

Notice of Meeting:

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

Date: Thursday 19 February 2015
Time: 1.30pm
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Finance Committee OPEN AGENDA

Membership

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor Ms J Hardaker Cr G Chesterman Cr M Forsyth Cr M Gallagher Cr K Green Cr A King Cr D Macpherson Cr A O'Leary Cr L Tooman Cr E Wilson Cr P Yeung

Quorum: A majority of members (including vacancies)

Meeting Frequency: Six weekly

Becca Brooke
Committee Advisor

12 February 2015
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Terms of Reference:

- To monitor the Council's financial and non-financial performance against the Long Term Plan and Annual Plan.
- To monitor the delivery of key projects.
- To approve and monitor contracts.
- To approve acquisition or sale or lease of properties owned by the Council, or owned by the Municipal Endowment Fund and the Domain Endowment Fund with reference to the strategy developed by the Business and Investment Sub-committee, for any endowment properties.
- To consider and approve deferred capital expenditure.
- To approve changes to projects resulting from staff recommendations within the Key Projects monitoring report.
- To consider and approve business cases referred by the Senior Leadership Team.

Power to act:

- Write off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).
- To approve all contractual and other arrangements for supply and services and revenue generating contracts where the term of the contract (including renewal periods) and the total value of the contract is within limits set and delegated by Council.
- To approve contracts and other arrangements where the amount of work involved in a decision not to go to public tender exceeds \$100,000 (GST excluded) or in accordance with Council's Procurement Policy.
- To approve all other matters in accordance with the terms of reference of this committee.

Sub-committees:

This Committee will be supported in its work by the:

- Events Sponsorship Sub-committee.
- External Funding Sub-committee.
- Council Controlled Organisations (CCO) Sub-committee.

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1 Apologies

2 Confirmation of Agenda

The Committee to confirm the agenda.

3 Declaration of Interest

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

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of the 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 Democracy 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 Democracy by telephoning 07 838 6439.

Committee: Finance Committee

Date: 19 February 2015

Report Name: Finance Committee Minutes -
Open - 4 December 2014

Author: Becca Brooke

Status	<i>Open</i>
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Recommendation

That Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held 4 December 2014.

1. Attachments

- Attachment 1 - Finance Committee Minutes - Open - 4 December 2014

Finance Committee

OPEN MINUTES

Minutes of a Meeting of the Finance Committee held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 4 December 2014 at 1.30pm.

PRESENT

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker
	Cr G Chesterman
	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr A O'Leary
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung

In Attendance: Chief Executive, Chief Financial Officer, General Manager Customer Relationships, General Manager Events and Economic Development, General Manager Community, General Manager City Environments, General Manager City Infrastructure, General Manager Performance, General Manager Organisational Development, Communications Unit Manager, Senior Communication Advisor, City Waters Unit Manager, Parks and Open Spaces Manager, Community Development and Leisure Manager, PMO Manager, Team Leader Planning and Assets, Community Occupancy Advisor, Manager Community Wellbeing, Revenue Manager, Procurement Manager, Strategic Property Unit Manager, Architecture Team Lead, Solutions Delivery Manager, Accounting Unit Manager, Accounting Team Leader and 3 x Group Accountants.

Committee Advisors: Mrs B Brooke and Mrs J Pani.

The Chair of the Finance Committee welcomed everyone, making special mention of the online viewers that may be watching the live streaming of the Meeting.

1. Apologies

Resolved: (Pascoe/Yeung)

That the apologies from Crs Gallagher (for lateness), Wilson (for lateness) and Green (leaving early) be received and accepted.

2. Confirmation of Agenda

Resolved: (Crs Chesterman/O'Leary)

That the Agenda be confirmed, noting that the late Item (VOTR Site) that was to be received in the Public Excluded section of the Agenda was now to be received at the 11 December 2014 Council Meeting. The Chief Executive would provide reasons for this during the Public Excluded section of the Meeting.

Cr Wilson joined the Meeting (1.35pm) at the conclusion of the above Item. He was not present when the matter was voted on.

3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

4. Public Forum

No members of the public wished to speak.

5. Chairperson's Report - Finance Committee - 4 December 2014

Resolved: (Crs Pascoe/Forsyth)

That the Report be received.

6. Finance Committee Minutes - Open - 13 November 2014

Resolved: (Crs Chesterman/Mallett)

That the Committee confirm and adopt as a true and correct record the Open Minutes of the Finance Committee Meeting held 13 November 2014.

7. Finance Committee Action List - Open - 4 December 2014

Updates discussed would be noted in the Finance Committee Action List.

Resolved: (Crs Pascoe/Wilson)

That the Report be received.

8. Recommended dates for reports to be presented to Finance Committee

Resolved: (Crs Pascoe/Tooman)

That the Report be received.

9. Financial Summary to 31 October 2014

The Chief Financial Officer spoke to the Report, highlighting the following points:

- The year to date results remained positive, which contributed to an improved overall debt position for Council going into a period of developing the 10-Year Plan. While still positive, there would be some corrections needed over the coming months in relation to a couple of figures which were just beginning to be seen this month.
- In the year to date accounting surplus, there were some unrealised gains and losses being recognised in relation to Council's debt, which was linked to interest rate movements.
- There had been a change in capital expenditure (capex) in that it was being recognised for the first time that a project may not be completed by the end of the financial year.

The Chief Financial Officer responded to a question from Committee Members concerning the capex gap increase.

Committee Members were advised that early capex results indicated that there had been some additional expenditure and that staff would be monitoring capex closely. It was not something to be concerned about at this stage, as the increasing gap was due to seasonal factors and was expected to catch up over the coming months. Only one project had been identified as a carry over.

It was noted that personnel costs were up 18% and that there had been a significant increase in expenditure from last year. The Chief Executive advised that this was being monitored.

Resolved: (Crs Pascoe/Chesterman)

That the Report be received.

Cr Macpherson joined the Meeting (1.40pm) during the above Item. He was present when the matter was voted on.

10. Key Projects Report

The General Manager Performance spoke to the staff Report concerning key project updates. Staff responded to questions from Committee Members concerning:

- Further explanation on paragraph 21 of the staff Report (plant and vehicle renewals). It was explained that work noted in the staff Report had been carried out within the Property Unit to put in place some rigor in the plant and vehicle renewal process. Staff would look closely at a request for a particular vehicle and justify the renewal. They would also look at alternative options available before going ahead with any renewals. As part of looking at the process, a review would take place, and over time, costs could potentially be reduced. At the moment, it was about putting rigor in the process to ensure that Council stayed within budget for plant and vehicle renewals.
- The Finance System IT Implementation project. The Chief Executive advised that the reason the project was showing as amber status was because it was in the process of addressing bug fixes. The bug fixes were at the cost of the vendor. The change in project status was to do with the time involved with fixes and testing rather than direct cost. The project was scheduled to be completed by the end of December 2014. Council were still on track to meet this timeframe.
- Hansen 8 Project update. It was advised that the Hansen 8 project was on track and that the programme was used by City Waters and City Parks to manage assets and operational matters.
- H3 System review. The General Manager Events and Economic Development advised that this project was on track.
- Southern Links Project timeline clarification. The General Manager City Infrastructure advised that there was no specific timeframe as to when Council would take ownership of the land from the Crown. This was dependant on several factors yet to occur.

Resolved: (Crs Chesterman/Wilson)

That the Report be received.

Cr Gallagher joined the Meeting (1.55pm) during the above Item. He was present when the matter was voted on.

11. Community Occupancy Applications – Recommendation to Council

The General Manager Community spoke to the Report concerning the renewal of Community Occupancy Applications. He outlined that the Community Occupancy Policy was adopted by Council in September 2013 and the Guidelines were adopted by Council in February 2014.

The decision being sought from the Finance Committee was a review of renewals of Community Occupancy leases under the new policy as described in the staff Report. All staff recommendations met the requirements outlined within the Community Occupancy Policy and Guidelines.

Staff responded to questions from Committee Members concerning:

- Projected income that the leases were to deliver as outlined in the policy. Staff had not carried out an analysis regarding whether the renewed leases would provide the projected income outlined in the policy, but would carry out this work and circulate further information to Elected Members.
- Whether any of the leases were different in terms of rent charged/length of lease from the original schedule of projections previously circulated to Elected Members. Staff advised that these projections had been revisited and recalculated around further details received and may be slightly different from the original projections. The current calculations were based on the terms of the policy's hardship criteria and were analysed as the applications were received. Further information would be circulated to Elected Members concerning comparison of projections and actual outcome.
- Consideration given to St John's application as they were part of the city's emergency services and that they were partly funded by Central Government. Staff advised that decisions regarding leases came down to the policy eligibility criteria; this was not determined by the size of an organisation, but rather, on their not for profit status or how commercial they were/were not. It was about helping not for profit/charitable organisations to be sustainable. St John's were classed as a charitable organisation. The criteria was based on legislation but there would always be some "fuzziness around the edges".
- Specifics of leases and whether applicants were aware of legal requirements. Staff advised that applicants were made aware of the process of approving/declining community occupancy leases as per the policy and of their legal responsibilities through conversations with staff and correspondence follow up.
- Properties that could be sold or part of a review to be sold. Staff advised that this information would be coming back to a future briefing as part of the community facilities review in 2015.

Committee Members commended staff on the Report, commenting that it was easy to understand and had a good level of information.

The following resolution was moved and seconded by Crs Pascoe/Chesterman and voted on in parts.

The attachments referenced in the below resolution could be found in the staff report (Community Occupancy Applications) in the Finance Committee Agenda – 4 December 2014.

Resolved: (Crs Pascoe/Chesterman)

That Report be received, and that

- a) Council approves the granting of a new community group lease to the **Scout Association of New Zealand on land at Hillcrest Park**, being part of Lot 86 DPS7059, as shown at Attachment 1, subject to the following terms and conditions:
 - (i) Term – 15 years commencing 11 December 2014;
 - (ii) Rent – \$137.50 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

- b) Council approves the granting of a new community group lease to the **Hamilton Citizens' Band Incorporated on land at Lugton Park**, being part of Sec 42 Hamilton East Town Belt, as shown at Attachment 2, subject to the following terms and conditions:
 - (i) Term – 15 years commencing 11 December 2014;
 - (ii) Rent – \$181.88 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with Community Occupancy Policy and Community Occupancy Guidelines.

- c) Council approves the granting of a new community group lease to the **Hamilton Dog Obedience Club Incorporated on land at Melville Park**, being part of Pt Lot 512 DPS9477, as shown at Attachment 3, subject to the following terms and conditions:
 - (i) Term – 15 years commencing 11 December 2014;
 - (ii) Rent – \$121.25 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

- d) Council approves the granting of a new community group lease to the **Waikato Canine Obedience Club on land at Bristol Park**, being part of Lot 43 DPS15960, as shown at Attachment 4, subject to the following terms and conditions:
- (i) Term – 15 years commencing 11 December 2014;
 - (ii) Rent – \$95.63 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with Community Occupancy Policy and Community Occupancy Guidelines.
- e) Council approves the granting of a new community group lease to the **Riverside Rodders Incorporated on land at Bristol Park**, being part of Lot 43 DPS15960, as shown at Attachment 5, subject to the following terms and conditions:
- (i) Term – 15 years commencing 11 December 2014;
 - (ii) Rent – \$95.62 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) That the clubroom be made available for use by the Hamilton Radio Car Control Club Incorporated;
 - (iv) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.
- f) Council approves the granting of a new community group lease to the **Hamilton Mountain Bike Club Incorporated on land at Pukete Farm Park**, being part of Lot 1 DPS57192, as shown at Attachment 6, subject to the following terms and conditions:
- (i) Term – 10 years commencing 11 December 2014;
 - (ii) Rent – \$18.00 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) As the land is a buffer zone for the Council's Water Treatment Plant, the Lessee has no right of objection regarding any adverse effects that might occur due to the close proximity to such a plant;
 - (iv) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.
- g) Council approves the granting of a new community group lease to the **Hamilton Racing Pigeon Club Incorporated on land at Innes Common**, being part of Pt Allot 414 Parish of Te Rapa, as shown at Attachment 7, subject to the following terms and conditions;
- (i) Term – 15 years commencing 11 December 2014;
 - (ii) Rent – \$49.50 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

h) Council approves the granting of a new community group lease to the **Hamilton Smallbore Rifle Club Incorporated on land at Hillcrest Stadium**, being part of Pt Sec 38 Hamilton East Town Belt, as shown at Attachment 8, subject to the following terms and conditions:

- (i) Term – 10 years commencing 11 December 2014;
- (ii) Rent – \$229.38 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
- (iii) All other terms and conditions in accordance with Community Occupancy Policy and Community Occupancy Guidelines.

Motion: (Crs Pascoe/Chesterman)

i) Council approves the granting of a new community group lease to the **Order of St John Central Region Trust Board Incorporated on land at Onukutara Park**, being part of Lot 1 DPS51927, as shown at Attachment 9, subject to the following terms and conditions;

- (i) Term – 15 years commencing 11 December 2014;
- (ii) Rent – \$702.50 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
- (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

Amendment: (Crs Macpherson/Wilson)

i) Council approves the granting of a new community group lease to the **Order of St John Central Region Trust Board Incorporated on land at Onukutara Park**, being part of Lot 1 DPS51927, as shown at Attachment 9, subject to the following terms and conditions;

- (i) Term – 15 years commencing 11 December 2014;
- (ii) Rent – \$1.00 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
- (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

The Amendment was then put.

Those for the Amendment: Councillors Gallagher, Green, Tooman, Wilson, Macpherson, Yeung and Chesterman.

Those against the Amendment: Her Worship the Mayor Hardaker, Councillors Mallett, King, O'Leary, Forsyth and Pascoe.

The Amendment was declared carried.

The Amendment as the Substantive Motion was then put.

Resolved: (Crs Macpherson/Wilson)

- i) Council approves the granting of a new community group lease to the **Order of St John Central Region Trust Board Incorporated on land at Onukutara Park**, being part of Lot 1 DPS51927, as shown at Attachment 9, subject to the following terms and conditions;
 - (i) Term – 15 years commencing 11 December 2014;
 - (ii) Rent – \$1.00 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

Those for the Motion: Councillors Gallagher, Green, Tooman, Wilson, Forsyth, Macpherson, Yeung and Chesterman.

Those against the Motion: Her Worship the Mayor Hardaker, Councillors Mallett, King, O'Leary and Pascoe.

- j) Council approves the granting of a new community group lease to the **Waikato Digital Youth Network in Enderley Park Community Centre on Enderley Park**, being part of Lot 2 DPS 7131, as shown at Attachment 10, subject to the following terms and conditions:
 - (i) Term – 18 months, commencing 1 January 2015;
 - (ii) Rent – \$699.06 plus GST (plus maintenance and utility charges) in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

- k) Council approves the granting of a new community group lease to the **Shinjokai Karate-do Incorporated in Frankton Railway Institute Hall at Railway Park**, being located at Lot 1 DPS 37471, as shown on Attachment 11, subject to the following terms and conditions;
 - (i) Term – 18 months commencing 1 January 2015;
 - (ii) Rent – \$1,172.50 plus GST per annum plus maintenance and utility charges in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

- l) Council approves the granting of a new community group lease to the **Waikato Dance Performance Trust (Drury Lane Dance Studio) in Old St Peters Hall**, being located at Allot 449 TN of Hamilton West and Allot TN 450 of Hamilton West, as shown on Attachment 12, subject to the following terms and conditions;
- (i) Term – 18 months commencing 1 January 2015;
 - (ii) Rent – \$1,080.63 plus GST per annum plus maintenance and utility charges in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.
- m) Council approves the granting of a new community group lease to the **Age Concern for space in the Celebrating Age Centre**, located at Pt Allot 443 TN of Hamilton West, as shown on Attachment 13, subject to the following terms and conditions;
- (i) Term – 18 months commencing 1 January 2015;
 - (ii) Rent – \$918.56 plus GST, maintenance and utility charges per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.
- n) Council approves the granting of a new community group lease to the **Grey Power for space in the Celebrating Age Centre**, located at Pt Allot 443 TN of Hamilton West, as shown on Attachment 13, subject to the following terms and conditions;
- (i) Term – 18 months commencing 1 January 2015;
 - (ii) Rent – \$135.52 plus GST, maintenance and utility charges per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with Community Occupancy Policy and Community Occupancy Guidelines.
- o) Council approves the granting of a new community group lease to the **Senior Net for space in the Celebrating Age Centre**, located at Pt Allot 443 TN of Hamilton West, as shown on Attachment 13, subject to the following terms and conditions;
- (i) Term – 18 months commencing 1 January 2015;
 - (ii) Rent – \$409.12 plus GST, maintenance and utility charges per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.

- p) That Council approves the granting of a new community group lease to the **Citizens Advice Bureau Hamilton Incorporated for space in the Former Reid's Studio Building** next to St Peter's Hall on Victoria Street, as shown on Attachment 14, subject to the following terms and conditions;
- (i) Term – 18 months commencing 1 January 2015;
 - (ii) Rent – \$625.00 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Guidelines.
- q) That Council approves the granting of a new community group lease to the **Citizens Advice Bureau Hamilton Incorporated for space on the ground floor of the Caro Building** in the Caro Street wing of the Council Municipal building, as shown on Attachment 15, subject to the following terms and conditions;
- (i) Term – four years commencing 11 December 2014;
 - (ii) Rent – \$440.62 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Guidelines.
- r) That Council approves the granting of a new community group lease to the **Volunteering Waikato for space in the Caro Building** located in the Caro Street wing of the Council Municipal building, shown at Appendix 15, subject to the following terms and conditions;
- (i) Term – five years commencing 11 December 2014;
 - (ii) Rent – \$1,503.12 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines.
- s) That Council approves the granting of a new community group lease to the **Hamilton Multicultural Services Trust for space in the Caro Building** in the Caro Street wing of the Council Municipal building, as shown on Attachment 15, subject to the following terms and conditions;
- (i) Term – five years commencing 11 December 2014;
 - (ii) Rent – \$315.62 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Guidelines.

- t) That Council approves the granting of a new community occupancy lease to the **Waikato Ethnic Family Services Trust for space in the Caro Building** in the Caro Street wing of the Council Municipal building, as shown on Attachment 15, subject to the following terms and conditions;
- (i) Term – five years commencing 11 December 2014;
 - (ii) Rent – \$584.37 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Guidelines.
- u) That Council approves the granting of a new community group lease to the **Waikato Society of Arts Incorporated for the upper level and basement of the Arts Post Building** on Victoria Street, as shown in Attachment 19, subject to the following terms and conditions;
- (i) Term – five years commencing 11 December 2014;
 - (ii) Rent – \$1,968.75 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Guidelines.

Cr O’Leary retired from the Meeting after paragraph j) of the above Item. She was not present for the voting of the paragraphs k) to u).

12. Resolution to Exclude the Public

Resolved: (Crs Chesterman/Yeung)

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. Finance Committee Minutes - Public Excluded - 13 November 2014) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 4 Dec 2014) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 31 October 2014 & Bad Debts Writeoffs 2014/15		
C4. Easement of Recreation Reserve - Vickery Park		
C5. Contract 13392 - Hosting and Managed Infrastructure and Application Services		
C6. Contract 14110 Professional Services Panel Tranche Two		
C7. WEL Networks - Caro Street Carpark		
C8. Update on Land Aquisition and Construction of Borman Road		
C9. Rototuna High School Road Agreement with the Ministry of Education and Kirkdale.		

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
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	Section 7 (2) (h)
Item C6.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C7.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C8.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C9.	to enable Council to carry out negotiations	Section 7 (2) (i)
	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
	to enable Council to carry out negotiations	Section 7 (2) (i)

Cr Green retired from the Meeting (2.45pm) at the conclusion of the above Item. She was present when the matter was voted on.

Cr O'Leary joined the Meeting (2.45pm) at the conclusion of the above Item. She was not present when the matter was voted on.

The Meeting moved into Public Excluded at 2.45pm.

The Meeting was declared closed 4.45pm.

Committee: Finance Committee

Date: 19 February 2015

Report Name: Finance Committee Action List
 - Open - 19 February 2015

Author: Becca Brooke

Status	<i>Open</i>
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Recommendation

That the Report be received.

1. Attachments

2. Attachment 1 - Finance Committee Action List - Open - 19 February 2015

Finance Committee - Action List - Open

D-1385914

Meeting Date	Item #	Action for Monitoring	GM Responsible	Comment	Completion Date/Status
24-Sep-13	15	<p>Waiwhakareke Smart Subdivision – Retention or Disposal Options Council authorises Chief Executive to report back either:</p> <ul style="list-style-type: none"> - When the condition of the residential housing market has sufficiently improved to warrant further consideration of sale of the land; or - Within two years of the date of Council’s resolution in respect of this matter – whichever is sooner. 	Community	<p>Current options for retention & disposal presented to Council in May 2014. Council resolved to continue to manage the land status quo and deferred a decision on the disposal or inclusion of the land in Waiwhakareke Natural Heritage Park until the costs and timing of required network infrastructure upgrades, that would allow development of the land to occur, are known.</p> <p>Further, commissioners considering the Proposed District Plan are yet to release a decision on the zoning of the subject land. A reconvened hearing was held 4 November 2014. Commissioners have sought further information from Council and submitters. Another hearing may be held on 10 December 2014.</p> <p>29th January Agenda Setting Meeting - Verbal update to be provided at the Finance Committee meeting by the GM.</p>	In progress, pending Commissioners decision.
03-Jul-14	15	<p>Reserve Land Purchases Staff to come back to the Finance Committee in September 2014 with a full report identifying Council obligations from Resource Consents regarding purchasing land.</p>	Community	<p>29th January Agenda Setting Meeting - Verbal update to be provided at the 19 Feb 2015 Finance Committee Meeting by the GM. Report is on track for April.</p>	In progress - report to come back to the 23 April 2015 Finance Committee Meeting.
02-Oct-14	10	<p>Hamilton Ring Road Quarterly Update Staff to bring a macro scope of the Cobham Dr/Cambridge Rd intersection project to the next Strategy and Policy Committee Meeting outlining the best options available.</p> <p>Open workshop/planning day to be organised involving NZTA and relevant Council Departments including Parks and Gardens.</p> <p>Committee Members requested to see pictures/plans of what an overhead pedestrian crossing across Cobham Drive would look like.</p>	Infrastructure	<p>An information session with Elected Members was undertaken on 13 November to provide an overview of the proposed suite of projects in the south-east sector of the city including SH1/SH26, Cambridge/Cobham and Wairere/Cobham intersections.</p> <p>HCC and NZTA staff are working together to develop the recommended macro scope. If there is a proposed change from the current approved macro scope of signals then a report will be taken to the S&P committee in April 2015.</p>	In Progress - report to come back to the S & P Committee in April 2015.
04-Dec-14	11	<p>Community Occupancy Applications Staff to carry out an analysis on whether the renewed leases would provide the projected income outlined in the policy and also concerning comparison of projections and actual outcome of rent charged and length of lease from original schedule of projections. Information to be circulated to Elected Members offline.</p>	GM Community	<p>Requested information to become part of the regular Community Occupancy Applications Report to the Finance Committee.</p>	Action Completed – 4 Dec 2014

Committee: Finance Committee**Date:** 19 February 2015**Report Name:** Recommended dates for reports to be presented to Finance Committee**Author:** Kay Lindsay**Recommendation**

That the Report be received.

1. Attachments

2. Attachment 1 - Recommended dates for reports to Finance Committee

3. Purpose of the report

4. This report provides detail of the regular reports that will be presented to this committee as well as estimated timing. Any new reports requested can be added to the attached list.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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Reports to Finance and Monitoring Committee	Frequency/Timing 2015								
	February Q2 14/15	April Q3 14/15	May	July EY 14/15	August	October Q1 15/16	November	December	Comments
Standard Monitoring Reports									
List of standard monitoring reports	x	x	x	x	x	x	x	x	
Financial Summary			x		x		x	x	
Key Projects Status Report			x		x		x	x	
Quarterly/Six Monthly Reports (Internal)									
Quarterly Financial and Non-financial Report, Key Projects Report (end of Q). Includes Open Development Contributions commentary	Dec-14	Mar-15		Jun-15		Sep-15			
IS Programme Update (Quarterly)	x		x		x		x		
Procurement Report (Quarterly)		x		x		x			
Ring Road Progress Report (Quarterly)		x	x		x		x		Deferred from February to April
Weather-tight Buildings Update (Six monthly)		x				x			
Confidential Reports									
Overdue Debtors/Bad Debt Writeoffs	x	x	x	x	x	x	x	x	
Development Contributions Remissions (aligned with Q-reporting)	x			x		x			

Committee: Finance Committee

Date: 19 February 2015

Report Name: 10-Year Plan Monitoring Report

Author: Raniel Prasad

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2012-22 10-Year Plan 2014/15 Annual Plan</i>
Financial overview	<i>Included in the report</i>

1. Purpose of the Report

2. To provide Council with quarterly progress reporting on the financial and non-financial commitments contained in the 2014/15 Annual Plan. Specifically, this report includes the following components:
 - **Finances:** The finance section includes commentary on:
 - Financial results for the six months ended 31 December 2014.
 - A summary of the projected financial risks and opportunities for the six months ended 31 December 2014.
 - **Key Projects and Business Cases:** A brief overview of business case reporting and monitoring; and an overview of the key projects for Hamilton City Council for the December 2014 reporting period.
 - **Services:** Results for the 10-Year Plan service performance measures for the period October – December 2014.
 - **Other 10-Year Plan Commitments:** A status update, as at 31 December 2014, on the list of additional work streams agreed to as part of the 10-Year Plan process.

3. Executive Summary

4. Council is reporting a positive result against the approved budget for the six months ended 31 December 2014.
5. Council's financial performance is primarily measured against its Financial Strategy, the two key aspects are the 'Balancing the Books' and 'Total Overall Debt' targets.
6. The Financial Strategy was developed in the 2012-2022 10-Year Plan. The 2014/2015 year is the third year that this strategy has been in place. Council continues to perform positively against this strategy.
7. The 'Balancing the Books' surplus for the six months ended 31 December 2014 is \$1.750m which is favourable \$4.219m against the budgeted deficit of \$2.469m. (Para 22)
8. Total 'Overall Debt' as at 31 December 2014 is \$378.296m which is \$38.962m favourable against the year end target of \$417.258m. (Para 24). Council uses the debt to revenue ratio to

determine the debt target. The target for 2014/15 financial year is 235% the actual ratio as at 31 December 2014 ratio is 204%

9. The accounting operating surplus/(deficit) result for the six months ended 31 December 2014 is a surplus of \$4.707m which is an improvement of \$0.940m against the budgeted surplus of \$3.767m. (Para 25)
10. The Risks and Opportunities summary forecasts a deficit in operating activities of \$1.399m, a surplus in interest and development levies of \$3.429m and a deficit in capital projects of \$1.022m. Management is ensuring the risk and opportunities balance to zero each year, excluding interest and Development Contributions revenue.
11. Management continues to actively monitor and manage budgets to ensure expenditure is well managed.
12. There are ten key projects currently included in this report. Nine are on track for the December 2014 reporting period. One project, the Financial System IT Implementation needs to be monitored.
13. There are 86 service performance measures contained in the 10-Year Plan:
 - 51 measures (59%) are reported as 'on track to achieve this year's target'.
 - 8 measures (9%) are reported as 'corrective action needed to meet this year's target, plan in place'.
 - 5 measures (6%) are reported as 'off track to meet this year's target'.
 - 22 measures (26%) do not have data available for the quarter.
14. There are 34 "Other 10-Year Plan Commitments" of which 23 (68%) have been completed, 9 (26%) are in progress, 1 (3%) is programmed for a start date and 1 (3%) is on hold.

15. Recommendations from Management

That:

- a) the report be received, and
- b) the Risk and Opportunities Schedule be received.

16. Attachments

Attachment 1 - Dashboard Summary

Attachment 2 - Finance Report

Attachment 3 - High Level Summary for Key Project Activity

Attachment 4 - Key Projects Monitoring Report

Attachment 5 - Service Performance Measures

Attachment 6 - Other 10-Year Plan Commitments

17. Operating Result-Key Financial Strategy Measures

18. This is the half year report for the 2014/15 financial year. The financial report includes the following key statements:
- Statement of Comprehensive Income
 - Statement of Activity (Summary)
 - Statement of Financial Position
 - Statement of Cash-flows
 - Risk and Opportunities Schedule
 - Treasury - Summary report
 - Capital Expenditure
 - Individual Activity Statements
19. For the six months ended 31 December 2014 Council is tracking favourably against the full year operating surplus and the balancing the books targets.
20. Council's financial performance is primarily measured against its Financial Strategy. The Financial Strategy was developed in the 2012-2022 10-Year Plan and sets a robust framework for the Council to prudently manage its finances. The 2014/15 year is the third year that this strategy has been in place. Council continues to perform positively against this strategy.
21. The key aspects of the Financial Strategy are the 'Balancing the Books' and 'Total Overall Debt' targets.
22. **'Balancing the Books'**- Council has planned to balance the books by 2017. This is a more conservative measure than the traditional accounting surplus/(deficit) as the result excludes non cash items such as gains from valuation of financial instruments, vested assets and capital subsidies on the Ring Road. The balancing the books target for 2014/15 is a deficit of (\$3.266m).

The balanced book budget for the six months ended 31 December 2014 is a deficit of (\$2.469m)

For the six months ended 31 December 2014 Council has reported a surplus of **\$1.750m**

This result is favourable against the year to date budget by \$4.219m

23. The key drivers for the positive 'Balancing the Books' target are:
- a) Timing variances against both operating expenditure and revenue.
 - b) Rates revenue is favourable by \$0.298m: this is a timing difference. Rates revenue is a certainty with only the remissions and penalties elements being discretionary.
 - c) Target Rates for Water supply is unfavourable by (\$0.931m): the variance is a combination of real (\$0.450m) and timing (\$0.481m). The real variance is due to a major customer who has built their own treatment plant thereby reducing their demand on the Council supply; this has been included on the Risks and Opportunities Report. The timing variance is the result of the billing cycles.
 - d) Subsidies and Grants are unfavourable by (\$1.841m): this is timing associated with the capital and operating programme in Transportation.

- e) Development contributions are favourable by \$3.977m: this is additional revenue (refer Para 44). The additional annual amount has been estimated at \$2.429m and this has been put on the Risks and Opportunities Report.
- f) Personnel Costs are unfavourable (\$0.652m): the key contributors are from activities where unbudgeted resources are brought in to meet demand for special projects such as the implementation of the new financial system for H3. There has been \$172k in redundancy costs. The balance is a general increase in personnel costs. As this is not timing variance management will offset through other expense budgets. This reflects the commitment to delivering a zero net impact.

24. **‘Total Overall Debt’** – This is an internal measure of debt. Council’s budget from the 2014/15 Annual Plan is \$417.258m (2013/14 \$432.776m). As at 31 December 2014 Council’s total overall debt is calculated as following:

Total external debt	\$413.827m
plus cash backed reserves	\$18.025m
less cash investments	\$53.556m
‘Total Overall Debt’ as at 31 December 2014	\$378.296m

25. Operating Result – Accounting Measure

26. Council is required to comply with Tier 1 Public Benefit Entity accounting standards. One such standard is the requirement to report the Surplus/(deficit) before tax; this measure is less conservative than the ‘balancing the books’ target as it includes revenue from non-cash items such as assets vested in Council from developers, the revaluation of interest rate swaps and gains/(losses) on the sale of property.
27. In summary the operating surplus :
- | | |
|---|-----------------|
| The operating surplus for the six months ended 31 December 2014 is | \$4.707m |
| The operating surplus budgeted for the six months ended 31 December 2014 is | \$3.767m |
| The operating surplus for the six months ended 31 December 2014 is favourable | \$0.940m |
28. Detailed variance commentaries are included within the Financial Report attached.
29. The key contributors to the Operating Result year to date variance are the explanations under Para 25 Balancing the books plus:
- a) Vested Assets Revenue is favourable \$7.234m, this is a reflection of the high level of growth the city is experiencing.
 - b) Losses on Non-cash items are unfavourable (\$9.009m): this is the fair loss on the revaluation of interest rate swaps (refer Para 41-43).

30. Capital expenditure and deferred Capital expenditure

31. The capital programme for the 2014/15 financial year is:

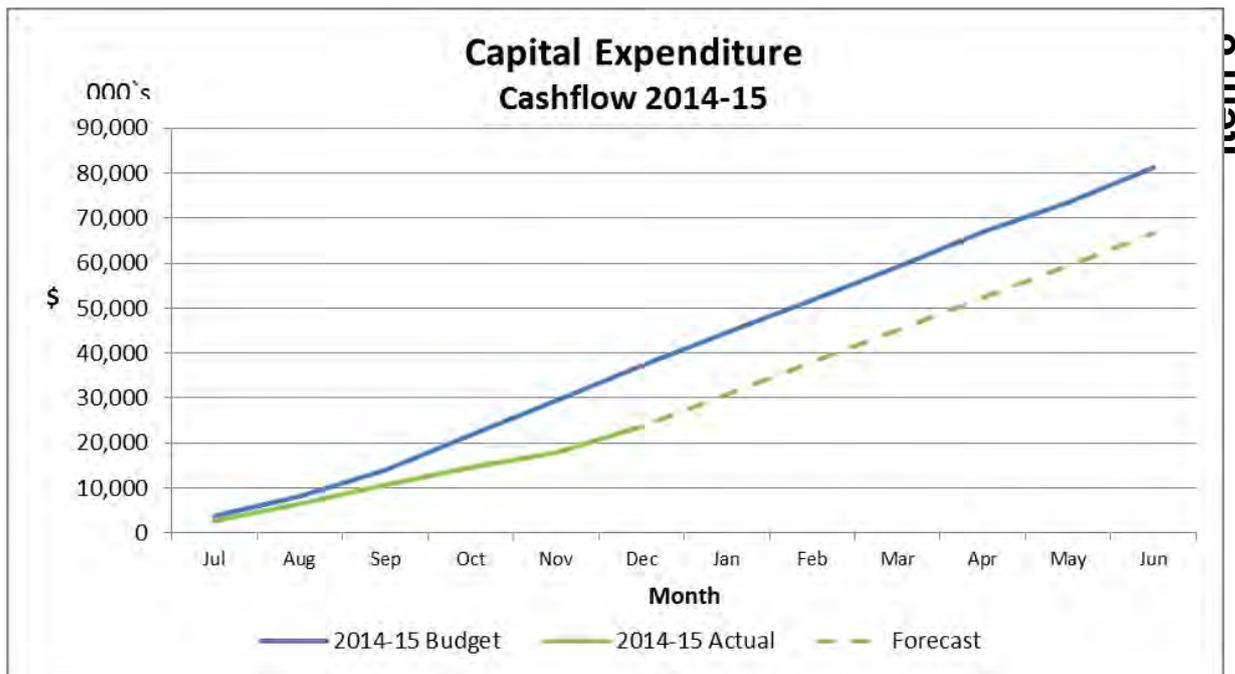
Approved Annual Plan	\$67.904m
plus Approved Deferred Projects	\$13.208m
Total Capital Programme for 2014-15	\$81.112m

32. For the six months ended 31 December 2014 \$23.745m has been completed. This represents 29% of the total programme and is \$13.446m behind budget expectation. In comparative terms at the same time last financial year the actual result was \$21.818m and this also represented 29% of the total programme.

33. Four projects account for over half the variance:

- a) Hamilton Ring Road Completion: this project is now being listed as a deferral.
- b) Additional Water Supply Storage in Rototuna - The Rototuna reservoir and bulk mains is a 3 year major project involving multiple physical works contracts. The budget for the current financial year is \$4.857m. A business case is on the agenda for this Finance Committee meeting; as a result it is being requested as a deferral.
- c) Installation of Dewatering Facility at the Water Treatment Station - Council have previously been advised that this project is not now proceeding and that the funding is being allocated to other more urgent priorities including the installation of health and safety improvements at the water treatment plant at \$1.700m and also other interventions undertaken to manage the biological breakdown last year at the waste water treatment plant
- d) New Structure to extract water from the Waikato River – This project is now subject to a business case which is included on the agenda for this Finance Committee meeting.

34. The following graph shows the total Capital expenditure cash flow against the year to date actual result. Note while each individual project is cash flowed to reflect the expected spent when the Councils entire programme is consolidate the cash flow appears even. A forecast line has been added, this takes into account the effect of removing the value of the proposed deferred projects.



Budget includes approved deferrals.

After six months 2 projects have been identified that will not be complete by the end of the year.

Additional water storage in Rototuna	\$4.500m
Hamilton Ring Road completion	\$11.000m
Total Deferred Expenditure	\$14.500m

35. The Ring Road deferral is new since that last report to Committee, this is the final stage of the project and the form of the intersection on Cobham is still to be agreed. This stage of the project is fully funded by the New Zealand Transport Agency (NZTA) through an advanced funding agreement. As such any deferral will have no impact on Councils borrowing requirements.

36. In addition to the projects above the following projects have been identified as at risk of potential deferral. These projects are being monitored “under watch” by management.

New Roding in Rototuna	These works are dependent on third party developers to progress.
New Structure to extract water from the Waikato River	This project is subject to a business case to determine the best solution for taking water from the Waikato River during periods when water levels are low.

37. In the last financial year 33 projects were deferred with a total value of \$13.208m.

38. Treasury Management

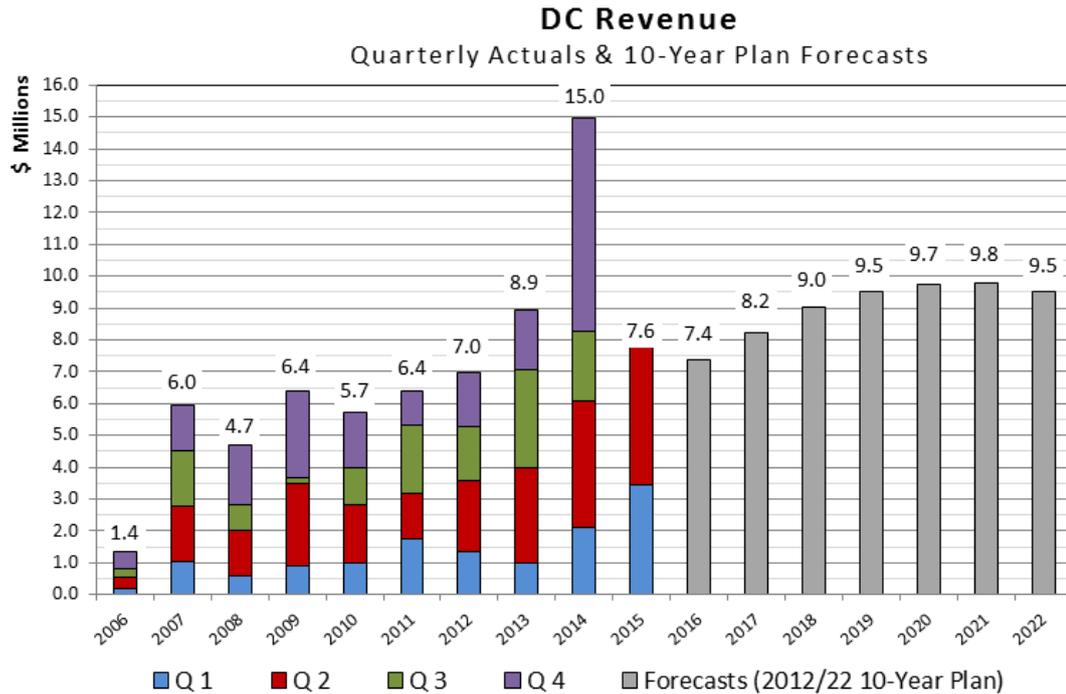
39. There were no breaches of the treasury policy since the previous position for October 2014 was reported. The current 12 month weighted average interest rate applicable to Council debt is 5.74%. This has increased very slightly over recent months along with market interest rate increases. Council has 85% of debt at fixed interest rates meaning that any future increases or decreases of interest rates will not have a significant impact in the short term.

