

Notice of Meeting:

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

Date: Tuesday 21 May 2019
Time: 9.30am
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Council OPEN AGENDA

Membership

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

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly – or as required

Lee-Ann Jordan
Governance Manager

15 May 2019

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Purpose

The Council is responsible for:

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

Terms of Reference

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

- e) Approval of the Triennial Agreement.
- f) Approval of the local governance statement required under the Local Government Act 2002.
- g) Approval of a proposal to the Remuneration Authority for the remuneration of Elected Members.
- h) Approval of any changes to the nature and delegations of the Committees.
- i) Approval of all Council and Committee taskforces and their terms of reference.

Oversight of Policies:

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

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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:** 21 May 2019
Author: Amy Viggers **Authoriser:** Becca Brooke
Position: Committee Advisor **Position:** Governance Team Leader
Report Name: Confirmation of Council Open Minutes - 4 April 2019

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

That the Council confirm the Open Minutes of the Council Meeting held on 4 April 2019 as a true and correct record.

Attachments

Attachment 1 - Council Open Unconfirmed Minutes - 4 April 2019

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 4 April 2019 at 9.33am.

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
	David Bryant – General Manager Corporate
	Chris Allen – General Manager Development
	Jen Baird – General Manager City Growth
	Eeva-Liisa Wright – General Manager Infrastructure Operations
	Sean Hickey – General Manager Strategy and Communications
	Sean Murray – General Manager Venues, Tourism and Major Events
	Blair Bowcott – Executive Director Special Projects
	Natalie Palmer – Unit Manager Communication and Marketing
	Emily Botje – Facilities Unit Manager
	Greg Carstens – Growth, Funding and Analytics Unit Manager
	Julie Clausen – Programme Manager

Governance Staff:	Lee-Ann Jordan – Governance Manager
	Becca Brooke – Governance Team Leader
	Amy Viggers – Committee Advisor

Tame Pokaia opened the meeting with a Karakia.

1. Apologies

Resolved: (Mayor King/Deputy Mayor Gallagher)

That the apologies for early departure from Deputy Mayor Gallagher, Crs Mallett and Pascoe, and for partial attendance from Cr Bunting are accepted.

2. Confirmation of Agenda

Resolved: (Mayor King/Cr Casson)

That the agenda is confirmed noting the following:

- a) that there was an error in the title and attachment reference in item 5 (Confirmation of the Annual Plan Minutes 7 February 2019) concerning the date referenced. Elected Members were notified of this error and the report has been updated; and
- b) reports under separate cover (Items 10, 11 and C2 (Public Excluded) – Recommendations from Committees) have been circulated to Elected Members and are available online.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

Vanessa Williams and Mike Neale (HCBA) - Spoke to item 12 (Proposed Development Contributions Policy 2019/20) in support of the a reintroduction of the CBD Development Contribution remission. They noted that they were not currently intending to proceed with a design proposal for Garden Place as it would be a part of the CBD Masterplan. They responded to questions from Elected Members concerning the length of time that a CBD Development Contribution remission should be in place and how it could be funded.

Circulated prior to the meeting was a letter from Kate Hill who was unable to attend the meeting. A copy of the letter is attached to the minutes as appendix 1.

5. Confirmation of the Council Annual Plan Minutes 7 February 2019

Resolved: (Mayor King/Cr Macpherson)

That the Council confirm the Open Minutes of the Council Annual Plan Meeting held on 7 February 2019 as a true and correct record.

6. Hamilton i-SITE Review Update

The General Manager Venues, Tourism and Major Events introduced the report. He responded to questions from Elected Members concerning how the overhead savings would be found throughout Council, potential locations for i-SITE in Hamilton, and limitations on the i-SITE's revenue.

Procedural Motion

Resolved: (Cr Macpherson/Cr O'Leary)

To suspend Standing Order 23.1 (c) for the following debate and associated votes.

Motion: (Mayor King/Cr Mallett)

That the Council:

- a) receives the report and the original report of 14 March 2019 noting that a breakeven result of the Hamilton i-SITE is unachievable;

- b) notes that the Chief Executive will secure corporate overhead savings of (\$294,172 in the 2019/20 financial year) relating to Hamilton i-SITE no later than the 2022/23 financial year as part of the reimagining \$94M savings target; and
- c) approves **the full closure** of the Hamilton i-SITE in the 2018/19 financial year and recommends Council's Customer Services team provide basic traveller advice and an information brochure rack in the reception area of the municipal building with no additional staff resource required. (Option C in 14 March 2019 report.)

Amendment: (Cr Hamilton/Cr Bunting)

That the Council:

- a) receives the report and the original report of 14 March 2019 noting that a breakeven result of the Hamilton i-SITE is unachievable;
- b) notes that the Chief Executive will secure corporate overhead savings of (\$294,172 in the 2019/20 financial year) relating to Hamilton i-SITE no later than the 2022/23 financial year as part of the reimagining \$94M savings target; and
- c) approves the retention of Hamilton I-SITE under a changed operating model within the Visitor Destinations Unit located at the Hamilton Gardens due to potential savings and activity synergies, noting that this option to be;
 - i) factored in to the current planned upgrade to the visitor area at the gardens;
 - ii) lead to an operating cost savings; and
 - iii) add significant value to the visitor experience at the Hamilton Gardens.

The Amendment was put.

Those for the Amendment: Mayor King, Crs Macpherson, Bunting, Henry and Hamilton.

Those against the Amendment: Deputy Mayor Gallagher, Crs Pascoe, Mallett, Tooman, O'Leary, Casson, Southgate and Taylor.

The Amendment was declared LOST.

Further Amendment: (Cr O'Leary/Cr Pascoe)

That the Council:

- a) receives the report and the original report of 14 March 2019 noting that a breakeven result of the Hamilton i-SITE is unachievable;
- b) notes that the Chief Executive will secure corporate overhead savings of (\$294,172 in the 2019/20 financial year) relating to Hamilton i-SITE no later than the 2022/23 financial year as part of the reimagining \$94M savings target; and
- c) approves the retention of the Hamilton i-Site on a status quo basis.

The Amendment was put.

Those for the Amendment: Crs Pascoe and O'Leary.

Those against the Amendment: Mayor King, Deputy Mayor Gallagher, Crs Mallett, Tooman, Macpherson, Bunting, Casson, Henry, Southgate, Taylor and Hamilton.

The Amendment was declared LOST.**Further Amendment:** (Cr Southgate/Cr Taylor)

That the Council:

- a) receives the report and the original report of 14 March 2019 noting that a breakeven result of the Hamilton i-SITE is unachievable;
- b) notes that the Chief Executive will secure corporate overhead savings of (\$294,172 in the 2019/20 financial year) relating to Hamilton i-SITE no later than the 2022/23 financial year as part of the reimagining \$94M savings target; and
- c) approves the retention of the Hamilton i-SITE under a changed operating model within the Visitor Destinations Unit, located at Waikato Museum (Artspost) due to potential savings and activity synergies (Option B in the 14 March 2019 report), noting that this option will:
 - i. lead to an operating cost saving of \$283,943 in the 2019/20 financial year and \$340,000 in the years beyond;
 - ii. add significant value to the visitor experience at the Waikato Museum (Artspost).

The Amendment was put.

Those for the Amendment: Deputy Mayor Gallagher, Crs Pascoe, Tooman, Macpherson, Bunting, Casson, Henry, Southgate, Taylor and Hamilton.

Those against the Amendment: Mayor King, Crs Mallett and O'Leary.

The Amendment was declared CARRIED.**The Amendment as the Substantive Motion was then put and declared CARRIED.****Resolved:** (Cr Southgate/Cr Taylor)

That the Council:

- a) receives the report and the original report of 14 March 2019 noting that a breakeven result of the Hamilton i-SITE is unachievable;
- b) notes that the Chief Executive will secure corporate overhead savings of (\$294,172 in the 2019/20 financial year) relating to Hamilton i-SITE no later than the 2022/23 financial year as part of the reimagining \$94M savings target; and
- c) approves the retention of the Hamilton i-SITE under a changed operating model within the Visitor Destinations Unit, located at Waikato Museum (Artspost) due to potential savings and activity synergies (Option B in the 14 March 2019 report), noting that this option will:
 - i. lead to an operating cost saving of \$283,943 in the 2019/20 financial year and \$340,000 in the years beyond;
 - ii. add significant value to the visitor experience at the Waikato Museum (Artspost).

Mayor King, Crs Mallett and O'Leary Dissenting.

7. Electricity Contracts 18391 and 18392

The Facilities Unit Manager introduced the report, noting that there was an error in the report and the recommendation and report should have identified Contact Energy as the recommended supplier of Contract 18291. Staff responded to questions from Elected Members concerning the increase in price being due to the overall increase in unit prices of electricity and that the pricing is fixed for the term of the contract.

Resolved: (Mayor King/Deputy Mayor Gallagher)

That the Council approves the awarding of:

- a) Contract 18392 Electricity AoG Time of Use to Meridian Energy for a period of three years (1 July 2019 – 30 June 2022), with an Approved Contract Sum of \$17,500,000; and
- b) Contract 18291 Electricity AoG Non-Time of Use to Contact Energy for a period of three years (1 July 2019 – 30 June 2022), with an Approved Contract Sum of \$3,000,000.

8. Contract 17498 - Cleaning Services

The General Manager Corporate and the Facilities Unit Manager introduced the report noting that supplementary information had been circulated to Elected Members on the cost to the Council of increasing cleaning services contractors remuneration to be in line with Council's minimum wage. They responded to questions from Elected Members concerning Council's minimum wage, how the contract would be updated to ensure that the increase in funds would be passed onto workers, and the potential effect on Council's financial strategy.

Motion: (Cr Macpherson/Mayor King)

That the Council approves the awarding of Contract 17498 Cleaning Services to OCS Ltd for a period of five years commencing 1 July 2019 and ending 30 June 2024, with the remuneration of Cleaning Services staff to be aligned with a Council minimum wage as a minimum, and the approved Contract Sum of \$10,800,000.

Amendment: (Cr Mallett/Cr Hamilton)

That the Council approves the awarding of Contract 17498 Cleaning Services to OCS Ltd for a period of five years commencing 1 July 2019 and ending 30 June 2024, with an Approved Contract Sum of \$10,500,000.

The Amendment was put.

Those for the Amendment: Crs Pascoe, Mallett, Tooman, Casson, Taylor and Hamilton.

Those against the Amendment: Mayor King, Deputy Mayor Gallagher, Crs O'Leary, Macpherson, Henry and Southgate.

The Amendment was declared equal.

The Mayor exercised his casting vote as Chair and the Amendment was declared LOST.

The Motion was then put.

Those for the Motion: Mayor King, Deputy Mayor Gallagher, Crs O'Leary, Macpherson, Henry, Southgate and Taylor.

Those against the Motion: Crs Pascoe, Mallett, Tooman, Casson and Hamilton.

The Motion was declared CARRIED.

Resolved: (Cr Macpherson/Mayor King)

That the Council approves the awarding of Contract 17498 Cleaning Services to OCS Ltd for a period of five years commencing 1 July 2019 and ending 30 June 2024, with the remuneration of Cleaning Services staff to be aligned with a Council minimum wage as a minimum, and the approved Contract Sum of \$10,800,000.

The meeting adjourned 11.30am to 12.45pm during the discussion of the above item.

Cr Bunting left the meeting during the above adjournment.

Cr Bunting re-joined the meeting during the debate of the above item (1.40pm). He did not partake in the vote of the matter.

9. Fees and Charges (including GST) Proposed for Year 2 2019/20 of the 2018-28 10-Year Plan

The General Manager Corporate took the report as read. Staff responded to questions from Elected Members concerning individual fees and charges.

Resolved: (Mayor King/Deputy Mayor Gallagher)

That the Council approves the proposed 2019/20 Fees and Charges, as set out in Attachment 1 of the staff report.

Cr O'Leary left the meeting (1.58pm) during the discussion of the above item. She was not present when the matter was voted on.

10. Recommendation from the Growth and Infrastructure Committee - CBD 2 Hour Free Parking Trial Update

The report was taken as read.

Resolved: (Cr Taylor/Cr Macpherson)

That the Council:

- a) approves the extension of the Central Business District 2 Hour Free on street parking trial until 30 June 2020; and
- b) requests that staff report back to the Council on the progress of the trial to inform the 2020/21 Annual Plan by April 2020; and
- c) notes that the objectives and guiding principles of the Parking Management Plan, to be presented back to the Growth and Infrastructure Committee 7 May 2019, will provide the framework for the next phase of developing specific parking precinct action plans.

Those for the Motion:	Mayor King, Deputy Mayor Gallagher, Crs O'Leary, Macpherson, Bunting, Henry, Southgate, Taylor and Hamilton.
Those against the Motion:	Crs Pascoe, Mallett, Tooman and Casson

The Motion was declared CARRIED.

Cr O'Leary re-joined the meeting (2.06pm) during the discussion of the above item. She was present when the matter was voted on.

11. Recommendation from the Community, Services and Environment Committee - River Plan Task Force Update

The report was taken as read.

Resolved: (Cr Southgate/Cr Taylor)

That the Council:

- a) approves, for the purposes of preparing the draft 2019/20 Annual Plan budget, the inclusion of \$200,000 of operating funding to develop an updated 20 Year Vision for the central city (as outlined in Attachment 2) and sufficient detail on public projects to inform the 2021-31 10 Year Plan deliberations; and
- b) notes that a Terms of Reference for the 20 Year Vision for the Central City study be developed by the River Plan Task Force and brought back to the Community, Services and Environment Committee for approval, subject to Annual Plan approval.

Cr Pascoe Dissenting.

Cr Mallett retired from the meeting (2.20pm) at the conclusion of the above matter. He was present when the matter was voted on.

12. Proposed Development Contributions Policy 2019/20

The Growth, Funding and Analytics Unit Manager introduced the report and responded to questions from Elected Members concerning the cost to council of the CBD Development Contribution remission and the potential impact to Councils financial strategy of different phasing out of the remission.

Resolved: (Mayor King/Deputy Mayor Gallagher)

That the Council receives the report.

Resolved: (Mayor King/ Deputy Mayor Gallagher)

That the Council approves the draft Development Contributions Policy 2019/20 (attachment 1 to the report) for the purposes of public consultation, subject to c) and d) below.

Resolved: (Mayor King/ Deputy Mayor Gallagher)

- a) That the Council approves a change to the proposed Development Contributions Policy 2019/20 to provide for capped development contribution charges for non-residential development in the Rotokauri general catchment, such that no individual, industrial, commercial or retail development (or part of a development) will be charged more than \$16,188, \$32,518, or \$40,296 respectively (exclusive of GST) per 100m2 of gross floor area

for the total of water, wastewater and transport activities, and correspondingly for stormwater on a site by site basis.

Motion: (Mayor King/ Deputy Mayor Gallagher)

- b) That the Council approves a change to the proposed Development Contributions Policy 2019/20 to re-phase CBD remission to 66% CBD remission from 1 July 2019 – 30 June 2021, 33% CBD remission from 1 July 2021-30 June 2024, and 0% CBD remission from 1 July 2024.

