Sports Park (due for field development in year 1) there is space that could be made available for a new skate park, however, there is no funding provided for skate park development currently in the draft 10- Year Plan.</p> <p>There is an unfunded proposal which gives 2 options for provision of a new skate park. Both options were intended for a Central City Location but could be located in Rototuna if there was community interest. Costs range from \$1.6 million capital funding for a basic spec skate park to \$3.6 million capital for a high spec skate Park.</p>
58	<p><b>Skate park for Hamilton East</b>  <i>Information on potential for.</i></p> <p>As stated in item 4.19, the Hillcrest Destination Playground could include skate elements. There was an unfunded proposal presented alongside the draft 10-Year Plan which gives 2 options for provision of a new skate park. Both options were intended for a Central City Location but could be located in Hamilton East if there was community interest. Costs range from \$1.6 million capital funding for a basic spec skate park to \$3.6 million capital for a high spec skate Park.</p>
59	<p><b>Biodiversity</b>  <i>Detail of spend into Biodiversity restoration over the last 6 years and what is planned over the next 3.</i></p> <p>See <b>Item 4.63</b> pre-circulated Supplementary Information.</p>

60	<p><b>Gully Restoration Plan</b> <i>What is the status and is there funding from Waikato Regional Council?</i></p> <p>Plants for Gullies is the programme that was being referred to during the public submission hearings.</p> <p>This is a land owner education and awareness outreach programme designed to increase restoration and stream health by improving behaviours of stream owners through practical support. The project aims to protect these areas from further degradation caused by erosion, weed invasion and pest animal predation of native fauna. It also aims to restore the local ecology and increase the wellbeing of local communities through having attractive neighbourhoods and healthy streams.</p> <p>There are two parts; firstly, the Plants for Gullies Programme, with help from external funders we are able to provide free plants, herbicide gel to tackle the woody weeds and ecoir matting to help with steep banks. The Plants for gullies programme was running for 13 years, initially as part of the sustainability team with one staff member. At this stage Waikato Regional Council contributed \$35,000 towards the purchase of plants and HCC's contribution was to provide the staff to collate and distribute plants. In 2015 WRC changed their process and needed financial contribution of dollar for dollar. With no identified funding HCC were unable to continue with this initiative.</p> <p>The second part of the programme, Hamilton City Council in conjunction with Environmental Research Institute runs a hands-on Gully Seminar Series where restorers or interested parties can attend for free to actively learn, through asking questions and, experiencing hands on techniques. The seminar series consists of two evening seminars with expert guest speakers talking about relevant gully topics, and two weekend field trips for participants to discover new gullies or learn new skills such as seed sowing. Hamilton City Council staff continue to be actively involved in this initiative.</p>
61	<p><b>Gullies</b> <i>What are the projects and spend that has been invested in the gullies over the last 6 years and what is planned for the next 3 years? What are the priority projects?</i></p> <p>See <b>Item 4.29</b> pre-circulated Supplementary Information.</p>
62	<p><b>Lake Rotoroa</b> <i>What we plan to spend on Lake Rotoroa over the next 3 and 6 years?</i></p> <p>On average, the annual spending on Lake Rotoroa is \$63,000. This includes:</p> <ul style="list-style-type: none"> <li>• Lake water testing approx. \$40,000</li> <li>• Weed spraying approx. \$3,000</li> <li>• Operational budget on average is \$20,000 (this includes rubbish removal, retaining wall repairs, maintenance of water's edge)</li> </ul> <p>3 year spend – \$189,000 6 year spend - \$567,000</p>

63	<p><b>River use</b> <i>Has any assessment been done on the use of the river? Who uses it, how and when?</i></p> <p>Staff are not aware of a recent assessment of river use as such. However, we have the following information which may assist.</p> <p>Cyclist and pedestrian counts are captured annually, the nearest location is at Ann Street, north of the central city. During 2016 &amp; 2017, just over 50,000 cyclists each year have used the path in this location, pedestrian numbers rose from 78,000 in 2016 to 92,000 in 2017. Staff anticipate that numbers within the central city would have been impacted by recent construction works. However, once these are addressed the central city is likely to be a destination for greater numbers of pedestrians and cyclists than at Ann Street.</p> <p>With respect to water users, the most recent data available from 2015 informs us that the local rowing and waka clubs had a combined membership of 585, with another 267 members of the Waikato Sport Fishing club. The rowing clubs typically use the river most in the early mornings/weekends and to a lesser extent after school/work. While the waka ama tend to be afternoons and weekends.</p> <p>Elected members may recall that the Waikato River Explorer reported carrying 12,000 visitors per annum.</p>
64	<p><b>Maori sites on the river</b> <i>Information on the Maori sites on the Riverside. What is in the plan for this over the next 3 years?</i></p> <p>We have no specific funds allocated to Maori river sites for projects. However, planned works we have at Maori River sites within the next 3 years are;</p> <ul style="list-style-type: none"> <li>- Te Owango Pa - Ti Hikuwai Reserve, slip repair</li> <li>- Kirikiriroa Pa - Kirikiriroa Reserve, slip repair- Days Park - river bank revetment</li> <li>- Unnamed PA and Te Pa O Ruamutu - Hammond Park, Te Awa cycle way</li> <li>- Te Nihinihi PA - Dillicar Park, Tree pruning for river views</li> </ul>
65	<p><b>Western rail trail</b> <i>Cost and any work done on connecting the Western rail trail to the CBD.</i></p> <p>There is a programme of works proposed in the Transport Programme called Biking connections which is intended for projects like this that will make connections between existing cycleways and destinations. Consideration is being given to potential changes to Ward Street in conjunction with adjacent land use developers to form a connection. Any proposals will be discussed with and approved by Access Hamilton Task Force.</p>

66	<p><b>Clarence St Theatre</b>  <i>Is there any provision in the 10-Year Plan budget to support Clarence street Theatre while the issue of a new Theatre is sorted?</i></p> <p>No. The Deed of Gift for the handover of Clarence Street Theatre was very specific in recording the Theatre Trusts acceptance and full state of the building and assets condition that was handed over. The deed was clear that other than the initial \$150,000 for seismic strengthening work, that the Trust would bear full responsibility for any renovation and upgrade work, and operating solvency beyond that point. Any comments suggesting that the building and equipment is in any lessor condition than originally known at the time of the gift is incorrect.</p>
67	<p><b>Pacific Hub &amp; Central Orchestra</b>  <i>Pacifica Hub and Central Orchestra - what is the process and timelines around progressing such requests?</i></p> <p>During the Stadium Bowling Site expression of interest process staff have been given direction to undertake a master planning exercise for the West Town Belt to ensure we have an overarching strategic vision for this green space.</p> <p>Kaute Pacifica, Orchestra Central along with Waikato Bay of Plenty Football and Waikato Kindergarten Association are in the list of 4 organisations who were shortlisted as part of the Stadium Bowling Facility Expression of Interest process. All four organisations will be given a final opportunity to add any new information to their proposals which will be assessed against criteria based on Community Occupancy Policy and a recommendation will come to council for consideration (alongside the West Town Belt Master Planning) by September 2018.</p>
68	<p><b>Community Grants fund - information and comparisons</b>  <i>How much is being spent of the community grants fund - the quantum spend over the last 6 years?</i>  <i>A dollar amount for the amount of unsuccessful requests over the same period.</i>  <i>Community Grants comparisons with other Councils.</i></p> <p>Over the 5-year period of 2013-18 \$6,007,230 was granted to community organisations, Service Level Agreements and Contestable Grants.  Through the contestable grants available \$6,938,265 was requested, with \$2,848,886 being allocated.  See <b>Item 4.6</b> pre-circulated Supplementary Information for comparative information.</p>

69	<p><b>Community Assistance Funding</b>  <i>Information on the Community Assistance Grant and financial impact of increasing this – eg inflation and/or 10% increase</i></p> <p>The Community and Social Development team administers Council’s Community Assistance Grants. These are 100% rates funded.</p> <p>The current Multi-Year Community, Single-Year Community and Community Event Grant funding pool is budgeted at \$1,160,000 per annum for the next 10 years.</p> <p>Targeted grant funding is one way that Council contributes to the community and arts sector. Community grants provide an opportunity for community-led initiatives, improve community connectivity, promote and build the volunteer sector and enable a wide and diverse range of activities to occur.</p> <p>Multi-year grants are allocated for a three-year term to community groups with grants for 2018-21 ranging from \$10,000 to \$80,000 per annum. The purpose of these grants is to provide some security of funding to established groups that contribute to the social infrastructure across the city.</p> <p>Council’s grants do not fully fund organisations, but rather enable them to leverage Central Government and philanthropic funds, resulting in significant returns on investment for the city. Council’s \$1,160,000 resulted in \$17,276,108 worth of projects being achieved in the city in 2017/18.</p> <p>The Gallagher Academy of Performing Arts contract expires in 2018 and the contracted annual grant of \$165,000 has not been renewed. This amount was additional to the community assistance funding of \$1,160,000 and has not been budgeted in the draft 10-Year Plan.</p> <p>Statistical information showing figures for historical grants matched to population and rateable properties benchmarked against other cities can be found under Item 24 in the supplementary information to the Elected Member Request Register (items generated during verbal submissions and circulated 25 May 2018).</p> <p>The most recent benchmarking information from 2015/16 (based on census data) shows dollar per resident levels for Hamilton City are low when benchmarked against other territorial authorities.</p> <p>Without applying inflation to the grants, the dollar per resident rate will continue to decrease as the population grows with the 2018/19 rate predicted to be \$7.00 per resident and decreasing thereafter.</p> <p>The overall message from community groups who raised this the matter of the Council’s Community Assistance Funding was that it was not enough to keep pace with the growth and corresponding need our communities.</p> <p><u>Fund a 10% increase of community grants in year 1 and increase by annual inflation thereafter</u></p> <ul style="list-style-type: none"> <li>• This would cost an additional \$2.56m over 10 years</li> <li>• The dollar per resident rate (based on NIDEA population estimates) will be \$7.70 in 2018/19 and incrementally increases to \$8.50 by 2027/28, similar to 2012/13 rates</li> </ul> <p><u>No initial increase - inflation year 2-10</u></p> <ul style="list-style-type: none"> <li>• This option does not include any initial increase but ensures the grant pool increases each year by inflation.</li> </ul>
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	<ul style="list-style-type: none"> <li>• This would cost an additional \$1.27m over 10 years</li> <li>• The dollar per resident rate will be \$7.00 in 2018/19 and incrementally increases to \$7.72 by 2027/28.</li> </ul>
70	<p><b>Incremental development - CBD revitalisation/Garden Place</b>  <i>Understanding of any elements of the CBD revitalisation/Garden Place that are or could be planned for incremental implementation over the next 6 years.</i></p> <p>In the next 12 months, there are minor operational works planned including:</p> <ul style="list-style-type: none"> <li>- Upgrade of the Garden Place lights as part of the transport upgrades (OPEX),</li> <li>- Pigeon control at problem locations within Garden Place (OPEX)</li> <li>- Garden Place Car Park ground floor improvements to improve personal security (renewals)</li> <li>- Staff are working the Hamilton Central Business Association to identify further operational works such as minor landscaping changes</li> </ul> <p>Revitalisation of the central city was specially addressed in the Central City Transformation Plan and a list of projects is identified in the Supplementary Information. Staff would recommend further work, including community engagement to undertake co-design and to review the priorities before any commitment is made.</p>
<b>Other</b>	
71	<p><b>Waikato Vital Signs Report</b>  <i>Report to be provided by Momentum.</i></p> <p>This document has been circulated to elected members on the one drive.</p>
72	<p><b>CBD height restrictions</b>  <i>What are our current height restrictions for buildings in CBD?</i></p> <p>In the Central City Zone, there are three Height Overlay areas which have different height standards for these areas. The initial maximum height for Height Overlay 1 and 2 is 16m and for Height Overlay 3 is 13m. The standard also allows for increases in heights above these maximum's where a height 'bonus' system is used. In Height Overlay 2 the use of 1 bonus would allow up to a height of 20m. Height Overlay 1 (which covers the more 'core' part of the Central City) allows for additional height with bonuses and potentially &gt;32m where multiple bonuses are used. The District Plan sets out what the bonuses involve. Through a resource consent an infringement/non-compliance of the height standard can also be considered.</p>

73	<p><b>Heritage fund - additional information</b></p> <ul style="list-style-type: none"> <li>• <i>Background on Heritage Fund (when did it get reduced?) and how much spent last year?</i></li> <li>• <i>Heritage panel – recollection at midterm Council were going to consider those panels taken out at beginning of term to come back in - where's this at?</i></li> <li>• <i>Further reports are coming with regards to heritage issues - update on when these are coming up?</i></li> </ul> <ul style="list-style-type: none"> <li>• \$87k was spent in the 2016-17 financial year</li> <li>• The Heritage Fund was originally proposed as \$200k per annum under the 2015-2025 10-year plan, but the decision was made to keep this at \$100k per annum (it has remained at this level)</li> <li>• The Heritage Panel was disestablished as part of the Committee structure changes with the new Mayor and Council. Staff proposed that the Urban Design panel assist with heritage issues using the heritage expertise on the panel.</li> <li>• The Heritage Report has been deferred at the Mayors request until after the 10-Year Plan process and is currently scheduled to August 2018.</li> </ul>
74	<p><b>Plastic bags</b></p> <p><i>Can council better support supermarket to get rid of plastic bags? CE to report back on LGNZ remit on this matter.</i></p> <p>Staff are aware that New World and Countdown are proposing to phase out plastic bags in all their stores by end of 2018.</p> <p>As these processes are underway staff are keen to support Hamilton residents to make a smooth transition. The Council has been approached by Bags Not (<a href="https://bagsnot.org.nz/">https://bagsnot.org.nz/</a>) to support their campaign on eradicating single use plastic bags. Staff are working with Bags Not to understand what this would entail and what the value is for Hamilton.</p> <p>Any amendments to the existing Solid Waste Bylaw, or the introduction of a new bylaw, would not be in place before the end of 2018, therefore wouldn't speed up New World or Countdowns commitments. Through the Bylaw review staff will investigate whether it can be used to require other supermarkets and/or shops to phase out plastic bags. This will be done whilst being mindful not to duplicate work the central government is doing. Hon. Eugene Sage, Associate Minister for the Environment stated in March 2018 that the government is developing options to get rid of single-use plastic bags.</p> <p>The 2015 LGNZ remit that was supported was:</p> <p>Levy on plastic shopping bags</p> <p>The second remit asked that LGNZ requests that the Government impose a compulsory levy on plastic shopping bags at point of sale. This remit was proposed by Palmerston North City Council. Members voted strongly in favour.</p> <p>Members speaking to this remit said they supported the Government's recent announcement to invest \$1.2 million dollars in recycling stations at some major retail outlets but argued that more action is needed. Whilst recycling is important, the country must also focus on reduction in bag usage. Local government's view is imposing a compulsory levy at the point of sale will act as a deterrent, reducing the total number of single use plastic bags produced. The introduction of levies in countries like Denmark, Ireland and China have led to a dramatic reduction in plastic bag use.</p>

75	<p><b>Deprivation statistics</b>  <i>Update on the latest deprivation information for Hamilton.</i></p> <p>Waikato Region Index of Multiple Deprivation report has been circulated to elected members.  <a href="#">Link to the presentation</a></p>
76	<p><b>Employment policy for people with disabilities</b>  <i>Policy around employing people with disabilities and actual numbers as they are now? Just want assurances that we have active approach to this? How active are we in employing people with disabilities?</i></p> <p>The current Recruitment and Selection Policy is included in pre-circulated Supplementary Information.  This covers off under Section 4.4 Equal Employment Opportunities. Management policies are reviewed every 3 years so this particularly policy will be reviewed later this year in July 2018. Management policies are reviewed every 3 years so this particularly policy will be reviewed later this year in July 2018.</p>
77	<p><b>Bi-lingual document</b>  <i>Circulate bi-lingual document mentioned by the submitter Rawiri.</i></p> <p>Maori landmarks on riverside reserves report has been circulated to elected members on the one drive.</p>
78	<p><b>Options for Drury Lane /CBA</b>  <i>Circulate the letter to the organisations.</i></p>
79	<p><b>Debt &amp; Rates Ratios</b>  <i>What impact on debt ratios and rates does each \$1million reduction in capital spending on community facilities have?</i></p> <p>The impact will depend on the project.  Every \$1 of capital not spent will save a dollar of debt capacity.  Where it gets complicated is in the consequential opex. The effect is different if we are running at a surplus or deficit and whether revenue is involved. (e.g. If the project has revenue then every \$1 lost would reduce debt capacity by \$2.30. If running at a surplus then the dollar would reduce the surplus by a \$1 and reduce debt capacity by a further dollar. If running at a deficit the deficit would increase by a \$1, Interest costs would increase by 5 cents and so debt capacity would decrease by a \$1.05)  In conclusion, there is no rule of thumb.</p>
80	<p><b>City Safe</b>  <i>What would it cost to extend City Safe into Hamilton East?</i></p> <p>The City Safe presence would be a two-person patrol throughout the suburban areas of Hamilton 7 days a week. This would be predominantly throughout the daytime. They would have a response vehicle enabling them to respond to complaints such as low-level disorder and behaviours upsetting people focussing on begging and vagrancy. Four staff employed, two working at any time.  Approximate cost \$185k:  4 x \$43k for salaries \$172,000  Further \$13k for training and uniforms \$13,000</p>

	<p>Total required \$185,000  Approximate cost \$185k:  4 x \$43k for salaries \$172,000  Further \$13k for training and uniforms \$13,000  Total required \$185,000</p>
81	<p><b>Social Housing Fund - Financial/Operational Implications</b>  <i>More information on the financial and operational implications to support the creation of a \$2M Social Housing Fund.</i></p> <p>This matter was raised as a motion at the December 6-12 Council meeting but was not approved in the draft 10-Year Plan budget.</p> <p>Staff have considered three potential options for the disbursement of funds over the term of the 2018-2028 10YP:</p> <ol style="list-style-type: none"> <li>1) Single Year Full Disbursement. The whole amount of the fund is paid out to one or more applicants in a single year – ie \$2,000,000 in Year 1 of the 10-Year Plan</li> <li>2) Multi Year Disbursement. The fund is paid out to one or more applicants over any number of years during the 2018-2028 10YP period, for example \$500,000 per year for Years 1-4 of the 10-Year Plan</li> <li>3) Annual Disbursement. The fund is paid out to one or more applicants each year over the 2018-2028 10YP period – ie \$200,000 in Years 1-10 of the 10-Year Plan.</li> </ol> <p>Financial Considerations</p> <ul style="list-style-type: none"> <li>• The settlement of the pensioner housing sale of \$18.8m (not \$18.5m as stated in the motion) in March 2019 will happen regardless of what Council subsequently decides to do. Therefore \$18.8m will go into Council's bank account and effectively reduce debt.</li> <li>• A decision to set up a \$2m contestable fund to support social housing initiatives is unrelated to the above receipt of money in terms of Council's finances, but it is perfectly valid to link the two events – Council will receive money for exiting the social housing activity, and could therefore establish a fund to support social housing in the future.</li> <li>• Other Considerations</li> <li>• If a contestable Social Housing Fund is established the Council will need to establish a policy framework for administration of the fund, including criteria for: <ul style="list-style-type: none"> <li>○ Eligibility for funding</li> <li>○ Evaluation of applications</li> <li>○ Allocation of funding</li> <li>○ Spending plan</li> </ul> </li> </ul>
82	<p><b>\$5 Admission Fee to Hamilton Gardens</b>  <i>What would a \$5 entrance fee to the Hamilton Gardens look like?</i></p> <p>See <b>Item 7.5</b> Supplementary Information</p>

ATTACHMENT 3a

Assumptions and budget adjustments

OPERATING BUDGET CHANGES

Base operating budget changes post consultation (net impact – inflated)	Year 1 2018/19 Fav/(Unfav) \$000	Year 2 2019/20 Fav/(Unfav) \$000	Year 3 2020/21 Fav/(Unfav) \$000	Year 4 2021/22 Fav/(Unfav) \$000	Year 5 2022/23 Fav/(Unfav) \$000	Year 6 2023/24 Fav/(Unfav) \$000	Year 7 2024/25 Fav/(Unfav) \$000	Year 8 2025/26 Fav/(Unfav) \$000	Year 9 2026/27 Fav/(Unfav) \$000	Year 10 2027/28 Fav/(Unfav) \$000	Total 10 Years Fav/(Unfav) \$000
Reduced development contributions (correction)	(2,010)	(2,844)	(3,295)	(3,560)	(3,562)	(3,590)	(3,458)	(3,319)	(3,411)	(3,372)	(32,421)
Increased depreciation and amortisation expense as a result of improved modelling	(864)	(2,231)	(1,616)	(3,039)	(3,008)	(3,246)	(3,537)	(3,319)	(3,101)	(4,536)	(28,497)
Rubbish and recycling contract price adjustments (new information)	(50)	(224)	(423)	(455)	(457)	(475)	(512)	(533)	(555)	(577)	(4,261)
City Planning personnel required (four roles staged over three years) to meet budgeted revenue aligned with growth assumption (correction)	(147)	(231)	(318)	(325)	(333)	(340)	(349)	(357)	(366)	(376)	(3,142)
City Planning revenue aligned with growth assumption (correction)	0	0	0	(107)	(164)	(279)	(400)	(528)	(661)	(801)	(2,940)
Two new roles required to manage the rubbish and recycling contract (correction)	(286)	(188)	(192)	(142)	(145)	(148)	(152)	(155)	(159)	(164)	(1,731)
Reduced tradewaste income as a result of hospital agreement (new information)	(156)	(157)	(160)	(163)	(166)	(168)	(171)	(174)	(177)	(181)	(1,673)
Organic Centre lease income budgeted in two cost centres (correction)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(90)	(900)
Heritage fund grant budget omitted (correction)	0	0	(52)	(107)	(109)	(112)	(114)	(117)	(120)	(123)	(854)
DC policy review budget required every 3 years (correction)	0	0	(188)	0	0	(201)	0	0	(216)	0	(605)
Impact of Waterworld closure being later than originally expected/budgeted (new information)	(280)	0	0	0	0	0	0	0	0	0	(280)
Regional sports facilities plan MOU with Sports Waikato (new information)	(22)	(23)	(23)	(24)	(24)	(25)	(26)	(26)	(27)	(28)	(248)
Hamilton Gardens entrance fee revenue to commence in April 2019 instead of December 2018 (new information)	(183)	0	0	0	0	0	0	0	0	0	(183)
BID grant payment aligned to BID targeted rate income (correction)	(6)	(6)	(6)	(7)	(6)	(7)	(7)	(7)	(7)	(7)	(66)
Hamilton and Waikato Tourism grant CPI adjustment in 2018/19 (new information)	(9)	0	0	0	0	0	0	0	0	0	(9)
Municipal Building painting budget moved from year 10 to year 4 (correction)	0	0	0	(1,584)	0	0	0	0	0	1,584	0
New events to be held at FMG stadium in 2018/19 (new information)	121	0	0	0	0	0	0	0	0	0	121
Partner capital contributions for FMG Stadium Waikato to offset capital expenditure (correction)	100	100	100	100	100	100	100	100	100	100	1,000
Reduction of Central City Park buildings loss on disposal (new information)	0	0	2,027	0	0	0	0	0	0	0	2,027
NZTA subsidy on historical land purchases (new information)	2,040	0	0	0	0	0	0	0	0	0	2,040
Information Services consequential opex savings resulting from capital programme review (new information/correction)	533	216	32	(48)	161	269	205	140	443	144	2,095
Pools savings as identified in contracting out business case (new information)	432	441	451	461	472	483	494	506	519	531	4,790
Reduced finance costs as a result of reduced interest rates (new information)	2,103	2,199	1,761	1,190	919	225	223	(132)	(750)	(1,356)	6,382
Inflation corrections as reported by Audit New Zealand (correction)	59	205	363	503	677	857	1,052	1,265	1,481	1,725	8,187
<b>Total base operating budget changes post consultation (net impact – inflated)</b>	<b>1,285</b>	<b>(2,833)</b>	<b>(1,629)</b>	<b>(7,397)</b>	<b>(5,735)</b>	<b>(6,747)</b>	<b>(6,742)</b>	<b>(6,746)</b>	<b>(7,097)</b>	<b>(7,527)</b>	<b>(51,168)</b>

## ATTACHMENT 3a

## Assumptions and budget adjustments

## CAPITAL BUDGET CHANGES

Budget capital budget changes post consultation (inflated)	Year 1 2018/19 Fav/(Unfav) \$000	Year 2 2019/20 Fav/(Unfav) \$000	Year 3 2020/21 Fav/(Unfav) \$000	Year 4 2021/22 Fav/(Unfav) \$000	Year 5 2022/23 Fav/(Unfav) \$000	Year 6 2023/24 Fav/(Unfav) \$000	Year 7 2024/25 Fav/(Unfav) \$000	Year 8 2025/26 Fav/(Unfav) \$000	Year 9 2026/27 Fav/(Unfav) \$000	Year 10 2027/28 Fav/(Unfav) \$000	Total 10 Years Fav/(Unfav) \$000
Additional budget required over years 6-10 to increase the west wastewater network capacity (correction)	0	0	0	0	0	(473)	(1,251)	(4,117)	(10,170)	(1,484)	(17,495)
Information Services major upgrade projects previously unfunded (correction)	(1,000)			(222)	(908)	(2,325)				(1,030)	(5,485)
Additional budget required over the 10 years for City Parks fleet (correction)	(361)	(30)	(460)	(592)	(682)	(685)	(493)	(663)	(663)	(698)	(5,327)
Information Services technology and data services projects previously unfunded (correction)	(898)	(328)	(43)		(401)	(198)	(48)		(449)	(1,158)	(3,523)
Additional budget required for Ferrybank revetment and timing changed from year 2 to year 3 (new information)	0	677	(2,923)	0	0	0	0	0	0	0	(2,246)
Additional budget required over years 2 and 3 to upgrade the Ruakura far eastern wastewater interceptor to 1050dia (new information)	0	(1,041)	(1,040)	0	0	0	0	0	0	0	(2,081)
Additional budget required over years 1-6 for ArtsPost retaining wall structural strengthening. This is a new budget item that will form part of a larger business case being prepared (new information).	(800)	0	0	(53)	(163)	(167)	0	0	0	0	(1,183)
FMG Stadium Waikato capital expenditure funded by partner capital contributions (correction)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,000)
Eastern bulk main slip funding approved by Council (correction)	(800)	0	0	0	0	0	0	0	0	0	(800)
Additional budget required for Peacocke land purchase due to increased land valuation (new information)	(750)	0	0	0	0	0	0	0	0	0	(750)
Additional budget required over years 8-10 to increase the east wastewater network capacity (correction)	0	0	0	0	0	0	0	(52)	(35)	(367)	(454)
Pukete 3 wastewater treatment plant upgrade brought forward from year 2 to year 1 (new information)	3,600	(3,748)	0	0	0	0	0	0	0	0	(148)
Rephasing of Peacockes stage 2 water mains (new information)	757	611	(743)	28	(391)	(370)	(24)	0	0	25	(107)
Rotokauri stage 1 wastewater rephased over the 10 years (new information)	297	(228)	1,844	428	0	0	(304)	(156)	(1,438)	(429)	14
Community capital projects brought forward to 2017/18 (new information)	330	0	0	0	0	0	0	0	0	0	330
Rototuna wastewater network project no longer required (new information)	0	0	0	0	0	86	257	17	0	0	360
Wastewater Treatment Plan and Water Treatment Plant seismic strengthening brought forward to 2017/18 (new information)	450	400	0	0	0	0	0	0	0	0	850
Rototuna water network saving in year 1 due to this being partially completed in 2017/18 (new information)	951	0	0	0	0	0	0	0	0	0	951
<b>Total base capital budget changes post consultation (inflated)</b>	<b>1,676</b>	<b>(3,787)</b>	<b>(3,465)</b>	<b>(511)</b>	<b>(2,645)</b>	<b>(4,232)</b>	<b>(1,963)</b>	<b>(5,071)</b>	<b>(12,855)</b>	<b>(5,241)</b>	<b>(38,094)</b>

Attachment 3b - Rates Samples

		Option	C 7 YEAR TRANSITION			B 3 YEAR TRANSITION			A 100% CAPITAL VALUE			
		Financial year	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	
		Average rates increase for existing ratepayers	9.1%	9.1%	3.8%	9.1%	9.1%	3.8%	9.1%	9.1%	3.8%	
		UAGC (per SUIP)	\$71	\$156	\$236	\$167	\$364	\$550	\$500	\$545	\$566	
	Note	Capital value	Current rates	How rates will change								
RESIDENTIAL	Low CV with Low LV	\$300,000 \$110,000 land value	\$1,248	\$1,410	\$1,603	\$1,729	\$1,476	\$1,770	\$1,999	\$1,771	\$1,931	\$2,004
	Low CV with High LV	\$300,000 \$200,000 land value	\$1,861	\$2,005	\$2,144	\$2,179	\$1,973	\$2,041	\$1,999	\$1,771	\$1,931	\$2,004
	Mid	\$400,000 \$210,000 land value	\$2,091	\$2,271	\$2,462	\$2,540	\$2,258	\$2,426	\$2,479	\$2,190	\$2,389	\$2,479
	High CV with Low LV	\$650,000 \$180,000 land value	\$2,292	\$2,572	\$2,926	\$3,167	\$2,668	\$3,222	\$3,677	\$3,240	\$3,534	\$3,667
	High CV with High LV	\$650,000 \$350,000 land value	\$3,451	\$3,697	\$3,949	\$4,016	\$3,606	\$3,733	\$3,677	\$3,240	\$3,534	\$3,667
	Vacant	\$245,000 \$245,000 land value	\$2,078	\$2,194	\$2,273	\$2,233	\$2,094	\$1,981	\$1,736	\$1,540	\$1,679	\$1,742
	4 units	\$600,000 \$280,000 land value	\$3,873	\$4,266	\$4,706	\$4,922	\$4,378	\$4,874	\$5,122	\$4,564	\$4,974	\$5,162
	10 units	\$1,070,000 \$295,000 land value	\$4,857	\$5,846	\$7,055	\$7,978	\$6,653	\$8,860	\$10,743	\$9,606	\$10,466	\$10,861
OTHER	Small	\$650,000 \$360,000 land value	\$1,609	\$2,051	\$2,317	\$2,492	\$2,114	\$2,516	\$2,837	\$2,500	\$2,727	\$2,830
	Large	\$2,390,000 \$1,990,000 land value	\$4,453	\$6,445	\$7,277	\$7,843	\$6,566	\$7,847	\$8,929	\$7,824	\$8,538	\$8,860

Option		C 7 YEAR TRANSITION			B 3 YEAR TRANSITION			A 100% CAPITAL VALUE			
Financial year		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	
Average rates increase for existing ratepayers		9.1%	9.1%	3.8%	9.1%	9.1%	3.8%	9.1%	9.1%	3.8%	
UAGC (per SUIP)		\$71	\$156	\$236	\$167	\$364	\$550	\$500	\$545	\$566	
Note	Capital value	Current rates	How rates will change								
All 7 Utilites	<b>\$163,756,000</b> \$0 land value	<b>\$462,177</b>	\$710,417	\$959,143	\$1,187,888	\$875,232	\$1,417,467	\$1,954,202	\$1,723,305	\$1,880,199	\$1,951,593
The Base 182 SUIPs	<b>\$263,206,000</b> \$49,806,000 land value	<b>\$1,755,740</b>	\$2,074,506	\$2,405,361	\$2,645,046	\$2,202,711	\$2,759,982	\$3,236,876	\$2,857,217	\$3,117,076	\$3,235,414
Centreplace 113 SUIPs	<b>\$133,070,000</b> \$18,660,000 land value	<b>\$762,115</b>	\$931,974	\$1,104,078	\$1,239,516	\$1,015,048	\$1,331,656	\$1,618,055	\$1,433,127	\$1,559,731	\$1,617,762
Chartwell 121 SUIPs	<b>\$135,000,000</b> \$12,500,000 land value	<b>\$636,056</b>	\$825,707	\$1,019,610	\$1,181,858	\$934,219	\$1,316,622	\$1,675,740	\$1,479,628	\$1,614,156	\$1,675,433
Dairy Factory	<b>\$99,900,000</b> \$12,100,000 land value	<b>\$527,510</b>	\$656,281	\$787,469	\$892,344	\$719,319	\$964,947	\$1,190,333	\$1,049,636	\$1,145,203	\$1,188,688
Braemar	<b>\$34,000,000</b> \$2,300,000 land value	<b>\$142,638</b>	\$189,882	\$237,632	\$278,549	\$216,989	\$313,415	\$405,489	\$357,571	\$390,126	\$404,940
Mid CBD 1 SUIP	<b>\$590,000</b> \$250,000 land value	<b>\$6,781</b>	\$7,294	\$7,836	\$8,027	\$7,222	\$7,617	\$7,650	\$6,800	\$7,386	\$7,656
Mid Not CBD 1 SUIP	<b>\$500,000</b> \$240,000 land value	<b>\$6,294</b>	\$6,676	\$7,117	\$7,211	\$6,536	\$6,708	\$6,516	\$5,762	\$6,285	\$6,524
Vacant	<b>\$430,000</b> \$430,000 land value	<b>\$9,953</b>	\$9,877	\$9,893	\$9,349	\$9,082	\$7,696	\$5,683	\$5,027	\$5,483	\$5,691
CBD 3 SUIPs	<b>\$1,040,000</b> \$315,000 land value	<b>\$9,966</b>	\$11,230	\$12,497	\$13,278	\$11,589	\$13,368	\$14,664	\$13,091	\$14,187	\$14,695

**ATTACHMENT 3c : Financial strategy impacts of changing rating structure**

Option A: 100% capital value from year 1. The books are balanced from year 2.