40. Financial Instruments (Interest Rate Swaps)

41. Council in accordance with its treasury policy minimises its exposure to fluctuating interest rates by fixing its rates through interest rate swaps. This is similar to a household choosing to have a fixed rate mortgage and creates certainty of the interest cost. An interest rate swap is where one organisation wanting a lower risk (in this case Council) exchanges its risk to interest rate fluctuations with another entity (the counter party) that are willing/desiring to increase their exposure to fluctuations in interest rates. The counter party may have fixed its own rates too high or be willing to take on more exposure for a payment it feels compensates it for the increased risk.
42. Accounting standards require these swaps to be re-valued each reporting period to a current market value, even if there is no intent to sell or exchange them. This creates unrealised non-cash gains or losses that are included in the accounting surplus\ (deficit). The unrealised gain or loss created is partially off-set by savings in non-fixed interest rate loans.
43. For the six months ended 31 December 2014 these Financial instruments were a unrealised loss of (\$9.009m) and having a unfavourable impact on the accounting operating result.

44. Development Contributions

45. Council collected \$7.762m in Development Contributions (DCs) for the six months ended 31 December 2014. This is ahead of the \$6.079m collected for the same period last year. The 2012-22 10 Year Plan budget for FY 2015 is \$7.571m.
46. Staff continue to monitor and review the annual forecast for development levies, based on actual amounts for the six months ended 31 December 2014 along with an assessment of the next six months the annual forecast has been revised upwards to \$10.000m, this is an additional \$2.249m. This has been included on the Risks and Opportunities Report, all revenue from levies is used to re pay debt.
47. The following graph display the last nine years actual along with the 2014-15 year to date actual and the approved 2012-22 LTP.



48. Risk and Opportunities

49. The Risk and Opportunities schedule reflects changes in priorities or financial assumptions for unplanned works, and other events that impact the financial forecasts and to advise Council of the actions taken to resolve them. The process being that all items included on the R&O must have a report outlining how the item has arisen and action taken to deal with them along with the approval of the CFO.
50. This is a forecast of the financial outcome of Council for the year ended 30 June 2015. The forecast uses data as at 31 December 2014.
51. The attached Risks and Opportunities Schedule reports a deficit on operating activities of \$1.399m before allowance for interest cost and development levies. Once these items are included the operating deficit becomes a surplus of \$2.030m. The reason these are excluded from the operating activities is because any favourable impact from interest and development levies cannot be used within the operating area on the Council.
52. Any favourable impact from interest and development contribution will be used to reduce debt.
53. In summary the Financial position for Operating Risks and Opportunities is:

Total Unfavourable Operating from Activities	(\$1.399m)
Plus favourable from Interest and Levies	\$3.429m
Total Favourable from Operating	\$2.030m
54. The capital expenditure activities report a deficit of \$1.022m.
55. In addition to the risks and opportunities there are a number of budget transfers listed. These are where expenditure has been classified as operating or capital incorrectly. The impact on the overall funding position is nil and while budgets will not be changed the actual transactions will be treated correctly and in doing so create a known variance.

56. Management are ensuring by the end of the financial year the R&O net out to zero.

57. Rates and Debtors

58. The following tables present a high level summary of the invoicing and collection of rates, rating statistics, and an aged debtors summary as at 31 December 2014.

59. Table1 – Total Rates

	TOTAL RATES			
	Dec-14		Dec-13	
	\$	%	\$	%
Rates brought forward as at 1 July <i>Includes Credit Balances</i>	1,612,313		1,792,766	
Instalments to date	76,985,526		73,291,562	
Penalties, Adjustments & Postponed	571,509		497,491	
Rates Receipts	-80,298,655	101.43%	-76,330,698	100.99%
OUTSTANDING BALANCE	-1,129,307	-1.43%	-748,879	-0.99%

60. Table 2 – Rates Arrears

	RATES ARREARS			
	<i>Brought Forward from previous year</i>			
	Dec-14		Dec-13	
	\$	%	\$	%
Arrears brought forward as at 1 July 2014	3,322,738		3,194,265	
Collected to Date	2,694,977	81.11%	2,612,322	81.78%
OUTSTANDING BALANCE	627,761	18.89%	581,944	18.22%

61. Table 3 and 4 – Sundry Debtors total debt expressed in dollars and percentage.

	SUNDRY DEBTORS - TOTAL DEBT (\$)					
	Total	Current	0 - 30 Days	30 - 60 Days	60 - 90 Days	>90 Days
Debtors	2,595,747	917,291	752,546	294,844	81,441	549,624
Rentals	443,708	140,523	4,766	17,803	997	279,618
TOTAL	3,039,454	1,057,814	757,312	312,647	82,438	829,243

	SUNDRY DEBTORS - TOTAL DEBT (%)					
	Total	Current	0 - 30 Days	30 - 60 Days	60 - 90 Days	>90 Days
% (this year)	100%	34.8%	24.9%	10.3%	2.7%	27.3%
% (last year)	100%	56.0%	27.1%	4.0%	1.4%	11.6%

62. Table Water by Meter

	WATER BY METER			
	Dec-14		Dec-13	
	\$	%	\$	%
Current	654,862	92.96%	546,540	75.49%
Past Due date	49,568	7.04%	177,411	24.51%
OUTSTANDING BALANCE	704,430	100.00%	723,951	100.00%

63. Key Projects and Business Cases

64. The Senior Leadership Team received and approved the Mobility Solution business case in December 2014.
65. PMO related business case activity since the last quarterly report.
- Mobility Solution
 - New Structure to extract water from the Waikato River – City Waters (full business case)
 - Rototuna reservoir and bulk water main development – City Development
66. The following project is anticipated to commence reporting from December 2014
- Sub-Regional Waters Business Case
67. The following project was completed in December 2014
- Waikato River Plan
68. Risks specific to projects are identified and highlighted in the attached reports.
69. Implementation of the recommendations arising from PWC’s review of HCC’s Project Management Framework will be reported to the Finance Committee on 23 April 2015.

70. Services

71. The 10-Year Plan and 2014/15 Annual Plan contain 86 performance measures across Council’s 12 service groups. These are the service performance measures that will be reported in Council’s Annual Report.
72. Performance results are collected on a quarterly basis.
73. This report includes a high level graph of the results in the summary dashboard, and an exceptions report that provides more detail for the measures that are reported as ‘corrective action needed to meet this year’s target, plan in place’ and ‘off track to meet this year’s target’.
74. For a full list of the performance measures, please see the 2014/15 Annual Plan, <http://www.hamilton.govt.nz/annualplan>
75. The results for quarter 2 show 22 measures (26%) do not have data available for the quarter. Some performance measures use data that is only produced annually.

76. Other 10-Year Plan Commitments

77. From the 10-Year Plan process, a number of separate work streams were identified for further action.
78. Those that were completed during quarter 2, are in progress, programmed or on hold are listed in an attached report along with their status and comments.
79. Completed items from previous quarters are not included in this report.

Signatory

Authoriser	Paul Conder, Chief Financial Officer
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2012-22 10-Year Plan Governance Report Summary

Finance Committee – 19 February 2015

ATTACHMENT 1

FINANCIAL STATEMENT MEASURES (ATTACHMENT 2)

OPERATING SURPLUS

Council's operating result

\$13.7m

\$9.9m favourable

Against a year to date budget of \$3.8m

Full year outlook

DEVELOPMENT CONTRIBUTIONS

Received from developers to contribute to city growth

\$7.8m

\$4.0m favourable

Against a year to date budget of \$3.8m

Full year outlook

CAPITAL EXPENDITURE

To provide new and replacement assets

\$23.7m

\$13.4m favourable

Against a year to date budget of \$37.2m

Full year outlook

TOTAL EXTERNAL DEBT

Total borrowings from external institutions

\$413.8m

\$15.4m favourable

Against a year end budget of \$429.2m

Full year outlook

KEY 10-YP MEASURES

BALANCING THE BOOKS

Living within our means

\$1.7m

\$4.2m favourable

Against a year to date budget of (\$2.5m)

Full year outlook

TOTAL OVERALL DEBT

Council's net debt position

\$378.3m

\$39.0m favourable

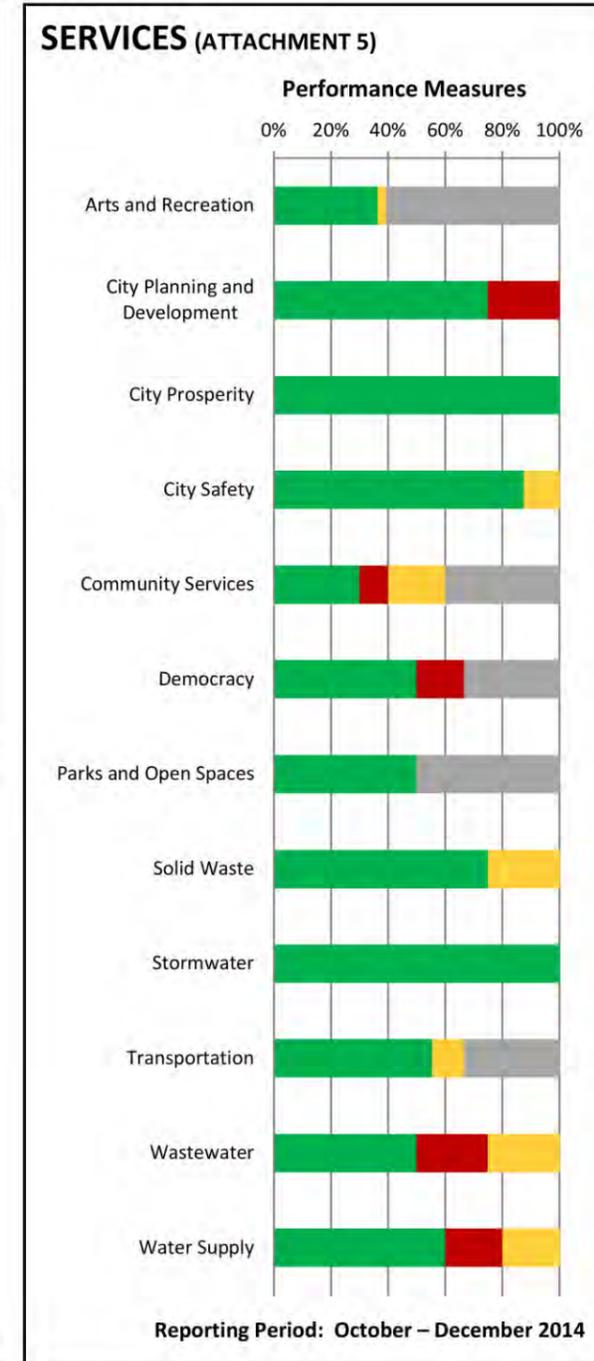
Against a year end budget of \$417.2m

Full year outlook

Reporting Period: July – December 2014

KEY FOR FINANCES & SERVICES

- On track to meet this year's target
- Corrective action needed to meet this year's target, plan in place
- Off track to meet this year's target
- No data available this quarter



CAPITAL PROJECTS (ATTACHMENT 2)

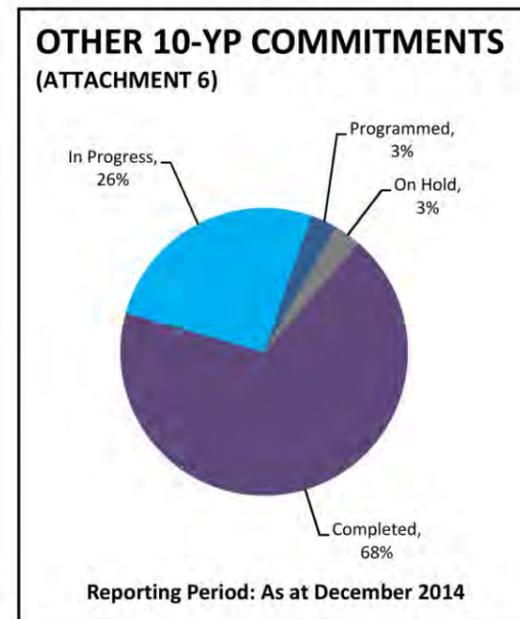
Status	Actuals YTD	Approved Budget	% of Total Programme
On track for completion by year end	\$19.5m	\$66.6m	29%
On track but potential carryover	\$4.2m	\$14.5m	29%
Off track and needs attention	-	-	-

Reporting Period: July – December 2014

KEY PROJECTS (ATTACHMENT 4)

Reporting Period: Month of December 2014

Project Name	Status
2015-25 10-Year Plan Project	On Track
Asset Management System – Hansen 8	On Track
District Plan Review - Phase VIII	On Track
H3 Business Process & Systems Review Project	On Track
Hamilton Gardens Development	On Track
Hamilton Ring Road Upgrade and Extension	On Track
Southern Links - Designation as part of the Peacocke Structure Plan	On Track
Rototuna Town Centre - New Agreement Phase	On Track
Financial System IT Implementation	Needs to be monitored
Waikato River Plan	On Track



STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Note	Council				
	Actual YTD	Budget YTD	Variance YTD	Annual Budget 2015	Actual YTD December 2013
	\$000	\$000	\$000	\$000	\$000
Revenue					
Rates, excluding targeted water supply rates					
	66,090	65,792	298	132,404	62,841
Targeted rates for water supply	3,482	4,413	(931)	8,121	4,111
Revenue from activities	22,835	22,027	808	41,280	24,547
Subsidies and grants	4,158	5,999	(1,841)	14,582	3,972
Development and financial contributions	7,762	3,785	3,977	7,571	7,031
Other revenue	13,411	5,476	7,935	11,141	6,665
Total revenue	117,738	107,492	10,246	215,099	109,167
Expenses					
Depreciation and amortisation	28,366	28,148	(218)	56,295	26,877
Finance costs	11,827	12,444	617	24,887	11,658
Other expenses	33,146	33,102	(44)	66,225	32,302
Personnel costs	30,683	30,031	(652)	56,184	27,812
Total expenses	104,022	103,725	(297)	203,591	98,649
Operating surplus/(deficit)	13,716	3,767	9,949	11,508	10,518
Gains	-	-	-	-	11,223
Losses	(9,009)	-	(9,009)	-	(133)
Surplus/(deficit) before tax	4,707	3,767	940	11,508	21,608
Income tax expense	-	-	-	-	-
Surplus/(deficit) after tax	4,707	3,767	940	11,508	21,608
<i>Surplus/(deficit) attributable to:</i>					
Hamilton City Council	4,707	3,767	940	11,508	21,608
Other comprehensive income					
(Loss)/gain on property revaluations	-	-	-	143,967	-
Total other comprehensive income	-	-	-	143,967	-
Total comprehensive income	4,707	3,767	940	155,475	21,608
<i>Total comprehensive income attributable to:</i>					
Hamilton City Council	4,707	3,767	940	155,475	21,608

BALANCING THE BOOKS MEASURE FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Note	Council				
	Actual YTD	Budget YTD	Variance YTD	Annual Budget 2015	Actual YTD December 2013
	\$000	\$000	\$000	\$000	\$000
Total comprehensive income	4,707	3,767	940	155,475	21,608
Adjustments for balancing the books measure					
Gains	-	-	-	-	11,223
Losses	(9,009)	-	(9,009)	-	(133)
(Loss)/gain on property revaluations	-	-	-	143,967	-
Vested assets	11,441	4,207	7,234	8,414	6,456
Ring Road subsidy (included in Subsidies and grants)	525	2,029	(1,504)	6,360	535
Total adjustments	2,957	6,236	(3,279)	158,741	18,081
Balancing the books surplus/(deficit)	1,750	(2,469)	4,219	(3,266)	3,527

Notes

1. Timing difference between actual and budget as targeted rates are invoiced six monthly in arrears.
2. Capital subsidies revenue is unfavourable due to the timing of the Ring Road project and NZTA subsidies received.
3. Development contributions continue to trend higher than budget.
4. Revenue recognised for vested assets is favourable to budget by \$7.234m.
5. Fair value loss on the revaluation of Interest Rate Swaps. (refer Para 27)

STATEMENT OF ACTIVITY (SUMMARY)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Activity	Operating surplus/(deficit)			Annual Budget 2015
	Actual YTD	Budget YTD	Variance YTD	
	\$000	\$000	\$000	\$000
Arts and Recreation	(13,065)	(12,970)	(95)	(25,777)
City Planning and Development	(1,750)	(2,405)	655	(4,810)
City Prosperity	(10,256)	(9,685)	(572)	(18,726)
City Safety	(52)	(205)	153	(1,679)
Community Services	(2,217)	(2,437)	220	(4,771)
Democracy	(2,515)	(2,599)	84	(5,261)
Parks and Open Spaces	(6,987)	(7,129)	143	(14,370)
Solid Waste	(2,704)	(2,896)	192	(5,791)
Stormwater	(3,953)	(3,958)	5	(7,914)
Transportation	(14,424)	(12,075)	(2,348)	(21,635)
Wastewater	(9,333)	(9,174)	(159)	(18,692)
Water Supply	(5,074)	(4,548)	(526)	(9,670)
Overheads	0	(184)	184	(0)
Total	(72,328)	(70,265)	(2,063)	(139,096)
Reconciliation to Statement of Comprehensive Revenue and Expense				
Direct				
Revenue	69,368	68,978	390	139,242
Expenditure	(90,092)	(88,260)	(1,832)	(176,371)
Direct surplus/(deficit)	(20,724)	(19,281)	(1,442)	(37,129)
Indirect				
Corporate overheads	(11,970)	(10,992)	(978)	(21,984)
Asset costs (depreciation)	(28,366)	(28,147)	(218)	(56,295)
Net finance revenue (expense)	(11,269)	(11,844)	575	(23,687)
	(51,605)	(50,984)	(621)	(101,966)
Operating surplus/(deficit) from Activities	(72,328)	(70,265)	(2,063)	(139,096)
Items not included in the Activities				
Rates, excluding targeted water supply rates	66,420	65,792	629	132,404
Development and financial contributions	7,762	3,785	3,977	7,571
Vested assets	11,441	4,207	7,234	8,414
Dividends	132	50	82	100
Rates paid to Waikato District Council	(263)	(263)	(0)	(525)
Interest on internal borrowings	550	600	(50)	1,200
Miscellaneous revenue	3			
Operating surplus/(deficit)	13,716	3,907	9,807	10,068
<i>Reconciling items that will reverse in January 2015</i>				
Budget Reconciliation		44	(44)	1,440
Overheads		(184)	184	0
Operating surplus/(deficit)	13,716	3,767	9,947	11,508

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Council		
		Actual \$000	Annual Budget \$000	Prior YTD \$000
Assets				
Current assets				
Cash and cash equivalents	1	50,492	25,000	19,508
Debtors and other receivables		8,169	17,661	8,805
Prepayments		1,663	-	1,402
Inventory		237	533	158
Other financial assets	5	439	242	-
Derivative financial instruments		-	-	-
Non-current assets held for sale		-	-	-
Total current assets		61,000	43,436	29,873
Non-current assets				
Property, plant and equipment	2	3,197,678	3,901,574	3,080,811
Intangible assets	3	13,878	9,090	10,464
Investment property	4	41,203	57,326	41,652
Investment in associates		7,430	7,430	13,430
Other financial assets	5	8,641	9,765	13,735
Investment in subsidiaries	6	10,150	1	1
Total non-current assets		3,278,980	3,985,186	3,160,093
Total assets		3,339,980	4,028,622	3,189,966
Liabilities				
Current liabilities				
Employee entitlements		5,013	6,177	4,405
Creditors and other payables		13,968	18,183	13,942
Borrowings	7	72,333	107,744	60,537
Derivative financial instruments		22	-	-
Provisions		1,724	2,024	2,151
Total current liabilities		93,060	134,128	81,035
Non-current liabilities				
Employee entitlements		886	1,917	1,177
Borrowings	7	341,494	321,446	343,160
Derivative financial instruments		20,994	-	10,769
Provisions		8,085	9,479	8,297
Total non-current liabilities		371,459	332,842	363,403
Total liabilities		464,519	466,970	444,438
Net assets		2,875,461	3,561,652	2,745,528
Equity				
Accumulated funds		1,630,374	1,611,984	1,608,235
Other reserves		1,245,087	1,949,668	1,137,293
Total equity attributable to Hamilton City Council		2,875,461	3,561,652	2,745,528
Total equity		2,875,461	3,561,652	2,745,528

Notes

- Council holds cash at different levels throughout the year to meet our debt and cash management requirements.
- Council had expected to undertake asset revaluations in the past two years, which would have seen asset values increase, these were not required. The annual budget has not been restated to reflect this.
- The annual budget has not been restated to reflect the investment in new software systems e.g. AX, Payroll
- Council sold Investment properties in the 2012/13 financial year (32 Kaimiro Street - \$7.88m and 109 Ward Street - \$1.78m). The annual budget has not been restated to reflect these sales.
- The Statement of financial position as at 31 August 2014 showed a balance of \$8.362m which represented the value of Waikato Innovation Park Limited (WIPL) and other shares. The total balance (current and non-current) of Other financial assets is now \$9.089m due to a late audit adjustment of \$730k which represented an increase in the investment of WIPL.
- The Statement of financial position as at 31 August 2014 showed a balance of \$7.191m which represented the value of Innovation Waikato Limited (IWL). The balance is now \$10.150m due to a late audit adjustment of \$2.959m which represented an increase in the investment values of IWL.
- Total external debt comprises a current portion of \$50.492m that will mature in the next 12 months, while the non-current is debt maturing beyond 12 months.

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Council	
	Actual \$000	Annual Budget \$000
Cash flows from operating activities		
Cash was provided from:		
Rates revenue	72,985	140,525
Fees, rents and charges	20,534	41,280
Subsidies and grants	5,428	15,583
Other capital contributions	9,889	7,571
Interest received	924	1,200
Dividends received	132	100
Sundry revenue	2,431	426
	112,323	206,685
Cash was applied to:		
Salaries and wages	33,146	56,184
Payments for suppliers	39,208	64,368
Interest paid	12,164	24,887
Net GST paid	1,507	1,917
	86,025	147,356
Net cash flow from operating activities	26,298	59,329
Cash flows from investing activities		
Cash was provided from:		
Proceeds from reduction in other financial assets	-	-
Proceeds from sale of shares	-	-
Proceeds from sale of investment property	980	-
Proceeds from sale of property, plant and equipment	7,408	108
	8,388	108
Cash was applied to:		
Acquisition of investments	-	-
Purchase of investment property	-	-
Purchase of intangible assets	634	-
Purchase of property, plant and equipment	31,437	67,903
	32,071	67,903
Net cash flow from investing activities	(23,683)	(67,795)
Cash flows from financing activities		
Cash was provided from:		
Loans raised	15,000	25,618
Finance leases raised	126	-
	15,126	25,618
Cash was applied to:		
Loan repayments	10,000	17,152
Finance lease repayments	216	-
	10,216	17,152
Net cash flow from financing activities	4,910	8,466
Net increase/(decrease) in cash held	7,525	-
Opening cash and cash equivalents balance	42,967	25,000
Closing cash and cash equivalents balance	50,492	25,000

Risks and Opportunities for the year ended 30 June 2015

	Committee first reported	Estimated Y/E Impact Favourable (Unfavourable)
Operating Result		
EVENTS AND ECONOMIC DEVELOPMENT		
Claudlands		
Legal costs associated with Waikato Shows Trust arbitration. The arbitration process has been delayed at the request of the show trust. It is now scheduled for April 2015.	Finance Committee 13/11/14	(100,000)
EVENTS AND ECONOMIC DEVELOPMENT TOTAL		<u>(100,000)</u>
CITY ENVIRONMENTS		
City Planning		
Southern Links Recovery for expenditure incurred last financial year		192,000
CITY ENVIRONMENTS TOTAL		<u>192,000</u>
COMMUNITY		
Community Development and Leisure		
The Finance committee was advised earlier in the year of a potential \$371,000 unfavourable gym revenue variance. Gym memberships have since improved and the quarterly shortfall is \$70,000 unfavourable. As a result the year end shortfall has been revised downwards to 280k. As of December there is an overall net cash contribution to pool operations of \$115,000.	Finance Committee 14/8/14	(280,000)
Rototuna Town Centre		
The Rototuna Comprehensive Development Plan (including Area A Town Centre and Area P Sports Park) was originally scoped for 2013/14 – due to the complex nature of this work, it has taken significantly longer than anticipated and has been rescoped at an additional estimated cost to HCC of \$150,000 in 2014/15. No budget was allocated for this project in 2014/15.	Finance Committee 13/11/14	(150,000)
Bryce Street River Slip Remediation.		
Potential savings in Bryce street that are available to offset work on the Rototuna Town Centre Comprehensive Development Plan.	Finance Committee 13/11/14	150,000
COMMUNITY TOTAL		<u>(280,000)</u>
PERFORMANCE		
Insurance		
The insurance programme has been placed through a LASS collective programme and has resulted in a reduction of insurance premiums.		50,000
Shared Water Business Case.		
Contribution to Water CCC business case project (50% share), along with Waikato and Waipa Councils. Total estimated cost HCC \$325,000 less \$75,000 available funding in Performance Admin. This item is included in the Waters Business Case report to full Council on 30 October 2014.	Full Council 30/10/14	(250,000)
PERFORMANCE TOTAL		<u>(200,000)</u>
CITY INFRASTRUCTURE		
Water revenue		
Water revenue is expected to be \$450,000 less than budget due in part to Fonterra constructing their own water treatment plant and therefore no longer requiring treated water from Council. A full review into water revenue has been undertaken and corrective action is underway to address some issues.		(450,000)
Wastewater revenue		
Wastewater revenue is expected to be \$353,000 less than budget due in part to a major customer ceasing operation		(353,000)
Plants recovery		
Costs associated with water and wastewater treatment plants recovery to be funded by PIF 12029 Installation of dewatering facility at the water treatment plant (refer to capital expenditure item PIF 12029 below).	Finance Committee 14/08/14	(208,000)
CIYT INFRASTRUCTURE TOTAL		<u>(1,011,000)</u>
Total Operating Result before Debt Servicing and Development Contributions		<u>(1,339,000)</u>
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS		

Development Contributions	
Development Levies and Financial Contributions as at 31 December are \$3.974 million ahead of budget and expected to exceed annual budget by \$2.429 million.	2,429,000
Debt servicing	
Debt servicing costs as at 31 December are \$617k better than budget and expected to exceed annual budget by \$1 million.	1,000,000
DEBT SERVICING AND DEVELOPMENT CONTRIBUTIONS	<u>3,429,000</u>
Total Operating Result after Debt Servicing and Development Contributions	2,030,000
UNREALISED GAINS/LOSSES	
Unrealised loss on financial instruments.	
The unrealised loss on revaluation of interest rate Swaps as at 31 December is \$9.009 million. The unrealised gain at 30th June 2014 was \$9.2 million.	(9,009,000)
UNREALISED GAINS/LOSSES	<u>(9,009,000)</u>
Total Operating Result after Debt Servicing, Development Contributions and Unrealised Gains/Losses	(6,979,000)

Capital Expenditure		
COMMUNITY		
Land purchase Rotoruna West Sports Park		
A settlement has been achieved on the purchase of the Rotoruna West Sports Park land. The settlement will mean an additional payment by Council (over and above what has been paid to date for the land) of somewhere between \$1.7m - \$1.9m plus legal costs. \$462k of funding is available from an approved deferred capital budget and any shortfall is to be funded from the debt buffer of \$33.7m that was reported to Council as part of the 2014 Financial result.	Finance & Monitoring 3/5/12	(1,400,000)
COMMUNITY TOTAL		(1,400,000)
CITY INFRASTRUCTURE		
City Transportation		
New parking Equipment for the Underground Car park. Approved by the Finance Committee on 13 November 2014.	Finance Committee 2/10/14	(350,000)
Discretionary Transportation Capital Fund		
Fund has been reduced reflecting the identification of a specific project being the new Parking equipment for the Garden Place Underground Carpark by the Finance Committee on 13 November 2014.	Finance Committee 2/10/14	242,000
Water Supply funding for Carpark		
PIF 9027 Replacement of water works during intersection upgrades has been reprioritized to fund the replacement of Garden Place Car Park access control system.	Finance Committee 2/10/14	108,000
Claudlands Bridge abutment		
Claudlands Bridge abutment protection works have been completed and the final cost of the works is expected to be \$385,000 and a subsidy of \$173,000 is to be received from NZTA. This leaves a total net cost to Council for this work of \$212,000.		(212,000)
Water and Wastewater Treatment Plants		
PIF 12029 Installation of dewatering facility at the water treatment plant has been reprioritised and the funding reallocated in order to fund higher priority projects that have emerged in 2014/15. The first priority is to fund the treatment plant recovery costs identified in operating result above of \$1,315,000.	Finance Committee 14/08/14	1,700,000
The Finance Committee agreed to reallocate the remaining \$1,380,000 of PIF 12029 to part offset additional Health and Safety measures at the water treatment plant estimated to cost \$1,700,000.	Finance Committee 2/10/14	(1,700,000)
PIF 12031 New structure to extract water from the Waikato River		
Subject to Finance Committee approval of the business case at the Finance Committee on 19 February 2015, it is expected the total cost for this project will be \$900,000 less than approved budget.	Finance Committee 19/02/15	900,000
PIF 9012 Replacement of Refuse Transfer Station assets		
Due to attractive market price negotiated, \$400,000 of PIF 9012 is unlikely to be required.	Finance Committee 19/02/15	400,000
PIF 9014 Replacement of channel lining on the Waitawhiriwhiri Stream		
This project is no longer required and therefore funding for PIF 9014 is no longer required.	Finance Committee 19/02/15	270,000
Southern Links Compassionate Property Purchase - 1		
Purchase of property affected by the proposed Southern Links roading designation on compassionate grounds. Council were advised in approving this purchase that the funding was unbudgeted and the costs would be managed from debt capacity through the Risks and Opportunities schedule. Costs are being charged to PIF 12001 New roading in Peacocke.	Finance Committee 3/7/14	(545,000)
Southern Links Compassionate Property Purchase - 2		
Purchase of a property affected by the proposed Southern Links roading designation on compassionate grounds. Council were advised in approving this purchase that the funding was unbudgeted and the costs would be managed from debt capacity through the Risks and Opportunities schedule. Costs are being charged to PIF 12001 New roading in Peacocke.	Finance Committee 13/11/14	(435,000)
CITY INFRASTRUCTURE TOTAL		378,000
Total Impact on Capital Result		(1,022,000)

Transfers between Operating and Capital

<p>Major Painting Activity management plan work has identified major painting works have been incorrectly classified as capital expenditure. Expenditure will need to be reclassified from capital to maintenance but there will be a nil impact on overall cash flow. Refer capital section for offsetting figure.</p>	Finance Committee 13/11/14	(300,000)
<p>Activity management plan work has identified major painting works have been incorrectly classified as capital expenditure. Expenditure will need to be reclassified from capital to maintenance but there will be a nil impact overall. Refer Operating section for offsetting figure.</p>	Finance Committee 13/11/14	300,000
<p>Bryce Street River Slip Remediation. The 2014/15 Bryce Street river slip remediation work has been incorrectly budgeted as operating expenditure. The overall impact is nil as Capital expenditure will be unfavourable against budget and operating expenditure favourable. Refer Capital section for offsetting figure.</p>		520,000
<p>The 2014/15 Bryce Street river slip remediation work has been incorrectly budgeted as operating expenditure. The overall impact is nil as any overspend in capital will be offset by an underspend in operating. Refer Operating section for offsetting figure.</p>		(520,000)
<p>Plants recovery Costs associated with water and wastewater treatment plants recovery to be funded by PIF 12029 Installation of dewatering facility at the water treatment plant (refer to capital expenditure item PIF 12029 below).</p>	Finance Committee 14/08/14	(1,107,000)
<p>PIF 12029 Installation of dewatering facility at the water treatment plant has been reprioritised and the funding reallocated in order to fund higher priority projects that have emerged in 2014/15. The first priority is to fund the treatment plant recovery costs identified in operating result above of \$1,315,000.</p>	Finance Committee 14/08/14	1,107,000
Total Impact from transfers :		0

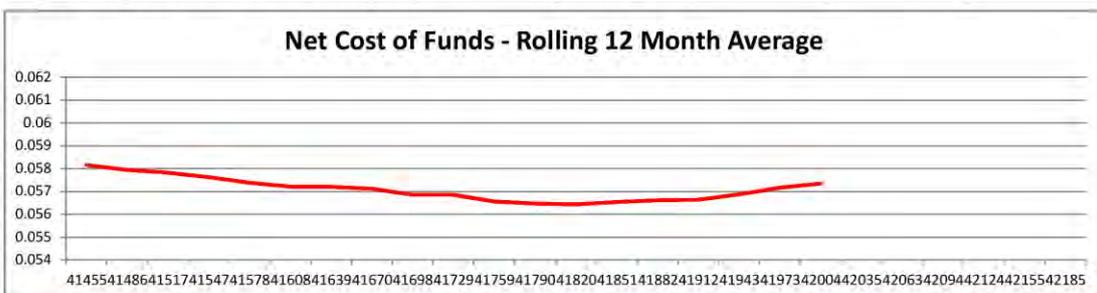
TREASURY - SUMMARY REPORT
For the six months ended 31 December 2014

Policy Compliance		Policy	Result @ 31-Dec-14	Policy Compliance
Fixed debt parameters	fixed	50% - 95%	85%	✓
Fixed rate maturity	1 - 3 years	15% - 60%	16%	✓
	3 - 5 years	15% - 60%	26%	✓
	5 years plus	15% - 60%	58%	✓
Funding maturity	0 - 3 years	15% - 60%	58%	✓
	3 - 5 years	15% - 60%	18%	✓
	5 years plus	10% - 40%	24%	✓
Liquidity ratio	minimum	110%	116%	✓
Counterparty credit risk	maximum	\$50m per bank	-	✗

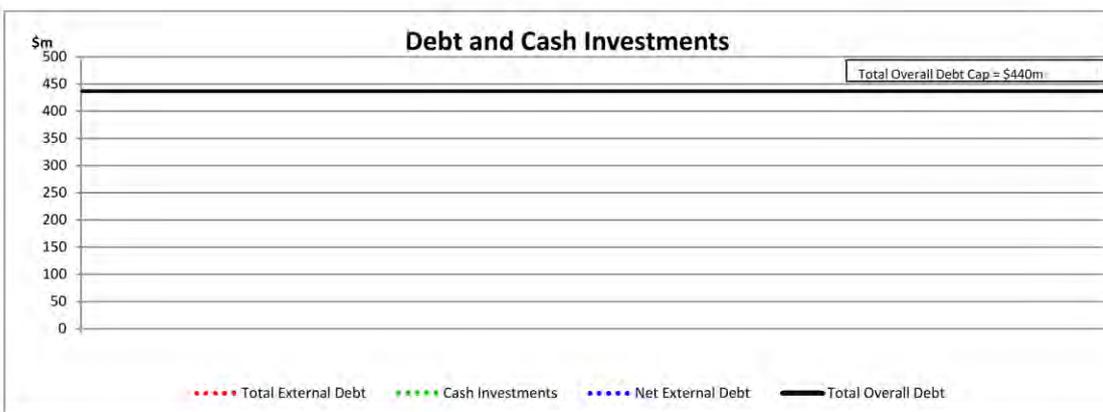
Comments on policy breaches
There are no breaches of policy.