Amendment: (Cr Macpherson/Cr Tooman)

That the Council approves a change to the proposed Development Contributions Policy 2019/20 to re-phase CBD remission to 66% CBD remission from 1 July 2019 – 30 June 2021 and 0% CBD remission from 1 July 2021.

The Amendment was put.

Those for the Amendment: Mayor King, Crs Pascoe, Tooman, Macpherson, Casson and Southgate.

Those against the Amendment: Deputy Mayor Gallagher, Crs O'Leary, Bunting, Henry, Taylor and Hamilton.

The Amendment was declared equal.

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

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

Resolved: (Cr Macpherson/Cr Tooman)

That the Council approves a change to the proposed Development Contributions Policy 2019/20 to re-phase CBD remission to 66% CBD remission from 1 July 2019 – 30 June 2021 and 0% CBD remission from 1 July 2021.

Cr Henry Dissenting.

Cr Pascoe retired from the meeting (4.05pm) at the conclusion of the above matter. He was present when the matter was voted on.

Resolved: (Mayor King/ Deputy Mayor Gallagher)

- c) That the Council requests staff make any necessary changes to the proposed Development Contributions Policy 2019/20 and its consultation documentation to reflect changes approved in c) and d) above, and delegates the Chief Executive to approve these documents for public consultation between 8 April 2019 and 28 April 2019.

Resolved: (Mayor King/ Deputy Mayor Gallagher)

- d) That the Council notes that proposed Development Contributions Policy 2019/20, once approved, will update the current Development Contributions Policy 2018/19 to reflect:
- i. relevant changes to the Council's 10-Year-Plan growth and capital programme including updated actual 2018 development contributions revenue, and minor changes to growth projections in Te Rapa North;
 - ii. the inclusion in the proposed 2019/20 Schedule of Assets, capital projects identified in Attachment 4 of this report, that contain a component of growth but

are not included in the 2018/19 Schedule of Assets;

- iii. minor amendments as approved at the 26 February 2019 Council Meeting and as shown as tracked changes in Attachment 2; and
- iv. any changes approved in c) and d) above.

The meeting adjourned 3.02pm to 3.15pm during the discussion of the above item.

13. Annual Plan 2019/20 - Budget Changes

The report was taken as read.

Resolved: (Mayor King/Deputy Mayor Gallagher)

That the Council:

- a) receives the report;
- b) approves, for the purposes of preparing the draft 2019/20 Annual Plan budget, the inclusion of the **seismic strengthening** proposal, consisting of an increase of \$1 million of capital funding in 2019/20 to enable a response to findings from the seismic assessment of Hamilton City Council buildings; and
- c) notes that updated capital and operating budget adjustments identified by management will be considered at the Finance Committee on 9 April 2019 with a recommendation to the Council meeting on 18 April 2019.

14. Resolution to Exclude the Public

Resolved: (Mayor King/Cr Casson)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Council Annual Plan Public Excluded Minutes 26 February 2019) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Recommendation from the Growth and Infrastructure Committee - Rubbish and Recycling Kerbside Collection Contract)	

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

- | | | |
|----------|--|-------------------|
| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |

The meeting went into a public excluded session at 4.09pm.

The meeting was declared closed at 4.12pm.

Appendix 1

Reduced i-Site to be relocated to ArtsPost

As an artist and Hamilton Rate Payer I wish to register a strong objection to the above proposal.

Hamilton does not have the best track record for nurturing its arts culture and appears to be poised to embarrass itself yet again. The ArtsPost is an elegant and thriving destination for citizens and visitors but due to totally inadequate floor space will not provide an appropriate fit to cram in a downsized i-Site. The misguided attempt to combine these 2 services in a completely inappropriate building will result in the despoiling of a pleasing city asset in order to prop up a failing facility.

My recommendation is to use the commodious space of the City Council Reception lounge which is the perfect city location. The library also appears to have large amounts of empty space nowadays and would also be very suitable.

Kind regards
Kate Hill

Council Report

Committee: Council **Date:** 21 May 2019
Author: Amy Viggers **Authoriser:** Becca Brooke
Position: Committee Advisor **Position:** Governance Team Leader
Report Name: Confirmation of the Extraordinary Council Open Minutes - 9 May 2019

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

That the Council confirms the Open Minutes of the Extraordinary Council Meeting held on 9 May 2019 as a true and correct record.

Attachments

Attachment 1 - Extraordinary Council Open Unconfirmed Minutes - 9 May 2019

Extraordinary Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chambers, Municipal Building, Garden Place, Hamilton on Thursday 9 May 2019 at 9.34am.

PRESENT

Chairperson Mayor A King
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
Jen Baird – General Manager City Growth
Sean Hickey – General Manager Strategy and Communication
Chris Allen – General Manager Development
David Bryant – General Manager Corporate
Greg Carstens – Growth, Funding and Analytics Unit Manager
Stafford Hodgson – Senior Strategic Policy Analyst

Lachlan Muldowney – Lawyer for Hamilton City Council

Governance Staff: Becca Brooke – Governance Team Leader
Amy Viggers – Committee Advisor

1. Apologies

Resolved: (Mayor King/Cr Pascoe)
That the apology for absence from Deputy Mayor Gallagher is accepted.

2. Confirmation of Agenda

Resolved: (Mayor King/Cr Bunting)
That the agenda is confirmed.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. **Public Forum**

No members of public wished to speak.

6. **Resolution to Exclude the Public**

Resolved: (Mayor King/Cr Henry)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Development Contributions Verbal Update) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987))))	Section 48(1)(a)

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

Item C1. to maintain legal professional privilege Section 7 (2) (g)

The meeting went into a public excluded session at 9.40am.

During the public excluded session of the meeting the Council resolved to release the following resolution to the public:

C1. Development Contributions Legal Verbal Update

Resolved: (Cr Macpherson/Mayor King)

That the Council:

- a) receives the verbal report;
- b) approves that based on the consultation feedback received, the capital projects identified at the 4 April 2019 Council Meeting [item 12 resolution d) (ii) and Attachment 4] not be included in the Development Contributions Policy 2019/20 Schedule of Assets; and
- c) approves that this resolution is released to the public.

8 For 4 Against. Deputy Mayor Gallagher was an apology for the meeting.

The meeting came back into an open session at 11.25am.

The meeting adjourned 11.25am to 11.36am.

The following members of the public spoke to their submissions on the proposed Development Contributions Policy.

Tony McLauchlan (Chedworth Properties)

Mr McLauchlan spoke in support of the earlier resolution of the Council to remove the proposed change concerning the 2019/20 Schedule of Assets from the Development Contributions Policy. He noted that in Chedworth Properties' opinion, all of the proposed changes should be declined and a more comprehensive review of the policy undertaken.

Mike Neale (HCBA and NAI Harcourts)

Mr Neale spoke in support of the proposed change to the policy concerning the CBD development contribution remission. He noted that there were a number of increases to costs for developers and that development contributions were the main lever that Council could use to enable growth in the city.

Nic Farac (Hounsell Holdings Ltd)

Mr Farac spoke to the Hounsell Holdings Ltd submission and their concerns regarding the household unit equivalents of demand (HUE) uptake in Rotokauri.

Paul Radich (Perry Group Ltd)

Mr Radich highlighted key points from their submission including concerns that the strategy 'Growth Pays for Growth' failed to recognise the complexities inherent in property development and the relationship between Council, developers, and the end user. He noted that Perry Group was in support of retaining CBD remissions.

Lucy de Latour (The Adare Company Ltd)

Ms de Latour spoke to Adare's developments in Hamilton and their concerns within the current and proposed policy including that the policy was causing developers to pay more than a fair and equitable share. She suggested the Council should undertake a full review of the Development Contribution Policy. She noted that the proposed Development Contribution Policy means Adare may wait to develop their land and that this could have a negative impact on Hamilton.

John De Luca (Porter Group and AGPAC Industries)

Mr De Luca suggested that the current and proposed Development Contribution Policy was not calculating fair and equitable charges. He noted he was aware that there were developments not going ahead in Hamilton due to the large development contributions charges that were being calculated by Council.

Peter Findlay (Individual)

Mr Findlay spoke to the proposed changes to the Development Contribution Policy concerning Rotokauri and CBD remissions. He felt that the Development Contribution Policy did not enable a fair playing field for all developers. He suggested that all development contributions be frozen until the next 10-Year Plan.

Chris Simpson (Waikato Chamber of Commerce)

Mr Simpson spoke to the consultation process and their concerns that the proposed Development Contributions Policy will have a negative effect on the economy of Hamilton.

John Gallagher (Gallagher)

Mr Gallagher spoke to the consultation process and noted that in his opinion the development contributions charges were not fair or equitable. He advised that an extension to the Gallagher's site has been prevented due to estimated development contribution charges.

Rhys Harvey (Fosters)

Mr Harvey noted that Fosters supported a fair charge but that the current and proposed Development Contribution Policy was too complex and was discouraging development from occurring in Hamilton. He advised that based on his calculation there was a 13% increase to development contribution charges based on the proposed changes which affected the feasibility of developments.

Bill Mitchelmore (Murtagh Construction and Kiwi Property)

Mr Mitchelmore noted that his clients were happy to pay a fair and equitable charge but that in their opinion the charges were too high and put future projects in Hamilton at risk. He spoke to their concerns regarding the remission process, early payment triggers, the application of a credit note rather than repayments by the council, and that growth was paying for more than the cost of growth.

Thomas Gibbons (The Property Council)

Mr Gibbons spoke to the frustrations expressed by developers in the community, causing some to look elsewhere for their developments. He noted that there was a flow on effect of high development contributions which was that Hamilton would not continue to grow appropriately and that there would be increased regional sprawl.

5. **2019-20 Proposed Development Contributions Submissions Report**

The Growth, Funding and Analytics Unit Manager and Senior Strategic Policy Analyst spoke to the submissions received on the proposed Development Contributions Policy. They noted that a majority of submissions were in support of remissions in the CBD and Rotokauri, but were not supportive of other proposed changes to the policy.

The following points were raised by Elected Members in relation to further information requested concerning the Development Contributions Policy:

- the effect of the proposed changes on the Council's revenue for each of the proposed changes
- the reassessment process currently employed by staff
- Infrastructure costs that were yet to be accounted for
- implications of changes to the policy on Hamilton as a whole
- explanation of the assessment calculations process
- repayment of and discrepancies in development contributions

Resolved: (Mayor King/Cr Hamilton)

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 21 May 2018 Council meeting; and
- c) notes that the Development Contributions Policy 2019/20 is scheduled to be considered for approval at the 20 June 2018 Council meeting.

The meeting was declared closed at 1.07pm.

Council Report

Committee: Council

Date: 21 May 2019

Author: Amy Viggers

Authoriser: Becca Brooke

Position: Committee Advisor

Position: Governance Team Leader

Report Name: Chair's Report

Item 7

Report Status	<i>Open</i>
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Recommendation

That that Council approves the addition of the proposal for the Establishment of a Contestable Cat De-Sexing Fund, (attachment 2 of this report) for consideration within the 2019/20 Annual Plan Deliberations report on this agenda.

Attachments

Attachment 1 - Chair's Report 21 May 2019

Attachment 2 - Contestable Cat De-Sexing Fund Proposal



Chair's Report

Attachment 1

Establishment of a Contestable Cat De-Sexing Mayoral Fund Proposal

Recently there have been discussions about the work undertaken by charitable groups that rescue, de-sex and rehome cats. There are number of groups that operate in this area managing around 3000 cats annually within in Hamilton.

The proposal is that Council establish a cat de-sexing fund that is contestable for all charities taking in and re-homing cats. Each year \$100,000 funds will be made available, so all charities have equal opportunity to apply for funding to help with their de-sexing costs; an area identified by all charities as a significant financial cost in their operations

To ensure the fund achieves its purpose by supporting those charitable groups that are actively involved in cat de-sexing certain conditions need to apply, namely:

- Applicants must be a registered charity
- Funds can only be used for de-sexing, not to support general operations
- Applicants are required to show a track record of work in this area
- Funds can only to be used for cats that are located within the Hamilton City Council boundaries.

Item 7

The fund will be part of the Animal Education and Control budgets. However, the administration of the fund will be undertaken by the Community and Social Development team as they have the expertise in fund administration.

Recommendation:

That that Council approves the addition of the proposal for the Establishment of a Contestable Cat De-Sexing Fund, (attachment 2 of this report) for consideration within the 2019/20 Annual Plan Deliberations report on this agenda.

Andrew King
Mayor - Hamilton City Council

ANNUAL PLAN 2019/20 Proposal

Establishment of a Contestable Cat De-Sexing Fund

a) Description/Introduction

Establish a contestible cat de-sexing fund operated by Animal Control.

The proposal is in response to a number of different cat rescue groups recently highlighting the work they are undertaking to control the cat population and the limited funding support they can access

b) Recommendation

That Council a) establish a contestible cat de-sexing fund of \$100,000 annually operated by Animal Control b) Council's Community and Social development team provide administrative support to the fund c) Conditions of the include: Applicants must be a registered charity, must only be used for de-sexing cat not general opex, applicants required to show track record of work in this area, Funding allocation only to be used for cats that are located within the Hamilton City Council Boundaries

c) Relationship to the 10-Year Plan

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

Explain other

d) Explain what has driven the need for the change

There has been several discussions with different cat groups about the increasing demand for their services and the number of cats that are being rescued. The groups that are providing this service a charitable groups, that rely on volunteers and donations. A significant cost to their operation was de-sexing and providing financial assistance has been identified as appropriate way to assist

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

No

f) Service Level Impact

There is no direct service level impact on council with funding. However, providing this assistance to the organisation will increase the levels of service they provide. Note a small amount of staff time will be needed to administer the fund

g) What are risks of not doing the proposal?

That service provided by the different organisation will remain unchanged and there operations will continue to be limited by there funding.

h) What are risks of doing the proposal?

Financial, the fund is directly supporting external providers.

i) What are the other possible options (only complete if the outcome hasn't already been determined by Council)?