Rates increases of 9.1% for years 1 and 2 and then 3.8%.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Net Debt/Revenue</b>										
Revised	165%	185%	222%	220%	222%	222%	214%	200%	193%	187%
Proposed	165%	185%	222%	220%	222%	222%	214%	200%	193%	187%
Variance	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Net debt</b>										
Revised	456,243	582,654	680,550	734,520	765,811	763,680	753,852	750,884	762,231	767,966
Proposed	456,243	582,654	680,550	734,520	765,811	763,680	753,852	750,884	762,231	767,966
Variance	-	-	-	-	-	-	-	-	-	-
<b>Balancing the books</b>										
Revised	(10,446)	5,562	391	6,962	10,855	17,125	23,264	31,492	38,910	41,800
Proposed	(10,446)	5,562	391	6,962	10,855	17,125	23,264	31,492	38,910	41,800
Variance	-	-	-	-	-	-	-	-	-	-
<b>Rates increases</b>										
Revised	9.10%	9.10%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Proposed	9.10%	9.10%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Variance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Option B: 3 year transition to capital value and \$500 UAGC. The books are balanced from year 2.  
Rates increases of 9.1% for years 1 and 2 and then 3.8%.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Net Debt/Revenue</b>										
Revised	165%	185%	222%	220%	222%	222%	214%	200%	193%	187%
Proposed	166%	185%	222%	220%	222%	222%	215%	200%	193%	188%
Variance	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%
<b>Net debt</b>										
Revised	456,243	582,654	680,550	734,520	765,811	763,680	753,852	750,884	762,231	767,966
Proposed	456,646	583,180	681,069	735,197	766,660	764,714	755,087	752,335	763,915	769,901
Variance	403	526	520	677	849	1,035	1,235	1,451	1,684	1,935
<b>Balancing the books</b>										
Revised	(10,446)	5,562	391	6,962	10,855	17,125	23,264	31,492	38,910	41,800
Proposed	(10,849)	5,439	398	6,804	10,683	16,939	23,064	31,276	38,677	41,548
Variance	(403)	(123)	7	(158)	(171)	(186)	(200)	(216)	(233)	(251)
<b>Rates increases</b>										
Revised	9.10%	9.10%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Proposed	9.10%	9.10%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Variance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Option C: 7 year transition to capital value and \$500 UAGC. The books are balanced from year 4.  
 Rates increases of 9.1% for years 1 and 2 and then 3.8%.

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Net Debt/Revenue</b>										
Revised	165%	185%	222%	220%	222%	222%	214%	200%	193%	187%
Proposed	166%	186%	223%	222%	224%	225%	218%	204%	197%	193%
Variance	0%	1%	1%	2%	3%	3%	4%	4%	5%	5%
<b>Net debt</b>										
Revised	456,243	582,654	680,550	734,520	765,811	763,680	753,852	750,884	762,231	767,966
Proposed	456,719	583,717	682,699	738,176	771,299	771,215	763,516	762,923	776,838	785,346
Variance	476	1,062	2,149	3,656	5,488	7,536	9,664	12,039	14,607	17,380
<b>Balancing the books</b>										
Revised	(10,446)	5,562	391	6,962	10,855	17,125	23,264	31,492	38,910	41,800
Proposed	(10,922)	4,975	(695)	5,455	9,023	15,078	21,136	29,117	36,342	39,027
Variance	(476)	(587)	(1,087)	(1,507)	(1,832)	(2,047)	(2,129)	(2,375)	(2,568)	(2,773)
<b>Rates increases</b>										
Revised	9.10%	9.10%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Proposed	9.10%	9.10%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Variance	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## Attachment 3d - Non-Rateable Letter Example

29 March 2018



Dear Ratepayer

### Proposed changes to your rates

The Council is currently seeking feedback on its 2018-28 draft 10-Year Plan. The 10-Year Plan sets out what it costs to run the city, how your rates will be spent and the projects we are planning to make Hamilton an even better place to live.

The draft plan includes a proposal to increase rates higher than planned in the previous 10-Year Plan. It also proposes changes to some aspects of our rating system effective from 1 July 2018.

In addition to the changes to rateable properties, the Council is proposing to change the way that it charges for services to properties which are non-rateable under the Local Government (Rating) Act 2002. This includes those properties to whom Council has extended this provision under our Rates Remission policy (such as not for profit community organisations).

For properties which fall under this category, the Council only charges for wastewater, water or rubbish collection services, where supplied. These are referred to as Service Use rates.

In the past, the Service Use rates have been set using a combination of the property's land value and some fixed charges.

The Council is proposing the following changes to Service Use rates:

Type	Proposed Rate	Calculation Method
<b>Wastewater</b>	Combination of rates based on the land and capital value of the property: - 65% based on land value. - 35% based on capital value.	The rate is based on the cost of supplying wastewater services.  This includes the cost of providing the network and wastewater treatment.
<b>Rubbish &amp; Recycling collection</b>	\$114 per Separately Used or Inhabited Part of a rating unit (SUIP).  <i>Generally, properties which are residential in nature, but used for not for profit community activity receive this service.</i>	The rate is based on the cost to provide rubbish and recycling services to residential properties.  This includes the cost to pick up and dispose of rubbish from each part of a property receiving the service.
<b>Non-metered water</b>	\$452 per Separately Used or inhabited Part of a rating unit (SUIP).  <i>Generally, properties will be charged for water consumption via a water meter.</i>	The rate is based on the cost of supplying water to residential properties.  This includes the cost of the network and water treatment supplied to each part of the property.

### Reasons for the change

The most significant change is to the Service Use rates for the provision of wastewater services.

Introducing a capital value component means that higher capital value properties will pay more and lower capital value properties will pay less. This follows on from the decision by Council in 2014 to change all general rated properties from land value to capital value rating.

Capital value generally aligns better to the use of wastewater services than land value. A combination of land value and capital value was chosen to reduce the impacts to individual properties.

The proposed changes do not mean additional revenue for the Council, but redistribute the charges more appropriately based on the use of service, ratepayer's ability to pay, and better comparability with charges in other cities and districts.

### How your rates would change

Property address: 47 Anzac Parade  
Rating category: Wastewater (Community)  
Rates number: 48059  
Valuation number: 04110-517-00- B

Your current (2017/18) rates are \$1,594.

If the proposal goes ahead, your rates for the 2018/19 rating year, starting 1 July 2018 would be: **\$1,026\***

Future rates would be based on the same proposed calculation method, which is linked to the cost of providing the services and not the general rates increase.

### How do I have my say?

Consultation is open until 30 April 2018. Further information on the 10-Year Plan and rating review, including detailed policies can be found at [hamilton.govt.nz/10yearplan](http://hamilton.govt.nz/10yearplan).

If you want to ask us a question about the 10-Year Plan before you write your submission, you can contact us by email [10yearplan@hcc.govt.nz](mailto:10yearplan@hcc.govt.nz) or by phone 07 838 6699 during business hours. If you have a specific rates question you can email [rates@hcc.govt.nz](mailto:rates@hcc.govt.nz).

This is your city and your view is important, so make sure you have your say.

Thank you



Richard Briggs  
Chief Executive

\*These rates are based on the information Council holds about the property as at 22 March 2018.

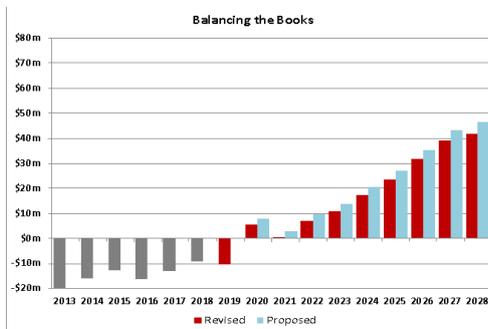
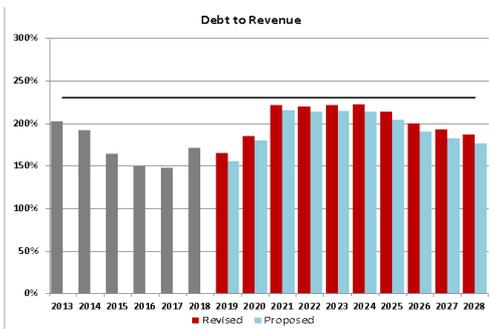
**ATTACHMENT 3E: Rates Increase Options**

These rates increase options have been prepared on the basis of:

- 100% capital value rating from year 1 of the 10-Year Plan
- a \$500 UAGC from year 1 of the 10-Year Plan

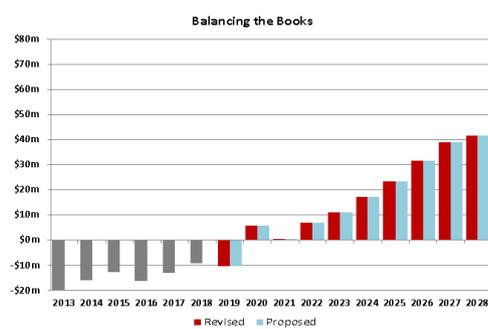
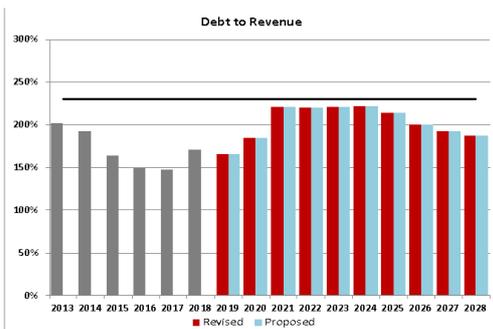
**Option 1: Council 2018 balanced books measure is achieved from year 1 of the 10-Year Plan with a rates increase of 15.7% in year 1 and then 3.8%.**

The *debt to revenue ratio* would peak at 215% in year 3.



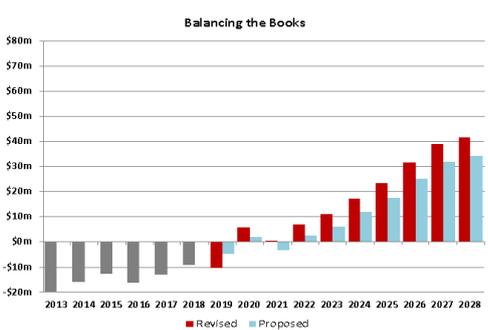
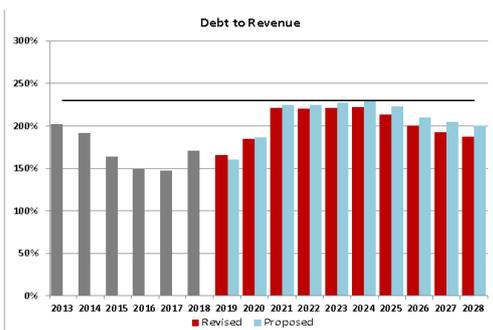
**Option 2: Council 2018 balanced books measure is achieved from year 2 of the 10-Year Plan with rates increases of 9.1% in years 1 and 2 and then 3.8%.**

The *debt to revenue ratio* would peak at 222% in year 6.

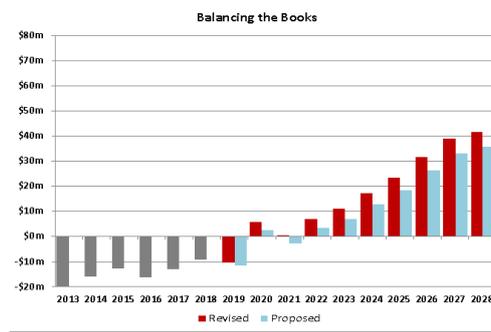
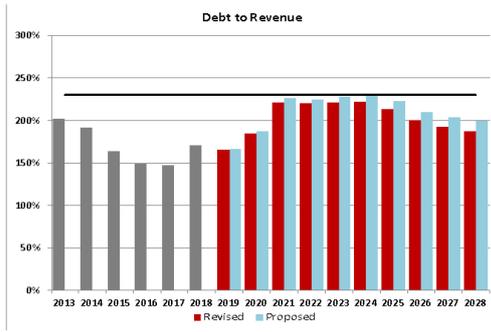


**Option 3: Debt to revenue ratio peaks at 230% in year 6 with a rates increase of 12.5% in year 1 and then 3.8%.**

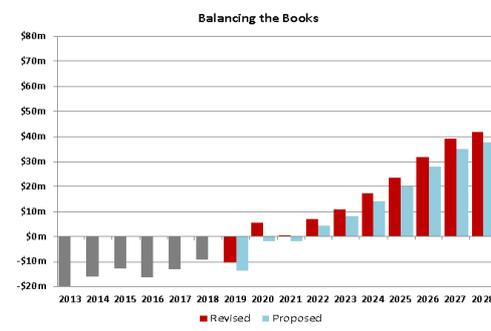
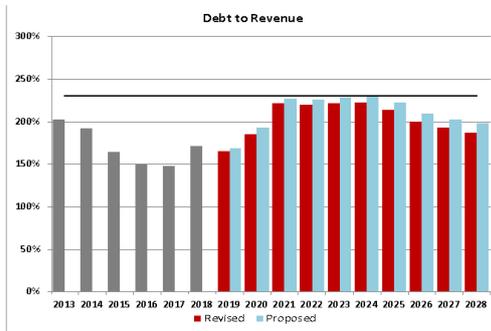
Council 2018 *balanced books measure* is achieved from year 4 of the 10-Year Plan.



**Option 4: Debt to revenue ratio peaks at 230% in year 6 with a rates increase of 8.3% in years 1 and 2 and then 3.8%.**  
 Council 2018 *balanced books measure* is achieved from year 4 of the 10-Year Plan.



**Option 5: Debt to revenue ratio peaks at 230% in year 6 with a rates increase of 7% in years 1, 2 and 3 and then 3.8%.**  
 Council 2018 *balanced books measure* is achieved from year 4 of the 10-Year Plan.



## ATTACHMENT 4

**Community Infrastructure - Proposal Summaries**FUNDED PROPOSALS

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This attachment includes an overview of each of the proposals that are funded in the draft 10-Year Plan budget and were included in the Consultation Document.

Where a proposal has required updating or an alternative proposal has been developed in response to feedback on the consultation document these are also included in this attachment.

The original proposals presented at the 6 December 2017 Council meeting provide more detailed information and can be accessed via the Council website or [here](#). Proposals are included as follows:

**PROPOSALS FUNDED IN THE DRAFT 2018-28 10-YEAR PLAN.**

- A. Hamilton Gardens Development:
  - i. Capital Development Programme
  - ii. Entrance Fee
  - iii. Targeted Rate
- B. Garden Place Upgrade
- C. Waikato Regional Theatre
- D. Central City Park – River Plan
- E. Waiwhakareke Natural Heritage Park
- F. Pooches and Parks (fenced dog area)
- G. Indoor Recreation Facility
- H. Playgrounds
- I. Rototuna Town Centre – Community Facilities

ATTACHMENT 4A  
**Hamilton Gardens**  
FUNDED PROPOSAL

#### HAMILTON GARDENS DEVELOPMENT

- 1.1 There are a number of components relating to the Hamilton Gardens development and funding that were included in the Consultation Document. These are:
- i. Capital Development Programme.
  - ii. Entrance Fee.
  - iii. Targeted Rate.

#### Background

- 1.2 Development at the Gardens has been achieved with strong community support. Over the last thirty years it has been funded through a mix of rates, debt, sponsorship, work schemes and a strong volunteer programme.
- 1.3 The draft 10-Year Plan includes funding provision for the development of a minimum of four new gardens and associated infrastructure at Hamilton Gardens. It did not specify which four gardens were to be developed.
- 1.4 The December 2017 resolution represented a trimmed back option in comparison to the other proposals presented as part of that meeting which proposed the development of either 7 or 13 new gardens and associated infrastructure.
- 1.5 The December proposal also included the introduction of an entry fee to the Gardens.
- 1.6 To inform this proposal an independent report into the implications of charging entry to Hamilton Gardens was commissioned from Horwath HTL. Key risks identified were:
- The economic impact of the Hamilton Gardens to the wider Hamilton economy is estimated to be \$11.2m in 2018. The introduction of an entry fee is expected to reduce this by 42% (\$4.7m) in the first year after which the impact is projected to incrementally increase to \$7.8m by 2030.
  - That the current reputation of Hamilton Gardens could be significantly negatively impacted, with the Gardens online presence potentially experiencing long-term or irreparable damage.
  - A significant reduction in the number of group tours as it is assumed they will not pay an admission fee to visit the Gardens without a value-add experience.
- 1.7 The development and maintenance of the Hamilton Gardens under the 2015-25 10-Year Plan has been funded through a \$10 targeted rate per SUIP. This was due to cease after 2017/18, the draft 10-Year Plan proposed to continue it.
- 1.8 The draft 10-Year Plan also approved the continuation of the targeted rate that contributes to the development and maintenance of the Hamilton Gardens.
- 1.9 In the consultation document the charge included GST and was therefore expressed to the public as a targeted rate of \$11.50.

## Options

### i. Development – Capital Programme

- 1.10 Option A: Development of four new gardens and associated infrastructure.
- 1.11 The development of a minimum of 4 new gardens and associated infrastructure at Hamilton Gardens was agreed as part of approving the draft 10-Year Plan. Funding provision is included in the draft 10-Year Plan for this of:
- \$7m capital expenditure; and
  - \$2.3m net operating expenditure.
- 1.12 The objective of this proposal was to initiate developments that would enhance the visitor experience of the Hamilton Gardens.
- 1.13 The proposed development aims to deliver more attractions for the wider community, New Zealand domestic tourists and international tourists, resulting in an increase in visitor numbers and more time spent at the Gardens.
- 1.14 The Gardens have strong community and third-party funding support. It should be noted that the Hamilton Gardens Development Trust have also committed to raising \$1.8m towards this development over the ten-year period.
- 1.15 Option B: Do not fund
- 1.16 The Council may choose not to invest in further development of the Gardens in order to reduce rates increases. This would return \$9.3m to the 10-Year Plan budget.
- 1.17 This option would also respond to feedback from consultation not to increase spending on discretionary projects.
- 1.18 However, given the place of the Hamilton Gardens in the identity of the city, its contribution to tourism and the overall economy of Hamilton, significant interest and support of volunteers, and potential for third party funding to ensure the continued development and success of the Gardens, staff do not support this option.

### ii. Entry Fee

- 1.19 In response to feedback from consultation, staff have developed an alternative option (Option E) to those presented in December. This option reflects an intention to retain good access to the Gardens for all while enhancing the Garden's revenue generating potential through an enhanced donation and retail offering.
- 1.20 Staff have made the following assumptions for each option presented here in relation to considering an entry fee for the Hamilton Gardens:
- The existing Visitor Information Centre would be enlarged and improved to become a Visitor Centre of international standard. All visitors to the Enclosed Gardens will be required to enter and exit through the Visitor Centre.
  - There will be a significantly enhanced retail offering with greater footprint.
  - An introduction of admission fees will result in an initial drop in visitation which would recover over a period of 10 years. For consistency, the predicted impact to visitation identified in the Horwath Report was used. Visitation has been flattened from year 7 for budgeting purposes and will be reviewed as trend data is developed.

- Revenue from an enhanced retail/gift shop has been conservatively calculated using two primary drivers as recommended from numerous key tourism destinations:
  - Hit Rate – The number of visitors who make a purchase
  - Average Spend – the average spend of each sale.
- Supervisory staff would be made up of paid employees, with Friends of the Gardens resourcing key admission, retail and information centre services. It should be noted that if the Friends choose either not to support the admission fee or cannot deliver the level of service required, employing paid staff would have a significant negative impact on benefit from fee collection.
- The Enclosed Gardens are currently open during gated hours (7am to 7.30pm in summer and 7am – 6.30pm in winter). Entry fees are likely to result in a reduction in accessible hours to the Enclosed Gardens and be dependent on availability of volunteers. This is yet to be determined.

1.21 Option C: Introduce \$10 entrance fee and fund as per draft 10-Year Plan.

1.22 Council resolved to approve an entry fee to the enclosed sector of Hamilton Gardens of \$10 for non-Hamilton residents over the age of 18. This was to come into effect in 2018/19 and include an exemption for members of the Friends of the Gardens. Proceeds of the fee are to be added to the Gardens budget.

1.23 This represented a pared back version of the original proposal to charge \$25 dollars entry. The risks identified for the introduction of an entry fee to the Hamilton Gardens include those highlighted in the Horwath Report (summarised above in paragraph 1.6).

1.24 A financial overview for Option C is provided below which includes a \$10 admission (from 1 April 2019) and enhanced retail (from 1 August 2019):

Option C: \$10 Admission and Enhanced Retail (as per draft 10-YP budget)											
	Year 1 18/19	Year 2 19/20	Year 3 20/21	Year 4 21/22	Year 5 22/23	Year 6 23/24	Year 7 24/25	Year 8 25/26	Year 9 26/27	Year 10 27/28	Total over 10 Years
OPERATIONS	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Admission	230	830	930	973	1,023	1,023	1,023	1,023	1,023	1,023	9,101
Retail	212	233	233	233	233	233	233	233	233	233	2,309
<b>TOTAL REVENUE</b>	<b>422</b>	<b>1,063</b>	<b>1,163</b>	<b>1,206</b>	<b>1,256</b>	<b>1,256</b>	<b>1,256</b>	<b>1,256</b>	<b>1,256</b>	<b>1,256</b>	<b>11,410</b>
<b>TOTAL EXPENSES</b>	<b>248</b>	<b>296</b>	<b>321</b>	<b>346</b>	<b>371</b>	<b>371</b>	<b>371</b>	<b>371</b>	<b>371</b>	<b>371</b>	<b>3,437</b>
<b>SURPLUS (deficit)</b>	<b>194</b>	<b>767</b>	<b>842</b>	<b>860</b>	<b>885</b>	<b>885</b>	<b>885</b>	<b>85</b>	<b>885</b>	<b>885</b>	<b>7,973</b>

1.25 Option D: Status quo - Do not introduce an entry fee.

1.26 This option retains the status quo and has no impact on the rates increases in the draft 10-Year Plan budget.

1.27 As it avoids the predicted drop in visitors it does protect the current high economic impact of the Gardens to the overall economy of Hamilton. It also avoids the potential reputational damage expected to result with the introduction of an entry fee.

- 1.28 Assuming the new Visitor Arrival Centre is developed, increased revenue may be achieved through this option through an enhanced donation and retail offering.
- 1.29 Option E: No Entry Fee - Enhanced Retail & Koha
- 1.30 This option has, in the medium term, potential to be more profitable than the \$10 entry free option without any of the less favourable consequences to the wider tourism industry and stakeholder relationships.
- 1.31 An 'Enhanced Koha' would see large and attractive signage situated close to the Enclosed Gardens exit and encourage visitors to pay what the experience was worth to them. This option would be low cost to implement with donations being collected by Friends of the Gardens using portable EFTPOS technology.
- 1.32 A key advantage of this option is that it retains the higher economic benefit to the city through continued tourism development and increasing visitor numbers to the Gardens and to the city.
- 1.33 Option E also supports the potential to link our attractions for a more cohesive tourism experience. For example, if Council also look to fund a new visitor centre at the Zoo, this together with the Gardens visitor centre could enable the Zoo and Waiwhakareke to leverage off Hamilton Gardens visitation and vice versa.
- 1.34 A conservative financial overview for Option E: No Entry Fee - Enhanced Retail & Koha is provided below:

Option E: Enhanced Retail & Koha – No Admission Fee											
	Year 1 18/19	Year 2 19/20	Year 3 20/21	Year 4 21/22	Year 5 22/23	Year 6 23/24	Year 7 24/25	Year 8 25/26	Year 9 26/27	Year 10 27/28	Total over 10 Years
OPERATIONS	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Retail	230	586	1,036	1,341	1,582	1,656	1,656	1,656	1,656	1,656	13,055
Koha @ \$0.25	113	145	155	167	178	178	178	178	178	178	1,648
<b>TOTAL REVENUE</b>	<b>343</b>	<b>731</b>	<b>1191</b>	<b>1508</b>	<b>1760</b>	<b>1834</b>	<b>1834</b>	<b>1834</b>	<b>1834</b>	<b>1834</b>	<b>14,703</b>
<b>TOTAL EXPENSES</b>	<b>194</b>	<b>348</b>	<b>552</b>	<b>706</b>	<b>816</b>	<b>849</b>	<b>865</b>	<b>865</b>	<b>865</b>	<b>865</b>	<b>6,925</b>
<b>SURPLUS (deficit)</b>	<b>149</b>	<b>383</b>	<b>640</b>	<b>801</b>	<b>944</b>	<b>985</b>	<b>969</b>	<b>969</b>	<b>969</b>	<b>969</b>	<b>7,778</b>

- 1.35 Without the forecasted drop in visitation from admission fees, an enhanced retail offering has the potential to deliver a \$6.92m surplus over the ten-year period.
- 1.36 The enhanced koha has been conservatively forecasted at \$0.25 per visitor returning \$1.65m over the ten-year period.
- 1.37 Staff and Friends of the Gardens both expect average spend from an active koha to be a lot higher. For example, \$0.75 would return \$4.2m and \$1.00, \$6.6m. This would be tested over the first 2-3 years of the 10-Year Plan and then once data has been obtained, projected targets could be included in future budgets.
- 1.38 10% of koha would be retained by the Friends of the Gardens for further investment in garden activities as per their existing contract.

- 1.39 Should the gift shop and koha not achieve anticipated forecast revenue, an entry fee could be considered on completion and opening of the Western End gardens in year 7 (2024/15). This would ensure a new significant value-add experience is in place that would justify a charge to visitors and International Tour Operators.

**iii. Hamilton Gardens - targeted rate**

- 1.40 Option F: Continue \$10 targeted rate for the Hamilton Gardens development and maintenance as per draft 10-Year Plan budget.
- 1.41 The Council resolved to continue the \$10 targeted rate to contribute to funding the development and maintenance of the Hamilton Gardens throughout the 2018-28 10-Year Plan period.
- 1.42 Continuing the targeted rate would assist with funding for the Gardens and illustrate the Council's commitment to Gardens' development, which could in turn encourage other funders to contribute to the projects. It is also transparent to ratepayers as to how much their rates contribute to the development of the Gardens.
- 1.43 Having a targeted rate for the Hamilton Gardens prioritises this funding allocation over others which may be seen as a disadvantage for other projects.
- 1.44 Option G: Discontinue the targeted rate for the Hamilton Gardens development and maintenance.
- 1.45 The Council may choose to discontinue the targeted rate for Hamilton Gardens. This would mean future development of the Gardens would be funded entirely through the Council's share of debt, external subsidies and grants.
- 1.46 The impact on the ratepayer is neutral as the Hamilton Gardens is funded through their rates either way.

**Consultation summary**

- 1.47 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.
- 1.48 For the Hamilton Gardens development, of 2189 submitters:
- 240 selected to proceed with Hamilton Gardens development as part of the package of nine projects.
  - 501 selected to not proceed with Hamilton Gardens development.
  - 935 did not select no.
  - 513 did not answer the question.
- 1.49 For the Hamilton Gardens entrance fee, of 1674 submitters who selected an option:
- 870 selected to proceed with a Hamilton Gardens entrance fee.
  - 803 selected to not proceed with a Hamilton Gardens entrance fee.
- 1.50 For the Hamilton Gardens targeted rate, of 1674 submitters who selected an option:
- 987 selected to proceed with a Hamilton Gardens targeted rate.
  - 686 selected to not proceed with a Hamilton Gardens targeted rate.

- 1.51 Key themes from consultation in relation to the Hamilton Gardens were:
- General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 128 submitters mentioned the Council should do more partnerships with key stakeholders to provide services and facilities across the city.
- 1.52 Feedback from written submissions was slightly in favour of a charge. However, many submitters who said yes to a charge also suggested a lower charge or different ways to collect revenue such as more prominent donation boxes or charges for buses only.
- 1.53 Friends of the Hamilton Gardens, Hamilton Gardens Development Trust and Hamilton & Waikato Tourism all submitted against an entry charge, or suggested introduction of a fee at a later stage when more new gardens are completed. This was due to the projected negative impact of charging on visitation and wider economic benefit.

**Conclusion**

- 1.54 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.
- 1.55 Should the Council wish to consider not charging entry to the Hamilton Gardens it would need to resolve the change to the final 10-Year Plan. Option E would give effect to this.

**ATTACHMENT 4B****Garden Place****FUNDED PROPOSAL****Background**

- 1.1 Members of the central business district community approached the Council with an offer to partner with the Council to support the delivery of this proposal. This offer included funding, design, procurement and project management support.
- 1.2 The Council considered this presented an opportunity for more collaborative working with the community, value for money and a way to increase the vibrancy of the central city and encouraged the external group to develop a concept design.

**Options**

- 1.3 Option A: Fund Garden Place upgrade as per draft 10-Year Plan budget.
- 1.4 The draft 10-Year Plan budget funded an upgrade to Garden Place with initial financial projections indicating the option would cost:
  - \$3.95m capital expenditure (including up to \$750,000 for a destination playground).
  - \$44,500 consequential operating expenditure per annum from year 3 (2020/21).
- 1.5 Likely benefits of the proposed upgrade include the opportunity to work collaboratively with the community to deliver the upgrade, third party financial contributions and project delivery support.
- 1.6 The timing of the Garden Place upgrade also aligns with completion of other key projects including Victoria on the River, which contributes towards a vibrant city centre, attracting more people to the city and building economic growth.
- 1.7 Feedback and commentary throughout the consultation period indicates a perception in the community that Garden Place has already been upgraded at great cost too many times.
- 1.8 Option B: Do not fund an upgrade of Garden Place.
- 1.9 This option is to not upgrade Garden Place at this stage. The 10-Year Plan would continue to accommodate the basic operational needs of Garden Place as already included in the existing operating budget.
- 1.10 This option would return \$3.95m in capital expenditure to the 10-Year Plan budget as well as the \$44,500 consequential operating expenditure.
- 1.11 At the same time, this presents a lost opportunity to benefit from community led development and the financial contributions offered as part of this by central city business stakeholders.
- 1.12 Option B does not provide additional benefit to the community except for a saving for ratepayers.
- 1.13 Option B responds to feedback from consultation in opposition to the upgrade.

- 1.14 In addition, not progressing plans in Garden Place at this point in time provides an opportunity for the Council to take stock of its strategies in relation to developing and activating the central city in a cohesive way. It would also allow time to undertake a participatory process to engage with the community on any potential future plans for the central city.

#### Consultation summary

- 1.15 The Consultation Document asked submitters to select from a list of funded projects, which ones they thought the Council should or should not do.
- 1.16 Of 2189 submitters:
- 240 selected to proceed with Garden Place as part of the package of nine projects.
  - 1205 selected to not proceed with Garden Place.
  - 231 did not select no.
  - 513 did not answer the question.
- 1.17 A key theme from consultation in relation to the Garden Place upgrade was:
- General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
- 1.18 Central Business Association members presented submissions in support of revitalisation of the central city and activation of the space.
- 1.19 Public feedback has generally been opposed to what is perceived upgrade of Garden Place at this time.
- 1.20 Many responses reflected the theme that the Council should not be spending on discretionary projects which was reflected by a relatively high number of submissions that specifically selected not to do Garden Place.

