

Notice of Meeting:

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

Date: Thursday 10 February 2022
Time: 9.30am
Meeting Room: Council Chamber and Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Finance Committee

Komiti Tahua

OPEN AGENDA

Membership

Chairperson Cr R Pascoe
Heamana

Deputy Chairperson Cr Maxine van Oosten
Heamana Tuarua

Members	Mayor P Southgate	Cr K Naidoo-Rauf
	Deputy Mayor G Taylor	Cr A O'Leary
	Cr M Bunting	Cr S Thomson
	Cr M Gallagher	Cr E Wilson
	Cr R Hamilton	Cr D Macpherson
	Cr M Donovan	Maangai J Kana

Quorum: A majority of members (including vacancies)

Meeting Frequency: Six weekly

Amy Viggers
Governance
Mana Whakahaere

1 February 2022

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Purpose:

The Finance Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Long Term Plan and Annual Plan.
2. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.

In addition to the common delegations, the Finance Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

1. To provide direction on Council's financial strategy and monitor performance against that strategy.
2. To monitor Council's financial performance against the Council's 10 Year Plan and the impact of the financial performance on services levels and rate payers' value.
3. To monitor deferred capital expenditure.
4. To develop and monitor policy related to the following matters:
 - a) financial management;
 - b) revenue generation; and
 - c) procurement and tendering.
5. To monitor the probity of processes relating to policies developed by the Finance Committee.

The Committee is delegated the following powers to act:

- Approval of operating expenditure within the Long Term Plan or Annual Plan that exceeds the Chief Executive's delegation, excluding expenditure which:
 - contravenes the Council's Financial Strategy; or
 - significantly alters any level of service outlined in the applicable Long Term Plan or Annual Plan; or
 - impacts Council policy or practice, in which case the delegation is recommendatory only and the Committee may make a recommendation to the Council for approval.
- Approval of contractual and other arrangements for supply and services, and revenue generating contracts, which:
 - exceed the Chief Executive's delegations, but
 - exclude contracts or arrangements that are reserved for the Council or another Committee's approval.
- Approval to write-off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).

The Committee is delegated the following recommendatory powers:

- To set the direction of Council's Financial Strategy.
- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

Recommendatory Oversight of Policies and Bylaws:

- *Funding Needs Analysis Policy*
- *Investment and Liability Management Policy*
- *Rates Remissions and Postponements Policy*
- *Rating Policy*
- *Revenue and Financing Policy*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipanga*

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 – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

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 Council 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 6727.

Council Report

Committee: Finance Committee

Date: 10 February 2022

Author: Narelle Waite

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of the Finance Committee Open Minutes of 14 December 2021

Report Status	<i>Open</i>
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Finance Committee confirm the Open Minutes of the Finance Committee Meeting held on 14 December 2021 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Finance Committee Unconfirmed Open Minutes of 14 December 2021

Finance Committee *Komiti Tahua* OPEN MINUTES

Minutes of a meeting of the Finance Committee held in Council Chamber and Audio Visual Link, Municipal Building, Garden Place, Hamilton and Audio-visual Link on Tuesday 14 December 2021 at 9.31am.

PRESENT

Chairperson	Cr R Pascoe
<i>Heamana</i>	
Deputy Chairperson	Cr M van Oosten
<i>Heamana Tuarua</i>	
Members	Mayor P Southgate (partially via audio-visual link) Deputy Mayor G Taylor (exclusively via audio-visual link) Cr M Bunting Cr M Gallagher Cr M Donovan Cr S Thomson (exclusively via audio-visual link) Cr E Wilson Cr D Macpherson (exclusively via audio-visual link) Maangai J Kana (exclusively via audio-visual link)

In Attendance	Lance Vervoort – Chief Executive David Bryant – General Manager People and Organisational Performance Chris Allen – General Manager Development Sean Murray – General Manager Venues, Tourism and Major Events Andrew Parsons – Executive Director Strategic Infrastructure Tracey Musty – Financial Controller Iain Anderson – Capital Financial Lead Chris Barton – Capital Projects Manager Julie Sanderson – Transformation Manager Matthew Bell – Financial Support Services Manager
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Governance Staff	Becca Brooke – Governance Manager Narelle Waite and Carmen Fortin – Governance Advisors
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1. Apologies - *Tono aroha*

Resolved: (Cr Bunting/Cr Wilson)

That the apologies for absence from Cr Naidoo-Rauf (Council business) and Cr O'Leary, for lateness from Mayor Southgate, Cr Hamilton and Cr Donovan and for early departure from Cr Thomson are accepted.

2. **Confirmation of Agenda - *Whakatau raarangi take***

Resolved: (Cr Pascoe/Cr Bunting)

That the agenda is confirmed.

3. **Declarations of Interest - *Tauaakii whaipanga***

No members of the Council declared a Conflict of Interest.

4. **Public Forum - *AAtea koorero***

Roger Stratford spoke to Item 9 (Office Goods & Stationary Contract Renewal) regarding the cost of stationery goods annually, calculation of averages, economies of scale, and Council's need to avoid cost increases. He also provided a written submission which was circulated to members prior to the meeting and is attached to these minutes as **Appendix 1**.

5. **Confirmation of the Finance Committee Open Minutes of 5 October 2021**

Resolved: (Cr Wilson/Cr van Oosten)

That the Finance Committee confirm the Open Minutes of the Finance Committee Meeting held on 5 October 2021 as a true and correct record.

6. **Chair's Report**

The Chair spoke to his report noting the deferred Elected Member briefing on the 2022/23 Annual Plan, Covid costs, impact of inflation, and the Taituarā Cost Adjusters report. Staff responded to questions from Members concerning the allowance for inflation in the draft budget, debt to revenue projections, resourcing opportunities including internships, the supply chain risk including material shortages' effect on the capital programme and mitigations in place, and reprioritisation of contracts.

Staff Actions: Staff undertook to report back with a proposal to increase the internship programme as part of the 2022/23 Annual Plan workshop.

Resolved: (Cr Pascoe/Cr van Oosten)

That the Finance Committee receives the report.

Mayor Southgate joined the meeting via audio-visual link (10.05am) during discussion of the above item. She was present when the matter was voted on.

7. **Capital Portfolio Monitoring Report**

The Capital Financial Lead spoke to the report in particular the graduate recruitment programme, capital spend, assessment of annual total deferral value, work in progress and delays to the capitalisation programme, programme risks including inflation and cost escalation, and projects effected by cost escalation and mitigations in place. He responded to questions from Members concerning inflation estimates and mitigations in the 2021/31 Long Term Plan, known project increases, and planned mitigations to be address in the 2022/23 Annual Plan process.

Resolved: (Cr Pascoe/Cr van Oosten)

That the Finance Committee receives the report.

Mayor Southgate left the meeting (10.08am) during discussion of the above item.

Mayor Southgate re-joined the meeting in person (10.45am) during discussion of the above item. She was present when the matter was voted on.

8. Financial Performance & Strategy Report to 31 October 2021 (Recommendation to the Council)

The Financial Controller spoke to the report noting the financial results showed a favourable variance against budget and provided explanations for favourable balancing the books and personnel results, revenue loss, and budget adjustments to operating expenditure. She responded to questions from Members concerning the target date for balancing the books, Council asset valuations and effect on depreciation, revenue for November, and revenue projections from facility bookings.

Resolved: (Cr Pascoe/Cr Wilson)

That the Finance Committee receives the report.

That the Finance Committee recommends that the Council:

- a) approves the capital movement as identified in paragraph 26 of the 14 December 2021 Capital Portfolio Monitoring Report;
- b) approves the significant forecast adjustments as set out in paragraphs 50 to 54 of the staff report; and
- c) approves the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 56 to 58 of the staff report.

The meeting was adjourned from 11.16am to 11.31am.

Deputy Mayor Taylor and Cr Macpherson left the meeting during the above adjournment.

9. Office Goods & Stationary Contract Renewal

The Financial Controller took the report as read.

Resolved: (Cr Wilson/Mayor Southgate)

That the Finance Committee:

- a) receives the report;
- b) approves the renewal of the Ministry of Business, Innovation and Employment All of Government contract with National Express Products for a term of up to seven years (3+2+2 years); and
- c) delegates authority to the General Manager People and Organisational Performance to finalise the contract on behalf of Council.

10. Chief Executive's Cost Savings Report

The Transformation Manager took the report as read. She responded to questions from Members concerning the quarterly reporting period for the report, digitisation of rates payments, e-auctions, chamber digital roll-out, Smart Space savings, animal control, and drone savings.

Resolved: (Cr Pascoe/Cr van Oosten)

That the Finance Committee receives the report.

Deputy Mayor Taylor re-joined the meeting (11.37am) during discussion of the above item. He was present when the matter was voted on.

Cr Macpherson re-joined the meeting (11.39am) during discussion of the above item. He was present when the matter was voted on.

11. Resolution to Exclude the Public

Resolved: (Cr Wilson/Cr Donovan)

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 Finance Committee Public Excluded Minutes of 5 October 2021) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Report on overdue debtors as at 31 October 2021 and Debt write-offs 2021/22) Official Information and Meetings Act 1987	
C3. COVID Contract Claims		
C4. Information Services - Eagle Technology (ESRI)		
C5. Information Services - IBIS Information Systems Report		
C6. Playground Renewals Tender Award		

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 protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)
Item C3.	to enable Council to carry out commercial	Section 7 (2) (h)

	activities without disadvantage	Section 7 (2) (i)
Item C4.	to enable Council to carry out negotiations	
Item C5.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C6.	to enable Council to carry out negotiations	Section 7 (2) (i)

The meeting moved to Public Excluded session at 11.41am.

The meeting was declared closed at 12.43pm.

Item 5

Attachment 1

Appendix 1

Attachment 1

Written Submission to Item 9: Office Goods & Stationary Contract Renewal

I wish to address the Public Forum by ZOOM on Item #9. "Office Goods & Stationary Contract Renewal".

I am discouraging the renewal of Council's contract with National Express Products as described in te Matapaki. I will argue such a course of action as by the staff recommendation presents a moral hazard, that will result in the 'avoidable cost increases' cautioned against in the current Chair's Report.

The renewal of the AoG Contract does not reflect the practise of an increasingly digitised workforce, presenting Tuuraru. I will argue that taking advantage of economies of scale is not showing sufficient "care" with the ratepayers' money.

R. Stratford, Hamilton

Item 5

Council Report

Item 6

Committee: Finance Committee

Date: 10 February 2022

Author: Iain Anderson

Authoriser: Chris Allen

Position: Capital Financial Lead

Position: General Manager
Development

Report Name: Capital Portfolio Monitoring Report

Report Status	<i>Open</i>
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1. To inform the Finance Committee on the financial performance of the capital portfolio for the five months ended 30 November 2021.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance Committee
 - a) receives the report; and
 - b) approves an increase of the scope of Contract 188/2019 with CB Civil to include Snell Drive Pump Station upgrade works to a value of \$5.0m noting that no additional funding is required and that no increase to the current Approved Contract Sum of \$29.0m is required.

Executive Summary - *Whakaraapopototanga matua*

3. This report is to be read in conjunction with the Financial Performance and Strategy Report to 30 November 2021.
4. This is the first year of the 2021-31 Long Term Plan (LTP). The LTP approved capital expenditure budget is \$328.7m and the approved revenue budget is \$101.6m
5. Since the LTP these budgets have been amended through changes approved by Council. The amended budget is referred to as the Forecast budget. The impact of the changes as at 31 October 2021 was expenditure had increased to \$380.7m and the associated revenue decreased to \$96.5m.
6. Additional changes since 31 Oct 2021 are, \$40.5m in deferrals and other changes of \$5.0m. The impact of these changes has been reflected in the Financial Strategy position to 30 November 2021.
7. The deferrals of \$40.5m are as at 30 November 2021. However, for the purposes of the 2022/23 Annual Plan and the Financial Strategy model an estimate of the full year deferrals has been made. Gross deferrals are estimated at \$90.0m with associated capital revenue of \$4.2m.
8. The total actual capital expenditure for the five months ended 30 November 2021 is \$100.6m, while the associated actual capital revenue for the same period is \$39.2m.

9. Capital work in progress (WIP) is \$493.0m, within this amount is \$126.9m of assets that are in service but have not yet been capitalised. To negate the impact on the operating result an estimate of the depreciation amount and been made and is reflected in the Annual Monitoring Report for the five months ended 30 November 2021.
10. Organisational work continues to ensure all outstanding WIP is capitalised by the end 30 June 2022.
11. Five projects across the portfolio have been flagged as having a risk(s) that is being brought to the attention of the Finance Committee. All five are classified as Orange, this status indicates significant risks that are being monitored and managed.
12. Updates are included on the three portfolio risks identified in the previous Finance Committee report:
 - i. shortage and cost escalation of construction materials;
 - ii. Waka Kotahi NZTA funding in the 2021-24 National Land Transport Programme; and
 - iii. increase in costs due to the ongoing COVID environment we are working in.
13. Approval is sought to manage some of the delivery risks of the Snell Drive Pump Station project by undertaking a large part of the work as a variation to an existing contract.
14. Staff consider the matters to be of low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Programme Summary and Significant Highlights

15. The following definitions are relevant:
 - i. Portfolio: refers to the total organisational capital work budget for 2020-21. As per the approved 2021-31 LTP the portfolio is \$328.7m. This is subsequently modified through the Forecast, including deferrals from prior years;
 - ii. Programme: refers to the nine programmes that are referred to in this report, which when added together equal the portfolio; and
 - iii. Project: refers to the individual project under a particular programme. These projects may have funding from multiple activities and occur across multiple years.
16. **Attachment 1** contains an overview of the nine programmes. Since the previous LTP a new programme summary has been included for the Central City. Each overview contains a summary of the key achievements and a graphical representation of the financial performance. The nine programmes are:
 - 1) Central City,
 - 2) City Wide Community,
 - 3) City Wide Waters,
 - 4) Peacocke,
 - 5) Rotokauri,
 - 6) Rototuna,
 - 7) Ruakura,
 - 8) Transport Improvement, and
 - 9) Renewal and Compliance.

17. **Attachment 2** contains a full schedule of the capital expenditure budgets. This schedule is presented using the external activities rather than the nine programmes. This detail relates to the summary table in paragraph 30.

Capital Expenditure Forecast Groups

18. For the purposes of this Capital Portfolio Monitoring report, there are three main types of capital budget movement that will impact on the forecasted total spend for this financial year. They are:
- i. **Deferrals and Brought Forwards:** These are approved budgets where a timing change has been identified. The timing change is either, a deferral, where the budget is moved out to a future year or a brought forward where the future budget is brought forward to the current year.
 - ii. **Capital Savings:** these are permanent reductions in the budget. The savings are tied back to the Organisation savings targets established through the 2021-31 LTP; and
 - iii. **Other Changes:** these are new budgets that either did not previously exist or is an amendment to an existing approved budget.
19. These three types apply to all programmes except the Renewals and Compliance Programme. This programme is managed as whole over the first 3 years (see paragraph 20).

Looking Forward - The next Three Years

20. The 2021-31 LTP first 3 years has a total capital expenditure programme of \$922.9m. In the previous LTP the first 3 years had a budget of \$740.2m. This continues to reflect both the significant growth the city is responding to and the need to renew/replace our existing assets.

Renewals and Compliance

21. This programme has been managed as a 3-year programme. This has proven to be successful in managing the renewals programme across a large and diverse range of assets. It has also allowed new projects to be accommodated within the financial envelope.
22. The approved budget for the 3-year programme from the 2021-31 LTP is \$235.3m, there is \$25.4m in associated capital revenue. Once deferrals for the prior years are included the total budget increases to \$247.7m

Capital Expenditure Actual

23. The actual capital expenditure for the five months ended 30 November 2021 is \$100.6m [\$84.8m]. The amount in the brackets is the comparative from the previous financial year.

Capital Revenue Actual

24. The actual capital revenue for the five months ended 30 November 2021 is \$39.2m [\$21.5m]. The amount in the brackets is the comparative from the previous financial year.
25. Capital revenue provides a significant revenue stream for Council, for the 2021/22 financial year the annual forecast is \$94.1m. The revenue received is directly related to asset creation.
26. Revenue is broadly categorised into two sources, NZTA Waka Kotahi subsidies and other Capital Contributions. Examples of other are, contributions received towards network connections, Government Grants such as Water Stimulus Funding or Te Awa Cycleway and Multi Party funding party agreement like the Ruakura Spine Road.

27. The following table provides further detail on the revenue breakdown.

**Breakdown of Capital Revenue
for the Year ending 30 June 2022**

	As at 30 Nov	Annual Forecast	Annual Approved LTP	Annual Variance
NZTA Capital Subsidy	19,106	49,896	60,479	(10,583)
NZTA Renewal Subsidy	3,126	8,246	8,246	0
Contributions and Grants	17,001	35,928	32,863	3,065
	39,233	94,070	101,588	(7,518)

Capital Forecast

28. This section includes changes that are being recommended to the Approved 2021-31 LTP. Changes in this section are classified in the three groups described in paragraph 18.
29. The changes included here are reflected in the Financial Strategy results published in the Financial Performance and Strategy Report.
30. The following table starts with the budget as per 2021-31 LTP and then shows the approved changes by meeting and by forecast group. A detailed schedule can be found in **Attachment 2**.

**Summary of Changes to the Capital Budget
for the 2021-22 Financial Year**

Finance Committee Meeting Date	Opening	As at 1 Jul	As at 31 Aug	As at 31 Oct	As at 30 Nov	
Expenditure in 000's						Total
Approved Budget	328,668	333,533	386,235	386,235	386,835	328,668
Deferrals & b/fwds	0	51,463	0	0	(40,459)	11,004
Savings	0	0	0	0	0	0
Water Stimulus	4,865	1,238	0	0	0	6,103
Changes	0	0	0	600	4,919	5,519
Closing Expenditure Budget (Forecast)	333,533	386,235	386,235	386,835	351,295	351,295
Revenue in 000's						Total
Approved Budget	101,588	101,588	101,588	100,418	100,418	101,588
Deferrals & b/fwds	0	(3,890)	0	0	(9,863)	(13,752)
Savings	0		0	0	0	0
Water Stimulus	0		0	0	4,353	4,353
Changes	0		(1,170)	0	3,051	1,881
Closing Revenue Budget (Forecast)	101,588	97,698	100,418	100,418	97,959	94,070

Capital Deferrals

32. These budgets have been moved out of the 2021/22 financial year and into the 2022/23 financial year.
33. As reported to the Finance Committee on 14 December 2021 the full value of deferrals for this year have been estimated at \$90.0m. This was required to understand the impact on the Financial Strategy position for the 2022/23 Annual Plan. The modelling used for the Annual Plan workshop on 17 February will use this value, noting the \$90m has been spread equally over the 2022/23 and 2023/24 Financial years.

Capital Savings

34. For the five months ended 30 November 2021 no capital savings have been identified.

Capital Changes

35. The changes as at 30 November 2022 reflect the changes due to the NLTP programme. There is also a change to the Ruakura Spine road where the budgets have been amended to reflect the external funding agreements.
36. Note the table in paragraph 30 has been amended to include the work programme being funded by the Water Stimulus funding. This programme of work is funded through the central government contribution and was not part of the Approved 2021-31 LTP. This work programme is schedule for completion June 2022.

Work in Progress (WIP)

37. The total value of WIP for the five months ended 30 November 2021 is \$493.0m, inclusive of vested assets.
38. The breakdown by status is:
- i. Current - \$366.1m (74.3%): this is legitimate WIP and reflects the assets that cannot be capitalised until they are complete and in use; and
 - ii. Outstanding \$126.9m (25.7%): these are assets are in service, but the capitalisation process has not yet been completed. This group is treated with priority. Depreciation is applicable but not yet charged.
39. As reported previously, WIP is simply an accounting disclosure of capital expenditure. It reflects fixed assets that are not yet fully operational. Until they are complete and operational the expenditure remains classified as WIP. However, once the asset is fully operational it is required to be capitalised, it is at this point the depreciation begins.
40. The 30 November result is similar to the October position, this does not indicate that there has been no progress rather it indicates that the value of capital expenditure including vested that was added during November has been offset by a similar level of capitalisation.
41. While this report is the November 2021 position it is pleasing to report that in January 2022 the WIP balance has reduced to \$462.3m reflecting the organisation push to actively address the outstanding balance.
42. The direct financial impact is the depreciation expense is understated. To ensure that we do not understate an assessment of the depreciation value has been made and recorded as an expense on the Statement of Comprehensive Revenue and Expense.

Project Risks - update

43. Overall, five projects have been identified as having a significant risk profile. This is a reduction of two from the previous report. All five are classified as Orange, this status indicates significant risks that are being monitored and managed.

Walking and Cycling Bridge

44. This project was budgeted assuming Waka Kotahi NZTA subsidy. This funding was not approved through the National Land Transport Programme announcement. As per the recommendation from the 7 December 2021 Infrastructure Operation Committee, the project is deferred until 2024/25 financial year with funding retained to continue the single stage business case.

Te Awa Cycleway Extension

45. Timing risk. The project had an estimated completion date of December 2021 in accordance with other sections of the overall Te Awa route. However, as reported previously construction progress is behind and the project now has an estimated completion date of mid-2022. Staff continue to work closely with the contractor to monitor progress.

Tristram/Collingwood Intersection Upgrade

46. Upgrade in alignment with the construction of new ACC building. Scope is still to be confirmed through the Infrastructure Operation Committee in early 2022. Once scope is agreed any costs impacts will be quantified and reported to Council.

Play spaces

47. This is timing risk. This project reflects the renewal and upgrades of playgrounds across the city. This type of project is dependent on specialist equipment/materials from abroad and with current supply chain delays due to COVID it is unlikely they will arrive as expected. Therefore, a deferral is likely to be requested.

Sports Park Improvements

48. This is timing risk. This project delivers improved levels of services and capacity at Sports parks through improved drainage, surfaces and floodlights. There is a dependency on specialist equipment/materials from abroad and with current supply chain delays due to COVID it is unlikely they will arrive as expected. Therefore, a deferral is likely to be requested.

Portfolio RisksCost Escalation

49. This risk was first reported to Finance Committee on the 24 August 2021. The risk described continues to exist, to recap:
- i. potentially significant portfolio risk is emerging relating to construction material and supply chain pressures. The risk is caused by both the national and international demand for certain materials as well as significant delays and increased costs of international freight. The risk consequences are project delays and escalating cost; and
 - ii. discussions with our contractors indicate recent shortages and/or significant cost escalations for certain products such as steel, concrete, pipes, fittings, bitumen, and glass to name a few.
50. The operating environment under Covid with the supply chain and escalation risks is significantly challenging and likely to get much worse with the spread of Omicron. Staff are continually looking at innovative ways to deliver the agreed work programmes and to manage as best as possible some of these extraordinary risks. Staff have been pursuing an innovative approach to deliver the Snell Drive Pump Station project and this is discussed in paragraphs 62-71 below.
51. As reported at 14 December 2021 meeting Council have received two reports from BERL (Business and Economic Research Limited). Both reports presented a consistent position that while costs increase in the current financial year (2021/22) were above what had been expected the economic modelling suggested that the future inflation rates would return to levels that were being expected pre COVID. In other words, the inflation rates that have been applied in the 2021-31 LTP remain appropriate.

52. Council will have an opportunity at the Annual Plan workshop to discuss the application of inflation on not only the Capital programme but the operating budgets as well. The workshop is scheduled for 17 February 2022.
53. For the current financial year any increases linked to cost escalation will be dealt with through the Forecast Process and brought to the Finance Committee for approval.

Confirmation of Waka Kotahi NZTA funding in the 2021-24 National Land Transport Programme

54. A full report was presented to the Infrastructure Operations Committee on 7th December 2021. This report covered the implications of the reduced NLTP programme.
55. The Infrastructure Operations Committee approved:
 - i. partial delivery of the Biking and Micro-mobility programme; and
 - ii. the re assignment of the funding from the Norton Road/Seddon Road /King Street Intersection upgrade to public transport improvements associated with the Comet and Meteor routes
56. Both these changes have been reflected in the Financial Strategy.
57. The remaining changes and therefore impact of the Financial Strategic NLPT will be considered as part of the other 2022/23 Annual Plan Process.

COVID Contract Claims

58. The report presented to the Finance Committee on 14 December 2021, quantified the financial impacts from the most recent COVID lockdown in the latter half of the 2021 calendar year.
59. These changes include increases to both Approved Contract Sums and Project budgets.
60. Due to the Christmas break these changes have not yet been reflected in the Financial strategy position reported in the Financial Performance & Strategy Report to 30 November 2021. However, they will be included in the Financial Strategy position for the Annual Plan workshop that is scheduled for 17 February 2022.
61. Currently Council is not aware of any further or additional claims. However, as we have now moved into the Omicron COVID environment there are likely to be significant impacts on productivity losses which will potentially affect both programme delivery and the budgets.