Do nothing

j) Financial impact**10-Year Plan budget - just for this project**

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

REVISED BUDGET

\$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses									
Fund Allocation	100	100	100	100	100	100	100	100	100
Total expenses	100	100	100	100	100	100	100	100	100
Operating surplus/(deficit)	-100	-100	-100	-100	-100	-100	-100	-100	-100
Capital Expenditure									
To meet additional demand									
To improve level of service									
To replace existing assets (renewals)									
Capital Expenditure	0	0	0	0	0	0	0	0	0

VARIANCE - NET Benefit/(Cost) to Council

\$000	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
Operating revenue									
Total Operating revenue	0	0	0	0	0	0	0	0	0
Capital revenue									
Total Capital revenue	0	0	0	0	0	0	0	0	0
Total revenue	0	0	0	0	0	0	0	0	0
Expenses	100	100	100	100	100	100	100	100	100
Total expenses	100	100	100	100	100	100	100	100	100
Operating surplus/(deficit)	-100	-100	-100	-100	-100	-100	-100	-100	-100
Capital Expenditure									
To meet additional demand	0	0	0	0	0	0	0	0	0
To improve level of service	0	0	0	0	0	0	0	0	0
To replace existing assets (renewals)	0	0	0	0	0	0	0	0	0
Capital Expenditure	0	0	0	0	0	0	0	0	0

k) Significance Assessment

		Select			Explanation
Change in service	Alters the delivery of a core service		High	Cease or commence a service Note this must be a 10-YP decision	Adding a new service. There is no requirement to provide this funding
			Medium	a more than nominal alteration of a service	
			Low	A nominal or no alteration of service	
	Transfers the ownership of a strategic asset		High	Majority transfer Note this must be a 10-YP decision	No change in asset
			Medium	Minority transfer	
			Low	Nominal or no transfer	
Impact of decision	Ability to reverse decision		High	Highly difficult	A resolution of Council can reverse this decision
			Medium	Moderately difficult	
			Low	Low difficulty	
	Consistency with prior decisions		High	Significantly inconsistent	No notable similar decision. However does respond to a community need
			Medium	Consistent but has some notable variations	
			Low	Is consistent	
Reputation	Level of public interest known		High	High levels of public interest	The nature of the topic direct affects a few specific groups, with low general public interest in the issue.
			Medium	Moderate levels of public interest	
			Low	Low level of public interest	
	Impact on proportion of community		High	Impacts large proportion of community	Impact on the groups that provide cat rescue and desexing
			Medium	Impacts a subgroup or groups within the community	
			Low	Impacts an individual person or household	
	Degree of impact on affected people		High	High degree	Will have significant positive impact on the various cat rescue groups who consider desexing cats the most notable cost to their operations
			Medium	Moderate degree	
			Low	Low degree	
Operating costs			High	change impact is >10% of total Council expenses 2019/20 (\$266 m)	Low-\$100k constestable disbursement of funds.
			Medium	change impact is 10%>5% of total Council expenses 2019/20 (\$266M)	
			Low	change impact is <5% of total Council expenses 2019/20 (\$266m)	
	Operating revenue		High	change impact is >10% of total Council revenue 2019/20 (\$257m)	N/A
		Medium	change impact is 10%>5% of total Council revenue 2019/20 (\$257m)		

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

l) Cultural Considerations

[Consider the cultural impacts of the proposed change]	Select what level			Explain
	Participation-involving	Protection-locking in	Partnership-collaborating	
Manaakitanga - improving the quality of life/satisfaction with our environments and standards of living				The control of cat population is of importance to our natural environments a wildlife. Providing funding for desexing will control the cat population and assist groups that do cat rescue by reducing their costs.
Whanaugatanga - developing vibrant communities/a city that caters for diverse Maori lifestyles and experiences				
Rangatiratanga - enhancing Maaori leadership and participation/people engaged in their communities				
Kaitiakitanga - ensuring sustainable future s/intergenerational reciprocity				
Wairuatanga - promoting distinctive identify/recognised sense of identity, uniqueness and belonging				
Kiingitanga - acknowledging the history of Kiingitanga and the Kiingitanga movement				

Council Report

Item 8

Committee: Council **Date:** 21 May 2019
Author: Stafford Hodgson **Authoriser:** Jen Baird
Position: Senior Strategic Policy Analyst **Position:** General Manager City Growth
Report Name: Proposed Development Contributions Deliberations Report

Report Status	<i>Open</i>
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Purpose

1. To seek the approval of recommended changes to be incorporated into the final proposed Development Contributions Policy to be presented to Council on 20 June 2019.

Staff Recommendation

2. That the Council
 - a) receives the report;
 - b) approves the following changes to the proposed Development Contributions Policy 2019/20 to:
 - i. include relevant changes to the Council's 10-Year-Plan growth and capital programme including updated actual 2018 development contributions revenue and minor changes to growth projections in Te Rapa North;
 - ii. include growth projections relating to the Rotokauri North SHA the in refreshed DC model;
 - iii. introduce a 66% remission for developments located in the CBD, effective from 1 July 2019 until 30 June 2021;
 - iv. cap Rotokauri catchment charge for non-residential development at next highest catchment charge; and
 - c) notes that the proposed Policy is scheduled to be approved at the 20 June 2019 Annual Plan Council meeting; and
 - d) notes staff will bring a report to the Council no later than 17 September 2019 to address the information requests Elected Members made following verbal submissions on areas of the Policy not addressed in this report.

Executive Summary

3. On 4 April 2019, the Council adopted a proposed Development Contributions Policy (proposed Policy) for public consultation between 9 April and 29 April 2019. The Council received feedback to the proposed Policy through submissions and subsequent hearings. The full submissions are available [here](#) and the Council submissions report is available [here](#).
4. If approved, the Development Contributions Policy 2019/20 will become operative on 1 July 2019.

5. Staff have read all submissions to the proposed Policy, attended hearings and have addressed and responded to submissions points relating to the changes in the proposed Policy which went out for consultation.
6. Some submissions also covered areas of the proposed Policy which were not proposed to be changed. Staff will bring a report to the Council to address the information requests of Elected Members on these points no later than 17 September 2019.
7. Through this report staff seek direction from the Council regarding updates to the proposed Development Contribution Policy 2019/20, and recommend including all the changes below:
 - Change 1: Refresh DC model - Update the Council's integrated growth funding modelling environment to reflect relevant changes to the Council's 10-Year-Plan growth and capital programme, without the addition of capital projects.
 - Change 2: Include Rotokauri North SHA growth in refreshed model - Update the modelling environment growth projections to include the Rotokauri North SHA.
 - Change 3: Gross Floor Area (GFA) - Retain the current definition of GFA.
 - Change 4: CBD remission - Introduce a 66% remission for developments located in the CBD until 2021.
 - Change 5: Introduction of new capped charges - Cap Rotokauri catchment non-residential charges at next highest catchment charge.
8. None of the changes in this report breach the Council's financial strategy.
9. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Background

10. The Council adopted the Development Contributions Policy 2018/19 ("Current Policy") on 28 June 2018 and it became operative on 1 July 2018.
11. Key amendments to the existing Policy, adopted by Council into the proposed Policy on 4 April 2019 for the purpose of consultation included:
 - the continuation of a 66% CBD remission until 30 June 2021
 - the introduction of Rotokauri capped charges for non-residential development
 - updated growth projections, schedule of assets, and cost allocations
 - other minor changes
 - an updated schedule of charges
12. The Elected Members provided guidance on the proposed Policy leading up to the adoption of the proposed Policy through several briefings.
13. At the 9 May 2019 Extraordinary Council meeting the Council received a submissions [report](#) identifying the key themes from consultation and heard verbal submissions. The full submissions are available [here](#).
14. **Relevant Council decisions**
15. At the 26 February 2019 Council meeting the Council received a report setting out updates to the Development Contributions Policy. The Council resolved at that meeting:
 - That the Council, for the purpose of preparing a proposed Development Contributions Policy for public consultation in April 2019, approves the update of the integrated growth funding modelling environment to reflect relevant changes to the Council's 10-Year-Plan growth and capital programme.

- That the Council, for the purpose of preparing a proposed Development Contributions Policy for public consultation in April 2019, approves the inclusion of capital projects in the proposed 2019/20 Schedule of Assets, that were not included in the 2018/19 Schedule of Assets.
 - Approves amending the definition of 'gross floor area'; and
 - Approves amending the 'wet industries' clause.
16. At the 4 April 2019 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 approves capped development contribution charges for non-residential development in the Rotokauri general catchment, such that no individual, industrial, commercial or retail development, (or part of a development) will be charged more than \$16,188, \$32,518, or \$40,296 respectively (exclusive of GST) per 100m2 of gross floor area for the total of water, wastewater and transport activities, and correspondingly for stormwater on a site by site basis.
 - That the Council approves a change to the proposed Development Contributions Policy 2019/20 to re-phase CBD remission to 66% CBD remission from 1 July 2019 – 30 June 2021 and 0% CBD remission from 1 July 2021.
 - That the Council requests staff make any necessary changes to the proposed Development Contributions Policy 2019/20 and its consultation documentation to reflect the approved changes and delegates the Chief Executive to approve these documents for public consultation between 8 April 2019 and 28 April 2019.
17. At the 9 May 2019 Extraordinary Council meeting the Council resolved the following:
- Approves that based on the consultation feedback received, the capital projects identified at the 4 April 2019 Council Meeting [item 12 resolution d) (ii) and Attachment 4] not be included in the Development Contributions Policy 2019/20 Schedule of Assets; and
 - Notes that feedback will be considered during the deliberations on the proposed Development Contributions Policy at the 21 May 2019 Council meeting; and
 - Notes that the Development Contributions Policy 2019/20 is scheduled to be considered for approval at the 20 June 2019 Council meeting.

Discussion

18. **Purpose of development contributions**
19. The purpose of development contributions is to enable the Council to recover from those persons undertaking development a fair and equitable proportion of the total cost of capital expenditure necessary to service growth over the long term. Development contributions are used solely to repay debt.
20. **Growth pays for growth**
21. The concept that growth should pay for growth has been a guiding principle in Council's decision-making in developing its 10-Year Plan budget. This principle is not absolute and there is a recognition that not all growth-related expenditure must be met by the development community due to the broader positive impact growth has for Hamilton.

22. The Council recognises that growth must pay for its appropriate proportion of growth-related expenditure. That proportion is addressed in the cost allocation process 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 its fair and equitable share of cost associated with growth.
23. 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.
24. In addition to the cost allocation requirements that assist in determining the quantum of development contributions, Council also has a legislative 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.
25. 101(3) Financial management of the LGA follows
- (3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—*
- (a) in relation to each activity to be funded,—*
- (i) the community outcomes to which the activity primarily contributes; and*
 - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and*
 - (iii) the period in or over which those benefits are expected to occur; and*
 - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and*
 - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and*
- (b) the overall impact of any allocation of liability for revenue needs on the community.*
26. In this way, when setting its policy position the 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.
27. Any intervention of this kind needs to consider the effects from all perspectives. For example, a reduction in a charge may need a replacement source of revenue, which may be rates. Impact on ratepayers is therefore a relevant consideration.
28. Ultimately, the Council must make its decision on how to fund its expenditure considering the overall impact on the community.
29. **Change 1: Refresh DC model**
30. As part of updating its Development Contributions Policy, staff update the Council's integrated growth funding modelling environment to reflect all relevant changes to the Council's 10-Year-Plan growth and capital programme, and includes:
- actual 2018 development contributions revenue
 - actual 2018 capital costs (including deferrals and replacing estimates),
 - update to growth projections in Te Rapa North
31. These changes update the model with another years' worth of information.

32. No new capital projects are included in the updated model as per the 9 May 2019 Extraordinary Council meeting resolution (in full above). These projects will be reconsidered as part of a subsequent Development Contributions Policy review aligning with the 2021-31 10-Year Plan.
33. Many submissions grouped their comments on this model update with the proposal to include new assets. The charges proposed during consultation increased primarily due to the addition of new assets not because of the model updates.
34. Submitters predominantly opposed updating the model. Primarily due to a lack of trust in Council's modelling accuracy.
35. Staff are satisfied that the growth model is robust. BERL has undertaken an independent review available [here](#).
36. A handful of submitters supported making updates to the model to reflect the best information available.
37. **Staff recommendation**

Position	Change	Estimated 10-YP financial impact
Recommend	Update the modelling environment to reflect all relevant changes to the Council's 10-Year-Plan growth and capital programme, include actual 2018 development contributions revenue, actual 2018 capital costs (including deferrals and replacing estimates), and update growth projections in Te Rapa North.	\$198,000 additional DC revenue

38. **Change 2: Include Rotokauri North SHA growth in refreshed DC model**
39. The DC model uses growth projections as the divisor in the development contribution calculation.
40. In addition to the updates to the DC model set out in Change 1 above, Change 2 incorporates further updates to the DC model to take account of updated growth projections which were identified during the consultation phase. In response to feedback from the development community (Te Rapa Gateway/Hamilton JV/Hounsell Holding), staff propose adjusting the growth projections to include information relating to the proposed Rotokauri North Special Housing Area (SHA).
41. This change reflects consultation feedback received by Council, which identified a concern that Council does not adequately update the growth projections where those updates may give rise to reduced charges. By acknowledging the likely uptake of residential housing in the Rotokauri North Special Housing Area, which carries with it an increase in modelled demand, DC charges would reduce slightly in Rotokauri.
42. As to the prospect of actual growth in Rotokauri occurring faster than the model anticipates, a Statement of Intent (Sol) relating to the Rotokauri SHA was agreed between HCC and the developer in April 2019.
43. The Sol outlines the infrastructure funding arrangements that the developer is committing to which is a necessary pre-condition for the proposed SHA to be finalised.
44. The proposed SHA is with Government for consideration and a gazette notice declaring the area be made a SHA is expected in June. Council has a strong expectation that the ministerial approval will be forthcoming.

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- 45. Since April staff have been negotiating with the developer on completing a detailed Private Developer Agreement (PDA).
- 46. The development of the PDA is happening in tandem with the formulation of a Private Plan Change (PPC) to the rezone the Future Urban Zone area of Stage 2 of the Rotokauri Structure Plan area.
- 47. The completion of an agreed PDA between HCC and the developer is a pre-condition for both the notification of the PPC and for submission of any Qualifying Development applications to consent new housing in the proposed SHA area in accordance with the provisions of the Housing Accord and Special Housing Areas Act (HAASHA).
- 48. Negotiations to date between Council and the developer are progressing and as a result staff now consider the likelihood of this development progressing to be likely, meeting a threshold for certainty to include within its growth projections.
- 49. However, given the Sol was only agreed and ministerial approval only sought in April 2019, staff were not in a position to confidently include these updated growth projections in the DC model at the time of notification for consultation. Submitter feedback during the consultation phase sought that Council reflect these growth opportunities within its modelled projections. With the current progress on the Rotokauri SHA, staff have become more confident of the growth assumptions relating to this development.
- 50. Regarding the issue of scope, because the Council consulted on the basis it would be updating the Schedule of Charges to reflect updated growth information, this change is within the scope of the policy update.
- 51. This change lowers the Rotokauri development contributions. See Attachment 1 - Proposed development contribution charges 2019/20. Effectively this is because more growth is projected in the catchment meaning the divisor in the development contributions equation is larger.
- 52. This model change affects all development contributions across the city. Simply put, it is a minor reallocation of overall projected growth across the city. Accordingly, development contributions in Rotokauri will come down where those elsewhere in the city will marginally increase.
- 53. This change affects the estimated financial impact of change 5. See change 5 below for details.
- 54. All development contributions are lower than the development contributions proposed during consultation.

55. **Staff recommendation**

Position	Change	Estimated 10-YP financial impact
Recommend	Update the DC model growth projections to include the Rotokauri North SHA	\$1,650,000 additional DC revenue

56. **Change 3: Gross floor area**

- 57. Staff identified an improvement to the definition of gross floor area (GFA). Currently the definition of GFA excludes “incidental or temporary loading and servicing areas and access thereto”. The Council proposed to remove this section of the definition to simplify and avoid any misinterpretation of its meaning.

58. Prior to consultation staff had considered this change and benefits from change to be minor in nature. This change is considered to have negligible impact on projected revenue.
59. Submissions on this change were overwhelmingly opposed. Some submitters perceived this change as a way for Council to gather additional revenue and felt that the change did not align with industry definition.
60. Many submitters addressed a related but different part of the GFA definition relating to canopies, opposing that the Council “include permanent outdoor covered structures” in GFA. Submission points relating to canopies will be covered in a subsequent Council report.
61. **Staff recommendation:** Due to the strong response from submitters, and the minor nature of this change staff recommend retaining the current definition of GFA.