#### Conclusion

- 1.21 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.
- 1.22 Should the Council wish to consider not upgrading Garden Place it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

## ATTACHMENT 4C

**Waikato Regional Theatre**

## FUNDED PROPOSAL

**Background**

- 1.1 On 28 July 2016, the Council received a report outlining community feedback as part of consultation on the future of Founders Theatre. The report also outlined the condition of Founders Theatre and options for the Council to consider going forward. This report is included [here](#).
- 1.2 The key finding of that report was that 58% of respondents preferred to build a new theatre on the condition that the Council's financial contribution was capped at \$30m.
- 1.3 The main reasons for choosing a new build were that a new theatre:
  - Would attract national and international performances to the city which would benefit both the arts sector and the city as a whole;
  - Could be designed to meet the needs of a wider range of performing arts sectors;
  - Would provide for the long-term needs of the arts sector and as such, be a more beneficial investment than refurbishing an existing asset; and
  - Could be at a location that aids the revitalisation of the central city, contributes to an arts precinct and provides a connection to the river.
- 1.4 At the same meeting Momentum Waikato presented a proposal to deliver the project and source substantial third party funding. This was considered a significant opportunity for positive and beneficial collaboration with stakeholders.
- 1.5 Three options were presented at that Council meeting:
  - Refurbishment of Founders Theatre at a capital cost of \$20.4m;
  - Build a new Founders Theatre at an estimated capital cost of \$50m; and
  - Build a new Founders Theatre at a cost of \$55m less \$25m contribution from Momentum Waikato (net \$30m cost)
- 1.6 Council resolved to accept the proposal from Momentum Waikato and committed in principle \$30m towards the new build.
- 1.7 As part of developing the 10-Year Plan the demolition of Founders was proposed. There was a six-month period for the community to provide the Council with proposals for alternative uses of partnership arrangements for consideration. At the time of writing, an alternate use option has not been identified and Founders Theatre remains closed.
- 1.8 Demolition costs for Founders Theatre (\$802,000) are included in year 1 of the 10-Year Plan.

### Options

- 1.9 Option A: Fund as per draft 10-Year Plan budget;
- 1.10 The Waikato Regional Theatre is expected to significantly enhance the vibrancy of the central city, bring a greater range of arts and culture performances of national and international standard and complement other strategies to revitalise the central city.
- 1.11 In turn, this is expected to have positive benefits for tourism to the city and provide more quality arts and culture events not just for the residents of Hamilton but neighbouring councils and the region as a whole.
- 1.12 The draft 10-Year Plan includes provision for:
- A grant of up to \$25m spread over three years towards the capital cost of construction of the Waikato Regional Theatre which has an estimated total capital cost of \$74m.
  - Of the \$25m grant, \$6m is to come from a Vibrant Hamilton Trust grant and \$19m is to be funded through debt.
  - an annual grant (for ongoing renewals and upgrades funding) for Momentum Waikato of \$1.1m per year for 20 years following the opening of the theatre in June 2021.
- 1.13 The proposal assumes a \$5m contribution and an ongoing annual grant of \$300,000 for renewals and upgrades funding from Waikato Regional Council.
- 1.14 Momentum has pledged to raise \$48m from across the region towards the construction of the theatre. Conversations continue with neighbouring councils as to if and how much they could contribute, the outcome of which is pending the completion of their respective 10-Year Plan deliberations.
- 1.15 There are a number of factors that support going forward with this proposal:
- The expected benefits for residents, visitors and the city as a whole;
  - The partnership opportunities to be realised and level of funds already raised through the activity of Momentum;
  - That Council has already approved this project in principle and reneging on that approval may have negative impacts on future partnership opportunities.
  - Feedback from over 2200 submissions received as part of previous consultation on what to do with Founders informed the decision to pursue the current proposal with Momentum.
- 1.16 Disadvantages of this proposal may be seen as the high cost of the project as well as a degree of public opposition. There is always a degree of risk inherent in externally led projects should the project costs overrun. This however should be mitigated with contractual arrangements.
- 1.17 Option B: Do not fund a new Waikato Regional Theatre.
- 1.18 This option is not to fund the Waikato Regional Theatre as proposed in the draft 10-Year Plan.
- 1.19 While this option presents savings to the Council of \$25m in operating expenditure it leaves the city, the arts sector and community without a viable major theatre.
- 1.20 This option would not give effect to the direction received in the 2016 consultation on how to respond to the issues facing Founders which clearly gave the Council direction to take the opportunity for a new build.

- 1.21 It would also go against previous Council decisions made in principle to go ahead with the project and result in significantly wasted resources on the part of Momentum and other key stakeholders involved in the proposed theatre.
- 1.22 Choosing not to go ahead with the Waikato Regional Theatre would represent a significant lost opportunity for partnership and external funding as offered by Momentum and other key partners.

#### Consultation summary

- 1.23 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.
- 1.24 Of 2189 submitters:
  - 240 selected to proceed with the Waikato Regional Theatre as part of the package of nine projects.
  - 920 selected to not proceed with Waikato Regional Theatre.
  - 516 did not select no.
  - 513 did not answer the question.
- 1.25 Key themes from consultation in relation to the Waikato Regional Theatre were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases
  - 128 submitters mentioned the Council should do more partnerships with key stakeholders to provide services and facilities across the city.
  - 71 submitters suggested that Council should rebuild Founders Theatre or build the theatre on the Founders site.
  - 61 submitters did not support the location of the proposed Waikato Regional Theatre in the central city due to a perceived lack of close parking and concerns for personal safety while walking to the theatre or a car late at night.
- 1.26 One of the main points of opposition was the location, access and proximity to parking. There was also a misconception from some submitters about ongoing financial responsibility for the theatre. Some submitters felt the Council would be left with an expensive facility that cannot pay its way. However, the new theatre would be managed by an independent Trust and Council will have a capped contribution.

#### Conclusion

- 1.23 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.
- 1.24 Should the Council wish to consider not funding the Waikato Regional Theatre it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

## ATTACHMENT 4D

## Central City Park – River Plan

## FUNDED PROPOSAL

**Background**

- 1.1 A proposal was presented to Council in December to create a Central City Park – River Plan (Central City Park) that would build on the intent of the Hamilton City River Plan vision that the “Waikato River will be the defining heart of Hamilton”.
- 1.2 The proposal is to purchase properties between the Victoria on the River (VOTR) site and Embassy Park, remove the buildings and develop an urban park. In November 2017, the Council approved funding for the development of concept designs for this project which were presented with the draft 10-Year Plan budget.

**Options**

- 1.3 Option A: Fund the development of a Central City Park between Victoria on the River and Embassy Park as per draft 10-Year Plan budget.
- 1.4 The Council resolved to approve funding provisions in the draft 10-Year Plan for the development of a Central City Park between Victoria on the River and Embassy Park.
- 1.5 The draft 10-Year Plan includes provision for:
  - This resolution included operating expenditure for the development of a master plan for the urban park (\$300,000)
  - \$6m for the removal of buildings on the proposed site
  - An allowance of \$12.95m to write-off building assets
  - Consequential operating expenditure to maintain park assets following completion of \$55,000 per year from year 4 of the 10-Year Plan.
  - Capital expenditure of \$12m over the first five years was also approved.
- 1.6 The resolution reduced the proposed capital expenditure but did not at the time take into account the effect of this on the associated expenses. By resolving to allocate \$12m instead of the proposed \$20m associated expenses need to be adjusted as is assumed the reduced capital diminishes the total value and quantum of buildings to be written off and demolished.
- 1.7 If the Council chooses to fund the Central City Park proposal that was presented in the draft 10-Year Plan budget an updated resolution will be required that includes:
  - Capital expenditure of \$12m over the first five years of the 10-Year Plan;
  - \$12.7m total operating expenditure, being:
    - \$300,000 for the development of a master plan for the urban park;
    - \$400,000 consequential operational expenditure;
    - \$6m for demolition; and
    - \$6m allowance to write-off building assets.

- 1.8 Timing of capital expenditure for this project is subject to the ability to negotiate acceptable purchase agreements.
- 1.9 The original proposal allows the Council to purchase property to safeguard the opportunity to create the future benefits identified in December for this proposal including:
- extending the benefits generated by Victoria on the River by providing greater connection between Victoria Street and the Waikato River, in doing so also provide a park setting suitable for inner city workers and residents to rest and enjoy the views.
  - The park location is intended to enhance the experience of visitors to the Waikato Regional Theatre and cultural precinct. It may provide an opportunity for the theatre to extend events into the open space.
  - The removal of buildings near the proposed Waikato Regional Theatre may facilitate construction of the theatre, which is complicated both by the heritage status of the buildings on the theatre site and the physical constraints of the site.
- 1.10 Disadvantages of this project include:
- The high capital cost of the project;
  - Uncertainty in terms of ability and timing of negotiating acceptable purchase agreements or the potential for increases in building valuations and subsequent purchase prices;
  - Uncertainty of additional costs and timing to implement the full project; and
  - In addition, the creation of the Central City Park as proposed may need consideration of heritage aspects.
- 1.11 Option B: Do not fund the development of a Central City Park between Victoria on the River and Embassy Park.
- 1.12 This option is to not fund the Central City Park. If the Council choose to not fund the Central City Park proposal within the 10-Year Plan, the result would be a saving of \$12m capital, and \$6.7m in operating expenses.
- 1.13 The primary disadvantage is that the Council may lose the opportunity to purchase these properties indefinitely.
- 1.14 There is also a lost opportunity to leverage investment in relation to the Waikato Regional Theatre and Victoria on the River, create even more central city vibrancy and build on the current vision of the River Plan.

#### Consultation summary

- 1.15 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.
- 1.16 Of 2189 submitters:
- 240 selected to proceed with Central City Park as part of the package of nine projects.
  - 803 selected to not proceed with Central City Park.
  - 633 did not select no.
  - 513 did not answer the question.

1.17 A key theme from consultation in relation to the Central City Park was:

- General feedback, which could be applied to all community projects, that the Council should not spend money on new projects when it is proposing significant rate increases.

**Conclusion**

1.18 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.

1.19 Should the Council wish to consider not funding the Central City Park it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

## ATTACHMENT 4E

**Waiwhakareke Natural Heritage Park**

## FUNDED PROPOSAL

**Background**

- 1.1 Waiwhakareke Natural Heritage Park (Waiwhakareke) is adjacent to Hamilton Zoo and provides unique opportunities for research and education.
- 1.2 The long-term aim of Waiwhakareke is to reconstruct the natural forest, wetland and lake ecosystems present in pre-European times and provide residents and visitors with enhanced recreation and tourism opportunities.
- 1.3 The park has been developed with significant input from volunteers such as Tui 2000, external funders and scientific research provided by the University of Waikato and Wintec. Strong partnerships have been developed between University of Waikato, Wintec, Tui 2000 and the Council.

**Options**

- 1.4 Option A: Fund short term projects to open Waiwhakareke to the public as per draft 10-Year Plan budget.
- 1.5 As part of the draft 10-Year Plan approved in December, funding was agreed for a programme of works that would allow Waiwhakareke to open to the public.
- 1.6 Financial projections indicate this project would cost:
  - \$710,000 capital funding in 2018/19 (noting that \$50,000 of the \$760,000 proposed was expended in 2017/18 for planning); and
  - \$2.25m consequential operating expenditure over the ten-year period.
- 1.7 This funding is for the construction of a loop track, viewing platforms, toilet installation and basic signage, fencing and bridges and ongoing maintenance of the infrastructure.
- 1.8 Waiwhakareke represents an excellent example of organisations and community working together for a common goal and making positive steps towards environmental restoration and conservation. Opening this area to the public would pay tribute to that work by sharing it as a recreational and educational space for residents and visitors.
- 1.9 Considering this project alongside the alternative Hamilton Zoo proposal for a joint Zoo/Waiwhakareke entry precinct, highlights added benefits including return on investment, of opening the park to the public.
- 1.10 The only identified disadvantage of this project is that it requires funding.
- 1.11 Option B: Do not fund short term projects to open Waiwhakareke to the public.
- 1.12 If Council chooses not to fund the identified short-term projects to open Waiwhakareke the status quo remains.

- 1.13 Some development would continue to be supported by Tui 2000 who have secured external grants of \$442,000 over the next 4 years to cover the cost of planting on site. This funding cannot be used for infrastructure development. In addition, Tui 2000 have secured \$10,000 that can be used for interpretation panel signage.
- 1.14 This option does not respond to the general feedback from the public to open the park and does not extend the space and the benefits it provides to the greater community.
- 1.15 It also represents a lost opportunity in terms of expanding the attractions available to residents and visitors to Hamilton, ability to enhance the experience of visitors to the Zoo and to leverage off that attraction.

#### Consultation summary

- 1.16 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.
- 1.17 Of 2189 submitters:
  - 240 selected to proceed with Waiwhakareke as part of the package of nine projects.
  - 470 selected to not proceed with Waiwhakareke.
  - 966 did not select no.
  - 513 did not answer the question.
- 1.18 Key themes from consultation in relation to the Waiwhakareke were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 133 submitters mentioned the Council should do more partnerships with the community and 128 submitters mentioned the Council should do more partnerships with key stakeholders to provide services and facilities across the city.

#### Conclusion

- 1.19 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.
- 1.20 Should the Council wish to consider not funding the Waiwhakareke Natural Heritage Park it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

**ATTACHMENT 4F****Pooches & Parks (Fenced Dog Exercise Area)****FUNDED PROPOSAL**

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**Background**

- 1.1 Public consultation undertaken as part of the development of the Pooches in Parks Plan in 2014 indicated that some Hamilton residents wanted a fenced area for dogs to exercise.
- 1.2 The plan identified the need to work with dog clubs and groups to create fenced dog exercise parks at Melville Park and Innes Common.
- 1.3 The Council approved the construction of a fenced dog exercise area within the draft 10-Year Plan.

**Options**

- 1.4 Option A: Fund one new fenced dog exercise area and associated facilities as per draft 10-Year Plan budget.
- 1.5 Council approved funding provision in the draft 2018-28 10-Year Plan for one new fenced dog exercise area and associated facilities.
- 1.6 Financial projections indicate this project will cost:
  - \$177,000 capital expenditure in 2018/19; and
  - consequential operating expenditure of \$13,000 per annum for maintenance.
- 1.7 Should the Council approve this proposal, staff recommend undertaking a public consultation process prior to construction to identify if Melville Park or Innes Common is still the preferred location, or if an alternative site (that is currently designated as a dog exercise area) would be more appropriate.
- 1.8 This option responds to an identified need from dog owners in the community for improved facilities.
- 1.9 Option B: Do not fund any new dog exercise area or associated facilities.
- 1.10 This option is simply not to provide any additional areas or facilities.
- 1.11 This does not give effect to the Pooches and Parks Plan, the 2014 consultation that was done as part of its development or the recent 10-Year Plan submissions in support of this project.
- 1.12 Savings to the ratepayer by not doing this project would not be significant.

**Consultation summary**

- 1.13 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.

1.14 Of 2189 submitters:

- 240 selected to proceed with a fenced dog exercise area as part of the package of nine projects.
- 678 selected to not proceed with a fenced dog exercise area.
- 758 did not select no.
- 513 did not answer the question.

1.15 A key theme from consultation in relation to the fenced dog exercise area was:

- General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.

**Conclusion**

1.16 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.

1.17 Should the Council wish to consider not funding a fenced dog exercise area it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

**ATTACHMENT 4G****New Indoor Recreation Facility****FUNDED PROPOSAL****Background**

- 1.1 The Waikato Regional Sports Facility Plan (Visitor Solutions, 2014) stated that there is a high demand for indoor court space in Hamilton. It noted that a lack of space is inhibiting the growth of indoor sports, and growth is likely to exacerbate the issue.
- 1.2 The proposal in the draft 10-Year Plan aims to address this issue by pursuing a partnership arrangement with The University of Waikato to enable the construction of a new indoor recreation facility.
- 1.3 The Council's proposed contribution to an indoor recreation centre at the University of Waikato is on the basis that the facility will be available for a significant proportion of time for community use.
- 1.4 The model that the proposed indoor recreation facility would be built under will be similar to the shared use agreement that is in place for The Peak in Rototuna. That is, the Council would provide a grant towards the construction of the facility, and an annual operational grant but the University will also contribute significant funding to the project, and run and maintain the facility once it is built.
- 1.5 The current model for community use at The Peak is that one court is always for community use during school days, and all four courts are for the community in the evenings and weekends. Council funding would be contingent on a similar agreement with the University of Waikato. This has proven to be a successful model for providing indoor recreation space to the community, whilst also keeping building and ongoing maintenance costs low for ratepayers.

**Options**

- 1.6 Option A: Pursue a partnership arrangement with The University of Waikato to enable the construction of a new indoor recreation facility as per draft 10-Year Plan budget.
- 1.7 Council resolved in the draft 10-Year Plan to enter into further discussions with the University of Waikato to develop a comprehensive business case for a partnership arrangement to enable the construction of a new indoor recreation facility, subject to the business case being approved by Council.
- 1.8 The resolution approved funding of:
  - \$2m operating expenditure to be included in year 4 (2021/22); and
  - \$2m operating expenditure to be included in year 5 of the Plan for a grant towards the construction of a new indoor recreation centre.
- 1.9 The proposal also included \$123,000 per annum in an annual operating grant from Year 6. This was subject to the Waikato Mayoral Forum and the Waikato Regional Council providing a further \$2m via the regional facilities funding framework and requested staff report back to Council on the business case and final partnership arrangement for consideration and approval.

- 1.10 This option takes advantage of an opportunity to partner with a key stakeholder in a cost sharing arrangement for the benefit of the community. As there is an existing successful example of a similar arrangement with The Peak this proposal is considered a positive opportunity.
- 1.11 Option B: Do not pursue the construction of a new indoor recreation facility.
- 1.12 Should the Council choose not to fund this proposal, increasing demand for indoor recreational space will continue to grow and be unmet.
- 1.13 Opportunities to partner with interested parties in cost sharing arrangements and for the potential to invest in what could also serve as high performance sport venues would not be realised.
- 1.14 Potential future partnership opportunities may be negatively impacted should the Council choose to exit discussions on this proposal at this stage.
- 1.15 The Council would save \$4.6m over the ten-year period by choosing not to continue with this option.

#### Consultation summary

- 1.16 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.
- 1.17 Of 2189 submitters:
  - 240 selected to proceed with a new indoor recreation facility as part of the package of nine projects.
  - 610 selected to not proceed with a new indoor recreation facility.
  - 826 did not select no.
  - 513 did not answer the question.
- 1.18 Key themes from consultation in relation to a new indoor recreation facility were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 133 submitters mentioned the Council should do more partnerships with the community and 128 submitters mentioned the Council should do more partnerships with key stakeholders to provide services and facilities across the city.
  - 48 submitters focused on the need for more community facilities.
  - 48 submitters commented on a need to improve the provision of sporting facilities.

#### Conclusion

- 1.19 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.
- 1.20 Should the Council wish to consider not funding a new indoor recreation facility it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

**ATTACHMENT 4H****Playgrounds****FUNDED PROPOSAL**

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**Background**

- 1.1 In 2014, Council adopted the Playgrounds of the Future Plan. This sets out priorities for the delivery of playgrounds across Hamilton.
- 1.2 The plan aims to deliver a well-distributed network of high-quality playgrounds across the city and address gaps in play provision by focusing resources into a smaller number of playgrounds. The Plan leverages on funding partnerships to reduce the impact on the ratepayer.

**Options**

- 1.3 Option A: Fund new or upgraded playgrounds as per draft 10-Year Plan budget.
- 1.4 In December, the Council approved \$3m capital expenditure and \$1.27m operational expenditure to deliver new or upgraded playgrounds over 10 years. It also directed that \$2m be added from the Rototuna Community Hub proposal, bringing the total capital funding for new and upgraded playgrounds to \$5m.
- 1.5 As part of this resolution the Council resolved that \$2.75m be allocated to three destination playgrounds (this included \$75,000 for a destination playground in Garden Place should the proposed Garden Place upgrade go ahead).
- 1.6 Benefits of this proposal are that it recognises the principle of looking after the assets we have by upgrading existing playgrounds to a higher standard and identifying need in consultation with the community.
- 1.7 It also provides for progression of the Playgrounds of the Future Plan by specifying the provision of three new destination playgrounds. In addition, in many cases destination playgrounds are able to secure third party funding towards their development.
- 1.8 The disadvantages of this option are that it does not fund the full implementation of the Playgrounds of the Future Plan.
- 1.9 Staff were asked to identify a proposed playground programme to give effect to this proposal should it be approved for inclusion in the 2018-28 10-Year Plan. The proposed programme is in Table 1 below and works to a budget of \$5m.
- 1.10 The overall programme and each playground project would be subject to confirmation through a community engagement process.

**Table 1: Suggested playground programme for consultation should the proposal be approved.**

Year	Location	\$(000)	Type of Playground
1	Mangaiti Park	50 (developer contributions \$105k)	New Neighbourhood Playground
	Chartwell Park	300	Upgrade existing Neighbourhood Playground
	Innes Common (including exercise equipment)	230	Upgrade existing Neighbourhood Playground
	Play initiatives	20	
2	Hayes Paddock	211	Upgrade existing Neighbourhood Playground and exercise trail
	Melville Park	110	Upgrade existing Neighbourhood Playground
	Lake lower level and junior area	200	Upgrade existing Destination Playground
	Play initiatives	20	
3	Hillcrest Community (Hillcrest Park or Hillcrest Stadium)	1,133	New Destination Playground
	Hammond Park	180	Upgrade existing Neighbourhood Playground
	Porritt Stadium	200	Upgrade existing Neighbourhood Playground
	Claudelands Park	200	Upgrade existing Destination Playground
	Play initiatives	20	
4	Te Manatu Park	326	New Neighbourhood Playground
	Mahoe Park	120	Upgrade existing Neighbourhood Playground
	Play initiatives	20	
5	Glenview Park	1,300	New Destination Playground
	Ranfurlly Park	176	Upgrade existing Neighbourhood Playground
	Play initiatives	22	
6	Moonlight Park (including toilets)	186	Upgrade existing Neighbourhood Playground
	Play initiatives	23	
7	Bremworth Park	358	Upgrade existing Neighbourhood Playground
8	Play initiatives	24	
9	Play initiatives	25	
10	Play initiatives	26	

1.11 Locations in the above proposed programme have been selected based on existing supporting assets (toilets, carparks) and strategic alignment to other plans and projects.

- 1.12 Option B: Do not fund new or upgraded playgrounds.
- 1.13 If the Council chooses not to fund any new or upgraded playgrounds there would be a saving of \$5m over the ten-year period.
- 1.14 Choosing this option however would not progress the Playgrounds of the Future Plan.

#### Consultation summary

- 1.15 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.
- 1.16 Of 2189 submitters:
  - 240 selected to proceed with new or upgraded playgrounds as part of the package of nine projects.
  - 414 selected to not proceed with new or upgraded playgrounds.
  - 1022 did not select no.
  - 513 did not answer the question.
- 1.17 Key themes from consultation in relation to playgrounds were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 133 submitters mentioned the Council should do more partnerships with the community and 128 submitters mentioned the Council should do more partnerships with key stakeholders to provide services and facilities across the city.
  - 41 submitters thought Council should focus on neighbourhood playgrounds.
  - 19 submitters thought Council should focus on destination playgrounds.

#### Conclusion

- 1.18 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.
- 1.19 Should the Council wish to consider not funding new or upgraded playgrounds it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

## ATTACHMENT 4I

**Rototuna Community Hub**FUNDED PROPOSAL

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**Background**

- 1.1 Capital projects for a pool and library for the Rototuna community have been planned and included in one way or another in Council's 10-Year Plans since 2006.
- 1.2 Land has been acquired for the purpose of providing community infrastructure in Rototuna and thorough planning undertaken towards its delivery. There is a sense of expectation in the community that this infrastructure will be provided.
- 1.3 The unfunded proposal presented to Council 6 December 2017 aimed to address a growing need for services in the North East in relation to library services and community spaces and across Hamilton in relation to indoor pool space and the accessibility of Learn to Swim facilities in local communities.

**Options**

- 1.4 Option A: Fund construction of a Community Hub/Library and Public Square and select a private partner to construct and operate a swimming facility as per draft 10-Year Plan budget.
- 1.5 This option proposes the construction of a Community Hub (with a library and community meeting space), carparks and public square in the Rototuna Town Centre. It also involves staff preparing a process to select a private partner to construct and operate a swimming facility as per draft 10-Year Plan budget.
- 1.6 The proposal specifies the aquatic facility must include at a minimum a Learn to Swim facility on the designated aquatics site.
- 1.7 The Council approved projected funding of:
  - \$18m to deliver this project; and
  - \$7.75m of operational expenditure to plan, deliver and manage the ongoing cost of the project.
- 1.8 A high-level breakdown of the funding is as follows:
  - \$8m - Library Community Hub
  - \$10m - Public square and carparks
- 1.9 This option enables the Council to meet its obligations to develop facilities in the Rototuna Town Centre as planned.
- 1.10 The delivery of this proposal would provide much needed community space in Rototuna, establish a focal point for the town centre and ensure integration with retail and housing as development occurs.
- 1.11 It also addresses a shortfall in library space that is seeing increased pressure on Chartwell library and secures the provision of a swimming facility to service the local area.

- 1.12 Funding has been allowed in year 1 to undertake an options study to ensure well planned community facilities including layout and to seek expressions of interest for pool provision.
- 1.13 More on the issues this proposal intends to address and images of the proposed development can be found in the 6 December Council agenda.
- 1.14 The disadvantage of this proposal is that it requires significant investment.
- 1.15 Option B: Do not fund the construction of a Community Hub/Library and Public Square in Rototuna.
- 1.16 Under this option the communities in the North East of the city would continue to have limited facilities in terms of dedicated community space, libraries and swimming facilities.
- 1.17 The expectations of the community and developers who have invested in Rototuna under the expectation that community infrastructure would be provided will also continue to go unmet. This poses a risk of adverse reputational impacts.
- 1.18 There are also potential implications for Council financially in that it may be required to refund approximately \$2.4m in development contributions should the proposal not go ahead.
- 1.19 The savings to the Council of not doing this project would be \$18m capital and \$7.75m operational expenses.

#### Consultation summary

- 1.20 The Consultation Document asked submitters to select from a list of funded projects which ones they thought the Council should or should not do.
- 1.21 Of 2189 submitters:
  - 240 selected to proceed with Rototuna Community Hub as part of the package of nine projects.
  - 627 selected to not proceed with Rototuna Community Hub.
  - 809 did not select no.
  - 513 did not answer the question.
- 1.22 Key themes from consultation in relation to the Skate Park were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 133 submitters mentioned the Council should do more partnerships with the community and 128 submitters mentioned the Council should do more partnerships with key stakeholders to provide services and facilities across the city.
  - 48 submitters focused on the need for more community facilities.

#### Conclusion

- 1.23 Staff have not recommended removing any community infrastructure projects from the draft 10-Year Plan.
- 1.24 Should the Council wish to consider not funding the Rototuna Community Hub it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

ATTACHMENT 5

**Community Infrastructure Proposal Summaries**

UNFUNDED PROPOSALS

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This attachment includes an overview of each of the Community Infrastructure proposals that are not funded in the draft 10-Year Plan budget, but were included in the Consultation Document.

Where a proposal has required updating or an alternative option has been developed in response to feedback from consultation, these are also included in this attachment.

The original proposals presented at the 6 December Council 2017 meeting provide more detailed information and can be accessed via the Council website or [here](#). Proposals are included as follows:

**PROPOSALS NOT FUNDED IN THE DRAFT 10-YEAR PLAN.**

- A. Hamilton Zoo Master Plan
- B. Skate Parks
- C. Sports Parks Drainage Improvements
- D. River Plan
- E. Artificial Turf at Rototuna Sports Park
- F. Library Network Expansion and Improvements

## ATTACHMENT 5A

## Hamilton Zoo Master Plan

## UNFUNDED PROPOSAL

**Background**

1. Hamilton Zoo is one of the key visitor attractions in Hamilton, offering both a recreational and educational experience to residents and visitors.
2. The Hamilton Zoo Master Plan was developed by international zoo planning and design firm Hanson/Roberts in conjunction with a Council appointed Zoo Review Working Group.
3. The Masterplan was approved by Council on 27 June 2017 and outlines several aspirational goals, operational focus areas and capital development. The projects in the Zoo Master Plan are included in Table 1 below:

**Table 1: Zoo Master Plan Projects**

Project	Description	Timing as per Masterplan	Rough order capex costs 2014	Estimated Annual Opex
Siamang Exhibit	Utilises Zoo's existing water bodies and mature trees to create a memorable visitor encounter.	2014 -2015	Siamang Exhibit Completed in 2016 – actual cost \$467,429	
Entry, Retail Shop and Café	The new Zoo Entry, Gift Shop and Café will provide facilities serving both the Zoo and Waiwhakareke.  Development of the visitor centre (entry, retail shop and cafe) is essential to leveraging increased national and international visitation to the Zoo.	2016-2018	\$5.2m	As in Option B
Savannah Stage One – Waterhole, New Barns, Meerkats	Expand Savannah to 'waterhole' with new barns and off-exhibit paddocks to set the stage for Waterhole Camp.  This is one of the higher cost projects and should be undertaken once the accommodation (Waterhole Camp) options are well understood. The Savannah needs to be undertaken prior to Waterhole Camp development but should be planned in conjunction to ascertain the return on investment.	2018-2020	\$4.4m	\$300K (excludes revenue projections to be established in business case with Waterhole Camp)
Savannah Stage two- Waterhole	Safari and lodge experience overlooking the Savannah. Includes sixteen luxury	2020-22	\$2.0m	TBC (business

Camp	tents for a unique zoo experience in New Zealand.  This would be tested through a feasibility study and detailed business case. This project could potentially be established via a private partnership.			case required)
Lemur Walk-through	Visitors will share the Lemur habitat on a boardwalk and walkway through existing trees. This lower-cost item would encourage visitation through a significant new interactive experience. Ideally the walkthrough would be launched alongside the visitor centre retail shop and café.	2022-2023	\$0.35m	\$50k
Growing Wild	An informal play and discovery area for the entire family located at the top of the Zoo near the arrival centre. This would complete the top zone of the zoo, significantly enhancing the family visitor experience. Ideally this would be established in line with the Visitor Centre and opened in year 5.	2022-2025	\$3.8m	\$110k

4. In recognition of the potential of the Zoo to become the second major visitor drawcard to Hamilton, staff are currently consulting with Hamilton Waikato Tourism and developing an operational business plan to deliver on the 5 key drivers of the Masterplan. These are
  - Conservation/Sustainability
  - Animal Well-being
  - Visitor Experience
  - Character
  - Discovery & Learning
5. Incorporating these drivers as part of the business focus at the Hamilton Zoo is resulting in improved value add experience, increased revenue and stronger promotion of the Zoo's conservation/sustainability messages.
6. However, the Hamilton Zoo does not currently meet minimum Qualmark tourism standards and has not been promoted as a major attraction outside of the Waikato.
7. Implementation of Masterplan projects would enable ongoing successes in positioning Hamilton Zoo as a major tourist attraction.
8. It is expected that promoting Hamilton Zoo both nationally and internationally, along with other destination sites such as Hamilton Gardens, would result in a substantial uptake in visitation to Hamilton City.
9. The ability to leverage on visitation at other destinations such as Hamilton Gardens will be key to revenue opportunities at the Zoo and to deliver greater economic benefit to the city.
10. The Hamilton Zoo Master Plan recommends a phased approach over a ten-year period at an estimated capital cost of \$15.7m. The first major project in the Zoo Masterplan, the Siamang exhibit was completed in 2016 and is open to the public. All other projects are currently unfunded.

11. The Master Plan has been designed as “living” piece of work that evolves over time and may be reviewed depending on market conditions. A full copy of the Hamilton Master Plan can be found here: [Hamilton Zoo Masterplan](#).
12. An unfunded proposal was presented at the 6 December 2017 Council meeting that offered options to give effect to the projects in the Zoo Master Plan. It also offered a scaled back option to invest only in the construction of a new joint entry precinct with Waiwhakareke Natural Heritage Park.

#### Options

13. Option A – Do not implement the key projects in the Zoo Master Plan as per the draft 10-Year Plan budget.
14. This is the option currently reflected in the draft 10-Year Plan
15. This option is to not implement any of the Zoo Masterplan capital projects and continue to focus on driving visitation through maximising revenue generating opportunities within existing resources.
16. The Council chose to not fund any aspect of the Zoo Master Plan in the draft 10-Year Plan budget at its meeting on 6 December 2017. However, all renewals, maintenance and other operational costs are fully funded in the draft 10-Year Plan budget.
17. Option B – New entry precinct and lemur walk-through experience.
18. This option includes demolishing the existing Zoo arrival centre and building a new entry precinct that provides access to visitors for the Zoo and/or Waiwhakareke Natural Heritage Park during operating hours.
19. It includes an education centre, free public access to the cafe, gift shop and toilet facilities and accommodates paid entry into the Zoo.
20. This option includes a new visitor attraction – The Lemur Walk Through Experience
21. It also includes improved parking and a pedestrian zone between Waiwhakareke and Zoo entrances to ensure a strong link and safety of access between sites.
22. A new entry precinct is considered a minimum requirement to bring the Zoo to Trade Ready Standard (minimum standard acceptable to inbound tourism) and allow for leveraging national and international visitors to the city.
23. Without the minimum of an improved visitor arrival centre, Hamilton Zoo does not meet the essential Qualmark tourism standard required for it to be recognised as an iconic tourism attraction.
24. A new visitor centre would provide a focal point for starting or finishing a visit to the Zoo and/or Waiwhakareke. Building strong conservation, education and visitor experience links between the Zoo and Waiwhakareke would increase opportunities for partnership.
25. Preliminary financial modelling indicates that this option would cost:
  - \$5.55m capital cost (uninflated) over ten years.
  - \$3.6m operating cost over eight years (Year 3 to Year 10)
26. Preliminary financial modelling indicates that this option would generate:
  - \$3m capital revenue (from external funding) over ten years.
  - \$7.82m operating revenue (from increased visitation) over seven years (Year 4 to 10).