Snell Drive Pumpstation Risk and Opportunity

62. The Snell Drive Pump Station is a project that is particularly vulnerable to material cost increases and market cost increases.
63. The Snell Drive Pump Station diversion to the Far Eastern Interceptor is a critical planned project in the current 2021-31 LTP within the Wastewater Network Capacity Upgrade Programme.
64. The eastern wastewater network has insufficient capacity to cater for the existing catchment developments under wet weather conditions resulting in significant wet weather overflows in several concentrated areas. The target date for completion of this project is 30 June 2022 and an expedited procurement process is required to both achieve this date and also to secure value for money in the current Covid operating environment.
65. The current cost estimate to complete the project is \$7.5m which is fully funded within existing budgets for network capacity upgrades, noting that this is balanced across both the eastern and western wastewater networks. The project cost breakdown includes;
 - i. Professional services - \$1.3m

- ii. Physical works
 - a. CB Civil - \$5.0m
 - b. Other (Including Electrical) - \$1.2m
- 66. Given the urgency of the project and given the significant risk of material availability and escalating costs, Staff have been working with the existing designers (Beca) and contractors (CB Civil) undertaking the Peacocke Strategic Wastewater Transfer main to expedite the project taking an Early Contractor Involvement (ECI) approach.
- 67. The Snells Drive project is in the same vicinity as the CB Civil Peacock contract and it has been sensible to use CB Civil under the ECI approach to help refine the design and to secure better price certainty for the works.
- 68. CB Civil have performed exceptionally well and made good progress on their current contract to complete the Peacocke transfer main and are 12 months ahead of programme, have the capacity to undertake the Snell Drive project and have confirmed they will base their prices on the competitively tendered rates secured for the Peacocke Project, and deliver the project within the timeframes required by Council.
- 69. The CB Civil Contract current Approved Contract Sum (ACS) of \$29.0m is sufficient to accommodate the assigned Snells Drive Pump Station works, and no increase to the ACS is required from Committee. Approval is required to add the scope of parts of the Snell Drive project to the scope of the CB Civil contract 188/2019.
- 70. Approval is sought from Committee to increase the scope of contract 188/2019 with CB Civil to complete assigned Snells Road Pumpstation physical works to a value of \$5.0m. Parts of the project such as the electrical works and other miscellaneous work which will be sourced by separate contract.
- 71. Given the significant supply and escalation risk, the pipes have already been ordered through the CB Civil contract.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

- 72. Staff confirm that matters and recommendations within this report comply with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

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

Social

- 76. Work is currently underway to understand social procurement opportunities across our portfolio, which involves enhanced recognition and valuing of social benefits through particularly our selection of contractors.

Economic

- 77. Delivery of our capital works portfolio is required for the city to continue to grow and generate employment and wealth.

Environmental

- 78. Across the capital portfolio, environmental consideration is integrated throughout the project life cycle, including through design, procurement, and construction.
- 79. In the procurement phase all physical works contracts include a component to incorporate environmental and sustainability considerations into tender evaluation, where contractor initiatives such as materials reuse, energy requirements, electric vehicle utilisation, carbon offsets etc. can be valued.
- 80. Across the portfolio several works projects and programmes are specifically focussed on enhancing Hamilton's natural environment or ensuring effects of city development are not at the detriment of the natural environment.

Cultural

- 81. Across the portfolio, engagement and partnership with iwi is continuing at a project level, and work is underway to further align and partner at programme and portfolio levels to identify opportunities for enhanced partnership and shared outcomes. This is particularly in regard to alignment with objectives of the Waikato Tainui Environmental Plan – Tai Tumu Tai Pari Tai Ao.

Risks - *Tuuraru*

- 82. There are no known risks associated with the recommendations in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

- 83. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed the matters and recommendations in this report have a low level of significance.

Engagement

- 84. Community views and preferences are already known to the Council through the 2021-31 10-Year Plan.
- 85. Given the low level of significance determined, the engagement level is low, and no further engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Programme Summaries

Attachment 2 - Capital Expenditure Schedule

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CENTRAL CITY PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

Ahuahungia te pokapuu o teetehi taane e arohaina ai e te tangata

To shape a central city where our people love to be

We recognise Hamilton’s role as the civic, cultural and commercial heart of the Future Proof sub-region and the importance a well-connected, vibrant Central City plays in this. Council is working to encourage more people to live, work and play in the central city. Through delivering the Central City programme in alignment with the Central City Transformation Plan and the National Policy Statement on Urban Development (NPS-UD), we are investing in our central city, opening it up to the Waikato River, encouraging people to live and work here, and making it easy to access and move around in.

The key goals for the 3 year capital programme are:

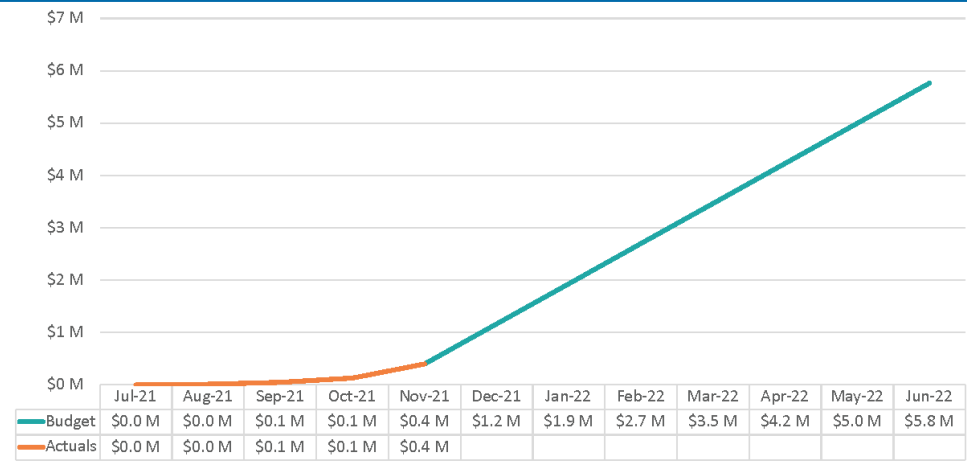
- Aligning with the development of Regional Theatre ensure connection between Victoria Street, the Theatre and the Waikato River through the development of Embassy Park and the Sapper Moore-Jones and Victoria Street theatre access. These improvements will make sure the spaces are safe, accessible, and enjoyable for a wide range of users.
- The enhancement of the Ferrybank Park through the demolition of the municipal pool in readiness for site restoration and interpretation.
- The upgrade of the Founders Theatre site to create a better place for events, community activities and recreation for Hamiltonian and attract residents to housing in the central city.
- Begin upgrades to Alexandra Street to align with the new design guidelines for the central city
- Construction underway for the Walking and Cycling bridge across the Waikato River. The bridge would create a new way for people to walk, bike, scoot to and from the central city, as well as the other neighbourhoods across the river.
- Upgrade of the Tristram/Collingwood intersection.
- Updating of the front entrance of the Museum with airlock doors and upgrading of the foyer.
- The upgrades at Wellington Street Beach to add to the liveliness and attractiveness of the beach as well as promoting the Maaori heritage and identity.

The key capital programme milestones for 2021/22 include:

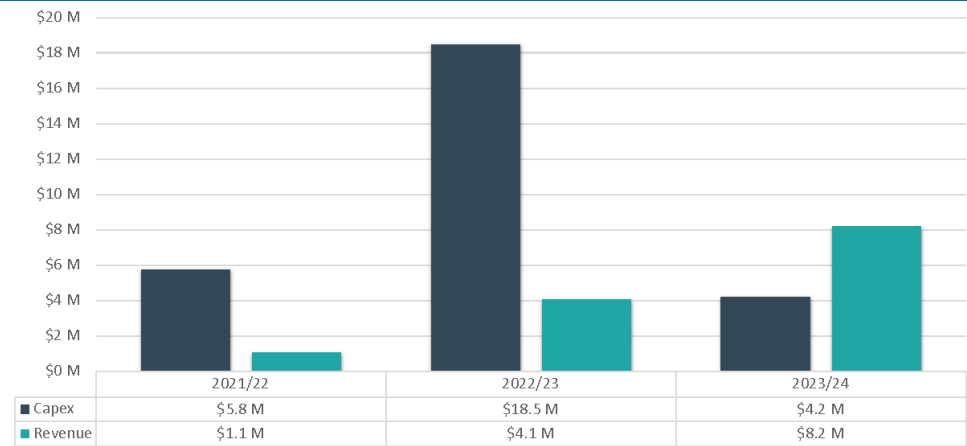
2021/22 Milestone	Performance
Tristram/Collingwood Intersection Upgrade complete.	Following report to Infrastructure Operations Committee on 28 September 2021 and subsequent Elected Member Briefing on 26 November 2021, scope still to be confirmed via In Ops committee early 2022 (note previous meeting/briefing). Implementation timing subject to scope decision and alignment with ACC development.
Investigation, scope and design complete or underway for: <ul style="list-style-type: none">• Embassy Park• Sapper Moore-Jones and Victoria Street• Alexandra Street• Museum Road Entrance• Wellington Street Beach	On Track
Municipal Pool demolition and site restoration design underway.	On Track
Walking and Cycling Bridge Business Case and Funding Strategy complete.	Waka Kotahi co-funding not prioritised in NLTP. Revised timeline for business case development currently being confirmed.

FINANCIAL PERFORMANCE

2021-22 Performance



3 Year Forecasted Budget



Central City
Jetty

CENTRAL CITY PROGRAMME CAPITAL REPORT

KEY PROJECTS													
Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Walking and Cycling Bridge	Hamilton Central City Growth will be supported by increased walking and biking connectivity, enhanced by new walking and cycling infrastructure. The bridge will support this as well as acting as a destination and centrepiece for wider riverside developments and supporting the long-held desire to face the central city towards the river. Revised timeline for business case development is currently being confirmed.		\$27.9 M	\$0.0 M	tbc								
Ward Street - Tristram to Angelsea	Develop Ward Street to be safe for people to move around. This is necessary to cater for the increasing number of pedestrian and cyclists moving along Ward Street and surrounding areas. Timing is expected to align with the Tūāpapa development which is not currently planned for this 3 year period. A report will come to Infrastructure Operations Committee in early 2022.		\$4.6 M	\$0.0 M	\$4.6 M								
Embassy Park (River Plan South End Precinct)	To support the Waikato Regional Theatre development, we're making some improvements to the public spaces in the area. This will create a better connection between Victoria Street, the Theatre and the Waikato River.		\$5.1 M	\$0.0 M	\$5.1 M	Investigation	Design			Construction			
Sapper Moore-Jones and Victoria St - Theatre Access & Pedestrian Environment	In alignment with the Waikato Regional Theatre Development, we're making some improvements to vehicle and pedestrian access to the area. These improvements will make sure the spaces are safe and accessible to a wide range of users and make it a more enjoyable space to spend time in.		\$1.0 M	\$0.0 M	\$1.0 M	Investigation				Construction			
Ferrybank Park Enhancement - Municipal Pool Site	Demolition of the pools in readiness for site restoration and interpretation. The conversion of the site into a park space will reconnect the community to the river, enhance our green space, and provide more space for play and recreation within the central city.		\$1.4 M	\$0.2 M	\$1.4 M	Procurement				Construction			
West Town Belt Implementation - Founders Theatre Site Upgrade	The Founders Theatre site is a significant public green space in the central city. Enhancing central city green spaces is key to attracting residents to housing in the central city. The upgrade will create a better place for events, community activities and recreation for Hamiltonians.		\$4.0 M	\$0.0 M	\$4.0 M	Investigation	Design	Procurement		Construction			
Alexandra Street Upgrade	Alexandra Street will be transformed to align with the new design guidelines for the central city. Upgrades will result in a street that celebrates place and safe movement of people. Alexandra Street upgrades will improve the central city walking and cycling experience, integrating movement and place to better reflect character and identity. Scope and timing of implementation to be confirmed in early 2022.		\$5.1 M	\$0.0 M	\$5.1 M	Investigation							
Tristram/Collingwood Intersection Upgrade	Upgrade the existing Tristram/Collingwood roundabout in alignment with development of the new ACC building to deliver a safer, more efficient transport network for all users. Scope still to be confirmed via Infrastructure Operations Committee in early 2022 (this is following on from the Infrastructure Operations Committee on 28th September & subsequent elected member briefing on 26th November 2021). Implementation timing subject to scope decision and alignment with ACC development.		\$3.2 M	\$0.2 M	\$3.2 M	Investigation	Procurement			Construction			
Museum Road Entrance Upgrade	Upgrading Waikato Museum so it is fit for the future; through updating the front entrance with airlock doors and upgrading the foyer to better maintain and protect art works and taonga we need to upgrade the road entrance.		\$3.8 M	\$0.0 M	\$3.8 M	Investigation				Design			
River Plan - Wellington Street Beach	The upgrades at Wellington Street Beach will add to the liveliness and attractiveness of the beach as well as promoting the Maori heritage and identity. Protecting the water and soil quality also protects native vegetation and strengthens the natural environment along the Waikato River.		\$1.2 M	\$0.0 M	\$1.2 M	Investigation				Design			



Project status

- Project is on track
- Project has significant risks that are being monitored and managed
- Project has significant risks that will require Council decision

CITY WIDE WATERS PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

He wai tonu ka whai ture, ka haapai hoki i te tupuranga

Ensuring the provision of essential water services that allow for future growth and compliance

The Citywide Waters programme ensures we can continue to keep up with new specifications, policy and standards implemented by government (compliance) and make sure our infrastructure can adapt to the pressures of growth (resilience) in our water supply, wastewater, and stormwater.

The key goals for the 3 year capital programme are to:

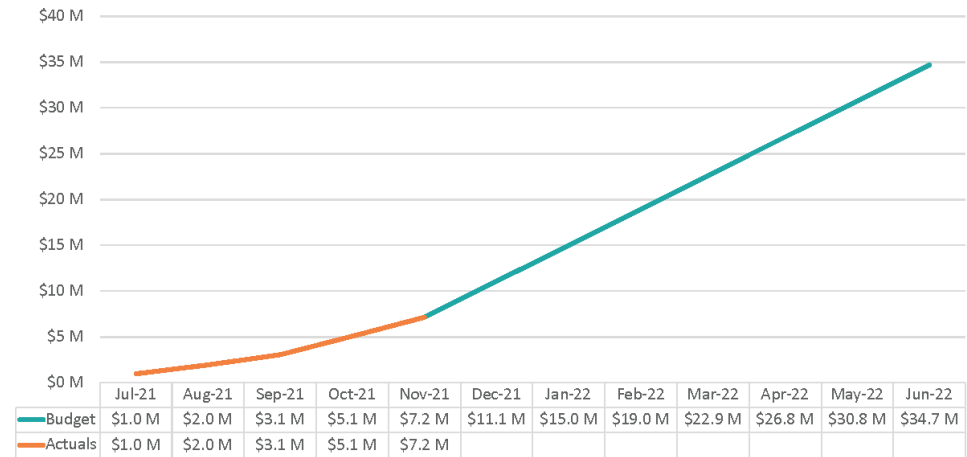
- Complete the Pukete Wastewater Treatment Plant 3b and 3c upgrades and to have commenced the design of the Pukete 4 upgrade.
- Complete the mid-section of the Western Interceptor duplication and to have commenced the investigation work to confirm the Upper Network reticulation.
- Designate Strategic Wastewater Bulk Storage sites and to have commenced construction of one.
- Upgrade of the Fitzroy Pump Station and Snell Drive Sewer Pump station diversion complete.
- Waiora 2 Water Treatment Plant upgrade including the wash water upgrade complete.
- Complete the Newcastle Demand Management Zone water project.
- Complete the Eastern Bulkmain resilience project.
- Progress the ICMP and Erosion Control programme.
- Work with active developers to upsize infrastructure if necessary.

The key capital programme milestones for 2021/22 include:

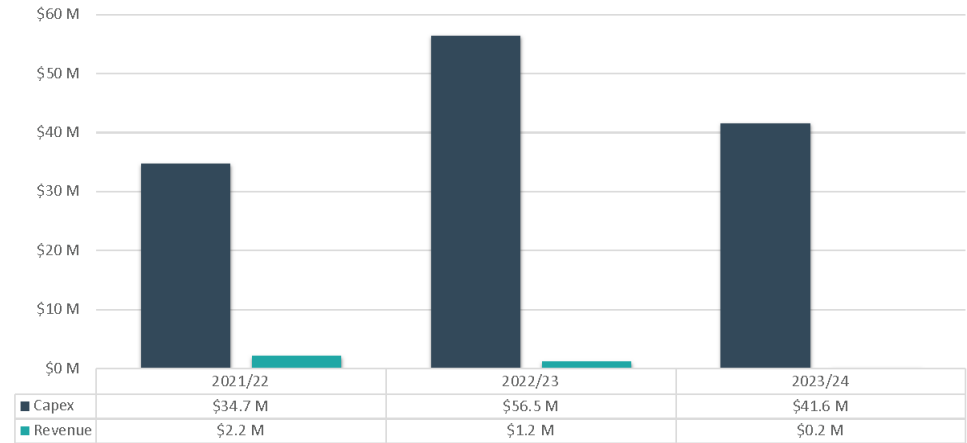
2021/22 Milestone	Performance
Pukete WWTP inlet work and bioreactor retrofit design completed.	● On Track
Newcastle Demand Management Zone contract awarded and construction underway.	● On Track
Waiora 2 capacity upgrade design complete, and construction underway.	● On Track
Mangaonua stormwater erosion control and gully restoration works underway.	● On Track
Snell Drive Wastewater Pump station upgrade complete.	● On Track
Preferred options confirmed for Wastewater Bulk Storage sites.	● On Track

FINANCIAL PERFORMANCE

2021-22 Performance



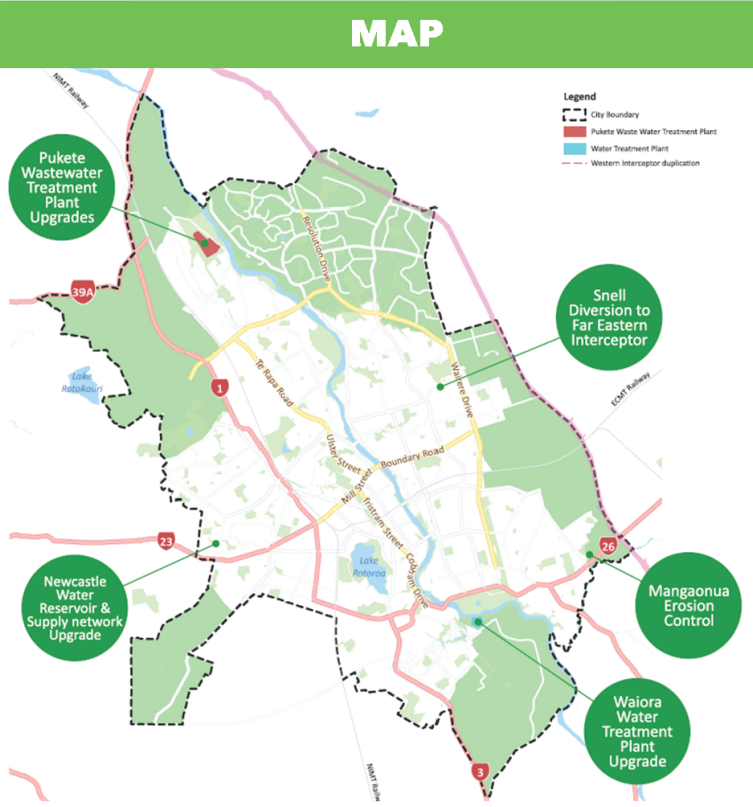
3 Year Forecasted Budget



CITY WIDE WATERS

PROGRAMME CAPITAL REPORT

KEY PROJECTS																	
Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23				2023/24			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pukete 3 Wastewater Treatment Plant Capacity Upgrade - Bioreactor Retrofits	Modification of the existing Bioreactors to promote a higher treatment performance and operational efficiency		\$3.5 M	\$0.2 M	\$3.5 M		Design	Procurement								Construction	
Pukete 3 Wastewater Treatment Plant Capacity Upgrade - New Inlet works	A new dedicated inlet screenings facility to replace the original inlet works		\$19.4 M	\$0.0 M	\$19.4 M			Design	Procurement							Construction	
Waipara 2 Water Treatment Plant Capacity Upgrade	Major capacity upgrade on the water treatment plant including an upgraded chemical facility and additional treatment process to increase the overall plant capacity by 30%.		\$39.6 M	\$19.3 M	\$39.6 M	Design	Procurement									Construction	
						Revised Schedule		Design	Procurement							Construction	
Newcastle Water Reservoir and Supply Network Upgrade	Installing new water pipes and upgrading the reservoir pump station to improve functionality, network operations and resilience.		\$16.8 M	\$3.8 M	\$16.8 M										Construction		
Mangaonua Stormwater Erosion Control and Gully Restoration	Part of the Ruakura Superhub development, including planting of over 100,000 native plants and creation of DOC style access tracks. Design, consenting and land access/procurement agreements are well advanced to enable construction commencement in early 2022.		\$4.3 M	\$0.3 M	\$4.3 M	Design	Procurement									Construction	
Wastewater Bulk Storage	Wastewater master plans have identified storage volumes and conceptual locations for a number of bulk storage facilities over the entire city. Work is underway for the first phase of storage facility feasibility assessment being the confirmation of location, form and designation.		\$41.0 M	\$0.1 M	\$41.0 M				Investigation						Design	Construction	
Snell Diversion to Far Eastern Interceptor	A strategic wastewater network capacity upgrade project to construct one Sewer Pump Station (SPS) at the Snell Drive reserve and also the installation of a new Pipeline (Rising Main and Gravity main).		\$5.1 M	\$0.5 M	\$5.1 M	Design								Construction			
Project status																	
<div><div></div>Project is on track</div> <div><div></div>Project has significant risks that are being monitored and managed</div> <div><div></div>Project has significant risks that will require Council decision</div>																	



Newcastle Water Reservoir

CITY WIDE COMMUNITY PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

Whakapai atu te mauri o ngaa waahi taangata me ngaa waahi wairua auaha
Improving the vibrancy of our social and creative spaces

Through delivering the Community programme, we are investing in places and spaces across our city, that can be enjoyed by all Hamiltonians and the people who visit us here. The outcome will be a city that's easy to live in and a fun city with lots to do.

The key goals for the 3 year capital programme are:

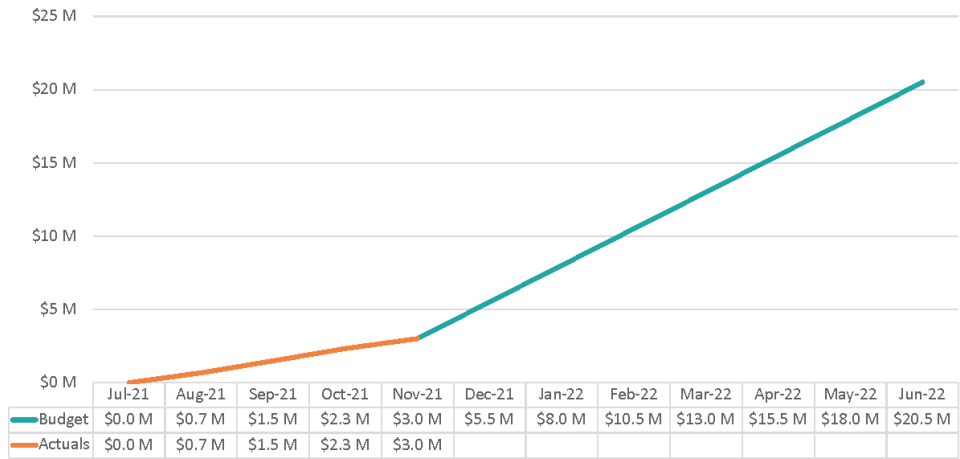
- Completion of the Zoo Waiwhakareke Entry Precinct including:
- Stage 1A (Zoo entry building and Waiwhakareke connections)
 - Stage 1B (Viewing Tower, Rongoa Walkway and Walkway Canopy)
 - Stage 2 includes carparks for the Zoo and Waiwhakareke (bringing both sides of the precinct together with stormwater management and landscaping) and also includes the urbanisation of Brymer Road.
- Completion of the Savannah Accommodation project, at the Zoo.
 - The ongoing development of the Hamilton Gardens including the Egyptian Garden, Palm Court, upgraded Visitor Arrival Centre and design of the Medieval Garden.
 - Covering of the Lido Pool.
 - Completion of the following:
 - 9 new or upgraded playgrounds
 - Sports park drainage and irrigation improvements at 3 parks
 - Sports park floodlighting and safety lighting improvements at 3 parks
 - Sports park toilet and changing room improvements at 3 parks
 - Delivery of a purpose-built facility for Pukete Neighbourhood House to operate community outreach services.
 - Commence the construction of gully connections to enable deliver of the Nature in the City Strategy and Implementation Plan.