62. **Change 4: CBD remission**

63. A CBD remission was first introduced under the 2013/2014 Development Contributions Policy. The original CBD remission effectively meant no development contributions were paid in the area defined in the Policy as the Central Business District.
64. Through the 10-Year Plan 2018-28 the Council decided to phase this remission out over three years. This meant a 66% remission in the current 2018/19 Policy, reducing to 33% in 2020/21, and removed altogether from 1 July 2021.
65. The Council is now proposing the remission be retained at the current 2018/19 Policy rate, being a 66% reduction, until 30 June 2021. This proposal is intended to increase development feasibility and help to transform Hamilton's central city into a more vibrant and prosperous centre for the Waikato.
66. A comparison of the current policy and change 4 is shown below.

% CBD remission	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Current Policy	66%	33%	0%	0%	0%	0%	0%	0%	0%	0%
Proposed Policy	66%	66%	66%	0%	0%	0%	0%	0%	0%	0%

67. Submissions were broadly, but not unanimously, in favour of the Councils’ proposal to extend the CBD remission.
68. Through consultation, questions were raised about the transparency of the financial accounting of the CBD remission. It was proposed by some submissions that the costs of the CBD remission should be separately budgeted and identified in HCC's financial accounts rather than being an adjustment to the development contribution revenue projections.
69. Unfortunately, forecasting CBD remissions year by year has a high margin of error due to the cyclical nature of development and the relatively small area of the CBD. One large development, such as a new hotel for example, could by itself cause significant deviations from the projections. The certainty of the level of CBD remissions is not comparable to the certainty of, for example, a rates remission.
70. All remissions, including the CBD remissions, are reported to the Growth and Infrastructure Committee on a quarterly basis.
71. 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.
72. The estimated financial impact below is the marginal financial impact over and above that of the current policy position.

73. **Staff recommendation**

Position	Change	Estimated 10-YP financial impact
Recommend	66% CBD remission until 2021	\$2,475,000 less DC revenue

74. **Change 5: Introduction of new capped charges**

75. Capped charges can be used as a method of promoting economic development and maintaining a degree of competitiveness between Hamilton and other areas.
76. 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 setting of new capped charges is lawful.
77. 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.
78. It should not be assumed that by not capping, all projected development contributions revenue will be collected. If charges are too high and growth is suppressed, development contributions revenue projections will be overstated.
79. 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.
80. Submissions on the proposed caps were mixed. Submitters developing in Rotokauri confirm that development in this area has been stifled by the quantum of the development contributions under the current policy. Generally, those in favour of the capped charges thought the caps did not reduce the charge far enough.
81. Pragmatically staff have suggested aligning these charges with the charges from the next highest growth cell. The caps are shown in Attachment 1 - Proposed development contribution charges 2019/20.
82. 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.

83. Staff recommendation

Position	Change	Estimated 10YP financial impact
Recommend	Cap development contribution charges for non-residential development in the Rotokauri general catchment, such that no individual, industrial, commercial or retail development (or part of a development) will be charged more than the next highest catchment charge per 100m ² of gross floor area for the total of water, wastewater and transport activities, and correspondingly for stormwater on a site by site basis.	Impact excluding Change 2: \$6,462,000 less DC revenue Impact including Change 2: \$266,000 less DC revenue

Development Contribution Charges

84. See Attachment 1 - Proposed development contribution charges 2019/20.

Financial Considerations

85. DC revenue is a significant revenue stream to fund the direct cost of the infrastructure needed for growth.
86. All the changes in this report do not breach Council's financial strategy.
87. DC revenue projections including changes 1, 4 and 5 being Refresh DC model, CBD remission, Introduction of new capped charges:

Scenario (\$000)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Excluding SHA Growth	17,518	25,270	29,845	33,312	34,394	34,395	37,017	38,658	37,897	37,044	325,349

88. DC revenue projections including changes 1, 2, 4 and 5 being Refresh DC model, Include Rotokauri North SHA growth, CBD remission, Introduction of new capped charges:

Scenario (\$000)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Including SHA Growth	17,518	25,387	29,674	32,919	34,447	35,293	36,583	38,013	38,765	38,399	326,999

89. The Council will deliberate on the 2019/20 Development Contributions Policy at the 21 May 2019 Council meeting in advance of the 2019/20 Annual Plan deliberations. Decisions made during this portion of the meeting may affect forecast revenue and the impact of budget adjustments on the financial strategy.
90. Refer to the '2019/20 Annual Plan Deliberations' report for further information regarding how resolutions resulting from this portion of the meeting align with the Council's wider financial considerations.

Legal and Policy Considerations

91. 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.

92. 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.
93. Staff have received legal guidance in preparation of this deliberations report and are satisfied that its recommendations are lawful.

Cultural Considerations

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

Risks

95. Council's decision to adopt a development contributions policy, in whatever form, may be the subject of judicial review proceedings.
96. Staff have fully reviewed the submissions. However, it is inevitable that not all submitters will be satisfied with the content and extent of amendments to the Policy. Accordingly, the risk of judicial review cannot be completely avoided.

Significance & Engagement Policy

Significance

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

Engagement

98. General community views and preferences are known to the Council through the [2018-28 10-Year Plan and Development Contributions Policy 2018/19 consultations](#).
99. Community views and preferences on the particular proposed changes were indicated to the Council through the public consultation and hearings process undertaken between 8 and 29 April 2019 and at the extraordinary Council meeting 9 May 2019. These views and preferences have been listened to are considered by staff to be understood.
100. The submissions can be viewed in full [here](#).
101. 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.

Attachments

Attachment 1 - Proposed development contribution charges 2019/20

Proposed development contribution charges 2019/20

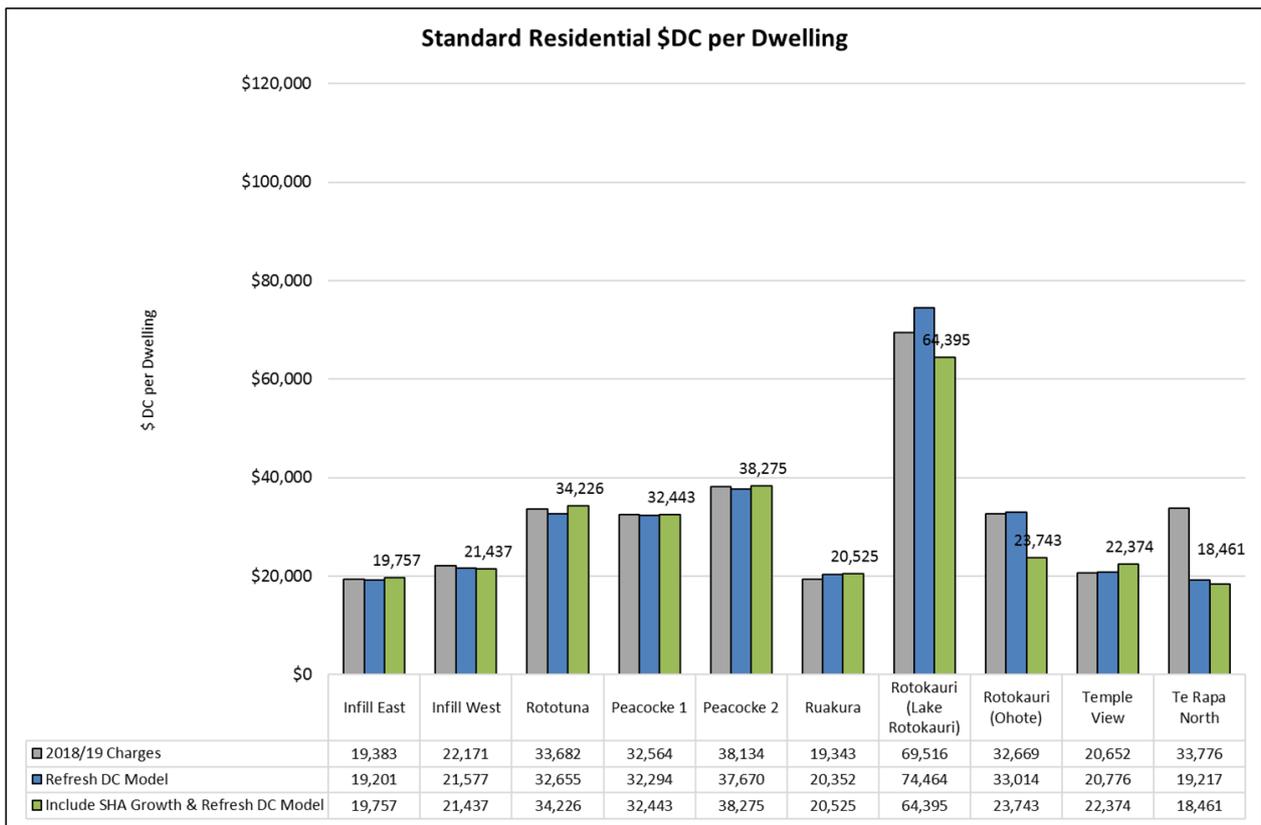
The purpose of this document is to provide visibility of indicative charges for the proposed Development Contributions Policy 2019/20 and to help inform decision making on the 'Proposed Development Contributions Deliberations Report' being considered at the Council meeting on the Tuesday 21 May 2019.

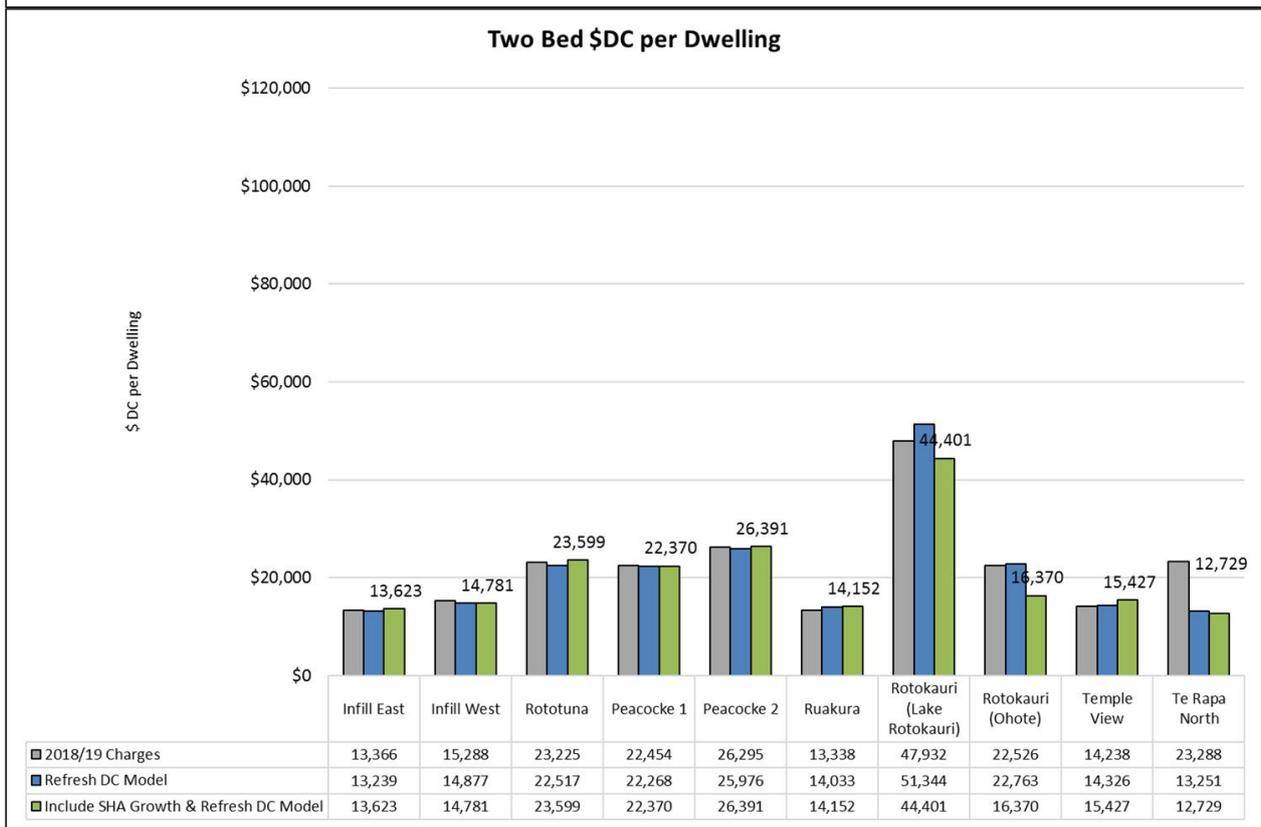
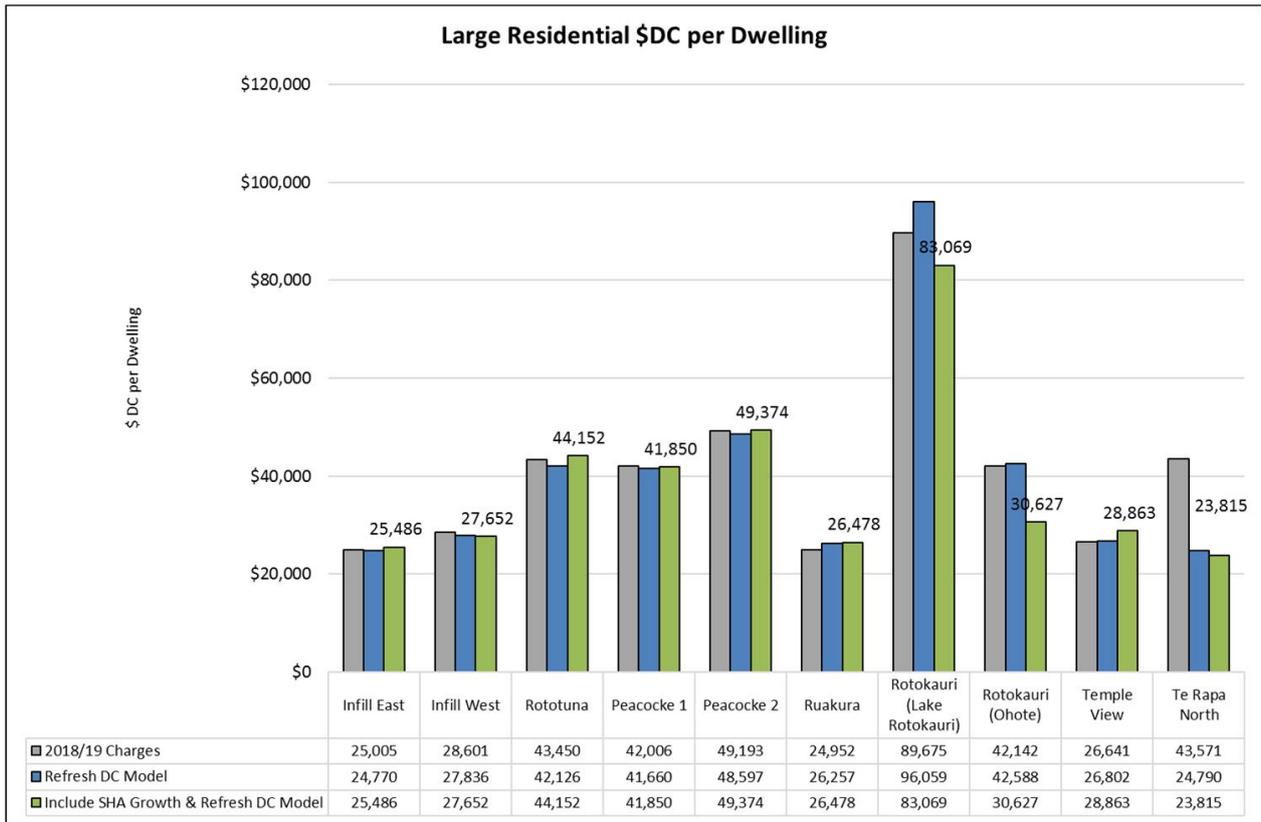
The following development contribution charges have been based off the modelling work completed by staff as at Sunday 12 May 2019. These will be subject to minor changes due to further refinement and quality assurance processes undertaken by staff over the coming month.