27. These figures are estimates only; a detailed forecasting exercise would be required as part of developing a business case.

**Consultation summary**

28. The Consultation Document asked submitters to select from a list of unfunded projects which proposals they thought the Council should do.
29. Of 2189 submitters:
  - 522 selected the key projects in the Zoo Master Plan.
  - 1,154 did not select the key projects in the Zoo Master Plan.
  - 513 did not answer the question.
30. A key theme from consultation in relation to the Zoo was:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.

**Conclusion**

31. Staff have not recommended adding any new community infrastructure projects to the draft 10-Year Plan budget.
32. If the Council wish to invest in Hamilton Zoo development, the Council would need to resolve a change to the final 10-Year Plan budget. Option B would give effect to this.

**ATTACHMENT 5B****Skate Parks****UNFUNDED PROPOSAL**

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**Background**

1. Skating and skate spaces/parks are a popular activity for young people. Skate spaces help fill a gap in low-cost, social, informal and unstructured active recreation activities that have positive health and wellbeing benefits. Skate spaces activate open spaces, enliven parks and promote healthy lifestyles.
2. There was no provision of funding for renewals of skate parks in the 2015/25 10-Year Plan. An audit of Hamilton's three existing concrete skate parks in 2016, concluded that skate value, surface and structural quality are poor for Melville Park, Fairfield Park and average for Elliot 'Newton' Park.
3. More information on user profiles and benchmarking with other cities can be found in the original 6 December 2017 proposal.
4. The draft 10-Year Plan included an unfunded proposal to develop either a new high spec skate park or a new low spec skate park. Both were proposed to be located in the central city.

**Options**

5. Option A - Do not fund any new skate parks as per draft 10-Year Plan budget
6. This is the option currently reflected in the draft 10-Year Plan.
7. This option is to not build any new skate parks. However, all renewals, maintenance and other operational costs for existing skate parks are fully funded in the draft 10-Year Plan budget.
8. There may also be scope to incorporate some skate park elements into the Playground Development Programme that is funded in the draft 10-Year Plan budget.
9. Option B – Develop a basic-spec new skate park in a central city location
10. This option is for a basic skate park in the central city covering 1,500m<sup>2</sup> of skate park, basic landscaping, amenities and path links.
11. Financial modelling indicates that this option would cost:
  - \$1.6m capital cost (uninflated) over years 2 & 3 (2019/20 and 2020/21).
  - \$173,000 total consequential operating cost over ten years.
12. Location options and partnership funding opportunities are still to be fully investigated.

**Consultation summary**

13. The Consultation Document asked submitters to select from a list of unfunded projects which proposals they thought the Council should do.

14. Of 2189 submitters:
  - 285 selected the skate park.
  - 1,391 did not select the skate park.
  - 513 did not answer the question.
15. Key themes from consultation in relation to the skate park were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 48 submitters commented on a need to improve the provision of sporting facilities.

**Conclusion**

- 1.1 Staff have not recommended adding any new community infrastructure projects to the draft 10-Year Plan.
- 1.2 Should the Council wish to consider funding a basic-spec new skate park it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

## ATTACHMENT 5C

# Sports Park Drainage Improvements

## UNFUNDED PROPOSAL

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### Background

1. Being able to participate in sport and recreation activities is important to the liveability of our city and supporting the wellbeing of Hamiltonians.
2. There are current and projected sports field deficiencies in Hamilton to meet hours of use for both training and competition games. This is mainly due to the reduced quality/condition of the fields caused by ageing and inadequate drainage and irrigation which limits the number of hours a field can be used before it becomes unusable and unsafe.
3. It is anticipated that the demand for 'playable' sports fields is expected to grow as the population increases in Hamilton. Difficulties resulting from poor drainage lead to reduced availability of field for playing and subsequent cancellations of training or tournament events.
4. The greatest cause of capacity issues across the city's sports fields is the reduced field hours available due to the quality and condition of the fields cause by aging and poor drainage.
5. More information, including the findings of two reports commissioned to look into sports field capacity issues can be found in the 6 December 2017 Council meeting agenda.

### Options

6. Option A: Do not fund high priority drainage improvements on seven prioritised parks as per draft 10-Year Plan budget.
7. This option is to not fund any new sports park drainage improvements and is currently reflected in the draft 10-Year Plan. However, all renewals, maintenance and other operational costs for sports parks remain funded in the draft 10-Year Plan budget.
8. This option does not deliver additional benefit to users of sports fields or address current and projected quality and capacity issues for these facilities. Nor does it take into account written and verbal submissions received in support of funding improvements to sports parks.
9. Option A does not affect the rates level proposed in the draft 10-Year Plan.
10. Option B: Fund high priority drainage improvements on seven prioritised parks as per original proposal to 6 December Council.
11. Option B is a prioritised programme for sports field drainage improvements to 13 fields across 7 parks in the first three years of the 10-Year Plan, increasing capacity by 40 hours a week by 2020/21.
12. Financial modelling indicates that this option would cost:
  - \$3.48m capital cost (uninflated) the first three years of the 10-Year Plan.
  - \$1.19m operational expenditure over the ten years.

13. This option responds to a known community need in terms of existing capacity issues of available hours for use on sports fields across Hamilton that are projected to worsen.

#### Consultation summary

14. The Consultation Document asked submitters to select from a list of unfunded projects which proposals they thought the Council should do.
15. Of 2189 submitters:
  - 404 selected sports park drainage improvements.
  - 1,272 did not select sports park drainage improvements.
  - 513 did not answer the question.
16. Key themes from consultation in relation to the sports park drainage improvements were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 48 submitters commented on a need to improve the provision of sporting facilities.
17. A number of different groups gave verbal submissions in support of improvements to the sports parks in the city. These included:
  - Waikato Softball.
  - Waikato BOP Football.
  - Waikato Lacrosse Association.
  - Northern United Sports Club.
  - Hamilton Boys High and Waikato Hockey.
  - Melville United AFC.

#### Conclusion

18. Staff have not recommended adding any new community infrastructure projects to the draft 10-Year Plan.
19. Should the Council wish to consider funding high priority drainage improvements on seven prioritised parks it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

**ATTACHMENT 5D****River Plan projects****UNFUNDED PROPOSAL****Background**

1. The Hamilton City River Plan was approved by Council in 2014 and has the vision that the “Waikato River will be the defining heart of Hamilton”. It sets out a number of projects with associated timeframes. Several of the projects within this plan have been completed or are underway. An outline of these can be found in the 6 December 2017 Council meeting agenda.
2. An elected member River Plan Task Force was established in May 2017 to, among other things, recommend priorities in relation to the projects within the River Plan.
3. An unfunded proposal was presented alongside the draft 10-Year Plan that put forward a set of projects prioritised by the River Plan Task Force to be considered for inclusion in the 10-Year Plan.

**Options**

4. Option A: Do not fund any new River Plan projects as per draft 10-Year Plan budget.
5. This option does not deliver added benefits to the community or deliver on expectations the community may have regarding the completion of the River Plan.
6. It represents a lost opportunity to enhance access and connection to the river and to contribute to other related projects such as Te Awa - the Great NZ River Ride and Matariki interactive Waka Project as well as potential future projects in this area.
7. Option A does not affect the rates level proposed in the draft 10-Year Plan.
8. Option B: Fund the prioritised River Plan projects as per the original unfunded proposal.
9. The projects put forward in the unfunded proposal by the River Plan Task Force were:
  - An accessible connection from the river to the museum.
  - An upper promenade from the museum to the Embassy Park. It will pass the proposed theatre and will need to integrate with that option. When completed, along with the 2017/18 projects, it will connect Grantham St to Victoria on the River.
  - Construction of ecological terraces and upgrade of the riverside promenade on the river bank below Grantham Street to below Embassy Park. These will raise the height of the riverside promenade to reduce inundation while supporting access to the jetty and pontoon.
10. Financial projections for the cost of these projects combined are:
  - \$12.5m capital cost over the ten-year period.
  - \$5.3m total operational expenditure over the ten-year period.
11. The proposal also included an option to fund the Ferrybank bridge (pedestrian and cycle bridge below Hood Street connecting to the middle of Memorial Park).

12. Financial projections indicate this would require funding of:
  - \$20m capital in the first three years of the 10-Year Plan.
  - \$985,000 operational expenditure over the ten-year period.
13. This option provides enhanced infrastructure for people to access and enjoy the river. It gives effect to the River Plan which has been developed in consultation with the community.
14. The disadvantage of this proposal is the level of funding required to deliver it.

**Consultation summary**

15. The Consultation Document asked submitters to select from a list of unfunded projects which proposals they thought the Council should do.
16. Of 2189 submitters:
  - 496 selected the River Plan.
  - 1180 did not select the River Plan.
  - 513 did not answer the question.
17. A key theme from consultation in relation to the River Plan was:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.

**Conclusion**

21. Staff have not recommended adding any new community infrastructure projects to the draft 10-Year Plan.
22. Should the Council wish to consider funding prioritised River Plan projects it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

**ATTACHMENT 5E****Artificial Turf at Rototuna Sports Park****UNFUNDED PROPOSAL**

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**Background**

1. The provision of one artificial turf field including provision of lighting to allow for maximum use was included in the concept plan for Rototuna Sports Park development.
2. This would enable the Park to have an all-weather option for use and contribute to improving sports park capacity and alleviating shortfalls projected in the future.

**Options**

3. Option A: Do not fund artificial turf at Rototuna Sports Park as per draft 10-Year Plan.
4. This option is to not build a new artificial turf field at Rototuna Sports Park and is the option currently reflected in the draft 10-Year Plan.
5. This option does not deliver any additional facilities to the Rototuna community or increase capacity in terms of sports park facilities in Hamilton. It does not affect the rates levels proposed in the draft 10-Year Plan.
6. Option B: Fund artificial turf at Rototuna Sports Park as per original proposal to 6 December Council.
7. This option provides for the development of an artificial turf field at Rototuna Sports Park including the provision of lights to enable extended winter availability hours.
8. Financial modelling indicates that this option would cost:
  - \$3m capital funding in years 4 and 5 of the 10-Year Plan (2021/22 and 2022/23).
  - \$1.73m operational expenditure spread over years 5-10 (2022/23 – 2027/28).
9. This would contribute to increasing available hours of field time by providing an all-weather option for up to 45 hours per week of game and/or training time. The provision of lighting also serves to extend field availability during winter.

**Consultation summary**

10. The Consultation Document asked submitters to select from a list of unfunded projects which proposals they thought the Council should do.
11. Of 2189 submitters:
  - 197 selected the artificial turf field at Rototuna Sports Park.
  - 1,479 did not select the artificial turf field at Rototuna Sports Park.
  - 513 did not answer the question.

12. Key themes from consultation in relation to the artificial turf field at Rototuna Sports Park were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 48 submitters commented on a need to improve the provision of sporting facilities.

**Conclusion**

23. Staff have not recommended adding any new community infrastructure projects to the draft 10-Year Plan.
24. Should the Council wish to consider funding an artificial turf field at Rototuna Sports Park it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

## ATTACHMENT 5F

**Libraries Network Expansion & Improvements**

## UNFUNDED PROPOSAL

**Background**

1. Council provides a network of six public libraries and the libraries website. Each year libraries receive more than 900,000 visits from people accessing the range of services libraries provide.
2. Currently Hillcrest and Chartwell libraries are facing significant space and capacity issues, creating pressure on collections, services and staff. In addition to serving the Chartwell/Fairfield catchments, Chartwell library is currently servicing the fast-growing North-East population catchment, and Hillcrest library is one of the smallest and one of the busiest libraries.
3. The Central Library building was built as a department store and there have been ongoing issues that impact on its performance as a library. Work has been undertaken over the years to accommodate library services; however, the current configuration of the building means that large portions of the library are not usable for collections, community or staff areas.
4. An unfunded proposal was presented to the 6 December 2017 Council meeting which described areas that, in the opinion of staff, require funding to address network capacity and optimisation improvements. These identified Hillcrest, the Central City and Chartwell libraries as priority areas in the library network.
5. More detail including funding breakdown for these options can be found in the 6 December Council meeting agenda.

**Options**

6. Option A: Do not fund additional library network expansion and improvements as per draft 10-Year Plan budget
7. This is the option currently reflected in the draft 10-Year Plan. The operational cost of existing library services and maintenance continue to be funded in the draft 10-Year Plan.
8. Under this option, issues with capacity and space in the libraries network will continue and potentially compound as the population grows.
9. Option A does not affect the rates level proposed in the draft 10-Year Plan.
10. Option B: Fund priority network expansion and improvements as per unfunded proposal.
11. This option proposes a series of improvement projects to address issues in the library network. These include (in priority order):
  - An extension to the Hillcrest Library.
  - Improvements to the Central Library in Garden Place.
  - The creation of an outdoor reading room at the Chartwell Library.

12. An extension to extend the Hillcrest library into the adjoining space owned by the Council as the top priority. This seeks to address capacity issues, demand and develop a community hub promoting literacy, learning and technology innovation.
13. Financial modelling indicates the proposed work to Hillcrest library would cost:
  - \$1.1m capital funding in years 3 and 4 (2020/21 and 2021/22).
  - \$376,000 in operational expenditure from year 4 to 10 (2021/22-2017/28).
14. Option B also proposes to undertake building improvements to the Central Library which would lift the functionality, safety and amenity of the building as well as creating opportunities for co-location. These improvements would include:
  - Relocating offices from the front of ground floor to improve natural light and visibility to and from Garden Place creating greater interaction between the spaces and community infrastructure i.e. the proposed destination play space;
  - Safety and accessibility improvements to customer service areas;
  - Improving accessibility of toilet and parent room facilities;
  - The creation of shared community spaces/ meeting rooms;
  - Create opportunities for co-location with other aligned services; and
  - Reconfiguring top floors to improve space efficiency.
15. Financial modelling indicates the above work to the Central City library would cost:
  - \$1.77m capital funding spread across years 1, 3 and 4 (2018/19, 2020/21 and 2021/22)
  - \$392,000 in operational expenditure spread across years 2 to 10 (2019/20 – 2027/28)
16. The Chartwell Library occupies a 753m<sup>2</sup>, building and receives approximately 240,000 visits per year. This option proposes the creation of an outdoor reading room using the library's existing 200m<sup>2</sup> walled courtyard to maximise renewals and create an enhanced community space.
17. The courtyard has been unused for a number of years and requires maintenance. There is funding budgeted for these renewals (\$60,000) in 2020/21.
18. Financial modelling indicates that proposed work to Chartwell library would cost:
  - \$70,000 capital funding in year 3 (2020/21).
  - \$195,000 in operational expenditure from year 3 to 10 (2020/21 – 2027/28).

#### Consultation summary

19. The Consultation Document asked submitters to select from a list of unfunded projects which proposals they thought the Council should do.
20. Of 2189 submitters:
  - 654 selected the libraries network expansion and improvements.
  - 1,022 did not select the libraries network expansion and improvements.
  - 513 did not answer the question.

21. Key themes from consultation in relation to the libraries network expansion and improvements were:
  - General feedback, which could be applied to all community projects, that Council should not spend money on new projects when it is proposing significant rate increases.
  - 48 submitters focused on the need for more community facilities.
22. Of the 6 unfunded projects libraries had the highest rate of selection.

**Conclusion**

23. Staff have not recommended adding any new community infrastructure projects to the draft 10-Year Plan.
24. Should the Council wish to consider investing in upgrades to libraries it would need to resolve the change to the final 10-Year Plan. Option B would give effect to this.

# Council Report

<b>Committee:</b>	Council	<b>Date:</b>	31 May 2018
<b>Author:</b>	Greg Carstens	<b>Authoriser:</b>	Jen Baird
<b>Position:</b>	Acting UM Economic Growth & Planning	<b>Position:</b>	General Manager City Growth
<b>Report Name:</b>	Proposed Development Contributions Deliberations Report		

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

1. To inform the Council of feedback received on the proposed Development Contributions Policy 2018/19.
2. To seek the Council's approval of recommended changes to be incorporated into the final draft Policy for adoption on 28 June 2018.

## Staff Recommendation

3. That the Council receives the report; and
  - a) approves the following changes to the proposed Development Contributions Policy 2018/19:
    - i. phase out the CBD remission, with a 50% automatic CBD remission to apply until 1 July 2019, and no automatic remission thereafter, as explained in issue 2 (para 58-65) of this report; and
    - ii. cap Rotokauri catchment residential and non-residential charges at next highest catchment charge, as explained in issue 4 (para 77-95) of this report; and
    - iii. remove the following projects with capital expenditure outside the 10-Year Plan period from the proposed Development Contributions Policy Schedule of Assets, as explained in issue 5 (para 96-105) of this report:
      - Project C9310223N - Cross City Connector
      - Project C9410140 - Water Demand Management, and
    - iv. do not index charges, as explained in issue 6 (para 106-123) of this report;
    - v. reduce the HUE threshold for remissions from ten HUEs to five HUEs, as explained in issue 10 (para 161-171) of this report;
    - vi. remove the cost recovery provision for remission applications, as explained in issue 11 (para 172-178) of this report; and
    - vii. amend catchment cost allocation for project C9510101 FE2 Storage to extend to the Wastewater East catchment, as explained in issue 18 (para 216-223) of this report.
  - b) notes that the proposed Policy is scheduled to be adopted at the 28 June 2018 Council meeting.

## Executive Summary

4. On 27 March 2018, the Council adopted a proposed Development Contributions Policy (proposed Policy) for public consultation between 29 March and 30 April 2018. The Council received feedback to the proposed Policy through submissions and subsequent hearings. Most of the submitters were associated with the development community.
5. If approved, the revised Policy will become operative on 1 July 2018.
6. Key issues raised during consultation include:
  - the quantum of charges
  - CBD remissions
  - requests for capped charges
  - recovery of capex outside the 10-Year Plan period
  - redistribution of government financial assistance
  - 10 HUE threshold for remissions
  - the proposal to charge by number of bedrooms
  - issues related to the DC Model.
7. Staff have read all submissions to the proposed Policy and attended hearings, and have addressed and responded in this report to twenty the key issues from these submissions. Where issues related to a specific party or were not shared by another submitter, staff have attempted to address them in relation to common key themes.
8. One group of four development companies joined together through joint legal representation and made a number of claims to Council at its hearings that the proposed Policy was unlawful and referred to judicial review as a means of seeking remedy to their issues if it were to be adopted as proposed. This report deals with each topic relating to these claims.
9. Estimated financial impacts on the Council's 10-Year Plan revenue projections are provided for each option considered in this paper. If approved, the recommendations in this report combine to a net increase in DC revenue of circa \$22M compared to the adopted 10-Year Plan DC revenue projections. The driver of this higher projection is a lower leakage factor assumption, which was reviewed through comprehensive analysis of actual building and resource consent data.
10. Indexation of charges also has a significant impact on charges and therefore revenue. The effect of not indexing charges compared to indexing charge is estimated at \$25M positive. The proposed Policy included indexing, but the recommendation in this report is to not index charges.
11. In addition, a decision on capping charges and the extent of those caps, or abandoning the Revised HUE factor, would have significant financial impacts too.
12. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

## Structure of this report

13. This report covers the following matters:
  - Background
  - Discussion
  - Projected DC revenue
  - Significant issues raised by stakeholders following public consultation are addressed in this report under the following format–
    - Background and stakeholder feedback
    - Analysis
    - Staff recommendation
  - Development Contribution Charges
  - Updated model inputs
  - Financial considerations
  - Legal and policy considerations
  - Risks
  - Significance and Engagement Policy.

## Background

14. The existing Policy was adopted on 30 June 2016. While the Council is legislatively required to review the Policy only every three years it is necessary to review it now to reflect the draft 2018-28 10-Year Plan budget.
15. Key amendments to the existing Policy, adopted by Council into the proposed Policy on 27 March 2018 included:
  - Removal of the CBD remission
  - Removal of existing capped charges
  - Introduction of new capped non-residential charges
  - Recovery of capital expenditure outside the 10-Year Plan
  - Charging residential development contributions by the number of bedrooms
  - Removal of higher density residential charge and ancillary unit charge categories
  - Indexing of development contributions charges
  - Updated growth projections, Schedule of Assets, cost allocations, and catchment boundaries
  - Other minor changes; and
  - An updated schedule of charges
16. The Elected Members provided guidance on the proposed Policy leading up to the adoption of the proposed Policy through several briefings, and the establishment of an Elected Member led-development contributions reference group to consider and provide direction to staff on proposed Policy amendments.
17. Further guidance in relations to deliberations was provided at a briefing held on 22 May 2018.

## 18. **Relevant Council decisions**

19. At the 6 December 2017 Council meeting the Council received a report setting out Mayoral recommendations for amendment to the DC Policy and estimated DC revenue impacts. The Mayoral recommendations resolved at that meeting, were the following:
- that the Council, for the purpose of preparing a draft Development Contributions Policy, approves the removal of the CBD remission provision.
  - that the Council, for the purpose of preparing a draft Development Contributions Policy, approves the removal of caps on development contributions charges.
  - that the Council, for the purpose of preparing a draft Development Contributions Policy, approves the introduction of development contributions charges for the strategic capital projects that have costs programmed outside the 10-Year Plan period.
20. At the 27 March 2018 Council meeting the Council received a staff report recommending adoption of a proposed DC Policy and schedules. The Council resolved at that meeting:
- that the Council approve the adoption of the proposed Development Contributions Policy 2018/19 for public consultation alongside the 2018-28 10-Year Plan; and
  - that staff commence formal consultation on the proposed Development Contributions Policy 2018/19 on Thursday 29 March 2018 for four weeks ending 30 April.
21. At the 14 May 2018 Council meeting the Council received a Summary of Submissions report and
- noted that feedback will be considered during the deliberations on the proposed Development Contributions Policy at the 31 May 2018 Council meeting; and
  - noted that the Development Contributions Policy 2018/19 is scheduled to be adopted at the 28 June 2018 Council meeting.
22. The Council is now entering the final phase of developing the proposed Development Contributions Policy 2018/19.

## **Discussion**

### 23. **Purpose of development contributions**

24. The purpose of development contributions is to enable the Council to recover from those persons undertaking development a fair, equitable, proportion of the total cost of capital expenditure necessary to service growth over the long term.

### 25. **Growth pays for growth**

26. The concept that growth should pay for growth has been a guiding principle in Council's decision-making to date. This principle is not absolute and there is a recognition that not all growth-related expenditure must be met by the development community.
27. Council recognises that growth must pay for its appropriate proportion of growth-related expenditure. That proportion is addressed in the cost allocation task that applies to all 10-Year Plan capital projects. First, there is an assessment of whether a particular project has a growth component and, if it does, a development contribution may be required to ensure growth pays for growth.
28. However, the proportion of the total cost that growth must pay is to be determined on a project-by-project basis, considering a range of factors, including whether the project provides an increased level of service for existing users, who benefits overall, and what are the drivers

of the project. In this way, growth pays for growth, but in a fair, equitable and proportionate manner.

29. **Critical filter – LGA Section 101(3)(b)**
30. In addition to the cost allocation requirements that assist in determining the quantum of development contributions, Council also has an obligation to consider the impact on the community of the allocation of liability for capital expenditure which is delivered through the cost-allocations and modelled charges.
31. In this way, Council steps back and gives an overall assessment of the impact of development contributions. In some cases, it may determine that the impacts are significantly adverse to the community, and therefore warrant a reduction.
32. Any intervention of this kind needs to consider the effects from all perspectives. For example, a reduction in a modelled charge may need to find a replacement source of revenue, which may be rates. Impact on ratepayers is therefore a relevant consideration.
33. Ultimately, Council must make its decision on how to fund its expenditure considering the overall impact on the community.

### 10-Year Plan period DC Revenue projections

34. The following table shows projected DC revenue over the 10-Year Plan period based on the most current modelling under the assumption that all recommendations in this report are adopted, compared to that adopted into the 27 March 2018 adopted 10-Year Plan forecast. The variance being \$22M positive.
35. A third scenario is provided in the table under an assumption that Council does not cap any charges option where charges are not capped.

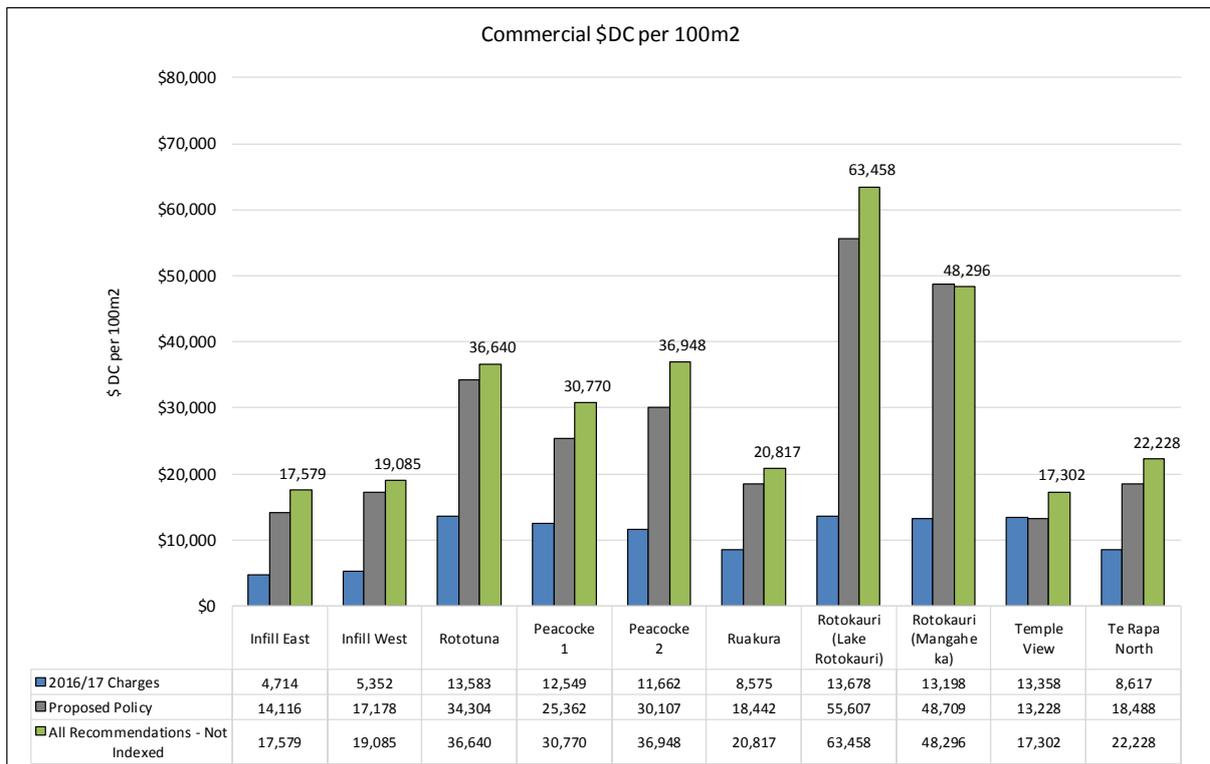
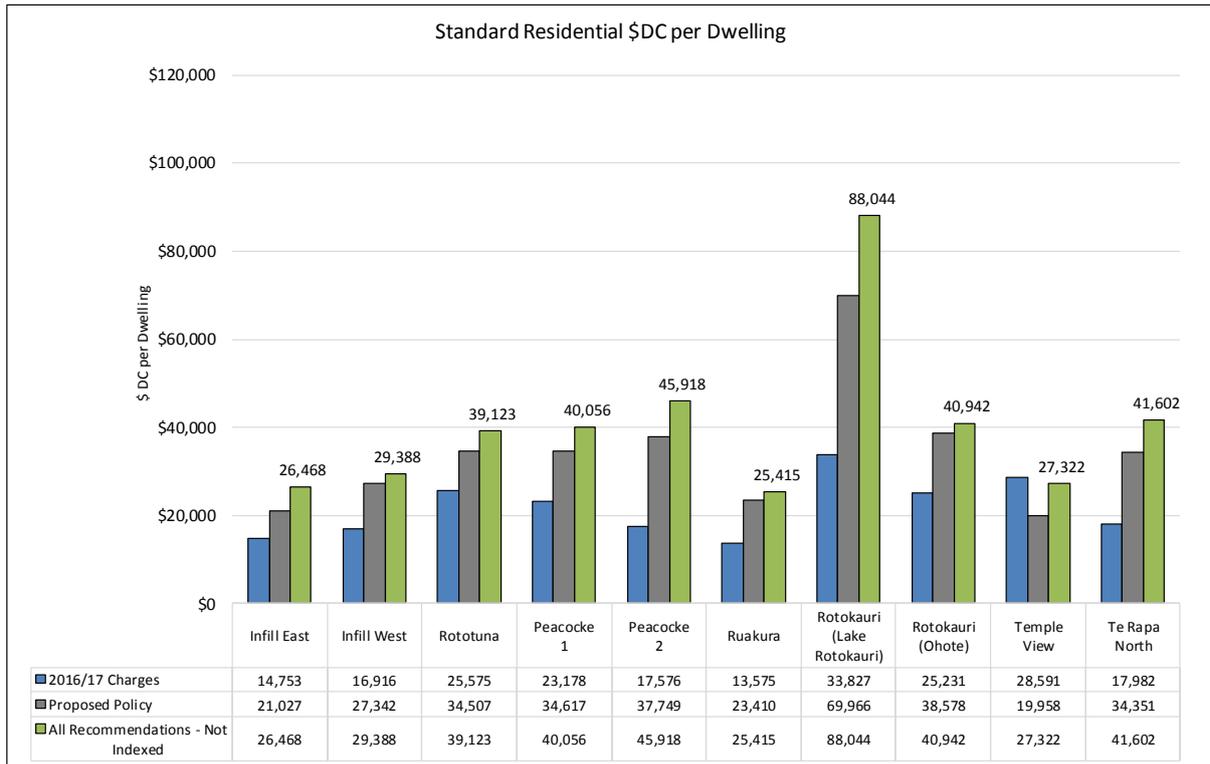
DC revenue projection (\$,000)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
All deliberations recommendations but no charge caps	18,347	25,584	29,950	32,257	35,257	32,586	34,630	36,545	36,750	35,919	<b>317,826</b>
All deliberations recommendations including caps	18,122	24,858	28,893	31,036	33,763	31,662	34,077	35,770	35,380	33,649	<b>307,210</b>
Adopted draft 10-Year Plan revenue (27/3/18)	17,156	24,417	28,654	31,011	31,139	31,147	30,878	29,754	30,796	30,616	<b>285,567</b>
Variance - all recommendations vs draft 10-Year Plan	966	441	239	25	2,624	515	3,199	6,016	4,584	3,033	<b>21,642</b>

36. A key reason for the higher revenue projection in this report compared to the 27 March adopted draft 10-Year Plan revenue is a reviewed leakage factor which is reduced from 30% to 21% based on an analysis of actual building and resource consent data. A separate leakage factor accounting for legal risk has been removed now that a better understanding of that risk exists.
37. Indexation of charges also has a significant impact on charges and therefore revenue. The effect of not indexing charges compared to indexing charge is estimated at \$25M positive. The proposed Policy included indexing, but the recommendation in this report is to not index charges.
38. Modelled Revenue has been adjusted to reflect the effect of charges lock in under prior policies through historical consents being collected in the early years of the 2018-28 10-Year Plan, leakage from credits, remissions, and other instruments such as private developer agreements (PDAs). The DC Revenue projections outlined in this report reflect these considerations.

40. The combined financial impact of all recommendations made in this paper when compared to the DC revenue projection adopted on 27 March 2018 in the draft 10-Year Plan is estimated at \$22M positive.
41. **Note on estimated financial impacts**
42. “Estimated financial impacts” in this report means estimated DC revenue impacts of implementing a specified option on the Council’s 10-Year Plan revenue projection. These impacts are calculated and compared to the proposed Policy keeping all other variables constant.
43. These impact estimates rely on a number of assumptions, explained throughout this report, which means they may in retrospect have a low degree of accuracy due to unknown future factors such as the economy, development cycles, changes to legislation and changes in technology.
44. ‘Nominal’ in the tables in the next section means a minor or non-material impact.

### **Significant issues raised by stakeholders following public consultation**

45. **General concerns**
46. Stakeholders expressed unease over the step change in DCs and erosion of certainty, that DCs are overly technical and hard to access, that specific information has not been made available, that the proposed DCs will worsen housing affordability and that development may become infeasible in Hamilton.
47. **Approach used in this report to analyse issues**
48. For each issue, the following format is applied:
- Background and stakeholder feedback
  - Analysis
  - Staff recommendation
49. **Issue 1: Quantum of charges**
50. **Background and stakeholder feedback**
51. The proposed Policy adopted on 27 March for consultation includes revised DC charges including revised growth projections, and an updated schedule of assets. The latter which is a subset of the wider 10-Year Plan and 30-Year Infrastructure Strategy capital programme.
52. The following graphs shows a comparison between catchment charges in the existing policy with the charges adopted in Councils proposed Policy and the latest charges with the assumption that all recommendations in this report are accepted.
53. Please refer to Attachment 1 for the full set of charge comparison graphs.