Finance Costs (\$000's)	Result @ 31-Dec-14	Budget @ 31-Dec-14	Variance Fav. / (Unfav.)	Annual Budget
Interest and financing costs paid (net of interest paid to reserves)	11,827	11,905	78	23,809
less Interest received	(1,108)	(600)	508	(1,200)
Net finance costs	10,719	11,305	586	22,609

Weighted average net cost of funds (12 month rolling average)	5.74%	-	-	-
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Debt and Cash Investments (\$000's)	Result @ 31-Dec-14	Budget @ 30-Jun-15	Variance Fav. / (Unfav.)
External debt	413,827	429,190	15,363
less Cash investments	(53,556)	(29,300)	24,256
Net external debt	360,271	399,890	39,619
add Cash-backed reserves	18,025	17,368	(657)
Total overall debt	378,296	417,258	38,962



CAPITAL EXPENDITURE FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

PIF	YTD			Annual Budget			YTD	YTD
	Actual	Budget	Variance	Approved 2014/15	Approved Deferred	Total	External Funding	Net Cost
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ARTS AND RECREATION								
Funding for new Public Art	12037	0	(0)	50		50		0
Te Rapa Sportsdrome	13005	-	114	114	114			-
Replacement of Library Assets	9036	7	88	88		88		7
Collection Purchases	9037	413	524	111	1,048	1,048		413
Replacement of Sports Parks assets	9058	605	542	(63)	1,078	1,078		605
Renewal of Waterworld Assets	9033	59	153	94	353	20	373	59
Replacement of Gallagher Aquatic Centre Assets	9034	55	88	33	70	54	124	55
Replacement of Fixed Equipment at Theatres	9041	49	35	(14)	70		70	49
Replacement of Technical Equipment at Theatres	9042	54	63	9	126		126	54
Replacement of Museum Assets	9035	28	92	64	108	25	133	28
Hamilton Zoo Animal Enclosures Renewal	9043	64	70	6	140		140	64
Replacement of Zoo Assets (Including Animals)	9044	37	81	43	101	30	131	37
New Saimang Exhibit at Zoo	12046		203	203	405		405	-
		1,373	2,052	679	3,637	243	3,880	-
								1,373
CITY PROSPERITY								
Replacement of Fixtures, Fittings and Equipment at Claudelands	9038	15	69	53	137		137	15
Replacement of Furniture, Fixtures and Equipment Rentals at Stadia	9039	269	106	(163)	143		143	269
Replacement of Turf Services Equipment at Stadia	9040	17	17	1	35		35	17
Installation of Additional Security Cameras	12301		24	24	48		48	-
Hamilton Organic Recycling Centre Wall		8	-	(8)	-		-	8
		309	216	(93)	363	-	363	-
								309
COMMUNITY SERVICES								
Replacement of Furniture & Fittings at Community Facilities	9032		5	5	11		11	-
Replacement of Cemeteries & Crematorium Assets	9031		120	120	167		167	-
			125	125	178	-	178	-
PARKS AND OPEN SPACES								
Replacement of Parks & Opens Spaces Assets	9030	238	606	368	1,103	196	1,299	(1)
Acquisition of Parks	12012	2,124	770	(1,354)	556	781	1,337	2,124
Hamilton Gardens Replace Fencing	13006	11	15	4		15	15	11
Stabilise Riverbank Walkway	13007	771	301	(470)		301	301	771
Upgrade of City Playgrounds	12036	294	332	38	370	149	519	294
Planting & Track Construction at Waiwhakareke Natural Heritage Park	12133		20	20	54		54	-
Completion of Fantasy Gardens at Hamilton Gardens	12124	214	140	(74)	216		216	(87)
Hamilton Gardens Development (Targeted Rate)		6	-	(6)	-		-	6
		3,658	2,183	(1,474)	2,299	1,442	3,741	(88)
								3,569
SOLID WASTE MANAGEMENT								
Replacement of Closed Landfill Assets	9013	4	76	72	75	89	164	4
Replacement of Refuse Transfer Station Assets	9012	271	451	180	810		810	271
Closed Landfill Management	12016	58	81	23	161		161	58
		333	607	274	1,046	89	1,135	0
								333
STORMWATER DRAINAGE								
Replacement of Channel Lining on the Waitawhiriwhiri Stream	9014		-	-	270		270	-
Replacement of Stormwater Outfalls in Waikato River	9015	26	150	124	164		164	26
Replacement of Stormwater Assets	9016	169	162	(7)	323		323	169
Rototuna Stormwater	12058		188	188	215	241	456	-
Treatment to Improve Stormwater Recovery	12017		33	33	66		66	-
Stormwater Catchment Assessment for Intesification Areas	12018	20	293	273	270	474	744	20
Stormwater Project Watershed Capital Works	12019	9	40	31	54		54	9
Rotokauri Stormwater Infrastructure	12059	111	352	241	538	250	788	111
Peacocke Stormwater Infrastructure	12060		135	135	22	373	395	-
Local Growth Related Stormwater Projects	12061	5	54	49	108		108	5
Ruakura Stormwater	13008	6	3	(2)		10	10	6
Citywide Stormwater Upgrades	13009	243	184	(60)		551	551	243
Stormwater Connections	12174	68	135	67	271		271	18
		657	1,729	1,072	2,301	1,899	4,200	(50)
								607
TRANSPORTATION								
Replacement of Parking Equipment	9010	12	53	42	107		107	12
Replacement of Footpaths	9001	729	887	158	1,780		1,780	(347)
Replacement of Kerbs and Channels	9002	571	745	174	1,490		1,490	(257)
Replacement of Road Base	9003	59	-	(59)	649		649	(27)
Road Resurfacing	9004	509	1,060	551	4,344		4,344	(229)
Replace Bridges and Culverts	9005	378	-	(378)	-		-	(43)
Replacement of Retaining Walls and Structures	9006		-	-	11		11	-
Replacement of Street Lights	9017	39	251	213	503		503	(17)
Replacement of Traffic Signals	9018	248	93	(156)	271		271	(112)
Replacement of Street Signs	9019	1	28	26	55		55	(0)
replacement of Safety Barriers	9020		27	27	54		54	-
New Roading in Peacocke	12001	864	247	(617)	200	471	671	0
New Roading in Rototuna	12003	386	1,760	1,374	1,527	1,380	2,907	386
Te Rapa Section of Waikato Expressway	12004	0	-	(0)	-		-	0
Hamilton Ring Road Completion	12005	4,015	6,314	2,299	11,135	4,227	15,362	(525)
Minor Improvements to the Transport Network	12020	184	120	(64)	742		742	(101)
Lower Speeds in Residential Streets	12021							83
Bus Stop Infrastructure	12022	20	54	34	108		108	0
Integration of Existing Areas with New Developments in the City	12051	79	95	15	189		189	79
Roading Upgrades in Rotokauri	12053	20	195	175	390		390	20

MANITOU CITY COUNCIL

CAPITAL EXPENDITURE FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

PIF	YTD			Annual Budget			YTD	YTD	
	Actual	Budget	Variance	Approved 2014/15	Approved Deferred	Total	External Funding	Net Cost	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Transport Network Planning	12056	2	-	(2)	85	85		2	
Upgrade to City Directional Signage	12097	3	-	(3)				3	
Integration of New Transport Modes	12172	506	400	(106)	2,007	2,007	(158)	348	
		8,625	12,329	3,703	25,647	6,078	31,725	(1,817)	6,809
WASTEWATER									
Replacement of Wastewater Pump Station Assets	9022	175	444	269	888	888		175	
Replacement of Wastewater Assets	9023	2,519	1,747	(772)	3,493	3,493		2,519	
Upgrade Existing or Build New Wastewater Network in Rototuna	12008		80	80	27	241	268	-	
Treatment Plant Upgrade	13008	426	121	(305)		363	363	426	
Increase Capacity of Wastewater Pump Stations	12024/25	261	337	76	674	674		261	
Increase Capacity of Wastewater Network in Rototuna	12066		34	34	5	86	91	-	
Integrate Wastewater Network in New Areas with Existing Network	12067	4	30	26	87	87		4	
Increase Capacity of Wastewater Network in Rotokauri	12068	48	200	152	453	453		48	
Increase Capacity of Wastewater Network in Peacocke	12069	7	15	9	22	16	38	7	
Increase Capacity of Wastewater Network Throughout the City	12071	9	200	191	432	432		9	
Wastewater Connections	12175	109	135	26	271	271	(93)	16	
Replacement of Wastewater Treatment Plant Assets	9024	118	495	377	893	893		118	
Upgrade of Wastewater Treatment Plant Systems	12026	128	180	52	378	378		128	
		3,803	4,019	216	7,623	706	8,329	(93)	3,710
WATER SUPPLY									
Replacement of Water Mains	9025	1,236	1,470	234	2,938	2,938		1,236	
Replacement of Water Meter Valves and Hydrants	9026	108	147	39	293	293		108	
Replacement of Water Works During Intersection Upgrades	9027		-	-	216	216		-	
Software for Growth Planning	13009	49	-	(49)		396	396	49	
Upgrade or Build New Watermains in Rototuna	12073	-	-	-	49	49		-	
Additional Water Supply Storage in Rototuna	12074	186	2,200	2,014	4,857	4,857		186	
City Wide Upgrade of Water Pipes	12076	-	170	170	340	340		-	
Upgrade or Build New Water Mains in Rotokauri	12077	2	222	220	370	65	435	2	
Upgrade or Build New Water Mains in Peacocke	12079		43	43	16	80	96	-	
Integrate Water Mains in New Areas with Existing Network	12080		44	44	87	87		-	
Ruakura Water Growth	13010	(33)	5	38		16	16	(33)	
Assessment of Demand for Water and Water Loss in the Network	12173	208	215	7	430	430		208	
Water Connections	12176	181	135	(45)	271	271	(188)	(8)	
Replacement of Water Reservoir Assets	9028		18	18	162	162		-	
Replacement of Water Treatment Plant Assets	9029	414	190	(224)	523	523		414	
Installation of Dewatering Facility at the Water Treatment Plant	12029	4	1,404	1,400	2,807	2,807		4	
Upgrade of Water Treatment Plant Equipment	12030	86	200	114	810	810		86	
New Structure to Extract Water from the Waikato River	12031	19	3,000	2,981	3,240	3,240		19	
Upgrade Equipment		49	-	(49)		-		49	
		2,508	9,462	6,954	17,409	557	17,966	(188)	2,320
SUPPORT SERVICES									
Extension of Events Booking Management System	12040	35	-	(35)		-		35	
Upgrade of Specialist Software Applications	9045	1	18	17	38	38		1	
Finance Lease Funding Infrastructure Equipment	12014	(92)	717	809	1,017	625	1,642	(92)	
Upgrade of Council's Core Software Applications	12015	877	1,164	287	584	1,500	2,084	877	
Development of Online Services & Mobile Applications	12049	75	-	(75)	640	640		75	
Management of IT Environment Including Security Software	12050	23	-	(23)	530	530		23	
Replacement of Property Assets	9046	1,433	1,839	406	3,122	69	3,191	(76)	
Replacement of Pensioner Housing Assets	9047	45	279	234	566	566		45	
Replacement of Fleet Vehicles	9048	114	433	319	866	866		114	
Upgrade of Council Owned Buildings	12047	3	19	16	38	38		3	
		2,479	4,468	1,989	7,401	2,194	9,595	(76)	2,403
Total		23,745	37,191	13,446	67,904	13,208	81,112	(2,312)	21,433

ARTS AND RECREATION
for the six months ended 31 December 2014

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
3,389	3,527	3,962	(435)	7,830
(11,491)	(12,224)	(12,343)	118	(24,430)
(8,103)	(8,698)	(8,381)	(317)	(16,600)
Indirect				
(2,221)	(2,741)	(2,678)	(64)	(5,356)
(1,290)	(1,327)	(1,598)	271	(3,196)
(302)	(298)	(313)	15	(625)
(3,813)	(4,367)	(4,588)	222	(9,177)
(11,916)	(13,065)	(12,970)	(95)	(25,777)

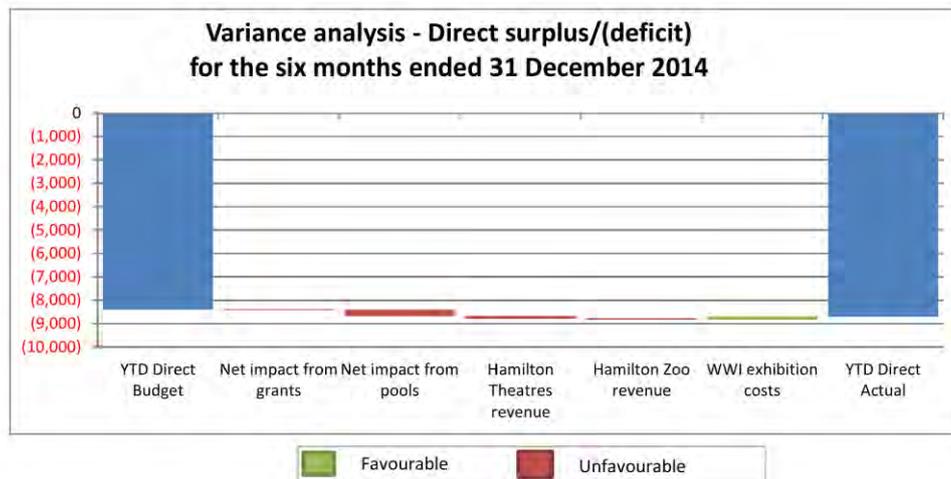
Variance explanation:

Active community grants previously received and allocated to fund community based projects have been reduced from previous years. Overall there is a nil impact on the bottom line as allocated expenditure is capped at the level of funding received.

Pools revenue is (\$146K) unfavourable against budget and includes Club Aqua gym income which is tracking better than the expected annual shortfall of (\$371k) reported to the Finance Committee. Membership has increased. Gym expenditure is currently tracking \$53k favourable against budget. There is an overall net cash contribution towards pool operations of \$116k year to date from the gym activity.

Expenditure is 124k favourable as Museum World War 1 exhibit costs lower than the budget phasing anticipated.

Hamilton theatres continues to trend unfavourable against budgeted revenue, this is being offset partially by cost savings with a net unfavourable result after six months of (\$97K)



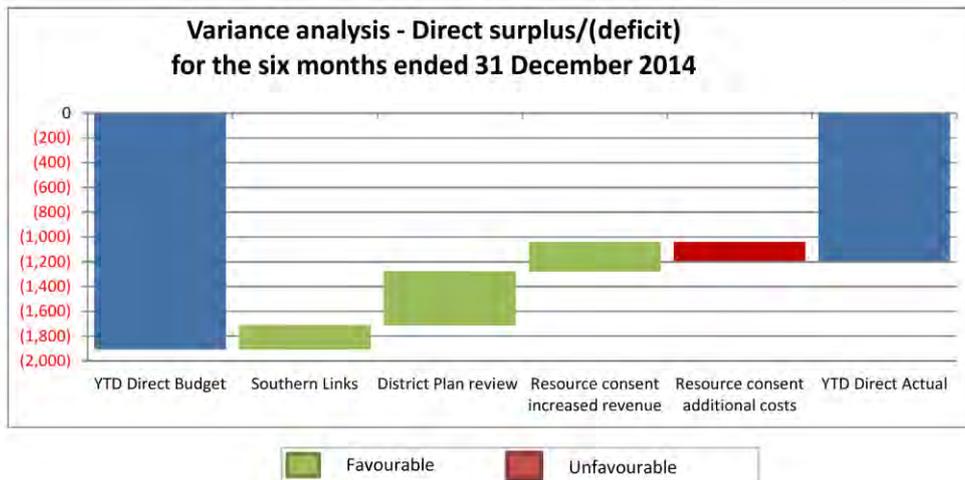
CITY PLANNING AND DEVELOPMENT for the six months ended 31 December 2014

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
816 Revenue	828	560	269	1,119
(2,452) Expenditure	(2,020)	(2,464)	444	(4,928)
(1,636) Direct surplus/(deficit)	(1,192)	(1,904)	713	(3,809)
Indirect				
(416) Corporate overheads	(558)	(501)	(57)	(1,001)
Asset costs (depreciation)	0	0	0	0
0 Net finance revenue (expense)	0	0	0	0
(416)	(558)	(501)	(57)	(1,001)
(2,052) Operating surplus/(deficit)	(1,750)	(2,405)	655	(4,810)

Variance explanation:

District Planning favourable \$627K - Revenue received from cost recoveries \$32K. Expenditure favourable predominantly due to the District Plan Review - Phase 7B and 8 (appeals) favourable, the Environment Court has given a direction that 45 appeals and 172 s274 notices - (first step) to be completed by end of February. Environment Court are trying to speed this process up. This timing gap is expected to close by the end of the 3rd quarter this financial year. City Planning professional fees recovered from applicant for Southern Links designation costs of \$192K, and recovered this financial year. This recovery has been added to the Risk and Opportunity Report as City Planning is expecting to be favourable at year end by \$192K.

Planning Guidance revenue favourable \$235K offset by unfavourable expenditure of (\$149K) - Planning Guidance are expecting to process in excess of 425 consents this financial year, as a result we could exceed budgeted revenue targets by up to 10% at year end at current resourcing levels. This is expected as the unit continues to work at a 80% cost recovery rate, this is over 25% more than was anticipated in the current LTP.



CITY PROSPERITY
for the six months ended 31 December 2014

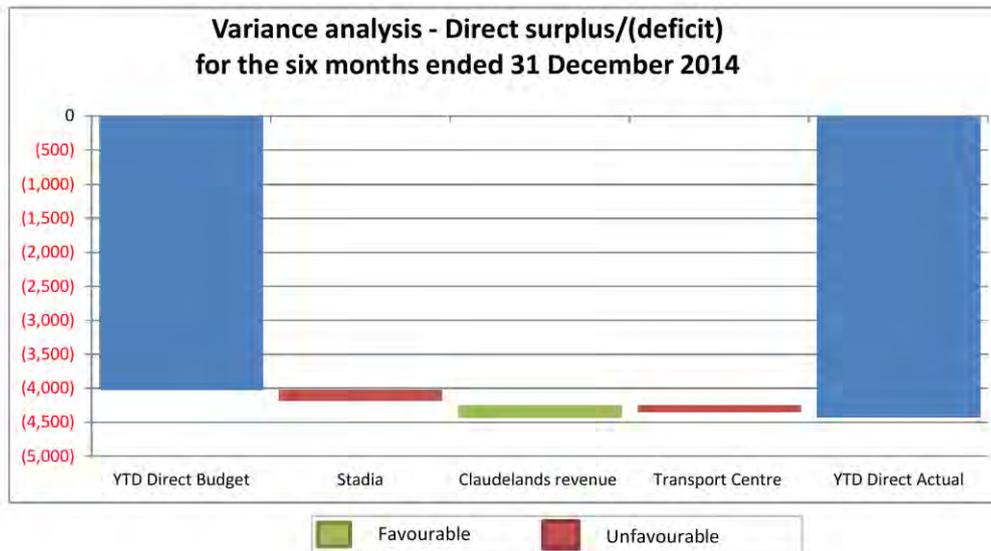
Prior YTD Actual 2013/14 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
5,348 Revenue	4,922	4,710	212	9,924
(9,162) Expenditure	(9,346)	(8,737)	(610)	(17,333)
(3,814) Direct surplus/(deficit)	(4,424)	(4,026)	(398)	(7,409)
Indirect				
(941) Corporate overheads	(1,210)	(1,079)	(131)	(2,158)
(1,352) Asset costs (depreciation)	(1,293)	(1,092)	(201)	(2,184)
(3,367) Net finance revenue (expense)	(3,329)	(3,487)	158	(6,975)
(5,660)	(5,832)	(5,658)	(174)	(11,317)
(9,475) Operating surplus/(deficit)	(10,256)	(9,685)	(572)	(18,726)

Variance explanation:

Stadia costs \$181K unfavourable due to unplanned turf remediation and a dramatic increase in temporary stand costs introduced this year by the supplier.

Claudelands delivered a positive revenue result of \$180K.

The transport centre is \$95K unfavourable due to property maintenance and cleaning occurring slightly earlier than the budget phasing anticipated.



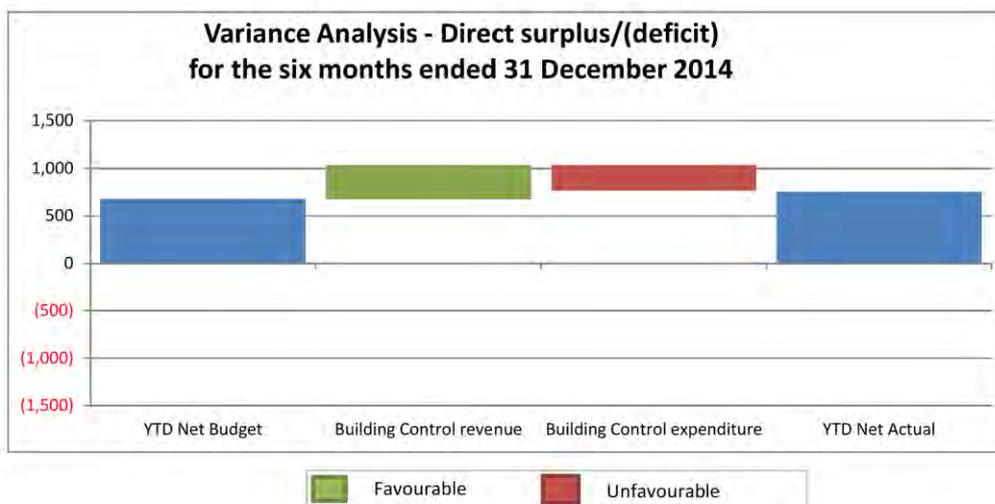
CITY SAFETY
for the six months ended 31 December 2014

Prior YTD Actual 2013/14 \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
5,053	4,761	4,301	460	7,457
(4,174)	(4,007)	(3,623)	(384)	(7,372)
<u>879</u>	<u>754</u>	<u>678</u>	<u>76</u>	<u>86</u>
Indirect				
(669)	(761)	(844)	82	(1,687)
(30)	(26)	(20)	(6)	(39)
(18)	(19)	(19)	1	(39)
<u>(718)</u>	<u>(805)</u>	<u>(883)</u>	<u>77</u>	<u>(1,765)</u>
<u>162</u>	<u>(52)</u>	<u>(205)</u>	<u>153</u>	<u>(1,679)</u>

Variance explanation:

Food premises \$50K and animal control \$58K revenue running ahead of budget expectation. Public Health monitoring is slightly behind budgeted targets (\$9K) however all units are on track to achieve budgeted revenue at year end.

Building control revenue \$359K favourable continues to trend ahead of budgeted expectations, at current resourcing levels. Building Control expenditure is unfavourable by (\$267). We are currently investigating LIM revenue allocation across the organisation. Major projects currently underway in City Safety - Mobility Implementation for Assets and Inspections. To address compliance issues raised and prepare the Unit for forecast increased demand for building consents and customer service.



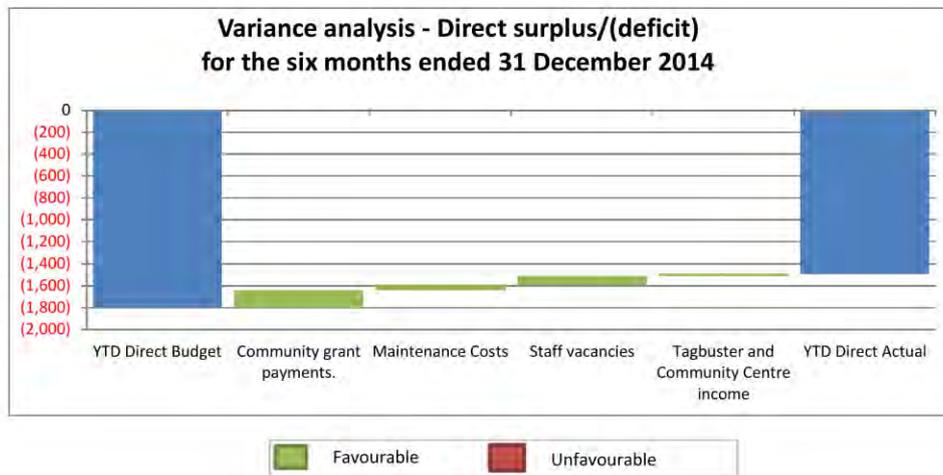
COMMUNITY SERVICES
for the six months ended 31 December 2014

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
1,947	1,876	1,856	20	3,698
(3,349)	(3,366)	(3,652)	286	(7,187)
(1,402)	(1,490)	(1,796)	306	(3,489)
Indirect				
(495)	(630)	(526)	(104)	(1,051)
(61)	(54)	(69)	16	(139)
(45)	(43)	(45)	2	(91)
(601)	(726)	(641)	(86)	(1,281)
(2,003)	(2,217)	(2,437)	220	(4,771)

Variance explanation:

Revenue - Cemetery plot sales and burials are ahead of target.

Expenditure is favourable as multi-year community grant allocations have yet to be made. Payments are in progress. Other favourable variances include reduced staff costs from vacancies that existed earlier in the year and lower than budgeted ground maintenance costs.



DEMOCRACY
for the six months ended 31 December 2014

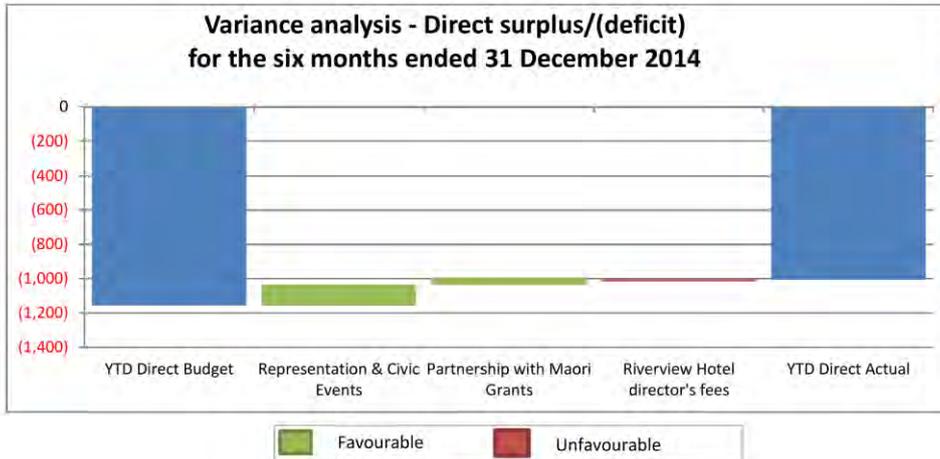
Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
218 Revenue	10	15	(5)	30
(1,262) Expenditure	(1,014)	(1,170)	156	(2,403)
(1,044) Direct surplus/(deficit)	(1,004)	(1,155)	151	(2,373)
Indirect				
(1,360) Corporate overheads	(1,511)	(1,444)	(67)	(2,888)
(0) Asset costs (depreciation)	0	0	0	0
0 Net finance revenue (expense)	0	0	0	0
(1,360)	(1,511)	(1,444)	(67)	(2,888)
(2,404) Operating surplus/(deficit)	(2,515)	(2,599)	84	(5,261)

Variance explanation:

Unfavourable revenue relates to the loss of the Riverview Hotel's directorship income as Council's interest in the venture has been sold.

Partnership with Maori - professional service costs favourable as the contract with the new provider has recently been signed.

Representation and Civic Affairs. Various variances including training, civic ceremony costs, photocopying and elected member remuneration as budgets have been flat phased. These are expected to be spent by end of year.



PARKS AND OPEN SPACES
for the six months ended 31 December 2014

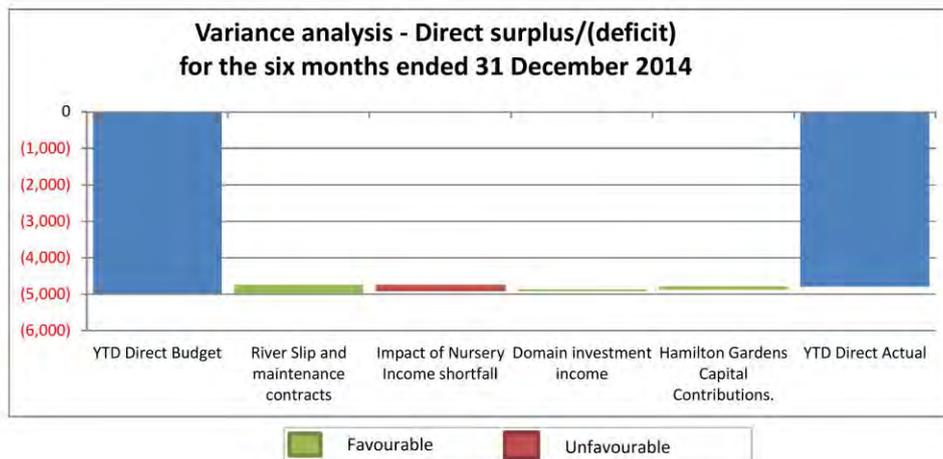
Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
664 Revenue	768	633	135	1,347
(4,634) Expenditure	(5,551)	(5,599)	48	(11,390)
(3,970) Direct surplus/(deficit)	(4,783)	(4,966)	183	(10,043)
Indirect				
(606) Corporate overheads	(782)	(644)	(138)	(1,288)
(794) Asset costs (depreciation)	(724)	(790)	66	(1,580)
(705) Net finance revenue (expense)	(697)	(730)	33	(1,460)
(2,105)	(2,203)	(2,164)	(40)	(4,327)
(6,075) Operating surplus/(deficit)	(6,987)	(7,129)	143	(14,370)

Variance explanation:

Revenue is favourable as capital contributions have been received in Hamilton Gardens for the Tudor Garden development. Amenity park income is also favourable as net rental received from domain investment properties are tracking above budget.

Bryce Street Riverbank Slip remediation work has been incorrectly budgeted as operating expenditure. Any favourable variance in operating expenditure will be offset by increased capital expenditure.

Nursery revenue is significantly below budget and a review of operations is in progress. The committee will be advised of the outcome of the review. The Nursery is a Support Unit and the unfavourable variance is currently reflected in Parks and Open spaces expenditure by way of internal allocation.

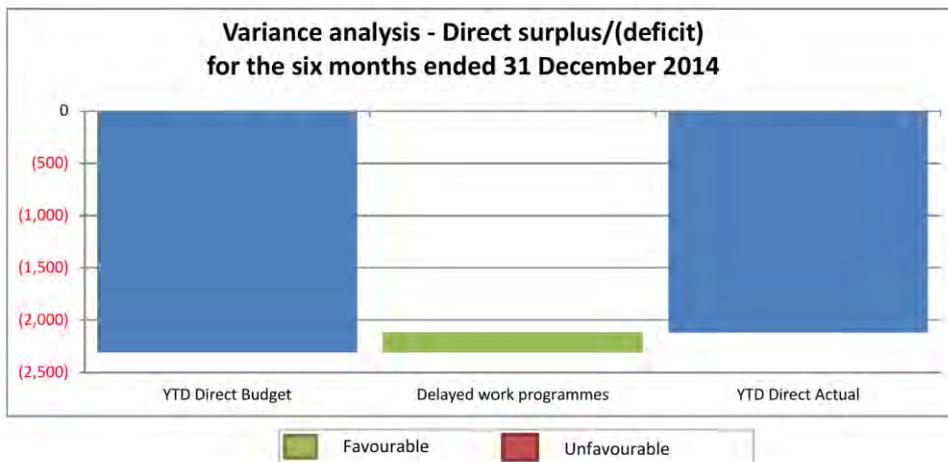


SOLID WASTE
for the six months ended 31 December 2014

Prior YTD Actual	Year to Date		Variance Favourable/ (Unfavourable)	Annual Budget	
	Actual	Budget			
\$000	\$000	\$000	\$000	\$000	
Direct					
135 Revenue		377	377	0	755
(2,542) Expenditure		(2,493)	(2,679)	186	(5,358)
(2,407) Direct surplus/(deficit)		(2,116)	(2,302)	186	(4,602)
Indirect					
(304) Corporate overheads		(397)	(323)	(74)	(646)
(140) Asset costs (depreciation)		(120)	(198)	77	(395)
(71) Net finance revenue (expense)		(71)	(74)	3	(148)
(515)		(588)	(594)	6	(1,189)
(2,922) Operating surplus/(deficit)		(2,704)	(2,896)	192	(5,791)

Variance explanation:

Operating expenditure year to date is favourable due to one off expenditure relating to the waste minimisation grant allocation process completed in January, not December as anticipated, and the rescheduling of maintenance at our closed landfills to quarter 3 and quarter 4.

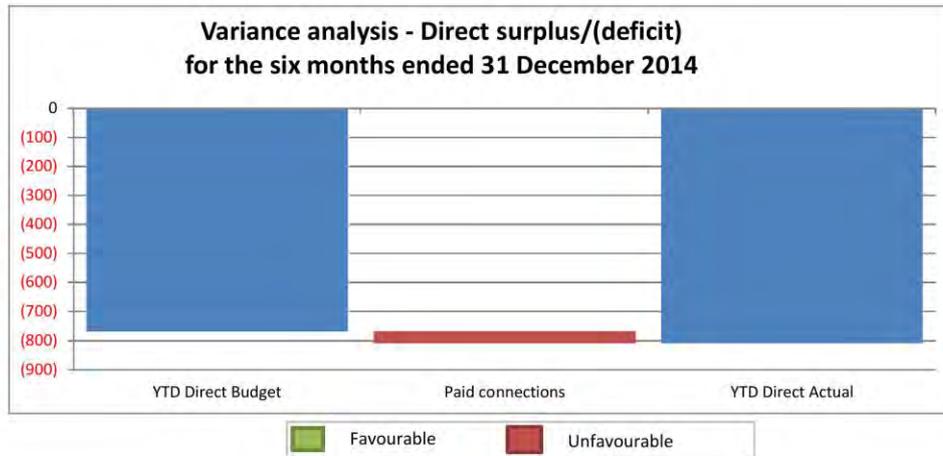


STORMWATER
for the six months ended 31 December 2014

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
67 Revenue	204	286	(82)	574
(915) Expenditure	(1,012)	(1,053)	41	(2,107)
(848) Direct surplus/(deficit)	(808)	(767)	(40)	(1,533)
Indirect				
(131) Corporate overheads	(170)	(139)	(31)	(279)
(2,763) Asset costs (depreciation)	(2,787)	(2,853)	66	(5,706)
(191) Net finance revenue (expense)	(189)	(198)	9	(396)
(3,085)	(3,146)	(3,190)	45	(6,381)
(3,933) Operating surplus/(deficit)	(3,953)	(3,958)	5	(7,914)

Variance explanation:

Operating revenue year to date is unfavourable due to contributions received for paid connections. This is a user pays service and therefore this is offset by favourable expenditure year to date.



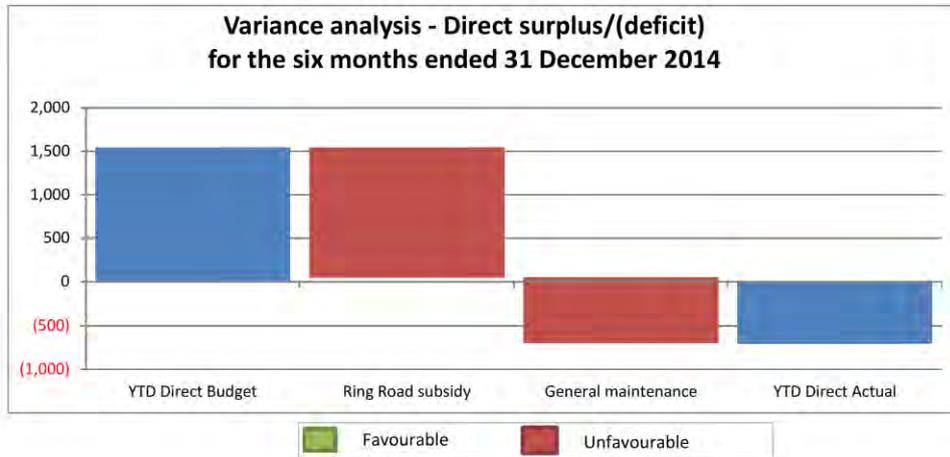
TRANSPORTATION
for the six months ended 31 December 2014

Prior YTD Actual	Year to Date		Variance Favourable/ (Unfavourable)	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
6,936	7,378	9,023	(1,644)	20,734
(7,559)	(8,082)	(7,481)	(601)	(15,136)
<u>(624)</u>	<u>(704)</u>	<u>1,542</u>	<u>(2,246)</u>	<u>5,598</u>
Indirect				
(1,373)	(1,730)	(1,458)	(272)	(2,915)
(8,023)	(8,690)	(8,703)	13	(17,406)
(3,336)	(3,300)	(3,457)	157	(6,912)
<u>(12,732)</u>	<u>(13,720)</u>	<u>(13,617)</u>	<u>(103)</u>	<u>(27,233)</u>
<u>(13,356)</u>	<u>(14,424)</u>	<u>(12,075)</u>	<u>(2,348)</u>	<u>(21,635)</u>

Variance explanation:

Operating revenue year to date is unfavourable due to NZTA subsidy received for the Ring Road project being lower than expected due to delays in the project.

Operating expenditure year to date is unfavourable due to increased general maintenance work programmes in the first six months of the financial year.

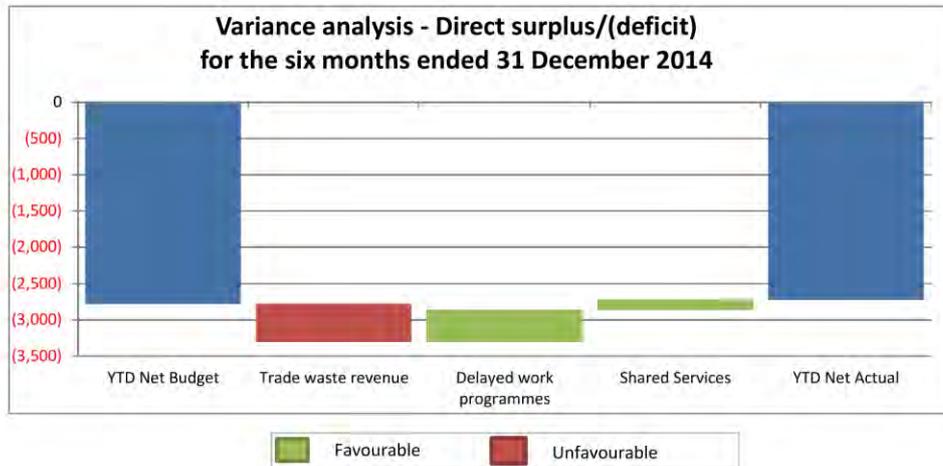


WASTEWATER
for the six months ended 31 December 2014

Prior YTD Actual	Year to Date		Variance Favourable/ (Unfavourable)	Annual Budget
	Actual	Budget		
\$000	\$000	\$000	\$000	\$000
Direct				
2,882	2,377	2,878	(501)	5,402
(5,802)	(5,097)	(5,654)	558	(11,299)
(2,920)	(2,719)	(2,776)	57	(5,897)
Indirect				
(661)	(866)	(731)	(135)	(1,462)
(3,636)	(3,865)	(3,696)	(170)	(7,391)
(1,903)	(1,882)	(1,971)	89	(3,943)
(6,199)	(6,613)	(6,398)	(216)	(12,795)
(9,119)	(9,333)	(9,174)	(159)	(18,692)

Variance explanation:

Operating revenue year to date is unfavourable in part due the budget being reflective of a major customer who is no longer in operation. This is offset by higher than expected shared services revenue.
Operating expenditure year to date is favourable due to wastewater treatment plant preventative maintenance intervention rescheduled to quarter 3, reduced pump station and treatment plant electricity and gas costs due to a drier than expected winter and one off costs such as rates and lease expenses being later than expected.

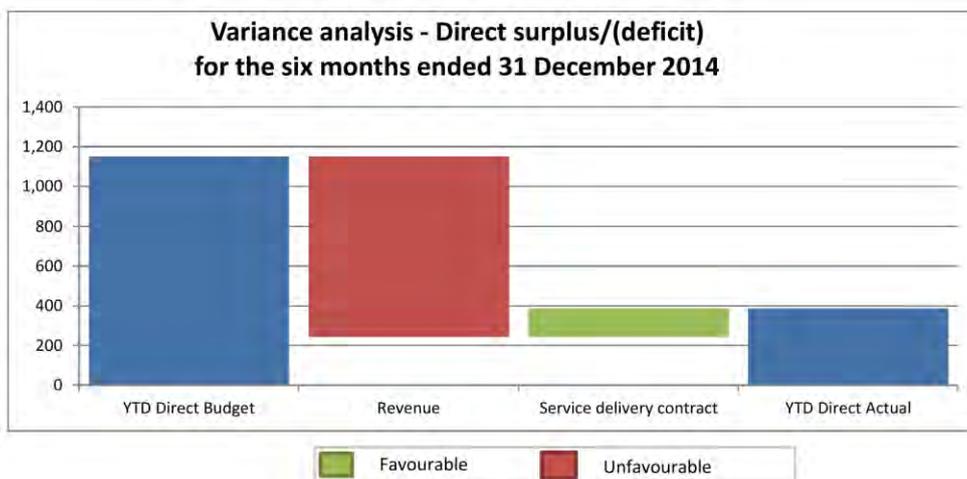


WATER SUPPLY for the six months ended 31 December 2014

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
4,451	3,784	4,690	(906)	8,807
(3,219)	(3,399)	(3,539)	140	(7,078)
<u>1,233</u>	<u>386</u>	<u>1,151</u>	<u>(765)</u>	<u>1,729</u>
Indirect				
(527)	(614)	(627)	13	(1,254)
(3,279)	(3,436)	(3,595)	159	(7,190)
(1,426)	(1,410)	(1,477)	67	(2,955)
<u>(5,231)</u>	<u>(5,460)</u>	<u>(5,699)</u>	<u>240</u>	<u>(11,399)</u>
<u>(3,999)</u>	<u>(5,074)</u>	<u>(4,548)</u>	<u>(526)</u>	<u>(9,670)</u>

Variance explanation:

Operating revenue year to date is unfavourable. A full review into water revenue has been undertaken and corrective action is underway to address some issues. A major customer has completed their own private water treatment plant upgrades, which has resulted in a significant reduction in water use and therefore water revenue. Operating expenditure year to date is favourable due to a billing delay of the service delivery contract. This favourable variance will be offset in the upcoming months due to increased chemical usage at the water treatment plant to treat algae blooms.