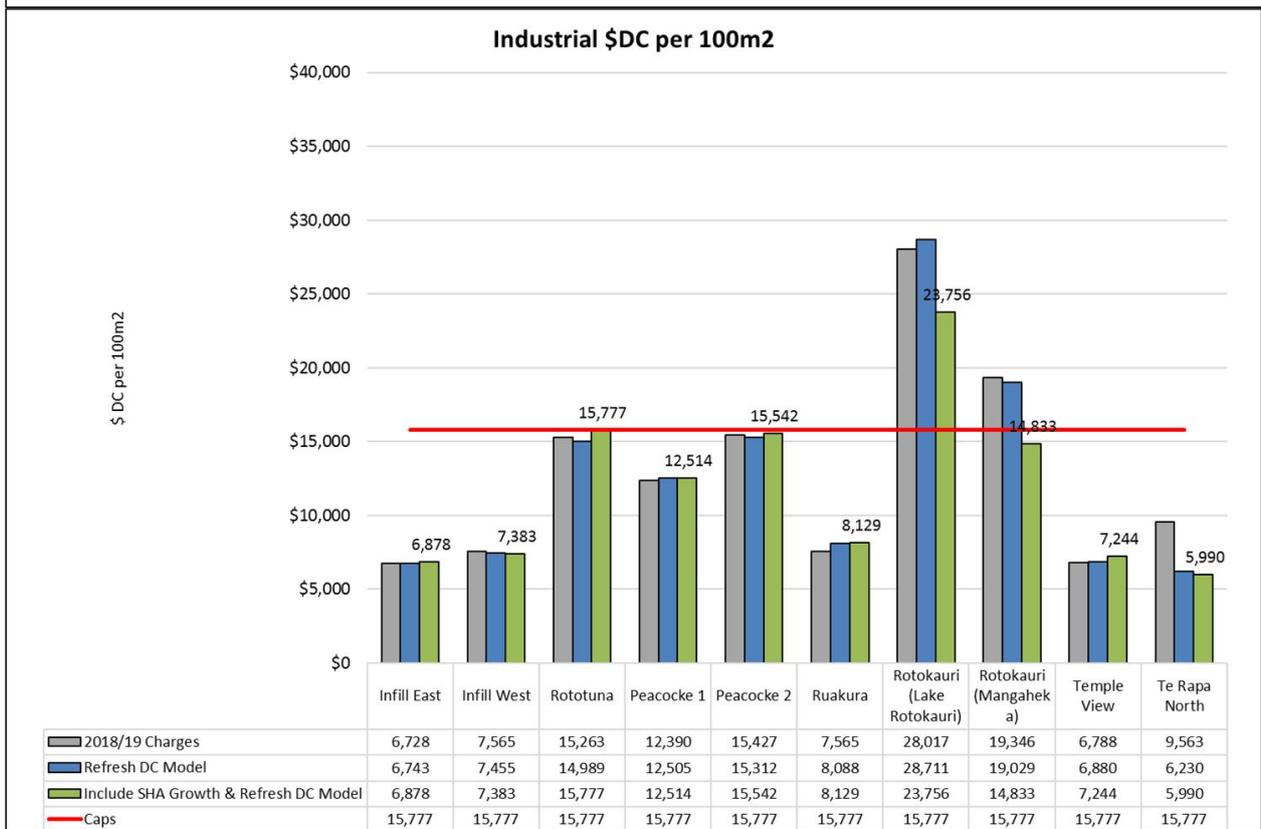
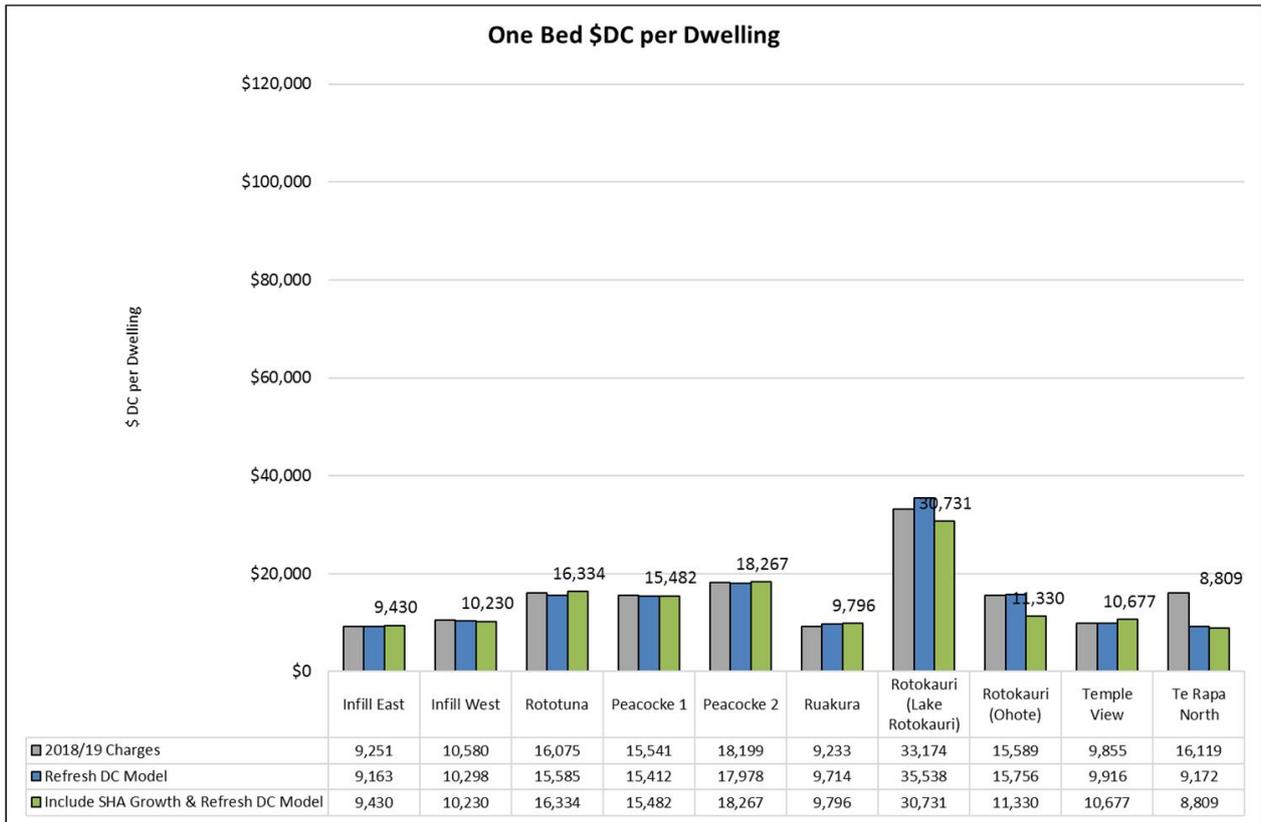
Each graph demonstrates the impact of the illustrated charge with three series '2018/19 Charges' – The charges from the Development Contributions Policy 2018/19, 'Refresh DC Model' includes changes 1 being Refresh DC model, 'Include SHA Growth & Refresh DC Model' includes changes 1 and 2 being Refresh DC model and Include Rotokauri North SHA growth.

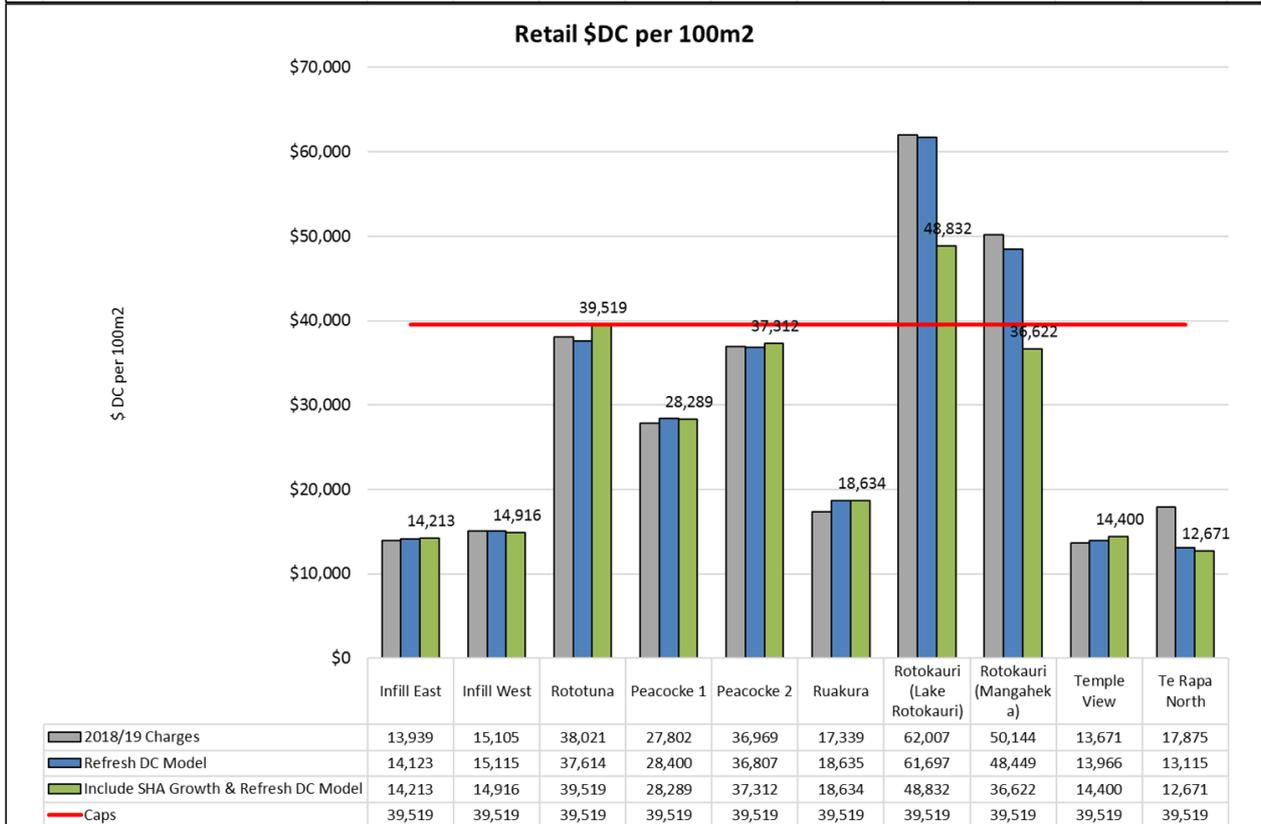
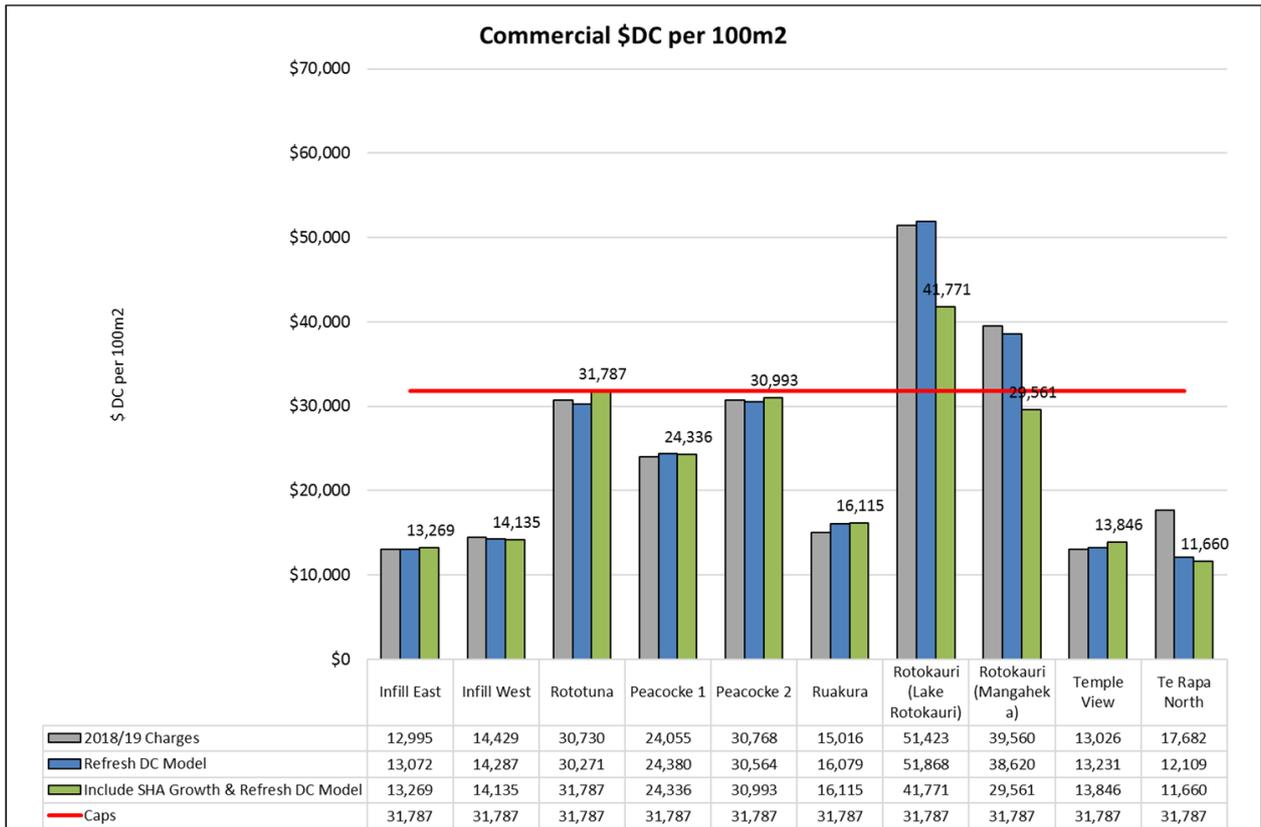
The graphs illustrate common combinations of catchments and charges, but not all possible charge combinations. The retail development contribution transport factor operates on sliding scales, so the applicable charges for a retail development will differ from those shown here.