The key capital programme milestones for 2021/22 include:

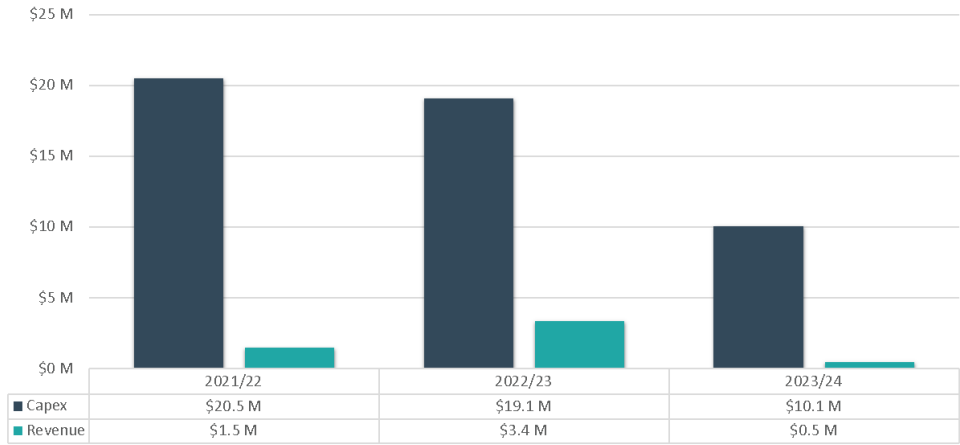
2021/22 Milestone	Performance
Stage 1A and 1B Complete of Zoo Waikwhakareke Entry Precinct. Stage 2 construction started.	On Track
Zoo Savannah Accommodation investigation complete	On Track
Egyptian Garden and Palm Court open	On Track
Hamilton Gardens Visitor Arrival Centre design complete	On Track
Feasibility and options study for the Lido Pool Cover	On Track
Mahoe Park, Zoo and Melville Park playgrounds upgraded	Material Delays
Drainage and irrigation improvements at Flagstaff and Swarbrick parks completed	Weather and club season constraints
Floodlighting and safety lighting at Korikori Park and Porritt Stadium installed	Material Delays
Toilet and changing room improvements at Deanwell Park complete	Material Delays
Programme set up with scoping of works complete for Nature in the City	On Track
Pukete Neighbourhood House investigation complete	On Track

FINANCIAL PERFORMANCE

2021/22 Performance



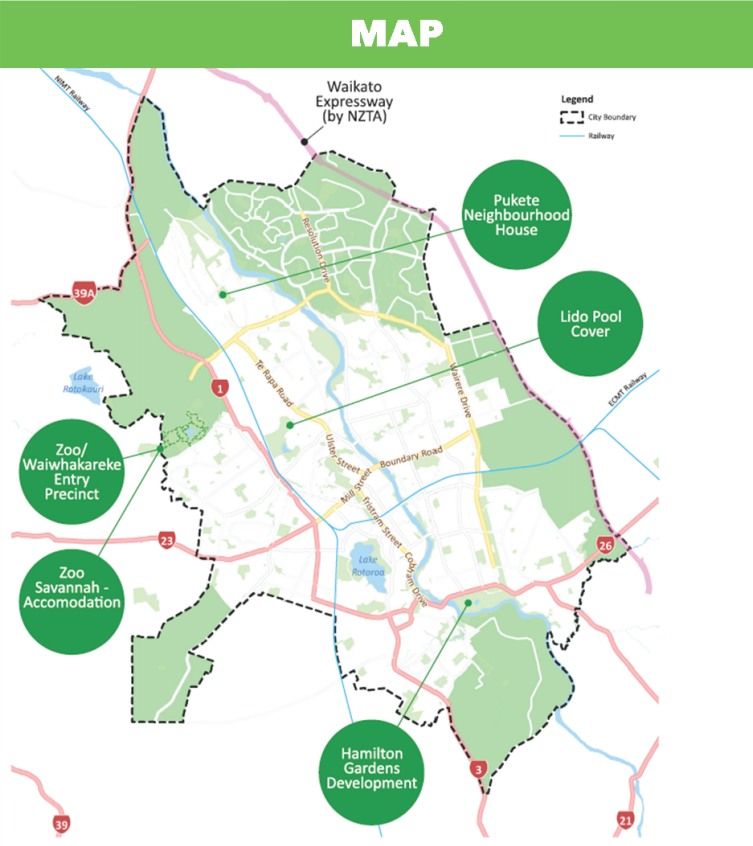
3 Year Forecasted Budget



Zoo /
Waiwhakareke
Entry Precinct

CITY WIDE COMMUNITY PROGRAMME CAPITAL REPORT

Key Projects																	
Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23				2023/24			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Lido Pool Cover	Construction of a building or semi-permanent cover over the existing Lido pool at Waterworld, to enable pool usage in winter while also enabling summer open space swimming.	On Track	\$5.8 M	\$0.0 M	\$5.8 M	<div><div></div><div>Investigation</div><div>Design</div><div>Construction</div></div>											
Pukete Neighbourhood House	Building of a purpose built facility (attached to Te Rapa Sportsdrome) for Pukete Neighbourhood House (PNH) to operate community outreach services. This enables Te Rapa Sportsdrome to be fully utilised as a indoor sporting facility.	On Track	\$2.0 M	\$0.0 M	\$2.0 M	<div><div>Investigation</div><div>Design</div><div>Construction</div></div> <div><div>Revised Schedule</div><div>Investigation</div><div>Design</div><div>Construction</div></div>											
Play Spaces	The renewal and upgrade of playgrounds across the City. Budget shown includes both playground upgrades and renewals. The budget shown is for 2021/22 to 2023/24. Amber due to a timing risk with getting specialist equipment/materials into NZ. The Zoo Playground is on track to be delivered this financial year.	At Risk	\$2.2 M	\$0.0 M	\$2.2 M	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div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- Project is on track
- Project has significant risks that are being monitored and managed
- Project has significant risks that will require Council decision

PEACOCKE PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

Ko te whakakitenga moo te whenua Peacocke - Ko te aaheinga o te hanga he waahi ataahua, he waahi toiora ki Peacocke.

The vision for the Peacocke Programme is to enable the development of an attractive and sustainable community in the Peacocke Growth Cell.

Over the next 10 years, Peacocke is projected to deliver a third of Hamilton's medium-term housing needs and 26% of Hamilton's long-term housing needs. The Peacocke capital programme includes the delivery of the strategic network infrastructure, community facilities and infrastructure, and associated ecological protection and enhancement. \$290.4M of the approximately \$420M 10 year capital programme is funded through the Housing Infrastructure Fund interest-free loan, with most of the infrastructure planned for completion by 2025.

The key goals for the 3 year capital programme are:

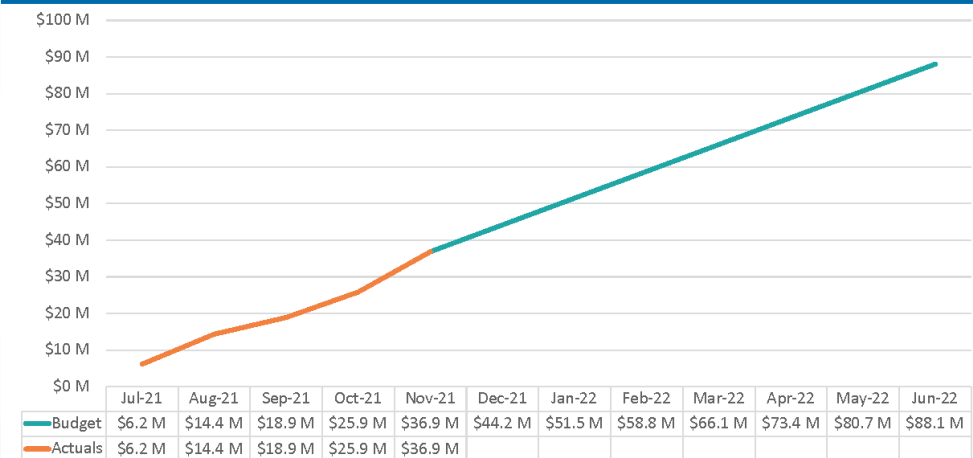
- Land acquisition for key wastewater and Southern Links transport projects
- Completing Notice of Requirement and Land acquisition for the northern sports park
- Implementation of key transport and wastewater for network infrastructure projects including:
 - Wairere Drive Extension and the northern part of the Peacocke Road Urban Upgrade (Completion 2023)
 - Peacocke Northern Transfer Main (Completion 2022)
 - Peacocke Main Transfer Pump Station (Completion 2023)
 - East-West Minor Arterial Road (Design under way - Construction 2022 - 2024)
 - Peacocke Road Urban Upgrade Southern Section (Design under way - Construction 2022 - 2024)
 - North-South Wastewater (Design under way - Construction 2022 - 2024)
- Approval of the Integrated Catchment Management Plan (ICMP) for Mangakootukutuku
- Implementation of environmental mitigation and enhancement associated with projects.
- To work with active developers to upsize infrastructure if necessary.

The key capital programme milestones for 2021/22 include:

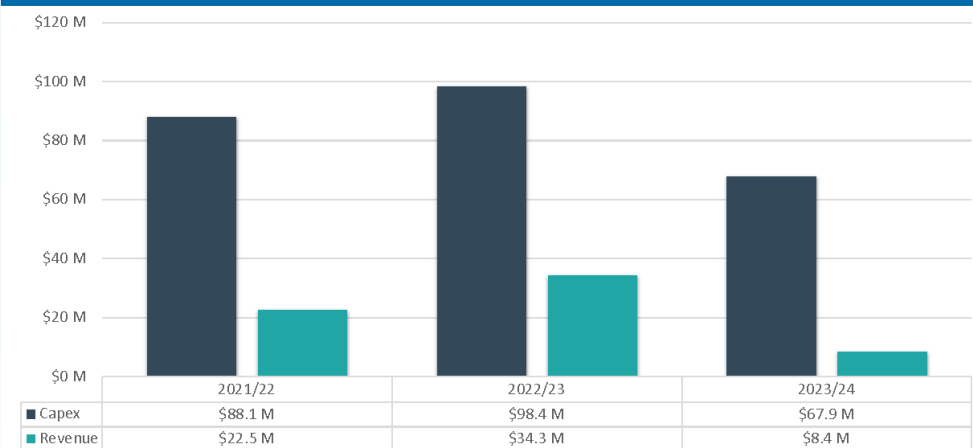
2021/22 Milestone	Performance
Completion of the Northern Transfer Main project	● On Track
Commence erection of the Waikato River Bridge superstructure	● On Track
Commence construction of the Peacocke main transfer pump station	● On Track
Complete design and commence procurement for Peacocke Road, the East-West minor arterial, and north-south strategic wastewater	● On Track
Resolve the remaining property objection and commence Land Valuation Tribunal process	● On Track

FINANCIAL PERFORMANCE

2021-22 Performance



3 Year Forecasted Budget



Waikato
River
Bridge

PEACOCKE PROGRAMME CAPITAL REPORT

KEY PROJECTS

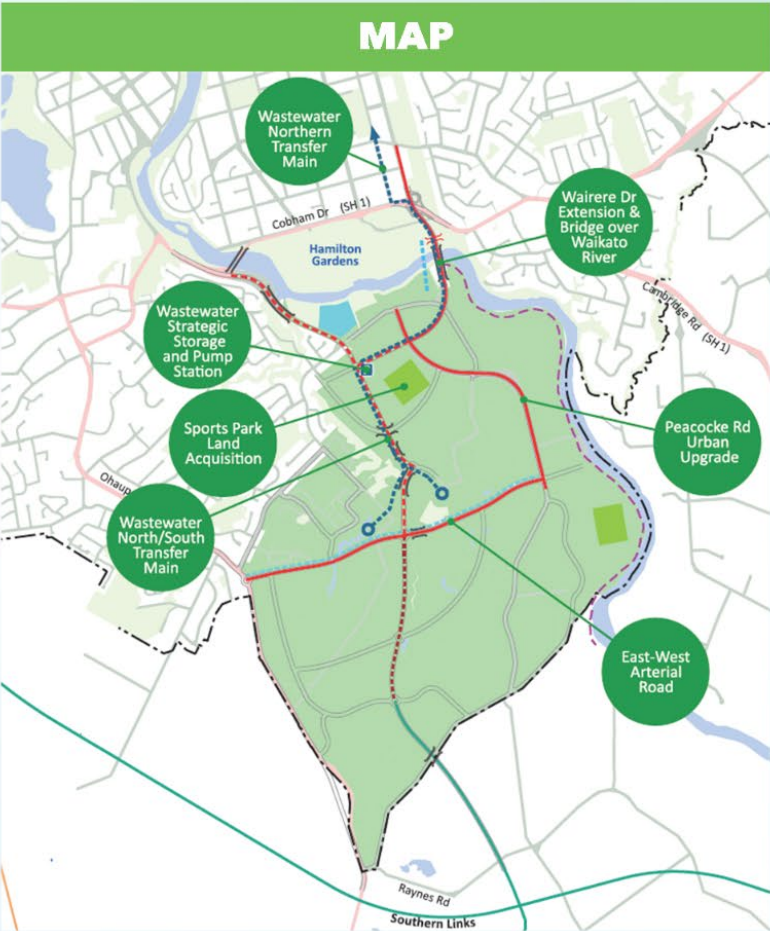
Project Name		Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23				2023/24			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Wairere Drive Extension and Bridge over Waikato River to Peacocke North-South Arterial Including Peacocke Road Urban Upgrade (north)		Construction of a new major arterial roading connection into Peacocke, including a bridge across the Waikato River and strategic utility connections. Budgets are HCC Peacocke Programme only and do not include third party works (e.g. private developer agreement).		\$140.3 M	\$62.1 M	\$140.3 M	<div>Construction</div>											
Wastewater Northern Transfer Main (Peacocke to Far Eastern Interceptor at Crosby Road)		Construction of approximately 7.5km of dual wastewater pressure pipelines to connect the Peacocke Strategic Wastewater pump station to the Far Eastern Interceptor (parts at and south of river being delivered as part of Wairere Drive Extension).					<div>Construction</div>											
Peacocke Strategic Wastewater Pumpstation (N4)		Construction of a new major wastewater transfer pump station and associated storage, including connections to the existing wastewater network in Fitzroy to optimise early performance and relieve demand on the city's western network.		\$78.4 M	\$33.1 M	\$78.4 M	<div>Design</div>		<div>Construction</div>									
Peacocke North/South strategic wastewater		Construction of approximately 2km of wastewater pressure pipelines to connect future development around the planned Peacocke East-West Arterial to the Peacocke Strategic Wastewater pump station including two bridges across gullies.					<div>Design</div>				<div>Construction</div>							
Peacocke Road Urban Upgrade (south)		This will upgrade the existing rural Peacockes Road between the Wairere Drive Extension works and the East West Minor Arterial to appropriate urban road standards to support development in east and south Peacocke .		\$7.3 M	\$0.5 M	\$7.3 M	<div>Design</div>		<div>Construction</div>									
Peacocke East/West Minor Arterial Road (Stage 2)		This minor arterial road connection will link Peacockes Road in the east with Chaupo Rd/State Highway 3 (SH3) in the west.		\$43.9 M	\$2.2 M	\$43.9 M	<div>Design</div>		<div>Construction</div>									
Land Acquisition		The purchase of land to allow for the construction of infrastructure. Peacocke Land		\$38.2 M	\$18.7 M	\$38.2 M	<div>Procurement</div>											
Sports Park Land Acquisition		The land purchase and basic development of two sports parks in Peacocke.		\$37.5 M	\$9.3 M	\$37.5 M	<div>Procurement</div>											

Project status

Project is on track

Project has significant risks that are being monitored and managed

Project has significant risks that will require Council decision



ROKOKAURI-NORTHWEST PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

To ensure Hamiltonians enjoy a connected, vibrant, attractive and prosperous Rotokeauri-Northwest community

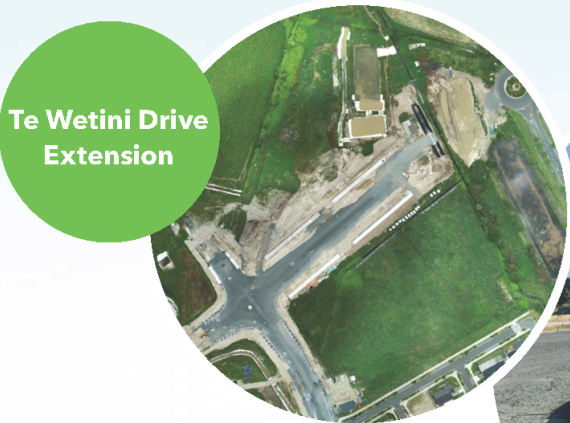
The Rotokeauri-Northwest growth cell refers to Rotokeauri Stage 1, Rotokeauri Stage 2 and Te Rapa North (including Te Awa Lakes). Rotokeauri-Northwest neighbourhood will one day be home for up to 20,000 people.

The key goals for the 3-year capital programme are:

- To complete the designation and preliminary design of the the Rotokeauri Transport arterial.
- To complete the preliminary design and consenting requirements of the Rotokeauri Green Swale.
- To work with active developers to upsize infrastructure if necessary.

The key project milestones for 2021/22 include:

2021/22 Milestone	Performance
To have an approved business case for the transport arterials and to have lodged a designation.	● On Track
To have lodged consent for the Rotokeauri Green Swale.	● On Track
Completion of the Te Wetini Drive extension which is developer lead.	● On Track



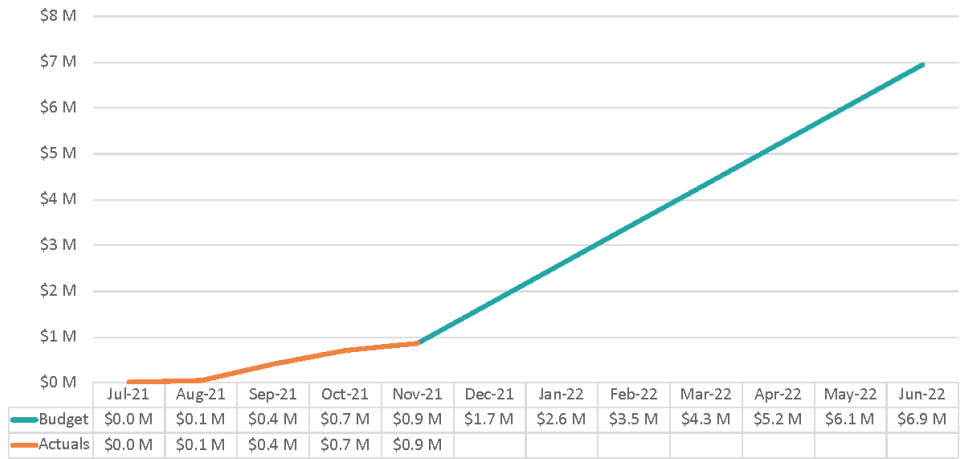
Te Wetini Drive Extension



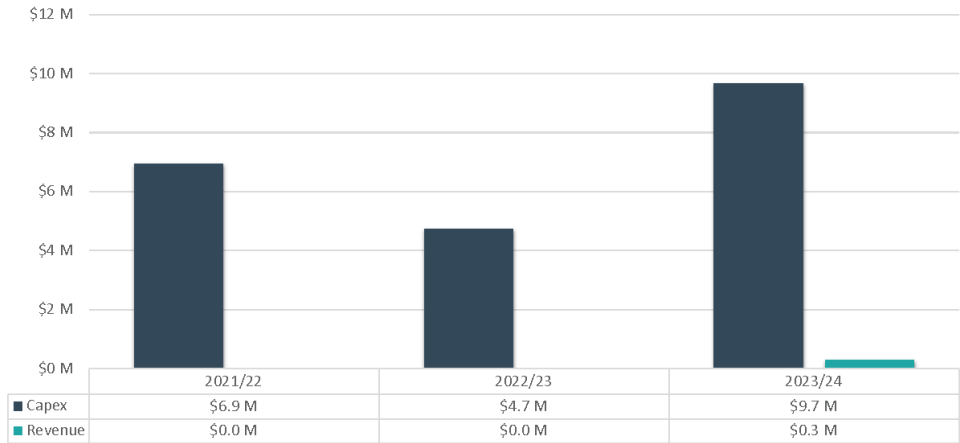
Te Wetini Drive Extension

FINANCIAL PERFORMANCE

2021-22 Performance



3 Year Forecasted Budget



ROKOKAURI-NORTHWEST PROGRAMME CAPITAL REPORT

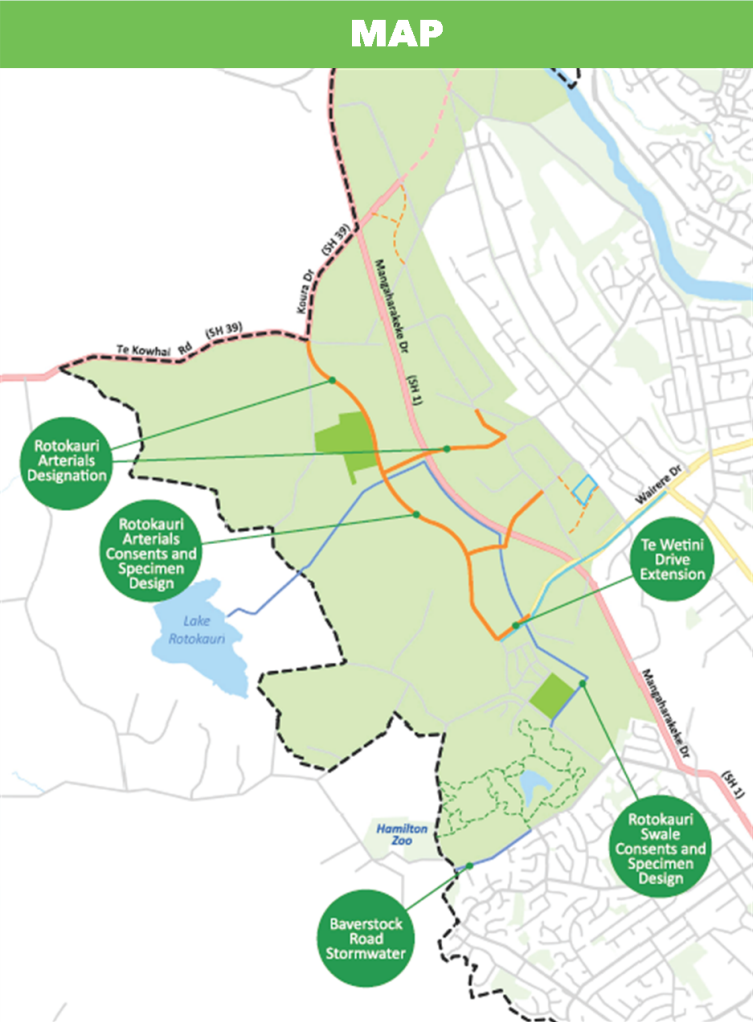
KEY PROJECTS													
Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Baverstock Rd Stormwater	An aggregated wetland to treat and attenuate stormwater from existing and future development.		\$1.2 M	\$0.0 M	\$1.2 M	Procurement		Construction					
Rotokauri Swale Consent & Design	Securing consents and Specimen Design for the Rotokauri Greenway Corridor		\$9.1 M	\$0.1 M	\$9.1 M	Procurement							Design
Rotokauri Roding Arterial	Protecting land corridors required for future roading development and progressing design.		\$6.5 M	\$2.8 M	\$6.5 M				Investigation				
Te Wetini Dr Extension	To extend Te Wetini Drive from Akoranga Road to the new Rotokauri north-south minor arterial.		\$1.2 M	\$0.4 M	\$1.2 M				Construction				

Project status

Project is on track

Project has significant risks that are being monitored and managed

Project has significant risks that will require Council decision



ROTOTUNA PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

Ko te aaheinga o te hanga he waahi ataahua, he waahi toiora ki Rototuna

Enabling the development of an attractive and sustainable community in the Rototuna growth area

Rototuna in the city's north-east is currently Hamilton's primary residential greenfield development area. With development of the area already well advanced and thousands of Hamiltonians calling this area home, the focus of our programme is to provide strategic infrastructure to support the final stages of development and to provide and enable development of facilities to support thriving and liveable communities.

The key goals for the 3 year capital programme are to:

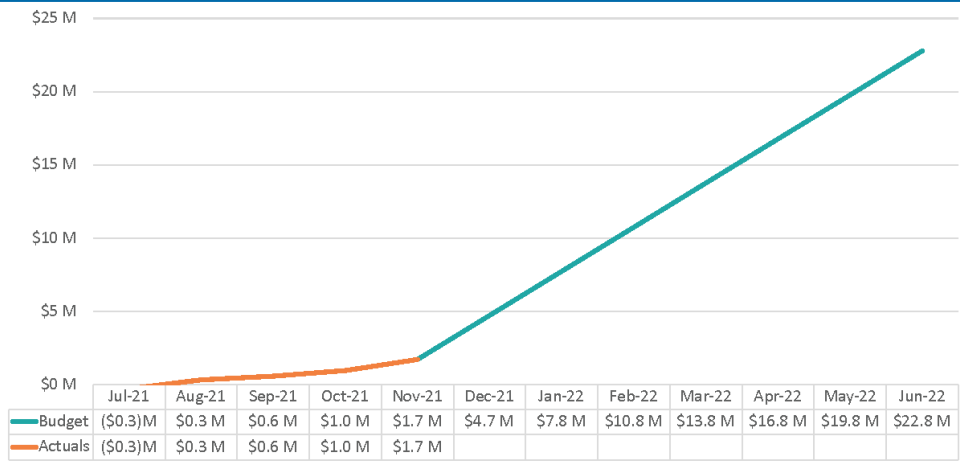
- Complete the Borman/Horsham Extension and urban upgrade project.
- Complete the Rototuna Village Community facility project including provision of the supporting infrastructure.
- Purchase of an additional neighbourhood reserve.
- To work with active developers to upsize infrastructure if necessary.

The key project milestones for 2021/22 include:

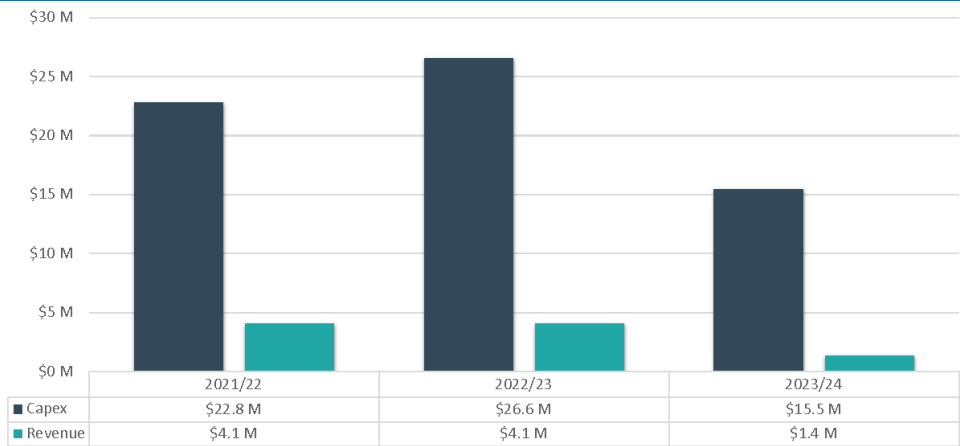
2021/22 Milestone	Performance
Contract is awarded for the Borman/Horsham Extension and urban upgrade project.	● On Track
The library building is under construction.	● On Track
The North City Road upgrade and the Fergy to Bourn Brook Road upgrade project is under construction.	● On Track
Basic development of recreational space and improved access paths of Hare Puke Park, Mangaiti Park and Te Manatu Park completed.	● On Track
Pragma North East Rototuna development has agreement for service provisions and development is in progress.	● On Track

FINANCIAL PERFORMANCE

2021-22 Performance



3 Year Forecasted Budget



ROTOTUNA PROGRAMME CAPITAL REPORT

KEY PROJECTS

Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23				2023/24			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Borman Horsham Urban Upgrade and Extension	Design development for the extension of this key piece of road which will include associated urban upgrades and a new intersection at Horsham Downs Road.		\$23.7 M	\$1.0 M	\$23.7 M	Design	Procurement	Construction									
Rototuna Village - Community Facilities (Library)	Development of new library, community hub, play spaces, village square and carparks.		\$20.4 M	\$1.8 M	\$20.4 M	Procurement		Construction									
Rototuna Village Transport and Open Spaces	Transport network upgrades through the Rototuna Village area including Turakina/Bourn Brook extensions. The extension of Turakina Rise is delayed as staff work with Waikato Regional Council on the resource consent approval.		\$12.6 M	\$1.0 M	\$12.6 M	Design	Procurement	Construction									
Resolution Drive Extension	The extension of Resolution Drive (north) to connect to the new Waikato Expressway. Waka Kotahi is constructing this as part of the Waikato Expressway. Waka Kotahi NZTA continue to signal scope changes and additional Council contributions.		\$10.4 M	\$9.3 M	\$10.4 M	Construction											
Rototuna Parks and Reserves Upgrades	Development of Hare Puke Park and Mangaiti Park into sports parks. Improving walking/cycling networks, playground and recreational space at Te Manatu Park.		\$2.6 M	\$2.1 M	\$2.6 M	Construction											

Project status

Project is on track

Project has significant risks that are being monitored and managed

Project has significant risks that will require Council decision



Te Manatu Sports Park

RUAKURA PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

To ensure Hamiltonians enjoy a connected, vibrant, attractive and prosperous Ruakura community

Ruakura will become New Zealand’s largest integrated development, which will be anchored by a 30ha inland port operation. Once developed, Ruakura will become home for up to 8000 Hamiltonians, and will deliver major economic, social, environmental, and cultural benefits to the Waikato and New Zealand.