**54. Analysis**

55. The substantial uplift in charges is primarily caused by the corresponding substantial increase in growth-related capital expenditure. There are a number of other factors that influence charges either upwards or downwards, and these are dealt with separately in this report under the various submission responses below. The most significant of these other factors is whether charges are indexed or not.

**56. Staff recommendation**

57. Refer below to presented options to cap charges (Issue 4)

58. **Issue 2: CBD remission**

59. **Background and stakeholder feedback**

60. The CBD remission was first introduced in the 2013/2014 Development Contributions Policy. The rationale at the time for introducing the CBD remission was to assist the Council’s revitalisation objectives for the CBD.

61. Some submitters have requested a phased removal of the remission to allow developers who have development planned but not yet consented a chance to transition away from the 100% remission; others have suggested the original purpose of the remission remains valid and thus the remission should stay, while others wanted it removed – particularly developers who had development elsewhere.

62. **Analysis**

63. While it is difficult to determine the positive impact of CBD remissions in a complex environment such as the city’s business district, there has been substantial growth in residential, retail and commercial building consents in recent years. Interventions that improve the feasibility of development, such as remission of DCs, will have a positive effect on inner city development, which remains an important initiative and goal of the city.

64. Current consenting in the CBD has increased in anticipation of the removal of the CBD remission. Developers with plans to develop in the near future are rationally taking steps to secure a CBD remission prior to the implementation of the proposed Policy. The time between when a consent is first lodged and when the development is complete can often be many years. The combination of these factors means the economic development effect of the CBD remission will continue over the coming years even if it were removed, and any development with sufficient planning should be able to secure a CBD remission prior to their removal.

65. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Phase in the CBD remission, with a 50% automatic CBD remission to apply until 1 July 2019, and no automatic remission thereafter.	\$0.6M
	Retain proposed Policy position of no CBD remission	Nil
	Keep the CBD remission	\$12M

66. **Issue 3: Removal of the existing capped charges**

67. **Background and stakeholder feedback**

68. Feedback was received that opposed the proposed removal the existing caps applied to selected residential, commercial, industrial and retail development contribution charges. The feedback has broadly argued that the caps promote economic development and maintain competitiveness.

69. Capped charges were first introduced in the 2013/2014 Development Contributions Policy. Originally caps were introduced to promote economic development and maintain competitiveness in the non-residential market in comparison to charges imposed by other

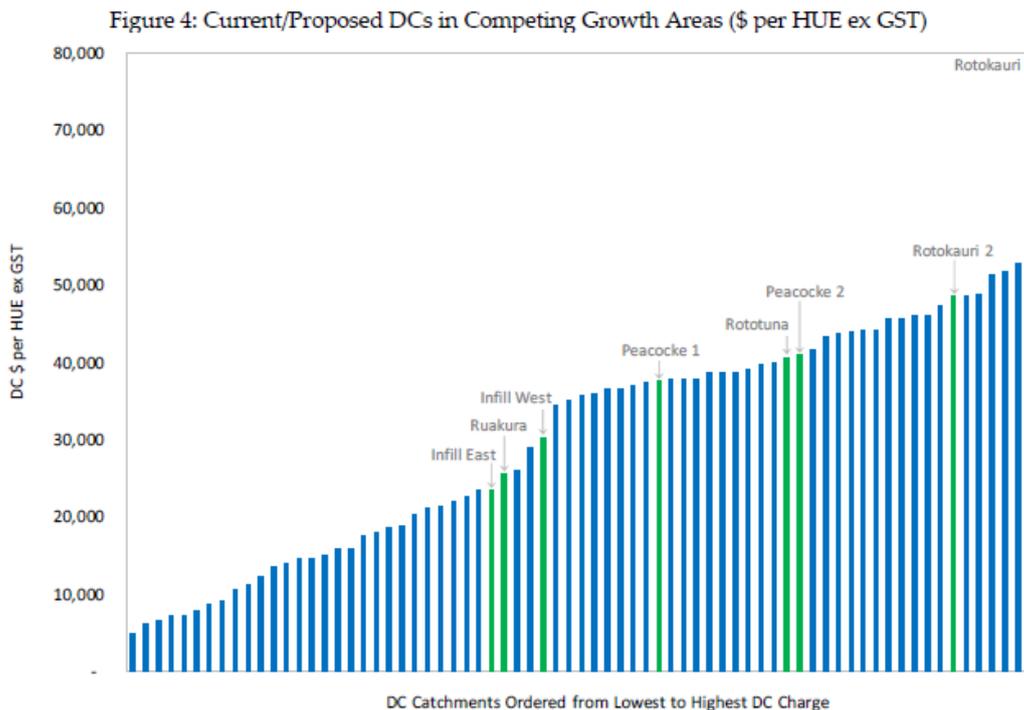
councils. Since then, economic conditions have improved significantly and land values have increased substantially while development contributions, especially in non-residential sectors, have remained the same.

70. At its 6 December 2017 meeting Council resolved *“That the Council, for the purpose of preparing a draft Development Contributions Policy, approves the removal of caps on development contributions charges.”*
71. **Analysis**
72. Currently selected residential, commercial, industrial and retail sectors by catchment are capped at the 2012/13 Development Contribution Policy rates. This has led to ratepayers subsidising certain developments across the city to varying degrees.
73. The removal of the existing caps will revert the development contributions charges to the unmodified modelled figure.
74. New caps are recommended in this report for the highest charges in the city.
75. **Staff recommendation**
76. Refer below to presented options to cap charges (Issue 4).
77. **Issue 4: Introduction of new capped charges**
78. **Background and stakeholder feedback**
79. The current capped charges were first introduced in the 2013/2014 policy as a method of promoting economic development and maintaining a degree of competitiveness between Hamilton and other benchmarked councils.
80. Accordingly, there may be some circumstances where Council considers the modelled development contributions place an unacceptable level of burden on the development community such that a reallocation is required through a capping mechanism. Equally, Council may determine, as part of a policy decision, the capping mechanism is not appropriate in terms of its allocation of liability for revenue needs. Ultimately, as long as Council turns its mind to, and properly applies, the criteria set out in section 101(3) of the LGA, the removal of current capped charges and the setting of new capped charges is lawful.
81. **Analysis**
82. High non-residential charges may suppress development in the areas where they apply. Therefore, it is proposed a cap be introduced to the highest non-residential charges to mitigate the risk of development being compromised.
83. It is important to note that it should not be assumed, as a matter of fact, by not capping all recovery will eventuate. If charges are too high and growth is suppressed revenue projections will be overstated.
84. The Council’s approach to growth funding is that those who contribute to or benefit most from the Council’s growth investment make a proportional contribution to the costs of growth. However, external economic advice is that very high charge levels will negatively affect development activity. Residential and non-residential activities generate different community benefits. The latter including employment, commodities, and commerce. It is in the community’s interests to introduce a cap to charges which in the Council’s opinion erode these benefits unreasonably.
85. If charges are significantly high feasibility will, be compromised and development may stall.
86. Council commissioned Insight Economics in March 2018 to prepare a report titled *“Likely Developer Reactions to Increased Development Contributions Charges”* which is included as

Attachment 3. In its findings, the report turned its focus to Rotokauri, where the highest charges in the proposed Policy exist.

- 87. The Insight report found that: *“The situation for Rotokauri is different, however. The proposed charges there are so much higher than any other ‘competing’ area that we expect to see a marked reduction in development activity relative to the status quo”.*
- 88. It continues explaining that *“Figure 4 plots the projected DCs in those areas for 2018/19 along with the proposed new charges for Hamilton. The former were derived by inflating current charges by 15% to represent expected increases. This aids comparability with Hamilton’s proposed charges, which are yet to be adopted. Overall, the comparison covers 71 charges, eight of which are for Hamilton”.*

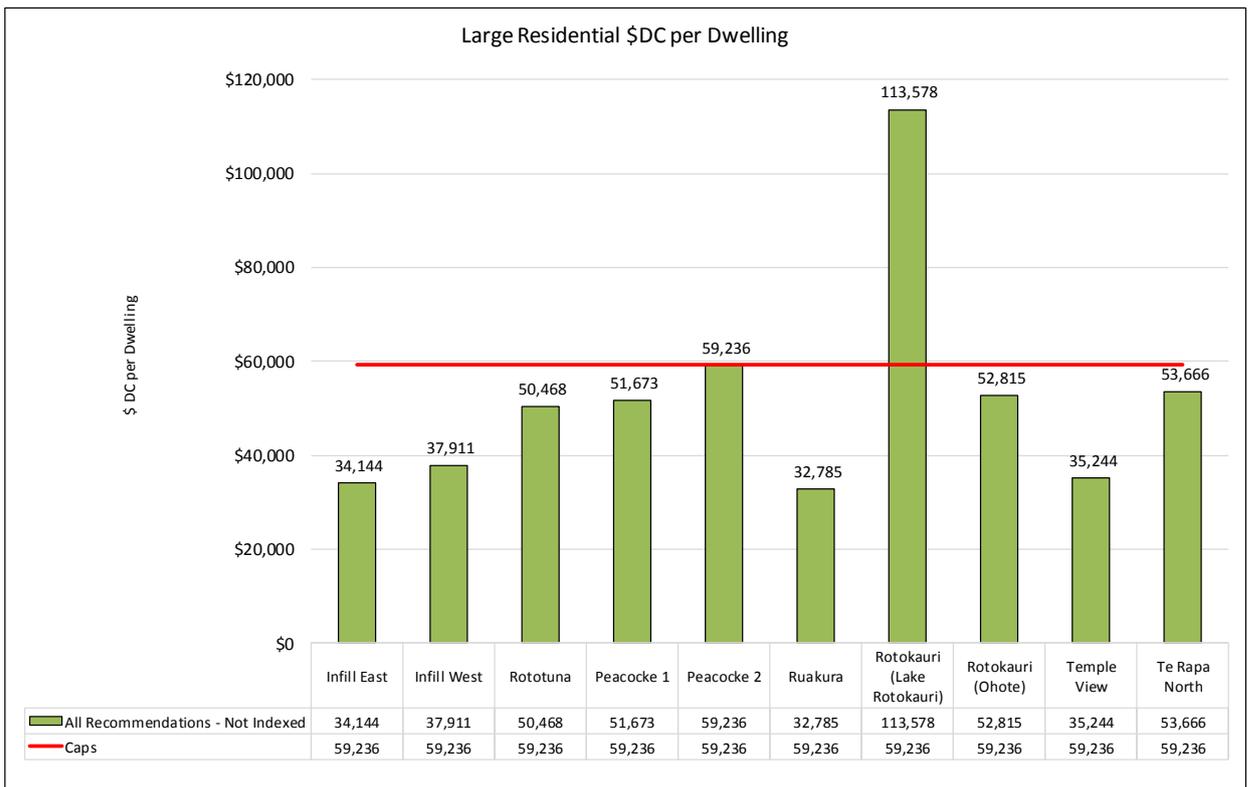
[From the Insight report]

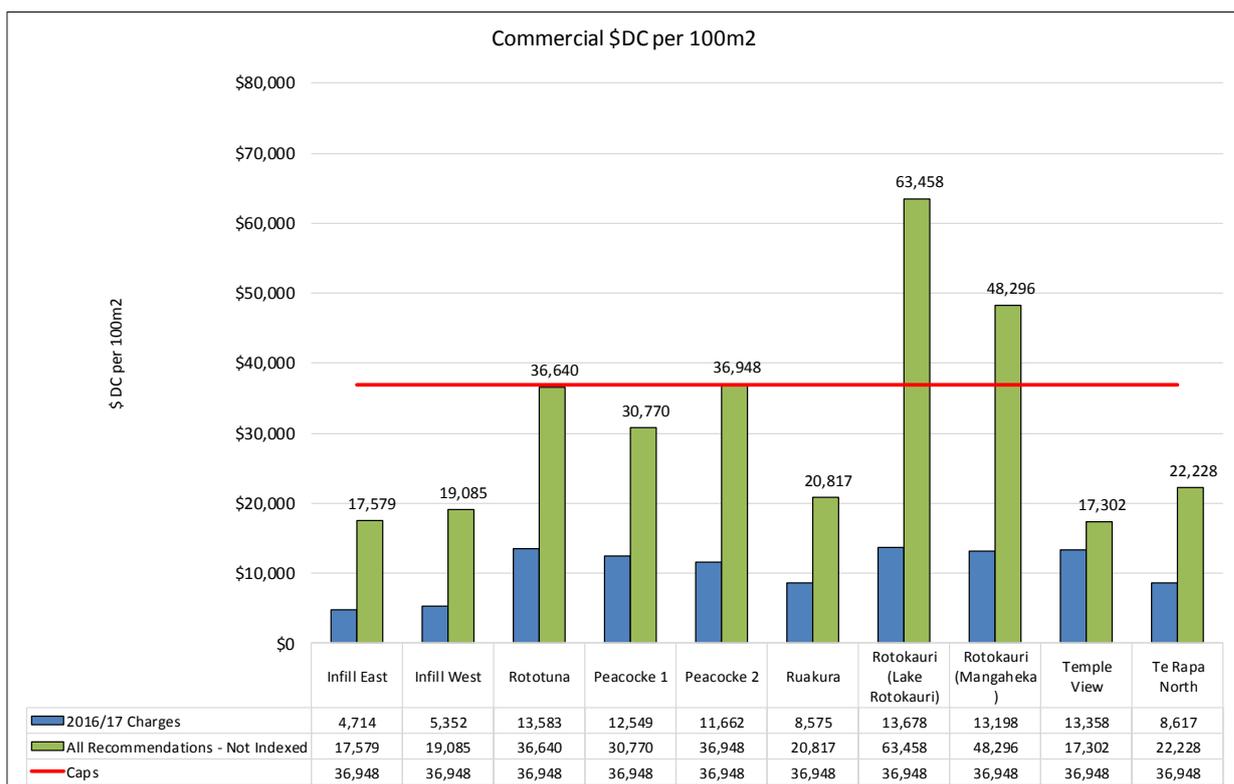


- 89. Note, the charges illustrated in the chart above as at the time of publication in March. While the quantum is largely the same, the DCs above will not match exactly to the charges set out in this report.
- 90. Benchmarking is an important guide when deciding whether or not and to what extent to cap charges. Nationally, growth councils have comparable funding constraints to those Hamilton is facing. Auckland Council proposes to increase DCs to raise an additional \$800M over the next ten years according to its DC Statement of Proposal 2018/19. The average urban DC price (for the equivalent of one standalone house) will rise to \$27K. In areas where a lot of infrastructure is needed - Albany, for example - the DC price could be closer to \$34K. This does not include Watercare’s Infrastructure Growth Charge of between \$7.5K to \$24K excl. GST which need to be added to that to give a representative charge comparison, which in Auckland’s case equates to around \$40K to \$60K.
- 91. Tauranga City Council development contributions are proposed to raise from between 2% to 13%. The largest Tauranga DC proposed is \$37K excl. GST per dwelling.
- 92. Such charges are comparable to the Rototuna and Peacockes proposed charges, but not at the level of the uncapped proposed Rotokauri residential charges.

**Item 8**

93. Like the CBD remission, the effect of the capped charges is to reallocate the burden of the difference between the capped charge and the actual modelled charge to the general ratepayer. Ultimately, this becomes a funding source decision which is required to be made pursuant to section 101(3) of the LGA. Council is required to decide on how its funding needs are to be met for each activity based on the following criteria:
- the community outcomes to which the activity primarily contributes;
  - the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
  - the period in or over which those benefits are expected to occur;
  - the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity;
  - the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
  - the overall impact of any allocation of liability for revenue needs on the community.
94. The graphs below illustrate the effect of the recommended catchment caps for large residential and commercial developments. Refer to Attachment 1 for further graphical representations of the recommended caps.





95. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Cap Rotokauri catchment residential <u>and</u> non-residential charges at next highest catchment charge.	\$11M negative
	Cap Rotokauri catchment non-residential charges <u>only</u> at next highest catchment charge.	\$2.6M negative
	Retain proposed Policy caps	\$0.1M negative
	Remove all caps	Nil

96. **Issue 5: Recovery of capex outside the 10-Year Plan period**

97. **Background and stakeholder feedback**

98. It is lawful for Council to identify capital expenditure in its development contributions policy for the purpose of calculating development contributions for assets or groups of assets that will be built after the period covered by the 10-Year Plan (clause 1(2) Schedule 13 LGA).

99. However, recovery of development contributions in respect of assets which will not be built until after the 10-year period carries risk. The first main area of risk relates to whether the asset will ever get built. If the asset does not get built, the development contributions which were recovered in respect of it must be repaid if they cannot be lawfully reallocated.

100. The second main area of risk is that Council will be unable to prove a causal nexus between development in the present, and the requirement for the asset to be built more than 10 years into the future. Proving this causal nexus is an essential element of any lawful development contributions regime.

101. **Analysis**

102. Submissions received consistently raised these two concerns. Staff have accordingly reviewed each of the projects which are not scheduled to be built until after the 10-year period, and recommend that the cross city connector and water demand projects be removed from cost recovery to mitigate risk, based on the following reasons:

- capital expenditure for both the cross city connector and demand management sits entirely outside the 10-Year Plan period
- there is no designation planned for the cross city connector, which speaks to possible uncertainty about timing of construction and causal nexus
- neither are greenfield cell projects which makes their correlation with growth, while legitimate and real, more difficult to establish
- submissions opposed their inclusion

Projects with capex outside the 10YP period (2029+) included in the 27 March 2018 proposed 2018/19 DC Policy	Catchment name	DC Recovery End	Total inside 10YP (000)	Total outside 10YP (000's)	Proposed Policy Total to be Recovered (000's)	Deliberations recommendation - Total to be Recovered (000's)
Cross-City Connector	Citywide	2033	—	3,682	3,682	
Cross-City Connector	Infill	2033	—	185	185	
Land Purchase Future Reserves - Peacocke	Peacocke 2	2033	6,648	4,110	10,759	10,759
Land Purchase Future Sports Park - Peacocke	Citywide	2033	13,822	7,800	21,622	21,622
	Peacocke 2	2033	11,552	6,519	18,071	18,071
Roothing upgrades and development Peacocke stage 2	Citywide	2033	-	4,291	4,291	4,291
	Peacocke 2	2033	-	4,488	4,488	4,488
Rotokauri Stormwater Infrastructure Stage 1 (Swale)	SW - Lake Rotc	2037	33,017	85,470	118,487	118,487
Water Demand Management	Citywide	2033	—	5,277	5,277	
Roothing upgrades and development Rotokauri stage 1	Citywide	2033	2,944	10,774	13,717	13,717
	Rotokauri	2033	2,697	9,632	12,330	12,330
<b>Grand Total to be recovered (excl interest)</b>			<b>70,681</b>	<b>142,228</b>	<b>212,909</b>	<b>203,765</b>

103. Despite the recommendation to remove these two projects, inclusion of these two projects would not automatically be unlawful.

104. **Staff Recommendation**

105. For Council to minimise the risk of challenge to the inclusion of these projects in the proposed policy, it is recommended the following projects be removed from the proposed policy

Position	Option	Estimated 10YP financial impact
Recommend	Remove the following projects from the proposed Policy Schedule of Assets <ul style="list-style-type: none"> <li>• C9310223N - Cross City Connector</li> <li>• C9410140 - Water Demand Management</li> </ul>	\$2M Negative*
	Retain the proposed Policy Schedule of Assets	Nil

\*this figure would be significantly less if these projects were to be introduced at the next 10-Year Plan.

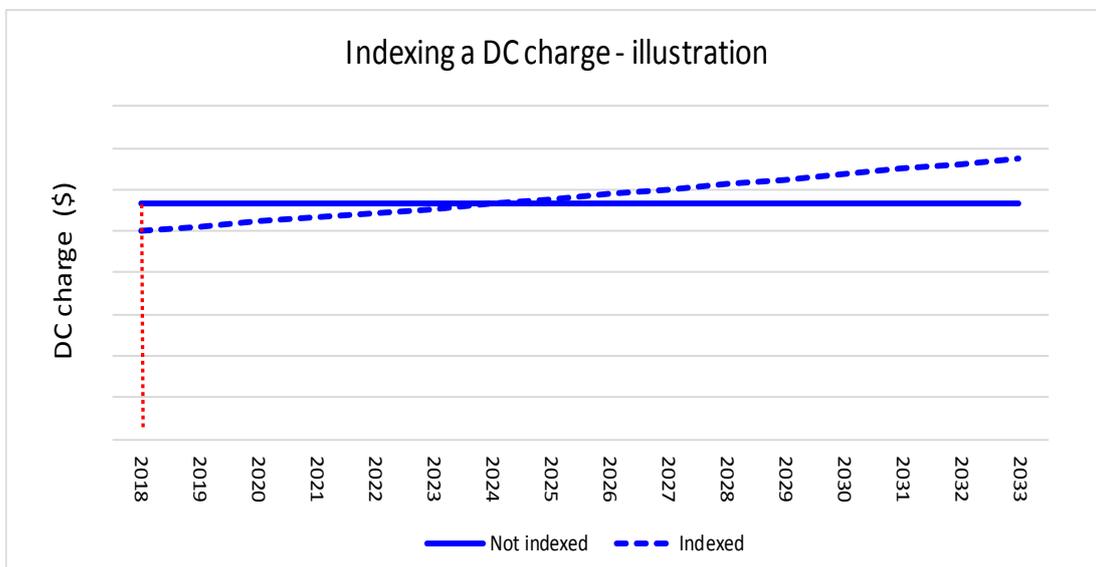
106. **Issue 6: Indexing of charges**

107. **Background and stakeholder feedback**

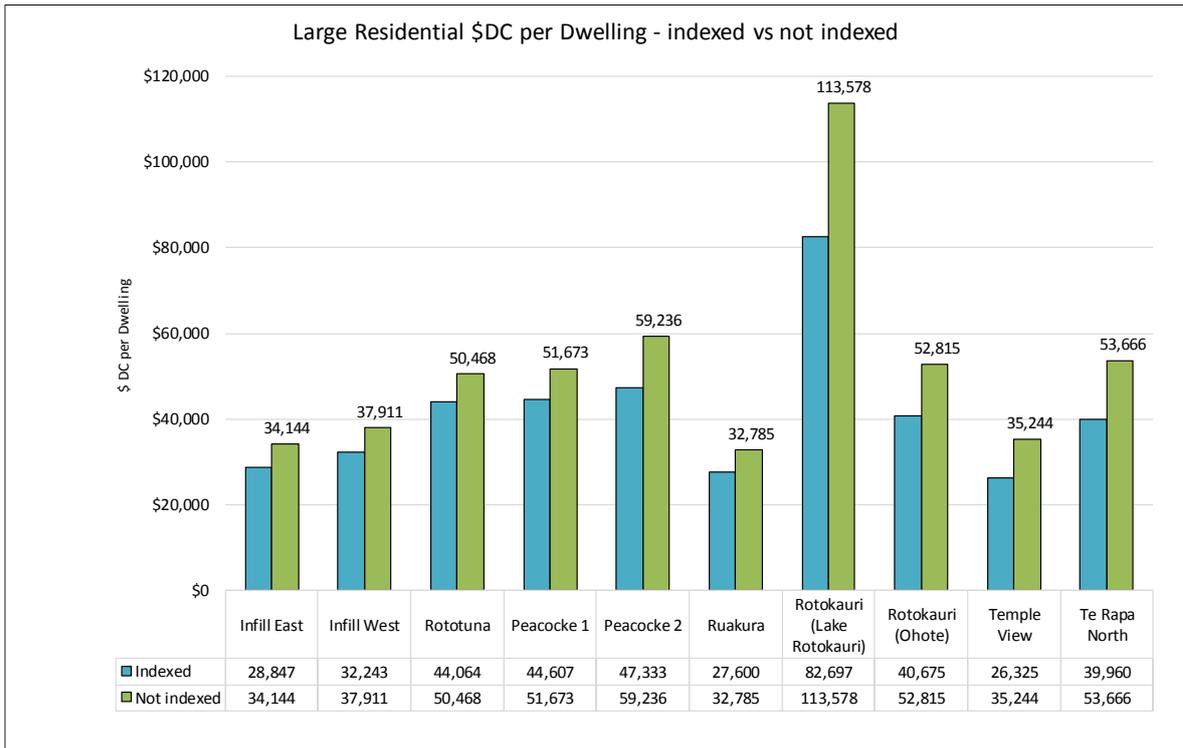
- 108. The Council introduced indexing into the development contributions policy through its proposed Policy on the basis of its own economic advice, and in response to a prior challenge raised by the Property Council’s in 2017. The Property Council at that time, through its legal representation and economic advisor, took exception to the Council not indexing its DC charges.
- 109. However, feedback through written submissions to the proposed Policy and verbally at hearings was strongly against the introduction of indexing, contradicting the staff view that indexing is beneficial to the developer.

110. **Analysis**

- 111. The Council may elect to index its development contributions charges to take into account that a dollar of development contributions paid today represents a higher real cost than a dollar of development contributions paid in ten years’ time, for example.
- 112. The following is a basic representation of the effect of indexing. Charges in the policy are set at at year 1, shown as the red dotted line, and when indexed calculates an initially lower charge compared to a non-indexed model.



- 113. Economic advice is that indexing provides better equity between different generations of development by spreading costs in a way that better reflects the present value of revenues received. This aligns with the purpose of development contributions set out in the LGA.
- 114. The effect of indexing is to reduce current year charges, and increase charges in future years. Modelled charges in earlier years are lower in an indexed model compared to an un-indexed model, and vice versa for later years. The total development contributions recovered over the life of the model are therefore marginally higher in the indexed model due to the lower level of development contributions collected in the earlier years incurring more debt financing costs.
- 115. The graph below compares indexed (blue) and non- indexed (green) updated charges.



116. Refer to attachment 1 for a full set of indexed versus non-indexed charge comparisons.
117. Separately, the Council at its sole discretion and in accordance with s106(2B-2C) LGA may increase the capital component of development contribution charges annually based on the Producers Price Index (PPI) Outputs for Construction rate provided by Statistics New Zealand. This can be done irrespective of whether charges are indexed or not.
118. There is a misconception that making this PPI adjustment and also indexing charges is double counting. Staff disagree, the PPI adjustment simply gives effect to the indexing – remembering that future charges in the model will not become policy unless the previous year’s charge is adjusted upwards.
119. There has also been some confusion over statements in written Council material that the proposed Policy was indexed “at inflation”. Staff agree this could have been conveyed more clearly. The long run inflation rate happens to be a good approximation of an index rate that gives effect to the PPI provision described in the previous paragraph.
120. To further explain this; the LGA allows PPI adjustments on the capital component of a charge only. Around 65% of the total cost of capital being recovered in the model is capital, and 65% of long run projected PPI is close to the long run consumer price index (“inflation”) projections used in the model. The proposed Policy index rate was pegged to inflation to provide structure to the assumption, but is not an inflation adjustment as such.
121. However, submitter feedback from several large developers was strongly against the introduction of indexing disagreeing with the staff opinion it was beneficial to the developer. Their views were that, in totality, indexing increases charges over time which will inequitably impact developers who will develop further in the future, and that these increases will have compounding effects.
122. Submitters also pointed to the fact that under an indexed model, because charges are lower to begin with, the total cost of capital is slightly higher than a non-indexed model, and this fact means it is unlawful to index charges. This is a nuanced point, but one that cannot be discounted and presents a legal risk to the Council if it were to elect to index charges.

123. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Remove the indexation of charges from the proposed Policy	\$25M Positive
	Retain indexation of charges in the proposed Policy	Nil

124. **Issue 7: Residential bedroom charging – based on number of bedrooms**125. **Background and stakeholder feedback**

126. Modifying the proposed Policy to be based on the number of bedrooms in the dwelling was identified as an improvement to economic efficiency and the equitable spread of the development contributions burden across the residential sector.

127. Submissions received have raised concern and confusion around the implementation of the bedrooms approach, specifically that:

- Council should wait for census 2018 data to become available
- it disincentives large dwellings to be built
- the system will be prone to gaming
- bedrooms do not necessarily equate to people and subsequent demand
- renovation of existing homes being exempt is unequitable.

128. **Analysis**

129. Development contribution charges should reflect infrastructure demand, which on average is driven by the number of people in a household. Because household size is closely correlated with the number of bedrooms in a dwelling, it is proposed that the residential charge for development contributions be separated into four categories based on the number of bedrooms in the dwelling. Those categories are one bedroom, two bedrooms, standard residential (3 bedrooms), and large residential (4 or more bedrooms).

130. Council staff have investigated recent growth patterns in Hamilton. The rating database shows, in greenfield growth cells, the typical detached dwelling has four or more bedrooms, while more than half of infill attached dwellings have two bedrooms or fewer. The existing Policy generally treats these different dwellings in the same way.

131. The number of people in a household is closely related to the number of bedrooms per household (number of usual residents in household by number of bedrooms, for households in occupied private dwellings, 2001, 2006, and 2013 Censuses). The variation between the three censuses used was minimal. There is no reason to believe the 2018 Census data will significantly deviate from the current data set and as such no justification for deferring the Policy until 2019 when census data will become available. Nevertheless, staff will incorporate new data into the analysis for subsequent policy updates.

132. The current method of charging one HUE for all dwellings (outside the Residential Intensification Zones and Comprehensive Development and Master Plan areas) regardless of the size of the dwelling being built incentivises larger dwellings to be built. This is because the required DC as a proportion of the total build cost lowers with increase dwelling size.

- 133. Tauranga City Council currently implements a similar approach to charging residential DCs by bedrooms. In consultation with Tauranga, staff have discussed the practicalities of implementing the bedrooms approach to charging residential DCs and advise staff that gaming of the system to be minimal.
- 134. The overall intent of the legislation, which is to establish an average charge applied fairly and equitably, allows the use of modelled demand not actual demand. Staff have relied on the Census data to determine the average demand based on bedrooms. Anecdotal evidence of small dwellings with lots of occupants and vice versa should not supersede the census evidence base.
- 135. Exempting the existing housing stock from being assessed for DCs when renovating is proposed because, in practice, assessment would be impractical to implement. Old dwellings do not necessarily have house plans of the existing dwelling available. Renovations which could trigger an additional DC charge are estimated to be insignificant when compared with the total city growth.

136. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Retain proposed Policy approach and charge residential developments based on number of bedrooms	Nil
	Do not charge residential developments based on number of bedrooms	Nil

137. **Issue 8: Residential bedroom charging – assessment refunds**

138. **Background and stakeholder feedback**

- 139. The proposed approach to charging a standard residential dwelling on the subdivision of a residential lot when no further information is available has led submitters to request that Council provide a refund of DCs if the eventual development is a two bedroom dwelling or smaller.
- 140. This has led submitters to request that Council provide a refund of DCs if the eventual development is a two bedroom dwelling or smaller.

141. **Analysis**

- 142. Council has several options available to it in determining how it will deal with the issue of demand paid for at sub-division stage but not realised at the next building consent stage – namely to credit, remit, or refund in respect of that demand.
- 143. If a refund were provided, legal advice is that to avoid significant complexity, a refund would have to be refunded into the same account as the original payment would come from, this account would be the land developer, not the building company or home owner.
- 144. The sale of land incorporates the costs incurred to date including any DCs paid. If a refund were provided to the land developer the home owner would no longer have a credit on site if they did decide to add a bedroom.
- 145. While it is not a determining reason, it is relevant that refunding DCs is inherently difficult and may place Council in a position where it needs to make decisions about which party rightfully is

entitled to a refund, especially where business structures are complicated with multiple sub-entities.

146. In addition, smaller dwellings (one or two bedroom) in greenfield areas are rare and mostly have a resource consent, or master/comprehensive plan, meaning the number of bedrooms at subdivision stage is known. Such small dwellings on greenfield sites are also the best candidates for extension at a later date, in which case the credit is monetised.

147. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Retain proposed Policy approach and provide credits for re-assessed residential developments with lower demand	Nil
	Provide refunds instead of credits for re-assessed residential developments with lower demand	Nominal

148. **Issue 9: Realised HUE factor (under-recovery factor)**

149. **Background and stakeholder feedback**

150. Council’s existing policy (and previous policies) incorporate a “Realised HUEs factor” adjustment.

151. The Realised HUE factor has been referred to somewhat ambiguously in the past as an “under-recovery factor”, when in fact it can act as an “over recovery” factor depending on historical growth forecasts and recovery rates. To avoid this ambiguity in terminology it will be referred to in this report, and more generally, as the Realised HUE factor.

152. This factor is applied to future growth forecasts as part of the processing of growth inputs to the model so that the inputs give effect to the calculation that will occur within it.