The Rotokauri non-residential caps have been shown based on change 2 charges. If Council elects to not include the Rotokauri North SHA growth within the model (change 2), then the caps would change to align with the change 1 charges.









Council Report

Item 9

Committee: Council **Date:** 21 May 2019
Author: Julie Clausen **Authoriser:** Sean Hickey
Position: Unit Manager - Corporate Planning and Strategy **Position:** General Manager Strategy and Communications
Report Name: 2019/20 Annual Plan Deliberations

Report Status	<i>Open</i>
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Purpose

- This report seeks decisions from the Council on changes to the 2018-28 10-Year Plan 2019/20 budget for inclusion in the draft 2019/20 Annual Plan, which will be considered for adoption by the Council on 20 June 2019.

Staff Recommendation

- That the Council:
 - receives the report;

Budget Adjustments

 - approves additional 2019/20 operating budget adjustments (excluding proposals) as set out below:

i) Operating Revenue Adjustments	(Increase)/Decrease since 4 April 2019 \$000
Impact of deferrals on NZTA capital subsidies	6,192
Development Contribution revenue adjustment	(166)
Total adjustment in operating revenue	6,026

ii) Operating Expenditure Adjustments	Increase/(Decrease) since 4 April 2019 \$000
Cleaning contract cost increase	218
Professional services for the alternative infrastructure finance project (SPV)	750
Fixed term resources for risk security and LGOMIA	250
Election costs	100
Interest savings	(1,858)
Increase in depreciation	4,260
Total	3,720

- c) approves additional 2019/20 capital budget adjustments (excluding proposals) as set out below:

<u>Capital Expenditure Adjustment</u>	Increase/(Decrease) since 4 April 2019 \$000
Deferrals (uninflated)	19,550
Capital expenditure brought forward from future years (uninflated)	1,865
Inflation change on deferrals and capital expenditure brought forward	1,380
Total	22,795

Proposals

- d) approves the inclusion in the 2019/20 Annual Plan budget of an additional \$150,000 operating funding for a **traffic study** in Greenwood St/Kahikatea Dr area, undertaken jointly with NZ Transport Agency;
- e) approves the inclusion in the 2019/20 Annual Plan budget of an additional \$230,000 operating funding to trial in 2019/20 a **seven-day-a-week mobile unit** (five additional FTE) to patrol and respond to complaints of begging and anti-social behaviour in suburban Hamilton;
- f) approves the reallocation of funding for **social housing** as follows:
- i. \$600,000 of debt funding brought forward from 2022-2024 to 2019-2020;
 - ii. \$600,000 of debt funding brought forward from 2022-2024 to 2020-2021.
- g) approves the social housing funding reallocated in f) above (in addition to the \$400,000 per year currently allocated to social housing in 2019-20 and 2020-21) to be available for a community land trust;
- h) approves the inclusion in the 2019/20 Annual Plan budget of an additional \$200,000 operating funding to develop **an updated 20-year vision for the central city** and sufficient detail on public projects to inform the 2021-31 10-Year Plan deliberations;
- i) approves the inclusion in the 2019/20 Annual Plan budget of an additional \$150,000 capital funding to contribute to development of **an alternative structure for swimmers/divers** or vessels at Hamilton Gardens;
- j) approves the inclusion in the 2019/20 Annual Plan budget of an additional \$1M of capital funding to **enable a response to findings from the seismic assessment** of Hamilton City Council buildings;

Financial Strategy

- k) notes that if the budget changes in recommendations (b) to (j) are approved by the Council, the effect on the 2019/20 financial position is as follows:
- an operating surplus of \$110.584M;
 - a total capital programme cost of \$323.604M;
 - debt to revenue ratio of 167%;
 - net debt of \$525.815M;
 - balancing the books deficit of \$6.285M.

- l) notes that if the budget changes in recommendations (b) to (j) are approved by the Council, the effect on the financial strategy over the 10-Year Plan period is as follows:
- debt to revenue remains within 230%;
 - net debt peaks at \$728M in Year 5 (2022/23);
 - the books are balanced in 2022/23.

Executive Summary

3. The Council is required to adopt an Annual Plan for 2019/20. The Annual Plan:
 - provides the annual budget and funding impact statements for the year (2019/20)
 - identifies any variation from the budget and funding impact statements included in the 10-Year Plan for Year 2 (2019/20).
4. Staff have continued to review budgets since the 4 April 2019 Council meeting and are recommending some changes to the operating position and capital programme, including incorporating actual results/forecast up to 31 March 2019.
5. These recommendations would usually be presented to the Finance Committee before coming to the Council for approval. As the next Finance Committee meeting is on 23 May 2019, they are instead included in this report to ensure the Council is able to finalise the 2019/20 Annual Plan budget on 21 May 2019.
6. The Council has previously considered and approved a number of new proposals for the purpose of preparing the draft 2019/20 Annual Plan budget. The Council will decide at today's meeting whether these proposals are to be included in the draft budget.
7. If the Council approves the budget changes in recommendations (b) to (j) (budget adjustments and proposals), the effect on the **2019/20** financial position is as follows:
 - operating revenue in 2019/20 increases by \$5.059M and operating expenditure increases by \$7.020M, a net negative impact of \$1.961M, resulting in an operating surplus of \$110.584M in 2019/20 (\$112.545M in the 10-Year Plan);
 - capital expenditure in 2019/20 increases by \$35.046M, resulting in a total capital programme cost of \$323.604M (\$288.558M in the 10-Year Plan);
 - the balancing the books deficit in 2019/20 increases by \$5.945M to \$6.285M (\$340,000 in the 10-Year Plan).
8. If the Council approves the budget changes in recommendations (b) to (j), the effect on the **financial strategy over the 10-Year Plan** period is as follows:
 - debt to revenue remains within the 230% debt limit;
 - net debt peaks at \$728M in Year 5 (2022/23);
 - the Council's books are balanced in 2022/23.
9. Following today's meeting, staff will update the 2019/20 Annual Plan budget to reflect the Council's decisions and prepare the Annual Plan.
10. Elected members will have the opportunity to comment and ask questions about the draft 2019/20 Annual Plan publication at a public briefing on 6 June 2019. Staff will provide a copy of the draft publication before the briefing.
11. The draft 2019/20 Annual Plan will be considered by the Council at its meeting on 20 June 2019. The Local Government Act 2002 requires the Council to adopt the 2019/20 Annual Plan and rates resolutions before 30 June 2019.

Background

12. The Council approved the 2018-28 10-Year Plan in June 2018.
13. The 2018-28 10-Year Plan sets out the Council's financial strategy of:
 - Debt to revenue ratio will remain below 230%
 - Average rate increases (to existing ratepayers) will not exceed 9.7% in 2018/19 and then 3.8% from 2019/20 onwards
 - Balancing the books: Everyday costs should be paid from everyday revenues.
14. In November 2018, the Mayor invited elected members to propose changes to year 2 of the 10-Year Plan. This resulted in a number of new proposals with a financial impact on the 2019/20 Annual Plan budget.
15. Budget adjustments recommended to the Council through the regular Finance Committee cycle have been built into the draft 2019/20 Annual Plan budget once approved. These adjustments are generally the result of Council decisions, changes in the timing of projects and contract negotiations.
16. At its meetings on 26 February 2019, 14 March 2019 and 4 April 2019, the Council approved proposals for the purpose of preparing the draft 2019/20 Annual Plan budget.

Forecasting Assumptions

17. The significant forecasting assumptions used in the 10-Year Plan have been reviewed and there are no changes to these assumptions.

Development Contributions

18. The Council will deliberate on the 2019/20 Development Contributions Policy at today's meeting in advance of the 2019/20 Annual Plan deliberations. Decisions made during that portion of the meeting may affect forecast revenue and the impact of budget adjustments on the financial strategy.
19. In their financial modelling, staff have assumed development contributions revenue of \$25.27M in 2019/20. This is based on the 10-Year Plan budget adjusted for the following:
 - updated growth funding modelling environment;
 - the 66% remission for developments located in the CBD continues until 30 June 2021;
 - introduction of Rotokauri general catchment capped charges for non-residential development.
20. At an extraordinary meeting on 9 May 2019, the Council resolved to retain the Schedule of Assets set through the last Development Contributions Policy update in 2018. The financial strategy model reflects that decision.

Rates

21. In their financial modelling, staff have assumed average annual rates increases to existing ratepayers of 3.8%, as set by the Council through the 2018-28 10-Year Plan.

22. Maintaining rates increases of 3.8% over Years 2 to 10 of the 10-Year Plan will ensure:
- budget surpluses are generated so that debt can be repaid quickly;
 - everyday costs are paid for by everyday revenue (rates, fees and user charges);
 - debt headroom is created to fund asset renewals and investment in the city beyond 2028.

Draft 2019/20 Annual Plan Budget

Operating Adjustments

23. The draft 2019/20 Annual Plan adjustments result in an operating revenue increase of \$5.059M and operating expenditure increases of \$7.020M - a net negative impact of \$1.961M, resulting in an operating surplus of \$110.584M in 2019/20 (\$112.545M in the 10-Year Plan).
24. The operating adjustments consist of
- Budget adjustments which reflect council decisions and reforecasting
 - Proposals which have been approved for inclusion for the purpose of preparing the draft 2019/20 Annual Plan Budget as per Council meetings of:
 - [26 February 2019](#)
 - [14 March 2019](#)
 - [4 April 2019](#)
25. The details of the adjustments are listed in the tables below.
26. Note: Council is only required to make a decision on the budget adjustments not already determined through previous Council resolutions.
27. **Operating Revenue adjustments:**

	Decisions to 4 April 2019	For decision - 21 May 2019	Total budget impact 2019/20
<u>Budget Adjustments- Operating revenue</u>	(Increase)/ Decrease \$000	(Increase)/ Decrease \$000	(Increase)/ Decrease \$000
Reduction in libraries revenue from WDC	300		300
Reduced WRC revenue at Transport Centre	55		55
Impact of deferrals on NZTA capital subsidies <i>Changes to level of subsidies due to deferral of capital programme</i>	(7,447)	6,192	(1,255)
Te Awa cycleway remediation - additional NZTA subsidy	(699)		(699)
Additional rates revenue	(581)		(581)
Additional footpath revenue - NZTA	(2,713)		(2,713)
Development Contribution revenue adjustment <i>Changes to align to the proposed DC policy adjustments</i>		(166)	(166)
Total adjustment in operating revenue	(11,085)	6,026	(5,059)

28. Operating Expenditure adjustments:

	Decisions to 4 April 2019	For decision - 21 May 2019	Total budget impact 2019/20
	Increase/ (Decrease) \$000	Increase/ (Decrease) \$000	Increase/ (Decrease) \$000
<u>Budget Adjustments – Operating expenditure</u>			
Maangai Maaori	70		70
Cleaning contract cost increase <i>Changes as a result of the final contract being confirmed</i>	539	218	757
Insurance premiums increase	850		850
Operating costs for Founders until proposed demolition	45		45
Demolition of Municipal pools (timing change)	750		750
Elected members' remuneration increase	150		150
iSite relocation	(284)		(284)
Professional services for the alternative infrastructure finance project (SPV)		750	750
Fixed term resources for risk security and LGOMIA		250	250
Election costs		100	100
Interest savings <i>Changes as a result of capital deferrals which reduce the level of borrowings</i>		(1,858)	(1,858)
Increase in depreciation <i>Changes as a result of updated forecasting to incorporate revaluations and additional assets</i>		4,260	4,260
Total Budget Adjustments – operating expenditure	2,120	3,720	5,840
<u>Proposals</u>			
Traffic study in Greenwood/Kahikatea Dr area		150	150
City Safe extension to suburbs		230	230
Reallocation of funding for social housing		600	600
20 Year Vision for the Central City		200	200
Total Proposals	-	1,180	1,180
Total adjustment in operating expenditure	2,120	4,900	7,020

29. Net Impact on Operating Surplus:

	Decisions to 4 April 2019	For decision - 21 May 2019	Total budget impact 2019/20
	Increase/ (Decrease) \$000	Increase/ (Decrease) \$000	Increase/ (Decrease) \$000
Net Impact on Operating Surplus	8,965	(10,926)	(1,961)

Capital Adjustments

30. Capital expenditure in 2019/20 increases by \$35.046M, resulting in a total capital programme cost of \$323.604M (\$288.558M in the 10-Year Plan).
31. The capital expenditure adjustments consist of:
- Budget adjustments which reflect council decisions and reforecasting
 - Proposals which have been approved for inclusion for the purpose of preparing the draft 2019/20 Annual Plan Budget.
32. The details of the adjustments are listed below.
33. Note: Council is only required to make a decision on the budget adjustments not already determined through previous Council resolutions.

	Decisions to 4 April 2019	For decision - 21 May 2019	Total budget impact 2019/20
<u>Budget Adjustments</u>	Increase/ (Decrease) \$000	Increase/ (Decrease) \$000	Increase/ (Decrease) \$000
Deferrals (uninflated)	8,831	19,550	28,381
Capital expenditure brought forward from future years (uninflated)	900	1,865	2,765
Te Awa cycleway remediation	1,370	-	1,370
Inflation change on deferrals and capex brought forwards		1,380	1,380
Total Budget Adjustments	11,101	22,795	33,896
<u>Proposals</u>			
Separation of swimmers and vessels at Hamilton Gardens		150	150
Seismic strengthening		1,000	1,000
Total Proposal Adjustments	-	1,150	1,150
Total adjustment in capital expenditure	11,101	23,945	35,046

34. Total capital deferrals from 2018/19 into 2019/20 are \$28.381M, of which the Council has already approved \$8.831M (28 February 2019). The list of all deferrals is provided as an attachment to this report (Attachment 1).
35. The proposed capital programmed deferrals for 2018/19 are \$83.418M of which \$28.381 have been deferred to 2019/20 and \$55.037M to 2020/21. These are based on the best information available at the time of this report.
36. The financial year-end position will be reported to the Finance Committee on 23 August 2019 through the Capital Portfolio Monitoring Report. Any further deferrals in the 2019/20 capital programme identified leading up to 30 June 2019 will be recommended for approval at the 23 August 2019 meeting.

Balancing the Books Impact

37. The balancing the books deficit in 2019/20 increases by \$5.945M to \$6.285M (\$340,000 in the 10-Year Plan).

<u>Balancing the Books</u>	2019/20 (Deficit)/Surplus \$000
As per the 10 Year Plan	(340)
Impact of operating revenue adjustments Noting not all revenue flows to the balancing the books revenue	1,075
Impact of operating expenditure adjustments As per the expenditure table in paragraph 28	(7,020)
Balancing the books	(6,285)

Impact on the Financial Strategy

38. The Council’s 10-Year Plan financial strategy model has been updated to incorporate the budget adjustments recommended above and the proposals previously considered and approved by the Council for the purposes of preparing the draft 2019/20 Annual Plan budget.