Overall, programme activity across Ruakura is going well and delivery of key infrastructure for the area is progressing. Staff continue to work in partnership with Tainui Group Holdings (TGH) and Central Government to enable the development of Ruakura and the Ruakura Superhub.

The key goals for the 3 year capital programme are:

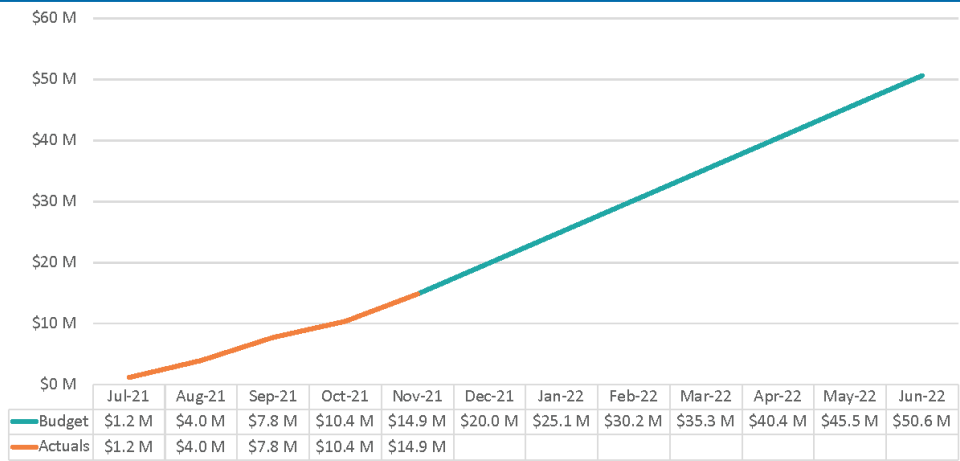
- To provide strategic transport, wastewater infrastructure and water infrastructure that allows the Ruakura Superhub to develop.
- To complete a business case and specimen design for the Ruakura Eastern Transport Corridor connecting the superhub to central and north Hamilton.
- To work with active developers to upsize infrastructure if necessary.

The key project milestones for 2021/22 include:

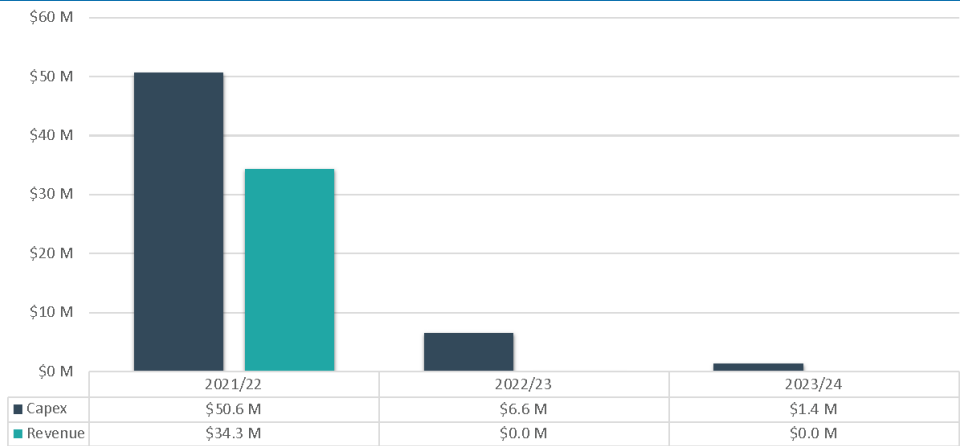
2021/22 Milestone	Performance
Completion of the Ruakura Road urban upgrade and the Ruakura Road West connection.	● On Track
Completion of strategic wastewater and water infrastructure.	● On Track
Works underway to protect the Mangaonua stream (see City Wide Waters Programme).	● On Track
An agreement on the preferred concept for the Eastern Transport Corridor.	● On Track

FINANCIAL PERFORMANCE

2021-22 Performance



3 Year Forecasted Budget

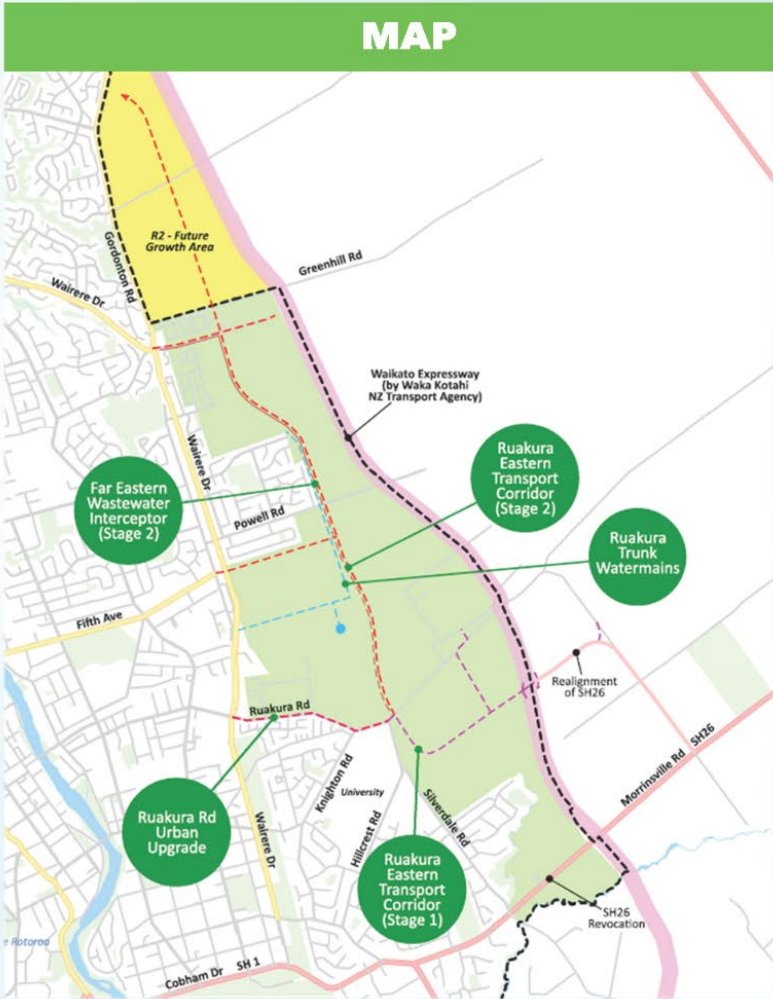


RUAKURA

PROGRAMME CAPITAL REPORT

KEY PROJECTS

Project Name	Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23				2023/24			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ruakura Road Urbanisation	Urban upgrade (taking the road from rural to one which fits within an urban setting) of Ruakura Road from the Waiere Drive/Ruakura Road intersection and up to the Ruakura Road and Silverdale Road intersection. Additional funding secured from Crown Infrastructure Partners to complete project.	On Track	\$12.6 M	\$6.9 M	\$12.6 M	<div><div></div><div>Construction</div></div>											
Ruakura Eastern Transport Corridor (Stage 1) - Expressway to Ruakura/Silverdale	Jointly funded by HCC, TGL and PDU the construction of a new road from Silverdale Road/Ruakura Road intersection to the Waikato Expressway Ruakura Interchange to allow the development of the Ruakura Inland Port.	On Track	\$41.0 M	\$15.1 M	\$41.0 M	<div><div></div><div>Resumed Construction</div></div>											
Ruakura Eastern Transport Corridor (Stage 2)	Planning, investigation and design for the future extension of the eastern transport corridor through the Ruakura development area.	On Track	\$3.5 M	\$0.0 M	\$3.5 M	<div><div></div><div>Investigation</div><div>Design</div></div>											
Far Eastern Interceptor Stage 2 (delivered by TGH)	HCC contribution to new wastewater pipe to service development. Northern section has been completed. Deferral required for Southern Interceptor funding which will be delivered by Tainui Group Holdings. \$1.3M of savings have been realised in previous financial years.	On Track	\$8.8 M	\$2.5 M	\$8.8 M	<div><div></div><div>Procurement</div><div>Construction</div></div>											
Ruakura Trunk Watermains	Remaining strategic networks to service development areas - planned to be delivered by Tainui Group Holdings.	On Track	\$2.0 M	\$0.0 M	\$2.0 M	<div><div></div><div>Procurement</div><div>Construction</div></div>											



Project status

● Project is on track

● Project has significant risks that are being monitored and managed

● Project has significant risks that will require Council decision



TRANSPORT IMPROVEMENT PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

Kia tika ano te hanga rori maa; Aahienga whakatupu, whakapai atu haumarū, me whakawhaanui atu ngā koowhiringa waka

Delivering a balanced transport system through; Enabling growth, improving safety, and improving transport choice

A great transport system is vital to the success of a thriving urban city like Hamilton. This programme delivers on improving the wellbeing of Hamiltonians through a city that's easy to live in and where our people love to be. The focus of this programme is:

- Safety - Everyone experiences a safe and enjoyable journey
- Choice - Everyone has travel options for moving around the city

The key goals for the 3 year capital programme are to:

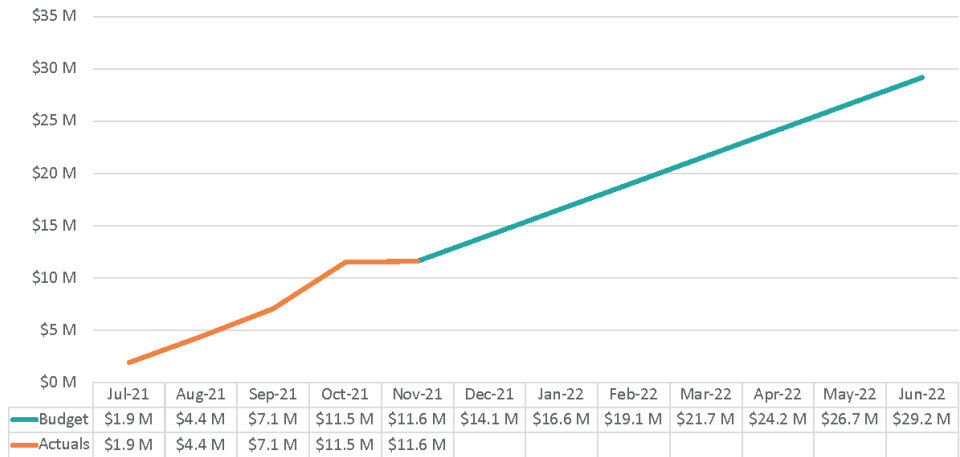
- Complete the Ring Road/Cobham Drive interchange.
- Complete the Te Awa River Ride.
- Complete the Transport Centre Rejuvenation project.
- Be well progressed on construction of the School Link project which is part of Eastern Pathways.
- Complete pre-implementation work on university link and be in a good position to request implementation funding.
- Complete the business case for Biking and Micromobility and commence delivery of priority works.
- Effectively deliver the low-cost low-risk works programmes to significantly improve safety of our intersections and networks across the city and to promote public transport, walking and cycling.

The key project milestones for 2021/22 include:

2021/22 Milestone	Performance
Completion of the Ring Road/Cobham drive interchange.	● On Track
Construction underway for Transport Centre Rejuvenation.	● On Track
Design complete for School Link northern section and implementation funding approved.	● On Track
Improvements underway at Gordonton/Puketaha and Gordonton/Darjon intersections.	● On Track
Effective delivery of low-cost low-risk programmes in alignment with council priorities.	▲ Large programme approved by Waka Kotahi requiring additional scoping and design works to meet programme.
Completion of the Te Awa River Path.	● On Track

FINANCIAL PERFORMANCE

2021/22 Performance



3 Year Forecasted Budget



TRANSPORT IMPROVEMENT PROGRAMME CAPITAL REPORT

KEY PROJECTS

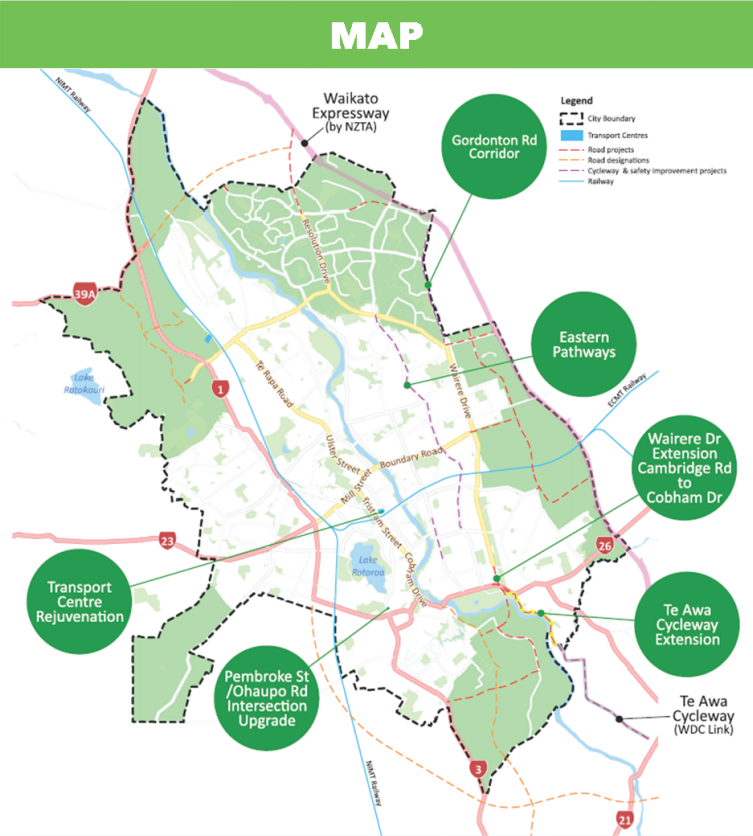
Project Name		Project Description	Project Status	Total Project Budget	Actual Spend to Date	Forecast Total Cost	2021/22				2022/23				2023/24			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Te Awa Cycleway Extension		The completion of the Hamilton section of the Te Awa River Ride from Mangaonua Stream to Hamilton Gardens. This is amber due to risk of potential construction delays.		\$5.8 M	\$3.5 M	\$5.8 M	<div>Construction</div>											
Transport Centre Rejuvenation		Ongoing improvements to, and upgrades of, the Transport Centre will encourage public transport use and support the transition to Anglesea Street as a public transport priority corridor.		\$8.8 M	\$0.4 M	\$8.8 M	<div>InvestigationDesignProcurementConstruction</div>											
Biking & Micro-Mobility Citywide Programme		Safer routes will offer biking and micro-mobility as alternate modes of transport as identified by the Biking and Micro-mobility Business Case. Budget was adjusted through the 7 December 2021 Infrastructure Operations Committee. Delivery programme is currently being delivered. The budget shown is for 2021/22 to 2023/24.		\$13.5 M	\$0.0 M	\$5.1 M												
Pembroke/Ohaupo Intersection Upgrade		Upgrade of Pembroke/Ohaupo Intersection for Public Transport priority.		\$4.2 M	\$0.0 M	\$4.2 M	<div>InvestigationDesignProcurementConstruction</div>											
Eastern Pathways		The School link, University Link and connections to these routes. This project offers transport choice along these busy corridors by prioritising and creating good infrastructure for public transport, walking/cycling and micro-mobility.		\$34.6 M	\$2.7 M	\$34.6 M	<div>InvestigationDesignProcurementConstruction</div>											
Gordonton Road corridor (Wairere to Borman)		Intersection improvements at Gordonton/Puketaha. Please note the Darjon/Gordonton intersection upgrade budget is currently included in the Low Cost Low Risk – Road to Zero programme and this will be combined with this project.		\$4.5 M	\$0.2 M	\$4.5 M	<div>DesignProcurementConstructionRevised ScheduleProcurementConstruction</div>											
Wairere Drive Extension - Cambridge Road to Cobham Drive		The final connection of the Hamilton Ring Road will see Cobham Drive raised to allow the four-laned Wairere Drive to pass underneath it. It will also include extensions of shared walking and biking paths. This is a large complex contract with a number of significant risks that need monitoring and managing.		\$60.8 M	\$51.5 M	\$60.8 M	<div>Construction</div>											

Project status

Project is on track

Project has significant risks that are being monitored and managed

Project has significant risks that will require Council decision



RENEWALS & COMPLIANCE PROGRAMME CAPITAL REPORT

PROGRAMME UPDATE

Ko te tiaki aa taatou hua hei tika moo toona whainga

Looking after the assets we have and making sure they are fit for purpose

The Renewals and Compliance programme for the next 3 year period has begun. Significant staff effort is being put into organising the programme for the next three years and building on the successful delivery and processes that have already been established. Staff in each of the subprogramme areas are confirming scopes and delivery plans for the future renewals of the assets. Some multiyear contracts to help deliver ongoing renewal programmes are being tendered and procurement planning is progressing. These will be presented to Council for approval over the coming months.

There were some renewals and compliance projects that had funding carried over from last financial year. Work on these projects is continuing and these projects will be completed over coming months.

Waterworld Diving Platform

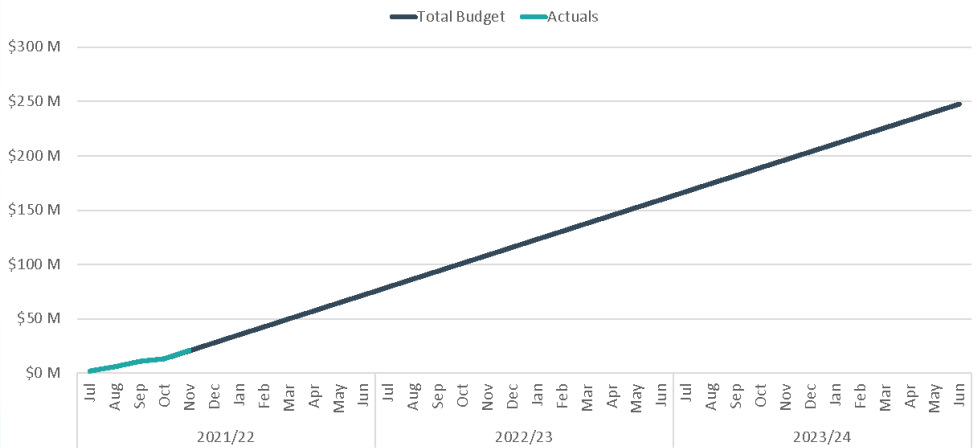


Seddon Park Staff Facilities

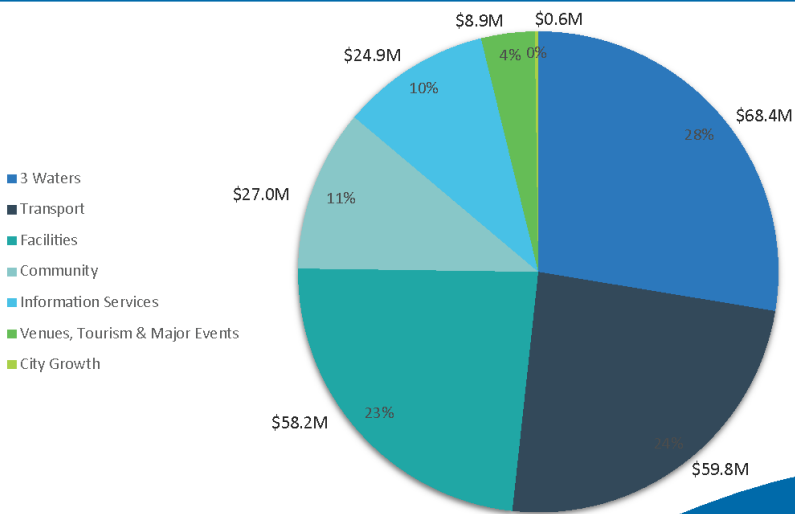


FINANCIAL PERFORMANCE

Capital Expenditure Y1-Y3



Total Budget Y1-Y3



LIST OF CAPITAL PROJECTS

For the 2021-22 Financial Year

	Type	LTP 21/22	Revised Budget as at 31 August 2021	Revised Budget as at 31 October 2021	Deferrals and B/fwds	Approved Changes	Renewals & Compliance Movements	Savings	Revised Budget as at 30 November 2021
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Community Services									
CE19017 - Rototuna Community Facilities	G - Growth	7,095	10,576	11,176	-	-	-		11,176
CE21044 - Libraries Development	LOS - Level of service	294	294	294	-	-	-		294
CE21046 - Aquatic Facilities Development	LOS - Level of service	1,048	1,048	1,048	-	-	-		1,048
CE10005 - Libraries Collection Purchases	R - Renewal	980	980	980	-	-	-		980
CE10006 - Library Operational Renewals	R - Renewal	171	171	171	-	-	-		171
CE10007 - Library Building Renewals	R - Renewal	3,047	3,217	3,217	-	-	-		3,217
Total Community Services		12,635	16,287	16,887	-	-	-	-	16,887
Overhead and support units									
CE21026 - Information Services Upgrades	LOS - Level of service	5,415	5,415	5,415	-	-	-		5,415
CE10053 - Tenancy Inducement Renewals	R - Renewal	-	-	-	-	-	-		-
CE10151 - Strategic Property Renewals	R - Renewal	85	85	85	-	-	-		85
CE10152 - Network and Infrastructure	R - Renewal	-	-	-	-	-	-		-
CE10153 - Core Business Applications	R - Renewal	-	-	-	-	-	-		-
CE10158 - Fleet Vehicle Renewals	R - Renewal	1,944	2,013	2,013	-	-	-		2,013
CE15155 - Mobility and eServices	R - Renewal	-	-	-	-	-	-		-
CE19024 - IS Major Upgrades	R - Renewal	-	-	-	-	-	119		119
CE21014 - Corporate Building Renewals	R - Renewal	2,754	2,869	2,869	-	-	-		2,869
CE21025 - Information Services Renewals	R - Renewal	4,070	4,570	4,570	-	-	(119)		4,451
Total Overhead and support units		14,268	14,952	14,952	-	-	-	-	14,952
Parks and Recreation									
CE15033 - Land purchase future reserves	G - Growth	-	406	406	-	-	-		406
CE19007 - Peacocke Parks Development	G - Growth	1,190	2,116	2,116	-	-	-		2,116
CE19009 - Rototuna Parks Development	G - Growth	2,000	3,208	3,208	-	-	-		3,208
CE21007 - Cemeteries & Crematorium Development	G - Growth	70	70	70	-	-	-		70
CE17004 - River Plan	LOS - Level of service	1,132	1,132	1,132	-	-	-		1,132
CE21006 - Nature inCityGullyRestoration&Dvlpmt	LOS - Level of service	581	581	581	-	-	-		581
CE21008 - Indoor Recreation Development	LOS - Level of service	675	675	675	-	-	-		675
CE21010 - Parks and Recreation Development	LOS - Level of service	3,030	3,030	3,030	-	259	-		3,289
CE10001 - Aquatic Facilities Building Renewals	R - Renewal	2,042	2,042	2,042	-	-	188		2,230
CE10021 - Cemetery&Crematorium Building Renwls	R - Renewal	5	5	5	-	-	-		5
CE10030 - Parks and Recreation Building Renewals	R - Renewal	741	761	761	-	-	-		761
CE19070 - Community Facilities Building Renewals	R - Renewal	1,620	1,620	1,620	91	-	-		1,711
CE21001 - Nursery Renewals	R - Renewal	268	268	268	-	-	-		268
CE21003 - Parks and Recreation Renewals	R - Renewal	2,686	4,156	4,156	-	-	(216)		3,940
CE21004 - Cemeteries & Crematorium Renewals	R - Renewal	113	115	115	-	-	-		115
CE21005 - Aquatic Facilities Renewals	R - Renewal	410	485	485	-	-	-		485
Total Parks and Recreation		16,562	20,669	20,669	91	259	(28)	-	20,991
Rubbish and Recycling									
CE10054 - Closed Landfill Assets Renewals	R - Renewal	450	600	600	-	-	-		600
CE10056 - RTS & HOC Asset Renewals	R - Renewal	50	90	90	-	-	-		90
CE15055 - Closed Landfill Management	LOS - Level of service	50	50	50	-	-	-		50
CE19027 - Refuse Drop Off Points	LOS - Level of service	-	43	43	-	-	-		43
Total Rubbish and Recycling		550	784	784	-	-	-	-	784
Safety									