153. However, this adjustment is not a one-way street. If at any policy review Council has collected more than the growth projections suggested, the reverse would happen and charges would be lower that if there were no factor applied. This would be the “over-recovery” situation.

154. **Analysis**

155. The purpose of this adjustment is to acknowledge that the number of HUEs for which DCs will be paid (i.e. realised HUEs) is usually less than the number of dwellings and non-residential buildings constructed over any given period (“Development HUEs”).

156. In the proposed Policy, this factor is 20.4%. Following the finalisation of model inputs (refer Updated Model Inputs section below), the recalculated citywide factor is 21.9% set at a catchment specific level to provide improved equity and granularity between developments across catchments, with most greenfield catchments at 13%, and Infill at 28%.

157. DCs are calculated using a two-step process. The first step, which is called cost allocation, determines the proportion of each project’s cost that will be recovered from DCs versus other revenue sources, such as general rates. The second step called cost recovery determines how the cost allocated to DCs in step 1 should be recovered from future developments over time. Issue concerns the latter – cost recovery.

158. Now consider the rationale for scaling units of demand (Development HUEs) down to reflect the rate of likely future DC payments when calculating the DC charge. The logic is quite simple -

in short, if no adjustments are made to the forecast number of HUEs when setting the charge, the amount recovered from DCs will be less than the cost allocation requires (to the extent that the number of HUEs for which DCs are paid is less than the rate of construction).

159. The estimated financial impact of removing the Realised HUE factor is difficult to predict accurately, but a range is given based on modelling and assumptions around market behaviour.

160. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Retain proposed Policy use of a Realised HUE factor	Nil
	Remove the proposed Policy use of a Realised HUE factor (i.e. set to zero)	\$60-80M Negative

161. **Issue 10: Remissions – 10 HUE threshold**

162. **Background and stakeholder feedback**

163. It is not a legal requirement of the LGA that Council have a remissions policy. Some councils do not. However, Council has had a remissions policy included in its development contributions policy since its inception. It has carried that approach forward into the proposed policy.

164. Any remissions policy is required to be reasonable in respect of the purpose of the development contributions regime, which is to recover from those persons undertaking development a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term ( s197AA LGA).

165. The remissions policy requires for an actual demand remission, the actual HUE of demand generated by the development must be lower than the modelled demand by 10 or more HUEs. The consistent theme running through the submissions is that this threshold is unfair and unreasonable, and should be removed.

166. **Analysis**

167. The threshold was introduced to ensure the Council was not being required to deal with remission applications where the difference between modelled demand and actual demand was marginal or insignificant. It was deemed appropriate that for a remission to be granted based on lower than modelled actual demand, there needed to be a significant difference in demand and one which would create a material capacity in council's infrastructure network.

168. Without a threshold, Council would be exposed to dealing with numerous small-scale variations between modelled demand and actual demand which would be contrary to the overall intent of the legislation which is to establish an average charge applied fairly and equitably.

169. The 10 HUE threshold may be criticised for setting the bar too high, meaning development just below that threshold cannot be considered for a remission, notwithstanding that its lower than modelled demand creates material capacity in the network.

170. For council to minimise the risk of legal challenge to its remissions policy is recommended that the threshold be lowered to 5 HUEs, which while exposing Council to potentially more remission applications, will be considered to deliver a fairer, more equitable and more proportionate allocation of cost.

171. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Reduce the HUE threshold for remissions from ten HUEs in the proposed Policy to five HUEs	Nominal
	Retain the proposed Policy ten HUE threshold for remissions	Nil

172. **Issue 11: Remissions – recovering costs for assessments**173. **Background and stakeholder feedback**

174. Due to increased remission applications and the level of staff time required to assess them, the Council intended to recover costs from the most resource-intensive applications. Submissions received have overwhelmingly been opposed to the introduction of the hourly rates into the schedule of fees and charges.

175. **Analysis**

176. While the Council has provided for the recovery of all its actual and reasonable costs incurred in determining a remission application in the existing and prior policies, to date no invoice has been raised.

177. Developers reactions to the retention of a cost recovery provision as unfair are understandable given the technical nature and inherent complexity of development contributions.

178. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Remove the cost recovery provision for remissions in the proposed Policy	Nominal
	Retain the cost recovery provision for remissions in the proposed Policy	Nil

179. **Issue 12: DCs charged on building consents for retail fit-outs**

180. **Background and stakeholder feedback**

181. Feedback was received which asked that fitouts of non-residential buildings which have previously paid development contributions should be exempt from reassessment.

182. **Analysis**

183. The Council reserves the right to reassess development contributions on each opportunity provided under the LGA including building consents for fitouts. A development contribution is only required on fitout where the use of the site generates additional demand. For the Council to choose to not require development contributions for the additional demand on fitout but to charge for additional demand on other building consents would be inconsistent and inequitable.

184. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Retain proposed Policy approach and charge for retail shop fitouts	Nil
	Do not charge for retail shop fitouts	Nominal

185. **Issue 14: Distribution of benefits – Housing Infrastructure Fund**

186. **Background and stakeholder feedback**

187. The Housing Infrastructure Fund (HIF) provides the Council with access to capital without interest costs accruing for up to 10 years from drawdown. That capital is required to be applied to approved projects within the Peacockes growth cell in order to unlock development areas approved by central government.

188. The proposed policy calculates the total cost of capital for projects within these growth cells based on the benefits of the HIF loan. Some submitters claim it is unfair that development within these growth cells receives the benefit of the low cost of capital arising from the HIF loan as reflected in the DC charges. Those submitters claim the benefits of the low cost of capital arising from the HIF loan should be shared and enjoyed by all developers across the city.

189. **Analysis**

190. By spreading the benefits of the low cost of capital arising from the HIF loan, development contribution costs outside of the Peacockes growth cell will reduce slightly due to lower interest costs incurred. Conversely, the development contribution costs within the Peacockes growth cell will increase as a consequence of aggregating total interest costs through sharing the benefit of the HIF loan. This will result in DC charges in Peacockes being higher than necessary to recover the actual costs of development within the area. This outcome is unlawful.

191. **Staff recommendation**

192. That Council retain the current approach of allocating the capital derived from the HIF loan to its intended projects within Peacockes thereby keeping the DC charges at a level which reflects actual costs incurred.

193. **Issue 15: Distribution of benefits – NZTA subsidies**
194. **Background and stakeholder feedback**
195. The NZTA subsidy for the Peacocke area is approved on the basis that the 51% subsidy applies to the total project cost, before allocation of the remaining 49% to HCC funding sources, such as loans, DCs etc.
196. **Analysis**
197. The subsidy approval by NZTA relates only to the projects specified in the HIF business case and is therefore not available to be reallocated as a benefit for overall public good.
198. **Staff recommendation**
199. That Council retain the current treatment of NZTA subsidies in its DC model.
200. **Issue 16: Cultural impacts of development**
201. **Background and stakeholder feedback**
202. It was requested by one submitter to include cultural assets in the schedule of assets and require development contributions to fund these assets. Examples of such assets included a Rangiriri Pa redevelopment.
203. **Analysis**
204. This asset is not funded in the Council's capital programme, and therefore in accordance with the LGA it cannot be funded through development contributions. If the Council introduced it into its programme it considered for recovery through development contributions in the same manner as any other asset.
205. **Staff recommendation**
206. Defer and reconsider if the Council introduces this asset into its funded capital programme.
207. **Issue 17: State integrated schools**
208. **Background and stakeholder feedback**
209. Feedback was received that proposed state integrated school developments should not pay for development contributions where the development generates no demand. It was also the view of the submitter that as state schools do not pay DCs neither should state integrated schools.
210. **Analysis**
211. Remission are available to an integrated school development which generates low demand. It is the same process available to the rest of the development community. A development must be shown to generate more than 5 HUEs less than the modelled assumed demand (as recommended in this report). This would be the appropriate avenue to demonstrate a development which generated low demand.
212. If a development is proven to generate no demand no DCs will be required regardless of the 5 HUE requirement. The evidence required to prove no demand has previously never been met by any Hamilton school.
213. The crown has legislated themselves an exemption from DCs. Council cannot charge the crown for any development be it a state school, an office building or anything else defined as the Crown. A non-crown development with similar characteristics to a crown development will attract DCs assessed at the Policy rate without exception.
214. The current DC Policy does not provide any non-demand based exemption or reduction to DCs being required.
215. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Retain the proposed Policy approach and charge for state integrated schools	Nil
	Do not charge for state integrated schools	Negative, but undetermined due to lack of data

216. **Issue 18: Cost allocations – FE2 wastewater storage**

217. **Background and stakeholder feedback**

218. In accordance with the LGA, only a portion of Councils growth capital expenditure can be recovered through growth. The process of determining this proportion is referred to as “cost allocations”, and involves a detailed technical examination of each project nominated as a candidate for cost recovery through development contributions.

219. One submitter specifically objected to the cost allocation in the proposed Policy for a bulk wastewater storage facility referred to as “FE2 Storage Stage 1”, submitting that its catchment allocation should be expanded beyond the Ruakura catchment to the wider Wastewater East catchment.

220. **Analysis**

221. On review in consultation with specialist consultants, staff agree that the catchment allocation should be amended in accordance with the submission.

222. **Staff recommendation**

Position	Option	Estimated 10YP financial impact
Recommend	Amend proposed Policy catchment cost allocation in respect of project C9510101 FE2 Storage Stage 1 waste water project to extend to the Waste Water East catchment	Nominal
	Retain proposed Policy project C9510101 FE2 Storage Stage 1 catchment cost allocation	Nil

223. **Issue 19: Cost allocations – Ruakura Rd**

224. **Background and stakeholder feedback**

225. It was submitted that the allocation of Ruakura Road improvements were allocated unfairly in respect of the Ruakura catchment, and that the allocation should be adjusted to take account of the use of that road by through traffic to the region, and that the effect of growth in Ruakura on the need for those works was over-stated.

226. **Analysis**

227. Staff recommend this issue be deferred to its engineers to review this cost allocation. Note that the estimated financial impact will be zero – any change in allocation will change who pays what share, but not the total the Council will recover.
228. **Staff recommendation**
229. Defer to engineers to review allocation.
230. **Issue 20: phase in development contribution charges**
231. **Background and stakeholder feedback**
232. Several submitters requested that the DCs be phased in to alleviate the proposed immediate increase in DC charges.
233. **Analysis**
234. While Council has this option available to it, it is not recommended because it would create DC leakage at the expense of general rates, without sufficient justification.
235. **Staff recommendation**
236. Do not phase in development contribution increases over time.

## Development Contribution Charges

237. Refer attachment 1 for detailed catchment charge information.

## Updated model inputs

238. Several inputs and parameters have been updated in the Funding Model since the proposed Policy was adopted for consultation. These are anticipated updates, signalled in the 27 March Council report, which come about through the quality assurance process. Where material, these updates have been addressed in the body of this report, and include:
- Model input parameters such as interest and inflation rates updated with latest information from Finance Unit.
  - The extraction method for historical realised HUEs has been refined.
  - Historical DC Capex has now been updated to include Actuals between 2015 -2017.
  - Growth Rates have been marginally increased in the Rotokauri catchment.
  - Historical DC Revenue has been updated to include the 2018 financial year. The extraction method for Historical Revenue has also been refined.
239. Note; the Council must lock its DC Model down approximately a week in advance of the final 10-Year Plan capital program being confirmed in order to complete modelling, undertake quality assurance, and publish charges ahead of its adoption. As such, funded assets confirmed after that may exist in the final 10-Year Plan programme which have not been cost allocated to DCs. The modelling process contemplates this and on a scheduled Annual Plan policy update these assets can be introduced into the model without financial impact to the Council, calculated over the DC cost recovery period.

## Financial Considerations

240. Budgeted revenue from development contribution payments enables the Council to fund the growth portion of projects and associated interest costs included in the proposed 2018-28 10-Year Plan. The proposed Policy incorporates the updated growth and funding modelling which has informed these revenue projections.

241. Refer to the tables above (Staff Recommendations for Issues 1-20) for individual estimations of financial impact of recommended changes to the proposed Policy.
242. DC revenue is a significant revenue stream to fund the direct cost of the infrastructure needed for growth. The use of DC's for this purpose has been determined by the Council in its Revenue and Financing Policy. Without this revenue source, the Council's debt and rates would be significantly higher.

### Legal and Policy Considerations

243. The LGA provides the legal framework for the preparation and adoption of the development contributions policy. All decision making must adhere to this framework and in particular, the purpose of development contributions, which is defined in section 197AA of the LGA:

*The purpose of the development contributions provisions in this Act is to enable territorial authorities to recover from those persons undertaking development a fair, equitable and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.*

244. In addition to the legal requirements set out in the LGA, Council is required to give consideration to its development contributions policy in the context of a series of wider funding and financial policies which it will adopt under section 102(2) of the LGA.
245. Staff have received legal guidance in preparation of this deliberations report and are satisfied that its recommendations are lawful.

### Risks

#### i. Development suppression

246. A consistent theme running through the submissions received is that the overall impact of the level of development contribution charges will be to suppress growth in Hamilton. This is particularly so in respect of charges relating to Rotokauri.
247. Council must consider this issue. If growth is suppressed as a consequence of the development contribution charges, this will have an impact on projected development contribution revenues, given that growth is likely to be lower and slower than modelled. Council should consider the likelihood of this occurring, and also to the consequences for the community if it does occur.
248. Under the 'critical filter' test set out in section 101(3)(b) of the LGA, the Council may determine that modelled development contribution charges should be adjusted downwards in order to reduce this risk of development suppression and its impacts on the community.

#### ii. Judicial review

249. Council's decision to adopt a development contributions policy, in whatever form, may be the subject of judicial review proceedings. Given the commercial issues at stake, this risk cannot be discounted, and some submitters have flagged this potential.
250. Staff have fully reviewed the submissions and taken into account all of the matters raised. Where submitters have raised points of merit, staff have recommended amendments to the proposed policy to reflect those points. However, it is inevitable that not all submitters will be satisfied with the content and extent of amendments. Accordingly, the risk of judicial review cannot be completely avoided.

## Significance & Engagement Policy

### Significance

251. 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

252. Community views and preferences were indicated to the Council through targeted pre-engagement with the development community on 6 November 2017 and during the recent public consultation and hearings process undertaken alongside the 10-Year Plan consultation process, and these views and preferences have been listened to are considered by staff to be understood.
253. Given that the Council has undertaken consultation on the proposed Policy in accordance with Section 82 LGA the level of significance of this deliberations report is considered low.
- Given the low level of significance determined, the engagement level is low. No engagement is required.

### Attachments

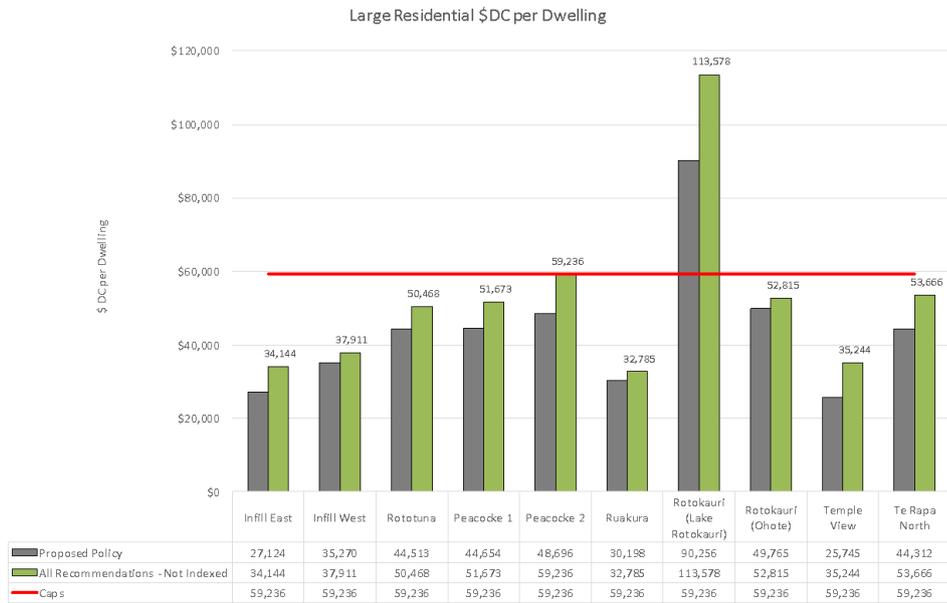
Attachment 1 - Proposed development contribution policy charge graphs

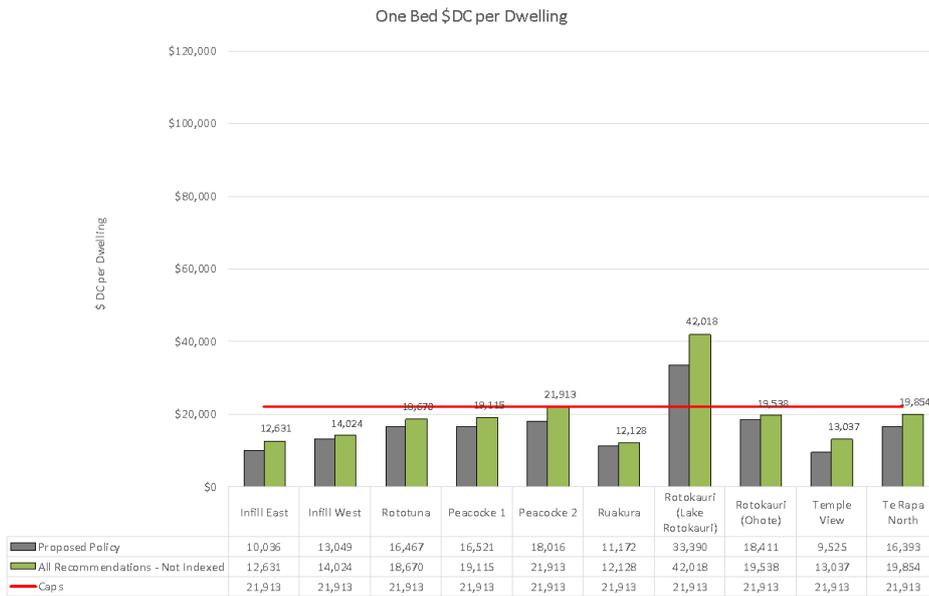
Attachment 2 - Key themes of the proposed DC Policy submissions

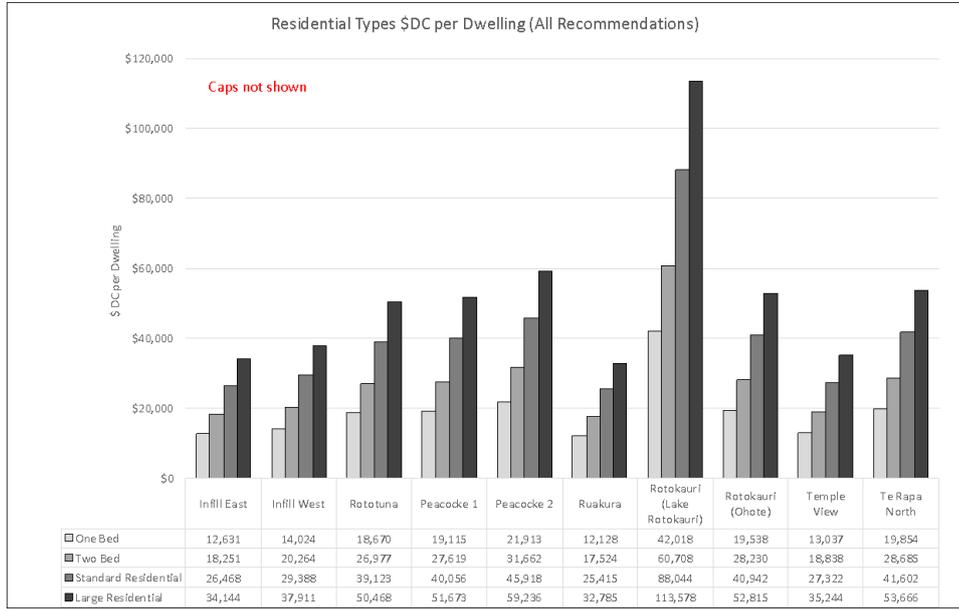
Attachment 3 - Insight Economics Ltd report - Likely Developer Reactions to Increased Development Contributions Charges .

**Section 1 Charges assuming all recommendations**

**a) Residential charges**

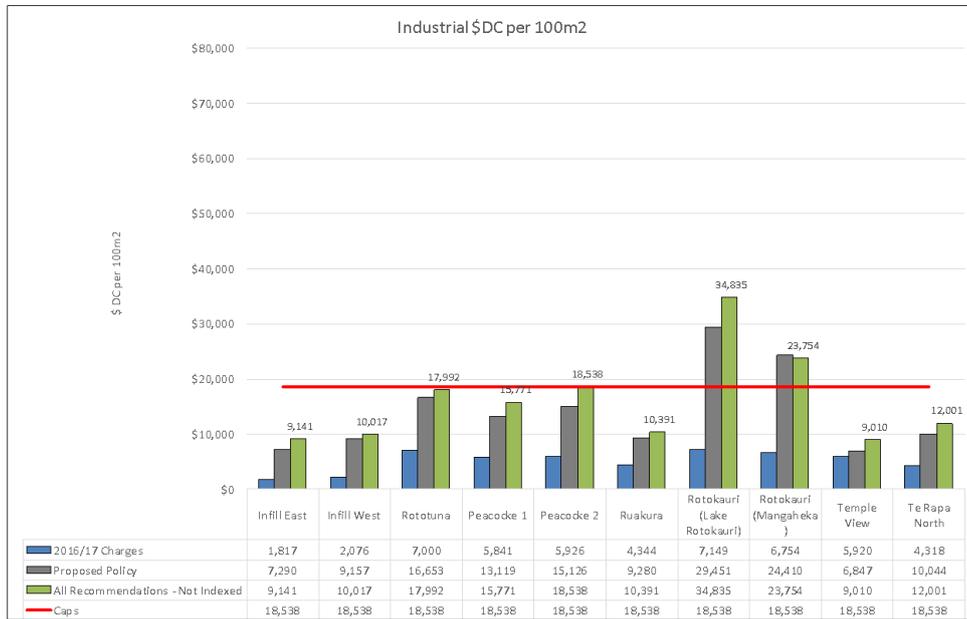






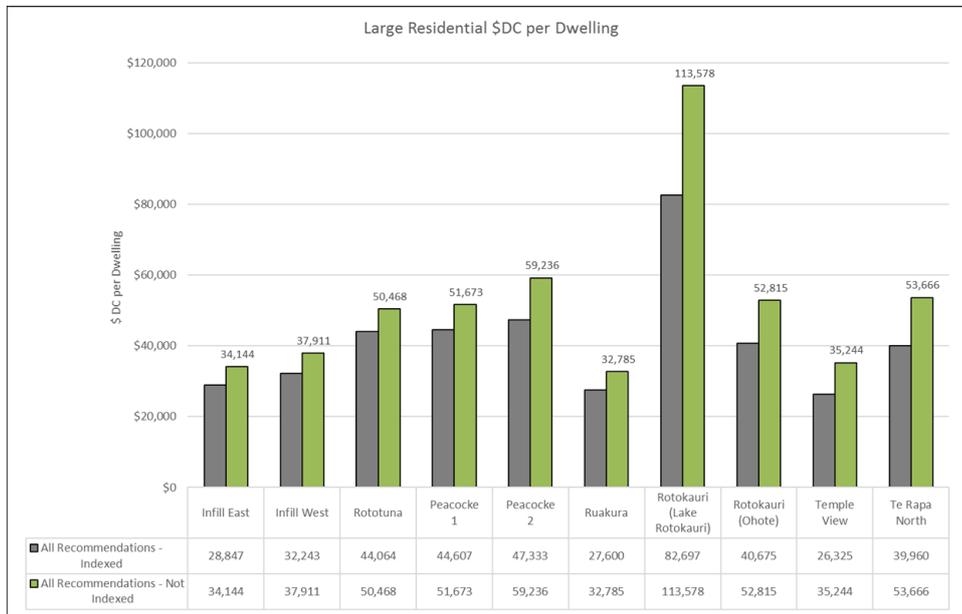
b) Non-residential charges



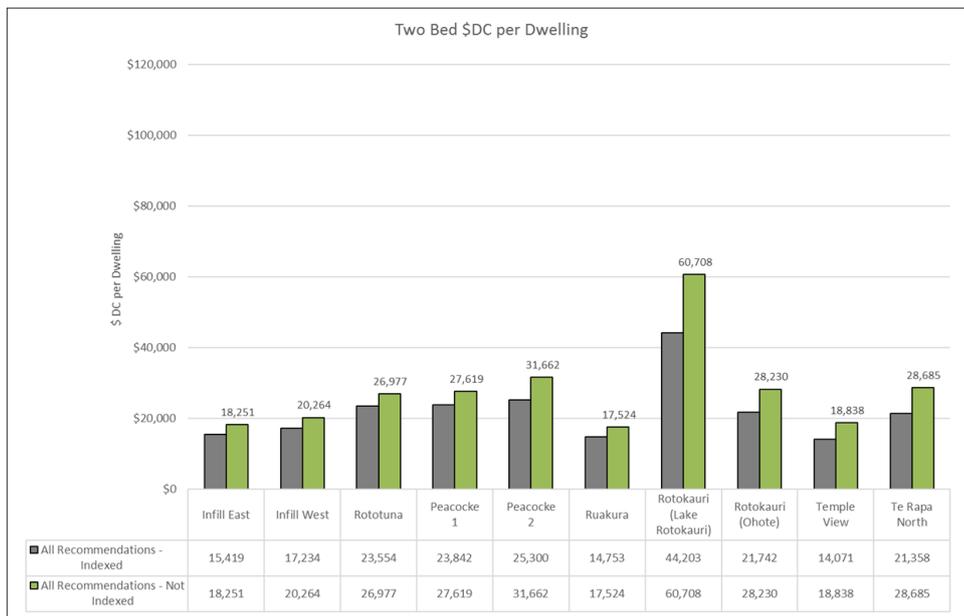


Section 2 Comparing indexed and non-indexed charges (uncapped)

Refer issue 6 of the main report

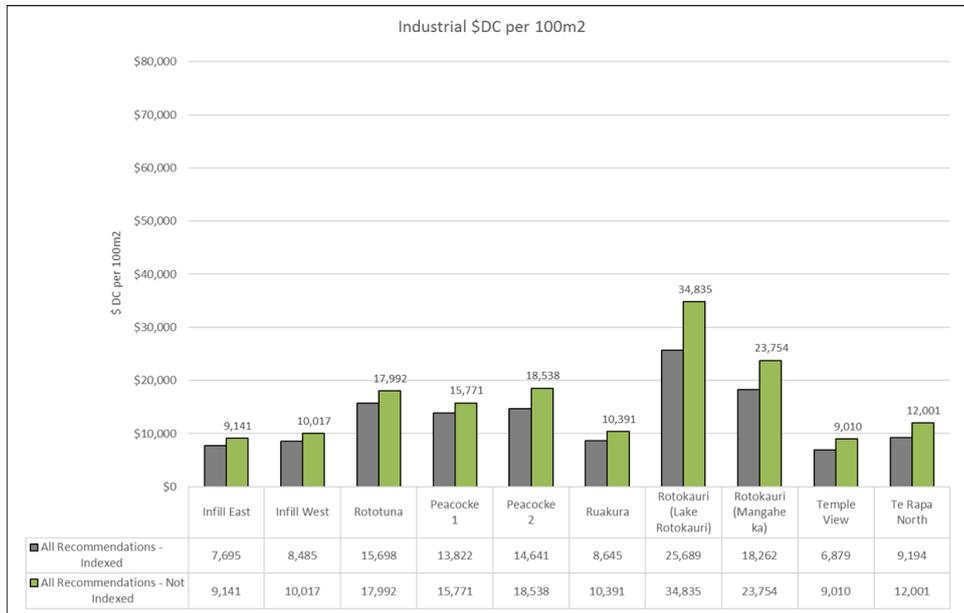


Compare indexed vs not indexed charges ctd

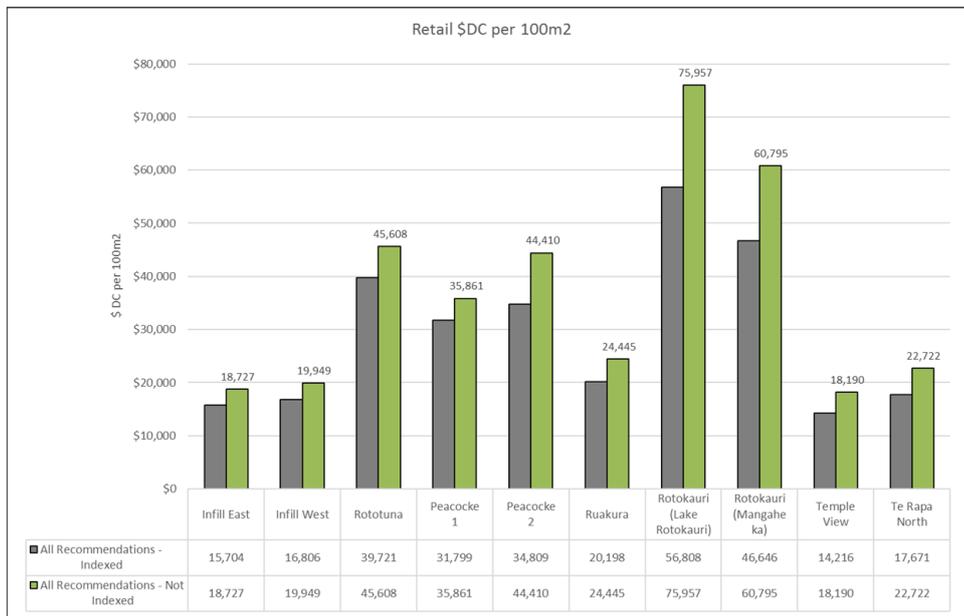
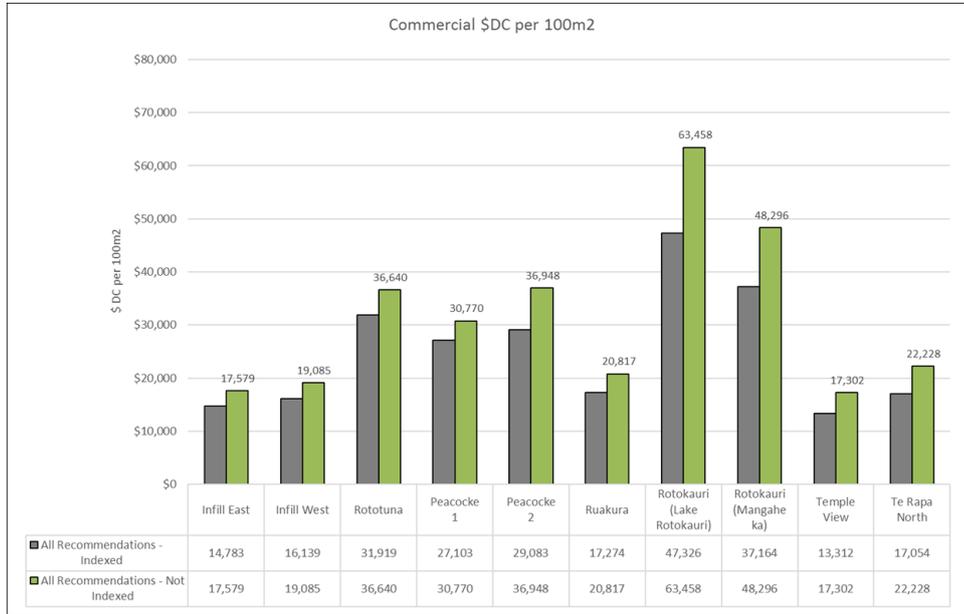


Attachment 1 - Proposed Development Contributions Charges 31/05/2018

Compare indexed vs not indexed charges ctd



Compare indexed vs not indexed charges ctd



## Key themes of the submissions to the proposed Development Contributions Policy 2018/19

### Purpose

This document outlines:

1. who and how many submissions were received on the proposed Development Contributions Policy 2018/19 (proposed Policy); and
2. gives a high-level overview of the key themes coming through the submissions to the proposed Policy.

### Submission overview

Forty-nine submissions were received on the proposed Policy.

Council asked, through the paper submission form and the online portal, demographic questions to gather information on who was submitting on the proposed Policy. The submitters responded as follows.

Are you responding as (select one option)	
A developer or a representative of development	24
Not Answered	9
Not a developer	6
An individual and/or domestic	6
Other	4

If you are a developer (or represent development) are your development/s mainly (select all that apply)	
Residential	11
Identified as a developer and Not Answered	10
Commercial	5
Mixed use (a combination of the above)	4
Industrial	2
Retail	2

Key themes of the proposed DC Policy submissions

Which area of the city are the majority of your development activities located?	
Identified as a developer and Not Answered	6
Rototuna	5
Infill	3
Other	3
Rotokauri	3
Ruakura	3
Central city	2
Peacocke	0

Council asked, through the paper submission form and the online portal, targeted questions to gather feedback on the recommendations resulting from the 27 March 2018 Council meeting. Where the submitter did not complete the form, staff did not infer the position of the submitter based on the content of the rest of their submission. Following are the submitters responses.