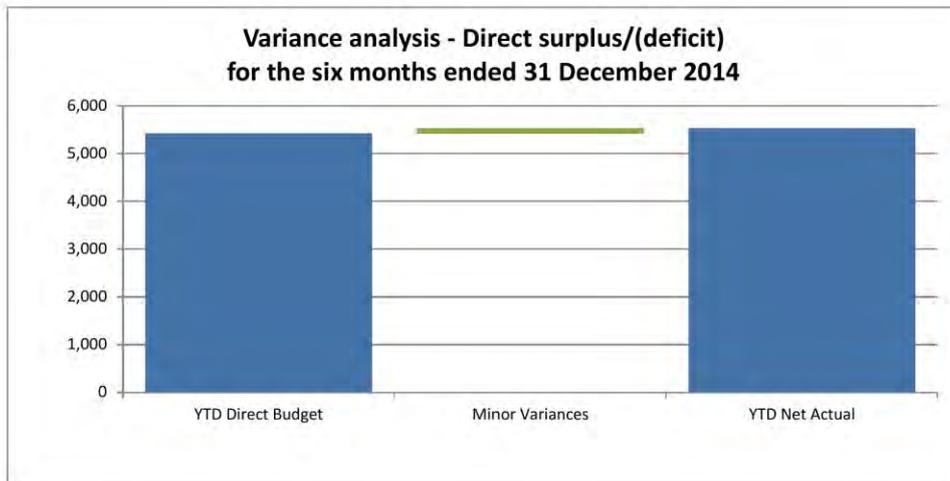


OVERHEADS
for the six months ended 31 December 2014

Prior YTD Actual \$000	Year to Date		Variance Favourable/ (Unfavourable) \$000	Annual Budget \$000
	Actual \$000	Budget \$000		
Direct				
33,061	38,555	35,688	2,867	71,564
(27,589)	(32,481)	(30,266)	(2,215)	(60,351)
<u>5,473</u>	<u>6,075</u>	<u>5,422</u>	<u>652</u>	<u>11,213</u>
Indirect				
0	0	0	0	0
(5,509)	(6,043)	(5,534)	(509)	(11,069)
(21)	(31)	(72)	41	(144)
<u>(5,530)</u>	<u>(6,075)</u>	<u>(5,606)</u>	<u>(468)</u>	<u>(11,213)</u>
<u>(57)</u>	<u>0</u>	<u>(184)</u>	<u>184</u>	<u>(0)</u>

Variance explanation:

The net variance is favourable 652K. This is made up a number of small variances across all support and overheads areas within Council. Note these areas are fully allocated to the 12 Council activities, that is why it shows a Operating surplus/(deficit) of zero.



High level summary for Key Project activity for December 2014

Key Project (Project Status)	Project Status Information
<ul style="list-style-type: none"> • On Track – Green • Needs to be monitored – Amber • Needs urgent management attention - Red 	Refer attachment for full report - D - 1681883
2015-25 10 Year Plan	<p>New activity:</p> <p>An additional Council meeting has been scheduled for 3/4 February to confirm a draft budget, as this was not achieved as initially planned at the Council meeting on 9/10 December 2014. This has involved additional work and delayed the preparation of information for the 10-Year Plan underlying information for the Council meeting on 25 February 2015.</p> <p>As previously reported:</p> <p>A draft consultation document, 30-year Infrastructure Strategy and underlying information is required to be prepared for auditing from 25 February 2015.</p> <p><i>Risks:</i> 1 low, 2 medium and 1 high</p> <p>Nil New</p> <p>Risk 3 removed as longer relevant</p> <p>As a result of deficient underlying information, planning methodology or process to develop Asset Management Plans (including forecast financials), the outputs and financial forecasts are not robust and cannot be used as a sound basis for 10-Year Plan development.</p>
Asset Management System – Hansen 8 PIF 12015	<p><i>No new activity</i></p> <p><i>As previously reported:</i></p> <p>The next and final stage of the project is the roll out of the Hansen 8 Asset Management System (AMS) to the Parks & Open Spaces, Hamilton Gardens, City Parks and Property business units, including operational work management and the acquisition, disposal and revaluation processes.</p> <p>Operational work management processes went live Tuesday 25 November 2014 with the Asset Managers and Hamilton Gardens now using the system. Property, Parks & Open Spaces and City Parks will commence using the system in February and March 2015. Loading of asset data from Maximo and SPM Assets is underway and is expected to be</p>

High level summary for Key Project activity for December 2014	
Key Project (Project Status)	Project Status Information
<ul style="list-style-type: none"> • On Track – Green • Needs to be monitored – Amber • Needs urgent management attention - Red 	Refer attachment for full report - D - 1681883
	<p>completed by Friday 12 December 2014.</p> <p><i>Risks:</i> 3 low and 2 medium</p> <p>Nil new. No change to risk ratings</p>
<p>District Plan Review – Phase VIII</p> <p>SAP 871</p>	<p><i>New activity:</i></p> <p>Initial discussions with all appellants completed (except Body Corporate 550337)</p> <p>Court-assisted mediation held</p> <p>Three consent order documents drafted (total = 5)</p> <p>Fourteen follow-up meetings with individual appellants organised for Jan-Feb 2015</p> <p>Ten topic meetings organised for Jan-Feb 2015</p> <p><i>Risks:</i> 5 medium</p> <p>Nil new. No change to risk ratings</p>
<p>H3 – Business Process & Systems Review</p> <p>PIF 12040 & 12042</p>	<p><i>New activity:</i></p> <p>Finance Modules Go-Live - It is expected that the business will take ownership of the system in early January 2015.</p> <p>Software interface - The General Ledger Export tool, developed to export information from Ungerboeck in a format suitable for uploading to Microsoft Dynamics AX, was parked post cut-over. Its requirement will be reviewed by the new H3 Finance & Commercial Manager (post-project). Note: Scope change highlighted below.</p> <p>Ungerboeck version 20 upgrade - Configuration took place during December 2014. Training and roll-out to the business will occur during January & February 2015.</p>

High level summary for Key Project activity for December 2014

Key Project (Project Status) <ul style="list-style-type: none"> • On Track – Green • Needs to be monitored – Amber • Needs urgent management attention - Red 	Project Status Information Refer attachment for full report - D - 1681883
	<p>Business process mapping & quality audit - 1 December 2014 - Promapp implementation for this project was completed and handed over to the business for further development and maintenance. Note: Scope change highlighted below in other relevant information.</p> <p>Report suite - 1 December 2014 - The first Event and Venue Profit & Loss Reports, under the new processes, will be available for the November 2014 financial month-end. All other Ungerboeck reports will be completed as agreed.</p> <p>Other relevant information:</p> <p>The following scope changes were agreed by the Project Governance Group on Monday 1 December 2014:</p> <p>The GL Export Tool, which has been developed but not yet implemented, will be handed over to the H3 Finance Manager for re-assessment mid-2015.</p> <p>The Quality Audit checklist content has been developed and will be handed over to the business to implement at a later date.</p> <p><i>Risks:</i> 1 low and 1 medium</p> <p>Nil new. No change to risk ratings</p>
Finance Project PIF 12015 <i>The timing has been exceeded for this project, this drives its Amber status.</i>	<p><i>New activity:</i></p> <p>While the implementation was substantially complete in June 2015, the final module (budget planning/workflow) was delayed while Microsoft provided bug fixes for high priority issues.</p> <p>The bug fixes have been received. Due to an IS change freeze over the Christmas period, the fixes will be deployed for testing in January 2015. February 2015 is the target for User Acceptance Testing and go-live.</p> <p>It was raised at the PGG in July 2014 that the budget planning/workflow module would not be ready for the start of the 10 Year planning process and an alternative approach was</p>

High level summary for Key Project activity for December 2014	
Key Project (Project Status)	Project Status Information
<ul style="list-style-type: none"> • On Track – Green • Needs to be monitored – Amber • Needs urgent management attention - Red 	<p>Refer attachment for full report - D - 1681883</p>
	<p>agreed.</p> <p>The intent is to use the budget planning/workflow module later in the 10-Year planning process. This will not prevent budgets from being loaded and used in AX.</p> <p>The project forecast remains within budget.</p> <p>The project is showing Amber as the original planned completion date has been missed.</p> <p><i>Risks:</i> 1 High, 1 low</p> <p>Nil new. No change to risk ratings</p>
Hamilton Gardens Development	<p><i>New activity:</i></p> <p>Expression of Interest for the Lotteries Significant Project Fund was successful.</p> <p>Full application being developed and will go to External Funding Sub committee in March 2015, before final submission.</p> <p><i>Risks:</i> 3 low and 2 medium</p> <p>Nil new. No change to risk ratings</p>
Hamilton Ring Road upgrade and extension PIF 12005	<p><i>New activity:</i></p> <p>Works are substantially complete on the extension to Cambridge Road and Wairere Drive 4-Laning.</p> <p>An information session was held with Councillors to provide information on the final section between Cambridge Road and Cobham Drive. Specifically walking and cycling connectivity was discussed. HCC and NZTA are working together on the form of the intersection.</p> <p>Solutions for either a roundabout or signalised intersection, both with an overbridge facility for pedestrians and cyclists are being progressed. These concepts have implications</p>

High level summary for Key Project activity for December 2014

Key Project (Project Status) <ul style="list-style-type: none"> • On Track – Green • Needs to be monitored – Amber • Needs urgent management attention - Red 	Project Status Information Refer attachment for full report - D - 1681883
	<p>on current land provisions.</p> <p>This review of the intersection form has resulted in a delay to the project and it is unlikely construction will be finished in the 2014/15 financial year. A full report is expected to the April 2015 Strategy and Policy meeting.</p> <p><i>Risks:</i> 3 low and 2 medium</p> <p>Nil new. No change to risk ratings</p>
Rototuna Town Centre	<p><i>New activity:</i></p> <p>A PGG meeting is planned for late January.</p> <p>At the December Finance Committee meeting, Council approved funding for construction of the Stub road of \$375,000 and \$2,225,000 for the Rototuna High School road. Kirkdale Investments signed off progressing the newly revised Comprehensive Development Plan scope and this is being progressed - a draft is expected to be available by 30 March 2015.</p> <p>The Hamilton Christian School has expressed interest in purchasing land from HCC and Kirkdale directly in front of the school, adjacent to the park land. This land, (zoned residential high density) is still subject to title. A report to Council is planned for September/October 2015 to advise on completion of the CDP; as well as all matters relating to land ownership and options, including the expression of interest from the Hamilton Christian School.</p> <p><i>Risks:</i> 4 low and 1 medium</p> <p>Nil New. No change to risk ratings.</p>
Southern Links PIF 12001	<p><i>New activity:</i></p> <p>The Commissioners' decision, received on 28 October 2014, is to confirm the proposed designation and resource consents subject to a set of conditions. One appeal relating to a structure plan collector road and its interaction with one of the Southern links corridors, has been received. City Planning are in mediation with appellants and have to report results to environment court in Feb 2015. Resolution is required before the designation can be confirmed and included in the District Plan.</p>

High level summary for Key Project activity for December 2014	
Key Project (Project Status)	Project Status Information
<ul style="list-style-type: none"> • On Track – Green • Needs to be monitored – Amber • Needs urgent management attention - Red 	<p>Refer attachment for full report - D - 1681883</p>
	<p>Other relevant information:</p> <p>Council approved the purchase of two properties related to the Southern Links designation on compassionate grounds. The purchase was unbudgeted in the 2012-2022 LTP.</p> <p>The finances for Southern Links designation have treated the land elements as a separate project and have not been incorporated in the financial forecasting for this report.</p> <p>The approved land purchase costs are \$980,000.00 of which funds spent are \$559,363.00 to end of December 2014.</p> <p><i>Risks:</i> 1 high and 3 very high</p> <p>Nil new. No change to risk ratings.</p>
Waikato River Plan	<p><i>New activity:</i></p> <p>This project is now complete.</p> <p>The final Plan was presented to the 11 December 2014 Council and adopted.</p> <p>In future, Key Project Monitoring will be used to monitor the overall program of work associated with the implementation of the River Plan.</p> <p><i>Risks:</i></p> <p>The risks no longer apply and have been removed.</p>

Total Number of Projects	Count	Project Status
Project Status - On Track	9	Green
Project Status - Needs to be Monitored	1	Yellow
Project Status - Needs urgent management attention	0	Red

Project Programme Name	Project Manager	Project Status
Financial System IT Implementation	Mark Donnelly	Yellow
District Plan Review - Phase VIII	Luke O'Dwyer	Green
Waikato River Plan	Jacob Quinn	Green
Hamilton Ring Road Upgrade and Extension	Chris Barton	Green
Southern Links - Designation as part of the Peacocke Structure Plan	Tony Denton	Green
Hamilton Gardens Development	Mike Overwater	Green
Rototuna Town Centre - New Agreement Phase	Helen Paki	Green
Asset Management System – Hansen 8	Susan Souren	Green
2015-25 10-Year Plan Project	Paul Gower and Sarah Ward	Green
H3 Business Process & Systems Review Project	Stacey Gavin	Green

Project/Programme: Financial System IT Implementation	Project/Programme Number: 19	Project Status:
Project Manager: Mark Donnelly	SAP #: PIF 12015	
Project Sponsor: Paul Conder	Project Business Case Document: D-1141164	Project Status Override Activated: <input checked="" type="checkbox"/> Yes
Council Meetings: Council	Project Start Date: 01-Oct-13	

1. On Track	All on target, no major issues or risks being realised.
2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.

Project Time 137%

Project Cost 100%

Planned/Budget	100%
Current Expected <=100% of planned	
Current Expected >100% of planned	
Actual/ToDate	

Project Status Information

As previously reported: While the implementation was substantially complete in June 2015, the final module (budget planning/workflow) was delayed while Microsoft provided bug fixes for high priority issues.

The bug fixes have been received. Due to an IS change freeze over the Christmas period, the fixes will be deployed for testing in January 2015. February 2015 is the target for User Acceptance Testing and go-live.

It was raised at the PGG in July 2014 that the budget planning/workflow module would not be ready for the start of the 10 Year planning process and an alternative approach was agreed.

The intent is to use the budget planning/workflow module later in the 10-Year planning process. This will not prevent budgets from being loaded and used in AX. The project forecast remains within budget.

The project is showing Amber as the original planned completion date has been missed.

Other Relevant Information

As previously reported: The project won the 2014 Annual ALGIM Awards in the project management category. The award recognises excellence in project management.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Surestep Analysis Phase Ends	20-Dec-13	20-Dec-13	20-Dec-13
Surestep Design Phase Ends	28-Feb-14	28-Apr-14	09-May-14
Surestep Development Phase Ends	25-May-14	25-May-14	03-Jun-14
Surestep Deployment Phase Ends	29-Jun-14	29-Jun-14	29-Jun-14
Go-Live Support Ends. Hand Over to Business Owner	15-Aug-14	15-Aug-14	19-Aug-14
Project Completion Date	31-Aug-14	15-Feb-15	

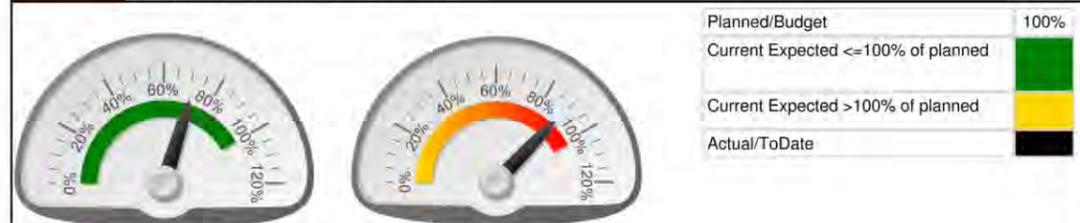
	Past Years 7/2013 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2016	Total Years Budget, Actual and Projected
Planned Budget	\$2,312,740.00	\$0.00	\$0.00	\$2,312,740.00
Actual	\$1,808,329.83	\$493,475.95		\$2,301,805.78
Projected		\$10,934.22	\$0.00	\$10,934.22
Variance - (Favourable)/Unfavourable				\$0.00
% Variance				0.00%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key					RISK Residual Rating
					Low	Medium	High	Very High	Extreme	
As a result of the organisation's appetite for change constraining the system capabilities, benefits may not be realised.	Unlikely	Serious	Medium		Existing Controls: Regular reporting to SLT and Finance Committee. Communication of programme plan to stakeholders. Oversight by IS Executive Governance. HCC IS (People) Change Management methodology including development and communication of Org Heat Map. SLT Prioritising org activity. Benefits Realisation plan is in place					Medium
Due to conflicting priorities within the Finance Team there may not be sufficient resource to complete the implementation of budgeting resulting in the solution not being available when required.	Unlikely	Moderate	Medium		Existing Controls: Oversight by Finance Project PGG.					High

Due to performance issues exporting the full HCC budget from AX into Excel the AX budget planning solution may not be fit for purpose for HCC	Likely	Moderate	Medium		Oversight by Finance Project PGG, IS Management and Vendor executive.	Escalate to (Korb) and Microsoft to ensure that solution provided is fit for purpose. Complete performance testing as a matter of urgency. If risk occurs, Korb and Microsoft to provide an alternative solution.	Low
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Project/Programme: District Plan Review - Phase VIII	Project/Programme Number: 9	Project Status: On Track
Project Manager: Luke O'Dwyer	SAP #: 871	
Project Sponsor: Brian Croad	Project Business Case Document	Project Status Override Activated: <input type="checkbox"/> No
Council Meetings: No other Committee	Project Start Date: 01-Jan-10	

1. On Track	All on target, no major issues or risks being realised.
2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.



Project Status Information

Phase VIII of the District Plan Review Project incorporates the processing of appeals to the Environment Court through to making the plan operative. As part of phase VII, 45 appeals and 172 s274 notices were received. One appeal (Gilbass Developments Ltd) and two s274 notices have since been withdrawn. The deferred matters, ie Ruakura, Waiwhakareke, Te Rapa North Industrial Zone and some water efficiency measures, are being run as a separate project (Phase VII A). Reporting on these matters is noted under "Other relevant project information".

Milestones - December 2014
Phase VIII

1. Initial discussions with all appellants completed (except Body Corporate 550337)
2. Court-assisted mediation held
3. Three consent order documents drafted (total = 5)
4. Fourteen follow-up meetings with individual appellants organised for Jan-Feb 2015
5. Ten topic meetings organised for Jan-Feb 2015

Other Relevant Information

Phase VII A:
Reconvened Lake Waiwhakareke hearing and Te Rapa North Industrial Zone hearing held on 10 December. Hearing on Water Efficiency measures was held early November 2014. Decisions on all three topics to be released in early February 2015.

The Board of Inquiry's final report and decision for the Ruakura Development Plan Change was provided to the EPA on 15 September 2014. No appeals have been received at the High Court. Council briefing session on planning options for Ruakura was held on 5 November 2014. Variation agreed by Council.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Appeals Version of PDP published	15-Oct-14	16-Oct-14	16-Oct-14
Stage 1 Negotiations completed	30-Dec-15	30-Dec-15	
Stage 2 Court-assisted mediation completed	30-Mar-16	30-Mar-16	
Stage 3 Hearings completed	31-Dec-16	31-Dec-16	
Publish Operative Plan	TBA	TBA	
Project Completion Date	31-Dec-16	31-Dec-16	

	Past Years 7/2009 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2022	Total Years Budget, Actual and Projected
Planned Budget	\$4,501,752.00	\$915,492.00	\$0.00	\$5,417,244.00
Actual	\$4,588,166.00	\$246,404.00		\$4,834,570.00
Projected		\$669,088.00	\$0.00	\$669,088.00
Variance - (Favourable)/Unfavourable				\$86,414.00
% Variance				1.60%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key					RISK Residual Rating	
					Existing Controls	Mitigation Strategy	Low	Medium	High		Very High
As a result of staff leaving (resignation, secondment, long-term illness, etc), there could be a lack of staff resources leading to stress amongst staff.	Unlikely	Moderate	Medium	Unknown	Staff wellbeing and workloads managed	Prevention: Close management of workloads Response: Time may need to be extended and/or work reallocated amongst existing staff					Medium
As a result of short-term political imperatives, disruption to the achievement of outcomes the plan is seeking may occur, leading to negative media coverage, erosion of stakeholder confidence and damage to positive relationships.	Likely	Moderate	Medium	unknown	Briefings scheduled to keep Councillors informed of the recommended approach to appeals. Robust legal advice. Environment Court directives.	Prevention: Open and proactive communication with Councillors Establish a Council sub-committee with delegation to resolve the appeals and seek opportunities for staff to negotiate and mediate the appeals. Response: Environment Court case management, ie court-assisted mediation or hearing.					Medium

As a result of resolution of appeals not delivering on the outcomes sought, the city may not benefit from good quality development, leading to decrease in economic value, lower ROI, higher management and maintenance costs, less productive workplaces and damaged image and prestige.	Likely	Moderate	Medium	unknown	Case management process of direct negotiations, followed by court assisted mediation if a negotiated outcome cannot be achieved, and then followed by a hearing if mediation does not result in settlement agreed to by appellants. Robust legal advice and assistance.	Prevention: Ensure appeals are settled using evidence-based scenario testing; technically defensible and expert evidence used where needed. Response: Environment Court case management, ie court-assisted mediation or hearing.	Medium
As a result of unforeseen additional or specialist resource requirements, the budget may be exceeded leading to need for additional funding requirements/support.	Likely	Moderate	Medium	unknown	Project budget monitoring Fixed price contracts	Prevention: Sound project management. Any identified budget variance to be discussed and approved by CEO. Response: Any deficit to be funded organisation-wide and utilise savings within City Planning Unit.	Medium
As a result of appellants not being committed to settling appeals through direct negotiation, some appeals may remain unresolved leading to time delays and additional costs for the project.	Likely	Moderate	Medium	unknown	Three-stage Environment Court Case management process (ie negotiate; court-assisted mediation; hearing). Robust legal advice.	Prevention: Sound monitoring of appeal negotiation progress in conjunction with Environment Court and aggressively holding appellants accountable. Any identified budget variance to be discussed and approved by CEO. Response: Any deficit to be funded organisation-wide and utilise savings within City Planning Unit. Project deadline may need to be extended.	Medium

Project/Programme: Waikato River Plan	Project/Programme Number: 16	Project Status: On Track
Project Manager: Jacob Quinn	SAP #: 0	
Project Sponsor: Brian Croad	Project Business Case Document	Project Status Override Activated: No
Council Meetings: No other Committee	Project Start Date: 01-May-13	

1. On Track	All on target, no major issues or risks being realised.
2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.



Project Time 103%



Project Cost 100%

Planned/Budget	100%
Current Expected <=100% of planned	On Track
Current Expected >100% of planned	Needs Monitoring
Actual/ToDate	Completed

Project Status Information

This project is now complete.

As previously reported, the River Plan Group was tasked with recommending to Council a visionary plan for the Waikato River in Hamilton (The River Plan). The River Plan will guide development, use and celebration of the River for decades to come so that the Waikato River becomes the key focus of Hamilton. The River Plan will provide certainty about what role the River will have in our future as a city.

The River Plan has been developed over three stages:
 Stage 1 – A technical constraints report on the 16km stretch of the Waikato River. (COMPLETED)
 Stage 2 – A vision and set of values for what the River Plan represents. (COMPLETED)
 Stage 3 – A prioritised list of creative recommendations for action and an urban design framework. (COMPLETED)

A Technical Advisory Group consisting of Waikato Regional Council, Waikato-Tainui, Waikato River Authority and Mighty River Power meets with HCC staff monthly and is peer reviewing River Group outputs.

An external consultant resource was used by HCC staff to support the delivery of the project including design and production of River Plan images and documentation.

Other Relevant Information

The final Plan was presented to the 11 December 2014 Council and adopted. In future, Key Project Monitoring will be used to monitor the overall program of work associated with the implementation of the River Plan. The risks no longer apply and have been removed.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Stage 1 - Constraints Report	TBA	TBA	01-Oct-12
Stage 2 - Vision and Values	14-Apr-14	14-Apr-14	14-Apr-14
Stage 3 - A list of creative recommendations for action and an urban design framework.	01-Aug-14	01-Aug-14	01-Aug-14
Council Sign Off on Draft River Plan	30-Oct-14	30-Oct-14	30-Oct-14
Launch River Plan for consultation	31-Oct-14	28-Nov-14	28-Nov-14
Project Completion Date	11-Dec-14	11-Dec-14	11-Dec-14

	Past Years 7/2013 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2016	Total Years Budget, Actual and Projected
Planned Budget	\$50,000.00	\$150,000.00	\$0.00	\$200,000.00
Actual	\$120,000.00	\$80,000.00		\$200,000.00
Projected		\$0.00	\$0.00	\$0.00
Variance - (Favourable)/Unfavourable				\$0.00
% Variance				0.00%

Project/Programme: Hamilton Ring Road Upgrade and Extension	Project/Programme Number: 3	Project Status: On Track
Project Manager: Chris Barton	SAP #: 544/375/PIF 12005	
Project Sponsor: Chris Allen	Project Business Case Document	Project Status Override Activated: <input type="checkbox"/> No
Council Meetings: No other Committee	Project Start Date: 01-Jul-03	

1. On Track	All on target, no major issues or risks being realised.
2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.

Project Time 85%

Project Cost 86%

Planned/Budget	100%
Current Expected <=100% of planned	
Current Expected >100% of planned	
Actual/ToDate	

Project Status Information

Works are substantially complete on the extension to Cambridge Road and Wairere Drive 4-Laning.

An information session was held with Councillors to provide information on the final section between Cambridge Road and Cobham Drive. Specifically walking and cycling connectivity was discussed. HCC and NZTA are working together on the form of the intersection. Solutions for either a roundabout or signalised intersection, both with an overbridge facility for pedestrians and cyclists are being progressed. These concepts have implications on current land provisions. This review of the intersection form has resulted in a delay to the project and it is unlikely construction will be finished in the 2014/15 financial year. A full report is expected to the April 2015 Strategy and Policy meeting.

Other Relevant Information

This project is subject to advanced funding from NZTA. The local share is to be repaid to NZTA in line with agreed timeframes.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Separable Portion A - Pukete Road to River Road	31-Jul-12	28-Mar-13	28-Mar-13
Separable Portion B - Crosby Road to Ruakura Road	31-Jul-12	29-Jan-13	29-Jan-13
Separable Portion E - River Road to Resolution Drive	20-Sep-13	25-Aug-14	25-Aug-14
Separable Portion D - Ruakura Road to Cambridge Road	31-Dec-16	02-Sep-14	02-Sep-14
Separable Portion G - Cambridge Road to Cobham Drive	31-Dec-16	31-Dec-16	
Project Completion Date	31-Dec-16	31-Dec-16	

	Past Years 7/2010 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2020	Total Years Budget, Actual and Projected
Planned Budget	\$68,909,100.00	\$15,361,800.00	\$0.00	\$84,270,900.00
Actual	\$68,871,443.00	\$4,014,923.00		\$72,886,366.00
Projected		\$11,346,877.00	\$0.00	\$11,346,877.00
Variance - (Favourable)/Unfavourable				(\$37,657.00)
% Variance				-0.04%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key					RISK Residual Rating
					Low	Medium	High	Very High	Extreme	
Design scope issues could cause time and cost implications	Likely	Moderate	Medium	\$500,000	Existing Controls: Early liaison with key stakeholders. Peer reviews and contractor input ahead of construction					Medium
The strategic nature of the utility services means that relocations could take longer or require more resources cause delays to contract or increased costs.	Likely	Moderate	Medium	\$300,000	Existing Controls: Forward planning with service providers					Low
Unsuitable ground issues could cause time and cost implications	Likely	Minor	Low	\$500,000	Existing Controls: Advanced Geotechnical investigation					Low
Construction impacts on Cobham Drive (SH1) traffic flows could cause higher traffic management costs to mitigate	Likely	Serious	High	\$1,000,000	Existing Controls: Forward planning. Close liaison with key stakeholders and contractor to establish works programme.					Medium
The extents of noise mitigation required to meet consent conditions between River Road and Resolution Drive could be greater than anticipated causing significant vegetation loss and additional costs to implement.	Likely	Moderate	Medium	\$300,000	Existing Controls: Noise mitigation extents were estimated during design. Existing mitigation includes low noise pavement, existing vegetation retained, and provisional extents of noise walls to be installed.					Low

Project/Programme: Southern Links - Designation as part of the Peacocke Structure Plan	Project/Programme Number: 2	Project Status: On Track
Project Manager: Tony Denton	SAP #: 533.0/PIF 12001	
Project Sponsor: Chris Allen	Project Business Case Document	Project Status Override Activated: No
Council Meetings: No other Committee	Project Start Date: 01-Jul-09	

 1. On Track	All on target, no major issues or risks being realised.
 2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
 3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.



Project Status Information

New activity:
Commissioners' decision received by HCC on 28 October 2014. The decision is to confirm the proposed designation and resource consents subject to a set of conditions. One appeal has been received which will need to be resolved before the designation can be confirmed and included within the District Plan. Appeal relates to a structure plan collector road and its interaction with one of the Southern links corridors. City Planning are in mediation with appellants and have to report results to environment court in Feb 2015. Council approved 2 property purchases related to Southern Links designation on compassionate grounds, both of which are unbudgeted in the 2012-22 LTP. Both properties will be purchased at the end of January 2015.

Other Relevant Information

Council approved the purchase of 2 properties on compassionate grounds related to the Southern Links designation both of which are unfunded in the 2012-22 LTP. The finances for Southern Links designation have treated the land elements as a separate project and have not been incorporated in the financial forecasting for this report. The approved land purchase costs are \$980,000.00 of which funds spent are \$559,363.00 to end of December 2014.

PIF Note

Southern Links is only part of PIF12001, with remaining parts to be used in future years. 12001.0 new roading in Peacockes

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Scheme Assessment Draft	30-Jun-12	30-Jun-12	30-Jun-12
Scheme assessment approved	30-Oct-12	07-Dec-12	07-Dec-12
Scheme assessment and designation process approved	28-Feb-13	18-Apr-13	18-Apr-13
NOR preparation and lodgement	30-Mar-13	08-Aug-13	08-Aug-13
Designation hearings	30-Jun-14	30-Sep-14	01-Sep-14
Project Completion Date	30-Jun-15	30-Jun-15	

	Past Years 7/2009 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2022	Total Years Budget, Actual and Projected
Planned Budget	\$3,377,000.00	\$200,000.00	\$0.00	\$3,577,000.00
Actual	\$2,651,915.00	\$421,000.00		\$3,072,915.00
Projected		\$504,085.00	\$0.00	\$504,085.00
Variance - (Favourable)/Unfavourable				\$0.00
% Variance				0.00%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key					RISK Residual Rating	
					Existing Controls	Mitigation Strategy	Low	Medium	High		Very High
Environmental mitigations could result in measures that are timely, costly or challenging A more extensive bat habitat than previously thought may require further mitigation causing increased costs or may derail the ability to obtain consents for parts of the project at the time of construction.	Almost Certain	Serious	Very High	Economic and objective viability (costs unknown)	RMA and other planning measures Designation conditions.	Specialists have been used to identify Environmental issues, impact assessment, and mitigation measures. Bats and gully protection register high on environmental issues. Mitigation investigation has determined that bats and gully protection are very likely to be affected by future construction when developing Peacockes and Southern Links. It's recognised that there is limited knowledge of NZ Bats, Bat habitat and further work in this area is needed to fully appreciate mitigation measures. Additional Bat monitoring has been requested in key specific locations to help confirm extent of habitat and appreciate extent of impact from project.					Very High

Affected parties may utilise the RMA section 185 to engage Council into early property procurement process which is not specifically funded in the 2012-22 10-Year Plan causing Council to source or bring forward funding.	Likely	Major	Very High	Currently estimated \$2-5M with the first 1-5 years from lodgement	RMA	Preparation of a council position statement on land procurement that advises affected parties where HCC expectations align to property procurement. Property purchase program proposed in 2015/25 10 year plan	Very High
The land procurement process for land in Hamilton East Town Belt will require a first rights of refusal process with Tainui. This complex process will incur time and financial costs of an uncertain, but likely significant scale. There are uncertainties regarding whether an outcome amenable to Tainui can be secured, which has the potential to incur reputational costs to Council and relationship costs between Council and Tainui.	Almost Certain	Serious	Very High	Financial and time (costs unknown).	RMA / PWA - land and property acquisition legislation and associated case law. Stakeholder engagement group as part of Southern Links.	Engagement of specialist / experienced persons to ensure appropriate management of negotiation discussions to protect relationships and ongoing engagement in the Southern Links Project (Tangata Whenua Working Group).	Very High
High historic and Iwi presence around bridge sites may lead to complications causing increased mitigation costs and requiring more consultation/time.	Likely	Serious	High	Economic and objective viability (costs unknown)	RMA, Historic places trust, Stakeholder consultation and Cultural assessment report.	The consultation strategy/programme with key stakeholders, Iwi and community has worked well to date. On-going discussions with Iwi indicate pragmatic decisions are acceptable.	High

Project/Programme: Hamilton Gardens Development	Project/Programme Number: 21	Project Status: On Track
Project Manager: Mike Overwater	SAP #: 0	
Project Sponsor: Lance Vervoort	Project Business Case Document	Project Status Override Activated: No
Council Meetings: No other Committee	Project Start Date: 02-Jun-14	

 1. On Track	All on target, no major issues or risks being realised.
 2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
 3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.



Project Status Information

Update for December 2014:
Expression of Interest for the Lotteries Significant Project Fund was successful.

As previously reported:
Giblin Group has completed a draft feasibility study which has been reviewed and in the final stages of completion. The study will be used to support all major grant applications, including the Lotteries Significant Project Fund application.

A draft Communications Plan has been developed and is being progressed. Detailed assessment and planning of funding and sponsorship opportunities is underway. Currently preparing physical development plans based on different funding success scenarios e.g. if we get all the lotteries funds applied for.

Other Relevant Information

As previously reported:
The Quantity Survey (QS) has been completed for all project components, based on preliminary concept drawings, with the exception of the destination playground. QS for the playground will be undertaken following consultation with the community (as per the Playgrounds Policy).

The project is being overseen by the Project Governance Group made up of elected member representatives from the External Funding Subcommittee (Chair and Mayor), General Manager Community, Hamilton Gardens Development Trust Chair and HCC Communications Unit Manager with a Project Manager and Hamilton Gardens Director reporting. The project team consists of HCC staff members with input by Hamilton Gardens Development Trust (HGDT) and Friends of Hamilton Gardens. HGDT will apply for funds via specific funding applications and high net worth individuals. All HCC fundraising applications will be approved through the External Funding Subcommittee.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Lotteries Significant Project fund Application	11-Mar-15	11-Mar-15	
Tudor Garden Opening	21-Jan-15	28-Jan-15	
2015/16 Capital Works programme	30-Jun-16	TBA	
2016/17 Capital Works programme	30-Jun-17	TBA	
2017/18 Capital Works programme	30-Jun-18	TBA	
Project Completion Date	31-Dec-18	31-Dec-18	

	Past Years 7/2013 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2018	Total Years Budget, Actual and Projected
Planned Budget	\$0.00	\$302,000.00	\$7,335,000.00	\$7,637,000.00
Actual	\$0.00	\$230,711.00		\$230,711.00
Projected		\$0.00	\$71,289.00	\$71,289.00
Variance - (Favourable)/Unfavourable				(\$7,335,000.00)
% Variance				-96.05%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key					RISK Residual Rating
					Existing Controls	Low	Medium	High	Very High	
Due to not securing any or all of the grant from Lotteries Significant Projects Funding (and other external funding sources): Development of the gardens and infrastructure does not occur or occurs over a much longer period of time; No increase or a decrease in visitor numbers or length of stay; The goals in the Strategic Plan are not attainable (revenue generation and financial sustainability, reputation, one of the world's best concept gardens)	Unlikely	Serious	Medium		Appointment of External Funding Manager to support fundraising and broker sponsorships Sponsorship and Funding Strategic Action Plan Project team established to implement funding plan	Quality funding applications to be approved by the External Funding Subcommittee				Medium

Costs of project are either higher or lower than estimated following detailed Quantity Survey	Likely	Moderate	Medium		Detailed QS based on preliminary concept drawings has been completed. QS will be updated as detailed design occurs.	If the costs are lower: The project programme is expanded to use the funds allocated The targeted rate is collected for only the period required to meet the new costs If the costs are higher: The development of the gardens and infrastructure is re-scoped to fit the budget available, and External funding is sought to meet the new costs	Low
Projected visitor numbers and length of stay does not eventuate	Unlikely	Moderate	Medium		The project programme has been designed to deliver as best it can short term increased visitor numbers and length of stay. Visitor numbers and length of stay data will be tracked and monitored 6 monthly Hamilton Gardens has employed a Business Development Manager who is already working on business development initiatives including: event and conference packages to enhance visitor experience and spend: guided tours, catering and river trips with Hamilton Waikato Tourism: Hamilton Gardens product	Revenue generating opportunities are being explored to complement the development project and will be implemented once the project is approved and funding secured	Low
The Waikato River Explorer is unable to continue to operate because there is no stable, safe (from vandalism) jetty	Likely	Moderate	Medium		Increased security patrols around existing jetty	External funding is sought for the new jetty (included in the project cost)	Low
Due to the complex nature and scope of the resource consent process the project (or components of the project) is delayed, particularly the jetty upgrade.	Likely	Serious	High		An external consultant is managing the consent process. Remove difficult components from the early stage of the project i.e. Jetty	Early consultation with Tainui and Waikato Regional Council.	Medium

Project/Programme: Rototuna Town Centre - New Agreement Phase	Project/Programme Number: 14	Project Status: On Track
Project Manager: Helen Paki	SAP #: 0	
Project Sponsor: Lance Vervoort	Project Business Case Document	Project Status Override Activated: No
Council Meetings: No other Committee	Project Start Date: 02-Apr-13	

 1. On Track	All on target, no major issues or risks being realised.
 2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
 3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.



Project Status Information

Update for December 2014:
 A PGG meeting is planned for late January and more detailed information will be provided in the January report.
 At the December Finance Committee meeting, Council approved funding for construction of the Stub road of \$375,000 and \$2,225,000 for the Rototuna High School road. Kirkdale Investments signed off progressing the newly revised Comprehensive Development Plan scope and this is being progressed - a draft is expected to be available by 30 March 2015.

Staff have met with the Hamilton Christian School regarding potential change to school access as a result of development of the roading system in the planned Rototuna Town Centre. The Hamilton Christian School has expressed an interest in purchasing some land from HCC and Kirkdale directly in front of the school, adjacent to the park land. This land, (zoned residential high density) is still subject to title which can only take place after surveying and vesting of roads currently under construction - a report to Council is planned for September/October 2015 to advise on completion of the CDP; as well as all matters relating to land ownership and options including the expression of interest from the Hamilton Christian School.

As previously reported:
 HCC and Kirkdale lawyers are still in the process of finalising the Agreement to reflect the recent land swap changes aligning land boundaries with the structure plan. No known significant issues other than timing. A Survey Office plan is currently being progressed to enable title of the land - this could take a further 3 - 6 months to accommodate the road vesting process.

Developer Agreement
 Comprehensive Development Plan (areas A/Town Centre and P/Sportsfield) - still in progress.

North Collector Road Construction (school access)
 Agreement has been reached between HCC, Kirkdale and MoE on funding arrangements for the Road. City Infrastructure has prepared an Agreement with Kirkdale and MoE regarding the agreed shared cost arrangements.