	Type	LTP 21/22	Revised Budget as at 31 August 2021	Revised Budget as at 31 October 2021	Deferrals and B/fwds	Approved Changes	Renewals & Compliance Movements	Savings	Revised Budget as at 30 November 2021
CE21013 - Animal Control Building Renewals	R - Renewal	-	-	-	-	-	-	-	-
CE21015 - City Safe Renewals	R - Renewal	171	184	184	-	-	-	-	184
CE21016 - City Safe Upgrades	LOS - Level of service	-	-	-	-	-	-	-	-
Total Safety		171	184	184	-	-	-	-	184
Stormwater									
CE15059 - Rototuna Stormwater Infrastructure	G - Growth	57	2,155	2,155	(1,098)	-	-	-	1,057
CE15060 - Rotokauri SW Infrastructure S1	G - Growth	2,200	2,973	2,973	(1,100)	-	-	-	1,873
CE15062 - Peacocke Stormwater Infrastructure Stg 1	G - Growth	-	(6)	(6)	-	-	-	-	(6)
CE15063 - Peacocke SW Infrastructure Stage 2	G - Growth	4,826	11,382	11,382	-	-	-	-	11,382
CE15068 - Stormwater Customer Connections	G - Growth	25	25	25	-	-	-	-	25
CE15162 - Integrated Catchment Management Plan	G - Growth	1,151	1,180	1,180	-	-	-	-	1,180
CE21032 - Stormwater Infrastructure Upgrades	G - Growth	-	499	499	-	-	-	-	499
CE21066 - Ruakura stormwater infrastructure	G - Growth	3,000	2,936	2,936	(1,500)	-	-	-	1,436
CE15067 - Comprehensive SW Consent Imp	LOS - Level of service	79	100	100	-	-	-	-	100
CE19026 - Erosion Control Works	LOS - Level of service	1,434	1,351	1,351	-	-	-	-	1,351
CE21031 - Flood Management	LOS - Level of service	-	-	-	-	-	-	-	-
CE21062 - Stormwater Asset Upgrades	LOS - Level of service	50	50	50	-	-	-	-	50
CE10058 - Stormwater Asset Renewals	R - Renewal	569	581	581	-	-	-	-	581
Total Stormwater		13,391	23,224	23,224	(3,698)	-	-	-	19,527
Transport									
CE15087 - Transportation Upgrds Allow for Devlpmt	G - Growth	219	419	419	-	-	-	-	419
CE15088 - Peacocke Transport Upgrds Devlp Stg 1	G - Growth	76	3,500	3,500	-	-	-	-	3,500
CE15089 - Peacocke Transport Upgrds Devlp Stg 2	G - Growth	51,098	36,284	36,284	-	-	-	-	36,284
CE15090 - Rotokauri Transport Upgrds&Devlop	G - Growth	6,667	8,842	8,842	-	-	-	-	8,842
CE15092 - Rototuna Trnsprtation Upgrds&Devlpmt	G - Growth	13,226	18,585	18,585	(12,300)	2,000	-	-	8,285
CE15093 - Ruakura Transport Upgrds&Develop	G - Growth	36,392	38,801	38,801	(1,100)	7,069	-	-	44,770
CE15096 - Cross City Connector	G - Growth	200	200	200	-	(200)	-	-	-
CE15097 - Northern City Crossing	G - Growth	-	-	-	-	-	-	-	-
CE19036 - Ring Road	G - Growth	15,947	13,669	13,669	-	-	-	-	13,669
CE19037 - Hamilton Transport Model	G - Growth	60	560	560	-	-	-	-	560
CE19038 - Rotokauri rail platform	G - Growth	-	322	322	-	-	-	-	322
CE19057 - Biking Plan Implementation	G - Growth	11,100	15,104	15,104	(4,000)	(2,600)	-	-	8,504
CE19058 - Public Transport Mode Shift	G - Growth	-	1,317	1,317	-	-	-	-	1,317
CE21052 - Peacocke Transportation Land	G - Growth	8,712	12,840	12,840	-	-	-	-	12,840
CE21055 - Terapa Transportation Upgrds&Develop	G - Growth	-	-	-	-	-	-	-	-
CE15095-Integrated Transport Initiatives D	G - Growth	-	-	-	-	100	-	-	100
CE19063-Intersection Capacity Upgrade Prgrm D	G - Growth	-	-	-	(2,000)	2,000	-	-	-
CE19052 - Intersection Upgrades	LOS - Level of service	4,950	5,200	5,200	(1,400)	-	-	-	3,800
CE19062 - Bridge Resilience Programme	LOS - Level of service	-	-	-	-	-	400	-	400
CE19064 - Transport Centre Rejuvenation	LOS - Level of service	4,600	4,600	4,600	(4,100)	-	-	-	500
CE21053 - Central City Transportation Improvements	LOS - Level of service	650	650	650	-	-	-	-	650
CE21057 - Ferrybank Walking & Cycling Bridge	LOS - Level of service	500	500	500	-	(350)	-	-	150
CE21058 - Transportation Safety Improvements	LOS - Level of service	8,100	8,100	8,100	(3,100)	(4,000)	-	-	1,000
CE21059 - Transportation Smart Improvements	LOS - Level of service	200	200	200	-	-	-	-	200
CE21060 - Public Transport Improvement	LOS - Level of service	700	795	795	-	-	-	-	795
CE15085-Minor Imprvmnts Transport Network D	LOS - Level of service	-	-	-	(200)	500	-	-	300
CE10070 - Parking Enforcement Renewals	R - Renewal	615	1,016	1,016	-	-	-	-	1,016
CE10071 - Parking Building Renewal	R - Renewal	-	-	-	-	-	-	-	-
CE10072 - Footpath and Street Furniture Renewals	R - Renewal	3,305	3,305	3,305	-	-	-	-	3,305
CE10074 - Drainage (Kerb & Channel) Renewal	R - Renewal	2,390	2,390	2,390	-	-	-	-	2,390
CE10075 - Road Base Renewals	R - Renewal	5,184	5,184	5,184	-	-	-	-	5,184
CE10076 - Road Resurfacing	R - Renewal	5,900	5,900	5,900	-	-	-	-	5,900
CE10077 - Bridge and Structures Renewals	R - Renewal	291	391	391	-	-	-	-	391
CE10078 - Retaining Wall & Structures Renewals	R - Renewal	90	90	90	-	-	-	-	90
CE10080 - Street Lighting Renewals	R - Renewal	651	651	651	-	-	-	-	651

	Type	LTP 21/22	Revised Budget as at 31 August 2021	Revised Budget as at 31 October 2021	Deferrals and B/fwds	Approved Changes	Renewals & Compliance Movements	Savings	Revised Budget as at 30 November 2021
CE19055 - Upgrade City Directional Signage	R - Renewal	-	-	-	-	-	-	-	-
CE21012 - Transport Building Renewals	R - Renewal	20	20	20	-	-	-	-	20
Total Transport		182,785	190,375	190,375	(28,200)	4,519	400	-	167,094
Venues Tourism and Major Events									
CE21041 - VTME Security and H&S Prgrmes	LOS - Level of service	861	861	861	-	-	-	-	861
CE10047 - Waikato Stadium Property Renewals	R - Renewal	-	-	-	-	-	-	-	-
CE21011 - VTME Building Renewals	R - Renewal	5,558	7,362	7,362	-	-	(1,310)	-	6,052
CE21042 - VTME Operational Renewals	R - Renewal	1,692	1,787	1,787	-	-	-	-	1,787
CE10041-Claudeland-Plant & Equipment	R - Renewal	-	-	-	-	-	1,310	-	1,310
Total Venues Tourism and Major Events		8,111	10,010	10,010	-	-	-	-	10,010
Visitor Destinations									
CE19023 - Hamilton Gardens Development	LOS - Level of service	1,963	3,763	3,763	-	-	-	-	3,763
CE19028 - Collection Acquisition Fund	LOS - Level of service	42	142	142	-	-	-	-	142
CE21043 - Hamilton Zoo&Waiwhakareke Devlpment	LOS - Level of service	3,237	6,023	6,023	-	17	-	-	6,040
CE21045 - Museum Development	LOS - Level of service	504	504	504	-	-	-	-	504
CE21047 - Hamilton Gardens Themed Gardens	LOS - Level of service	400	400	400	-	-	-	-	400
CE10008 - Museum Operational Renewals	R - Renewal	74	368	368	-	-	-	-	368
CE10011 - Museum Building Renewals	R - Renewal	50	445	445	-	-	-	-	445
CE10017 - Hamilton Zoo Building Renewals	R - Renewal	1,675	1,675	1,675	-	-	213	-	1,888
CE10026 - Hamilton Gardens Renewals	R - Renewal	40	106	106	-	-	-	-	106
CE10028 - Hamilton Gardens Building Renewals	R - Renewal	132	132	132	-	-	-	-	132
CE21002 - Hamilton Zoo Operational Renewals	R - Renewal	2,317	2,810	2,810	-	-	(273)	-	2,537
Total Visitor Destinations		10,434	16,368	16,368	-	17	(60)	-	16,325
Wastewater									
CE15104 - Wastewater Pipe Upgrades	G - Growth	-	381	381	-	-	-	-	381
CE15105 - Rototuna WW Infrastructure	G - Growth	500	951	951	-	-	-	-	951
CE15106 - WW Network Upgrds to Allow Devlpmnt	G - Growth	-	104	104	-	-	-	-	104
CE15107 - Rotokauri WW Infrastructure	G - Growth	121	585	585	-	-	-	-	585
CE15109 - Peacocke WW Infrastructure Stage 1	G - Growth	-	214	214	1,100	800	-	-	2,114
CE15111 - Increase capacity of wastewater network	G - Growth	1,233	1,233	1,233	-	-	-	-	1,233
CE15117 - Upgrade WW Treatment Plant	G - Growth	1,700	1,700	1,700	-	-	-	-	1,700
CE15121 - WW Customer Connections to Network	G - Growth	75	75	75	-	-	-	-	75
CE15161 - Wastewater Master Plan	G - Growth	600	600	600	-	-	-	-	600
CE19040 - Peacocke WW Infrastructure Stg2	G - Growth	742	12,907	12,907	-	(800)	-	-	12,107
CE19041 - Incr capacity WW Far East Network	G - Growth	3,500	3,717	3,717	-	-	-	-	3,717
CE19042 - Peacocke Wastewater South Network	G - Growth	11,480	7,008	7,008	-	-	-	-	7,008
CE19043 - Incr capacity WW West Network	G - Growth	5,258	5,886	5,886	-	-	-	-	5,886
CE19044 - Increase capacity WW East Network	G - Growth	1,100	5,112	5,112	-	-	-	-	5,112
CE19050-Incrs capacity WW Central Network D	G - Growth	-	23	23	-	-	-	-	23
CE21073 - Subregional WW Treatment Plant	G - Growth	1,000	1,000	1,000	-	-	-	-	1,000
CE15103 - Wastewater Network Improvements	LOS - Level of service	1,304	1,409	1,409	-	-	-	-	1,409
CE15120 - Wastewater Treatment Plant Compliance	LOS - Level of service	490	551	551	-	-	50	-	601
CE10100 - Wastewater PS Asset Renewals	R - Renewal	1,063	1,063	1,063	-	-	(50)	-	1,013
CE10101 - Wastewater Asset Renewals	R - Renewal	5,000	5,002	5,002	-	-	-	-	5,002
CE10115 - WW Treatment Plant Asset Renewals	R - Renewal	3,029	3,793	3,793	-	-	-	-	3,793
CE15160 - Wastewater Model	R - Renewal	100	612	612	-	-	-	-	612
Total Wastewater		38,296	53,925	53,925	1,100	-	-	-	55,025
Water Supply									
CE15126 - Rototuna Upgrade or New Watermains	G - Growth	-	72	72	-	-	-	-	72
CE15127 - Water Pipe Upgrades	G - Growth	-	50	50	-	-	-	-	50
CE15128 - Rotokauri Upgrd&New Watermains Stg1	G - Growth	84	145	145	-	-	-	-	145

	Type	LTP 21/22	Revised Budget as at 31 August 2021	Revised Budget as at 31 October 2021	Deferrals and B/fwds	Approved Changes	Renewals & Compliance Movements	Savings	Revised Budget as at 30 November 2021
CE15130 - Peacocke Watermains Stage 1	G - Growth	-	-	-	-	-	-	-	-
CE15132 - Water ntwrk upgrdes to allow new develop	G - Growth	1,200	(164)	(164)	-	-	-	-	(164)
CE15134 - Wtr Dmnd Mngt-Pukete Reservoir Zone	G - Growth	-	-	-	-	-	-	-	-
CE15135 - Peacocke Water Distribution Mains Stg1	G - Growth	22	136	136	-	-	-	-	136
CE15137 - Wtr Dmnd Mgmt-NewcastleReservoirZn	G - Growth	10,000	10,048	10,048	(1,500)	-	-	-	8,548
CE15141 - Wtr Dmnd Mngt - Hillcrest Reservoir Zone	G - Growth	63	18	18	-	-	-	-	18
CE15144 - Upgrade Water Treatment Plant	G - Growth	14,000	13,384	13,384	(8,252)	-	-	-	5,132
CE15146 - Water Customer Connections	G - Growth	50	50	50	-	-	-	-	50
CE15148 - Ruakura Upgrade and New Watermains	G - Growth	200	200	200	-	-	-	-	200
CE15159 - Water Master Plan	G - Growth	183	183	183	-	-	-	-	183
CE19045 - Ruakura Reservoir & Assoc Bulk Mains	G - Growth	-	1,946	1,946	-	-	-	-	1,946
CE19046 - Peacocke Watermains Stage 2	G - Growth	242	573	573	-	-	-	-	573
CE21036 - RotokauriUpgrade&New Watermains Stg2	G - Growth	-	-	-	-	-	-	-	-
CE15133 - Water Network Improvements	LOS - Level of service	350	350	350	-	-	-	-	350
CE15139 - Water Treatment Plant Compliance Minor Upgrades	LOS - Level of service	425	439	439	-	-	-	-	439
CE10123 - Watermain Renewals	R - Renewal	2,525	2,725	2,725	-	-	-	-	2,725
CE10124 - Watermain Valves & Hydrants Renewals	R - Renewal	700	705	705	-	-	-	-	705
CE10138 - Treatment Plant & Reservoir Renewals	R - Renewal	1,283	2,126	2,126	-	-	-	-	2,126
CE10145 - Tools of Trade Renewals	R - Renewal	40	40	40	-	-	-	-	40
CE15158 - Water Model	R - Renewal	100	297	297	-	-	-	-	297
CE16004-Eastern Bulk Main Slip D	R - Renewal	-	30	30	-	-	-	-	30
Total Water Supply		31,465	33,352	33,352	(9,752)	-	-	-	23,601
R&C Balancing Account		-	-	-	-	-	(188)	-	(188)
Total (Excl Water Stimulus)		328,668	380,132	380,732	(40,459)	4,795	124	-	345,192
Water Stimulus									
CE21068 - Water Stimulus – Stormwater	G - Growth	715	423	423	-	-	-	-	423
	LOS - Level of service	37	49	49	-	-	-	-	49
	R - Renewal	1,686	1,982	1,982	-	-	-	-	1,982
	G - Growth	1,041	847	847	-	-	-	-	847
CE21076 - Water Stimulus – Wastewater	LOS - Level of service	37	49	49	-	-	-	-	49
	R - Renewal	183	495	495	-	-	-	-	495
	G - Growth	389	1,848	1,848	-	-	-	-	1,848
	LOS - Level of service	411	203	203	-	-	-	-	203
CE21039 - Water Stimulus – Water Supply	R - Renewal	367	208	208	-	-	-	-	208
Total Water Stimulus		4,865	6,104	6,104	-	-	-	-	6,104
Grand Total - Capital Program		333,534	386,235	386,835	(40,459)	4,795	124	-	351,295

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Council Report

Item 7

Committee: Finance Committee

Date: 10 February 2022

Author: Tracey Musty

Authoriser: David Bryant

Position: Financial Controller

Position: General Manager People and Organisational Performance

Report Name: Financial Performance & Strategy Report to 30 November 2021

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

1. To inform the Finance Committee on Council's financial performance and strategy for the five months ended 30 November 2021.
2. To seek a recommendation from the Finance Committee that the Council approves the significant forecast adjustments as set out in this Report and the capital movement as set out in the Capital Portfolio Monitoring Report.

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

3. That the Finance Committee receives the report.
4. That the Finance Committee recommends that the Council:
 - a) approves the capital movement as identified in paragraph 30 of the 10 February 2022 Capital Portfolio Monitoring Report;
 - b) approves the significant forecast adjustments as set out in paragraphs 51 to 52 of the staff report; and
 - c) approves the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 54 to 56 of the staff report.

Executive Summary - *Whakaraapopototanga matua*

5. This report is to be read in conjunction with the 10 February 2022 Capital Portfolio Monitoring Report.
6. The 30 November 2021 financial results show a favourable variance of \$16.8m against the year-to-date (YTD) budget, and a favourable variance in the balancing the books result of \$6.1m against the YTD budget.
7. There is an unfavourable result in fees and charges, which is mainly as a result of covid-19 restrictions on opening of venues, visitor attractions and tourism activities. This unfavourable variance is offset by favourable variances in the building and resource consent activities.

9. Capital revenue is unfavourable to budget due to capital projects not progressing as fast as anticipated in the first half of the financial year.
10. Expenditure is tracking favourable to YTD budget. Personnel costs have a favourable variance to YTD budget due to vacancies. Recruitment for new positions identified in the 2021-31 Long-Term Plan is progressing.
11. Depreciation is unfavourable to YTD budget due to revaluation of building assets at 30 June 2021 and a revision of the asset data.
12. Finance costs are favourable to YTD budget as closing debt for the 2020/21 financial year was lower than budgeted.
13. Forecast changes include:
 - i. a reduction in revenue in Growth, Community Services activities and Visitor Destinations;
 - ii. a reduction in income (external funding shortfall) for the Zoo Waiwhakareke Entry Precinct as discussed at previous Council meeting;
 - iii. a reduction in the Waikato Theatre Grant due to rephasing of payments into future years;
 - iv. a reduction in finance costs as a result of lower closing debt for the 2020/21 financial year; and
 - v. an increase in depreciation due to the revaluation of Council building assets at 30 June 2021.
14. The impact of forecasting changes made, since the adoption of the 2021-31 Long Term Plan, is reflected in the Financial Strategy measures:
 - i. debt to revenue is 183% and favourable against a budget of 193%;
 - ii. net debt is \$687m and favourable against a budget of \$731m; and
 - iii. balancing the books is (\$7.1m) and unfavourable against a budget of (\$3.6m).
15. Council's treasury position is favourable. The counterparty credit limit is breached at 30 November 2021 due to funds being held on call for the Municipal Endowment Fund investment strategy. Council remains compliant with all other treasury policy measures **Attachment 3**.
16. Council's fixed rate hedging at 30 November 2021 is 48%. Council is well hedged after executing its deferral strategy in 2020.
17. Council saw a gain of \$18.9m on the revaluation of swaps at 30 November 2021. This is not a cash gain, but rather an accounting/book entry and reflects the market swap rate movement as reflected in **Attachment 3**.
18. Staff consider the matters in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

Operating Results

The accounting and balancing the books result

19. The Statement of Comprehensive Revenue and Expense discloses the accounting result in accordance with accounting standards.

20. The YTD accounting and balancing the books result for the five months ended 30 November 2021 is as follows:

Surplus/(Deficit) Result	YTD Actual	YTD Budget	YTD Variance
Accounting Surplus/(Deficit)	\$69.5m	\$52.7m	\$16.8m ✓
Balancing the books	(\$1.5m)	(\$7.6m)	\$6.1m ✓

21. The annual accounting and balancing the books result has been adjusted to reflect the forecasting adjustments as follows:

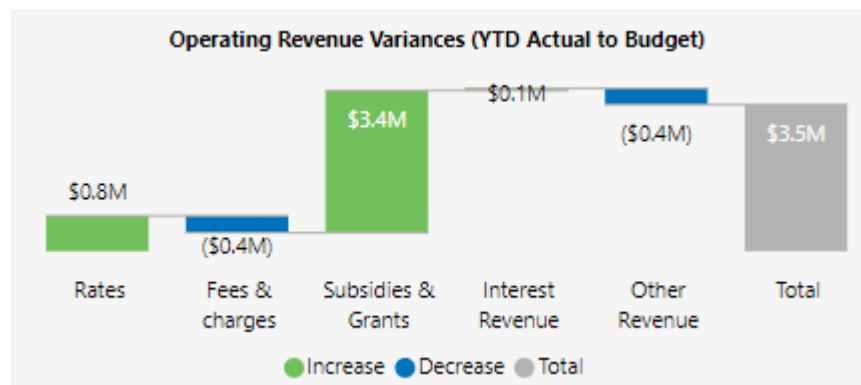
Surplus/(Deficit) Result	Annual Forecast	Annual Revised Budget	YTD Variance
Accounting Surplus/(Deficit)	\$91.5m	\$82.6m	\$8.9m ✓
Balancing the books	(\$7.1m)	(\$3.9m)	(\$3.2m) ✗

Understanding material variances

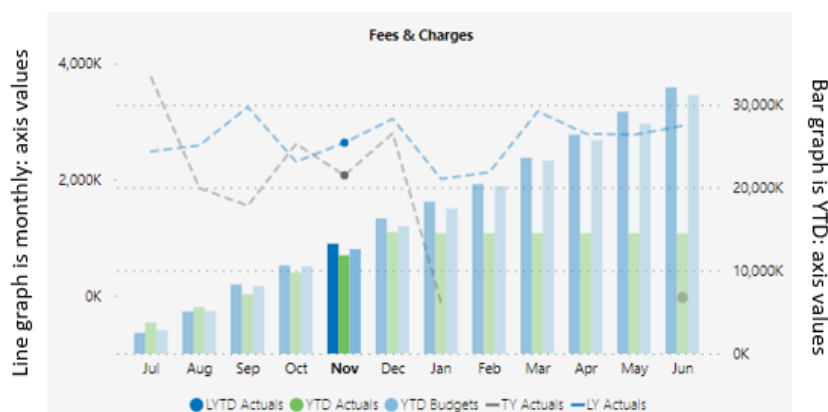
22. The Statement of Comprehensive Revenue and Expense is contained in **Attachment 1**.
23. Individual Everyday Revenue and Expense statements for each of the Council's activities are contained in **Attachment 2**.

Operating Revenue

24. Total Operating Revenue is \$3.5m favourable to the YTD budget.



25. Rates income exceeds YTD budget by \$0.8m due to higher than anticipated valuation growth resulting from additional subdivision and building consents for the 2021/22 financial year.
26. Subsidies & Grants contributed the largest share of the favourable variance in Operating Revenue and exceeds YTD budget by \$3.4m. This is due to the allocation of Central Government grant funding to operational activities and offsets expenditure on the Water Reform Stimulus programme.
27. Fees & user charges provided \$0.4m towards the unfavourable variance in Fees & Charges. While this variance is immaterial it is important to note that the unfavourable result is due to decreased event activity in Venues, Tourism and Major Events, Visitors Attractions and Community Services of \$1.7m due to covid-19 lockdowns. This is offset by favourable budget variance from building consents and planning guidance activities.



The bar chart compares Last Year to Date Actuals (LYTD Actuals), Year to Date Actuals (YTD Actuals) and Year To Date Budgets (YTD Budgets). These values are reflected on the vertical axis to the right-hand side. The line chart above compares This Year Actuals (TY Actuals) and Last Year Actuals (LY Actuals) at each month. These values are reflected on the vertical axis to the left-hand side.

28. Other Revenue is unfavourable by \$0.4m. The unfavourable variance is due to Infringement & Fines revenue tracking below the YTD budget due to Waka Kotahi NZ responding to covid-19 restrictions and suspending the requirement of vehicle registrations. This has impacted the issuing of infringements to 30 November 2021.
29. Operational revenue forecasts include:
 - i. adjustments for revenue expectations in the Visitor Destinations and Community Services activities. Other areas are forecasting to achieve the annual budget by year-end; and
 - ii. allocation of Central Government grant funding for the delivery of the Water Reform Stimulus Programme.
30. Material variance explanations can be found in the activity statements (**Attachment 2**).

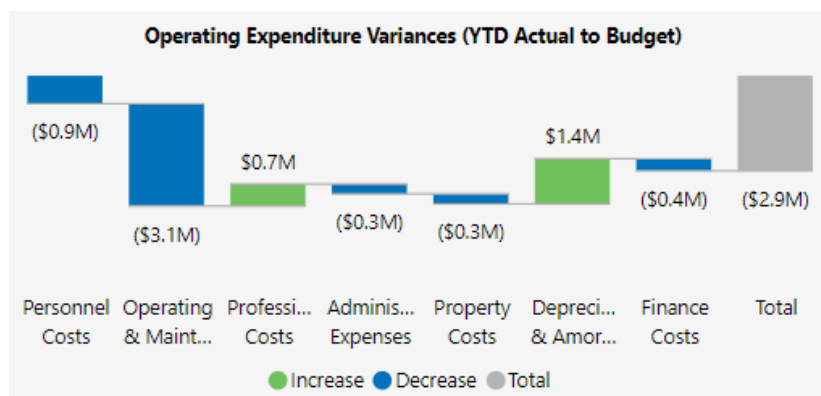
Capital Revenue

31. Total Capital Revenue is \$6.7m unfavourable to the YTD budget.
32. Capital subsidies and contributions is below budget by \$1.1m. Projects attracting Waka Kotahi NZ subsidies have progressed slower than anticipated and resulted in an unfavourable variance to budget of \$5.1m. These unfavourable variances are partly offset by capital contributions of \$1.4m towards the Ruakura Road upgrades and the allocation of unbudgeted Central Government grant funding to offset expenditure on the capital works within the Water Reform Stimulus programme.
33. Vested assets are below YTD budget by \$3.4m.
34. The addition of vested assets increases the operating and maintenance costs for Council, as well as depreciation. Through the 2021-31 Long-Term Plan increased funding was made available for maintenance on new vested assets for three waters and transportation activities. The nature of vested infrastructure assets are that they have a long useful life and generally do not require significant direct maintenance in the first ten years of operation.