Do you support the removal of the CBD remission?	
Yes	5
No	10
Not Answered	21

Do you believe Council should cap any development contribution charges?	
Yes	5
No	11
Not Answered	20

The Council proposes to include certain projects within the schedule of assets where the capital expenditure is programmed outside the 10-Year Plan period. Do you agree with this approach?	
Yes	8
No	8
Not Answered	20

## Key themes of the proposed DC Policy submissions

### Submission key themes

This section contains the key themes analysis. Staff categorised 234 points within the submissions into broad core concepts and specific themes.

Because of the complexity of what are sophisticated submissions on a difficult and often highly technical topic, to summarise the issues into key themes some generalisation of the submissions was required. The key themes are not intended to detract from the full submissions but instead provide a reference to help understand how an individual submission fits within the broader feedback received.

Core concept	
Change Development Contributions Policy provisions	47
Development contributions model	32
Charging residential development contributions by the number of bedrooms	27
Capital expenditure	26
Quantum of development contributions	24
CBD remissions	20
Community infrastructure	18
Caps on development contribution charges	15
Other	10

<b>Capital Expenditure</b>		<b>26</b>
Challenging capital expenditure outside the 10-YP		11
Suggested change to the capital programme		5
Challenge to the capital programme		5
Not enough detail around the capital program		5
<b>Caps</b>		<b>15</b>
Supports capping		12
All development contributions decisions need to consider costs borne by the ratepayers		4
Not appropriate to be rates funded		3
<b>CBD remissions</b>		<b>14</b>
Agree with the removal of CBD remissions		6
Removal of the CBD remission will make development in the CBD unfeasible		4
All development contributions decisions need to consider costs borne by the ratepayers		2
CBD remission should remain		2

Key themes of the proposed DC Policy submissions

<b>Change Development Contributions Policy provisions</b>	<b>47</b>
Requested process change	25
Requested wording change	21
<b>Charge residential development contributions by the number of bedrooms</b>	<b>27</b>
The bedroomed assessment is administratively impractical and/or confusing	10
Requests refunds where development is less than paid on subdivision	4
Generally supportive the bedroomed approach to charging development contributions	4
Is inequitable	3
Imbalanced against new developments	2
Concerned about how the change will affect HIZ land	2
<b>Community infrastructure</b>	<b>11</b>
Community infrastructure cost should not be wholly funded by the rate payer	7
Community infrastructure should not be funded by development contributions	4
<b>Development Contributions model</b>	<b>32</b>
Cost allocations	14
Growth projections	12
Inconsistent with the LGA	3
Challenging indexing	2
<b>Other</b>	<b>10</b>
Against fees and charges for remissions	8
Scepticism regarding Council's development contributions rigour	5
Consider the overall impact of any allocation of liability for revenue needs on the community	2
<b>Quantum of DCs</b>	<b>24</b>
These development contributions are too high/make development unfeasible	10
Development contributions out of alignment with other regions	8
The increased DCs will make housing less affordable	6
	<b>234</b>

The full submissions are available at: [https://haveyoursay.hamilton.govt.nz/strategy-research/dcpolicy-2018/consultation/published\\_select\\_respondent](https://haveyoursay.hamilton.govt.nz/strategy-research/dcpolicy-2018/consultation/published_select_respondent)



Final Report: 12 March 2018

# Likely Developer Reactions to Increased Development Contributions Charges

PREPARED FOR  
Hamilton City Council

INSIGHT ECONOMICS

CLEAR, CONCISE AND COMPELLING ECONOMIC RESEARCH AND ANALYSIS

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## 1 Key Findings

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While it is difficult to anticipate exactly how developers will react to the proposed new DC charges, particularly given the numerous differences between them, we believe that:

- The proposed new residential charges in most greenfields areas will probably have some impact on development activity, but only at the margin. Thus, effects will be most acute for prospective developments whose viability was already marginal, and for whom the proposed increases in charges render their plans wholly-uneconomic.
- In most other cases, the proposed increases are more likely to manifest as reductions in both raw land prices and the margins of developers. In addition, they will likely result in higher prices for completed buildings relative to the status quo. However, those increases would be difficult to detect given the sustained recent increases in prices for completed dwellings across the city.
- The situation for Rotokauri is different, however. The proposed charges there are so much higher than any other 'competing' area that we expect to see a marked reduction in development activity relative to the status quo.
- The same is true for non-residential development across most areas of the city. The proposed increases in charges are, again, so high that they will have a material impact on the viability of numerous prospective developments.

## 2 Executive Summary

---

### Introduction

This report analyses the likely-sensitivity of property developers to proposed increases in Hamilton City Council's development contributions (DC) charges. For ease of reading, it is structured around several research questions, as set out below.

### What are the proposed new DC charges, and how do they compare?

The report starts by identifying the city's proposed new DC charges, and comparing them to its existing charges, plus those in competing areas like Waipa and Tauranga. Overall, the new charges are significantly higher than existing ones, particularly for Peacocke 2, where the proposed charge for a standard residential dwelling is 132% higher than the existing one. Overall, however, the proposed new charges are generally consistent with those in other growth areas, and hence are unlikely to cause a significant displacement of development activity from the city (*ceteris paribus*).

### Why are the charges higher?

The proposed new charges reflect several changes to model inputs and assumptions. However, the main reason for the proposed increases is significant increases in the cost of growth-related capital works. For example, the new charges reflect a \$120 million swale for Rotokauri, and nearly \$300 million of additional citywide growth-related capex. In addition, there have been some tweaks to other key inputs, such as growth projections, which have also caused the charges to increase.

### How significant are DCs as a proportion of total development costs?

The likelihood of higher DCs affecting future development depends not only on the magnitude of proposed increases, but also the significance of DCs to total development costs in the first place. To that end, we calculated the contribution of DCs to the cost of developing a typical (three-bedroom) dwelling in Peacocke and Rotokauri, plus their likely impacts on the notional cost of non-residential buildings in various locations.

The analysis shows that the existing charges are a minor proportion of build costs for residential and non-residential developments, but that the proposed new ones are significantly more. Accordingly, the proposed new charges could have a material impact on the rates of future development, particularly for non-residential.

### Who bears the impacts of higher DC charges and why?

Next, the analysis describes the various sub-markets that comprise the property market. As shown below, the market starts with raw land owners, who sell raw land to land developers. The land developer then rezones the land (if required), gains any necessary resource consents, subdivides it, and connects each resulting parcel to essential services like power, water, and telephone. Each development-ready parcel is then sold to a building developer, who gains consent for – and erects – a new building. Finally, the completed building is sold to an owner, who either occupies or leases it.



We applied supply and demand analysis to each of the sub-markets above to determine the likely impacts of higher DCs on each. While DCs are typically levied on the land developer during the subdivision process, economic theory predicts that the impacts will be borne by most (if not all) participants. Specifically:

1. Raw land owners will receive less for their land,
2. Land and building developers will earn lower returns from their activities, and
3. Building owners will pay higher prices for completed developments.

But, who bears the greatest incidence and why? Intuitively, it depends on the extent to which each participant can pass on their share to others. For example, the ultimate amount borne by land developers will depend on how much they can transfer to raw land owners (through lower prices for raw land) and to building developers (through higher prices for developed land). And, the extent to which that will occur, in turn, depends on the price sensitivity of supply and demand in each sub-market.

In addition, the incidence of DCs will depend on other factors, such as the stage of the property cycle, the general macroeconomic environment, and the rates of change for other key development costs, particularly land and construction.

**How sensitive are developer margins to increased DCs?**

The analysis thus far suggests that, amongst other things, higher DCs will lower the margins on land and building development, respectively. To examine the sensitivity of those margins to changes in DCs, we used a development feasibility model that was recently published by MBIE.

According to that model, land development margins are quite sensitive to DCs because they account for a fairly-high proportion of total costs. Conversely, the margins on building development are less sensitive because DCs accounted for a smaller proportion of total costs. Overall, however, the returns to both forms of development are sensitive to DCs, which raises the risk of development flight if charges increase too much.

In addition, it should be noted that margins are not the only consideration when evaluating a development opportunity. Another critical factor is cashflow. Thus, while developers may be able to still earn their required rate of return at higher levels of DCs, this does not guarantee that they can manage the cashflow implications. Accordingly, we recommend that the council adopt a wider view of potential impacts when considering its new charges, including those on cashflow.

**How will reactions differ across organisations and types of developments?**

Developer reactions to higher DCs will differ across several dimensions, including the type and location of development. In addition, higher DCS are likely to have a greater impact on smaller companies with limited track records, who often find it harder to secure project funding. Further, higher DCs will have a greater impact on developers with significant landholdings in the city, who are effectively a captive market, and those with integrated business models, which provide less scope to share the increased costs with other participants in the process.

**What other factors will materially affect future supply and demand?**

The future supply and demand for new buildings are influenced by several factors, only one of which is DCs. Others key drivers of future supply and demand include:

- Land supply
- Construction costs
- Population growth
- Flight from Auckland
- Capital gains tax and the bright-line test
- Interest rates, and
- The wider macroeconomic environment.

## 3 Introduction

---

### 3.1 Context and Purpose of this Report

Hamilton City Council (HCC) commissioned Insight Economics to analyse the likely sensitivity of property developers to proposed increases in its development contributions (DC) charges. This report summarises our key findings.

### 3.2 What are Development Contributions?

DCs are a funding tool enabled by the Local Government Act 2002 (LGA), which are used to help fund the cost of growth-related infrastructure, such as roads and water networks. They apply to most types of development, and can be levied either at resource consent, building consent, or service connection. Like most Councils, however, HCC's policy is to levy DCs at the earliest opportunity. For greenfields areas, which are the main focus of this report, this means that DCs are usually levied at the subdivision stage prior to the issue of 224C certificates.

### 3.3 Approach to the Analysis & Report Structure

This report synthesises a wide range of information from various sources, including interviews with local developers, reviews of the local and international literature, and detailed analyses of development feasibility models. For ease of reading, the findings in this report are structured around the following key research questions:

**Section 3:** What are the proposed new DC charges, and how do they compare?

**Section 4:** How significant are DCs as a proportion of total development costs?

**Section 5:** Who bears the impacts of higher DC charges and why?

**Section 6:** How sensitive are developer margins to increased DCs?

**Section 7:** How will reactions differ across organisations and types of developments?

**Section 8:** What other factors will materially affect future supply and demand?

**Section 9:** What is the likely overall impact of the proposed new charges on the city?

## 4 What are the proposed charges and how do they compare?

### 4.1 Proposed New Charges

Figure 2 plots the proposed new DC charges as at 12 March 2018, which are shown as dollars per household unit equivalent (HUE) excluding GST.<sup>1</sup> Unlike current DCs, the proposed new residential DCs will vary not only by location, but also by the number of bedrooms in each dwelling. This is expected to provide a better match with true infrastructure demands, and hence improve both equity and economic efficiency.

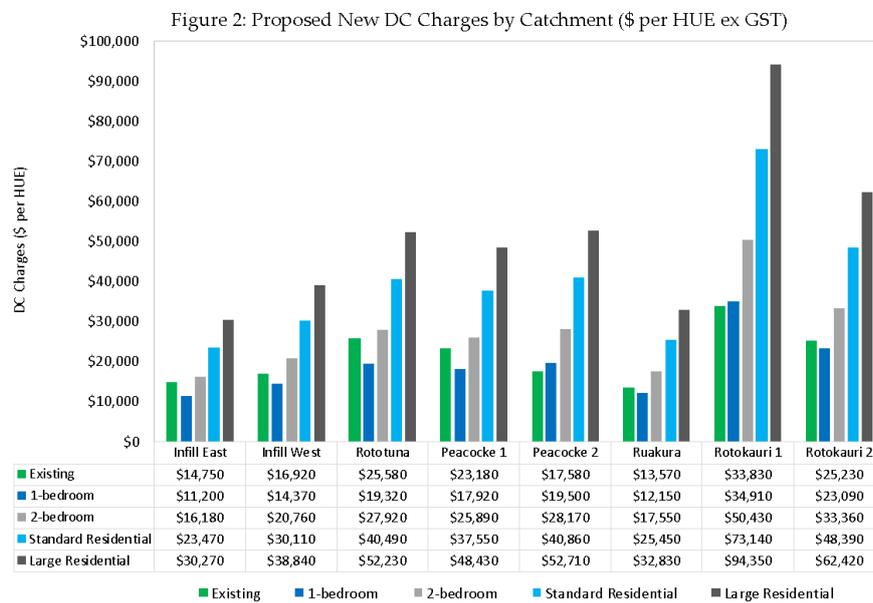


Figure 2 shows that the proposed new charges differ significantly from existing charges in most areas. For example, the proposed new charge for standard dwellings in the Peacocke 2 catchment is more than double the existing charge, while the proposed new charge for large dwellings is exactly triple.

### 4.2 Why Have the Charges Increased?

The proposed new charges reflect several changes to model inputs and assumptions. However, the main reason for the proposed increases is significant increases in the cost of growth-related capital works. For example, the new charges reflect a \$120 million swale for Rotokauri, and nearly \$300 million of additional citywide growth-related

<sup>1</sup> Note: this graph is indicative and shows only the charges associated with the most common combinations catchments (particularly for stormwater). However, other charges are possible depending on which particular catchment combinations a development is located in.

capex. In addition, there have been some tweaks to other key inputs, such as growth projections, which have also caused the charges to increase. Naturally, these inputs and assumptions will continue to evolve over time as better information becomes available, making the estimates of proposed new charges relatively fluid.

### 4.3 Changes from Existing Charges

To help better understand the impact of the proposed new charges, the following graph expresses them as percentage changes from existing charges. This is important, because developers will generally react to *changes* in the level of charges, not necessarily the new level of charges per se.

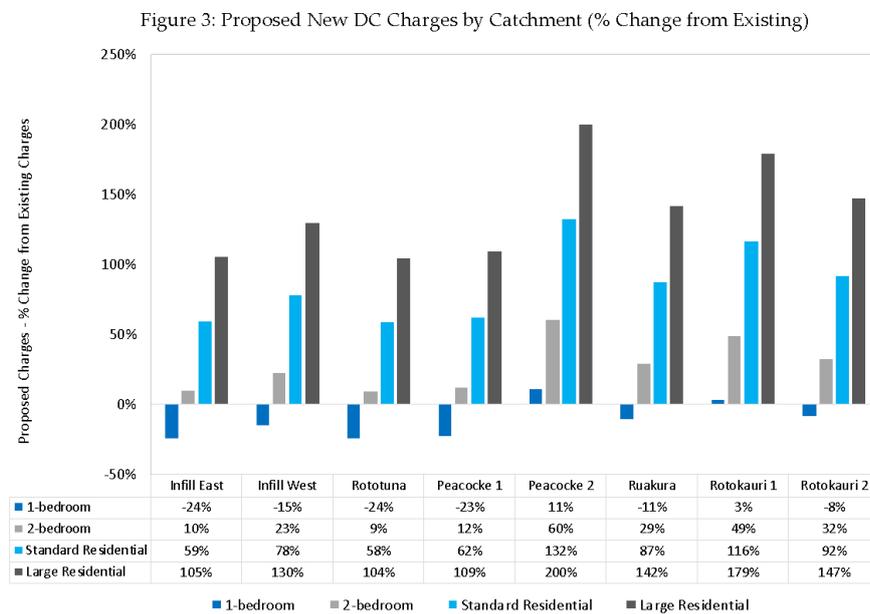


Figure 3 shows that the proposed new charges for 1-bedroom dwellings are generally lower than existing, and that these reductions are often significant. For example, the 1-bedroom charge in Rototuna is 24% lower than existing, while in Peacocke 1 it is 23% lower. Conversely, the charges for 2-bedroom developments are higher in all. Finally, the proposed new charges for standard and large residential dwellings are also higher across the board, and are sometimes up to triple the existing charges.

### 4.4 Comparison with ‘Competing’ Areas

The Hamilton property market does not operate in isolation. Rather, it forms part of a much larger market, which is often described as the ‘golden triangle’ of Auckland, Waikato, and Bay of Plenty. Accordingly, it is important to understand how the proposed new charges compare to others in those area. To determine that, we identified the latest DC charges set by the following ‘growth Councils’ in the golden triangle:

- Auckland<sup>2</sup>
- Tauranga
- Waikato, and
- Waipa

Figure 4 plots the *projected* DCs in those areas for 2018/19 along with the proposed new charges for Hamilton. The former were derived by inflating current charges by 15% to represent expected increases. This aids comparability with Hamilton’s proposed charges, which are yet to be adopted. Overall, the comparison covers 71 charges, eight of which are for Hamilton. These are the green bars, with the rest coloured blue.

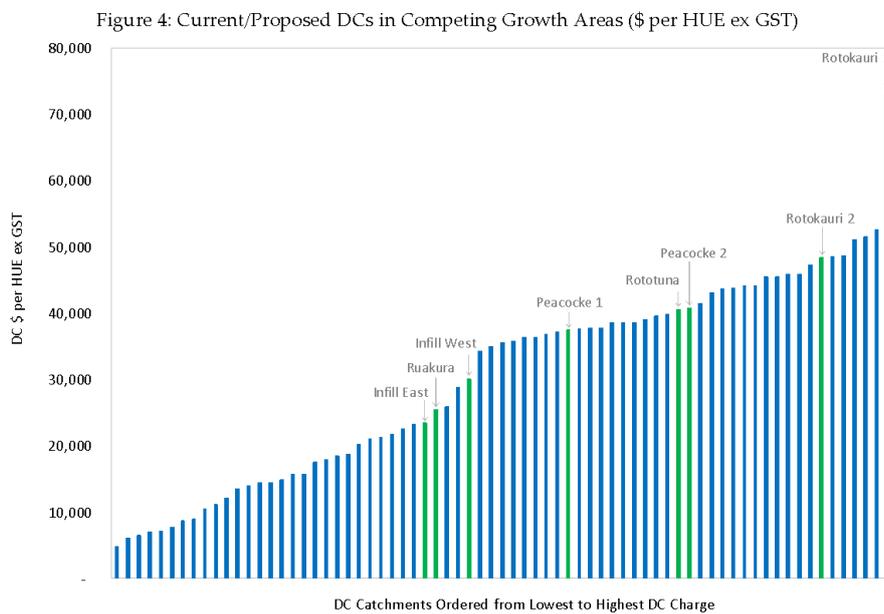


Figure 4 shows that HCC’s proposed new charges are generally concentrated towards the upper of the spectrum. Rotokauri 1 had the highest charge in our sample, and was 39% higher than the second-highest charge (in Auckland). Rotokauri 2’s charge was the 7<sup>th</sup> highest, while Peacocke 2 and Rototuna were the 19<sup>th</sup> and 20<sup>th</sup> highest, respectively.

While some of these charges are high, most do not appear unreasonable given the charges projected for other growth cells in competing areas. This suggests that, *ex ante*, the proposed new charges for most growth areas are unlikely to displace much (if any) residential development activity outside the city.

However, the situation for Rotokauri Stage 1 is different. The proposed charges there are so much higher than anywhere else that they are likely to have a dampening effect. What is unclear, though, is the extent to which prospective development activity in Rotokauri Stage 1 will be displaced to other part of the city, or disappear altogether.

<sup>2</sup> These include Watercare’s infrastructure growth charges, which serve the same purpose as DCs.

## 5 How significant are DCs as proportion of total development costs?

---

### 5.1 Introduction

The extent to which higher DCs could potentially affect development activity depends largely on how significant they are as a proportion of total development costs. That is to say, all other things being equal, the higher the contribution of DCs to total development costs, the more likely that the market will react to higher DC charges (and vice versa). With that in mind, we now consider the materiality of DCs to the costs of new residential and non-residential buildings. First, however, we briefly list the key costs associated with the development of land and buildings, respectively.<sup>3</sup>

### 5.2 Land Development Costs

Following are the key costs incurred during the land development process.

1. Raw land purchase
2. Civil works
  - a. Subdivision costs
  - b. Existing land clearance
  - c. Earthworks and site preparation
  - d. Roading (internal)
  - e. Water supply (internal)
  - f. Wastewater (internal)
  - g. Landscape & stormwater reserves
3. Connection Costs
  - a. Water
  - b. Sewerage
  - c. Stormwater
  - d. Electricity
  - e. Telecoms
  - f. Gas
4. Fees and charges
  - a. Resource consent fees
  - b. Development contributions
  - c. Legal
  - d. Site/project management
  - e. Consultant fees (consent application, engineering, geotech, etc)
  - f. Legal, accounting, surveying
  - g. Sales and marketing
5. Project contingency and finance/holding costs

---

<sup>3</sup> These have been adapted from the NPS UDC feasibility model, which is available online here <http://www.mbie.govt.nz/info-services/housing-property/pdf-document-library/NPS-UDC%20Development%20Feasibility%20Tool.xlsx>

### 5.3 Building Development Costs

Following are the key costs incurred during the building development process.

1. Purchase of serviced land
2. Site preparation costs
  - a. Demolition & removal
  - b. Site hoardings / fencing etc
3. Construction costs
  - a. Site prep costs - below slab, piling etc
  - b. Construction costs, ground floor and up
  - c. Driveway and parking area costs
  - d. Landscaping costs
4. Ancillary costs
  - a. Building consent fees
  - b. Design/architect/building plans (to support consent application)
  - c. Site/project management
  - d. Sales and marketing
  - e. Legal, accounting, surveying
5. Project contingency and finance/holding costs

### 5.4 Overall Significance of DCs to Dwelling Development Costs

Clearly, DCs are only one of many costs associated with the development of land and buildings. To advance the analysis, we now consider the extent to which the proposed new residential DCs affect the total costs of constructing dwellings across the city.

As most readers will hopefully appreciate, this is a difficult exercise, not least because HCC's new DC policy results in 32 different residential charges, which vary based on dwelling size and location. In addition, the exercise is complicated because other costs of development are also context-specific, such as land and construction costs.

Nevertheless, for the sake of illustration, we now show the impacts of DCs on the cost of constructing a 3-bedroom stand-alone dwelling in Rotokauri Stage 1 and Peacocke Stage 2 (where some of the largest DC increases are projected).

Following are the key assumptions used:

- Land purchase cost of \$350,000 (excluding DCs)<sup>4</sup>
- Dwelling size of 175m<sup>2</sup>,
- Construction costs of \$2,000/m<sup>2</sup> including builder's margin,<sup>5</sup>
- Other costs (for planning, design, consent, legal, and sales etc) are equal to 20% of the construction cost.<sup>6</sup>

<sup>4</sup> While DCs are typically levied at the land development stage, and hence are usually included in land costs at the building development stage, we show them separately to identify their contribution to total dwelling cost.

<sup>5</sup> This was roughly the average construction cost for stand-alone dwellings in Hamilton last year.

<sup>6</sup> A recent MBIE paper for the NPS on UDC set this at 25% to 30% including DCs. However, we have set it at a lower level of 20% because the DC component has been isolated and analysed separately.

Under these assumptions, total dwelling costs are initially about \$800,000 for both areas, but increase to more than \$840,000 in Rotokauri 1 under the new charges. The table below provides more detail, and calculates the contribution of DCs to total development costs under the existing and proposed policy, both including and excluding land costs.

Table 1: Impacts of DCs on Cost of 3-Bedroom Dwelling in Rotokauri Stage 1

Cost Components for New Dwellings	Peacocks 2		Rotokauri 1	
	Existing DCs	Proposed DCs	Existing DCs	Proposed DCs
Land	\$350,000	\$350,000	\$350,000	\$350,000
Construction	\$350,000	\$350,000	\$350,000	\$350,000
DCs	\$17,580	\$40,860	\$33,830	\$73,140
Other	\$70,000	\$70,000	\$70,000	\$70,000
<b>Total Cost</b>	<b>\$787,580</b>	<b>\$810,860</b>	<b>\$803,830</b>	<b>\$843,140</b>
DC as % of total cost	2.2%	5.0%	4.2%	8.7%
DC as % of total cost ex land	4.0%	8.9%	7.5%	14.8%

Table 1 shows that DCs account for about 2 to 4% of the total cost of a new three-bedroom dwelling under the existing policy, but that this will increase to nearly 9% under the proposed new charges in Rotokauri 1. When land costs are excluded, DCs account for up to 7.5% of costs under the existing policy, but 14.8% under the proposed new one. This is broadly consistent with the findings of our developer interviews, which suggested that DCs were between 10% to 20% of dwelling development costs excluding the cost of land.

### 5.5 Significance of DCs to Non-Residential Development

As noted earlier, the proposed new residential DCs are much higher than existing. However, the proposed increases for non-residential DCs are even greater again, because the new policy removes caps that were previously imposed on them. In addition, the increased focus on transport improvements – coupled with relatively high conversion factors for that activity – mean that non-residential DCs have increased much quicker than residential.

To assess the significance of non-residential charges, we compared the existing and proposed new DCs to the average value of existing typical buildings for the following four development scenarios:

1. Rototuna retail, where a large new town centre is expected soon;
2. CBD retail, where DCs are not currently charged;
3. Industrial activity in Rotokauri 1 – the largest industrial greenfield area, and
4. Industrial activity in Te Rapa – the largest established industrial area.

Specifically, Table 2 shows the average capital value and average GFA for existing buildings related to each scenario, along with the DCs that each would attract under the existing and proposed DC charges if rebuilt today.

Table 2: Non-Residential DC as % of Average Building Value in 2017

Scenario	Property Attributes		Implied DCs Payable		DC as % of CV	
	Avg CV	Avg GFA	Existing	New	Existing	New
Rototuna Retail	\$1,330,000	520	\$86,160	\$294,400	6%	22%
CBD Retail	\$1,170,000	600	\$0	\$125,900	0%	11%
Te Rapa Industrial	\$1,050,000	950	\$19,730	\$98,550	2%	9%
Rotokauri Industrial	\$1,050,000	950	\$67,920	\$315,230	6%	30%

Table 2 shows that non-residential DCs currently equate to up to 6% of the value of existing buildings, but that this could increase to as high as 30% under the proposed new charges. In our view, such high charges will invariably attract intense scrutiny, and will almost invariably cause a reduction in future development activity where the greatest increases are mooted (such as Rotokauri industrial). Accordingly, we recommend that the drivers of these increases be fully-identified and mitigating options be considered.

*Note:* at the time of finalising this report, the Council had just agreed to investigate reinstating caps on some of its non-residential charges. However, since the details of those caps had not been finalised, they were not considered in this report. Suffice to say, however, that given the proposed increases analysed herein, we support this initiative.

## 6 Who bears the impacts of higher DC charges and why?

### 6.1 Property Market Participants

Before considering the incidence of higher DCs, we first briefly describe the various participants and sub-markets that comprise the wider property market. These are illustrated in the figure below, which shows that the property market effectively comprises four interrelated sub-markets.



As shown above, the property market starts with raw land owners, who sell raw land to land developers. The land developer then rezones the land (if required), gains any necessary resource consents, subdivides it, and connects each resulting parcel to essential services like power, water, and telephone. Each development-ready parcel is then sold to a building developer, who gains consent for – and erects – a new building. This is sold to an owner, who either occupies or leases it.

It is useful to note that, while market participants are often focussed on only one part of the wider value chain, others may span several. For example, raw land owners may sometimes also be land developers, and land developers may sometimes also construct buildings. As we shall see later, amongst other things, the degree to which participants are focussed in only one area affects the incidence of DC charges across the market. Specifically, all other things being equal, the greater the number of participants in the property development process, the greater the scope to spread the impacts of higher DCs.

### 6.2 Predictions of Economic Theory about Incidence of DCs

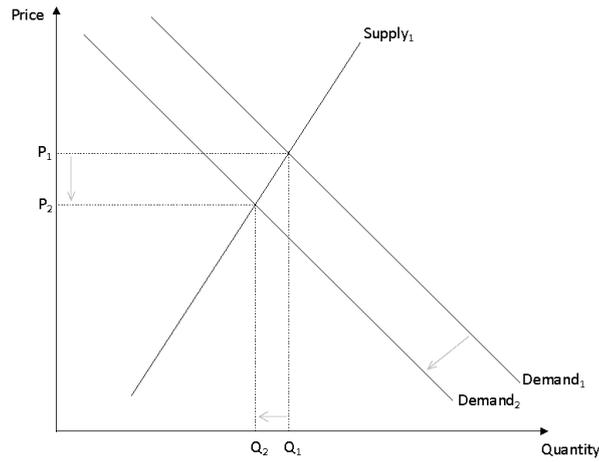
Having identified the key players, we now consider the extent to which each bears the incidence of DCs using basic supply and demand analysis. First, it is important to recall that Council typically levies DCs at the subdivision stage in greenfields areas, which are the focus of this report. Accordingly, DCs are usually paid by land developers.

To begin, Figure 6 demonstrates the market for raw land, which is initially in equilibrium where the demand curve (Demand<sub>1</sub>) intersects the supply curve (Supply<sub>1</sub>). This produces an initial equilibrium quantity of raw land equal to Q<sub>1</sub>, and a corresponding market price of P<sub>1</sub>.

As DCs increase, the costs of land development rise, and thus its profitability falls. As a result, land developers are willing to pay less for raw land, which causes the demand

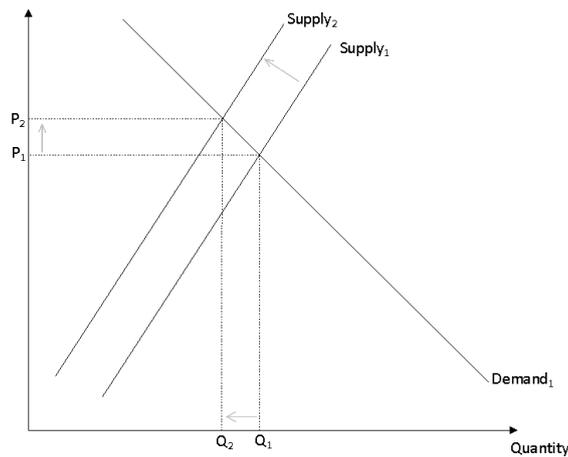
curve to shift inward. As demand falls, the equilibrium price and quantity of raw land also fall to  $P_2$  and  $Q_2$ , respectively. In other words, land developers (who physically pay the DC) will seek to share some of the cost with raw land owners by paying them less for their land.

Figure 6: Impacts of Higher DCs on Raw Land Market



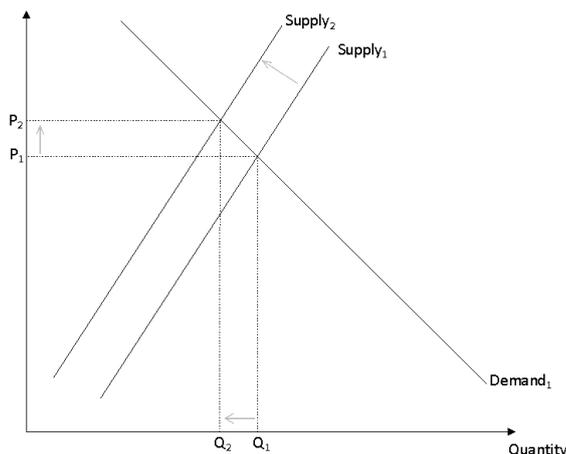
Although land developers will naturally seek to share the costs of higher DCs with raw land owners, it is unlikely that the resulting fall in raw land prices will be sufficient to fully compensate them. As a result, the increase in DCs will also increase the total cost of land development. This causes the market supply curve for land development to shift upward, causing its price to increase, and its market quantity to decrease. This is illustrated in Figure 7 below.

Figure 7: Impacts of Higher DCs on Developed Land Market



Faced with higher prices for developed land, building developers will also experience higher overall production costs. Like land developers, this manifests through a contraction of the market supply curve, which increases the price of completed buildings, and reduces the market quantity. This is illustrated in Figure 8.

Figure 8: Impacts of Higher DCs on Developed Buildings Market



Via a similar chain of logic it follows that, if the building is to be leased, the supply curve for that market will also contract, causing the equilibrium rental price to increase, and the market quantity to decrease. However, not all buildings are leased, with many instead being owner-occupied. Further, any effects on the rental market are likely to be muted, with most of the impact already absorbed at earlier stages of the process. Accordingly, any impacts of higher DCs on the market for leased buildings are likely to be minor and are ignored herein.

In summary: economic theory predicts that the imposition of higher DCs will impact most, if not all, participants in the wider property market. Specifically:

4. Raw land owners will receive less for their land,
5. Land and building developers will earn lower returns from their activities, and
6. Building owners will pay higher prices for completed developments.

In other words, the impacts of higher DCs will resonate throughout the property value chain, which helps to diffuse any impacts.

### 6.3 Relative Incidence – Who Bears the Greatest Impact?

The theoretical exposition above suggests that the burden of increased DCs will be spread widely across the property market, not fully-absorbed by the land developers that typically pay them. But, who bears the greatest impact, and why?