Other Relevant Information

As previously advised:
 HCC staff have met with Rototuna High School Board of Trustees and MoE staff to discuss the proposal for a shared community facility model -including indoor recreation facility and potentially library, theatres and sports fields, as part of the MoE Senior School build (expected to take place in 2017 depending on enrolment numbers). MoE have proposed a 50/50 funding arrangement for the Indoor Recreation Facility - staff are presenting the proposal to Council as part of the 10-Year Plan meetings.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
New (updated) Agreement Drafted for Discussion with Kirkdale	02-Aug-13	02-Mar-15	
Updated Agreement Approved by Council	TBA	30-Jun-15	
Design Concepts Agreed in principle	29-Aug-13	28-Mar-15	
Design Concepts Approved by Council	TBA	30-Jun-15	
Agreement with MoE regarding the collector road	30-Apr-14	30-Oct-14	
Project Completion Date	29-Nov-15	29-Nov-15	

	Past Years 7/2011 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2016	Total Years Budget, Actual and Projected
Planned Budget	\$214,800.00	\$600,000.00	\$0.00	\$814,800.00
Actual	\$192,609.00	\$40,108.66		\$232,717.66
Projected		\$2,723,000.00	\$0.00	\$2,723,000.00
Variance - (Favourable)/Unfavourable				\$2,140,917.66
% Variance				262.75%

Risk Rating Key	Low	Medium	High	Very High	Extreme
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Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Existing Controls	Mitigation Strategy	RISK Residual Rating
Legal obligations arising from the Agreement and the Comprehensive Development Plan that are currently unforeseen and unbudgeted	Likely	Serious	High	unknown	Working in good faith with Developers, MoE, and other key stakeholders to ensure effective communication and resolution of issues as they emerge.	Legal evaluation of existing agreement has been undertaken. Agreement reached with Kirkdale to update the Agreement. This is currently being progressed by the HCC and Kirkdale lawyers. An Agreement has been drafted (final stages) with MoE and Kirkdale of the agreed cost breakdown and timeframes for the construction of the North Collector Road and associated services.	Low
Political preferences/expectations differ from operational feasibility - Long-Term Planning process may impact on timing and prioritisation of project components.	Likely	Moderate	Medium	unknown	Asset Management and Long Term planning process will inform Council decision making.	Positive working relationships are in place with Kirkdale/Kimbrae and MoE. Clear and early advice to Council on any matters of sensitivity.	Low
Due to any difference in opinions between HCC and the Developer (public versus commercial interest), significant time may be spent on relationship management which could cause project delays resulting in additional costs.	Likely	Moderate	Medium	unknown	Regular meetings and correspondence with Kirkdale and MoE. Engaged with legal service to review terms of agreement and ensure both parties understand and all negotiation is well managed.	Clear, early and honest dialogue on what is possible and what is not, what compliance requirements exist, how best to work in the changing environment (financial, economic, operative versus proposed district plan, etc). Active relationship management. Fall back position as established in the original Agreements (HCC/Kirkdale and HCC/Kimbrae). Legal services will be utilised for any required mediation or dispute resolution if agreement cannot be reached (noting that this mitigation itself contains risk in regards to increased costs). To date, any matters arising have been satisfactorily discussed and resolved, including the developer's understanding of development contributions and where they apply.	Low
Existing maintenance budgets are insufficient to address assets vested as a result of wider programme of work i.e. beyond this stage of the project.	Almost Certain	Moderate	High	unknown	Existing maintenance budgets Forecast budgeting	Upfront understanding of maintenance requirements arising from preferred designs. Upfront understanding and acknowledgement of HCC budget constraints. Forecast management when assets to be vested are identified and designs agreed. Care with final approved designs on basis of understanding ongoing maintenance costs and what is achievable versus what is not etc.	Medium
HCC compliance and council processes will frustrate timing associated with the developers schedule of work and schedule of development they have in place with MoE.	Likely	Moderate	Medium	unknown	Compliance framework is set	Accurate and timely scheduling of matters to be addressed and processed through RMA framework and through Council approval processes.	Low

Project/Programme: Asset Management System – Hansen 8	Project/Programme Number: 12	Project Status: On Track
Project Manager: Susan Souren	SAP #: 904.0/PIF 12015	
Project Sponsor: Lance Vervoort and Blair Bowcott	Project Business Case Document	Project Status Override Activated: <input type="checkbox"/> No
Council Meetings: No other Committee, Business Investment, Civil Defence & Emergency Management	Project Start Date: 01-Jul-12	

	1. On Track	All on target, no major issues or risks being realised.
	2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
	3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.

Project Time 87%

Project Cost 77%

Planned/Budget	100%
Current Expected <=100% of planned	
Current Expected >100% of planned	
Actual/ToDate	

Project Status Information

As previously reported:
The next and final stage of the project is the roll out of the Hansen 8 Asset Management System (AMS) to the Parks & Open Spaces, Hamilton Gardens, City Parks and Property business units, including operational work management and the acquisition, disposal and revaluation processes.

Operational work management processes went live Tuesday 25 November 2014 with the Asset Managers and Hamilton Gardens now using the system. Property, Parks & Open Spaces and City Parks will commence using the system in February and March 2015. Training currently underway to prepare for the Property Unit going live Monday, 2 February 2015.

Other Relevant Information

Workshops have commenced with City Waters and Finance to re-start the valuation and revaluation process in Hansen after being deferred in December 2013. The City Waters 2013 revaluation has been loaded into Hansen for testing and checking. Workshops have commenced with the Parks & Open Spaces and the Property team to implement the valuation processes.

PIF Note

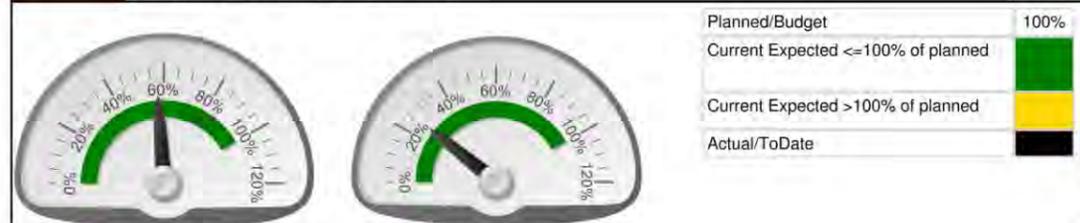
Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Project review, timeline and budget sign-off	29-May-14	13-Jun-14	13-Jun-14
Go-Live AMS and Hansen 8 Work Processes	15-Nov-14	25-Nov-14	25-Nov-14
Go-Live Hamilton Gardens	15-May-15	25-Nov-14	25-Nov-14
Go-Live Property Business Unit	15-May-15	03-Feb-15	
Go-Live Parks & Open Spaces, City Parks	17-Nov-14	03-Mar-15	
Project Completion Date	15-May-15	15-May-15	

	Past Years 7/2011 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2016	Total Years Budget, Actual and Projected
Planned Budget	\$1,328,635.00	\$0.00	\$0.00	\$1,328,635.00
Actual	\$938,981.54	\$88,644.00		\$1,027,625.54
Projected		\$299,900.10	\$0.00	\$299,900.10
Variance - (Favourable)/Unfavourable				(\$1,109.36)
% Variance				-0.08%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key						
					Existing Controls	Mitigation Strategy	RISK Residual Rating	Low	Medium	High	Very High
Because business units currently work independantly, they may not reach agreement on the standarisation of business processes, resulting in increased complexity and project deliverables not being fully realised.	Almost Certain	Minor	Medium	Estimated \$27,000 per month	1. Business Case 2. Project Initiation Document 3. Stakeholder Engagement Plan 4. Joint AMPs and Assets PGG	Workshops to engage stakeholders to review current and future state process mapping. If required, escalate to appropriate UMs and GMs for resolution.	Low				
Due to business units impacted by the Asset Project not having available capacity to engage with project, expected project timeframes may be delayed or deliverables not realised.	Likely	Moderate	Medium	Estimated \$27,000 per month	1. Stakeholder Engagement Plan 2. Joint AMPs and Asset PGG	Early engagement and communication with stakeholders. If required, escalate to appropriate UMs and GMs for resolution.	Low				
Due to the significance of the business process change being implemented, new processes may not work as completely expected, resulting in additional training, support and resource to re-work business processes to meet project deliverables	Likely	Moderate	Medium	Unknown	1. Stakeholder Engagement Plan 2. Future state workshops	Business subject matter experts engaged to review processes and undertake training. If required, escalate to appropriate UMs and GMs for resolution.	Low				
Because the project includes the improvement of asset management standards, best practice and internal business processes, business units may not have sufficient AMS baseline knowledge and capability, resulting in the expected project deliverables not being fully realised.	Almost Certain	Moderate	High	Unknown	1. Stakeholder Engagement Plan 2. Future state workshops 3. Joint AMPs and Assets PCG	Workshops to engage business subject matter experts and relevant business unit teams. Provision of corporate training where appropriate. Escalate to UMs and GMs	Medium				
Due to the number of IS projects currently underway and the priorities of the Data Team, they may not have the resources available to migrate existing asset data from Maximo to Hansen 8 in the timeframe required.	Unlikely	Moderate	Medium	Estimated \$27,000 per month	1. Stakeholder Engagement Plan 2. Review and confirm project project documentation, budget and timelines	Early engagement and communication with Data Team. If required escalate to relevent business UMs and GMs	Medium				

Project/Programme: 2015-25 10-Year Plan Project	Project/Programme Number: 20	Project Status: On Track
Project Manager: Paul Gower and Sarah Ward	SAP #: 0	
Project Sponsor: Richard Briggs	Project Business Case Document: 0	Project Status Override Activated: No
Council Meetings: Council	Project Start Date: 01-May-14	

 1. On Track	All on target, no major issues or risks being realised.
 2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
 3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.



Project Status Information

New activity:
An additional Council meeting has been scheduled for 3/4 February to confirm a draft budget, as this was not achieved as initially planned at the Council meeting on 9/10 December 2014. This has involved additional work and delayed the preparation of information for the 10-Year Plan underlying information for the Council meeting on 25 February 2015.

As previously reported:
A draft consultation document, 30-year Infrastructure Strategy and underlying information is required to be prepared for auditing from 25 February 2015.

Other Relevant Information

Risk 2 remains as being rated high. Risk 3 removed as longer relevant.
Council was not able to confirm its budget on 9/10 December 2014. An additional meeting on 3/4 February 2015 has been called to confirm the budget. The budget needs to be confirmed as there is a risk that financial information and underlying information will not be prepared on time for audit if changes are being made at the 25 February 2015 meeting. The meeting on 25 February exists to confirm documentation that will be prepared on the basis of the decisions in December 2014.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
Legislative compliance update to Development Contributions policy to reflect Local Government Act changes	30-Aug-14	28-Aug-14	28-Aug-14
Initial prioritised 10-Year Plan programme and budget provided to Council for consideration	30-Sep-14	09-Dec-14	05-Dec-14
Consultation document available that outlines proposed changes to Development Contributions Policy	01-Dec-14	27-Nov-15	01-Dec-14
Consultation document available that outlines 10-Year Plan	01-Mar-15	25-Feb-15	
Formal adoption of 10-Year Plan	30-Jun-15	30-Jun-15	
Project Completion Date	30-Jun-15	30-Jun-15	

	Past Years 7/2013 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2016	Total Years Budget, Actual and Projected
Planned Budget	\$53,373.00	\$397,000.00	\$0.00	\$450,373.00
Actual	\$53,373.00	\$63,180.00		\$116,553.00
Projected		\$333,820.00	\$0.00	\$333,820.00
Variance - (Favourable)/Unfavourable				\$0.00
% Variance				0.00%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key					RISK Residual Rating	
					Existing Controls	Mitigation Strategy	Low	Medium	High		Very High
As a result of limitations on available resources (staff or other), the extent and depth of analysis on components that make up the 10-Year Plan may not be able to be performed to the expectations of Council which may result in an incomplete 10-Year Plan.	Unlikely	Moderate	Medium		Regular meetings with the project sponsor and Mayor to ensure the project delivers political expectations. Also structured opportunities for elected members to advise on the scope of analysis required for 10-Year Plan analysis.	Staff work with elected members to revise the 10-Year Plan programme if it is clear that it is not meeting expectations. Additional external resource applied to project to ensure expectations are met.					Low
As a result of delays to the process of confirming budgets with Council on 3 and 4 February, a draft 10-Year Plan is not able to be finalised and the drafting of documents and Audit processes cannot be undertaken when required which may result in a failure to meet the statutory deadline of 30 June 2015 confirmation for the 10-Year Plan.	Likely	Major	Very High		Clarity with staff and elected members on the need to have draft budgets confirmed on 3-4 February 2015 to allow enough time for preparation of documentation and statutory processes of Audit and consultation.						High
As a result of continued constrained funding for Council's operations and capital projects, there is insufficient funding to deliver desired new projects and/or changes to levels of service which may result in dissatisfaction from parts of the community.	Likely	Serious	High		Staff have prepared information on implications and risks associated with not undertaking aspects of initial baseline programmes. This is being used by Council in the budget prioritisation process. Focus is being placed on innovative solutions to achieve productivity gains within Council. This issue will be a key part of the 10-Year Plan Communications Plan.	Provide the community with clear and simple information on the options facing Council. Council decisions and rationale regarding prioritisation would also be clearly provided.					Medium

As a result of a change to Council's financial system, all financial information may not be accurately captured and modelled which may result in financial errors in preparation of the 10-Year Plan.	Unlikely	Serious	Medium		Additional resource has been brought into the Finance team to assist with transition to Dynamics AX budgeting and deliver the 10-Year Plan budgeting process.		Medium
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Project/Programme:	H3 Business Process & Systems Review Project	Project/Programme Number:	17	Project Status:	On Track
Project Manager:	Stacey Gavin	SAP #:	PIF 12040 & PIF 12042	Project Status Override Activated:	No
Project Sponsor:	Sean Murray	Project Business Case Document	D- 1295270 – business case D- 1295268 – memo		
Council Meetings	No other Committee	Project Start Date:	16-Dec-13		

	1. On Track	All on target, no major issues or risks being realised.
	2. Needs to be monitored	Issues, risks have arisen but not likely to impact or delay project, the issues are being managed, changes to scope have been approved etc.
	3. Needs urgent management attention	Issues have arisen and will impact the delivery of the project.

Project Time 89%

Project Cost 63%

Planned/Budget	100%
Current Expected <=100% of planned	
Current Expected >100% of planned	
Actual/ToDate	

Project Status Information

Key Milestones:

- Finance Modules Go-Live - It is expected that the business will take ownership of the system in early January 2015.
- Software interface - The General Ledger Export tool developed to export information from Ungerboeck in a format suitable for uploading to Microsoft Dynamics AX was parked post cut-over. Its requirement will be reviewed by the new H3 Finance & Commercial Manager (post-project). Note: Scope change highlighted below.
- Ungerboeck version 20 upgrade - Configuration took place during December 2014. Training and roll-out to the business will occur during January & February 2015.
- Business process mapping & quality audit - 1 December 2014 - Promapp implementation for this project was completed and handed over to the business for further development and maintenance. The quality audit checklist content has been drafted for hand-over to the business. Note: Scope change highlighted below in other relevant information.
- Report suite - 1 December 2014 - The first Event and Venue Profit & Loss Reports, under the new processes, will be available for the November 2014 financial month-end. All other Ungerboeck reports will be completed as agreed.

Other Relevant Information

The following scope changes were agreed by the Project Governance Group on Monday 1 December 2014:
 The GL Export Tool which has been developed but not yet implemented will be handed over to the H3 Finance Manager for re-assessment mid-2015. The project will hand-over all information.
 The Quality Audit checklist content has been developed and will be handed over to the business to implement at a later date.

PIF Note

Milestone Description	Planned Completion Date	Expected Completion Date	Actual Completion Date
1. Ungerboeck Financial Modules Go-Live	01-Oct-14	07-Nov-14	14-Nov-14
2. Migrate from HCC Servers to the Cloud	04-Aug-14	04-Aug-14	04-Aug-14
3. Go-Live with Version 20.7	03-Nov-14	30-Jan-15	
4. Event Management Processes & Quality Audit Documents Complete	01-Dec-14	19-Dec-14	19-Dec-14
5. Report Suite Complete	01-Dec-14	30-Jan-15	
Project Completion Date	15-Feb-15	15-Feb-15	

	Past Years 7/2013 - 6/2014	Current Year 7/2014 - 6/2015	Future Years 7/2015 - 6/2016	Total Years Budget, Actual and Projected
Planned Budget	\$281,797.05	\$207,679.95	\$0.00	\$489,477.00
Actual	\$215,093.00	\$95,247.00		\$310,340.00
Projected		\$0.00	\$0.00	\$0.00
Variance - (Favourable)/Unfavourable				(\$179,137.00)
% Variance				-36.60%

Risk Description	Likelihood	Consequence	Gross Rating	Potential Cost	Risk Rating Key							
					Existing Controls	Mitigation Strategy	RISK Residual Rating	Low	Medium	High	Very High	Extreme
As a result of exhaustion and low morale of key project staff a flow on loss of focus and drive to meet existing project milestones and deliverables could occur.	Likely	Serious	High		Project timelines have been changed slightly to distribute the work more evenly over Dec and Jan.	Prevention – Staff leave is to be booked over the Christmas period. Response - Project Governance Group would be required to make decisions on any acceptable changes to project timeline, scope and resourcing. Appropriate change management process would be implemented e.g. the time may need to be extended.	Medium					

<p>As a result of the loss of key project staff a flow on loss of focus and drive to meet existing project milestones and deliverables could occur.</p>	<p>Highly Unlikely</p>	<p>Moderate</p>	<p>Low</p>		<p>Employment contracts are in place to ensure the key project resources remain employed until the date by when their project deliverables are completed.</p> <p>Resignation timeframes are in place to allow time to implement a contingency plan.</p> <p>Contingency Management Planning</p>	<p>Prevention – Ongoing support and engagement of and with key project staff</p> <p>Response - It is expected that key project staff would follow resignation protocol enabling a contingency plan for re-allocation of tasks to be put in place before departure.</p> <p>Project Governance Group would be required to make decisions on any acceptable changes to project timeline, scope and resourcing.</p> <p>Appropriate change management process would be implemented e.g. the time may need to be extended.</p>	<p>Low</p>
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2012-22 10-Year Plan

Performance Reporting - Year 3 (2014/15)

● On track to meet this year's target
 ● Corrective action needed to meet this year's target, plan in place
 ● Off track to meet this year's target

#	LEVEL OF SERVICE	MEASURE	TARGET	YEAR TO DATE	QUARTER 1		QUARTER 2		
				Result	Result	Status	Result	Status	Comment
ARTS AND RECREATION									
1	Facilities that support a range of activities and learning opportunities.	The number of people participating at education programmes at Waikato Museum.	8,000	2,422	1,150	●	1,272	●	Q2 target: 1980 Q2 result: 35.8% under target YTD: 42.1% under target Advertising in education papers and magazines will be increased. Meeting with teachers face to face to promote programmes for 2015 starting Q3.
CITY PLANNING AND DEVELOPMENT									
2	Applications to be processed within agreed timeframes.	The percentage of land use and subdivision consent applications processed within agreed timeframes.	100%	99.7%	100%	●	99%	●	An extremely complex consent was processed by a consultant on behalf of Council. Additional time was required to ensure the correct environmental outcome was achieved
CITY SAFETY									
3	Premises selling food and liquor to be regularly monitored.	The percentage of high risk premises selling food monitored annually.	100%	96%	100%	●	95%	●	16 food businesses meeting the high-risk criteria have not been inspected within the previous 12-months because of the need to balance staff shortages. These will have been inspected by the end of the third quarter.
COMMUNITY SERVICES									
4	The cost of housing to be recovered through rents.	The percentage of annual costs of the housing activity recovered through rentals.	100%	90%	90%	●	90%	●	Council has made the decision to sell Pensioner Housing to Social Housing Providers. Expressions of interest will be taken for 6 months from 15 February 2015. Figures for the year ended 30 June 2014 have been used as these reflect the total cost of the service.
5	Community spaces to be well used.	The percentage of bookable time that Enderley Community Centre is used by the community.	90%	64%	63%	●	64%	●	Project underway to increase usage of centres. In addition, staff have presented to elected members on Community Facilities and have been asked to produce further information prior to a decision being made on developing a Facilities strategic action plan.
6	Community spaces to be well used.	The percentage of bookable time that the Celebrating Age Centre is used by the community.	90%	68%	67%	●	68%	●	Project underway to increase usage of centres. In addition, staff have presented to elected members on Community Facilities and have been asked to produce further information prior to a decision being made on developing a Facilities strategic action plan.

#	LEVEL OF SERVICE	MEASURE	TARGET	YEAR TO DATE	QUARTER 1		QUARTER 2		
				Result	Result	Status	Result	Status	Comment
DEMOCRACY									
7	Timely and open access to public information.	The percentage of official information requests responded to within 20 working days.	100%	98%	98%		98%		43 official information requests were received in Q2. One was not responded to within 20 working days.
SOLID WASTE									
8	Council will promote and encourage recycling and reuse.	The percentage of waste recovered for recycling.	34%	30%	30%		30%		The Waste Services Review is currently in progress and is expected to be included in the 2015-25 10-Year Plan.
TRANSPORTATION									
9	Transport infrastructure and services that support sustainable travel choices.	The percentage of Hamilton primary schools with active school travel plans.	96%	80%	80%		80%		28/35 primary schools are actively engaged.
WASTEWATER									
10	Reliable wastewater services.	The number of unplanned interruptions to service.	No more than 500	258	138		120		October - (50), November - (35), December - (35) Q2 results are lower than Q1 results. A focus on results for upcoming quarters 3 and 4 will be needed to achieve target.
11	Reliable wastewater services.	The percentage of service interruptions to customers resolved within 8 hours	100%	98%	97%		99%		October - (50 of 50), November - (50 of 50), December - (33 of 35) 2 interruptions were not resolved within 8 hours, however all received partial reinstatement within this timeframe.
WATER SUPPLY									
12	A reliable supply	The number of unplanned interruptions to service per year.	No more than 410	217	146		71		October - (32), November - (27), December - (12) Q2 results were lower than Q1 results. A focus on results for upcoming quarters 3 and 4 will be needed to achieve target.
13	Sustainable management of water resources.	Litres of water lost in the network through leaks per connection, per day.	Less than 110 litres	149 Litres	149		149		Assessments are carried out every three years. The first assessment was carried out in 2009/10 and the second in 2012/13. The result from both of these assessments was 149 litres of water lost. The next assessment is due in 2015/16. To meet the target a programme is underway to install additional bulk metres and valves to sectionise the network enabling a more comprehensive leak assessment to occur and is expected to be included in the 2015-25 10-Year Plan.

Other 10-Year Plan Commitments

Status Update as at December 2014

#	ITEM	DESCRIPTION	10-YP ACTIVITY	ORIGINAL TIMEFRAME	STATUS UPDATE 10 (AS AT DEC 2014)	
					STATUS UPDATE 10	UPDATE 10 - COMMENTS
1	Review of kerbside recycling – size of bins and frequency of collection.	Included in the approved Waste Management and Minimisation Plan (WMMP) as an action to be completed	Solid Waste Management	By June 2013	Completed	The Waste Services Review is completed and is being considered in the draft 2015-25 10-Year Plan.
2	Signage proposal for Garden Place.	Hamilton Central Business Association (HCBA) signage proposal from submissions to the 10-Year Plan.	Transportation	By November 2012	Completed	Approved artwork was installed in November. The Signage proposal for Garden Place now complete.
3	Strategic review of libraries.	Officers will undertake a strategic review of libraries to consider the most efficient way of delivering library services across the city (by 2012/13) and across WDC area (Shared Service) and extend for other council services delivered through the library (wider customer).	Hamilton City Libraries	By June 2013	Completed	The Libraries draft strategic review has been out for public consultation and was approved at the Strategy and Policy Committee Meeting in November 2014. Key actions are being developed, including a comprehensive facilities plan, aligning to the goals and objectives of the Strategic Plan.
4	Collaborative approach for provision of social housing.	Investigate a collaborative approach to the provision of social housing with other providers (including Waikato Social Housing Interest Group) in 2012/13. Stakeholder engagement will be included as part of the review of the Social Wellbeing Strategy in 2012.	Community Development	Staff are aiming for the Social Well Being Strategy Action Plan to be reported to the first Strategy and Policy Committee of 2013.	In progress	The Mayor has engaged the third sector, and facilitated their input to the Social Housing Option paper regarding Council's Pensioner Housing Portfolio. Currently out for consultation.
5	Investigate and consider upgrades required for long term operation of the Municipal Pool.	Undertake investigations on the leak from the Municipal pool and determine what capital expenditure would be required to fix the leak and bring pool to operational standard.	Community Development and Leisure Facility	Report Back by June 2013	In progress	An investigative report has been completed and was presented to Council in December 2012, further investigations were completed by Sink or Swim in 2013, and the findings were presented to Council in Dec 2013. The Waikato Sports Facilities Plan was completed by Visitor Solutions in June 2014 and recommends the closure of the Municipal pool along with investment in maintenance and development of current and future facilities, with a focus on enclosed pools providing lane space through winter. Council will consult on the Municipal Pool recommendation as part of the 10-Year Plan consultation process.
6	Sale of shareholdings in Council Controlled Organisations (CCOs) and Council Organisations (COs.)	Assess the strategic and short term value of Council's interests, re-define the clarity of Council's strategic objectives through these organisations, determine future direction for each. Investigate and pursue sale, exit strategy or need for new equity investment where appropriate (e.g. Hotel, Waikato Innovation Park Ltd (WIPL), Waikato Regional Airport Ltd (WRAL)).	Economic Development	Updates as appropriate through 2012/13 Reviewed as part of Economic Development Strategy and work programme in 2012/13	In progress	Ongoing assessment. Review of CCO shareholdings continues to be an item for consideration of the CCO Subcommittee.
7	Strategic review of swimming facilities. NOTE: This is one component of the comprehensive review of Aquatic/Indoor and Outdoor Sporting Facilities.	Evaluate the provision and accessibility of swimming facilities in the city (local/suburban accessibility vs. citywide accessibility), including benchmarking. Plan to undertake a swimming facilities footprint analysis in year 1 of the 10-Year Plan to determine long-term future needs for the city. This will be part of a sports facilities plan for the city which would include aquatics, indoor recreation facilities, and sports parks.	Community Development and Leisure Facility	By June 2013	In progress	The draft Waikato Sports Facilities Plan was completed by Visitor Solutions in June 2014 and made available for public feedback, prior to being signed off by the Waikato Mayoral forum in November 2014. Staff have utilised the findings of the Plan to undertake more detailed analysis of Aquatic Sports facility needs. Options for all areas are being presented to Council as part of the organisational AMP and Long-term planning processes.

#	ITEM	DESCRIPTION	10-YP ACTIVITY	ORIGINAL TIMEFRAME	STATUS UPDATE 10 (AS AT DEC 2014)	
					STATUS UPDATE 10	UPDATE 10 - COMMENTS
8	Consider development of recreation facility partnership policy. NOTE: This is one component of the comprehensive review of Aquatic/Indoor and Outdoor Sporting Facilities	Staff to investigate the development of a facility partnership policy.	Community Development and Leisure Facility	By June 2013	In progress	The draft Waikato Sports Facilities Plan was completed by Visitor Solutions in June 2014 and made available for public feedback, prior to being signed off by the Waikato Mayoral forum in November 2014. Staff have utilised the findings of the Plan to undertake more detailed analysis of Indoor and Aquatic Sports facility needs. Options, including partnership options for all areas, are being presented to Council as part of the organisational AMP and Long-term planning processes. There is potential for a joint venture with Ministry of Education and the Rotorua High School Board of Trustees for a new four court multi-Indoor Recreation facility on the High School site. Options for all areas are being presented to Council as part of the organisational AMP and Long-term planning processes.
9	Review of sporting facilities including a focus on the equitable cost recovery for different types of sporting facilities and codes NOTE: This is one component of the comprehensive review of Aquatic/Indoor and Outdoor Sporting Facilities	A sporting review has been completed, recommending a strategic plan be developed for the provision of sports across the city (aquatics, indoor recreation facilities and sports parks covering key matters including use, standards and facilities). A review of the equitable allocation of fees and charges will be implemented in 2012/13. Requests made for upgrades of facilities through the 10-Year Plan to be considered in review.	Parks and Open Spaces/Community Development and Leisure Facility	By June 2013	In progress	The draft Waikato Sports Facilities Plan was completed by Visitor Solutions in June 2014 and made available for public feedback, prior to being signed off by the Waikato Mayoral forum in November 2014. Staff have utilised the findings of the Plan to undertake more detailed analysis of Indoor Recreation, Outdoor Sporting and Aquatic facility needs. Options for all areas are being presented to Council as part of the organisational AMP and Long-term planning processes. A cost per play analysis has been undertaken - however, it has been difficult obtaining accurate data for this exercise and findings are not considered reliable.
10	Consider the possibility of a joint venture for the North East Sector Pool.	Work could be completed in year 1 of the 10-Year Plan.	Community Development and Leisure Facility		In progress	The draft Waikato Sports Facilities Plan was completed by Visitor Solutions in June 2014 and made available for public feedback, prior to being signed off by the Waikato Mayoral forum in November 2014. Staff have utilised the findings of the Plan to undertake more detailed analysis of Indoor and Aquatic Sports facility needs. Findings of a follow up Opus report indicate that a new facility in Rotorua is not required until after 2025 although there is a current short term need for increased leisure and Learn to Swim space. Future planning for an Aquatic facility in Rotorua should include investigation of shared funding models with relevant Territorial Authorities and schools in the surrounding area that would benefit from such a facility.
11	Retention or disposal of Waiwhakareke Smart Subdivision land	The Strategy and Policy Committee considered this matter in March 2012, and resolved to hold the land in its current state until economic conditions improve and receive a report by October 2013 on all future options for the land (including sale, development, merge with adjacent park, status quo etc).	Parks and Open Spaces (Strategic Property Unit)	By October 2013	In progress	Council resolved to revoke the previous Council's resolution in relation to the reserve status for the land that was known as the Smart Subdivision. Council also requested that the matter be returned to the RMA Commissioners to reconsider the zoning. Hearings were held in November 2014 - currently awaiting the Commissioner's decision.
12	Sandford Park Management Plan and dog exercise area.	The Council has 15 dog exercise areas. Additional areas require a review of the Gully Reserves Management Plan and the Dog Control Policy and Bylaw. The Management Plan for Sandford Park is due to be reviewed in 2013, which will consider a dog exercise area on the park in consultation with the community. This review will be followed by the five yearly review of the Dog Control Policy in 2014.	Parks and Open Spaces	2014 year – in line with review of Dog Control Policy	In progress	The Dog Exercise plan was adopted in November 2014. The proposal for Horotiu and Sandford Park was reviewed as part of the Dog Exercise Area Plan, these areas were not included in the final plan. The Dog Control Policy and Bylaw is currently being reviewed.
13	'Hamilton Card' for Hamilton Residents	Applicable for a variety of Community Development Services e.g. Libraries, pools, Hamilton Gardens, Zoo. Factor this into a number of the items where shared initiatives and sub-regional.	Community Group	By December 2013	Programmed	This work will be undertaken following the Museum and Libraries Strategic reviews to ensure the decision around entry charges are taken into account (the Hamilton Garden Strategic Plan has been completed and after wide consultation and economic analysis, entry will remain free). The Libraries strategic review was completed in November 2014 and the Museum strategic planning is programmed for June 2015.
14	Evaluation of options for an art gallery	Arts Forum to develop an action plan that includes consideration for the strategic objective 'Provide leadership to develop infrastructure to support a nationally recognised public art collection in Hamilton.'	Arts Promotion	Action Plan to be reported to 6 Dec Strategy and Policy Committee	On hold	The Arts Forum action plan was adopted in February 2013 and an Art Gallery Working Group was established. The task of the working group is to undertake a feasibility study on the development of an international standard contemporary public art gallery. The group held a workshop with key stakeholders in March 2014 to develop four art gallery models to be investigated. An application for funding for a pre-feasibility study has been on hold to enable the Creative Infrastructure Plan to be completed and received by Council. Workshop stakeholders have been notified.

Committee: Finance Committee

Date: 19 February 2015

Report Name: IS Programme of Work Update

Author: David Gunn

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>PIF12015 - LTP - Phoenix Capital Funding Request for LTP</i> <i>PIF12049 LTP - Corporate Mobile Applications and Online Services</i> <i>PIF12050 LTP - Infrastructure security software, network infrastructure renewal & DR capability</i>
Financial status	<i>There is budget allocated</i> <i>Amount \$varies by PIF</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To provide an overview of the status of the IS Programme of work for the period October 2014 to January 2015, including the programme's financial position, programme activity, current programme plan and key risks.

3. Recommendation from Management

That the Report be received.

4. Attachments

- Attachment 1 - Enterprise Mobility Solution - Business Case Signed - December 2014

6. Discussion

- The IS Programme of work is made up of PIF12015 - Phoenix programme of work, PIF12049 - Corporate Mobile Applications and Online services, PIF12050 - Infrastructure security software, network infrastructure renewal & DR capability, and projects generated out of Contract 10032 - referred to as Infrastructure as a Service (IAAS) projects.
- Key activities since the last report include the initial 'go live' of Phase 2 of the Assets project, and the successful upgrade of the Museum's Vernon application.

9. The Assets project went live on the 2nd of February for the Property Unit, and is to go live on the 2nd March for the Parks and Open Spaces and City Parks Units.
10. In December 2014, SLT approved the business case for the Mobility Project, covering Inspector Mobility and Asset Mobility. The business case is attached for information at Attachment 1.
11. The project has a budget of \$1.24M (including contingency) and is being funded from PIF 12049 and from the City Environments operational budget. The project is expected to go live in June 2015.
12. PIF 12015 includes a provision for maintaining the currency of applications implemented as part of the programme through to 2019. In this financial year the Centaman application used by the Community Group and Hamilton Gardens teams and the Vernon application used in the Museum have been successfully upgraded.
13. The upgrade to the InfoCouncil application has been paused after the vendor notified HCC that there was a significant issue between the newest version of InfoCouncil and the TRIM application that HCC uses. The project will recommence once the vendor has remedied this issue.
14. The IS programme of work for the first half of 2015 has been reduced to allow for the transition to Fujitsu as a provider of the Hosting and Managed Services Contract.
15. Projects under Contract 10032 are proceeding to plan. The upgrade of Microsoft Office has now been completed.
16. A summary of the projects by PIF is outlined below:

17. PIF12049 and 12050:

	Total LTP Budget 2012- 22	Total Expenditure to Date	Current FY Approved Budget	Current FY Expenditure	Comments
PIF 12049 - Online Services/Mobility	3,458,080	240,917	1,265,000	116,139	Business Case for Mobility approved by SLT in Dec 14. Next phase of eServices (Liquor Licensing) currently being scoped.
PIF 12050 - Renewal/Refresh of Networking Technology	2,031,000	231,913	530,000	6,166	Significant expenditure under this PIF planned in Q3 and Q4 of 14/15 FY. Combination of Transition and upgrade projects.

18. PIF 12015:

Activity	Budget inc. Contingency	Expenditure to Date	Remaining budget	Project Contingency	Shared Service Recoveries	Project Status
Cross Programme costs	1,803,049	1,392,448	107,552	303,049		Includes integration, probity & audit, legal, general administration, system architecture, business process modelling, communication, change management and programme contingency. Does not include Shared services recoveries
Authority financial management application - failed installation (now written off)	248,466	248,466	0	0		Closed - Complete
Community Facilities and Events	312,853	312,853	0	0		Closed - Complete
Upgrade of Microsoft Office	25,793	25,793	0	0		Closed - Complete
Library management system	217,224	217,224	0	0		Closed - Complete
Geographical Information System (GIS)	518,928	518,928	0	0		Closed - Complete
GIS External Viewer	41,583	41,583	0	0		Closed - Complete
Electronic document management system	1,313,068	1,313,068	0	0		Closed - Complete
City Growth and Development (Regulatory)	909,966	909,966	0	0		Closed - Complete
Human Resources and Payroll	289,520	265,750	0	23,770		Core HR and Payroll now finished. Project Close report completed. Health and Safety phase of the project is now live. Learning and Development in progress (final phase). Contingency is expected to be consumed for this project.
Asset management	1,328,635	1,087,284	120,566	120,785		Go Live Phase 1 occurred in July 2013. Phase 2 go live Go Live in November 2014. Further Go Lives planned in February and March 15.
Financial management	2,312,740	2,301,806	10,934	0		Project in Testing/Go Live preparations. Expected Go live 1 July.
Customer Engagement Programme (Web programme and CRM)						
SharePoint Platform and Internet	611,967	611,967	0	0	100,000	Closed - Complete
Intranet	248,524	248,524	0	0	48,000	Closed - Complete
E-services and Integration	1,199,284	999,062	43,794	156,428	156,000	Project in Close out Phase
CRM (Service Request Management)	250,000	112,741	107,259	30,000	0	SRM Project completed.
Application Currency until 2019	1,256,500	186,291	1,070,209			Centaman upgraded in June/July 14, Vernon upgraded in Nov 14. Previously completed upgrades include Authority, GIS, Library Management System.
Total Budget	12,888,100	10,793,753	1,460,314	634,033	304,000	

19. Financial and Resourcing Implications

20. The budget outlined above represents the capital cost of the Programme. Operational costs such as internal staff resourcing and ongoing software licence maintenance and support are included within the IS Operating budget, which is \$5.7M for the 14/15 financial year.
21. The programme remains on track to deliver the outcomes outlined in respective business cases within allocated budgets.
22. The shared service recoveries identified are a result of a commercial agreement with Rotorua District Council (RDC) to share the cost of the development of the Web/eServices functionality. This figure represents the 40% of agreed costs that have been recovered from RDC.

23. Risk

24. The organisation's risk framework continues to be applied to the Programme. Key risks that have the potential to prevent the programme meeting its business objectives are changes to the organisation's business model, the organisation's capacity to engage with the programme and the speed at which technology evolves.
25. Risks are currently being managed and mitigated by ensuring all future projects have a business case, having committed executive sponsorship and partnering with mature proven vendors and consultants. Other controls include using proven project methodologies and governance structures including utilising Audit NZ and other professional entities for peer review.