Asset class	YTD Actual \$000	Annual Budget \$000	Life Range (Years)	Estimated Annual Depreciation \$000
Wastewater	945	3,312	15-100	12
Stormwater	707	4,800	30-100	9
Water Supply	423	1,790	50-80	5
Roading	2,188	24,589	12-140	44
Parks and Recreation	23	-		-
Land – Under Roads	6,714	-		-
Land – Recreation Reserve		-		-
Land - Infrastructure		-		-
Total	11,000	34,491		70

Operating Expenditure

35. Total Operating Expenditure is favourable to YTD budget by \$2.9m.



36. Personnel Costs are favourable to YTD budget by \$0.9m. This is due to delays in the recruitment for new positions identified in the 2021-31 Long-Term Plan.
37. The favourable variance in Operating & Maintenance costs are mainly due to the impact of covid-19 restrictions on events and visitor attraction costs, infrastructure maintenance and reduced services such as kerbside food waste collections.
38. Depreciation is unfavourable to the YTD budget by \$1.4m due to the revaluation for building assets at 30 June 2021 and a revision of the asset data.
39. Operational expenditure forecasts include:
- professional services costs adjustment to offset the allocation of Central Government grant funding for the delivery of the Water Reform Stimulus Programme;
 - administration cost adjustment of \$2.4m due to the postponement of Council's contribution towards the Waikato Regional Theatre to the 2021/22 financial year;
 - finance costs reflect the result of Council's favourable opening borrowing position; and
 - depreciation expense adjustments of \$2.7m as a result of the revaluation of Council buildings as mentioned above.

40. The Annual Approved Budget is reflecting budget changes approved by Council during this financial year and includes:
- i. Waikato Metro Spatial Plan budget of \$582k brought forward from 2020/21;
 - ii. Waiwhakareke Predator Proof Fence Feasibility Study budget of \$65k brought back from year 4 in the 2021-31 Long-Term Plan; and
 - iii. an increase in the disposal of wastewater sludge operational budget of \$376k.
41. Please refer to the activity statements (**Attachment 2**) for material variance explanations.

Gains and Losses

42. The YTD adjustment on non-cash revaluation of Council's Financial borrowing instruments resulted in a \$18.9m gain. See **Attachment 3** for swap interest rate movement.

Treasury Management

43. Council's compliance with its treasury policy measures at 30 November 2021 is as follows:

Counterparty credit risk	max	\$75m per bank	Not achieved	✗
Liquidity ratio	min	110%	122%	✓
Funding maturity	0 - 3 years	15% - 60%	45%	✓
	3 - 7 years	25% - 85%	35%	✓
	7 years +	0% - 60%	20%	✓
Fixed rate debt maturity	all years	Within annual parameters	Achieved	✓

44. Our Treasury Management Policy sets out counterparty credit limits which are spread amongst several counterparties to avoid concentrations of credit exposure. At 30 November 2021 Council breached the limit with the BNZ. This is due to Municipal Endowment Funds being held on call. These funds are to be invested in a combination of term deposit and mixed funds – post this investing activity Council will achieve compliance.

Interest Rate Risk Management

45. The movement on interest rate swaps relates to valuations completed at a point in time. These are based on Council's total external debt and the difference between current market interest rates and the fixed rates that Council has locked in. They are unrealised because on maturity of each interest rate swap contract no interest gain or loss eventuates.
46. At 30 November 2021 Council's fixed rate hedging is 48%. This falls within our debt interest rate policy parameters which requires a minimum fixed rate of 40% and a maximum fixed rate of 95%.
47. Council's gross cost of funds over a 12-month rolling average is 2.3%.

Financial Strategy

48. Any changes in significant forecasting assumptions will result in changes to the Financial Strategy outcomes. These assumptions will be considered and, if necessary, adjusted in each Annual Plan.

Significant Forecasting Adjustments

49. Significant forecasting adjustments since the 14 December 2021 Finance Committee meeting, outlined below, as compared to the 2021-31 Long-Term Plan budget.

50. Numbers in brackets represent an adverse outcome.
51. Capital revenue, capital savings, re-phasing, and delay deferrals from 2021/22 to future years as detailed in the Capital Portfolio Monitoring Report, paragraph 30.

Capital Adjustments – Financial Strategy Impact										
\$000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Balancing the Books	0	0	0	0	0	0	0	0	0	0
Net Debt	27,515	7,276	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)

52. Favourable adjustments to operating revenue and expenditure as detailed in **Attachment 2**.

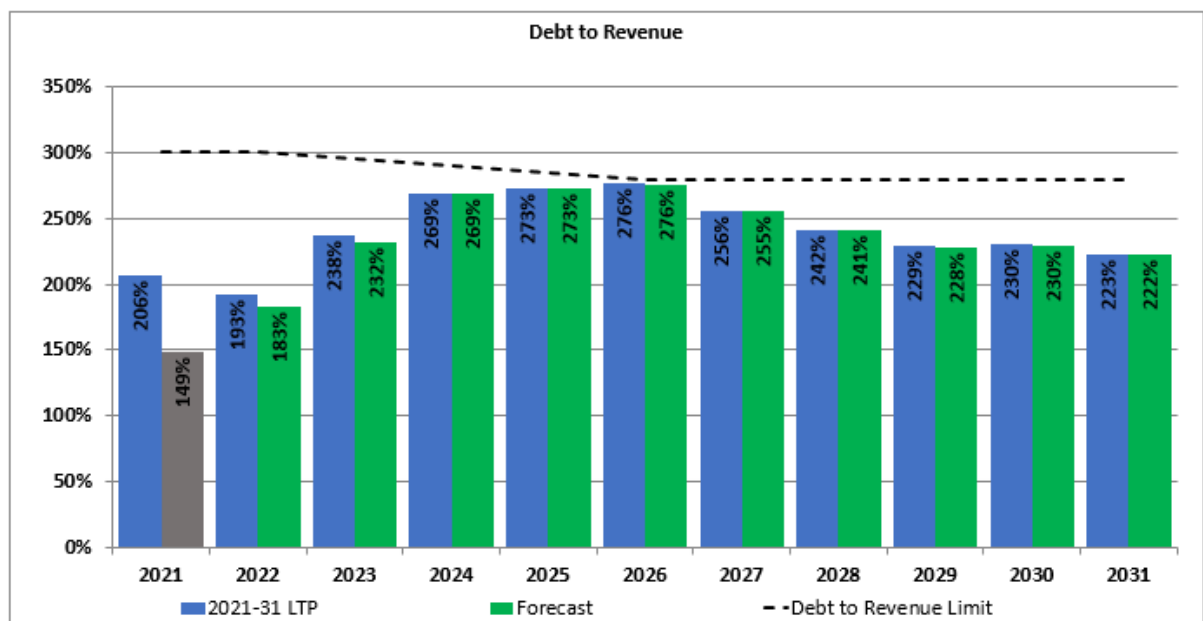
Operating Adjustments – Financial Strategy Impact										
\$000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Balancing the Books	(985)	0	0	0	0	0	0	0	0	0
Net Debt	(985)	(985)	(985)	(985)	(985)	(985)	(985)	(985)	(985)	(985)

Financial Strategy Graphs

53. The following graphs show the 2021-31 Long Term Plan budgets and the total of all the significant forecast adjustments as set out in paragraph 51 and 52. These significant forecast adjustments are subject to decision by the Finance Committee or Council.

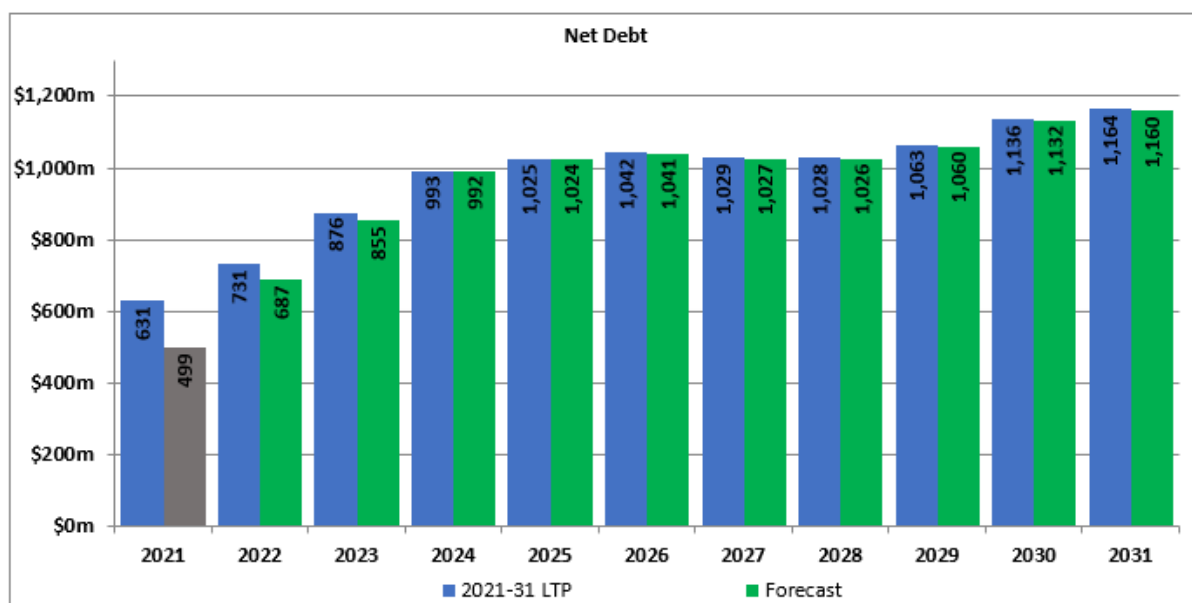
Debt to Revenue

54. The Debt to Revenue graph includes all adjustments identified in this report and shows that debt to revenue of 183% is favourable against the 2021-31 Long-Term Plan budget of 193%.



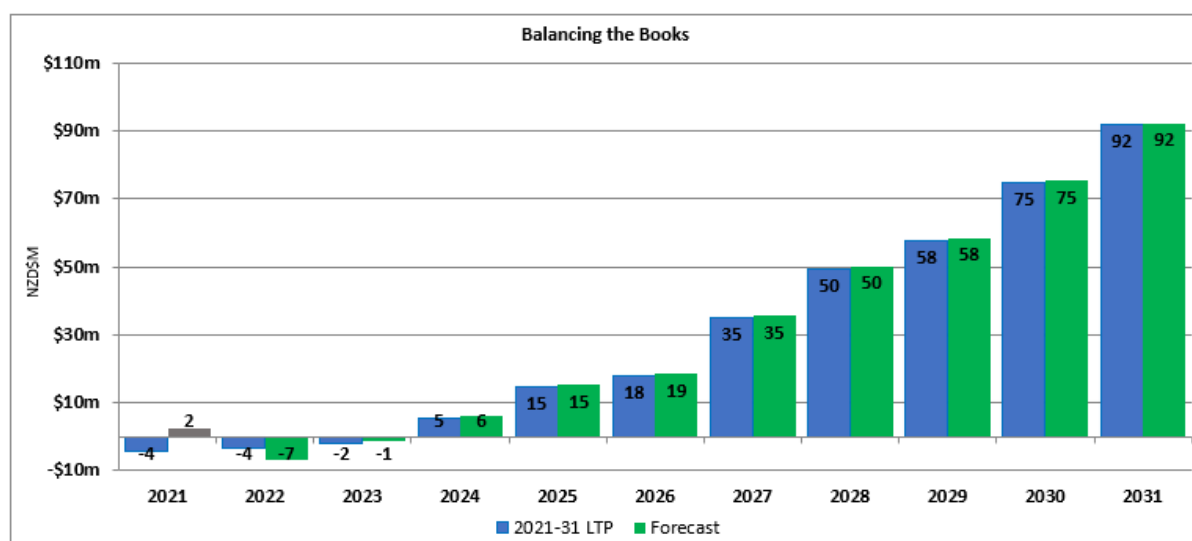
Net Debt

55. The Net Debt graph shows a decrease in net debt against the 2021-31 Long-Term Plan. Net debt for 2021/22 is forecast at \$687m.



Balancing the Books

56. The forecast 2021/22 balancing the books result is (\$7m) and is unfavourable against a budget of (\$4m).



Emerging Issues

57. The Capital Portfolio Monitoring Report lists emerging issues that could impact the capital portfolio and consequently debt and the balancing the books result across the remainder of the Long-Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

58. Staff confirm that matters in this report complies with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

59. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').

- 60. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
- 61. The recommendations set out in this report are consistent with that purpose.
- 62. Economic wellbeing is managed through the efficient monitoring of Council's financial results. Diligent management of Council's budget and regular review of forecasts is required to ensure Council is operating effectively and policy compliance is met.
- 63. The environmental, social and cultural wellbeings are not directly impacted by the annual monitoring report. However, the efficient review and management of Council's financial position supports the wider business in their delivery of key objectives that enhance these wellbeings.

Risks - *Tuuraru*

- 64. There are no known risks associated with the decisions of this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Engagement

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

Attachments - *Ngaa taapirihanga*

Attachment 1 - Statement of Comprehensive Revenue and Expense 30 November 2021

Attachment 2 - Council Activities 30 November 2021

Attachment 3 - Treasury Position 30 November 2021

Attachment 4 - Register of Significant Forecast Changes 30 November 2021

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE MONTH ENDED 30 NOVEMBER 2021

Attachment 1

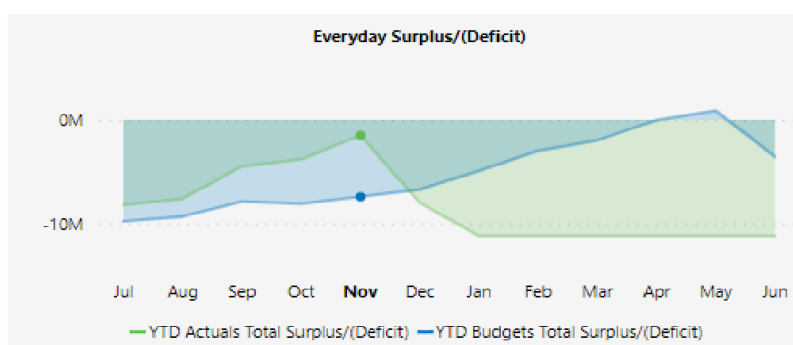
\$000		\$000		\$000		\$000		\$000		\$000	
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent		Annual Forecast	Annual Variance Fav/(Unfav)		
Operating Revenue											
77,139	Rates	86,276	85,440	836	221,714	39%		221,714			
18,319	Fees & Charges	16,011	16,413	(402)	40,723	39%		39,037	(1,686)		
3,179	Subsidies & Grants	7,539	4,184	3,355	8,664	87%		13,893	5,229		
527	Interest Revenue	178	126	52	302	59%		302			
3,310	Other Revenue	3,216	3,601	(386)	14,780	22%		14,780			
102,474	TOTAL OPERATING REVENUE	113,220	109,764	3,456	286,184	40%		289,728	3,543		
Capital Revenue											
14,383	Development Contributions	10,865	13,148	(2,283)	31,622	34%		31,622			
21,466	Capital Revenue	39,233	40,295	(1,063)	101,588	39%		94,070	(7,518)		
10,392	Vested Assets	11,000	14,372	(3,372)	34,491	32%		34,491			
46,241	TOTAL CAPITAL REVENUE	61,098	67,816	(6,718)	167,701	36%		160,182	(7,518)		
148,714	TOTAL REVENUE	174,318	177,580	(3,261)	453,885	38%		449,910	(3,975)		
Expenditure											
35,960	Personnel Costs	39,750	40,609	859	96,813	41%		97,138	(325)		
24,661	Operating & Maintenance Costs	23,996	27,142	3,146	69,146	35%		69,096	50		
5,110	Professional Costs	7,241	6,563	(678)	17,092	42%		22,081	(4,989)		
6,209	Administration Expenses	6,881	7,182	302	24,263	28%		21,913	2,350		
4,506	Property Costs	4,849	5,159	310	11,824	41%		11,932	(108)		
5,410	Finance Costs	6,424	6,796	372	16,270	39%		14,870	1,400		
28,849	Depreciation & Amortisation Expense	32,865	31,475	(1,390)	75,534	44%		78,237	(2,703)		
110,707	TOTAL EXPENDITURE	122,006	124,927	2,921	310,942	39%		315,268	(4,325)		
38,007	OPERATING SURPLUS/(DEFICIT)	52,313	52,653	(341)	142,943	37%		134,642	(8,301)		
Gains and Losses											
4,109	Net gain/(loss) on revaluation of interest rate swaps	18,939		18,939				18,939		18,939	
	Gain on fair value of investment properties				756	0%		756			
(709)	Property, plant and equipment net gain/(loss)	(1,780)		(1,780)	(61,103)	3%		(62,870)	(1,767)		
3,400	TOTAL GAINS AND LOSSES	17,159		17,159	(60,347)	(28%)		(43,175)	17,172		
41,408	TOTAL SURPLUS/(DEFICIT)	69,471	52,653	16,818	82,596	84%		91,468	8,871		

Refer to Activity Statements for variances against budget.

BALANCING THE BOOKS RESULT FOR THE MONTH ENDED 30 NOVEMBER 2021

\$'000		\$'000		\$'000		\$'000		\$'000		\$'000	
YTD 2019/20		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent		Annual Forecast	Annual Variance Fav/(Unfav)		
41,408	Surplus/(Deficit)	69,471	52,653	16,818	82,596	84%		91,468	8,871		
	Remove capital revenue										
(10,392)	Vested assets	(11,000)	(14,372)	3,372	(34,491)	32%		(34,491)			
(11,101)	Part of Development and Financial contributions	(6,254)	(8,546)	2,293	(20,554)	30%		(20,554)			
(13,304)	Capital Subsidy (excluding subsidy on transport renewals)	(19,106)	(24,186)	5,080	(60,479)	32%		(52,961)	7,518		
(4,640)	Other Capital Contributions & Grants	(17,001)	(12,673)	(4,327)	(32,863)	52%		(32,863)			
(681)	Other items not considered everyday operating revenue	(630)	(630)		(8,084)	8%		(8,084)			
	Remove (gains)/losses										
(3,400)	All Gains/(Losses)	(17,159)		(17,159)	60,347	(28%)		43,175	(17,172)		
	Remove other expenses										
106	Other items not considered everyday operating expenses	195	190	5	9,585	2%		7,235	(2,350)		
(2,005)	EVERYDAY SURPLUS/(DEFICIT)	(1,483)	(7,565)	6,082	(3,944)	38%		(7,076)	(3,133)		

Balancing the Books result below shows the cumulative change in the position. It illustrates the consistent favourable balancing the books result to November with the YTD Actuals showing a deficit of \$1.4m against a YTD Budgeted deficit of \$7.6m in November.



Attachment 2

COUNCIL

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
77,139	Rates**	86,276	85,440	836	221,714	39%	221,714	
18,319	Fees & Charges	16,011	16,413	(402)	40,723	39%	39,037	(1,686)
3,179	Subsidies & Grants	7,539	4,184	3,355	8,664	87%	13,893	5,229
527	Interest Revenue	178	126	52	302	59%	302	
3,310	Other Revenue	3,216	3,601	(386)	14,780	22%	14,780	
102,474	Total Everyday Revenue	113,220	109,764	3,456	286,184	40%	289,728	3,543
Everyday Expenditure								
35,960	Personnel Costs	39,750	40,609	859	96,813	41%	97,138	(325)
24,661	Operating & Maintenance Costs	23,996	27,142	3,146	69,146	35%	69,096	50
5,110	Professional Costs	7,241	6,563	(678)	17,092	42%	22,081	(4,989)
6,209	Administration Expenses	6,881	7,182	302	24,263	28%	21,913	2,350
4,506	Property Costs	4,849	5,159	310	11,824	41%	11,932	(108)
5,410	Finance Costs**	6,424	6,796	372	16,270	39%	14,870	1,400
28,849	Depreciation & Amortisation Expense**	32,865	31,475	(1,390)	75,534	44%	78,237	(2,703)
(3,400)	Gains & Losses	(17,159)		17,159	60,347	(28%)	43,175	17,172
107,306	Total Everyday Expenditure	104,847	124,927	20,080	371,289	28%	358,442	12,847
(4,833)	Everyday Surplus/(Deficit)*	8,373	(15,163)	23,536	(85,105)	(10%)	(68,715)	16,390
Capital Revenue								
14,383	Development Contributions**	10,865	13,148	(2,283)	31,622	34%	31,622	
21,466	Capital Revenue	39,233	40,295	(1,063)	101,588	39%	94,070	(7,518)
10,392	Vested Assets**	11,000	14,372	(3,372)	34,491	32%	34,491	
46,241	Total Capital Revenue	61,098	67,816	(6,718)	167,701	36%	160,182	(7,518)
41,408	Operating Surplus/(Deficit)	69,471	52,653	16,818	82,596	84%	91,468	8,871

Material variances as explained below:

Rates**: \$836k favourable.

The favourable result is due to the higher than budgeted growth projection in number of rateable properties.

Finance Costs**: \$372k favourable.

Overall finance cost (interest expense) for Council is favourable. This is due to an improved starting position for the year as a result of lower closing debt for the 2020/21 financial year.

Depreciation & Amortisation Expense**: (\$1,390k) unfavourable.

The unfavourable result is due to the revaluation of building and transportation assets.

Development Contributions**: (\$2,283k) unfavourable.

Large developments do not pay required DC's in a smooth, linear fashion, but in large amounts when development milestones are met. This is why the quantum of DC's will vary significantly quarter by quarter.

Vested Assets**: (\$3,372k) unfavourable.

Vested assets are tracking below budget. Forecast to meet budget at financial year end.

The comments below explain the material variance between annual approved budget and annual forecast.

Depreciation & Amortisation Expense**: (\$2,703k) unfavourable.

The unfavourable forecast result is due to the revaluation of Council building assets.

Finance Costs**: \$1,400k favourable.

Council's finance cost (interest expense) has been reforecast due to an improved debt starting position for the year.

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
1,160	Rates**	1,188	1,179	9	3,068	39%	3,068	
5	Fees & Charges							
	Subsidies & Grants							
	Interest Revenue							
	Other Revenue							
1,165	Total Everyday Revenue	1,188	1,179	9	3,068	39%	3,068	
Everyday Expenditure								
178	Personnel Costs	210	281	71	679	31%	679	
12	Operating & Maintenance Costs		12	12	28	0%	28	
165	Professional Costs	217	314	97	724	30%	724	
674	Administration Expenses	745	711	(34)	1,709	44%	1,709	
	Property Costs							
	Finance Costs**							
	Depreciation & Amortisation Expense**							
	Gains & Losses							
1,028	Total Everyday Expenditure	1,172	1,317	145	3,140	37%	3,140	
137	Everyday Surplus/(Deficit)*	15	(139)	154	(72)	(21%)	(72)	
137	Operating Surplus/(Deficit)	15	(139)	154	(72)	(21%)	(72)	

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

No significant variances to report.

Attachment 2

VISITOR DESTINATIONS

Hamilton Gardens | Waikato Museum | Hamilton Zoo

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
6,325	Rates**	5,982	5,904	77	15,381	39%	15,381	
1,387	Fees & Charges	636	1,033	(397)	2,644	24%	2,210	(434)
34	Subsidies & Grants	40	36	4	87	46%	87	
5	Interest Revenue	4	1	3	3	157%	3	
56	Other Revenue	55	37	18	99	56%	99	
7,807	Total Everyday Revenue	6,717	7,011	(294)	18,212	37%	17,779	(434)
Everyday Expenditure								
3,637	Personnel Costs	3,441	3,712	271	9,060	38%	9,060	
1,086	Operating & Maintenance Costs	1,074	1,279	205	3,613	30%	3,613	
159	Professional Costs	88	101	13	269	33%	269	
189	Administration Expenses	153	207	54	629	24%	629	
182	Property Costs	193	231	37	569	34%	569	
47	Finance Costs**	133	111	(23)	265	50%	265	
911	Depreciation & Amortisation Expense**	1,048	1,120	72	2,687	39%	2,984	(297)
2	Gains & Losses	1		(1)				
6,215	Total Everyday Expenditure	6,131	6,760	629	17,093	36%	17,390	(297)
1,592	Everyday Surplus/(Deficit)*	586	251	335	1,119	52%	389	(730)
Capital Revenue								
27	Capital Revenue	(1)	91	(92)	1,372		1,102	(270)
27	Total Capital Revenue	(1)	91	(92)	1,372	0%	1,102	(270)
1,619	Operating Surplus/(Deficit)	585	342	243	2,491	23%	1,491	(1,000)

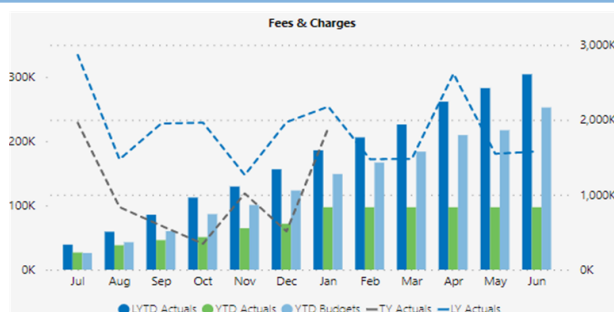
* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: (\$397k) unfavourable.

The impact of covid-19 alert level closures have resulted in reduced Fees & Charges to date for Visitor Attractions.



Personnel Costs: \$271k favourable.

The favourable variance to date is due to staff vacancies and the length of time to recruit for specialised positions in the current market.

Operating & Maintenance Costs: \$205k favourable.

The covid-19 alert level restrictions have delayed works being carried out to date.

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges: (\$434k) unfavourable.

The covid-19 alert level closures have resulted in lost Fees & Charges for Visitor Attractions which are not expected to be fully recovered. An additional loss of income is projected for Hamilton Gardens through to December. This is due to cancelled venue hireage resulting from public uncertainty around covid-19 settings.