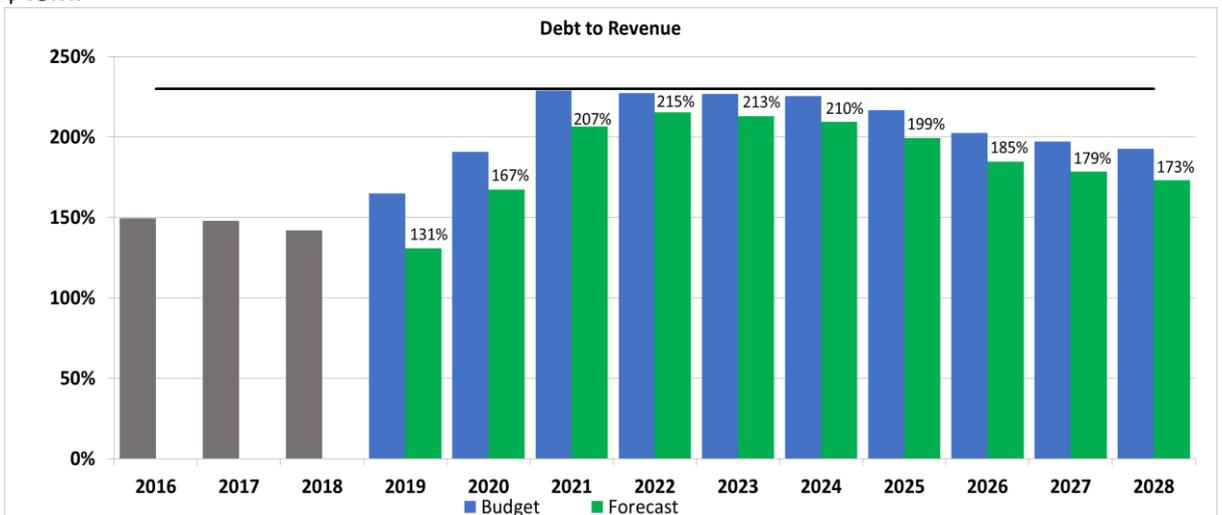
39. If the Council approves all budget adjustments and proposals for inclusion in the 2019/20 Annual Plan budget, the effect on the financial strategy over the 10-Year Plan period is as follows:

- debt to revenue remains within 230%;
- net debt peaks at \$728M in Year 5 (2022/23);
- the books are balanced in 2022/23.

40. The following graphs show the original 10-Year Plan budgets (in blue) and the proposed draft 2019/20 Annual Plan budget (in green). The past actuals are shown in grey.

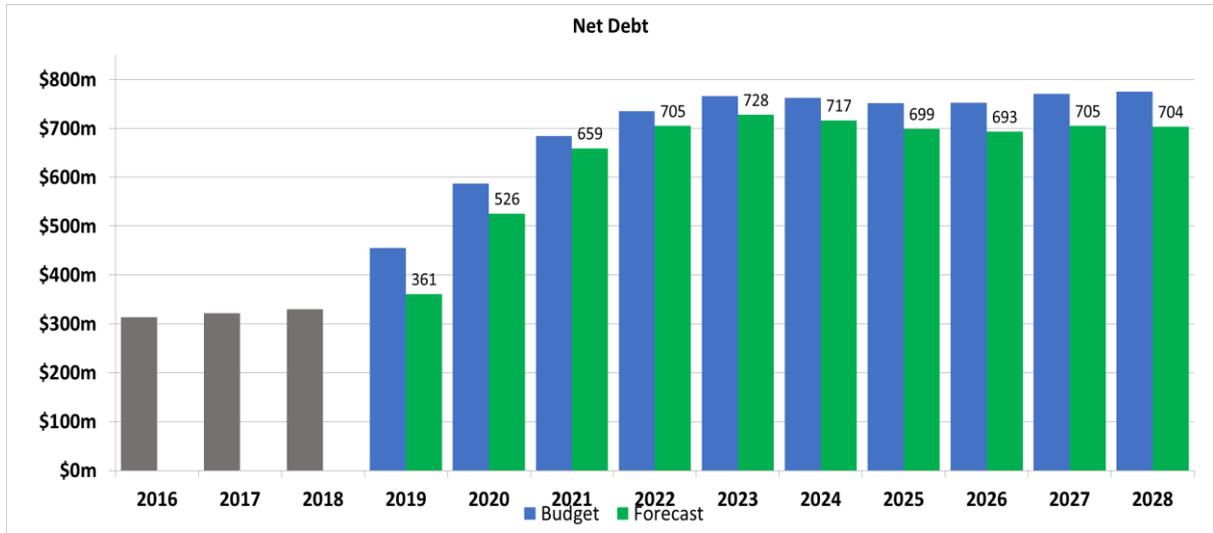
Debt to Revenue

41. The Debt to Revenue graph shows that the impact of the draft 2019/20 Annual Plan budget remains within financial strategy limits. In dollar terms, debt capacity headroom in 2021/22 is \$48M.



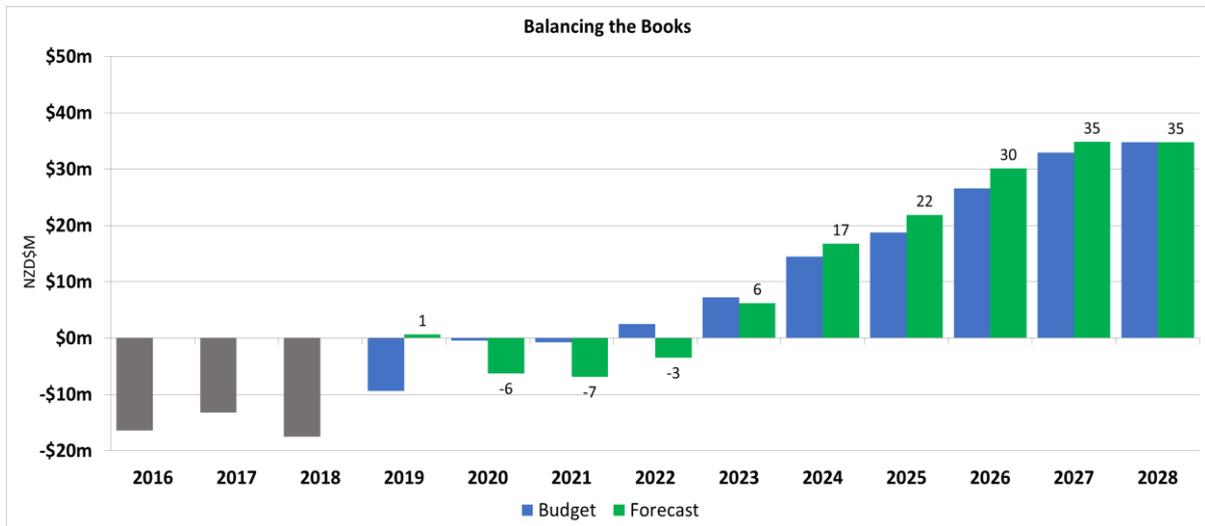
Net Debt

42. The Net Debt graph below shows a decrease in net debt against the 10-Year Plan, with debt in 2027/28 being \$72M lower than budgeted.



Balancing the Books

43. The Balancing the Books graph shows a deficit of \$6.285M in 2019/20 against the budgeted deficit of \$340,000. The Council balances its books in 2022/23, a year later than forecast in the 10-Year Plan.



Risks and emerging issues

- 44. There is a risk that additional decisions made by the Council in finalising the 2019/20 Annual Plan budget may place pressure on debt headroom and Council’s financial strategy in future years.
- 45. The level of debt held by local authorities is under increased scrutiny from external agencies.
 - a. In February 2019 the Controller and Auditor-General, in reporting on 10-year plan trends, noted a sharp increase in forecast debt to the point where councils were coming up against their debt covenants. He noted the risk that high-growth councils might therefore find themselves without the borrowing capacity to respond to unforeseen events.

- b. Fitch Ratings has changed its credit ratings methodology with the result that Hamilton City Council has been placed on 'ratings watch negative'. The methodology now looks more conservatively at forecast debt. Council's credit rating is currently under review by Fitch Ratings.
46. Staff are monitoring other emerging issues that have the potential to impact on the Council's financial strategy. These are advised to the Council through regular reporting to the Financial Committee.

Significance & Engagement

Significance

47. The Local Government Act requires the Council to consider if the proposed 2019/20 Annual Plan budget changes are significant or material differences from Year 2 of the 2018-28 10-Year Plan.
48. All proposals considered by the Council during the Annual Plan process were reviewed under the Significance and Engagement Policy and assessed as having a low level of significance.
49. Adjustments to the 2019/20 operating budget have been reviewed under the Significance and Engagement Policy and assessed as having a low level of significance.
50. Adjustments to the 2019/20 capital budget have been reviewed under the Significance and Engagement Policy and assessed as having a low level of significance.
51. The cumulative impact of proposed new initiatives and budget adjustments was reviewed under the Significance and Engagement Policy and found to have a low level of significance.
52. Staff consider the matters in this report to have a low level of significance.

Engagement

53. At its meeting on 26 February 2019, the Council decided not to formally consult on the 2019/20 Annual Plan on the basis the proposed budget changes do not represent, either individually or cumulatively, a significant or material change to the 10-Year Plan.
54. Given the low level of significance determined, consultation is not required.

Legal and Policy Considerations

55. Staff confirm that this report and the recommendations it contains comply with the Council's legal and policy requirements and its obligations under the Local Government Act 2002.

Cultural Considerations

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

Financial Consideration

57. The cost of preparing the Annual Plan has been budgeted within operating budgets as \$50,000 for staff time, design of the Annual Plan document and communication to the community.

Risks

58. The Council must adopt its Annual Plan on or by 30 June 2019 in accordance with the Local Government Act 2002. Failure to complete the process by that date has the potential to:
 - delay implementing the setting and assessing of rates for 2019/20 at the level required to support the budget;

- limit borrowing, impacting on the Council's capital programme;
- halt the collection of new development contributions;
- introduce significant negative reputational risk.

Next Steps

59. Staff will prepare the draft 2019/20 Annual Plan for approval at the Council meeting on 20 June 2019.
60. Elected members will receive a copy of the draft Annual Plan before the public briefing on 6 June 2019 so that they have the opportunity to consider it and provide feedback to staff before the Council meeting.

Attachments

Attachment 1 - Capital Deferrals

Total Capital and Revenue Movements as at 31 March 2019

Capital Movements Summary

	2018/19	2019/20	2020/21	2021/22	2022/23
Baseline Budget - Capital	\$254,834,680	\$288,558,073	\$228,912,319	\$213,451,094	\$200,704,198
Savings	(\$5,321,810)	\$0	\$0	\$0	\$0
Deferral Movements	(\$83,418,397)	\$28,381,568	\$55,036,829	\$0	\$0
Projects Brought Forward	\$1,765,000	\$2,764,898	(\$2,954,200)	\$0	(\$1,575,698)
New Projects	\$630,000	\$1,370,000	\$0	\$0	\$0
New Total Capital Budget	\$168,489,473	\$321,074,539	\$280,994,948	\$213,451,094	\$199,128,500

Revenue Movements Summary

	2018/19	2019/20	2020/21	2021/22	2022/23
Baseline Budget - Revenue	(\$44,840,256)	(\$65,431,295)	(\$42,586,169)	(\$50,670,790)	(\$53,285,022)
New Revenue	(\$5,299,872)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)
Deferral Movements	\$16,822,165	(\$1,255,226)	(\$15,566,939)	\$0	\$0
New Projects - Te Awa Cycleway Remediation	(\$193,800)	(\$698,700)	\$0	\$0	\$0
New Total Revenue Budget	(\$33,511,763)	(\$69,685,221)	(\$60,453,108)	(\$52,970,790)	(\$55,585,022)