Intuitively, it depends on the extent to which each participant can pass on their share to others. For example, the ultimate amount borne by land developers will depend on how much they can transfer to raw land owners (through lower prices for raw land) and to building developers (through higher prices for developed land). And, the extent to which that will occur, in turn, depends on the price sensitivity of supply and demand in each sub-market.

Specifically, all other things being equal, the more price-sensitive that supply is relative to demand, the less of the burden that will be absorbed by the supply-side participant, and vice versa. So, for example, if the supply of developed land was more price-sensitive than demand, the land developer (on the supply side) would absorb less of the cost than the building developer (on the demand side), and vice versa.

Unfortunately, it is difficult to say much more than this absent concrete data about the relative price sensitivities of supply and demand in each sub-market. However, we created a model to estimate the cumulative impacts of partial cost absorption at each stage of the development process on the final price of completed buildings to estimate the link between higher DCs and future dwelling/building prices. This is described below.

#### 6.4 Model to Estimate Incidence of Higher DCs

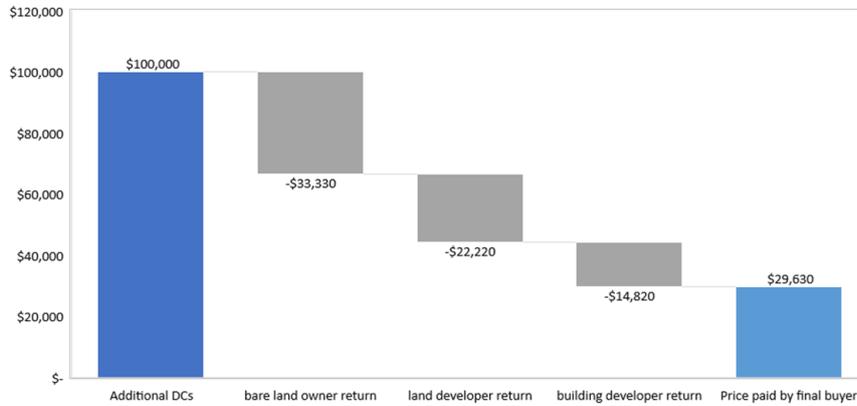
The model starts with an assumed increase in DC charges, and traces how this flows through the value chain from raw land owners to building purchasers depending on how much is absorbed by each party along the way. It has four parameters, namely the:

- Proposed increase in DC charges
- Proportion absorbed via lower raw land prices
- Proportion absorbed via lower land developer margins
- Proportion absorbed via lower building developer margins.

For example, suppose that the DCs for a given development are expected to increase by \$100,000 and that one-third of this increase was absorbed by raw land owners via lower land prices. Further, suppose that the land developer absorbs one-third of the remainder, and passes the rest on to the building developer. Finally, suppose that the building developer absorbs one-third of the cost passed to them, with the remainder passed-on on to the final purchaser via a higher selling price. In other words, at each step in the value chain, one-third of the higher cost is absorbed, with the rest passed on.

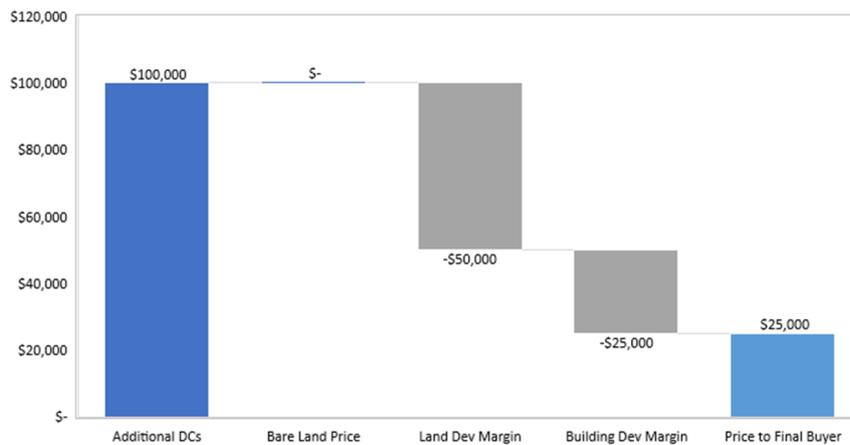
The impacts of this scenario on the various participants are illustrated in the graph below. In short, the amount absorbed at each step diminishes between the raw land owner and the building developer, but with a higher amount borne by the final purchaser. Overall, however, the latter absorbs less than 30% of the total increase. As a result, the impact of higher DCs on final selling prices is much less than one-for-one.

Figure 9: Impacts of Additional DCs Assuming One-Third is Absorbed at Each Stage



Suppose, now, that the raw land price is fixed so that the land developer cannot pass on any of the cost to them.<sup>7</sup> Instead, let us assume that the land developer absorbs half of the increased cost, and passes on the rest to the building developer, who also absorbs half and passes on the balance. This scenario is illustrated in Figure 10, where the increased price to the final buyer equals only 25% of the initial cost increase.

Figure 10: Impacts of Additional DCs Assuming Land & Building Developer Each Absorb Half



Using this model, it is easy to examine the impacts of different rates of cost absorption at each stage of the property development process. While the results are sensitive to the assumptions made, it shows that that any proposed increase in DCs is unlikely to be fully-reflected in the prices of final buildings. Instead, at least some of the increased cost is likely to be absorbed along the way, which reduces the impact on final prices and the margins of each participant.

<sup>7</sup> This might occur, for example, if the land has already been purchased for subdivision.

### 6.5 Other Factors that Affect Ability to Pass-On Costs

While the ability to pass-on (rather than absorb) cost increases depends fundamentally on the relative price sensitivities of supply and demand in each sub-market, there are also other factors that play a role. They include:

- **Stage of the Property Cycle** – all other things being equal, the more buoyant the property market, the easier it is for participants to both absorb cost increases, and to pass them on. Conversely, the weaker the market, the more difficult it is to absorb or share any costs increases.

According to our developer interviews, there is a general acceptance that the Hamilton market is starting to cool a little after a period of sustained growth. This suggests that the mooted increases in DC charges may be born into a period of market downturn, where all parts of the market will be more sensitive to cost increases. If so, the proposed increases may have a greater impact on development activity than if they had occurred during the recent boom.

However, as always, the property market continues to move in cycles, so any imminent downturn will not be prolonged, with the market soon returning to more optimistic times.

- **Macroeconomic Environment** – this has some overlap with the first point, but reflects the impacts of wider economic sentiment on the supply of, and demand for, completed buildings. Overall, it is likely to have a more pronounced impact on the market for non-residential buildings, which are directly related to broader economic conditions. However, the wider macro environment also affects the demand for dwellings because it influences household incomes, and hence spending power. In short, when economic conditions are tough, it will be harder to pass increased costs on to final buyers, and vice versa. Moreover, it will be more difficult to absorb cost increases, so the effects of higher DCs on development activity will be amplified.
- **Other Development Costs** – As other development costs naturally increase over time, they leave less room to absorb costs via development margins. Consequently, the impacts of DCs will also depend on the trajectory of other development costs, particularly land and construction costs.

## 7 How sensitive are developer margins to increased DCs?

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### 7.1 Introduction

The discussion thus far has shown that the burden of higher DCs will likely be shared amongst participants in the property development process, with some of it being absorbed in the margins of land and building developers. This raises the question of how sensitive developer margins are to changes in DCs. This is analysed below using a development feasibility model that was recently published by MBIE to help Councils given effect to their duties under the National Policy Statement on Urban Development Capacity (NPSUDC).

### 7.2 About the MBIE Feasibility Tool

The purpose of the model is to analyse the commercial feasibility of developing new residential dwellings from the perspective of both the land developer and building developer. In short, it estimates the pre-tax return to the land developer for a range of potential yields using a range of industry-tested development parameters, including the level of DCs. Then, it analyses commercial feasibility to the building developer for a range of potential dwelling types, such as stand-alone houses, terraces, duplexes, and apartments.

While the tool has been populated with industry-tested inputs and assumptions, the true value of these will differ by region. In addition, the likely returns from any given development will reflect a range of context-specific issues, which are not explicitly captured. Nevertheless, this tool provides the most robust and objective method for analysing the sensitivity of developer margins to changes in DCs for an assumed rate of cost pass-through.

IMPORTANT NOTE: the estimated rates of return shown below are not projections of actual returns to any specific development in the city, and are shown only to illustrate sensitivity to changes in DCs. Accordingly, the analysis presented below should not be used to justify a certain level of DCs, as the inputs and assumptions have not been calibrated to reflect the city's own features and characteristics. Instead, the purpose of this analysis is purely to illustrate the sensitivity of margins to differing levels of DCs.

### 7.3 Baseline Required Rates of Return

Developers, like any business, require a return on their investment to compensate for the costs and risks involved. While that required rate of return will naturally vary between developers for several reasons, it is commonly-accepted that property developers – and their financiers – require an expected pre-tax return of at least 20%. However, an estimated return of 25% is strongly-preferred, because it provides more leeway should future conditions be less favourable than assumed at the time of assessment. With that in mind, we now examine the sensitivity of both land developers and building developers to changes in CCs.

**7.4 Estimated Impacts on Land Development Feasibility**

We used the NPS Feasibility tool described above to test the sensitivity of large-scale land development to changes in the level of development contributions. Specifically, we measured the impact of differing DCs on the estimated pre-tax margin of land development using the model’s default industry-tested parameters. The results are shown below.

Table 3: Sensitivity of Large-Scale Land Development Pre-Tax Margins to DCs

% of DCs Paid by Developer	Development Contributions per HUE (\$000s ex GST)					
	\$15k	\$30k	\$45k	\$60k	\$75k	\$90k
0%	54%	54%	54%	54%	54%	54%
20%	50%	47%	44%	41%	38%	36%
33%	48%	43%	38%	34%	30%	26%
50%	46%	38%	32%	26%	21%	16%
67%	43%	34%	26%	19%	12%	7%
80%	41%	31%	22%	14%	7%	1%
100%	38%	26%	16%	7%	-1%	-7%

Table 3 shows that, for the specific inputs and assumptions used, land development margins appear healthy for lower levels of DCs, but erode quickly if most of the cost is absorbed (rather than passed on). For example, at a DC of \$15k per lot, the developer earns a margin of 38% if they absorb the full DC cost. However, when the DC increases to \$45k, the margin falls to 16%, which is below the required rate of return.

Of course, the situation changes if the developer can pass some of the DCs on. For example, suppose now that the land developer absorbs half the DC cost, and passes the other half on either by paying less for raw land, or by selling developed land for more. Starting with an assumed DC of \$30k, the land developers estimated margin is 38%. However, if DC’s increased to \$75k, the land developer’s margin drops to 21%. This is right on the cusp of feasibility. And, if the developer was able to pass on less of the charges, its margin would fall well below the required rate of return.

As this simple exercise shows, land development margins are relatively-sensitive to DC costs, particularly if it is difficult to pass increased costs on to other players.

**7.5 Estimated Impacts on Building Development Feasibility**

Next, we used the building development module to examine the sensitivity of building developers to differing levels of DCs. Again, we adopted the default parameters shown in the model, and changed only the level of DCs and the proportion absorbed by the building developer. While we acknowledge that DCs are usually levied on land developers, not building developers, it should be clear that the latter absorb at least some of the cost. Consequently, changes in the level of DCs will likely affect the feasibility of both land development, and building development.

Let us start by assuming that the DC is \$30k, which represents the current charge in most greenfields areas, and that the building developer absorbs half of this. According to Table 4, this gives the building developer a margin of 26%, which most would

consider acceptable. Now, imagine that the DC spikes up to \$75k. If half continues to be absorbed, this will reduce the building developer's margin to 21% which, again, is on the cusp of feasibility. If we further assume that the building developer absorbs more than 50%, its margin falls below 20% and hence the proposed development becomes uneconomic.

Table 4: Sensitivity of Building Developer Pre-Tax Margin to DCs

% of DCs Paid by Developer	Development Contributions per HUE (\$000s ex GST)					
	\$15k	\$30k	\$45k	\$60k	\$75k	\$90k
0%	29%	29%	29%	29%	29%	29%
20%	29%	28%	27%	27%	26%	25%
33%	28%	27%	26%	25%	24%	23%
50%	28%	26%	24%	23%	21%	20%
67%	27%	25%	23%	21%	19%	17%
80%	27%	24%	22%	19%	17%	15%
100%	26%	23%	20%	17%	15%	12%

As this exercise indicates, building developer returns are also sensitive to DCs. However, under the specific inputs and assumptions used here, its margins are less sensitive than those of land developers. Regardless, the analysis suggests that both parties could be adversely affected by any significant increases in charges, and hence that there remains a risk of development activity being displaced from the city as a result of the proposed new DC charges.

## 7.6 Other Considerations

It is important to note that margins are only one of several facets considered when evaluating a development opportunity. Another critical factor is cashflow. Thus, while developers may be able to still earn their required rate of return at higher levels of DCs, this does not guarantee that they can manage the cashflow implications. Indeed, because DCs occur so early in the process, they represent a significant financial hurdle. If these increase by too much, the venture may become unworkable from a cashflow perspective irrespective of projected rates of return. Accordingly, we recommend that the council adopt a wider view of potential impacts when considering its new charges, including those on cashflow.

## 8 How will reactions differ across organisations and types of developments?

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The discussion above considered the likely impacts of higher DCs on development feasibility – and hence activity – in broad terms. This section drills-down to examine potential differences in impact amongst the city’s development community.

### 8.1 Effects of Organisation Type & Size

As noted earlier, the impacts of higher DCs on development viability will be felt not only via reduced margins, but also via squeezes on project cashflows. Thus, all other things being equal, the higher the DC, the more difficult it will be for most developers to fund early expenses such as DCs.

While these cashflow implications will affect most developers, they tend to have a greater impact on smaller developers, and those with limited track-records. This is because banks and other financiers tend to view smaller companies – and those with limited history – as a higher risk, and hence are less likely to extend debt facilities to cover increased development costs. In addition, those companies are likely to be more reliant on debt-funding due to limited equity pools. Consequently, higher DCs are more likely to affect smaller developers and/or those with limited track-records from a financing perspective.

Another factor is the extent to which developers span different parts of the property development process. For example, if a company owns significant amounts of raw land, upon which it plans to build and sell completed buildings, it will have less scope to share the costs of higher DCs with other participants. Conversely, a new entrant in the land development market will have greater scope to share the costs of higher DCs with raw land owners and building developers, which helps preserve margins and ensure ongoing development viability. Accordingly, impacts will differ based also based on the role that each developer plays in the overall process.

### 8.2 Impacts of Land-Holdings

The impacts of higher DCs on developer behaviour will also depend on the extent to which each can shift their focus away from development within the city to elsewhere. And that, in turn, largely depends on the location(s) of each developer’s landholdings. For example, some developers will own land only in the city, while others will also own land elsewhere. Others may not have any current landholdings at all, and instead are in the process of evaluating options in several locations, including within the city.

These differences in the location of landholdings will have a major bearing on the ability of each developer to avoid higher city DCs by gravitating towards opportunities elsewhere. Specifically, those with most of their land in the city will have fewer options than those with more diverse holdings, all other things being equal. However, that is not to say that developers with significant holdings in the city will necessarily accept higher charges and continue regardless. Instead, they may rationally decide to delay

further action to see how the wider market reacts, while reaping the benefits of ongoing land price inflation in the meantime. Accordingly, developer reactions are likely to vary along several dimensions, including the opportunity to develop elsewhere.

### 8.3 Differences Between Types of Development

In addition, there are likely to also be differences between the typical reactions of residential and non-residential developers. This is because:

- DCs tend to comprise a smaller proportion of total development costs for non-residential developments, so the overall effect of higher DCs on project viability is softened.
- Furthermore, most non-residential buildings tend to be leased, not owned. This has several effects. First, it increases the number of participants across which increased DCs can be spread, thus reducing the impact. Second, lessees in non-residential buildings tend to be less concerned about the potential rental impacts of higher development costs because rents are typically only a small proportion of total business costs.<sup>8</sup> Moreover, since rents are a tax-deductible expense, the net effects of higher rental costs are even less significant again.

### 8.4 Spatial Differences

Finally, it should be clear that reactions will differ spatially based on the proposed changes in DCs by funding catchment. In other words, developers in areas that experience the highest DC increases will be more likely to alter their behaviour than those in catchments with more modest increases.

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<sup>8</sup> In fact, according to the latest input output table for New Zealand, average annual rents equate to less than 5% of total business costs for 84% of industries.

## 9 What other factors will materially affect future supply and demand?

### 9.1 Factors Affecting Supply

The future supply of new dwellings and non-residential buildings will be affected by several factors other than the Council’s new DC charges. Other key factors that will influence the price and quantum of future supply are briefly discussed below.

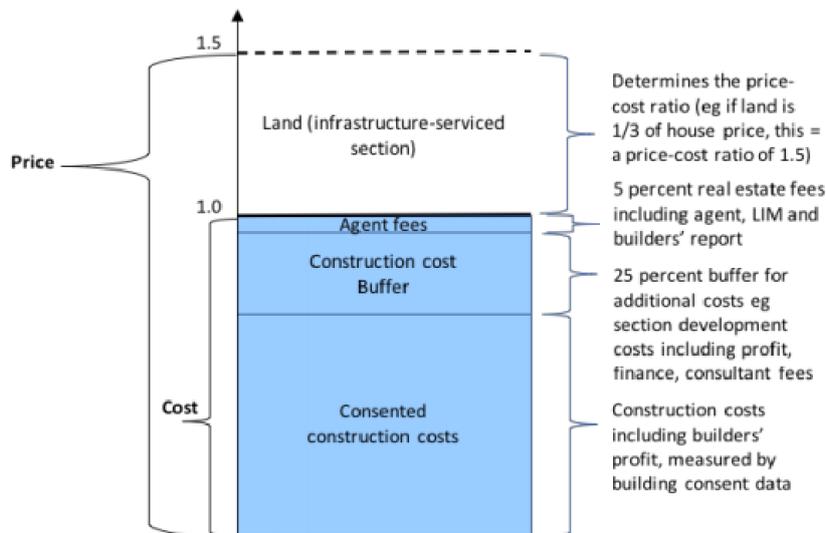
#### 9.1.1 Land Supply

The price and availability of developable land is a major determinant of future building supply, particularly for low-density developments, where land costs can be a significant proportion of total development cost. For example, land commonly accounts for up to half the total cost of developing new stand-alone dwellings in greenfield areas such as Rototuna and Peacocke.

According to development indicators published by MBIE, the city’s supply of developable land is diminishing, which is inflating land values and hence reducing feasibility. For example, the indicators show that the average land value for dwellings increased almost five-fold between 1995 and 2015 (from \$46,000 to \$219,000). Consequently, by 2015, land prices accounted for more than half of the average dwelling’s capital value (up from only one-third in 1995).

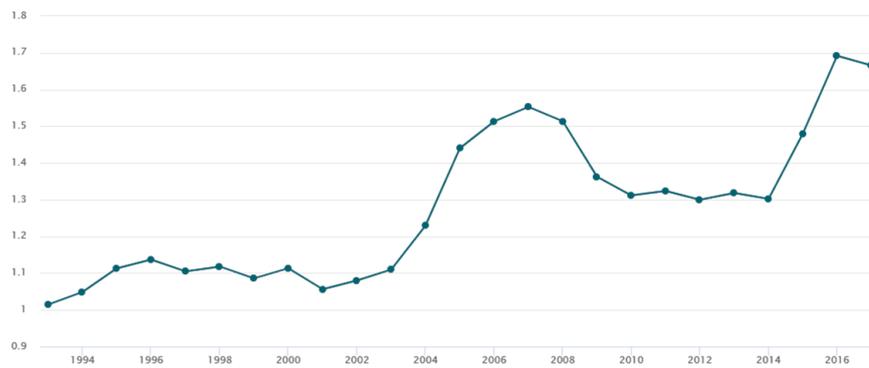
The inflationary effects of land shortages on dwelling prices is also confirmed by another MBIE indicator, which is called the price-cost ratio. This measures the ratio of dwelling sales prices to non-land construction costs, as illustrated in the graphic below.

Figure 11: Estimating the Price:Cost Ratio for Dwellings



According to MBIE, a price-cost ratio of less than 1.5 reflects that land markets are operating well, but higher values indicate the likelihood that developable land supply is scarce relative to demand. As shown in the graph below, the price-cost ration for Hamilton has stayed below 1.5 for most of the past 20 years, but rose sharply between 2014 and 2016. In 2017, the price-cost ratio was 1.66, which suggests that a shortage of suitable land is having an inflationary effect on dwelling prices. And, more importantly, these high land prices are likely to be reducing the supply of new dwellings into the market.

Figure 12: Price-Cost Ratio for Hamilton City Dwellings

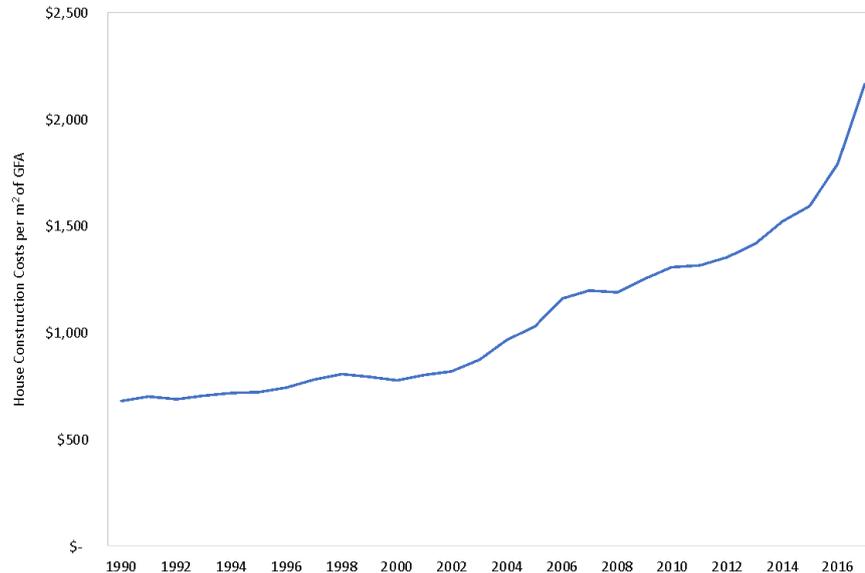


Unfortunately, the price-cost ratio does not identify the cause of land shortages, and instead provides only a blunt indicator of likely scarcity. Accordingly, it should not be interpreted as a failure by stakeholders, such as the Council, to provide adequate land.

Conversely, land shortages are just as likely – if not more – to reflect strategic behaviour by major land owners, with new supply slowly drip-fed to maximise returns. In addition, some land parcels are bought and sold several times before development even occurs because of speculative “flipping.” In fact, using Council-supplied data, we found more than 1,000 vacant residential sections that have been bought and sold multiple times prior to development occurring. Coupled with strategic land-banking, this speculative behaviour is likely to be a driver of perceived current land shortages.

**9.1.2 Construction Costs**

Construction costs are another major factor that will influence future supply. Other than land costs, these are the most expensive component of new dwellings, and their prices have also risen steadily over time. This is illustrated in the following figure, which uses building consent data to plot the average cost of constructing new stand-alone houses in the city per square metre of floor area. Clearly, these have risen markedly, particularly over the last few years. If this trend continues, even at a slower rate of growth, development margins will continue to be squeezed and activity will be depressed.

Figure 13: Construction Costs for New Houses in Hamilton City - \$ per m<sup>2</sup>

## 9.2 Factors Affecting Demand

In addition to the supply-side factors discussed above, the market will also be influenced by demand-side factors. The most important ones are summarised below.

### 9.2.1 Population Growth

The city's population is forecast to continue growing at a rapid pace which, in turn, creates ongoing demand for additional dwellings. According to the NIDEA Low projections series, over the next 10 years Hamilton will grow by approximately 2100 people and 1250 households every year. Consequently, there will be strong future demand for additional dwellings.

### 9.2.2 Flight from Auckland

House prices in Auckland have grown so fast over the last 10 to 20 years that many residents have been effectively "priced out of the market." In other words, many Aucklanders cannot afford to buy a home in the region, forcing them to either rent or seek more affordable options elsewhere.

Anecdotes suggest that this has resulted in an influx of buyers into the Tauranga and Hamilton markets, which has strengthened demand for new dwellings there.<sup>9</sup> This trend is likely to continue into the foreseeable future, with Auckland's house prices

<sup>9</sup> A recent on stuff.co.nz suggested that there is strong buyer interest from people seeking to relocate from Auckland, with about 35% of buyers coming from out of town. See here for further details: <https://www.stuff.co.nz/business/property/97742463/buyer-urgency-back-in-hamilton-as-heads-clear-after-election-daze>

showing no sign of ‘correcting’ themselves to any meaningful degree. Accordingly, even more people will continue to seek more affordable options in the city, which will further underpin future dwelling demand.

### **9.2.3 Capital Gains Tax and the Brightline Test**

The Minister for Revenue – the honourable Stuart Nash – recently announced plans to increase the “brightline” test for residential dwellings from two years to five. Under the proposal, any residential investment property that is sold within five years of purchase will be attract some form of capital gains tax.

While the details are not yet clear, this initiative will achieve its objective of dampening the demand for investment properties. Moreover, the Government recently signalled that it will investigate the possibility of a more-comprehensive capital gains tax, which would further reduce the demand for residential investment properties, and hence the demand for new dwellings in the city.

### **9.2.4 Wider Macroeconomic Environment**

The broader macroeconomic environment will also affect the demand for new dwellings by influencing household incomes, and hence the ability to finance mortgage repayments. Our understanding is that the recent economic boom is starting to lose momentum, and that some form of slowdown is inevitable. The main unknown is the timing and duration of any resulting downturn. However, all other things being equal, it is highly-likely that the country will enter a recessionary period somewhere in the next 10 years, if not much sooner.

### **9.2.5 Possible LVR Changes**

Finally, it is worth noting that potential changes to loan-to-value (LVR) restrictions may alter the demand for new dwellings. Currently, LVR restrictions do not apply to new builds, but this could change in future. If so, it is likely to reduce the demand for new dwellings, all other things being equal. Similarly, if LVR restrictions on the purchase of existing homes are strengthened, this could also push people towards buying a new dwelling instead, and vice versa.

## **9.3 Factors Affecting Supply and Demand**

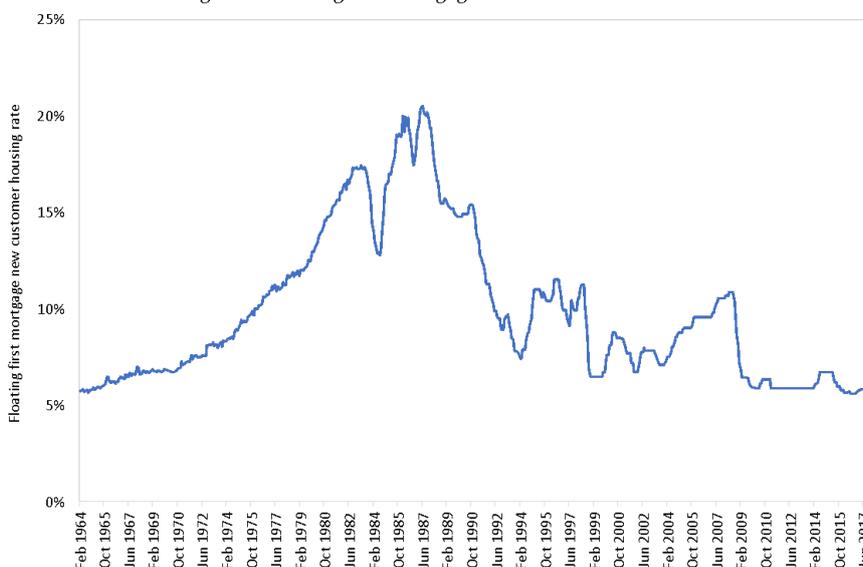
Finally, there are some factors that will affect both future supply and demand. However, only one seems important enough to warrant discussion here.

### **9.3.1 Interest Rates**

Interest rates are a key piece of the property puzzle. On the supply side, they affect the holding/financing cost of development and hence influence project viability. Further, they influence the opportunity cost of development, with lower interest rates resulting in lower opportunity costs and hence higher levels of activity (all other things being equal). On the demand side, interest rates affect the cost of ownership because virtually all properties are partly debt-funded. Thus, the lower the interest rate, the lower the cost of acquisition, and thus the higher the demand.

At the time of writing, New Zealand’s interest rates continue to be some of the lowest in recorded history. This is illustrated in figure xxx, which plot floating first mortgage rates for new customers – a frequently-used indicator of cost for house buyers. These rose steadily during the 1970s and 1980s prior to the introduction of the Reserve Bank Act 1989, which mandated the use of monetary policy to target a low-inflation environment. This caused a significant reduction in interest rates, which has largely-persisted until today, particularly following the GFC. However, it is highly unlikely that these low rates will be sustained forever, with increases inevitable. When these occur, they will reduce both the supply of, and demand for, new dwellings in the city.

Figure 14: Floating First Mortgage Rates for New Customers



## 10 What is the likely overall impact of the proposed new charges?

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This report has analysed the impacts of proposed new DC charges on the costs of constructing both residential and non-residential buildings. In addition, it has analysed the impact of higher DCs on the margins of both land developers and building developers, who are two of the key stakeholders in the property development process. Finally, this report has considered how developer reactions might differ before briefly identifying various other factors that will influence the future supply and demand for new buildings across the city.

While it is difficult to anticipate how developers might react to the proposed new charges, particularly given the numerous differences between them, we conclude that:

- The proposed new residential charges in most greenfields areas will probably have some impact on development activity, but only at the margin. Thus, effects will be most acute for prospective developments whose viability was already marginal, and for whom the proposed increases in charges render their plans wholly-uneconomic.
- In most other cases, the proposed increases are more likely to manifest as reductions in raw land prices and the margins of developers. In addition, they will likely result in higher prices for completed buildings relative to the status quo. However, those increases would be difficult to detect given the sustained recent increases in prices for completed dwellings across the city.
- The situation for Rotokauri is different, however. The proposed charges there are so much higher than any other 'competing' area that we expect to see a marked reduction in development activity relative to the status quo.
- The same is true for non-residential development across most areas of the city. The proposed increases in charges are, again, so high that they will have a material impact on the viability of numerous prospective developments.

## 11 Appendix: Charges in Growth Areas

The following table lists the DCs underlying Figure 4. Please note that the charges for Hamilton are the proposed new ones for 2018/2019. Conversely, the charges for all other Councils are the 2017/18 values with a 15% upward adjustment to reflect average expected increases.

Table 5: Projected 2018/19 DCs for Competing Growth Areas

Council	Catchment	DC\$/HUE	Council	Catchment	DC\$/HUE
Auckland	Rural Islands	18,420	Tauranga	Mount Maunganui Infill	8,740
	Rural South East	28,800		Tauranga	12,100
	Rural West	35,050		Pyes Pa	15,730
	Hibiscus	35,900		Papamoa	17,540
	Rural South West	36,430		Welcome Bay	17,860
	West	36,770		Ohauti	21,210
	Hingaia	37,690		Bethlehem	22,570
	South (West)	37,750		Wairakei- Catchment B	34,310
	Opapeke / Drury	37,830		West Bethlehem	35,520
	Dairy Flat	38,560		West Bethlehem	36,460
	Takanini	38,560		Pyes Pa West	38,610
	Scott Point	39,080		Tauriko	39,530
	Paerata / Pukekohe	39,910		Tauriko Pond C	44,140
	Warkworth	41,540		Tauriko - Pond B1	45,960
	North Shore	43,120		Wairakei- Catchment A	51,110
	Westgate / Redhills	43,690		Wairakei- Catchment C	51,540
	Rural North Upper	44,060		Southern Districts	6,480
	Central	45,570		Taupiri/Hopuhopu	7,050
	Flatbush	45,840		Horotiu 1	7,700
	Whenuapai / Kumeu	48,600	Huntly	8,930	
South (East)	48,660	Raglan	11,180		
Rural North Lower	52,710	Tamahere CLZ*	14,460		
Hamilton	Infill East	23,470	Waikato	Rangiriri	14,840
	Ruakura	25,450		Ngaruawahia	18,800
	Infill West	30,110		Pokeno	20,200
	Peacocke 1	37,550		Meremere	21,090
	Rototuna	40,490		Lorenzen Bay	21,840
	Peacocke 2	40,860		Tuakau	23,360
	Rotokauri 2	48,390		Whaanga Coast	37,260
Rotokauri 1	73,140	Tamahere Subcatchment B		43,900	
Waipa	Pirongia	4,880		Tamahere Subcatchment A*	45,470
	T6 (Kihikihi)	6,020			
	Kihikihi	7,170			
	Te Awamutu	10,540			
	Bond (Te Awamutu)	13,450			
	T7 (Te Awamutu)	13,970			
	Cambridge/Karapiro	14,450			
	Picquet Hill	15,700			
Cambridge North	47,320				