Capital Revenue: (\$270k) unfavourable.

This relates to the external funding shortfall for the Zoo-Waiwhakareke Entry Precinct stage 1B. Council resolved to fund this shortfall and the corresponding external revenue target will be reallocated to 2026/27 for the zoo animal enclosure.

Attachment 2

VENUES, TOURISM AND MAJOR EVENTS

Claudelands | FMG Stadium Waikato | Seddon Park | Tourism and Events Funding

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
7,930	Rates**	7,298	7,211	88	18,787	39%	18,787	
1,995	Fees & Charges	1,641	2,306	(664)	5,166	32%	5,166	
	Subsidies & Grants							
51	Interest Revenue	10	12	(3)	29	33%	29	
306	Other Revenue	314	306	8	734	43%	734	
10,282	Total Everyday Revenue	9,263	9,835	(571)	24,717	37%	24,717	
Everyday Expenditure								
2,274	Personnel Costs	2,376	2,661	285	6,401	37%	6,401	
1,797	Operating & Maintenance Costs	1,741	2,033	292	5,290	33%	5,290	
45	Professional Costs	37	83	46	240	15%	240	
610	Administration Expenses	687	763	76	10,951	6%	8,601	2,350
447	Property Costs	501	565	64	1,348	37%	1,348	
519	Finance Costs**	383	693	310	1,663	23%	1,663	
2,181	Depreciation & Amortisation Expense**	2,964	2,466	(497)	5,918	50%	7,153	(1,235)
160	Gains & Losses	12		(12)				
8,034	Total Everyday Expenditure	8,701	9,264	563	31,812	27%	30,697	1,115
2,248	Everyday Surplus/(Deficit)*	562	571	(9)	(7,095)	(8%)	(5,980)	1,115
Capital Revenue								
59	Capital Revenue							
59	Total Capital Revenue							
2,308	Operating Surplus/(Deficit)	562	571	(9)	(7,095)	(8%)	(5,980)	1,115

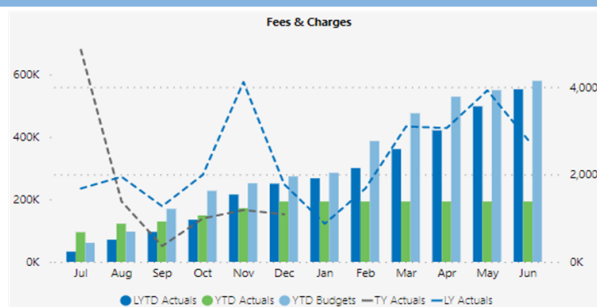
* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$664k unfavourable.

The impact of covid-19 alert level changes has resulted in reduced Fees & Charges to date for Claudelands, FMG Stadium Waikato and Seddon Park as these venues have very limited access.



Personnel Costs: \$285k favourable.

Personnel costs are favourable due to careful management during the venue closure period and timing of events. Events are being rescheduled and we forecast this balance to be spent by the end of the financial year.

Operating & Maintenance Costs: \$292k favourable.

Within Operating & Maintenance; Cost of Sales is favourable by \$104k, this is a reflection of reduced Fees and Charges.

The favourable variance of \$188k in repairs and maintenance is due to the fact that our maintenance programme has been delayed. The work programme is expected to be completed by the end of financial year (covid permitting).

The comments below explain the material variance between annual approved budget and annual forecast.

Administration Costs: \$2,350k favourable

The favourable variance is due to the postponement of Council's contribution towards the Waikato Regional Theatre to the 2021/22 financial year.

Attachment 2

COMMUNITY SERVICES

Libraries | Community Development | Arts Promotion | Pools | Theatres

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
6,920	Rates**	7,568	7,457	111	19,454	39%	19,454	
1,148	Fees & Charges	635	1,239	(604)	3,330	19%	2,742	(588)
	Subsidies & Grants	104	1	104	2	5209%	242	240
3	Interest Revenue	5	1	4	2	309%	2	
1	Other Revenue	(43)	7	(50)	16	(261%)	16	
8,072	Total Everyday Revenue	8,269	8,704	(435)	22,803	36%	22,455	(348)
Everyday Expenditure								
3,807	Personnel Costs	4,318	4,030	(287)	9,486	46%	9,811	(325)
1,523	Operating & Maintenance Costs	700	756	56	2,101	33%	2,101	
181	Professional Costs	189	190	1	338	56%	338	
1,343	Administration Expenses	1,412	1,410	(2)	2,587	55%	2,587	
348	Property Costs	356	374	18	918	39%	1,026	(108)
29	Finance Costs**	152	116	(36)	279	54%	279	
1,571	Depreciation & Amortisation Expense**	1,898	1,711	(188)	4,105	46%	4,838	(733)
44	Gains & Losses			()				
8,847	Total Everyday Expenditure	9,025	8,587	(438)	19,815	46%	20,981	(1,166)
(775)	Everyday Surplus/(Deficit)*	(755)	118	(873)	2,989	(25%)	1,475	(1,514)
Capital Revenue								
	Capital Revenue		88	(88)	265	0%	265	
	Total Capital Revenue		88	(88)	265	0%	265	
(775)	Operating Surplus/(Deficit)	(755)	206	(961)	3,254	(23%)	1,740	(1,514)

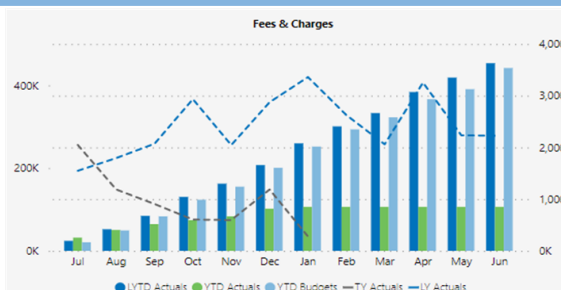
* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: (\$604k) unfavourable.

The impact of covid-19 alert level closures have resulted in reduced Fees & Charges to date.



Subsidies & Grants: \$104k favourable.

Contributions received include \$104k from The Department of Internal Affairs for the New Zealand Libraries Partnership Programme costs.

Personnel Costs: (\$287k) unfavourable.

Unbudgeted Libraries Partnership Programme costs of \$98k have been funded and are offset in Grants revenue. The unfavourable variance is also due to unbudgeted costs of \$110k associated with a resource realignment in order to improve safety and assurance outcomes at Hamilton Pools. The rest of the unfavourable budget comprises a deficit in holiday pay calculations and an increase in some safety roles at Aquatics. These factors are being managed and offset across the total Community Personnel budget and through other operational lines.

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges: (\$588k) unfavourable.

The covid-19 alert level closures have resulted in lost Fees & Charges for Hamilton Pools and Libraries which are not expected to be recovered. The Hamilton City Council/Waikato District Council Libraries Agreement was renegotiated with an increase of \$46k plus GST per year effective November 2021, therefore an offset of \$31k additional fees have been forecasted for the current year.

Subsidies & Grants: \$240k favourable.

Contributions forecasted include \$240k from The Department of Internal Affairs for the New Zealand Libraries Partnership Programme costs.

Personnel Costs: (\$325k) unfavourable.

The unfavourable variance is due to \$210k unbudgeted New Zealand Libraries Partnership Programme costs which are offset by unbudgeted funding in Grants income. Unbudgeted costs (\$110k) associated with resource realignment at Hamilton Pools and lower than usual level of vacancies/ turnover.

Property Costs: (\$108k) unfavourable.

Hamilton Pools are expecting increased gas costs as projected by the Energy Consultant based on updated gas pricing from 1 Oct 2021.

Attachment 2

PARKS AND RECREATION

Community Parks | Natural Areas | Streetscapes | Sports Parks | Playgrounds | Cemeteries and Crematorium | Indoor Recreation

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000		\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
8,924	Rates**	9,707	9,589	118	24,982	39%	24,982	
2,932	Fees & Charges	2,087	2,044	43	4,864	43%	4,864	
6	Subsidies & Grants	6	3	4	7	92%	7	
57	Interest Revenue	15	14	1	33	45%	33	
66	Other Revenue	170	59	112	179	95%	179	
11,985	Total Everyday Revenue	11,986	11,708	278	30,065	40%	30,065	
Everyday Expenditure								
4,309	Personnel Costs	4,327	4,272	(55)	10,771	40%	10,771	
3,238	Operating & Maintenance Costs	1,952	1,904	(48)	6,971	28%	6,971	
396	Professional Costs	122	116	(6)	1,755	7%	1,755	
225	Administration Expenses	219	228	9	405	54%	405	
152	Property Costs	166	216	50	526	32%	526	
582	Finance Costs**	546	801	255	1,923	28%	1,923	
2,067	Depreciation & Amortisation Expense**	2,317	2,246	(71)	5,391	43%	5,669	(278)
45	Gains & Losses	227		(227)			227	(227)
11,014	Total Everyday Expenditure	9,876	9,784	(92)	27,741	36%	28,246	(505)
971	Everyday Surplus/(Deficit)*	2,110	1,925	185	2,323	91%	1,819	(505)
Capital Revenue								
629	Development Contributions**	751	313	438	821	92%	821	
3	Capital Revenue	11	66	(55)	198	5%	198	
553	Vested Assets**	23		23				
1,184	Total Capital Revenue	784	379	405	1,019	77%	1,019	
2,155	Operating Surplus/(Deficit)	2,894	2,304	590	3,342	87%	2,837	(505)

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Other Revenue: \$112k favourable.**

The favourable variance is due to the Fairfield Hall insurance claim settlement (\$89k).

Gains & Losses: (\$227k) unfavourable.

The unfavourable variance is due to the write-off of the Stadium Bowling Club site and grounds assets, and other various open space assets.

The comments below explain the material variance between annual approved budget and annual forecast.**Gains & Losses: (\$227k) unfavourable.**

The unfavourable variance is due to the write-off of the Stadium Bowling Club site and grounds assets, and other various open space assets.

Attachment 2

SAFETY

Animal Education and Control | Environmental Health | Alcohol Licensing | Public Safety | Civil Defence

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
YTD 2019/20		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
1,554	Rates**	1,809	1,800	8	4,680	39%	4,680	
1,386	Fees & Charges	1,446	1,341	106	2,090	69%	2,090	
21	Subsidies & Grants	21	22	(1)	53	40%	53	
	Interest Revenue							
21	Other Revenue	19	13	6	31	62%	31	
2,982	Total Everyday Revenue	3,295	3,175	119	6,853	48%	6,853	
Everyday Expenditure								
1,751	Personnel Costs	1,863	1,977	114	4,751	39%	4,751	
262	Operating & Maintenance Costs	406	474	68	1,335	30%	1,335	
50	Professional Costs	41	61	20	146	28%	146	
75	Administration Expenses	171	203	33	341	50%	341	
7	Property Costs	9	11	2	26	33%	26	
	Finance Costs**		1	1	2	3%	2	
35	Depreciation & Amortisation Expense**	42	37	(5)	89	47%	65	24
	Gains & Losses							
2,179	Total Everyday Expenditure	2,531	2,764	233	6,691	38%	6,667	24
803	Everyday Surplus/(Deficit)*	764	412	352	162	470%	186	24
Capital Revenue								
	Capital Revenue							
	Total Capital Revenue							
803	Operating Surplus/(Deficit)	764	412	352	162	470%	186	24

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$106k favourable.

Dog registrations being received earlier than anticipated (\$65K). As well as unbudgeted cost recoveries from KiwiRail/Waikato Regional Council for Te Rapa rail services (\$33K) and Waikato District Health Board for covid-19 testing station costs (\$34K).

Personnel Costs: \$114k favourable.

The favourable variance is due to staff vacancies and the length of time to recruit in the current market. Most of the vacant positions have now been filled.

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
2,318	Rates**	4,490	4,455	35	11,396	39%	11,396	
4,798	Fees & Charges	5,783	4,061	1,723	10,410	56%	9,745	(665)
70	Subsidies & Grants							
19	Interest Revenue	2	5	(2)	11	22%	11	
1	Other Revenue							
7,206	Total Everyday Revenue	10,276	8,521	1,755	21,817	47%	21,152	(665)
Everyday Expenditure								
3,914	Personnel Costs	4,482	4,739	256	11,327	40%	11,327	
83	Operating & Maintenance Costs	93	167	73	400	23%	400	
1,412	Professional Costs	2,168	2,087	(80)	4,807	45%	4,807	
491	Administration Expenses	280	428	148	1,353	21%	1,353	
17	Property Costs	31	36	5	86	36%	86	
195	Finance Costs**	108	244	136	585	18%	585	
2	Depreciation & Amortisation Expense**	2	2		5	37%	5	
	Gains & Losses							
6,115	Total Everyday Expenditure	7,163	7,702	539	18,563	39%	18,563	
1,091	Everyday Surplus/(Deficit)*	3,113	819	2,294	3,255	96%	2,590	(665)
Capital Revenue								
	Capital Revenue							
	Total Capital Revenue							
1,091	Operating Surplus/(Deficit)	3,113	819	2,294	3,255	96%	2,590	(665)

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Fees & Charges: \$1,723k favourable.

The majority of this is due to higher than budgeted levels of activity in the Building Control unit. In the first half of the financial year there was a mix of a larger number of consents than usual, along with some high value consents. Revenue from building has been difficult to predict since the covid-19 lockdowns, with the additional uncertainty around product supply. It is unclear when a level of certainty and predictability will return to this market. There is also slightly more revenue than budgeted for in Planning Guidance as resource consent numbers are up.

Personnel Costs: \$256k favourable.

There are 5 vacancies in the Building Control unit. Additionally, in City Planning there were positions budgeted for in the District Plan budget that have instead been filled by consultants. Therefore some of this variance is offset in professional costs.

Administration Expenses: \$148k favourable.

Provision for a Building Control claim was released when the claim was paid out in September. The claim paid out was \$50k less than what was provided. The additional variance is made up of small underspends across all units.

The comments below explain the material variance between annual approved budget and annual forecast.

Fees & Charges: \$665k unfavourable.

Correcting revenue which will not be received. The spend associated with this has been repurposed to the Hamilton Urban Growth Strategy review work.

Attachment 2

WATER SUPPLY

Water Treatment | Water Storage | Water Distribution

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
11,146	Rates**	8,161	8,411	(250)	21,616	38%	21,616	
(19)	Fees & Charges	(94)	(67)	(28)	(160)	59%	(160)	
	Subsidies & Grants	1,586	2	1,584	4	39641%	2,170	2,166
133	Interest Revenue	48	25	23	60	80%	60	
	Other Revenue							
11,261	Total Everyday Revenue	9,700	8,371	1,329	21,520	45%	23,686	2,166
Everyday Expenditure								
1,225	Personnel Costs	1,778	1,926	148	4,388	41%	4,388	
1,012	Operating & Maintenance Costs	1,555	1,628	73	4,502	35%	4,502	
199	Professional Costs	541	449	(91)	1,099	49%	3,265	(2,166)
36	Administration Expenses	21	25	4	66	31%	66	
879	Property Costs	889	998	109	2,268	39%	2,268	
1,060	Finance Costs**	836	1,531	695	3,581	23%	2,581	1,000
3,388	Depreciation & Amortisation Expense**	3,235	3,479	244	8,349	39%	8,349	
192	Gains & Losses	447		(447)			447	(447)
7,990	Total Everyday Expenditure	9,300	10,036	735	24,253	38%	25,866	(1,613)
3,270	Everyday Surplus/(Deficit)*	400	(1,665)	2,065	(2,733)	(15%)	(2,180)	553
Capital Revenue								
3,441	Development Contributions**	2,459	2,130	329	5,111	48%	5,111	
363	Capital Revenue	1,860	21	1,839	50	3719%	1,900	1,850
294	Vested Assets**	423	746	(323)	1,790	24%	1,790	
4,098	Total Capital Revenue	4,741	2,896	1,845	6,951	68%	8,801	1,850
7,368	Operating Surplus/(Deficit)	5,141	1,232	3,910	4,217	122%	6,620	2,403

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Rates**:** (\$250k) unfavourable.

Water by Meter revenue is unfavourable due to a lower than anticipated level of water use year to date.

Subsidies & Grants: \$1,584k favourable.

The favourable variance is due to the allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme. This offsets operational expenditure incurred for approved projects and costs, including professional services costs and operating & maintenance costs.

Personnel Costs: \$148k favourable.

The favourable variance is mainly due to short term staff vacancies.

Property Costs: \$109k favourable.

The favourable variance is largely due to insurance costs being less than budget.

Gains & Losses: (\$447k) unfavourable.

Unfavourable variance is due to the disposal of various assets.

Capital Revenue: \$1,839k favourable.

Contributions toward new connections exceed budget due to increased applications. This revenue will offset capital installation costs. Allocation of Central Government grant funding to offset Water Reform Stimulus Programme capital expenditure for this activity also contributes to the favourable variance.

The comments below explain the material variance between annual approved budget and annual forecast.**Subsidies & Grants:** \$2,166k favourable

Allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme. This funding offsets operational expenditure incurred for approved projects and costs, including professional costs.

Professional Costs: \$2,166k unfavourable

Expenditure relating to delivery of the Water Reform Stimulus projects which is offset by funds received from the Central Government Water Reform Stimulus grant funding.

Attachment 2

WASTEWATER

Wastewater Collection | Wastewater Treatment | Wastewater Disposal

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
11,810	Rates**	11,745	11,280	466	29,183	40%	29,183	
2,278	Fees & Charges	1,624	2,146	(522)	6,836	24%	6,836	
	Subsidies & Grants	1,508	3	1,505	8	18852%	2,279	2,271
117	Interest Revenue	30	28	1	67	44%	67	
	Other Revenue							
14,205	Total Everyday Revenue	14,907	13,457	1,450	36,094	41%	38,365	2,271
Everyday Expenditure								
2,361	Personnel Costs	2,757	3,328	571	7,752	36%	7,752	
2,758	Operating & Maintenance Costs	2,765	3,275	510	7,997	35%	7,997	
890	Professional Costs	920	472	(448)	1,055	87%	3,326	(2,271)
61	Administration Expenses	53	56	3	197	27%	197	
913	Property Costs	1,059	1,046	(14)	2,389	44%	2,389	
1,193	Finance Costs**	1,099	1,675	576	3,917	28%	3,517	400
4,801	Depreciation & Amortisation Expense**	5,394	5,383	(11)	12,917	42%	12,917	
14	Gains & Losses	815		(815)			815	(815)
12,991	Total Everyday Expenditure	14,863	15,235	372	36,224	41%	38,911	(2,686)
1,214	Everyday Surplus/(Deficit)*	44	(1,777)	1,822	(130)	(34%)	(545)	(415)
Capital Revenue								
5,058	Development Contributions**	3,757	3,802	(45)	9,123	41%	9,123	
882	Capital Revenue	2,055	339	1,716	813	253%	2,298	1,485
706	Vested Assets**	945	1,380	(435)	3,312	29%	3,312	
6,646	Total Capital Revenue	6,757	5,521	1,236	13,249	51%	14,733	1,485
7,860	Operating Surplus/(Deficit)	6,801	3,743	3,058	13,118	52%	14,188	1,070

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Fees & Charges: (\$522k) unfavourable.**

Fees & Charges is unfavourable due to a lower than anticipated Shared Services trade waste charges year to date.

Subsidies & Grants: \$1,505k favourable.

The favourable variance is due to the allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme. This offsets operational expenditure incurred for approved projects and costs, including professional services costs and operating & maintenance costs.

Personnel Costs: \$571k favourable.

The favourable variance is mainly due to short term staff vacancies.

Operating & Maintenance Costs: \$510k favourable.

Due to covid-19, reactive maintenance was reduced to essential works only. Works such as condition assessments were postponed.

Professional Costs: (\$448k) unfavourable.

The unfavourable variance is due to Water Reform Stimulus Programme projects underway and is 100% offset by funds received from the Central Government Water Reform Stimulus grant funding. (See Subsidies & Grants above)

Gains & Losses: (\$815k) unfavourable.

Unfavourable variance is due to the disposal of various assets.

Capital Revenue: \$1,716k favourable.

Contributions toward new connections exceed budget due to increased applications. This revenue will offset capital installation costs. Allocation of Central Government grant funding to offset Water Reform Stimulus capital expenditure for this activity also contributes to the favourable variance.

The comments below explain the material variance between annual approved budget and annual forecast.**Subsidies & Grants: \$2,271k favourable**

Allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme.

Professional Costs: \$2,271k unfavourable

Allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme.

Attachment 2

STORMWATER

Stormwater Network

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
2,649	Rates**	6,934	6,878	56	17,722	39%	17,722	
180	Fees & Charges	108	108		258	42%	258	
	Subsidies & Grants	251	2	249	4	6278%	556	552
32	Interest Revenue	9	8	1	18	48%	18	
	Other Revenue							
2,861	Total Everyday Revenue	7,302	6,995	307	18,003	41%	18,555	552
Everyday Expenditure								
835	Personnel Costs	1,005	970	(35)	2,215	45%	2,215	
246	Operating & Maintenance Costs	189	129	(60)	390	48%	390	
59	Professional Costs	424	243	(181)	583	73%	1,135	(552)
14	Administration Expenses	12	16	4	40	30%	40	
344	Property Costs	415	301	(115)	466	89%	466	
326	Finance Costs**	324	483	159	1,129	29%	1,129	
3,877	Depreciation & Amortisation Expense**	4,309	4,101	(208)	9,842	44%	9,842	
	Gains & Losses	278		(278)			278	(278)
5,701	Total Everyday Expenditure	6,955	6,242	(713)	14,665	47%	15,495	(830)
(2,839)	Everyday Surplus/(Deficit)*	347	753	(406)	3,339	10%	3,061	(278)
Capital Revenue								
1,316	Development Contributions**	889	2,054	(1,165)	4,929	18%	4,929	
219	Capital Revenue	846	844	2	2,025	42%	2,025	
3,469	Vested Assets**	707	2,000	(1,293)	4,800	15%	4,800	
5,004	Total Capital Revenue	2,441	4,898	(2,456)	11,754	21%	11,754	
2,165	Operating Surplus/(Deficit)	2,788	5,651	(2,863)	15,093	18%	14,815	(278)

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:**Subsidies & Grants: \$249k favourable.**

The favourable variance is due to the allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme. This offsets operational expenditure incurred for approved projects and costs, including professional services costs and operating & maintenance costs.

Professional Costs: (\$181k) unfavourable.

The unfavourable variance is due to Water Reform Stimulus Programme projects underway and is 100% offset by funds received from the Central Government Water Reform Stimulus grant funding. (See Subsidies & Grants above)

Gains & Losses: (\$278k) unfavourable.

Unfavourable variance is due to the disposal of various assets.

The comments below explain the material variance between annual approved budget and annual forecast.**Subsidies & Grants: \$552k favourable**

Allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme.

Professional Costs: \$552k unfavourable

Allocation of Central Government grant funding to the activity for the delivery of the Water Reform Stimulus Programme.

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
13,704	Rates**	18,308	18,121	187	47,166	39%	47,166	
1,718	Fees & Charges	1,685	1,706	(21)	4,179	40%	4,179	
2,821	Subsidies & Grants	3,726	3,795	(69)	7,858	47%	7,858	
136	Interest Revenue	79	32	46	78	101%	78	
943	Other Revenue	996	1,401	(405)	2,929	34%	2,929	
19,321	Total Everyday Revenue	24,794	25,055	(261)	62,210	40%	62,210	
Everyday Expenditure								
1,941	Personnel Costs	2,637	2,865	229	6,361	41%	6,361	
6,160	Operating & Maintenance Costs	6,813	8,639	1,826	19,423	35%	19,423	
235	Professional Costs	1,626	1,091	(536)	2,391	68%	2,391	
382	Administration Expenses	499	380	(119)	724	69%	724	
931	Property Costs	905	1,013	108	2,327	39%	2,327	
1,382	Finance Costs**	2,579	1,215	(1,364)	2,844	91%	2,844	
7,554	Depreciation & Amortisation Expense**	8,882	8,563	(319)	20,550	43%	20,550	(100)
	Gains & Losses			()	61,103	0%	61,103	
18,585	Total Everyday Expenditure	23,942	23,767	(175)	115,724	21%	115,824	(100)
736	Everyday Surplus/(Deficit)*	852	1,288	(436)	(53,513)	(2%)	(53,613)	(100)
Capital Revenue								
3,939	Development Contributions**	3,010	4,850	(1,840)	11,638	26%	11,638	
19,914	Capital Revenue	34,463	38,847	(4,384)	96,865	36%	86,282	(10,583)
5,369	Vested Assets**	8,902	10,246	(1,344)	24,589	36%	24,589	
29,222	Total Capital Revenue	46,375	53,943	(7,568)	133,092	35%	122,509	(10,583)
29,958	Operating Surplus/(Deficit)	47,227	55,231	(8,004)	79,579	59%	68,896	(10,683)

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Other Revenue: (\$405k) unfavourable.

The unfavourable result is due to Waka Kotahi NZ Transport Agency temporarily suspending the requirement of valid vehicle registrations which resulted in the suspension of issuing infringements until 30 November 2021.

Personnel Costs: \$229k favourable.

The favourable variance is mainly due to short term staff vacancies which are expected to be filled within the 3rd quarter of the financial year.

Operating & Maintenance Costs: \$1,826k favourable.

The favourable variance is due to maintenance work put on hold during covid-19 lockdowns. Work will continue and budgets will be fully spent by the end of the financial year.

Professional Costs: (\$536k) unfavourable.

The unfavourable result is due to costs associated with development of the Metro Spatial Plan and public transport infrastructure studies being completed on key bus routes in the city. Costs are able to be accommodated within existing budget provisions.

Property Costs: \$108k favourable.

The favourable variance is largely due to insurance costs being less than budget.

Administration Expenses: (\$119k) unfavourable.

The unfavourable result is mainly due software licence costs which is offset by a recovery in fees and charges.

Capital Revenue: (\$4,384k) unfavourable.