List of Deferrals as at 31 March 2019

Delay Deferrals

Programme	Project	Deferral Type	Reason	2018/19	2019/20	2020/21	Explanation
City Wide Community	Land Purchase - Deferral	Delay Deferral	Third Party Dependency	(\$399,100)	\$399,100	\$0	\$141,900 spent this year and the remaining budget to be deferred until land is available.
City Wide Waters Programme	Network Improvement Programme	Delay Deferral	Other	(\$1,090,000)	\$1,090,000	\$0	DMA - Hillcrest Reservoir Zone: deferrals of \$1,090,000 signalled to allow asset team to undertake network investigations.
Rotokauri Programme	Arterial Designations	Delay Deferral	Third Party Dependency	(\$836,000)	(\$1,339,097)	\$2,175,097	Deferral of \$836,000 indicated for 2018/19 and \$1,339,097 for 2019/20 out to 2020/21 to align with Development timing. Discussions with developers are progressing but budget is not expected to be spent as budgeted.
Rotokauri Programme	Arthur Porter Drive Connection	Delay Deferral	Third Party Dependency	(\$499,000)	(\$501,000)	\$1,000,000	Deferral signalled of \$499,000 from 2018/19 and \$501,000 from 2019/20 to 2020/21 to align with developer timing.
Rotokauri Programme	Rotokauri Central Swale	Delay Deferral	Third Party Dependency	(\$1,275,000)	\$0	\$1,275,000	Deferral signalled of \$1,275,000 from 2018/19 to 2020/21 for the Rotokauri Swale due to ongoing third party land purchase negotiations with developers.
Rotokauri Programme	Southern Arterials - Te Wetini & Central	Delay Deferral	Third Party Dependency	(\$2,000,000)	\$500,000	\$1,500,000	\$2m signalled for deferral for Te Wetini Drive Extension construction to align with developer timing.
Rotokauri Programme	Transport Upsizing Programme	Delay Deferral	Third Party Dependency	(\$690,000)	(\$1,010,000)	\$1,700,000	Deferral of \$690,000 signalled for Road 0357.1 Gilchrist Road Collector Rotokauri to align with the Arterial Designations deferral to align with developer timing.
Rototuna Programme	North City Road Corridor Borman to Kay	Delay Deferral	Other	(\$1,000,000)	(\$2,848,415)	\$3,848,415	Deferrals of \$1M from 2018/19 and \$2,848,415 from 2019/20 to 2020/21 identified within this project to align with the town centre development.
Rototuna Programme	Rototuna Network - Neighbourhood Park	Delay Deferral	Third Party Dependency	(\$1,094,000)	\$1,094,000	\$0	Delay deferral - related to the land requirements and the inability to secure land at this stage due to third party dependency.
Transport Improvement Programme	Mass Transit	Delay Deferral	Other	(\$600,000)	\$600,000	\$0	Deferral of \$600,000 signalled as part of the Hamilton to Auckland corridor discussion
Transport Improvement Programme	Rotokauri Park and Ride	Delay Deferral	Other	(\$1,600,000)	\$1,600,000	\$0	Deferral of \$1,600,000 for Rotokauri rail platform and Tasman Road works - works will commence next year.
Transport Improvement Programme	School Link & University Route	Delay Deferral	Other	(\$1,780,135)	\$1,780,135	\$0	This project requires a business case to be developed with NZTA. The business case is expected to be completed this financial year with construction to commence in 2019/20.
Transport Improvement Programme	Transport Centre Upgrade & Bus Shed	Delay Deferral	Other	(\$700,000)	\$700,000	\$0	This project requires a business case to be developed with NZTA. The business case is expected to be completed this financial year with construction to commence in 2019/20.
Transport Improvement Programme	Gordonton Road Corridor	Delay Deferral	Third Party Dependency	(\$1,000,000)	\$1,000,000	\$0	Gordonton Road roundabouts - Thomas/Puketaha - \$1m deferral signalled due to risk of third party land purchase not being completed.
Renewals & Compliance Programme	Service counter at St Andrews and Dinsdale	Delay Deferral	Other	(\$18,000)	\$18,000	\$0	This project has been deferred to align with the implementation of the RFID project.
Renewals & Compliance Programme	Council Chambers Renewals Project	Delay Deferral	Other	(\$214,406)	\$214,406	\$0	Deferral of \$214,406 signalled to allow works to be completed in 2019/20 in alignment with elected members period of absence.
Renewals & Compliance Programme	Replacement of Closed Landfill assets	Delay Deferral	Other	(\$325,000)	\$325,000	\$0	A deferral of \$325,000 from 2018/19 to 2019/20 is required to support the renewal of the stage 2 gas extraction system at Rototuna Landfill. Renewal has been rescheduled to allow a more robust assessment of compliance requirements.
Rototuna Programme	Boman/Horsham Urban Upgrade	Delay Deferral	Other	(\$590,000)	\$590,000	\$0	Deferrals signalled due to the realignment of work with the decision made in the LTP ie the movement of construction out to year 7.
Rototuna Programme	Stormwater Upsize Programme	Delay Deferral	Third Party Dependency	\$0	(\$1,071,920)	\$1,071,920	\$1,071,920 deferred from 2019/20 to 2020/21 to align with developer timing.
Ruakura Programme	Chedworth Trunk Watermain Upsize	Delay Deferral	Third Party Dependency	(\$200,000)	\$200,000	\$0	Developer upsizing deferral of \$200k to align with developer timing.
Ruakura Programme	Ruakura Spine Road Strategic Line - 450mm	Delay Deferral	Third Party Dependency	\$0	(\$288,357)	\$288,357	\$288,357 rephased from 2019/20 to 2020/21 to align with developer timing.
Ruakura Programme	Ruakura Wastewater Pipeline	Delay Deferral	Third Party Dependency	(\$610,000)	(\$3,033,500)	\$3,643,500	\$3,643,500 deferral made from 2019/20 to 2020/21 in accordance with developer timing for installation of this line. This is a cost contribution from HCC only.
City Wide Community	Central City Jetty	Delay Deferral	Other	(\$482,200)	\$482,200	\$0	\$482,200 deferral from 2018/19 to 2019/20 of physical works to allow for business case to be developed to support increased funding requirements.
City Wide Community	VOTR Boardwalk	Delay Deferral	Other	(\$358,400)	\$358,400	\$0	\$358,400 deferral from 2018/19 to 2019/20 as physical works have been put on hold pending the Provincial Growth Fund application.
City Wide Community	Innes Common - Playground	Delay Deferral	Other	(\$78,500)	\$78,500	\$0	Due to the need for increased engineering of the park area of the playground there will be a delay in the completion of the playground.
Renewals and Compliance Programme	Various Projects within the Renewals and Compliance Areas	Delay Deferral	Other	(\$10,828,838)	\$10,828,838	\$0	This is a variety of projects from across the renewals and compliance programme which are not going to be delivered this financial year but are still programmed to be delivered within the 3 year programme.
Rototuna Programme	Walking/Cycling Network	Delay Deferral	Third Party Dependency	(\$134,000)	\$134,000	\$0	\$134k to be deferred from 18/19 to 19/20 in accordance with third party timeframes (Waikato Expressway) for construction and opening of expressway underpass, which is required for construction of the path link from Kimbrae Drive to Landsdale development.
Ruakura Programme	Ruakura Road Upgrade	Delay Deferral	Other	(\$265,000)	\$265,000	\$0	\$265k expenditure and associated \$165k revenue deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
Transport Improvement Programme	Hamilton Transport Model	Delay Deferral	Other	(\$25,000)	\$25,000	\$0	\$25,000 deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
Transport Improvement Programme	Intersection Safety and Capacity Upgrades	Delay Deferral	Other	(\$280,000)	\$280,000	\$0	\$280k expenditure and associated \$76k revenue deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
Transport Improvement Programme	Te Awa Cycle Way Remediation	Delay Deferral	Other	(\$330,000)	\$330,000	\$0	\$330k expenditure and associated \$193.8k revenue deferred from 18/19 to 19/20 in accordance with current NZTA business case development programme.
City Wide Waters Programme	ICMP Programme	Delay Deferral	Other	(\$162,000)	\$162,000	\$0	\$162k deferral to align with the planned works programme for the ICMP programme.
City Wide Waters Programme	Water Master Plan	Delay Deferral	Other	(\$60,000)	\$60,000	\$0	\$60k deferred from 18/19 to 19/20 in accordance with updated consultant delivery timeframes - contractually committed
City Wide Waters Programme	WW Network BC Concept Developmnt & Design	Delay Deferral	Other	(\$175,000)	\$175,000	\$0	\$175k deferred from 18/19 to 19/20 to enable strategic direction to be finalised to direct concept and design work
City Wide Waters Programme	Snell Drive Pump Station	Delay Deferral	Other	(\$200,000)	\$200,000	\$0	\$200k deferred from 2018/19 to 19/20 in accordance with updated delivery programme which includes integration opportunities with the Peacocke strategic WW design and construction.
Total Delay Deferrals				(\$29,899,579)	\$13,397,290	\$16,502,289	

Rephasing Deferrals

Programme	Project	Deferral Type	Reason	2018/19	2019/20	2020/21	Explanation
City Wide Waters Programme	Pukete WWTP Upgrade	Rephasing Deferral	Align with contractor programme	(\$7,632,000)	\$6,132,000	\$1,500,000	Deferral of \$7,632,000 of the 2018/19 budget out to 2019/20 and 2020/21 to align with contractor cash flow projection of the programme of works for the Pukete WWTP Upgrade.

City Wide Waters Programme	Wairoa 2 WTP Upgrade	Rephasing Deferral	Align with contractor programme	(\$2,160,000)	\$2,160,000	\$0	Deferral of \$2,160,000 identified to align with contractor cash flow forecast for the programme of works at Wairoa WTP
City Wide Waters Programme	Dinsdale PS Upgrade	Rephasing Deferral	Rephasing within completion date	(\$1,268,280)	(\$731,720)	\$2,000,000	This project is scheduled to be carried out over 3 years into the 2021/22 period and this deferral of budget is not expected to impact on the project completion date.
City Wide Waters Programme	Hillsborough Pump Station	Rephasing Deferral	Align with contractor programme	(\$3,324,120)	\$2,324,120	\$1,000,000	Delays in design due to unexpected complexities. Majority of construction to be undertaken next financial year with some work expected to carry over to 2020/21.
City Wide Waters Programme	Western Interceptor Duplication - Mid Section	Rephasing Deferral	Align with contractor programme	(\$2,700,000)	\$2,700,000	\$0	Financial deferral signaled to align with contractors work programme.
Ruakura Programme	Ruakura Reservoir & Bulkheads	Rephasing Deferral	Align with contractor programme	(\$2,500,000)	\$2,500,000	\$0	Deferral of \$2,500,000 signaled for Ruakura Reservoir in line with contractor construction programme.
Transport Improvement Programme	Ring Road - Cambridge to Cobham	Rephasing Deferral	Align with contractor programme	(\$5,740,000)	(\$3,260,000)	\$9,000,000	Financial deferral signaled to align with contractors work programme.
City Wide Community Programme	Hamilton Gardens Development Programme	Rephasing Deferral	Align with contractor programme	(\$1,200,000)	\$1,200,000	\$0	Deferral of \$1,200,000 signalled to align with the civil works programme.
Renewals & Compliance Programme	Crematorium Building Renewal project budget	Rephasing Deferral	Align with contractor programme	(\$789,900)	\$789,900	\$0	This project will span two financial years. This deferral seeks to align the budget with the remaining physical works in 2019/20.
Renewals & Compliance Programme	Cemeteries Accessible toilets	Rephasing Deferral	Align with contractor programme	(\$200,000)	\$200,000	\$0	Deferral of \$200,000 signalled to align with the contractor programme.
Rotokauri Programme	Baverstock Road Upgrade	Rephasing Deferral	Align with contractor programme	(\$437,000)	\$437,000	\$0	Deferral of \$437,000 for Baverstock Road Collector from 2018/19 to 2019/20 to align with construction programme.
Peacocke Programme	Peacocke Network Infrastructure Programme	Rephasing Deferral	Rephasing within completion date	(\$11,041,398)	(\$333,022)	\$11,374,420	Deferral of \$11,041,398 from 2018/19 and \$333,022 to 2020/21 to align with the revised programme of work.
Peacocke Programme	Land Acquisition Programme	Rephasing Deferral	Rephasing within completion date	(\$14,160,120)	\$500,000	\$13,660,120	Deferral of \$14,160,120 from 2018/19 from 2019/20 to 2020/21 to rephase the land acquisition in line with expected programme.
Rototuna Programme	Rototuna Sports Park Development & Park Lane	Rephasing Deferral	Other	(\$366,000)	\$366,000	\$0	\$366,000 deferral from 2018/19 to 2019/20 due to 3 week delay in the completion date for the project.
	Total Rephasing Deferrals		TOTAL	(\$53,518,818)	\$14,984,278	\$38,534,540	
	Total Deferrals			(\$83,418,397)	\$28,381,568	\$55,036,829	
							Signalled in previous Finance Reports

List of Other Capital Movements as at 31 March 2019

Capital to be Brought Forward

Programme	Project	2018/19	2019/20	2020/21	2021/22	2022/23	Explanation
Renewals and Compliance Programme	Various Projects	\$865,000	\$1,889,200	(\$2,754,200)	\$0	\$0	This is the reprioritisation of the renewals and compliance programme to bring forward some priority projects.
Peacocke Programme	Peacocke Network Stage Two - Community/Sports Park	\$200,000	\$0	(\$200,000)	\$0	\$0	This capital movement was approved at the 21 February 2019 Finance Committee Meeting and was required to allow for the Notice of Requirement to be issued to secure land for a sports park in Peacocke.
Rototuna Programme	North Ridge Road Urban Upgrade	\$0	\$1,575,698	\$0	\$0	(\$1,575,698)	This request requires funding from Year 5 of the LTP to be brought forward to Year 2. This funding will allow for the development of the road to support development in this area ahead of what was initially predicted.
Rototuna Programme	SW Upsize Programme	\$700,000	(\$700,000)	\$0	\$0	\$0	This request requires funding from 2019/20 to be brought forward to 2018/19 to support the construction of the wetland required to support development in this area.
	Total Capital Movements	\$1,765,000	\$2,764,898	(\$2,954,200)	\$0	(\$1,575,698)	

2018/19 Savings

Programme	Project	Savings 2018/19
Rotokauri Programme	Baverstock Road Upgrade	(\$65,000)
Ruakura Programme	Ruakura Reservoir & Bulkheads	(\$1,000,000)
City Wide Waters Programme	Otamaengenge - Catchment Erosion control	(\$44,000)
City Wide Waters Programme	Mangaheka - Catchment Erosion control	(\$69,000)
City Wide Community	Central City Park / River plan	(\$494,971)
City Wide Waters Programme	Western Interceptor Duplication - Mid Section	(\$1,000,000)
Peacocke Programme	Peacocke Network Stage One - Neighbourhood Parks	(\$148,839)
Rotokauri Programme	Southern Arterials - Te Wetini & Central	(\$1,500,000)
Ruakura Programme	Ruakura FEI	(\$1,000,000)
	Total Savings	(\$5,321,810)

New Projects added to Portfolio

Programme	Project	Approved Changes 2018/19	Approved Changes 2019/20	Explanation
Renewals and Compliance Programme	Cemeteries Management System	\$250,000	\$0	This project was budget as operating cost. This is a transfer of operating budget to capital budget to allow for the appropriate delivery of the project.
Transport Improvement Programme	Te Awa Cycle Way Remediation	\$380,000	\$1,370,000	As approved at the December 2018 Finance Committee subject to NZTA funding.
	Total New Projects	\$630,000	\$1,370,000	

Signalled in previous Finance Reports

Revenue Movements as at 31 March 2019

Revenue Deferrals - Directly Related to the Capital Deferrals

Programme	Project	2018/19	2019/20	2020/21
Transport Improvement Programme	Mass Transit	\$204,000	(\$204,000)	\$0
Transport Improvement Programme	Intersection Safety and Capacity Upgrades	\$156,800	(\$156,800)	\$0
Renewals and Compliance Programme	Bridge Embankment Seismic Stabilisation	\$255,000	(\$255,000)	\$0
Transport Improvement Programme	Mass Transit	\$102,000	(\$102,000)	\$0
Ruakura Programme	Ruakura Road Upgrade	\$165,000	(\$165,000)	\$0
Transport Improvement Programme	Te Awa Cycle Way Remediation	\$193,800	(\$193,800)	\$0
Transport Improvement Programme	Gordonton Road Corridor	\$612,000	(\$612,000)	\$0
Transport Improvement Programme	Ring Road - Cambridge to Cobham	\$4,190,200	\$2,199,800	(\$6,390,000)
Transport Improvement Programme	Rotokauri Park and Ride	\$856,800	(\$856,800)	\$0
Transport Improvement Programme	School Link & University Route	\$907,869	(\$907,869)	\$0
Transport Improvement Programme	Transport Centre Upgrade & Bus Shed	\$384,500	(\$384,500)	\$0
Rototuna Programme	Borman/Horsham Urban Upgrade	\$300,900	(\$300,900)	\$0
Rotokauri Programme	Arterial Designations	\$426,000	\$683,643	(\$1,109,643)
Peacocke Programme	Peacocke Network Infrastructure Programme	\$2,845,566	\$0	(\$2,845,566)
Peacocke Programme	Peacocke Land Acquisition Programme	\$5,221,730	\$0	(\$5,221,730)
	Total Revenue Deferrals	\$16,822,165	(\$1,255,226)	(\$15,566,939)

New Revenue

Programme 2	Project	2018/19	Explanation
City Wide Waters Programme	Customer Service Connections	(\$1,639,618)	Demand driven and offset directly by expenses
City Wide Waters Programme	General Strategic Upgrades and Development Upsizing	(\$427,724)	PDA and developer driven
Transport Renewals & Compliance Programme	125 Footpath Renewal	(\$2,300,000)	New revenue from NZTA
Ruakura Programme	Ruakura Reservoir & Bulkheads	(\$150,000)	Early completion of the trunk water network which is subject to development cost share in accordance with the Ruakura Private Developer Agreement. \$150,000 of revenue which was not budgeted has been added to this project.
Transport Improvement Programme	Gordonton Road Corridor	(\$782,530)	Additional funding successfully secured from NZTA TEFAR funding for the Thomas Gordonton Intersection.
	Total New Revenue	(\$5,299,872)	

New Projects Revenue

Programme 2	Project	2018/19	2019/20	2020/21
Transport Improvement Programme	Te Awa Cycle Way Remediation	(\$193,800)	(\$698,700)	\$0
	Total Revenue from New Projects	(\$193,800)	(\$698,700)	\$0

	Signalled in previous Finance Reports
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Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of Council Public Excluded Minutes - 4 April 2019) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Confirmation of the Extraordinary Council Public Excluded Minutes - 9 May 2019) Official Information and Meetings Act 1987	

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)