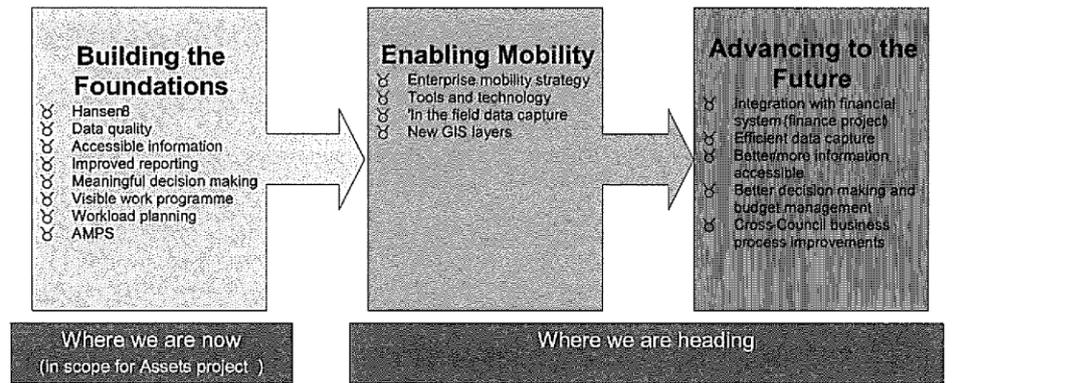
Signatory

Authoriser	Olly Te Ua, General Manager Organisational Development
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HAMILTON CITY COUNCIL BUSINESS CASE SUMMARY	
Summary	
Business Case Name Mobility Implementation for Assets and Inspections (Mobility Project)	
Business Case Type (choose from list) Full	
Business Case Focus (choose from list): Exploit opportunity	
Risk Rating (circle from list) Medium	
Financial Commitment	
PIF No. (from LTP)/or related SAP No. <u>PIF 12049</u> .	
a) Project Costs	
<ul style="list-style-type: none"> • PIF 12049 CAPEX \$750,000 • BCU OPEX \$500,000 	
b) Annual Operating Costs after establishment:	
<ul style="list-style-type: none"> • Assets Groups \$71,700 • Environments \$119,700 This will be funded in an ongoing way through the fees and charges associated with building consents • Information Systems \$31,000 	
Executive Summary	
This Business Case is seeking approval to implement mobile solutions for asset management and regulatory purposes. The Mobility Project consists of two streams:	
Stream 1 – Implement a mobility solution for the Building Control Unit and City Safe Inspection functions	
Hamilton City Council's (HCC) Building Control Unit (BCU) must address compliance issues raised in its 2013 International Accreditation New Zealand (IANZ) audit; prepare the Unit for forecast increased demand for building consents and improve customer service.	
The objectives of this stream is implement an appropriate technology solution to:	
<ul style="list-style-type: none"> • address existing accreditation risks associated with the BCU's delivery of its compliance functions • mitigate BCU's future accreditation and legal risk • reduce BCU's and City Safe's existing time and costs to undertake aspects of its regulatory functions • enhance customer service through improved access to information online and improved efficiency of the building and Food inspection processes • increase employee job satisfaction through appropriate technology support and functionality • reduce time taken for customers to interact with BCU and receive consents and inspections • reduce time taken for customers to interact with City Safe and receive Food Control Plan Audits 	
This stream will deliver a mobile inspection management system. This will system enable BCU's building inspectors, compliance monitoring team and Environmental Health Officers to view and capture information from a mobile device in the field, eliminating the need for paper inspection files. The system will also incorporate an inspector booking and allocation system.	
This will increase the opportunity for inspectors/Environmental Health Officers to be more efficient by reducing travel time and providing the ability to change inspection schedules at short notice. It will also eliminate or reduce support tasks including preparation of paper files for inspectors/Environmental Health Officers. This increased opportunity for efficiency will contribute to the BCU and City Safe Unit's ability to readily service the increased demand for inspections that has been forecast. IANZ accreditation risk for the BCU will be reduced through improved inspection records and allocation of inspectors.	
Stream 2 – Implement an Asset Management Mobility Solution	
This stream will implement a mobility solution for asset management, encompassing mobile asset data maintenance	

and mobile work orders. Integrating with Hansen, this solution will allow field workers to update asset information and asset related work orders in the field.

This stream of work is a continuation of the Asset Management Strategy, the Assets Project is the first stage of this and is due to finish in early 2015.



This stream will allow data to be captured at source, and enforce business rules that validate data as it is entered. It will also give field staff real time access to information and documentation.

This is expected to eliminate double handling of data and replace multiple manual steps in current paper based systems, bringing efficiencies and cost savings along with greater engagement of users in keeping information up to date. The solution will improve the quality and currency of data within Hansen. Asset related data is one of the most critical datasets as it helps with strategic planning and in preparing long term plans.

The solution will enable field workers by providing real time access to information, which will support processes in the field and ensure asset managers are up to date with asset condition, including failures.

Project Approach

It is proposed that a phase gate approach be taken to the project. At the completion of each phase (Define, Design and Delivery) a phase closure report will be provided to the PGG, IS Executive Governance and subsequently to the Senior Leadership Team (SLT), confirming phase deliverables have been achieved and seeking approval to progress to the next phase or signalling the need to reconsider the approach.

The Mobility Project will be managed as two streams, Inspector Mobility and Asset Mobility which will run concurrently.

If the project is approved, the next steps will be to conclude the procurement process to engage the preferred mobility solutions and vendors.

Review / Approval Summary	
Prepared By Business Owner _____ (Name / Signature of individual)	Date <u>15/12/2014</u>
Reviewed By PMO _____ (Name / Signature of individual)	Date <u>15.12.14.</u>
Reviewed By SLT <u>[Signature]</u> (Project Sponsor), (Name / Signature of individual)	Date <u>17/12/15</u>
SLT Decision (choose from list) Choose an item:	
Council / Committee Meeting (circle one) Choose an item. Date _____	
Resolution (adopted following Council/Committee consideration)	

SLT considered and approved the business case 15th December 2014.

HAMILTON CITY COUNCIL BUSINESS CASE DETAILS	
1.0 Strategic Case	Ensuring an appropriate strategic fit and making a robust case for change
1.1 Position	Where are we now - what's the issue / opportunity we are trying to address? Where do we want to be? Define clear SMART objectives that can be directly linked to your proposed outcomes (benefits)
	<p>The Hamilton City Council provides local government related services within Hamilton City, including local roads, footpaths, water, waste water, storm water, landfills, parks, sports fields, recreation centre and pools, regulatory services, community and economic development, arts and culture and democratic representation. In providing these services HCC has a number of roles that are both office and field based.</p> <p>Operating from both a desk and a mobile environment presents a number of challenges for the people involved. Ensuring that the correct information is to hand when in the field requires a high degree of organisation and precision, anecdotally officers in the field are often presented with unforeseen circumstances that require a trip back to the office for further information gathering and then another trip back to the site for the job completion or to complete the job with inadequate information. HCC has decided to follow a mobile computing strategy to provide their officers with up to date information and the ability to record information on-site electronically.</p> <p>A solution/solutions has been sought to allow officers to perform the following functions:</p> <ul style="list-style-type: none"> • Looking up specific information from council's regulatory systems • Entering data directly into the regulatory database via electronic forms based on complex templates • Gathering electronic signatures for storage • Generating reports / letters for email or printing • Accessing the Safety and Wellbeing cloud based application • Looking up and entering information into the asset management system • Accessing the cityview website <p>The solutions need to support the following areas / processes:</p> <ul style="list-style-type: none"> • Building inspections relating to the consents process & building warrant of fitness compliances • Food premises and Liquor licences inspections • Mobile access for dog control officers • Field staff that carry out work on city assets – raising and completing work orders <p><u>Building Control Unit</u></p> <p>At the Council the role of the Building Control Unit (BCU) is to ensure Hamilton's buildings are safe and durable and fit for purpose, and that people comply with the Building Act 2004. Also to ensure property information is maintained for the life of the buildings and made available. As part of a business planning in 2012, Building Control Unit (BCU) identified the need to use a mobile solution for Inspectors performing site Inspections.</p> <p>The 2013 IANZ audit of the BCU identified a number of compliance issues with BCU's processes and practices. The loss of Building Consent Accreditation by Christchurch City Council in 2013 provided a significant reminder that ongoing accreditation is not a right of Local Authorities and needs to be earned through comprehensive performance criteria and defined standards.</p> <p>BCU analysed the audit findings and has identified seven key risks that scored a residual risk rating of "very high". In addition to accreditation risk, this exercise identified that: lost and inaccurate information due to a lack of system functionality and manual processes exposes Council to the risk of legal action.</p> <p>A BCU Quality Improvement Programme (QIP) was identified to address these risks and the SLT supported and endorsed this project (20th January 2014) as one of organisational importance. The implementation of a mobility solution underpins the QIP's technology work-stream by delivering technology aimed at improving customer service, minimising handling errors, reducing paper records and providing opportunity for greater efficiency of process. All aspects are identified as necessary to enable the development of a World Class Building Control Unit and to prepare the BCU for the forecast increased demand for building consent processing. Addressing the technology risk aspects identified in the IANZ audit is key to ensuring the BCU retains its Building Consent Authority (BCA) accreditation.</p>

The objectives of the QIP programme are to implement appropriate technology within the next financial year to: achieve the following:

- BCU's residual accreditation risk rating is reduced within 6 months
- 8 additional inspections per day are available to customers
- An inspection can be carried out within 48hrs of booking
- The Building Control Units' Climate Survey staff disengaged score reduces by 10% one year after implementation of the Mobility Solution

Food Premises Inspectors

At the Council the role of the Food Premises Inspectors is to ensure food produced by Hamilton City food premises is safe and suitable for sale. The need to find a mobility solution for the food inspectors has escalated due to:

- pending changes due to the enactment of the Food Act 2014
- the need to improve HCC inspection practices and processes.

The legislative changes will introduce more complex inspection forms and processes for Councils to monitor Food Control Plans, and potentially for National Programmes, if Councils are required to monitor these. Food inspections and supporting processes are typically manual and paper based which can make them time consuming. The main problems of the current processes related to:

- paper-based processes
- lack of remote access to information required
- quality of inspection information
- manual processes.

Paper-based processes

Asset Managers and field staff do not have remote access to records and need to take paper copies of all information required on site.

For building inspectors that means that records required by the inspector must be identified, retrieved, collated and issued to the inspector. On return, the paper records must be re-filed. For assets field staff this means that documents must be printed prior to leaving the office. On return data has to be manually keyed into Hansen.

This process is time consuming and open to risk of loss of records and misfiling. The requirement to take paper records also restricts the flexibility of field workers schedules as changes cannot be made to a schedule without the worker coming back to the office to collect relevant paper records.

All records created on site are handwritten. The processes that involve reading and handling paper records are time consuming, resource hungry, involve double handling and create a risk of incomplete records due to the loss of paper copies, degradation of quality of the physical record and potential errors in the scanning process.

For inspectors incomplete records cause problems should any liability claims arise by increasing the likelihood of our defence of the claim being unsuccessful, and take up a lot of time and resources in searches once errors are found. For assets staff incomplete or incorrect records have a negative impact on the quality of the information stored in Hansen which results in inaccurate reporting, inefficient processes and ultimately a lower standard of asset maintenance.

Paper based processes mean that data recorded cannot be verified as it is recorded, this results in rework and additional site visits by staff who have to return to correct inaccurate information.

Lack of remote access to information required

Field staff do not have remote access to information held on HCC systems or the internet and therefore need to come back to the office to complete any work which requires additional information. Being able to complete the necessary and associated admin and write up of a task while still on site will address this issue.

Staff do not have access to GIS and GPS information, which makes specific assets or building features harder to locate. This can result in a task being completed for the wrong asset or building feature, and additional time delays.

Access to schedule

Field staff do not have remote access to their schedules/task lists. Staff take a printed copy of their schedule for the day. If the schedule changes due to a cancellation or a high priority task, staff may not become aware of this until they return to their base. Without remote access to records, the staff may not be given a replacement appointment or able to generate their own work without having to come back to the office to pick up relevant paper based records.

Quality of Information

All field staff notes and checklists generated on site are handwritten. Deciphering handwritten notes can be problematic and time consuming; sometimes made worse if the physical quality of the paper has degraded e.g. is wet. Photographs provide a visual record of the work item. Annotated photos reduce the need for written descriptions and are extremely valuable as evidence for claims and/or any follow up work required. HCC inspectors do not currently take photos on site due to the equipment available and the time it takes to upload photos to HP TRIM.

1.2 Outcomes (benefits)

What are the expected benefits that will be delivered as a result of this work - Develop these with Stakeholders along with SMART objectives and defined long term value for money this BC work will deliver

Stream 1 – Implement a mobility solution for the Building Control Unit and other regulatory and inspection functions (City Safe).

- BCU's residual accreditation risk rating is reduced within 6 months
- 8 additional Building inspections per day are available to customers
- 2 additional Food Inspections per day are available to customers
- An inspection can be carried out within 48hrs of booking
- The Building Control Units' Climate Survey staff disengaged score reduces by 10% one year after implementation of the Mobility Solution

These outcomes will be realised once the technology solution are implemented and staff have been trained and become familiar with the new systems and processes.

BCU will utilise the BCU Business Snapshot (2012) which was conducted as part of compiling a Business Process Management Review as baseline data. In addition as part of the wider QIP, processes will be developed to capture data to then develop measurable objectives with firm key performance indicators and targets. Quantitative and qualitative benefits are described in more detail in Sections 1.8 and 1.9.

Stream 2 – Implement an Asset Management Mobility Solution

The intention is to make a step change in the operations of the asset managers and field teams.

Creating efficiencies through:

- Elimination of all current asset management paper based processes.
- Timely completion of conditional assessments.

Enabling and empowering Asset Managers field teams through:

- Real time data capture in the field, which will allow for scheduling to be adjusted in real time and will also allow for productivity analysis
- Will enable quicker location of assets on site, through GPS functionality.
- Creating ownership of asset information by asset managers and field staff, as they have access to view and update in real time.
- Provision of greater information of vandalised assets, to allow analysis
- Allowing for capturing and storing photos.

Increase data accuracy through:

- Asset data updated in real time for inspections, or when vandalism/ maintenance occurs.
- Enabling the recording of issues on the correct asset, through GPS functionality.
- Removes double handling of recorded information and misinterpretation of written notes

1.3 Strategic Alignment

Describe how the proposed work aligns to either individual or multiple HCC strategies
<http://www.hamilton.co.nz/our-city/city-strategies/Pages/default.aspx>

Economic Development Agenda

The implementation of a mobility solution is closely aligned with HCC's economic development agenda, as it seeks to enable HCC to achieve the following goals:

<p>Responsibility</p> <ul style="list-style-type: none"> • Provide cost-efficient services to the business community <ul style="list-style-type: none"> - HCC staff will have more information available on site, staff can complete more work on site with a customer enabling more complete data capture and better advice to customers. • Enhance the regulatory environment and ensure quality standards are maintained <ul style="list-style-type: none"> - Completion of information in the field is expected to increase data quality and avoid costs associated with re-work and current travel to and from the office. • Manage relationships with the business community <ul style="list-style-type: none"> - HCC staff will be able to assist with more requests while on site with the customer, providing more timely responses to queries. This demonstrates HCC’s commitment to being easier to do business with. <p>Strategic investment</p> <ul style="list-style-type: none"> • Provide cost effective and productive infrastructure to enable the city to function and prosper, such as water, wastewater, stormwater and transport services. <ul style="list-style-type: none"> - Enable faster more accurate decision making when dealing with infrastructure maintenance and repairs. <p>Full benefits are detailed in Sections 1.8 and 1.9.</p>			
<p>1.4 Organisational Context Outline how this work will assist HCC achieve its business goals (Refer HCC’s Organisational Plan <i>D-797552</i>)</p>			
<p>Hamilton City Council</p> <p>The project will assist HCC to achieve its Organisational Business Plan goals and objectives through the effective use of technology, as detailed in the table below.</p>			
	Our goals (Longer term: >3 years)	Our Objectives (Medium term: 2-3 years)	How Project is aligned to delivering HCC’s goals
PEOPLE	Our Organisation is a great place to work with a good reputation	<ul style="list-style-type: none"> • People are proud to work here • We have high performing teams • We have an aligned organisation • We have strong and effective management and leadership • We have a safe and healthy workplace 	<ul style="list-style-type: none"> • Technology enables the City Environments and asset management teams to maximise efficiency and minimise error rates associated with paper based records
CUSTOMER	Our Organisation provides exceptional customer service	<ul style="list-style-type: none"> • We have the right systems, processes and technology that enable exceptional service • Our staff understand and are delivering to the customer promise • Our community and customers value our service 	<ul style="list-style-type: none"> • Customer interactions with BCU take less time • Customer queries can be responded to in real time
BUSINESS	Our Organisation has leading business practices, processes and systems	<ul style="list-style-type: none"> • We have excellent business practices with a commercial discipline • Our key processes are delivered in an integrated way • Our organisational performance is measured • We are recognised and respected regionally and nationally for our business processes 	<ul style="list-style-type: none"> • HCC is nationally recognised as a leading Building Consent Authority, through robust systems that provide quality and consistency of service • HCC retains its Building Consent Accreditation • IANZ audit findings signal HCC has addressed all identified issues and no new issues of concern are identified • Asset Managers achieve targets set in the Asset Management Policy

FINANCE	<p>Our Organisation delivers value for money and financial sustainability</p>	<ul style="list-style-type: none"> • We will stick to our budgets and deliver on our commitments • We will understand and address future financial impacts of the decisions we make • We will have financial ownership and accountability by our organisation • Our financial reporting will be respected and trusted 	<ul style="list-style-type: none"> • Technology will enable greater tracking of productivity and other Key Performance Indicators (KPIs) • Technology will enable our staff to more readily meet forecast demand for building inspection services • Technology enables asset management teams to operate efficiently, with less rework • Proactive asset maintenance is targeted and efficient, reducing lifetime costs and extending assets life
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The SLT supported and endorsed BCU's QIP (20th January 2014) as one of organisational importance.

Building Control Unit

BCU's vision is for HCC to have a 'world class' customer-centric building control unit. Its strategic goals over the next three years are to:

- Identify and develop 'customer-centric' service practices in building control
- Implement innovative technology and best practices in building control
- Set the benchmark for building control practices
- Be the leader in New Zealand building control practices

This technology project will address BCU's two-year goal to *implement innovative technology*. The operational objective that is associated with achieving this goal include:

- Moving to a paperless approach

These goals have been carried through into BCU's QIP original scope. The QIP Scope notes that the *BCU needs to offer its customers a world class end-to-end process from building consent application through to issue of code compliance certificate*.

BCU Management held a workshop on 7 May 2014 and confirmed their support for the projects and proposed approach.

City Safe Unit

City Safe's vision for a mobility solution is a fully automated and paperless process that allows inspectors remote access to a range council system data. The goals are to enable:

- Paperless processes
- Remote access to required information
- Customer scheduling for Food Control Plan Audits
- Improved quality of information

Asset Management Programme (AMP)

The AMP commenced in 2012. The stream of projects forming the Asset Management Programme will see the development of an asset management system that enables the management and maintenance of core Council assets in a consistent, efficient and effective way.

The objectives of the Asset Management Program are:

1. **Visible, accessible, usable and mobile asset information**
2. Consistent approach for managing all asset types
3. **Asset and work management processes that deliver business efficiencies and standardisation**
4. Meaningful reporting of core asset information for decision making
5. **Robust technology platform that provides the foundation for the future development of the system and processes**

The Mobility Project will help deliver on objectives 1,3 and 5 from this programme.

The steps in the Asset Management Programme are:

- Building the Foundations: Establishing the core foundations for managing Council assets to enable enhancements that

further improve our asset and work management practices in the future. **This is the Assets project due to complete in early 2015.**

- **Enabling Mobility:** The Enterprise Mobility Strategy will define how we will work across our business in the future and will enable the tools and technology for our staff to be more mobile in their roles. **The Mobility Project will deliver mobility to asset managers and field workers.**
- **Advancing to the Future:** Once the foundations are well established, and other projects that enable better integration with other core systems to provide a more comprehensive view of an asset are complete (eg Finance project), even more efficiencies and improvements to asset management practices will be enabled.

The Mobility Project clearly aligns with the councils long term strategy for mobility.

1.5 Organisational Impact

How / where does this piece of work integrate with / impact on the rest of the organisation's activities?

Information Services (IS)

IS will provide internal resources to the Mobility Project. Anticipated resource requirements are provided in section 3.1.

IS is also providing a component of the project funding from its Online Services Phase 3 project budget. IS will resource this project using contractors to provide resource flexibility.

The Mobility Project will be managed by an IS project manager, and the change component of the project will be managed by the IS Change Manager.

All project reports will be provided to the Mobility Project PGG, and the IS Governance Committee will receive monthly governance reports.

Once the solutions are operational the IS Service Desk will be the contact point for all support needs relating to devices and applications. Business Units using mobility applications in the field will provide their own SMEs to support application and device functionality.

Connectivity issues will be handled by the service desk.

A support plan will be delivered as part of the project which details the roles and responsibilities of each unit.

Building Control Unit and City Safe

Stream 1 (mobility solution for the building Inspectors and City Safe Inspectors) can be integrated into the BCU's wider QIP, which is being rolled out over the 2014/15 financial year. The City Safe Inspectors roll out will be included in the QIP Technology Workstream and be resourced by the Group Business Manager.

Building Control and City Safe management and staff will be required to provide input, including defining business requirements, contributing to the change program, data cleansing, undertaking user testing and preparing for and undertaking training.

The additional workload associated with the project will need to be balanced by BCU management with the Unit's business as usual workload in addition to that associated with the QIP, IANZ Audit and any other BCU initiatives under way or planned over this time.

Asset Management Business Units

The following business units will roll out Mobility in a phased approach.

- City Delivery
- City Waters
- City Parks
- Parks and Open Spaces

The phasing will be agreed with the business units at the start of the design phase.

Users from all of these business units will be required to provide input, including defining business requirements, contributing to the change program, data cleansing, undertaking user testing and preparing for and undertaking training.

Customer Services

It is expected that this project will reduce the current BCU-related workload of Customer Services. Customer Services staff will need to use the inspection booking system and therefore will require training in its use prior to the go live date. The implications of the reduced workload will need to be considered by Customer Services management at an early stage in the project to allow the team's forward workload to be forecasted. The Project Governance Group will include a representative from Customer

Relationships to provide input into the project design and implementation.

1.6 Stakeholders

Project Governance and Approval

The key stakeholders for this business case have been identified as:

- Project Governance
 - Brian Croad - General Manager City Environments (Sponsor)
 - CIO
 - Jason Dawson
 - Graeme Savage
 - Simon Young (or his replacement)
 - David Gunn
 - IS Executive Governance Committee
 - Senior Leadership Team
- Building Control Unit and City Safe Management and Employees
 - Phil Saunders - Building Control Unit Manager
 - Graeme Savage - City Environments Group Business Manager and QIP Director and Technology Work stream Leader
 - Jessica Robertson - QIP Project Manager
 - Building Control Unit Management - Cory Lang
 - Building Control Unit employees
 - Kelvin Powel – City Safe Manager
 - Peter McGregor – Environmental Health Manager
 - Sue Reynolds - Food Safety and Public Health Team Leader
 - Sue Stanford – Manager Animal Education and Control
 - City Safe Employees
- Asset Management Business Units and Employees
 - Simon Young - Delivery Manager, City Delivery
 - Sally Sheedy - Parks & Open Spaces Manager
 - Emily Botje - Water Asset Manager
 - City Parks Manager
 - Staff from City Delivery, City Waters, City Parks, Parks and Open Spaces.
- Other HCC divisions
 - Gary Stephenson - Customer Services Unit Manager
 - Lee Halstead – Communications Manager
 - Mark Donnelly- Project Manager – Information Services
 - Robyn Manderson-IS Change Manager
 - Carol Serra - Portfolio Manager
 - Scott Copeland - Procurement Manager
 - David Robson – Emergency and Risk Manager (Insurance)
- External Agencies
 - Elizabeth Goodwin - Waikato Cluster Group Manager
 - MBIE
 - IANZ
 - Customers

During the preparation of this business case the following stakeholder consultation has been carried out:

- A workshop was held with BCU Management on 7 May 2014 to review the project options and identify project goals and anticipated benefits.
- One on one meetings were also held with Brian Croad, Carol Serra and Gary Stephenson
- The business case was co-authored with David Gunn and Mark Donnelly from IS to provide a balanced business and IS perspective.
- Requirements gathering sessions were held with City Environments and Asset Management Teams to collect high level requirements for the EOI Process.
- Presentation by shortlisted vendors to Building Control Unit and City Safe Staff and management

Ongoing, it is anticipated that all stakeholders will be engaged as appropriate throughout the phases, through a combination of detailed requirements sessions, project-specific updates, wider BAU communications, one on one meetings and through the QIP change management programme.

<p>1.7 Scope of the Work - What's included in the scope of this proposal, and what is specifically excluded – ensure you define impact of change?</p>	
<p>Included in scope:</p> <ul style="list-style-type: none"> • Definition, design and delivery of <ul style="list-style-type: none"> - Inspector mobility solution for Building Control Unit and City Safe Inspectors - Mobile Asset Management Solution for Asset Management Teams • Design of new Asset Management processes that incorporate and leverage mobility. • Procurement of necessary licences, data plans and support agreements to support the projects deliverables • Creation of user documentation - Training manuals Standard, Operating Procedures etc. • User testing and training for affected users. • Procurement of IS approved hardware (Mobile Devices) for BCU inspectors • Procurement of IS approved hardware (Mobile Devices) for City Safe staff within project scope • Set up of all mobility hardware associated with the project • IS Change Management for changes driven by the project only • Identification of whole of life costs including insurance, debt funding, depreciation, annual licences, software upgrades and changes and hardware updates <p>Refer to Section 2.1 for business requirements detailing the mandatory and desirable functionality of the solution.</p> <p>Excluded from scope:</p> <ul style="list-style-type: none"> • Process review and improvement for BCU – this will be undertaken as part of a separate work-stream in BCU's QIP prior to the design of the solution for BCU • Review of HCC Regulatory system • eConsenting or any customer facing on-line services • Change Management for QIP program or any other BAU change initiative • Mobile devices for any other business unit other than those referred to above, unless agreed by the PGG • Integration with any system, other than Authority and Trim for Inspector functions and Hansen for Asset Management requirements • The scope of the project excludes any changes for the 3 Waters business case. 	
<p>1.8 Quantitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)</p>	<p>1.8a KPI/Target/Frequency of reporting Also Identify the Benefit owner and who will report the KPI/Target and Frequency (ie as 3 separate items)</p>
<p>Stream 1 - Inspector Mobility Solution Building Control Unit and City Safe</p>	
<p>Summary</p> <ul style="list-style-type: none"> • The inspections team in both BCU and City Safe currently does not have up to date data on costs to complete individual inspections, or on employee productivity. • As part of the wider QIP, data, KPIs and metrics will be identified for this team that will be used to develop targets for the inspector mobility solution. • Benefits will be reviewed at the end of the define phase and confirmed in the phase gate report. 	
<p><i>HCC Time Reduction</i> Reduces inspection and monitoring team travel time to collect files from HCC, reducing currently unproductive time to inspectors</p>	<p>Owner: Manager Inspections and Monitoring KPI: Number of additional inspections per day Target: 8 Frequency: Monthly</p>
<p>Technical support time spent preparing daily files for inspectors is reduced, allowing reduction in costs or increased capacity to progress other revenue-generating projects e.g. earthquake strengthening, swimming pools or non-revenue generating work e.g. auditing, customer engagement or training</p>	<p>Owner: Technical Support Team Leader KPI: Percentage of inspections not requiring a hard copy file Target: To be confirmed as part of process improvement and KPI project in Definition Phase Frequency: Monthly</p>
<p>Reduces time entering the inspection sheet data into the Building</p>	<p>Owner: Customer Services Unit Manager KPI: Percentage of inspections not requiring manual</p>

Inspection Management System	Building Inspection Management System input Target 90% Frequency Monthly
<i>Building Inspections available within 48 hours</i>	KPI Percentage of inspections able to be book in 48 hrs Target 100% Frequency Monthly
<i>HCC Time Reduction</i> Reduces Environmental Health Officers travel time to collect files from HCC, reducing currently unproductive time to inspectors	Owner Manager Environmental Health – City Safe KPI Number of additional inspections per day Target 2 Frequency Monthly
<i>HCC Risk Reduction</i> Reduced accreditation/ legal risk through increased quantity and quality of information captured by inspectors Increased quality of record management and reduction in misplaced files and inspection records Reduced accreditation/ legal risk through more rigorous inspector allocation system	Owner BCU Quality Advisor KPI reduction in the number of corrective actions and recommendations relating to HCC's consent processes on IANZ audits Target 50% reduction in the number of corrective actions and recommendations relating to HCC's consent processes on IANZ audits Frequency Monthly
Stream 2 – Implement an Asset Management Mobility Solution	
Summary	
<ul style="list-style-type: none"> • Mobility for asset managers and field staff creates data processing efficiency and accuracy, in real time • Mobility empowers asset managers and field staff to take responsibility for the data that they work with • Benefits will be reviewed at the end of the definition phase and confirmed in the phase gate report. 	
Time Reduction Reduction in the amount of time spent identifying/locating individual assets.	Owner Asset Group Business Managers KPI Average number of tasks completed by field workers Target To be agreed in definition phase. Frequency: Monthly
Reduction in the amount of time spent on rework or site revisits.	Owner Asset Group Business Managers KPI Reduction in the average number of rework visits. Target To be agreed in definition phase. Frequency: Monthly
Reduction in time through preparing paper sheets for condition assessments, filling these in, and manually updating the system	Owner Asset Managers KPI % of Conditional Inspections completed electronically. Target 100% Frequency: Monthly
HCC Quality Improvement Improvement in the quality of data stored in Hansen, resulting in a reduction in the reported number of quality issues	Owner Asset Group Business Managers KPI Reported process quality issues. Target To be agreed in definition phase. Frequency Monthly
Costs Reduction Reduction in labour costs required to complete data entry into Hansen	Owner Asset Group Business Managers KPI Administration costs in Asset Management Units Target To be agreed in definition phase. Frequency Annually as part of financial reporting.

1.9 Qualitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)	1.9a Indicator of Success Identify the benefit owner and who specifically will report on the progress/realisation of the benefit	
Stream 1 - Inspector Mobility Solution- BCU and City Safe		
<i>HCC Quality Improvement</i> Increased visibility of information facilitates higher quality decision making by inspectors	Owner Indicators	Manager Inspections & Monitoring Inspector satisfaction with access to information and No upheld legal challenge
<i>HCC Quality Improvement</i> Increased visibility of information	Owner Indicators	Manager Environmental Health Inspector satisfaction with access to information
<i>HCC Reporting Improvement</i> Increased BCU management reporting capability	Owner Indicators	Manager Inspections & Monitoring Reporting is readily available across a range of relevant indicators BCU management satisfaction with reporting
<i>HCC Reporting Improvement</i> Increased City Safe management reporting capability	Owner Indicators	Manager Environmental Health Reporting is readily available across a range of relevant indicators City Safe management satisfaction with reporting
<i>HCC Staff Job Satisfaction</i> Increased inspector job satisfaction through reliable and proven technology that easily assists them to prepare and maintain accurate records	Owner Indicator	Building Control Unit Manager BCU employee engagement survey, reduction in disengagement by 10%
Stream 2 - Implement an Asset Management Mobility Solution		
<i>HCC Quality Improvement</i> Visibility of asset data in the field promotes greater ownership of asset data by asset managers and field staff.	Owner Indicators	Asset Group Business Managers Proportion of assets staff time spent fixing incorrect asset data reduces anecdotal feedback is positive
<i>HCC Reporting Improvement</i> Asset reporting is better quality because asset data recorded in the field is more accurate and in real time.	Owner Indicators	Asset Group Business Managers Less rework and manual entry of asset reporting data.
Increased staff job satisfaction through reliable and proven technology that allows them to operate with less wastage.	Owner Indicator	Assets Group General Managers Employee engagement survey, anecdotal feedback is positive
1.10 Dis-benefits	1.10a Impact on the business (Identify who will be impacted as a result)	
<i>Inspector's time</i> Increased time to complete individual inspections because of the increased quantity of data to be gathered	Owner	Manager Inspections & Monitoring
<i>Inspector's time</i> Increased time to complete individual inspections because of the increased quantity of data to be gathered	Owner	Environmental Health Manager
<i>IS Service Desk Additional Time</i> New demand for phone-based support for users technical questions about mobile devices	Owner	Technical and Operations Manager
<i>Business Units SMEs Time</i> New demand for phone-based applications support to assist field staff with using Mobile Applications	Owner	Business Unit Managers
<i>Technical Support team's time</i> Additional time and cost for Technical Support team to print applications and plans if BCU continues to use paper-based processing	Owner	Technical Support Team Leader

1.11 Opportunities Arising (Identify who will own and report the opportunity)		1.11a Strategies to Exploit, Enhance &/or Share Each Opportunity		
Stream 1 - Inspector Mobility Solution – BCU and City Safe				
Eliminates time spent waiting for code compliance certificate in some cases as Inspectors can issue on the spot Owner: Manager Inspections & Monitoring		This opportunity should be considered as part of the parallel process redesign project. Pilot processes will be developed to issue code compliance certificates on the spot for simple consents e.g. fireplaces.		
Reduction in office space required as Inspectors will not require dedicated desks Owner: Manager Inspections & Monitoring		This opportunity should be considered as part of the parallel process redesign project to determine the expected time that Inspectors will be in the office and therefore their desk requirements.		
Identify top performers and utilise them as trainers, process improvement leads. Owner: Manager Inspections & Monitoring Owner: Environmental Health Manager		Rank performers and implement process improvement plan.		
Stream 2 - Implement an Asset Management Mobility Solution				
Collect high-resolution spatial data for frequently maintained assets. This will further reduce maintenance time and rework.		As a BAU activity investigate very high accuracy GPS equipment to use with mobile devices to locate assets to the 0.1M level of accuracy.		
Use GPS tagged asset data and electronic Work Order recording to develop efficiency KPIs for field staff.		As a BAU activity develop field staff performance KPIs.		
Identify top performers and utilise them as trainers, process improvement leads.		Rank performers and implement process improvement plan.		
1.12 Risks Identified	1.12a Gross Risk Rating	1.12b Risk Trigger Points	1.12c Risk Management Approach	1.12d Residual Risk
The full list of risks and associated action plans will be included in the IS Project Risk Register. All risks will be expressed in accordance with HCC risk preparation guidelines and PM principles ie they will identify both prevention and response mitigations. These risks have been identified through discussions with BCU's Manager Inspections and Monitoring and Manager Building Review and Operations.				
<i>Financial</i> Government announces national consenting solution during project, resulting in project being cancelled.	High	Government announcement of national consenting solution.	Engage with Government and report on progress with national consenting solution prior to commencing each phase of project. Stop project if Government indicates national consenting solution likely to proceed.	Medium
<i>Financial, IT and Service Delivery</i> Complexity of integration with other HCC systems is higher than anticipated, which may significantly impact on the ability to deliver this project ontime and within budget	High	Project milestones are not achieved; vendor signals need for change to project timelines, deliverables or budget.	Phased approach to project including review of integration risk prior to commencing each phase of project. Provision of suitable contingency for each phase of the project. Use of contingency to be tracked by Project Manager, with additional funding sought or project scope reduced if contingency forecast to be insufficient.	High

<p>1.14 Constraints/Dependencies/Assumptions Define and describe the factors under each of the headings</p>
<p>Constraints</p> <p>The constraints that may impact the project include:</p> <ul style="list-style-type: none"> • 2013/14 BCU revenue earmarked for technology spends must be allocated to a specific project by 30 June 2015. • PIF 12050 Budget exists in the FY15 budget, but not subsequent years. Carryover is unlikely. <p>Dependencies</p> <ul style="list-style-type: none"> • This project is dependent on the Quality Improvement Programme's Process workstream. This workstream will need to complete process mapping and optimisation prior to commissioning vendor(s) and develop baseline data and KPIs to be used for measuring project benefits. • HCC uses Authority as its regulatory system for the majority of Council's regulatory functions. The Authority warranty prohibits direct integration into Authority from other systems. Any electronic consenting system utilising Authority will therefore not be 100% automated as it will still require some manual input of data into Authority. <p>Assumptions</p> <p>The project estimates and plans are based on the following assumptions. If the assumptions change or are proven incorrect the estimates and plans will need to be revised.</p> <ul style="list-style-type: none"> • Sufficient internal resource will be available for the lifetime of the project. • BCU contribution to project remains available. • Business units will provide backfill resource from within existing operating budget provisions. • HCC is able to negotiate changes to its current processes with the Waikato Building Cluster to remain a member of the cluster and receive its accreditation through the cluster processes. • Field staff in affected units have the capability to operate mobile devices in place of paper forms. • Field staff role changes in areas affected by the implementation of mobility are within the 20% allowed without the role being considered new. • Business Units will select devices that align with the IS Mobility Strategy. (Android and iOS platforms) • The new IS IAAS Contract includes the necessary components to manage an extended mobile device fleet.
<p>2.0 ECONOMIC CASE Critical success factors & the preferred way forward</p>
<p>2.1 Business Requirements (refer more detail in the specific notes section) Identify the requirements that must be met – Define them according to core vs desirable vs optional</p>
<p>The following points summarise the key business requirements for this project, however do not represent an exhaustive list of all requirements.</p> <p>Summary Business Requirements for Inspector Mobility and Asset Mobility (Ref D-1589014). More detailed business requirements for the inspector mobility solution have been prepared by HCC IS (Ref: D1070626). Detailed requirements for Asset Mobility will be prepared as part of the discovery phase of the project.</p>
<p>Stream 1 - Inspector Mobility Solution – BCU and City Safe</p>
<p>Core business requirements BCU</p> <ul style="list-style-type: none"> • Mobile inspection management system that allows building and Building Warrant of Fitness (BWoF) Inspectors and compliance monitoring team to view current core Council system data from a mobile device e.g. building and building system information and supporting documentation • Mobile inspection management system that allows building and BWoF Inspectors and compliance monitoring team to electronically capture data on site using a mobile device. This data should be able to be distributed to other applications such as the core Council system, document management system while the officer is still in the field • Automated inspector booking and allocation system <p>Desirable business requirements BCU</p> <ul style="list-style-type: none"> • Provide fully automated and paperless processes for inspection and BWoF • Incorporate mobile building consent inspection functionality

<p>Core business requirements City Safe</p> <ul style="list-style-type: none"> • A user is able to capture electronic data on-site (using a mobile device). This data should be able to be distributed to other applications such as the core Council system, document management system while the officer is still in the field. • A user is able to view current core Council system data from mobile device, including but not limited to Authority information, Mail, Calendar, Internal phone lists, supporting documentation. • Inspectors require remote access to a range of industry sector web sites e.g. the MPI portal • Mobile food inspection functionality needs to incorporate the following: <ul style="list-style-type: none"> ○ Recording of inspection results and conditions onsite with electronic check sheets that can be configured by HCC admin staff ○ Different check sheets available for different types of food premises: catering, butchers, dairies, etc. plus special templates for specific foods e.g. sushi ○ Availability of previous inspection reports during the inspection ○ Ability to capture photos during the inspection and upload to core system ○ Ability to record the time spent on the inspection/s ○ TRIM Documents available on mobile devices ○ Maps available on mobile devices with links to the inspection booking and location <p>The bulk of the Audit Verification report can be generated automatically from the information captured during the inspection/s for the Food Control Plan</p> <p>Desirable business requirements City Safe</p> <ul style="list-style-type: none"> • Provide fully automated and paperless processes 		
Stream 2 - Implement an Asset Management Mobility Solution		
<p>Core business requirements</p> <ul style="list-style-type: none"> • Mobile Asset Management solution that allows field staff to enter asset information and work order information at the work site. • Mobile Asset Management solution that allows for the use of GPS data to assist with the location and identification of assets. • Mobile Asset Management solution that allows for field staff task lists to be viewed and managed on the mobile device. 		
2.2 Available Options – Long List		
Dimension	Description	Options
Scale and scope	In relation to the proposal how big/small could this be? e.g. by levels of functionality, unit/group/organisation-wide	Options for scope 1. Inspector mobility solution only 2. Asset Mobility Solution Only 3. Both inspector mobility and Asset Mobility Solution Options for scale within HCC 1. Solution for all City Environments inspectors and all units managing assets in Hansen. 2. Solution for use for BCU functions only 3. Implement Asset Mobility for a subset of units. Options for scale through partnerships 1. None
Service Solution	How can services be provided? e.g. potential solutions and answers, use of technologies	Technology options 1. Use of 'off the shelf' technology, customised for HCC 2. New technology solution built specifically for HCC 3. Solutions hosted in the cloud 4. Solutions hosted at HCC data provider data centre.
Service Delivery	Who can deliver the services? e.g. in-house, out	Options for service delivery provider 1. Delivered completely in-house making use of IS and business resources to define, design and deliver technology solution

	sourced, alternative procurement strategies	<ol style="list-style-type: none"> 2. Delivered through outsourcing to a technology solution developer (custom built) or solution provider (off the shelf) 3. Combination approach with definition and project management carried out in-house and design and delivery outsourced
Implementation	When can the services be delivered? e.g. timing and staging, big bang, phased, modular	Options for service delivery <ol style="list-style-type: none"> 1. Phased approach to complete project with gates after each Phase 2. Accelerated approach commissioning all Phases simultaneously Options for project staging <ol style="list-style-type: none"> 1. Synchronised delivery of Inspector Mobility Solution and Asset Mobility 2. Phased delivery of mobility to different business units.
Funding	How can it be funded? e.g. Capital, operating, PPP, grant	Options for project funding <ol style="list-style-type: none"> 1. Utilise current allocations to project: <ul style="list-style-type: none"> • 2013/14 BCU operating: \$500,000 • 2014/15 IS capex: \$750,000 2. Options for additional funding: <ol style="list-style-type: none"> a. 2014/15 BCU operating funds

2.3 Preferred Option – engage with stakeholders to develop this and identify whole of life cost of the proposal identify the preferred option , describing strategic fit, how well it meets the business requirements and its advantages and disadvantages

The preferred Option is to:

- Deliver both Inspector Mobility and Asset Mobility Solution concurrently as there are synergies in delivering the two mobile streams as part of the same project
- Deliver a solution for all City Environments inspectors and all units managing assets in Hansen
- Use of ‘off the shelf’ technology, customised for HCC
- The solutions should be a mix of solutions hosted in the cloud and solutions hosted at HCC data provider data centre depending on the options provided by the vendors
- A Phased approach will be taken to complete the project with gates after each phase
- Phased delivery of mobility business units by business unit

2.4 Potential Value for Money Describe how the preferred option maximises value for money

An REOI process was conducted to identify suitable suppliers and solutions in the marketplace that meets HCC’s business requirements for mobility, and which supplier represents the best value for money.