Revenue from subsidies are tracking below that forecasted as we work through the approval processes for capital projects funding from Waka Kotahi NZ Transport Agency.

The comments below explain the material variance between annual approved budget and annual forecast.

Capital Revenue: (\$10,583k) unfavourable.

Capital deferrals have resulted in a revised forecast.

Attachment 2

RUBBISH AND RECYCLING

Refuse Collection | Waste Minimisation | Landfill Site Management

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
2,766	Rates**	3,250	3,280	(30)	8,581	38%	8,581	
(50)	Fees & Charges	(23)	(32)	8	(71)	33%	(71)	
227	Subsidies & Grants	297	321	(24)	642	46%	642	
3	Interest Revenue	1	1	(1)	1	35%	1	
152	Other Revenue	179	185	(6)	444	40%	444	
3,097	Total Everyday Revenue	3,703	3,755	(52)	9,597	39%	9,597	
Everyday Expenditure								
683	Personnel Costs	423	377	(45)	918	46%	918	
3,260	Operating & Maintenance Costs	2,734	3,252	518	7,811	35%	7,761	50
189	Professional Costs	107	109	3	391	27%	391	
(6)	Administration Expenses	2	4	2	(1,100)	(0%)	(1,100)	
15	Property Costs	17	33	16	72	24%	72	
26	Finance Costs**	20	35	15	216	9%	216	
233	Depreciation & Amortisation Expense**	202	233	32	560	36%	644	(84)
	Gains & Losses							
4,401	Total Everyday Expenditure	3,504	4,045	540	8,867	40%	8,901	(34)
(1,304)	Everyday Surplus/(Deficit)*	199	(290)	489	731	27%	697	(34)
Capital Revenue								
	Capital Revenue							
	Total Capital Revenue							
(1,304)	Operating Surplus/(Deficit)	199	(290)	489	731	27%	697	(34)

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Operating & Maintenance Costs: \$518k favourable.

The favourable result is due to kerbside refuse tonnage being lower than anticipated, food waste kerbside collection service not proceeding during covid-19 restrictions and lower bin maintenance costs.

Attachment 2

OVERHEADS

CE's Office | Corporate | Strategy and Communications | Strategic Property
FOR THE MONTH ENDED 30 NOVEMBER 2021

\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
Last Year YTD		YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue								
(68)	Rates**	(165)	(126)	(39)	(302)	55%	(302)	
561	Fees & Charges	483	529	(46)	1,178	41%	1,178	
	Subsidies & Grants							
	Interest Revenue	3		3				
1,018	Other Revenue	832	900	(68)	2,160	39%	2,160	
1,511	Total Everyday Revenue	1,154	1,303	(150)	3,036	38%	3,036	
Everyday Expenditure								
9,045	Personnel Costs	10,133	9,471	(662)	22,704	45%	22,704	
3,225	Operating & Maintenance Costs	3,975	3,885	(91)	9,977	40%	9,977	
1,129	Professional Costs	762	1,287	525	3,394	22%	3,394	
2,156	Administration Expenses	2,672	2,843	170	7,051	38%	7,051	
271	Property Costs	310	337	27	829	37%	829	
12	Finance Costs**	68	86	18	207	33%	207	
2,229	Depreciation & Amortisation Expense**	2,572	2,394	(178)	5,746	45%	5,746	
252	Gains & Losses			()	(756)	(0%)	(756)	
18,318	Total Everyday Expenditure	20,493	20,303	(190)	49,151	42%	49,151	
(16,807)	Everyday Surplus/(Deficit)*	(19,339)	(19,000)	(340)	(46,115)	42%	(46,115)	
(16,807)	Operating Surplus/(Deficit)	(19,339)	(19,000)	(340)	(46,115)	42%	(46,115)	

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Personnel Costs: (\$662k) unfavourable.

Personnel costs are unfavourable due to expenditure on externally contracted staff to cover vacancies, deliver organisation wide projects and projects within the facilities management team.

Professional Costs: \$525k favourable.

Professional costs are favourable due to the use of internal resources to complete projects.

Administration Expenses: \$170k favourable.

Administration expenses are favourable due to reduced spending in various areas as a result of covid-19.

Attachment 2

GENERAL

FOR THE MONTH ENDED 30 NOVEMBER 2021

\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Last Year YTD	YTD Actual	YTD Budget (Approved)	YTD Variance Fav/(Unfav)	Annual Approved Budget	% Annual Budget Spent	Annual Forecast	Annual Variance Fav/(Unfav)
Everyday Revenue							
(29)	(26)		(26)				
746	694	694	(1)	8,188	8%	8,188	
717	667	694	(27)	8,188	8%	8,188	
Everyday Expenditure							
38	174	(195)	(370)	(341)	(51%)	(341)	
(4,109)	(18,939)	(260)	(260)	(625)	0%	(625)	
			18,939			(18,939)	18,939
(4,071)	(18,764)	(1,074)	17,690	(2,448)	766%	(21,387)	18,939
4,788	19,431	1,768	17,663	10,636	183%	29,575	18,939
4,788	19,431	1,768	17,663	10,636	183%	29,575	18,939

* Everyday surplus/(deficit) excludes overhead allocation. Refer to Overheads activity statement for overhead results and variance explanations

** Rates Revenue, Finance Costs, Depreciation & Amortisation Expenses, Development Contribution and Vested Assets variances are explained in the Council activity statements

Material variances as explained below:

Gains & Losses: \$18,939k favourable.

Movement in market interest rates have resulted in a gain in the fair value of interest rate swaps.

Note: negative budgets

The negative budgets are due to Chief Executive savings target which is set to the whole organisation. This nets out across the Council.

TREASURY REPORT

Year to date 30 November 2021

Attachment 3

Investment and Cash Position

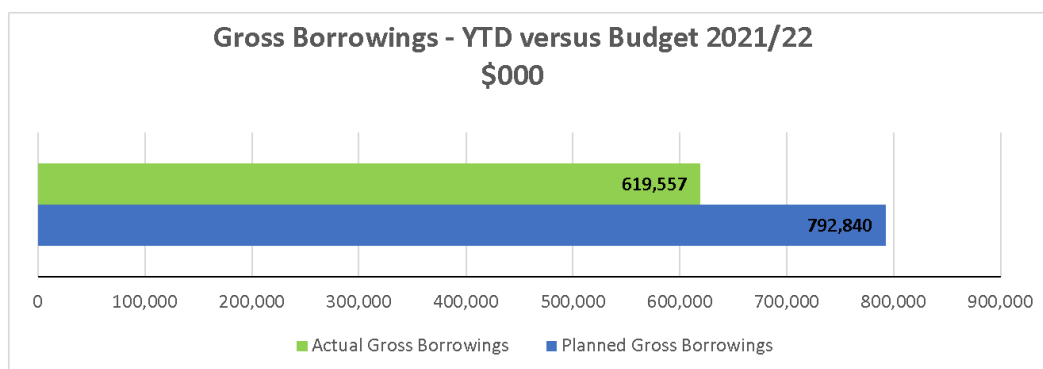
Treasury cash investments consist of:

Cash Investments	Actual \$000 Nov-21	Budget \$000 Jun-22	Variance \$000 Fav/ (Unfav)
Cash on call	98,750	not apportioned	not apportioned
Term deposit	20,000	not apportioned	not apportioned
Closing bank balances	229	not apportioned	not apportioned
LGFA borrower notes	10,130	not apportioned	not apportioned
Total cash investments	129,109	61,526	67,354

The Council's investments are managed on a regular basis, with sufficient minimum immediate cash reserves maintained. To best manage funding gaps, Council's financial investment maturities are matched with Council's forecast cash flow requirements.

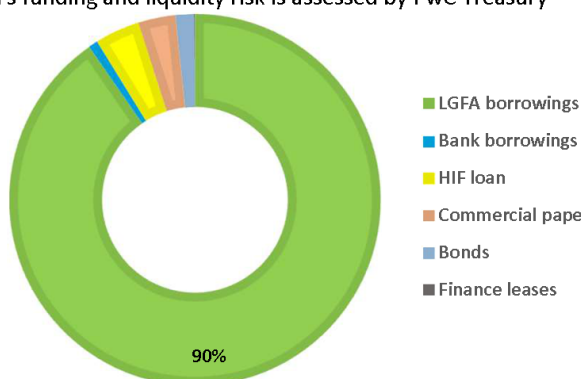
Borrowing Position

Council borrowings is the external portion of debt held with the Local Government Funding Agency (LGFA), banks, Ministry of Business, Innovation and Employment and finance lease liabilities.



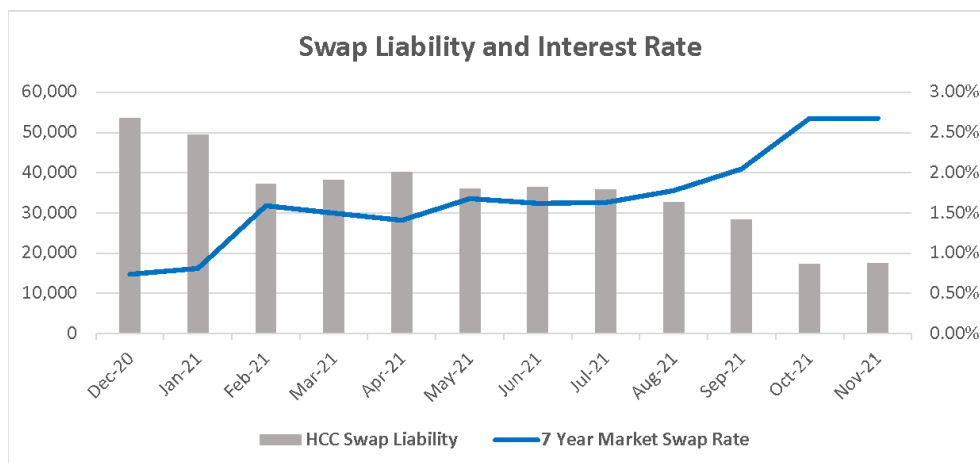
Borrowing debt has increased by \$30 million since last reported at Finance Committee. This is in line with Council's funding and liquidity strategy. Council's funding and liquidity risk is assessed by PwC Treasury Advisors prior to all borrowing activity.

The LGFA remains Council's most favoured and low cost source of funding.



Interest Rates

Council manages interest rate risk to reduce uncertainty relating to interest rate fluctuations through fixing of interest costs. The exposure to interest rate risk is managed and mitigated through the risk control limits as set out in the Investment and Liability Management Policy.



There is an inverse relationship between Council's swap liability and the market swap interest rate. As the market swap interest rate increases Council's swap liability decreases and a gain is then recognised on the interest rate swap. Conversely, a decrease in the market swap interest rate results in an increase in Council's swap liability and a loss is then recognised on the interest rate swap.

Register of Significant Forecast Changes

\$000's
 BB= Balancing the books impact
 ND =Net Debt impact
 Numbers in brackets have an adverse impact.

Date	Change		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
5-Oct-21	Capital Deferrals	BB	-	-	-	-	-	-	-	-	-	-
		ND	(5,060)	(5,060)	(5,060)	(5,060)	(5,060)	(5,060)	(5,060)	(5,060)	(5,060)	(5,060)
	Operational Adjustments	BB	1,762	874	800	841	868	827	755	764	794	749
		ND	1,762	2,636	3,436	4,278	5,146	5,972	6,727	7,491	8,285	9,034
	Revised Budget Adjustments	BB	(647)	-	-	65	-	-	0	0	0	0
		ND	(647)	(647)	(647)	(582)	(582)	(582)	(582)	(582)	(582)	(582)
14-Dec-21	Capital Deferrals	BB	0	0	0	0	0	0	0	0	0	0
		ND	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
	Operational Adjustments	BB	(3,804)	(23)	(61)	(82)	(103)	(115)	(122)	(138)	(159)	(164)
		ND	1,239	(1,794)	(1,845)	(1,927)	(2,029)	(2,145)	(2,266)	(2,404)	(2,563)	(2,728)
	Revised Budget Adjustments	BB	(376)	-	0	-	-	-	0	0	0	0
		ND	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)	(376)
10-Feb-22	Capital Deferrals	BB	0	-	0	-	-	-	0	0	0	0
		ND	27,515	7,276	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)	(12,963)
	Operational Adjustments	BB	(985)	-	0	-	-	-	0	0	0	0
		ND	(985)	(985)	(985)	(985)	(985)	(985)	(985)	(985)	(985)	(985)
Total Cumulative Impact on Balancing the Books			(4,060)	851	739	824	766	711	633	626	635	584
Total Cumulative Impact on Net Debt			22,848	460	(19,040)	(18,216)	(17,450)	(16,739)	(16,105)	(15,479)	(14,845)	(14,260)

Council Report

Committee: Finance Committee **Date:** 10 February 2022
Author: Stephen Pennruscoe **Authoriser:** Helen Paki
Position: Libraries Director **Position:** General Manager Community
Report Name: Kotui Library Management System Contract renewal

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

1. To seek approval from the Finance Committee on contract CON00001249/2021 – Kōtui Library Management Service.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Finance Committee:
 - a) receives the report;
 - b) approves **Option 1** – Renewal of the Kōtui Library Management Service contract for a term of up to seven years (3 + 2 + 2), with a total value of \$1,322,614; and
 - c) delegates authority to the Chief Executive to finalise and execute the contract.

Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Libraries implemented SirsiDynix Symphony as their new Library Management System (LMS) through the Kōtui consortium in 2017 under contract 1617A. This contract is due to expire in March 2022.
4. The Kōtui consortium is a collaboration between New Zealand public libraries, the Association of Public Library Managers (APLM), Local Government New Zealand (LGNZ) and the National Library of New Zealand (NZNL).
5. The LMS provides core functionality relating to the management of the Libraries' customer and collection databases and manages the majority of Hamilton library functions. To maintain the current functionality and support, the contract will need to be directly reappointed to Kōtui.
6. The contract amount is fully budgeted through the Long-Term Plan 2021-2031, as part of the Libraries' operating costs – \$161,015 per annum, with an allowance for 4% CPI increases. The total value of this contract over the proposed term is \$1,322,614.
7. The contract term sought through this approval is 3 years, with a right of renewal of 2 years, plus a further 2 years.
8. Staff consider the matters to be of low significance and that the recommendations comply with Council's legal requirements.

Background - *Koorero whaimaarama*

9. Kōtui is a consortia LMS on a shared platform offered on a subscription basis by the Department of Internal Affairs (DIA) through the NZNL with 41 of the 67 local authorities in New Zealand currently subscribe. Hamilton is one of the largest consortium partners in Kōtui alongside Tauranga City Libraries and Dunedin Public Libraries.
10. Hamilton City Libraries adoption of the Kōtui service in 2017 was driven by the Libraries' Strategic Plan as an action to achieve optimised use of technology to support and deliver core library services and enable users to access information and services anytime, anywhere.
11. The benefit of the Consortium is that due to its scale, it can offer a shared service LMS to New Zealand public libraries at a higher specification and lower cost than many councils could negotiate through individual contracts. This collaboration provides leading-edge functionality for library users that would have been unaffordable to many Councils.
12. The Kōtui service comprises four components:
 - i. a system to manage a library's physical items (provided by SirsiDynix);
 - ii. a search facility across a library's physical and electronic items (supplied by SirsiDynix's Enterprise service and EBSCO Publishing's EBSCO Electronic Discovery Service);
 - iii. a centralised data hosting service (provided by Computer Concepts Ltd); and
 - iv. a New Zealand based support and administrative service (provided by The National Library).
13. A LMS is critical to the operation of all library services and integrates with other hardware and equipment within the libraries, such as the Radio Frequency Identification system (RFID) self-service checkouts and an Online Public Access Catalogue (OPAC).
14. The Consortium, through DIA, has recently renegotiated the terms of the master agreement with SirsiDynix, providing HCC and other consortium partners with the certainty of cost and supply for a further ten years. The DIA was given special dispensation not to re-tender, as the significant disruption and high cost associated with change were acknowledged compared with the existing benefits.

Discussion - *Matapaki*

15. The DIA and NZNL manage the administration and back-end functionality of the LMS, including hosting, support, and maintenance.
16. If HCC were to appoint a new supplier, these functions would need to be supported and resourced by the organisation ongoing.
17. Changing to a new library management provider would be a complex and lengthy project requiring the following steps:
 - i. the LMS service will need to be advertised and taken through a public tender – this process takes approximately six-months;
 - ii. six to eight months internal project management resource from IS and Libraries teams to support implementation and testing;
 - iii. data migration of existing Kōtui records to new LMS including 80,000 customer membership records and over 380,000 collection items;
 - iv. change management and staff training including the redevelopment of library management processes; and
 - v. marketing and advertising of new processes and customer platforms to customers.
18. As one of the largest consortium partners in Kōtui, Hamilton City Libraries is significantly involved in the consortium community.

Options

Option 1: Renewal of the *Kōtui Library Management Service* contract (*recommended*)

19. This option is for Libraries to enter into a new agreement with Kōtui for the existing service, maximising the service and cost benefits presented by the Consortium.
20. This process would still allow for the review of the contract terms and conditions to ensure the agreement best meets HCCs needs.
21. The term of the agreement would be 3 years, with a right of renewal of 2 years, plus 2 years. For a total value of \$1,322,614.
22. Advantages of **Option 1**:
 - i. it can be done seamlessly with no disruption to service;
 - ii. it currently presents the best value for money;
 - iii. it has no additional admin or set-up costs; and
 - iv. HCC continue to be an influential partner in the Kōtui consortium.
23. Disadvantages of **Option 1**:
 - i. the consortium agreement limits what changes or customisation to LMS Hamilton Libraries can implement, without agreement from the other members.

Option 2: Short term extension while exploring standalone tender

24. This option allows for a short-term extension of the existing Kōtui contract to allow time for a public tender process.
25. If an alternative vendor is appointed, it will require significant input from the Procurement and IS teams and a dedicated project team to deliver.
26. Advantages of **Option 2**:
 - i. with a stand-alone provider HCC would not need to make the compromises required by the consortium; and
 - ii. ability to test for new innovations not provided by the consortium.
27. Disadvantages of **Option 2** are:
 - i. due to the timeframes involved, it would require significant input from the Procurement and IS teams and dedicated project team to ensure business continuity is retained;
 - ii. the tendering process is likely to take six to eight months;
 - iii. migration to a new system (if that was the outcome of the tendering process) is likely to take a further minimum of eight months;
 - iv. this approach would incur procurement, migration, and other operational costs; these are not currently budgeted and are estimated to be \$250,000;
 - v. IS and Procurement Team involvement has not been planned; and
 - vi. two-day closure of all branches to the public for implementation of new LMS.
28. Staff have considered **Option 2** and have discounted it due to the high cost and time investment involved in tendering, measured against the low likelihood of matching the value the Consortium currently offers. The functionality offered by Kōtui is extensive and there are no functionality requirements identified by Librarians outside of those provided by Kōtui, meaning that the identified disadvantages associated with **Option 1** are minor.
29. Staff consider **Option 1: Renewal of the *Kōtui Library Management Service* contract** the most practical and cost-effective option.

Financial Considerations - *Whaiwhakaaro Puutea*

30. The operational cost of this contract is \$161,015 per annum, with an allowance for 4% CPI increases. The total value of this contract over the proposed term is \$1,322,614.
31. The estimated additional operational costs for implementation of a new LMS are \$250,000. These costs consist of data migration and licensing fees, Information Service project management costs, communications and engagement costs, staff training allowances and internal resourcing.
32. The contract discussed in this document is budgeted for as regular operating activities funded through the Long Term Plan.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

33. Staff confirm that this matter complies with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

34. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the four wellbeings').
35. The subject matter of this report has been evaluated in terms of the four wellbeings, as outlined below.
36. The services and functions of Libraries, in general, meet many of the wellbeing outcomes. The recommendations set out for this report are specifically relevant to the decision sought-

Social

37. The Libraries' purpose is to enable the lending of its collections to the community, therefore promoting reading literacy for adults and children. The LMS empowers this access to library materials. Reading has been proven to improve brain connectivity, reduce stress, lower blood pressure, and prevent cognitive decline. Reading for children helps improve language and listening skills.
38. The catalogue functionality of the LMS is the main access point between the library user and the collection. It allows library users to seek out and discover both familiar and new content. The discovery layer enables easy access to a suite of trusted electronic resources, including research journals and newspapers.

Economic

39. There are no known Economic wellbeings that directly relate to the matters in this report.

Environmental

40. There are no known Environmental wellbeings that directly relate to the matters in this report.

Cultural

41. Kōtui is developing a Te Reo Māori function for the LMS. Enterprise (the public interface portal) can use in different languages, with a Te Reo Māori option currently under development. The LMS also supports the creation of records using Māori subject headings.
42. Once implemented, the functionality delivered through the LMS will support the outcomes of He Pou Manawa Ora. In particular He Pou Manawa Koorero, through enabling library users to experience and engage with Te Reo Māori through the LMS.

Risks - *Tuuraru*

43. Leaving the Kōtui consortium would have a reputational impact on Hamilton City Council, and a detrimental impact on our relationships with the smaller councils/libraries of the consortium; Hamilton City Libraries are a significant partner in the consortium and a withdrawal weakens funding pool and collective barraging power of the consortium.
44. During the pandemic there may be difficulty finding technical expertise (staff or contractors) to support transition under **Option 2**.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui***Significance**

45. 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

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

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Council Report

Item 9

Committee: Finance Committee

Date: 10 February 2022

Author: Vionne de Villiers

Authoriser: Chris Allen

Position: Facilities Contracts Manager

Position: General Manager
Development

Report Name: Contract 15066 - HVAC & Plumbing - Cushman and Wakefield - Request to increase Approved Contract Sum

Report Status	Open
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Purpose - *Take*

1. To seek approval from the Finance Committee to increase the Approved Contract Sum of Contract 15066 to accommodate additional approved projects.

Staff Recommendation - *Tuutohu-aa-kaikmahi*

2. That the Finance Committee:
 - a) receives the report; and
 - b) approves an increase of the Approved Contract Sum of Contract 15066 by \$6,180,000 to a total revised Approved Contract Sum of \$14,180,000.

Executive Summary - *Whakaraapopototanga matua*

3. Contract No. 15066 is a contract for the operation/maintenance of all Heating, Ventilation and Air Conditioning (HVAC) and plumbing services.
4. The current Approved Contract Sum (ACS) for Contract 15066 will be exceeded by June 2022 and needs to be revised.
5. The increase to the contract sum is required due to the extension of the contract term and the inclusion of three outstanding budgeted HVAC project work into this contract. This increase is budgeted for in the Long Term Plan.
6. The contract sum increase exceeds staff delegated authority.
7. Staff consider the decision in this report has low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

8. The HVAC contract was originally awarded in 2016.
9. The contract term was extended by 3 years ending 30 June 2020 at the Finance Committee meeting of 16 October 2018 ([Agenda](#), [Minutes](#)). The ACS was increased at this time to \$8,000,000.

10. The contractor is performing the duties required under this contract to a high standard and a good working relationship has been developed.
11. In 2018 an asset audit was conducted; this identified a significant number of unrecorded HVAC assets. These assets were included into the maintenance programmes that were then managed under this contract.
12. During 2020 in order to secure delivery efficiencies a number of maintenance tasks formerly managed by other units of Council as part of their operations activity moved to Facilities and were incorporated under this contract. As a result, monthly costs have increased.
13. This consolidation of maintenance tasks has proved to be more efficient and has allowed Council to realise the benefits of this contract.
14. All of the additional work undertaken by Facilities has been budgeted in approved plans, but staff did not recognise the cumulative effect on the contracts Approved Contract Sum and as a result, this contract has exceeded its ACS and retrospective approval is required. The value of the exceedance is \$2,580,000.
15. This contract has a termination date of 30 June 2022 and the value of planned maintenance work until the end of the contract term is valued at \$1,057,000.
16. In addition, there are also 3 outstanding projects in the 2021/22 approved and budgeted programmes that require HVAC upgrades. Rather than re-tender for this work staff have negotiated with the current contractor to supply the required equipment at cost price + 10% mark-up. Noting this mark-up is 5% less than the normal contract mark-up for materials and sub-contractors under the existing contract.
17. The three projects are
 - i. Waterworld Hot water heat pumps
 - ii. Central Library HVAC upgrade
 - iii. Waikato Museum HVAC upgrade
18. The estimated value is \$2,543,000.
19. Staff are recommending the equipment is obtained under this contract and therefore the Approved Contract Sum will also require an increase to accommodate this value.
20. The following table summarises the changes recommended to the Approved Contract Sum:

Current ACS	\$8,000,000
Retrospective Increase	\$2,580,000
Estimated value of maintenance till 30 June 2022	\$1,057,000
Estimated cost of project work	\$2,543,000
Revised ACS	\$14,180,000

Financial Considerations - *Whaiwhakaaro Puutea*

21. The value of the work is fully funded from:
 - i. individual unit maintenance budgets as detailed in the 2021-31 LTP; and
 - ii. individual renewal budgets as detailed in the 2021-31 LTP.
22. This increase does not require any additional budget approval.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

23. Staff confirm that matters and recommendations within this report comply with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

24. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
25. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
26. The recommendations set out in this report are consistent with that purpose.
27. There are no known social, economic, environmental or considerations associated with the matters of this report.

Risks - *Tuuraru*

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

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

29. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed the matters and recommendations in this report have a low level of significance.

Engagement

30. Community views and preferences are already known to the Council through the 2021-31 10-Year Plan.
31. Given the low level of significance determined, the engagement level is low, and no further engagement is required.

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Finance Committee Public Excluded Minutes of 14 December 2021) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)
C2. Report on overdue debtors as at 31 December 2021 and Debt write-offs 2021/22		
C3. Information Services - Infor Limited Renewal		
C4. Information Services - Contract Renewals		
C5. Contract 859/2021 - Facilities Painting 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 protect the privacy of natural persons to maintain the effective conduct of public affairs through protecting persons from improper pressure or harassment	Section 7 (2) (a) Section 7 (2) (f) (ii)
Item C3.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C4.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C5.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)