Delivery of mobility to City Environments inspectors and all units managing assets in Hansen targets the groups that will provide most value for money because of the proportion of work performed in the field and the volume of data required to be manually entered later.

Delivering the inspector and asset mobility solutions as part of the same projects will allow the streams to work together on the rollout, sharing knowledge and costs. This approach also ensures a consistent approach to mobility is taken across the groups.

As the requirements for both areas are consistent with those of other local government organisations off-the shelf solutions will offer best value for money over the lifetime of the solution.

As application mobility is a new technology area for HCC, the use of a phased approach de-risks the project and allows for adjustments to be made to the project over it’s lifetime, while retaining full control of time, cost scope and benefits.

A phased delivery of the mobility solution business unit by business unit will minimise business disruption and de-risk the deployment.

2.5 Achievability

Outline how the preferred option will be successfully delivered

Internal Capability**Business Units**

Management and staff will be utilised as system owners, subject matter experts and project team members throughout the life of the project by IS.

IS

A Project Manager has been specifically employed (Mark Donnelly) to manage and deliver the Mobility Project and the IS Change Manager has been allocated to manage change components of this project. Additional resources, including Business Analysts, will be engaged as contractors for fixed periods of time during the project.

Finance, PMO, Procurement, Risk, Communications

Stakeholders within the wider business will be consulted and utilised for their expertise.

External Providers

External providers will be used to design and deliver the technology solution. The providers were selected using an REOI, in accordance with the Procurement Plan. Refer to Section 3.1a for additional details.

2.6 Affordability

Outline how the preferred option will be funded

Refer to Section 4, *Financial Case*, for additional details of funding sources.

The project (capital and operating) will be funded from IS Programme of Work capital budgets and existing committed funds from BCU's 2014/15 operating budget.

3.0 COMMERCIAL CASE Resource requirements					
3.1 Identify the resource requirements – define internal and external?	3.1a Proposed procurement strategy – the how not the what Council's Procurement Policy & Procedures Manual				
<p>Business Units Staff costs, are covered under the relevant operating budget.</p> <p>Direct staff costs for this project are covered by general overhead costs and will include time for consultation with the Project Team, user testing of solutions and user training.</p> <p>The risk that key staff members are not available to provide input into the project when required is identified in the project risk register.</p> <p>IS IS has allocated a Project Manager to this project as required to deliver the Mobility Project.</p> <p>IS plans to engage contractors for other business analysis and data roles as required.</p>	<p><i>Inspector Mobility Solution</i> HCC has undertaken a two stage procurement process to engage a vendor for the Inspector Mobility Solution. A public Request for Expression of Interest (REOI) was issued in mid September. The responses were evaluated using the price/quality method. The document was issued through LG Tenders and managed by HCC's Procurement Manager.</p> <p>Scoring for a suitable vendor to deliver the asset management component was sufficiently clear cut to identify a preferred vendor.</p> <p>Two Inspection Solution Vendors were invited to an interactive session to gain a further understanding of HCC's requirements and provide a live demonstration of their solution on the 5th of December.</p> <p>After those session the two proposals were rescored and a preferred inspections vendor selected.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Procurement plan ref: D-1560313</td> <td style="padding: 5px;">Contract 13116 - Enterprise Mobility So</td> </tr> <tr> <td style="padding: 5px;">The REOI ref:D-1564967</td> <td style="padding: 5px;">Contract 13116 - Enterprise Mobility So</td> </tr> </table>	Procurement plan ref: D-1560313	Contract 13116 - Enterprise Mobility So	The REOI ref:D-1564967	Contract 13116 - Enterprise Mobility So
Procurement plan ref: D-1560313	Contract 13116 - Enterprise Mobility So				
The REOI ref:D-1564967	Contract 13116 - Enterprise Mobility So				

4.0 FINANCIAL CASE Affordability and funding requirements				
4.1 Description	4.2 Amount	4.3 Timing	4.4 Funding	4.5 Budget Notes
Capital costs				
Licenses and Infrastructure	\$501,000	March-August 2015	PIF12049 BCU OPEX	
Vendor Implementation	\$185,295	January-October 2015	PIF12049 BCU OPEX	
HCC implementation	\$351,000	January-October 2015	PIF12049 BCU OPEX	
Miscellaneous Costs	\$16,000	January-October 2015	PIF12049 BCU OPEX	
Project Total	\$1,053,295			
Contingency (15%)	\$190,000		PIF12049 BCU OPEX	Review contingency at first phase gate.
Total Budget	\$1,243,295			
Project funding				
<i>Status</i>	<i>Funding Source</i>	<i>Amount</i>	<i>Allocated workstream</i>	
Committed	BCU 2013/14 opex	\$500,000	Inspector Mobility Stream (SaaS)	
Committed	PIF12049	\$750,000		
Identified	BCU 2014	\$50,000 p/a	Operating costs (ongoing)	

Estimated Ongoing OPEX Costs

	Funding Source	Year 1	Year 2	Year 3	Year 4	Year 5-10
Infor Annual Support and Maintenance	IS Licence & Support		\$31,000	\$31,000	\$31,000	\$31,000
Datacom SaaS Fees	BCU OPEX		\$48,000	\$48,000	\$48,000	\$48,000
Device Replacement/Turnover @ 30%/year	Business Unit OPEX		\$75,000	\$75,000	\$75,000	\$75,000
Assets Device Data Plans	Allocated to business units using IS Cost Recovery Model	\$36,000	\$34,200	\$32,490	\$30,866	(Continue to reduce at 5%p.a)
Environments Device Data Plans	Allocated to business units using IS Cost Recovery Model	\$36,000	\$34,200	\$32,490	\$30,866	\$29,322
Total Cash Costs		\$72,000	\$222,400	\$218,980	\$215,731	

Notes

- Y1 Support and Licence costs included in project budget
- Assume 10 Year Lifetime for Solutions
- Assume devices provided are in addition to existing provision
- Vendor support and maintenance costs are taken from REOI Responses
- Device replacement costs based on 30% fleet replacement yearly from year 2.
- Data Costs are based on \$60/m data plan per user, cost reducing over time as data costs continue to reduce
- Unit Administration costs are expected to be absorbed within existing personnel costs and/or as a replacement for costs eliminated by mobility.
- Does not include depreciation.

4.6 Comments – describe any contracting mechanisms that may apply and identify costs associated with risk. Provide any additional details on the above as appropriate

Approximately 15% contingency has been included. At each phase gate project budgets and contingency will be reviewed as more information becomes known.

Staff costs, are covered under the relevant operating budgets. Direct staff costs are covered by general overhead costs and will include time for consultation with the Project Team, user testing of solutions and user training.

All costs are GST exclusive.

5.0 MANAGEMENT CASE Ensuring successful delivery

5.1 Stakeholder Engagement

A workshop was held with BCU management as part of this Business Case preparation to confirm the scope of works to be included in the project and agree the desired high level project benefits. BCU management and employees have also been extensively involved in the preparation of business requirements for the inspector mobility solution.

Requirements gathering workshops were held with the Asset management teams and they have subsequently given feedback on the benefits they expect to obtain from mobility.

User groups for both streams have received demonstrations of the proposed vendor solutions.

As part of the project delivery a change management plan comprising of the following will be developed by the IS change manager:

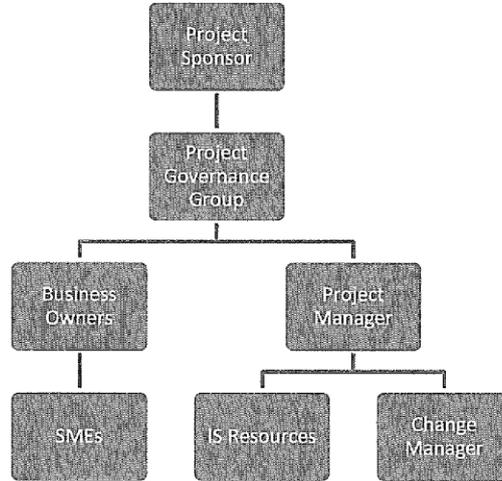
- Business engagement plan
- Communications plan
- Stakeholder Identification Matrix
- Sponsor Communication/engagement plan
- Training approach
- Training Plan
- Resistance Management Plan

5.2 Proposed Implementation Plan

A Project Initiation Document will be drafted once the business case is approved. This will be updated prior to the commencement of each Phase of the project.

An overview of the proposed governance and management structure, project and deliverables is provided below.

Governance and Management structure



- Project Sponsor -Brian Croad (GM, City Environments)
- Project Governance Group (PGG)
 - Brian Croad (GM, City Environments)
 - Jason Dawson
 - CIO
 - Simon Young
 - David Gunn (Solutions Delivery Manager, Information Services)
 - Graeme Savage (Group Business Manager, City Environments)
- Project Manager- Mark Donnelly
 - Change Manager – Robyn Manderson
 - Business Owners
 - Sally Sheedy
 - Emily Botje
 - UM City Parks
 - Phil Saunders
 - Kelvin Powell
 - Simon Young

IS resources and SMEs will be confirmed as the project planning is completed.

Updates will be provided to the IS Governance Committee and SLT at the completion of each Phase of the project. Resource requirements are briefly described in Section 3.1 This will be expanded as a project scope is developed.

Final composition of PGG will be determined by option approved and agreed with Project Sponsor.

Key Project Milestones

Business Case approval and commencement of Definition Phase	10 th December 2014
Vendors Engaged	17 th December 2014
<i>Definition and Design Phases</i>	
Vendor Engagement Start Date	12 th January 2015
Completion of Requirements Analysis by Vendors	27 th February 2015
Design Complete	16 th March 2015
<i>Delivery Phase</i>	
Testing and Training Complete	6 th July 2015

Staged rollout of mobility commences	6 th July 2015
Close Phase Complete Project Closeout Report	30 th August 2015
Project Deliverables	
<p>The project will deliver the following:</p> <ul style="list-style-type: none"> • Definition and Design Phases <ul style="list-style-type: none"> • Project Initiation Document • A Project Plan • Detailed requirements for Inspector Mobility and Asset Mobility. • Change Management Plan • Completed designs from vendors and IS for solutions, including detailed estimates. • Phase gate reports at the end of Definition and Design Phases. • Delivery Phases <ul style="list-style-type: none"> • Solutions build and testing. • Devices Procured. • Training and user documentation completed. • SMEs trained on solution. (Train the trainer) • Users trained. • User Acceptance Testing Complete. • Operational Acceptance Certificates • Support Plan • Phased rollout. • Close Phase <ul style="list-style-type: none"> • Project Close Report 	

BUSINESS CASE APPENDICES**Appendix 1.1 Stakeholder register**

Group	Unit	Impacted by Project	Unit Manager	Field Users	Note
	City Waters	Yes	Andrew Parsons	?	Mostly office staff with operational sites - not sure if use mobility as supported by City Delivery
	City Waters - Shared Services	No	Fiona Sutton	Yes	Possibly Trade Waste team, Sampling team at treatment plants
	City Delivery	Yes	Simon Young	Yes	
	City Development	No	Tony Denton	Yes	
	City Transportation - Parking team	No	Phil Consedine	Yes	currently use mobile technology
Community	Parks & Open Spaces	Yes	Sally Sheedy	Yes	Mostly office staff with operational sites - not sure if use mobility as supported by City Parks
	City Parks	Yes	TBA	Yes	
	Hamilton Gardens	No		Yes	
Performance	Property	No			Currently using SPM until mobility advances
City Environments	Building Control	Yes	Phil Saunders	Yes	
	City Safe	Yes	Kelvin Powell	Yes	Environment Health users
Organisational Development	Information Systems	Yes	CIO	No	Changes to support requirements.

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Appendix 2 Project Budget
Mobility Project Financial Summary

	Phase				Total	CAPEX/Opex Split	
	Define	Delivery	Deployment	Operation		CAPEX	OPEX
Licenses and Infrastructure	40,000 \$	195,000 \$	226,000 \$	40,000 \$	501,000 \$		
Infor Kern Mobile Solution	\$	75,000 \$	76,000 \$	- \$	151,000 \$	100%	
Infor Y1 Support and Maintenance	\$	- \$	30,000 \$	- \$	30,000 \$	100%	
Datacom Customer/Connect SaaS Fee	40,000 \$	40,000 \$	- \$	- \$	40,000 \$	100%	
Provision for Mobile Devices*	40,000 \$	50,000 \$	60,000 \$	60,000 \$	210,000 \$	100%	
Infrastructure	\$	30,000 \$	- \$	- \$	30,000 \$	100%	
Vendor Implementation	\$ 44,770	\$ 63,921	\$ 44,770	\$ 31,834	\$ 185,295		
Infor Implementation Costs	\$ 29,400	\$ 41,160	\$ 29,400	\$ 17,640	\$ 117,600	100%	
Datacom Implementation Costs	\$ 11,300	\$ 16,950	\$ 11,300	\$ 11,300	\$ 50,850	100%	
Vendor Expenses - travel and accommodation	\$ 4,070	\$ 5,811	\$ 4,070	\$ 2,894	\$ 16,845	100%	
HCC implementation	\$ 79,500	\$ 162,000	\$ 72,000	\$ 37,500	\$ 351,000		
Integration Cost - to existing applications	\$ 6,000	\$ 36,000	\$ 6,000	\$ -	\$ 48,000	60%	40%
Data Conversion Costs	\$ 6,000	\$ 30,000	\$ -	\$ -	\$ 36,000	60%	40%
Report Writing Costs	\$ 37,500	\$ 18,000	\$ 18,000	\$ -	\$ 36,000	60%	40%
Project Manager	\$ 30,000	\$ 45,000	\$ 30,000	\$ 22,500	\$ 135,000	60%	40%
Business Analyst	\$ 4,000	\$ 33,000	\$ 18,000	\$ 15,000	\$ 96,000	60%	40%
Miscellaneous	\$ 4,000	\$ 6,000	\$ 4,000	\$ 2,000	\$ 16,000		
Miscellaneous	\$ 4,000	\$ 6,000	\$ 4,000	\$ 2,000	\$ 16,000	100%	
Total	\$ 168,270	\$ 426,921	\$ 346,770	\$ 111,334	\$ 1,053,295		
Project Contingency					\$ 190,000		
Total Project including Contingency				Total	\$ 1,243,295		

Notes

Based on 75 Assets Field Users
 Based on 50 City Environments Staff
 Allocate \$2000/device purchase cost. iPad or Similar, plus case, charger and external GPS.
 Project Contingency at 20% for first phase. Reduce to 10% once detailed requirements and design complete
 Assume HCC Azure environment used for hosting of Infor components.
 Allowance made in project budget for Y1 S/W support and maintenance.
 No provision in Project budget for mobile data costs.

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Graeme Savage

From: Louise Lukin
Sent: Tuesday, 16 December 2014 10:17
To: Graeme Savage; David Gunn
Subject: Draft SLT Meeting Minutes - Enterprise Mobility Business Case

Good morning David and Graeme

Thank you for attending yesterday's SLT meeting. Attached are the minutes / action items from your section. Please let me know if you require any amendments.

1.	Enterprise Mobility Business Case <ul style="list-style-type: none"> • Graeme Savage and David Gunn talked to business case • Project funded in current financial year budget. Will not be affected if LTP budget changes • Business case endorsed by SLT – to implement mobile solutions for asset management and regulatory purposes 	
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Regards

Louise Lukin
 Executive Assistant to Chief Executive

DDI: +64 7 838 6975 | Mobile: +64 21 994 942 | Email: louise.lukin@hcc.govt.nz

Committee: Finance Committee

Date: 19 February 2015

Report Name: Community Occupancy Applications

Author: Linda Kelm Handley

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Community Occupancy Policy</i>
Financial status	<i>There is not budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

2. This report seeks Council approval to:

- Grant a new community occupancy agreement to the Hamilton City Bowling Club Incorporated for part of Hinemoa Park;
- Grant a further rental discount to the Riding for Disabled (Waikato Group) Incorporated for part of Hamilton Park Cemetery.

3. Recommendations from Management – Recommendation to Council

That:

- a) the Report be received;
- b) Following Section 54(1)(b) of the Reserves Act 1977, Council approves the granting of a new community group lease to the **Hamilton City Bowling Club Incorporated** for premises at Hinemoa Park as outlined in Attachment 1, being Section 1 SO Plan 57622, subject to the following terms and conditions:
 - (i) Term - Two years commencing 19 February 2015;
 - (ii) Rent - \$9,380.00 plus GST per annum in accordance with 5.6 of the Community Occupancy Policy;
 - (iii) All other terms and conditions in accordance with the Community Occupancy Policy and Community Occupancy Guidelines, and
- c) in accordance with Section 5.6(iv) of the Community Occupancy Policy, Council adopts a rent of \$4,019.35 plus GST per annum for **New Zealand Riding for the Disabled Association (Waikato Group) Incorporated** at Hamilton Park Cemetery, subject to annual CPI adjustments and a further review in 2018.

4. Attachments

Attachment 1 - Hamilton City Bowling Club Lease Area and Community Outcomes Plan

Attachment 2 - Riding for Disabled Lease and Licence Areas

5. Key Issues

6. Hamilton City Bowling Club Incorporated (Club)

- The Club has had a lease at Hinemoa Park since 1993. Their lease commenced in April 1993 for a term of 20 years and expired in June 2013. On expiry, the term was extended for a further 12 months expiring 30 April 2014. Since this date their occupation has been on a monthly basis.
- The bowling complex was developed by Council in 1993 as part of the relocation of the then Hamilton Bowling Club and Whitiara Bowling Club to Hinemoa Park to allow for the Cobham Drive/Tristram Street link road development.
- There are currently 11 bowling clubs in Hamilton City. The Regional Sports Facility Plan 2014 identifies the bowling green facilities at Hamilton City Bowling Club as the proposed regional level outdoor facility (Bowls Centre).
- The Club is working with Sport Waikato and the neighboring Hamilton Squash and Tennis Club to form a more partnership-oriented facility use model to facilitate efficient use of resources. Staff are exploring this concept with the Club and Sport Waikato.
- This supports the direction of the Regional Sports Facilities Plan which identifies the need for bowling clubs to examine amalgamation and partnership opportunities.
- The Club has sought a lease term of two years to enable develop the partnership model. A new lease would then be sought by the umbrella organisation.
- The proposed lease area is outlined in Attachment 1 and comprises the Council-owned clubrooms, implement shed, car parking and bowling greens.
- The Club currently pays \$365.53 plus GST per annum with a proposed rental rate of \$9,380.00 plus GST per annum.
- The proposed rental is based on a land area of 14,290m² including two buildings; clubrooms 748m² and an implement shed 160m²; assessed as category 2 and 5 buildings respectively, calculated in accordance with Section 5.1 of the [Community Occupancy Guidelines](#) (Guidelines).
- The Club has a current membership of 55. In addition there are up to 1000 users of the facility per annum including casual bowlers, business house bowls, community events and tournaments. The Club allows the mahjong club, indoor bowls, secondary schools, corporates and other community groups to use the facility.
- The Club has not applied for exceptional circumstances, but has acknowledged the rental increase will impact on the long-term sustainability of the Club as like other bowling clubs they have a declining membership. The Club is actively working to attract new members and users.
- The Club meets the eligibility criteria for community occupancy as set out in the [Community Occupancy Policy](#) (Policy).
- The application has been assessed against the assessment criteria for community occupancy as set out in the Guidelines.
- Section 1 SO Plan 57622 is reserve land classified for the purpose of recreation under the Act. The Operative Sports Parks Management Plan 2009 contemplates the Bowling Club.
- Staff recommend the granting of a community group lease to the Hamilton City Bowling Club Incorporated for a term of two years in accordance with Section 5.5 of the Policy.
- Staff have worked with the Club to develop a community outcomes plan (Attachment 1) which identifies benefits to the community and targets to review performance. This will

form part of the lease agreement and will be monitored in partnership with the community group.

- Essentially granting a two year lease gives the Club the opportunity to see if a sustainable partnership model with the Hamilton Squash Club is achievable.

7. Riding for Disabled (Waikato Group) Incorporated (RDA)

- RDA has a current lease and licence to occupy Council-owned land at Vaile Road, adjoining Hamilton Park Cemetery. Both agreements commenced in September 2008 for a term of 12 years, expiring August 2020.
- The lease is made up of 87,800m² of land and includes a 120m² building. The licence includes 51,800m² of land. The area is outlined in Attachment 2.
- Under the new Policy, RDA's rent has increased from \$4,019.35 to \$7,995.00 plus GST per annum.
- RDA submitted an application for exceptional circumstances, asking for a rental of \$2,187.00 per annum.
- Section 5.6(iv) of the Policy allows Council to use its discretion to adopt a different rent where exceptional circumstances apply.
- Section 5.4 of the Guidelines delegate authority to the General Manager Community to recommend, or decline to recommend to Council, any applications for a further rental discount.
- The Guidelines require Community Groups to meet the eligibility criteria defined in Section 5.1 of the Policy regardless of exceptional circumstances. RDA meet the eligibility criteria of the Policy, however finances are constrained.
- Staff have a clear view RDA demonstrate exceptional circumstances and recommend RDA's rent stays at the current rate of \$4,019.35 plus GST per annum. The exceptional circumstances are:

RDA provides exceptional community benefit

- RDA provides interaction with horses to develop increased ability, independence and self-esteem for children and adults with physical, intellectual, emotional and social challenges.
- RDA provide a unique service to the children and adults who use it, who might otherwise have limited access and opportunity to participate in activities of this nature.
- RDA's programmes provide exceptional community benefit to the community – particularly to the 222 riders, and 113 volunteers, and their families, who participated in the past year.
- RDA are sustainable in terms of volunteer and user numbers.

Financial hardship

- RDA is a voluntary not-for-profit charitable organisation. RDA is not Government funded and relies on support of the community via volunteers and donations towards running the centre.
- RDA's operations are complex involving land and animal management, where animal health costs are uncertain.
- Parks and Open Spaces and Finance staff have reviewed RDA's accounts. RDA practice prudent financial management. They do everything possible to control costs, absorb increased expenses e.g. accident compensation levies and decreased income e.g. donations.
- RDA advises their capacity to increase donations and grants is limited and this source of income is uncertain and varies from year to year.
- Many riders are from low income families and, or already face an additional financial burden through cost of care. RDA advised they are concerned with raising fees

because doing so would make the service unaffordable for many users. However, to absorb the additional rent, this may be their only option to continue operating.

- Increasing rent by \$3,975.65 would result in extreme financial hardship for the organisation and may impact the users.

Long-term occupancy

- RDA is a well structured, operated and highly regarded organisation and has a long-standing relationship with Council, as a tenant.
- From 1993 to 2008, RDA occupied Foreman Park for \$1.00 per annum. In July 2001, Council resolved to dispose of Foreman Park and that a portion of the proceeds of sale be required to purchase new reserve land to accommodate RDA, unless other suitable reserve land was available in Council ownership.
- RDA was relocated to Vaile Road. Both RDA and Council incurred significant costs as a result of the relocation: RDA approximately \$125,000.00, HCC approximately \$220,000.00.
- RDA is aware that eventual expansion of Hamilton Park Cemetery will require them to relocate again. To give Council flexibility for cemetery expansion, the licence to occupy allows Council to give RDA one month's notice at any time.

Alignment to Disability Policy

- Approving the rent reduction would be consistent with Council's [Disability Policy](#) which supports people with disabilities having equity and access enabling them to participate fully in the life of Hamilton City.

Benchmarking

- Staff compared the proposed rental with the financial arrangements for other RDA groups utilising Council land elsewhere in New Zealand. The proposed rental is significantly greater than RDA groups elsewhere which range from nil to \$1,500.00 per annum.

Precedent

- Because of the uniqueness of this service, and specific needs of the users, no precedent is set.

Summary

- RDA meets all criteria for Community Occupancy, they are well structured and operated, have a long-standing relationship with Council and have an increasing volunteer and user base. Their service is unique and provides exceptional benefit to the community but finances are constrained and they do not have security of long-term tenure. For these reasons, granting a further rental discount in this instance would not set a precedent that could be claimed by others.
- Staff recommend that this rental discount is reviewed when the square metre rental rates are reviewed in 2018, as part of the review process in Section 5.3 of the Guidelines, noting that a CPI adjustment on the discounted rental will be applied in the interim years.

8. Financial and Resourcing Implications

9. On adoption of the Policy and Guidelines, projected annual income from Community Occupancy was \$139,242.16.
10. Actual annual income is estimated to be \$137,838.10. To date, 22 new leases have been granted under the Policy. Projected annual income from these 22 was \$12,154.82 compared to an actual of \$12,524.05.
11. Variances are the result of confirming lease areas and building categories and additional tenants being covered by the Policy, e.g. Celebrating Age Centre.
12. Granting a further rental subsidy to RDA means income will be reduced by \$3,975.65 per annum to \$133,862.45.

13. Risk

- 14. There is minimal risk to Council in granting a new community group lease to the Hamilton City Bowling Club.
- 15. There is a reputational risk if the further rental subsidy is not granted to RDA.

Signatory

Authoriser	Lance Vervoort, General Manager Community
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Community Outcomes Plan – Hamilton City Bowling Club

Hamilton City Council Priority	Community Contribution	Target	Achievements
City Strategy			
<p>Active Hamilton People are Active</p> <ul style="list-style-type: none"> • People participate in organised and informal opportunities to be active • Our volunteer base is strong <p>Working together</p> <ul style="list-style-type: none"> • Strong regional and national partnerships • Our clubs and sporting codes are sustainable. <p>Social Wellbeing Strategy</p> <ul style="list-style-type: none"> • Encourage and support community led initiatives <p>Hamilton City Disability Policy</p> <ul style="list-style-type: none"> • Encourage other organisations in the city to provide an accessible environment for people with disabilities by modelling and publishing best practice. 	<p>Hamilton City Bowling Club provides a range of outdoor bowling activities for people of all ages, stages, abilities and interests.</p> <p>HCBC will:</p> <ul style="list-style-type: none"> • Increase membership/user numbers • Retain number of coaches • Share facility • Tournaments 	<p>Membership/User Numbers</p> <ol style="list-style-type: none"> 1) Increase full membership by 20% (30 – 36 members) 2) Increase casual use by 100% (25 – 36) <p>Coaching</p> <ol style="list-style-type: none"> 1) Maintain number of coaches at 3 <p>Uses of facility</p> <ol style="list-style-type: none"> 1) Marjong – weekly March – November 2) Indoor bowling Club – weekly May – October 3) Bowls Waikato – 20 sessions annually – tournaments, championships, centre events, training for high performance squad 4) Secondary School events – 5 times annually <p>Tournaments</p> <ol style="list-style-type: none"> 1) Hold at least 1 traditional bowls tournament annually 2) Hold 12 'Work Mates' bowls events annually 3) Hold one Disabled Bowls Tournament annually 4) Two 'Corner to Corner' event annually 5) Develop 'Barefoot Bowls' event to attract younger players <p>Establish Hamilton Sports and Leisure Hub by June 2016.</p>	



Committee: Finance Committee

Date: 19 February 2015

Report Name: Business Case for Rototuna
Reservoir and Bulk Water
Mains

Author: Christopher Barton

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Urban Growth Strategy, Sub-Regional Three Waters Strategy, Sustainable Hamilton and Economic Development</i>
Financial status	<i>There is budget allocated in the 2012-22 LTP, further funding is required through the 2015-25 LTP.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is considered to have a high degree of significance</i>

1. Purpose of the Report

2. To seek approval for the business case to construct a new water storage reservoir and installation of associated bulk water supply and distribution mains in Rototuna.

3. Executive Summary

4. This business case recommends the construction of a new water reservoir in Rototuna, which is required in order to support existing city needs and enable city growth.
5. The business case reaffirms the importance of strategic infrastructure to support both the existing and future demand for water supply management and distribution for the city.
6. Any deferral of this work will impose an extreme risk to the city.
7. Approval of the business case is required in order to further progress design, procurement and construction of the reservoir and associated supply and distribution mains.

8. Recommendations from Management

That:

- a) the report be received,
- b) the business case attached to this report for a new Rototuna reservoir and bulk water mains be approved, and
- c) the Committee agrees to proceed with the project recommended in the business case.

9. Attachments

10. Attachment 1 - Rototuna Reservoir and Bulk Water Mains Business Case

11. Key Issues

12. Business case
13. Council has a management policy that supports the development of robust business cases for selected projects from the 10-Year Plan.
14. The business case approach used by Council is based on the Treasury 2010 Better Business Case (BBC) model which now has wide acceptance throughout New Zealand.
15. The BBC is a five case model incorporating:
- Strategic case- a compelling case for change, strategic fit and business needs
 - Economic case- preferred option that optimises value for money
 - Commercial case- Commercially viable over the project term
 - Financial case- affordable from available funding
 - Management case- achievable and can be successfully delivered
16. Staff are seeking Council approval of this business case due to the significance of the project and the high capital cost involved.
17. Strategic Case
18. The Rototuna Reservoir project is a key component of the Hamilton City Water Master Plan, supporting both existing needs and enabling growth in Hamilton's northern, eastern and western growth cells.
19. Currently over 90% of Hamilton City's water storage capacity is located on the western side of the city, and water supply to the eastern side of the city is reliant on strategic river crossings. The lack of storage on the eastern side of the city presents risks to operation during emergency or high demand periods, and also restricts city growth opportunities.
20. Construction of a new 24 megalitre water reservoir in Rototuna along with associated supply and distribution bulk and trunk water mains is required to be in place by 2018 to ensure water supply to and support continued growth in Rototuna.
21. The optimal timing of this reservoir was deferred as part of the current 2012-22 10-Year Plan and any further deferral of the construction of this reservoir will impose an extreme risk to the city.
22. Bulk water mains are required to be installed to fill and operate the reservoir. This bulk supply will be from the city bulk distribution network currently located on Resolution Drive between Wairere Drive and Thomas Road.
23. This Water Master Planning work has added scope to the project as originally conceived in the 2012-22 10-Year Plan.
24. The outcomes of constructing the new reservoir and associated bulk mains are:
- Security of supply city wide and particularly in the north east of the city for existing residents;
 - Provide the capacity necessary to meet the growth demands of the city particularly the north east and also Pukete and Rotokauri; and

- To reduce the workload on the water treatment plant by providing adequate storage in the north east and to progress the strategic outcome of servicing demand from reservoirs and not direct from the network.

25. Economic Case

26. The only viable option to address the issues is the option outlined in this report and the business case to construct a new water storage reservoir. Sub options are available to stage the amount of storage but technical analysis as outlined in the business case has ruled these options out.
27. The proposed reservoir site is located at 303 Kay Road, a location which provides appropriate topographical and geographical features within the Rototuna growth cell. This site was chosen in 2004 and has been designated to allow construction to proceed.
28. The Water Master Plan recommends the strategy of customer water supply being serviced from reservoirs and utilising bulk reticulation network to distribute to reservoirs rather than directly servicing customers. This strategy will allow better utilisation of network servicing and will reduce demand on the treatment plant at peak periods.
29. The need for increased storage has been integrated with the strategic intent to progressively service more demand from the reservoirs rather than direct service from the network and this approach optimizes value for money across all of the water infrastructure.
30. Consideration has been given to preparing the site for the reservoir and has resulted in a methodology to pre-load the site rather than utilize piled foundations. This means that expensive piles can be avoided if the site is loaded up with earth fill and left for a period of time to consolidate the ground. This approach has the potential to deliver significant savings but it does result in a requirement for capital funding deferment from 2014/15.

31. Commercial Case

32. The business case supports the view that the recommended approach is commercially viable over the project term and that it can be delivered using existing suppliers and standard procurement practices.
33. Following approval of the business case the project team will address the delivery aspects of the recommended option.

34. Financial Case

35. The scope as funded in the 2012-22 10-Year Plan has been changed to reflect the Water Master Plan provisions and strategy to service customers from the reservoir. This has resulted in an increased overall budget to deliver this solution from that outlined in the 2012-22 10-Year Plan.
36. The anticipated programme is a four year project, delivered via multiple design and construction contracts. The funding programme supported by the Business Case and as included in the current 2014/15 Annual Plan and proposed 2015/25 LTP is outlined below:

Year	1 (2014/15)	2 (2015/16)	3 (2016/17)	4 (2017/18)	Total Cost
Budget	\$4,857,000	\$6,447,000	\$7,925,000	\$50,000	\$19,279,000
Forecast Spend	\$810,000	\$10,494,000	\$7,925,000	\$50,000	\$19,279,000
Comments	\$4,047,000 deferred to 2015/16.				

- 37. Management case
- 38. This project will be delivered using an appropriate management structure with oversight through a Project Governance group and a Project Steering Group.

39. Financial and Resourcing Implications

40. Risk

- 41. Deferral or non-completion of this project is an ‘extreme’ risk under the Council risk profile guidelines.
- 42. Project risks are identified in the attached Business Case.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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HAMILTON CITY COUNCIL BUSINESS CASE SUMMARY

Summary

Business Case Name : Rototuna Reservoir and Bulk Water Mains development

Business Case Type (choose from list) Full

Business Case Focus (choose from list): Address issue

Risk Rating of the project (circle from list) Low

Financial Commitment

PIF No. (from 10 Year Plan) 12074 - AX code C9410084

- a) Capital Budget of \$19,279,000 commencing 2014/15 – finishing 2017/18. With the 2012-2022 10 Year Plan.
- b) Annual Operating Costs \$232,800 (includes depreciation) from 2018 for 100 years - the expected life
- c) Cost of Capital \$7,664,00 interest – assumes debt paid off over 100 years at an interest rate of 6.3%

Executive Summary

Hamilton City Council (HCC) water distribution system consists of a single water treatment plant at Peacockes Road, from which water is distributed via a ring main system to eight reservoirs throughout the City.

A number of strategic studies have been undertaken on the Hamilton City water distribution system. These studies have contributed to developing and defining the strategic direction for operation and capital works within Hamilton's water network.

Most recently the strategic studies have been reviewed through the draft Water Master Plan (the draft WMP). The draft WMP has been developed to inform the 30 year Infrastructure Plan (2015-2045).

The Rototuna Reservoir and Bulk Water Main are key components within the draft Water Master Plan, as their development is essential for supporting existing city needs and meeting the growing demands predicted to arise from the planned growth cells in Hamilton's north east (Rototuna schools, residential development and town centre) and north west (Rotokauri Stage 1). Rototuna will begin placing additional demand on the network from February 2016, with the commissioning of the new high-school.

The above mentioned studies demonstrate that:

- the city's (Aa) grade supply rating is at risk under the Drinking Water Standards (DWS) assessment process in terms of current growth and under emergency situations such as the Water Treatment Plant's ability to supply water.
- the Fairfield Reservoir, is the only current storage facility on the eastern side of the Waikato River. This reservoir represents 5% of Hamilton's total storage volume, however (at the time the reports were written) this area accounted for up to 40% of water demand with existing known developments increasing the demand disproportionately for the eastern side of the river.
- not all capacity is 'useable' under gravity feed, limiting allowances for emergency scenarios.
- the city's north is currently supplied by the Pukete reservoir which will not have capacity to service both Rototuna and Rotokauri, therefore, a new reservoir on the eastern side of the city is necessary to supply water and required fire fighting capabilities. This capacity is required to be available by 2018.

With 95% of the water storage located on the western side of the city City Water's is reliant on strategic river crossing pipes mainly located on Council owned traffic bridges. In a situation where the pipes are compromised, the

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storage on the eastern side of the city would run out within hours at the current average annual daily demand (AADD), and even quicker as the city grows.

Development required to be serviced for water supply and fire fighting from the Rototuna Reservoir include the Rototuna Town Centre and new Rototuna High School facility. These projects have progressed significantly, and while construction of the new high-school has started, it would be best practice to have infrastructure in place as required on a just in time basis. The need for water supply to meet these needs demands is now critical.

The Rototuna Reservoir was identified in the 2020 Water Supply Network Strategic Plan (July 2002), subsequently a Feasibility study was undertaken, land purchased and Designated in December 2002. The detailed design was completed in 2010 for the Reservoir to be operational by 2015, however the reservoir was deferred in the 2012/22 10 Year Plan, to be operational for 2018.

Development and demand has continued to grow with the water to supply the Rototuna area being provided by Pukete Reservoir as an interim solution. The Pukete reservoir has now reached its operational limitations for supplying its geographic extents and the permanent solution of having a reservoir to supply the Rototuna area is now critical. Without a reservoir in Rototuna being operational by 2018, to alleviate the demand on Pukete Reservoir, development in both the Rotokauri and Rototuna areas will place significant reputational and operational risk on Council and its ability to supply water.

The Rototuna reservoir will be located at 303 Kay Road. The site was chosen due to its elevation and geographic location within the Rototuna growth cell. The site was purchased in 2004 and has been successfully designated for the purposes of a water reservoir. Landscaping was undertaken early and is now well established, with visual screening well established in line with consent requirements.

The bulk water mains required to fill and operate the reservoir will consist of 7.4km of pipes (side by side) ranging in size from 450mm to 700mm diameter, extending from near the intersection of Wairere Drive and Resolution Drive for a distance of approximately 3.7km to the reservoir site on Kay Road. The reservoir and bulk water mains are integrally linked together in design to provide the right operational outcome.

The anticipated programme of work will span a four year period and will involve multiple contracts. The project is made up of three key components, as follows.

- Preloading of site \$ 0.600 million
- Bulk water mains \$ 8.149 million
- Reservoir construction \$10.530 million

The reservoir construction and bulk water mains each consist of numerous smaller professional services and physical works contracts.

An indicative programme of capital works based, on the funding in the current 2014/15 Annual Plan and proposed 2015/25 10 Year Plan, is outlined below.

Year 1 (2014/15) \$810,000 approximately

- Total budget in 2014/15 Annual Plan is \$4,857,000 (deferral of funding to complete physical works will be necessary)
- Contract documentation for reservoir including peer review and assessing value engineering opportunities
- Bulk water main construction contract awarded and commenced
- Reservoir enabling works including site preload

Year 2 (2015/16) \$10,494,000

- Budget comprised of \$6,447,000 in proposed 2015/25 10 Year Plan and above proposed deferral from 2014/15 annual plan of \$4,047,000 from 2014/15.
- Bulk water main construction contract continues

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<ul style="list-style-type: none"> Reservoir construction contract begins <p>Year 3 (2016/17): \$7,925,000</p> <ul style="list-style-type: none"> Bulk water main construction contract completion Reservoir construction contract continues <p>Year 4 (2017/18): \$50,000</p> <ul style="list-style-type: none"> Reservoir construction contract completion and reservoir and bulk water main commissioning <p>Detailed design for the Rototuna reservoir and bulk water mains has been completed with construction documentation by Opus International Consultants and internal peer reviews currently underway. The scope and design reflects the emerging water demand management approach across the water network.</p> <p>The risk of further deferral of construction of the Rototuna Reservoir is assessed as posing an extreme risk to Council and the city. Effectively failure to proceed will stall any development in the north east and north west of the city, as the ability to meet supply demand water for consumption and fire requirements will be unachievable.</p> <p>Note that the preferred solution identified in this Business Case carries a low project related risk.</p>
Review / Approval Summary
<p>Prepared By Business Owner _____ Date _____ (Name / Signature of individual)</p>
<p>Reviewed By PMO _____ Date _____ (Name / Signature of individual)</p>
<p>Reviewed By SLT _____ Date _____ (Name / Signature of individual)</p>
<p>SLT Decision (choose from list) <i>Choose an item.</i></p>
<p>Council / Committee Meeting (circle one) <i>Choose an item.</i> Date _____</p> <p>Resolution (adopted following Council/Committee consideration)</p>

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HAMILTON CITY COUNCIL BUSINESS CASE DETAILS

1.0 Strategic Case – complete for **ALL** business cases

Ensuring an appropriate strategic fit and making a robust case for change

1.1 Position

Where are we now - what's the issue / opportunity we are trying to address? Where do we want to be? Define clear SMART objectives that can be directly linked to your proposed outcomes (benefits)

Hamilton's water treatment plant, located at Wairoa Terrace, is responsible for providing flow and pressure to the majority of the city. The treatment plant's supply is supplemented by seven operational reservoirs within the city.

Growth demand is a combination of increasing population and the economic performance of the city into the future.

Current reservoir storage across all eight sites provides 82ML. To meet the city's 2021 projected demand for water, based on consented and zoned land in the wider Rototuna area, an additional 24ML storage capacity is required to sustain existing and future demand while also maintaining the current Aa water grade as per the Drinking Water Standards of New Zealand.

The storage capacity of at least 24hours of storage has been determined by the Drinking Water Standards of New Zealand and through best practice analysis and in conjunction with network operation objectives, necessary to support the current Aa water grade.

Geographically 95% of the current water storage is located on the western side of the city, with only one operational reservoir located on the eastern side. The city is therefore critically reliant on strategic river crossings to provide water to the east in emergency situations.

Growth in the north eastern part of the city has seen the city demand on water flow and pressure increase. With the deferral of the reservoir construction required the distribution network to operate at optimum levels to supply flow and pressure, however approximately 4200 dwellings in Rototuna are still to be developed, compounding this a town centre is planned and a 2500 pupil secondary school is scheduled to open in 2016.

Growth in Rototuna to date has been supported with water flow (volume) and pressure via the Pukete reservoir and directly from the water treatment plant. The Pukete reservoir has now reached its operational limitations for supplying its geographic extents, and will no longer be able to guarantee the minimum level of service into the near future. Pukete reservoir or the treatment plant individually would not be able to provide correct pressure and flow to the northern zones of the city during peak demand or in the event of an emergency.

The concept of a new reservoir in Rototuna was identified in Council's 2020 Water Supply Network Strategic Plan (July 2002), the need has been further supported by the development of the water network hydraulic model (2013), Water Activity Management Plan (2015-25 draft) and draft Water Master Plan (2014).

24ML of additional storage is necessary within the Rototuna area to serve the growth cell. Historic planning had considered a staged approach could be taken by building one 12ML reservoir early and an additional 12ML reservoir at a later point in time. As investigations have progressed this approach has been discounted primarily because of timing i.e. based on current growth predictions, the building of a second reservoir would need to occur within 5-7 years of building the first. The significant additional cost of building two structures would not provide a best value for money solution.

Funding for a new reservoir in Rototuna was included in the 2009-19 10 Year Plan, with construction anticipated to be complete by 2015. The development of the 2012/22 10 Year Plan saw the construction of the Rototuna Reservoir deferred. A "just in time" construction approach was agreed to be applied and by utilising existing infrastructure, construction for the reservoir and bulk main was able to be reprogrammed to commence in 2014/15 with a view to completion in 2016/17.

A 24ML reservoir and associated bulk and trunk water mains are required to be in place by 2018 to support the continued growth in Rototuna. This deferred delivery date has continued to place strain on the existing network, and as growth and demand increase over time the ability to supply water at peak periods will become critical.

Works include:

- 24 ML concrete reservoir
- Bulk water main to connect reservoir to existing bulk ring main. Approximately 3.0km of 550mm diameter pipe
- Trunk distribution servicing the local reticulation from the reservoir. Approximately 1.0km of 710mm diameter and 3.3km of 550mm diameter. (7.4km of pipe network laid in parallel over a 3.7km distance)

1.2 Outcomes (benefits)

What are the expected benefits that will be delivered as a result of this work - Develop these with Stakeholders along with SMART objectives and defined long term value for money this BC work will deliver

Long term outcomes of constructing a reservoir in Rototuna is:

- Deliver security of supply in north east Hamilton for existing customers. Although day to day levels of service are currently maintained, the additional storage within the geographic location will provide the necessary redundancy in emergency situations.
- Deliver the capacity necessary for the continued growth in Rototuna, giving effect to development in line with the Rototuna Structure Plan which includes over 4000 additional residential dwellings, a town centre and all levels of schooling. Modelling indicates the 24ML reservoir will sustain demand through to and beyond approx. 2061 before requiring additional capacity.
- Decrease the reliance on other infrastructure including the Pukete reservoir. The Pukete reservoir commits significant capacity to servicing Rototuna. The Rototuna reservoir will enable Pukete capacity to be reallocated to the Rotokauri Stage 1 growth area.
- A reservoir in this location has the potential to support sub-regional outcomes, able to supply water north of Hamilton subject to agreements with District Councils. This future proofs connections further to the north currently outside of the city boundaries.
- The 2012/22 10 Year Plan only included a single bulk water main to fill the reservoir. The opportunity now exists through the 2015/25 10 Year Plan to include the necessary trunk pipe network and associated connections into the existing reticulation as part of these works. This enables key objectives in the Water Management Plan to strategically manage the supply of water via reservoirs in lieu of directly from the network which eases the peak demand from the Water treatment plant.

1.3 Strategic Alignment

Describe how the proposed work aligns to either individual or multiple HCC strategies

<http://www.hamilton.co.nz/our-city/city-strategies/Pages/default.aspx>

The risk rating for the undertaking of the project (the physical construction of the reservoir) is evaluated as a low risk to Council.

However the strategic risk to Council in not constructing the reservoir is an extreme risk as this would place significant reputational and operational risk on Council and its ability to supply water City wide.

Currently demand in the northern areas of Hamilton is drawing water supply from other parts of the city, therefore undermining the ability to provide a resilient level of service city wide.

With the location of a reservoir in Rototuna, the demand on other areas of the city is alleviated, future development is

supported by a robust infrastructure, and elevated areas (currently experiencing low flow, pressure and localised peak demand outages) in the northern parts of the city gain an improved reliable level of service.

Supporting growth through delivering key infrastructure aligns with four key strategies.

Subregional Three Waters Strategy

Future Proof partners have worked together to develop a strategic focus and direction on critical Three Waters issues for the sub-region over the next 50 years, with a vision for the "...delivery of integrated, sustainable and well managed Three Waters service for the sub-region...".

The strategy identifies nine strategic issues, of which three are addressed as part of this project.

1. *Ensuring the protection and improvement of public health and safety, and providing appropriate water sanitary services and hazard management practices.*
A new reservoir in Rototuna delivers and protects the necessary levels of service as the city grows, providing resilience in emergency situations through providing appropriate flow and pressure to customers to maintain the city's Aa water grading.
2. *Meeting future anticipated and planned for growth demands*
The sub-regional Three Waters strategy recognises the Rototuna Structure plan and sets out waters infrastructure to facilitate the planned growth.
3. *The need for integration of land use and water planning management*
Future Proof partners have worked together to develop a strategic focus and direction on critical Three Waters issues for the sub-region over the next 50 years, with a vision for the "...delivery of integrated, sustainable and well managed Three Waters service for the sub-region...".

The draft Water Master Plan (2014) sets out the overall approach to dealing with drinking water supply, storage and distribution and is informed by the Three Waters sub-regional strategy. The direction this approach is taking is to;

- Provide appropriate operational storage across the city in locations which provide optimal network operation, realising tangible efficiencies that will factor into future capacity upgrades.
- Provide sufficient drinking water supply planning and investment to support intensified growth in a planned, rather than reactive, manner.

The Rototuna Reservoir design includes the potential for integration with known and proposed surrounding regional demands and fits in with the strategy. However, the existing and known future development demands inside current HCC boundaries validates the need for the Rototuna Reservoir as a critical piece of infrastructure required to be operational no later than 2018.

Hamilton Urban Growth Strategy (HUGS)

The Hamilton Urban Growth Strategy recognises and prioritises the Rototuna Structure Plan within the context of city wide growth across a number of Greenfield areas including Peacocke's, Rotokauri Stage 1, and more recently Ruakura. Identifying that through development of areas already included in the Rototuna Structure Plan, growth will continue for up to 10 years including a new town center, schools, and over 4000 new residential dwellings.

Progressing the construction of the planned reservoir at the Kay Road site actively contributes to the Sustainable Hamilton and Economic Development strategy for the City.

Continued growth in Rototuna and new growth beginning in Stage 1 Rotokauri delivers on the city's Economic Development objectives through providing supporting infrastructure for residential, commercial and employment zoned land, with developers already actively engaging with Council over fast tracking some aspects, a new policy/plan or an implementation action for an existing policy/plan.

Hamilton 30 year Infrastructure Strategy

The 30 Year Infrastructure is currently in the development stage and will encompass the above strategies to deliver a direction on infrastructure requirements in the next 30 years.

Sustainable Hamilton

A water reservoir located in Rototuna will:

- Create efficiencies within the existing network. Network optimisation then results in less energy input requirements to meet peak demands. This is achieved through supplying water by using the reservoirs to zones or areas in lieu of feeding direct from the bulk network and using the treatment plant to provide the required pressure and flow to the entire city.
- Enable the water treatment plant to operate at a more consistent rate of water supply through peak demand periods creating usable capacity.
- An elevated site for the reservoir allows for a gravity supply to a greater number of customers resulting in less energy consumption than pumping directly from the water treatment plant.

Economic Development:

- Growth in Hamilton includes large areas with industrial, commercial and residential development potential. Land developers are actively engaging with Council with detailed forward works programmes indicating a readiness to go. Construction of a Rototuna reservoir will facilitate growth and development to continue by providing a key piece of water infrastructure.
- With additional land now zoned and available for development in Rotokauri, developers are actively engaging with Council to progress infrastructure. The city's north (Rototuna and Rotokauri) is currently supplied by the Pukete reservoir which will soon not have capacity to service both Rototuna and Rotokauri. The Rototuna reservoir will replace the existing supply to the Rototuna area currently supplied by Pukete Reservoir, and enable Pukete Reservoir to target the servicing of the Rotokauri land development. Although there are other infrastructure constraints to be considered before this capacity can be properly utilised, it removes a significant hurdle to allowing growth to take place.

1.4 Organisational Context

Outline how this work will assist HCC achieve its business goals (Refer HCC's Organisational Plan [D-797552](#))

The 2013/14 organisational plan has four goals:

- **People - Our Organisation is a great place to work with a good reputation**
- **Customer - Our Organisation provides exceptional customer service**
- **Business - Our Organisation has leading business practices, processes and systems**
- **Finance - Our Organisation delivers value for money and financial sustainability**

This project addresses objectives within three of these goals.

Customer

Protects public health through having the right systems and processes in place to ensure security of reliable and safe water supply. Meeting the customers' expectations through our level of service for water pressure and flow.

Business

It will provide opportunity to significantly improve the way in which we operate our bulk water distribution network through supporting Water Demand Management initiatives directly aimed to promote smarter water use and reduce unnecessary network losses.

Finance

This project looks at the wider impacts of the water business, ensuring that the best for whole of the business is considered in project development. The draft water master plan is an organisational initiative which has brought key information to ensure the right outcome is achieved. Financial accountability and decision rationalisation is key to confirming appropriateness of scope. Funding discussion is held at the appropriate stages with implications to the 10 Year Plan understood and included within the required time frames.

1.5 Organisational Impact

How / where does this piece of work integrate with / impact on the rest of the organisation's activities?

This project impacts on the organisation across a number of units and functions.

Organisation

The Rototuna Reservoir is provided for within the 2012-22 10 Year Plan for the reservoir and supply pipe to fill the reservoir. Funding for the bulk pipe network necessary for distributing the water from the reservoir into the existing and future growth areas is currently proposed in the 2015/25 10 Year Plan where it will be considered and prioritised against other capital projects.

City Environments

The planning for this project must be integrated with the City Planning Unit. City Planning are required to process land use consents within the Rototuna Structure Plan and therefore City Planning require consideration and an understanding of the timing and scope of the future water demand patterns and infrastructure necessary to facilitate development.

The Proposed District Plan requires Integrated Catchment Management Plans (ICMPs) to be completed for any development in the Rotokauri growth cell. (Rotokauri growth cell will be fed by Pukete Reservoir, however to achieve this, capacity needs to be freed up by building Rototuna Reservoir). This consideration of the ICMP requires the water component of ICMPs to be assessed by City Waters, for alignment with the developer objectives.

City Environments lead the development and revisions of HUGS, Future proof, and District planning matters. The timing and operational scope of strategic infrastructure such as a reservoir is integral to the planned successful outcomes for the city. Without the provision of the Rototuna Reservoir urban growth and development will be constrained with particular impact on Rototuna and Rotokauri Stage 1 developments.

City Waters

City Water's is responsible levels of service for water across the city. The reservoir is an integral component to the water supply network and impacts on the operational context of the business.

- It is difficult to provide the required level of service 100% all of the time – this is heightened when low river level events occur.
- An additional reservoir in the north east of the city will significantly enhance operational and emergency situation resilience.
- Currently the network is at capacity, and when considering the existing consented development works, the additional capacity for this growth will not be able to be provided for within the existing network.
- The draft Water Master Plan takes into consideration existing and future operational challenges and how best to address these while also adding the required capacity for growth and redundancy.
- City Waters General Manager is the project sponsor.

City Development

City Development Unit will manage the project through all phases. This will be managed through existing internal and external resources, the Professional Services Panel, and physical works contracts as necessary.

The project phases include:

- Investigation
- Design
- Enabling works
- Construction (reservoir and bulk water main)

- Testing and Commissioning

Finance

Finance Group will be required to review financial elements on an on going basis.

Insurance for the asset is expected to be a nominal increase to the portfolio of approx. \$3500-\$7000pa based on similar asset policies.

Depreciation – Capital cost/ expected life = rate of depreciation \$192,800 pa with a 100 year expected life

Interest cost - assumes debt paid off over 10.4 years at an interest rate of 6.3% = \$7,664,000

Consequential Operational Costs of \$40,000pa are budgeted in the 2015/25 10 Year Plan

Procurement

This project will be separated into three distinct construction phases;

1. Preload – placement and monitoring
2. Bulk Water Main installation and commissioning
3. Reservoir construction and commissioning

Each of these phases requires a separate publicly tendered contract managed through the HCC Procurement Policy with compliance measured by the Procurement Management Office.

Each phase also requires a component of MSQA (auditing and quality control) that will be undertaken via external consultants, engaged via the Professional Services Panel and monitored with the support of the Procurement Management office.

Communication

The existing communication strategy for all external stakeholders will be via the Communications plan being developed.

An individual communication plan is required for;

- Internal stakeholders (including elected members)
- External stake holders. (public and media)

The Communications Unit will be required to review on an on going basis;

- Public messages and updates,
- Assist with any complaints received
- Media enquires.

1.6 Stakeholders

Need to be identified and their level of influence and interest in the BC needs to have been defined – use the analysis tool if helpful [D-1166068](#).

The following table summarises the stakeholders involved in this project, and their interest. The assessment of their impact has been described as per Council's Project Stakeholder Management – Tools and Techniques.

The potential strategies for gaining support or reducing reliance is summarised, and forms the basis of the communications plan detailed in section 5 of this plan.

	Stakeholder	Interest in the Project	Assessment of Impact	Potential strategies for gaining support or reducing resistance
A	Internal: City Waters – Asset Team	GM is project sponsor Asset owner	Manage closely	Key personal are on the Project (Programme) Governance Group
B	Internal: City Waters – Operations Team	Asset operators	Manage closely	Involved during design development and commissioning. Ongoing involvement will be in an operations capacity once the asset is handed over
C	Internal: City Delivery	HCC contractor involved with some aspects of work	Keep informed	Early liaison where works are required that involve City Delivery
D	Internal: City Development	Project management plus developer liaison and consents	Keep informed	Regular updates on project progress, key milestone achievements, timing around delays on delivery
E	Internal: City Environments	Developer liaison and consents	Keep informed	Regular updates on project progress, consent audit results and monitoring, external stakeholder complaints received.
F	Internal: Procurement	Contract administration/procurement	Keep informed	Early advice of the sort of support required for this project and scheduling of tender placement Procurement plans developed in accordance with HCC procurement policy and procedures and reviewed by Procurement
G	Internal: Finance	Financial wellbeing of project	Keep satisfied	Involve in financial discussion with representation in procurement processes Timely processing of invoices in accordance with HCC Policy

				Early engagement to ensure depreciation requirements are understood and accounted for
H	Internal: Communications Unit	Develops and supports implementation of communications plan and materials as necessary	Keep informed	Identify a suitable staff member to be assigned for the life of the project
I	External: Waikato District Council	Within TA boundary	Keep informed	Engage with WRC to identify a suitable staff member to be assigned for the life of the project as point of contact Submit outline plan and liaise in relation to building and resource consents
J	External: Waikato Regional Council	Issue related resource consent Will monitor performance against consents	Keep satisfied	Ensuring compliance with approved consent conditions regular engagement with WRC Early advice if compliance with consent conditions not met
K	External: Adjacent property owners	Construction related effects ie dust, noise etc.	Keep informed	Designation process was publicly notified and the opportunity for opposition to the construction was provided. Engagement before and during the project with the aim of ensuring they are kept informed ahead of works being performed, which will include letter drops and individual meetings as appropriate
L	External: Waikato Tainui	Iwi relationship	Keep informed	Covered during designation process Discovery protocols will be in place and defined in the contract and inline with the latest Heritage New Zealand guidelines (previously known as Historic Places Trust)
M	External: Contractors	Professional and physical works	Manage closely	Management and supervision of contracts by City Development staff
N	External: NZTA	Constructing the Waikato Expressway adjacent to the reservoir site	Keep informed	Liaison during design phases. Provision of construction collaboration between the two work sites
O	Mayor and elected members	<ul style="list-style-type: none"> • Supply related risk management • Financial • Reputational risk 	Manage closely	<ul style="list-style-type: none"> • Utilising the Finance Committee reporting process, quarterly updates are provided on the financial progress of the project. City Waters uses the Exec update process to keep Councillors informed.

Additional information has been gathered in relation to the above and is listed at Appendix 1.

1.7 Scope of the Work - What's included in the scope of this proposal, and what is specifically excluded – ensure you define impact of change?

(refer to more detail in the specific notes)

Works Completed to Date:

- Land purchased at 303 Kay Road in 2004
- Land designation completed in 2005
- Assessment of Environmental Effects (AEE) Conditions relating to landscaping were carried out in 2009 and are in place
- Reservoir detailed design commenced in 2010 and was completed Nov 2010 reference Document D-364579 Rototuna Reservoir Design Final Report
- Design of the supply pipe work undertaken by Aecom based on AWT modelling was completed late 2014. Report D-1616960 plans D-1697230

Remaining works:

The project has three discrete physical components:

- Preloading installation and monitoring
- Reservoir construction
- Supply and bulk pipe work construction

Reservoir construction includes the following works

- City Development will manage the project by strategic engagement of consultants for specialist management of the works and auditing of the construction. Development of an appropriate communications plan in conjunction with Communication Unit staff
- Communication with stakeholders
- Communications to both internal and external stakeholders will be supported by HCC's Communication Unit
- Tender and award of a contractor to complete:
- any required Traffic Management and or Consents (earthworks, winter works)
- Physical works
 - site preparation works including, top soil removal, preloading
 - civil construction of the reservoir
 - mechanical and electrical fitting out testing and commissioning
 - development of operations and management plans
 - production and supply of as-builts to HCC
- City Waters
 - Approval of: testing and commissioning, operations and management plans, as-builts
 - Capitalisation of the project works

Through the tendering and award process, opportunities to reduce costs will be assessed. Known opportunities include:

- Preloading of the site in lieu of piling has provided cost savings of between \$700,000 - \$1,300,000. The final savings will not be known until work has been tendered, as acquiring and disposal of preload material may offer opportunities to other projects in the area requiring fill e.g. Waikato Expressway
- Casting concrete panels onsite will be investigated – onsite casting may minimise costs associated with over size/weight concrete panels being transported on HCC networks.

Included in Bulk Water Main Scope:

- Any required Traffic Management and or Consents (earthworks, winter works)
- Installation 2 x 3.5km of water pipe, comprising of diameters 550mm, and 710mm

<ul style="list-style-type: none"> • Design of the pipe to achieve efficient hydraulics • Connection to the existing bulk water network at the intersection of Resolution Drive and Rototuna Road.\ • Connection to approximately four Trunk main services • Engagement/communication with affected general public • Implementation of works necessary to give effect to water demand management areas (DMAs). While the opportunity to ensure contracts associated with the Bulk Water Main scope of work will incorporate various DMA requirements, a separate programme of work is planned to give effect to the full range of DMAs. A good example of this is where valves, connections and meters are being installed on the bulk water main and are known to be required as part of a larger and separate DMA project. In these instances physical works will be approached in a collaborative manner to maximise potential savings and minimise public disturbance arising from the works. 	
<p>Excluded from scope</p> <ul style="list-style-type: none"> • DMA projects outside of the immediate works of the reservoir and bulk mains construction. • Bulk water main extension along Rototuna Road and associated connection at River Road/Discovery Drive intersection • Ongoing maintenance and operation of the physical asset after hand over to City Waters – Hand over is identified by the successful commissioning of the reservoir and the issue of Practical Completion • Managing connections from the reservoir to new developments i.e. the Rototuna High-school/Rototuna town centre – there will be no direct connections from the reservoir, these will be from the new bulk supply pipe • Ongoing testing of water quality 	
<p>1.8 Quantitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)</p>	<p>1.8a KPI/Target/Frequency of reporting Also Identify the Benefit owner and who will report the KPI/ Target and Frequency (i.e. as 3 separate items)</p>
<ul style="list-style-type: none"> • The city’s (Aa) grading under the Drinking Water Standards, this shows Hamilton’s water supply is at current best practice for quality of treatment and quality of reticulation and supply. The resulting benefit is healthier community with low risk of consumption induced illness and low health associated costs. <p>Increase storage potential on the eastern side enables development of new growth cells – meeting demand of consented development with no loss of supply and ability to readily respond to emergencies</p> <ul style="list-style-type: none"> • The city is provided with a safe and reliable water supply <ul style="list-style-type: none"> • Enabling the objectives of the Water Management Plan to separate areas into geographical zones to contribute to improved network operation and relieve the pressure of other reservoirs currently supplying towards the eastern side of the city. This zoning of areas allows better pressure management and also allows the ‘Water Loss’ programme to identify inefficiencies or losses in the network. 	<p>City Waters have a KPI to maintain the cities Aa water grading. This is maintained by regular testing of the network and water treatment plant which is reported to the Ministry of Health to continue the Aa accreditation.</p> <ul style="list-style-type: none"> • City Development have a KPI to ensure infrastructure is in place ‘just in time’ to meet the demand of growth cells as planned in the Structure Plans and also respond to unplanned developments where possible. • City Waters have a KPI –maintain storage of 1.5x the Average Annual Daily Demand (AADD) reported on a monthly basis • City Waters have a KPI to improve operational efficiencies in the water reticulation network and minimise losses, this is reported on monthly in the Water Loss Strategy meeting.

<p>1.9 Qualitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)</p> <ul style="list-style-type: none"> Operational efficiencies can be effectively trialled Increased storage capacity in the appropriate locations will enable the water treatment plant to provide a more consistent level of output rather than the current operational model where output fluctuates hugely to cater for peak demand which would be better served by draining from reservoirs. The operational benefit of this is better pump efficiencies, reliability of planned maintenance, potential benefits from reduced wear and tear on treatment plant assets, maximised asset life and reduced premature asset failure as a result of the treatment plant operating at a consistent optimal/peak level. 	<p>1.9a Indicator of Success Identify the benefit owner and who specifically will report on the progress/realisation of the benefit</p> <ul style="list-style-type: none"> Fewer complaints received about poor water pressure. Measured by City Waters complaints register through teleops and reported on a monthly basis. Customer Service team spend less time addressing customer complaints about poor pressure. Monitored by Customer Service Team. Water loss is quickly identified and remedies are quickly implemented this is reported on monthly in the Water Loss Strategy meeting. City Waters have a KPI to improve operational efficiencies in the water reticulation network and minimise losses, this is reported on monthly in the Water Loss Strategy meeting. The city will grow Creating revenue for the city and increase Hamilton as a successful and nice place to live. City Development reports on development in areas monthly in Team Leader Meetings <p>The water treatment plant reduces the extent of change in output in responding to peak demand (morning and evening)</p>
<p>1.10 Dis-benefits</p> <p>Location of a large concrete structure in a prominent and elevated location. Impacting on those residents that have visibility of the location</p>	<p>1.10a Impact on the business (Identify who will be impacted as a result)</p> <p>Project Team, Customer Services, and Communications team resources may be required to take complaints. Minimal impact is expected as the land has been designated for the purpose of a reservoir for 13 years. Consultation was required as part of the designation process.</p>
<p>1.11 Opportunities Arising (Identify who will own and report the opportunity)</p> <p>Opportunity to incorporate lessons learnt from last reservoir construction and operation into the design and construction of the Rototuna Reservoir.</p>	<p>1.11a Strategies to Exploit, Enhance &/or Share Each Opportunity</p> <p>City Development will ensure early engagement and discussion with the appropriate teams in City Waters so the design can be reviewed and improved upon to achieve a best fit for purpose design and mistakes minimised.</p>
<p>Optimising efficiencies in zoning of reservoirs with</p>	<p>While the opportunity to ensure contracts associated with the Bulk Water Main scope of work will</p>

			<p>Manage construction within set hours</p> <p><i>Response:</i></p> <p>Maintain good relationships with property owner</p> <p>Seek to address concerns as they are raised</p> <p>Review existing mitigations with a view to improving</p> <p>Use appropriate change management process if funding or delay impact occurs</p>	
<p>As a result of NZTA Waikato Expressway earthworks undercutting the toe of the bank, instability of the bank may occur, which could lead to possible failure of the ground or additional costs to bolster foundations</p>	Med	Start of Expressway construction	<p><i>Prevention:</i></p> <p>Ensure foundation design is suitable for current Expressway alignment.</p> <p>Early and active engagement with NZTA on works being carried out</p> <p>Monitor the site to ensure no earthworks occur to make this risk and issue</p> <p><i>Response:</i></p> <p>Seek additional funds or time changes via appropriate project change management process</p> <p>Increase foundation specifications</p> <p>Seek recompense from NZTA</p>	Low
<p>As a result of extreme weather, (rain or dry periods), dust or silt run off may occur during construction, conformance with consent conditions may be breached which could lead to added costs and delays</p>	Med	Complaints received by WRC or HCC compliance team	<p><i>Prevention:</i></p> <p>Appropriate mitigation deployed on site to prevent and /or respond to weather conditions, i.e. water carts or silt fences</p> <p>Construction is halted in extreme wet weather and not resumed until silt run off issues are minimised and able to be contained with on site mitigation measures</p> <p><i>Response:</i></p> <p>Early and active engagement with consenting agency</p> <p>Seek additional funds or time changes via appropriate project change management process</p>	Low
<p>As a result of poor communication/ coordination with future asset owners, a poor final outcome/solution would result, this will require ongoing future costs to 'work around' a problem for the life of the asset</p>	Med	Post construction commissioning	<p><i>Prevention:</i></p> <p>Maintain good communication and sign off process with City Waters.</p> <p><i>Response:</i></p> <p>Early and active development and buy in of the design process and outcomes</p>	Low

A final Engineers Estimate of the Rototuna Reservoir is in progress to reflect the changes required to meet the new objectives in the DMA and water model. The Detailed Design Review is due March 2015. Project costs may increase.	med	Receipt of Final Design and Engineers Estimate	<p><i>Prevention</i> Maintain good communication with specialist designers and modellers to ensure best long term solution for the city</p> <p><i>Response</i> Project change process is followed and timing is changed to account for the additional time</p>	low
No additional storage for wet industry has been provided for in the capacity of the reservoir	Low	Change of zone requested via the District Plan	<p><i>Prevention;</i> The model has been developed with all known information to date and in line with the Structure Plans for the area</p> <p><i>Response;</i> Early and active buy in of developers and stakeholders in the area through the 10 Year Plan</p>	Low
Preloading of the site requires longer than the estimated 12 months.	Low	Monitoring of settlement does not track as expected	<p><i>Prevention</i> Maintain good communication with preload specialist designers.</p> <p><i>Response</i> Project change process is followed and timing is changed to account for the additional time</p>	
Building and resource consents may not be obtained within the set timeframes resulting in delays to the project	Low	Building or resource consent application is not processed within statutory timeframes or Consent is rejected.	<p><i>Prevention:</i> Ensure all required information is provided in the consent application Engage with planners before lodging consent to ensure all information is as required</p> <p><i>Response:</i> Project change process is followed and timing is changed to account for the consent process to be completed.</p>	Low
The availability of the project managers (internal) identified to deliver the projects may become unavailable resulting in negative impact on the project.	Low	Resignation / sickness of project manager.	<p><i>Prevention:</i> Project documentation is well prepared and readily available</p> <p><i>Response:</i> Replacements (internal or external) are quickly identified and assigned</p>	Low
Incorporation of DMA projects and receipt of Water Model Outputs has highlighted potential future proofing and operational optimisation opportunities in the network. This will impact on the final pump design requirements.	Low	Receipt of final detailed design review	<p><i>Prevention:</i> Maintain good communication and sign off process with City Waters.</p> <p><i>Response:</i> Early and active development and buy in of the design process and outcomes</p>	Low
Consent Conditions required as part of the works not being met	Low	Complaints received by WRC or HCC	<p><i>Prevention:</i> Appropriate mitigation deployed on site to prevent and /or respond to weather conditions, i.e. water carts or silt fences</p>	Low

			Construction is halted in extreme wet weather and not resumed until silt run off issues are minimised and able to be contained with on site mitigation measures <i>Response:</i> Early and active engagement with consenting agency Seek additional funds or time changes via appropriate project change management process	
Funding Structure of project spans 2 annual plans. Current funding is available in 2014/15 annual plan, however the 2015/25 proposed 10 Year Plan is still in draft and yet to be approved (as of Jan 2015).	Med	Proposed 10 Year Plan 2015/25	<i>Prevention</i> Ensure the funding for the project is in the Proposed 2015/25 10 Year Plan. Ensure all stakeholders are in support for the need of the Reservoir project. <i>Response:</i> Early and active communication with all parties.	Low
Due to the duration of the project there is a risk that funding of the project being discontinued mid construction due to austerity measures	Low	Proposed 10 Year Plan 2015/25	<i>Prevention:</i> Ensure clear information is provided in support of the need of the reservoir and the risks associated with out proving one is communicated to key Stakeholders and Senior Leadership Team, Councillors via the business case <i>Response:</i> Early and active communication with all parties.	Low
Rototuna Reservoir Risk Register D-1578465				
1.13 Issues				
Identify and describe				
Funding of the Rototuna reservoir is identified in the 2014/15 annual plan (under the 2012-2022 10 Year Plan) as well as the proposed 2015/25 10 Year Plan .				
The budget allocations for this project are spread over 4 years to enable full financing; however it should be noted that works identified for this project in the 2012-22 10 Year Plan and that of the proposed 2015-25 10 Year Plan differ in scope. This has occurred as the latter reflects the draft Water Master Plan provisions for dual piping the bulk network to reservoirs and partially implementing DMA provisions.				
Council has endorsed (3 rd Feb 2015) this project as part of the 2015/25 draft 10 Year Plan however the 2015/25 10 Year Plan is currently (as at February 2015) subject to Council approval and public consultation and would not be in place until 2015. Ratifying and approving the 10 Year Plan is being undertaken in parallel to the development of the projects contracts, therefore confirmation of funding becomes an issue.				
1.14 Constraints/Dependencies/Assumptions				
Define and describe the factors under each of the headings				
Constraints:				
If preloading is deemed worth while pursuing, to meet timing deadlines and align with other project milestones the preload component must be undertaken this construction season (2014/15) to work within the critical path of the overall project.				

Dependencies:

To enable the reservoir to be commissioned, the 510mm diameter bulk water main extension from Resolution Drive to Kay Road (reservoir location) needs to be in place and operational to enable the reservoir to be filled.

The draft Water Master Plan promotes the use of reservoir zones and subsequent demand management areas, as a nationally and internationally best practice mechanism, to manage demand and levels of service for discrete areas. To achieve this, the project includes a 510mm diameter trunk main which will distribute to both local and bulk networks with appropriate measures to facilitate water servicing/supply directly from Rototuna Reservoir.

Construction of Resolution Drive is planned to commence in 2014/15 financial year, there are cost savings to Council to install the bulk water mains prior to this work commencing as open cut construction methodologies can be carried out.

Assumptions:

The size of the reservoir (24ML) has been determined using current annual average daily demand; it is assumed that this water usage will continue into the future..

No improved levels of service (i.e. flow and pressure) have been allowed for in sizing of the reservoir, bulk and trunk mains.

The existing collaboration with service delivery between WDC, HCC and Waipa Councils, aligns with the service provisions to supply water to non HCC networks currently allowed for in the reservoir design.

2.0 ECONOMIC CASE – complete for ALL business cases**Critical success factors & the preferred way forward****2.1 Business Requirements** (refer more detail in the specific notes section)

Identify the requirements that must be met – Define them according to **core vs. desirable vs. optional**

Considerable investigation and analysis has been undertaken to optimise the location, give the best whole of life benefit to the city and develop a construction methodology to maximise Value Engineering opportunities. The below documents show why the location of 303 Kay Road was selected, why 24ML capacity was adopted and why preloading was selected.

- Feasibility Report D-1578645
- 2020 Water Supply Network Strategic Planning D-741677
- Rototuna Reservoir Design Report Final D-364579
- Rototuna Reservoir Geotech Factual Report D-1489353

Core:

- Originally programmed to be operational by 2015 – (delayed due to budget review, new date 2017-18.)
- Construction of a 24ML reservoir, to be operational by 2018
- Meeting designation conditions/provisions including landscaping
- Dedicated 500mm nominal bore bulk supply main extending from Resolution /Rototuna Rd intersections to the proposed Rototuna Reservoir located on Kay Road (via the existing network currently terminating at Resolution /Rototuna Rd intersections from the Hamilton Water Treatment Plant).
- Dedicated 600mm nominal bore bulk feed main extending from the reservoir to Kay Road, then 500mm from Kay Road through to Resolution Drive to tie into the existing main.

Desirable:

- Gravity supply of water to largest area possible
- Construction to be in advance of adjacent NZTA Expressway project
- Preloading material to be of a quality that it can be reused/sold to recover costs i.e. pit sand used in lieu of cut to waste material

Optional:

- Additional landscaping beyond the scope required of the project

2.2 Available Options – Long List (refer more detail in the specific notes section)

Consider a wide range of realistic options for meeting the business requirements. Has a feasibility study been done? You must include a base case: chose either status quo or do nothing or do minimum for this purpose

Dimension	Description	Options
Scale and scope	In relation to the proposal how big/small could this be? e.g. by levels of functionality, unit/group/organisation-wide	<p>Do nothing (status quo): The draft Water Master Plan, 2020 Water Supply Network Strategic Planning report, and the Water Model show this option will significantly impede future development in Rototuna, and Rotokauri areas, lower level of service to consumers, put Aa water grading at risk, will affect progress of DMA projects and Water Management Strategy.</p> <p>Option one: The option to build a 12ML reservoir was an initial proposal (Feasibility Report Jan 2002 as part of designation), with the ability to build additional 12ML storage as demand required. Projected growth and demand means the staging for these is not separated in time enough to make this option financial viable.</p> <p>An Initial concept was to build only one bulk pipe to operate as both feed to the reservoir and supply from the reservoir as a 'push pull system' to minimise capital costs during installation. This would be designed to give the required level of service, but this option would have a short life span and require an upgrade to a dedicated (two pipes) Bulk mains configuration, to meet expected demand and for the Water Management Strategy to be achieved.</p> <p>Option 2; To build the 24 ML reservoir, separated into two compartments of 12ML to best facilitate maintenance and operational versatility. Associated bulk water mains will be dedicated fill and feed pipes to realise the Water Management Strategy and give best operational performance of the network and treatment plant.</p>
Service Solution	How can services be provided? e.g. potential solutions and answers, use of technologies	Not applicable for this project
Service Delivery	Who can deliver the services? e.g. in-house, out sourced, alternative procurement strategies	<p>Delivered completely in-house making use of City Waters and City Development resources to define, design and construct the solution – unachievable, resources and skills not available</p> <p>Delivered completely externally through a design build contractor – not preferred, city waters operational staff require a high level of involvement in the project to ensure integration with current network operations</p> <p>Combination approach with definition and project management carried out in-house and design and construction outsourced – preferred solution</p>
Implementation	When can the services be delivered? e.g. timing and staging, big bang, phased, modular	<p>The scale of this project will require staged construction over a four year period including elements being determined in parallel resulting in a working reservoir and bulk mains by 2018.</p> <p>By adding a preloading stage in lieu of piling, the Construction period is extended by 12 months, however a cost savings opportunity of between \$700,000 - \$1,300,000 becomes available.</p>

Funding	<p>How can it be funded? e.g. Capital, operating, PPP, grant</p>	<p>The existing 2014/15 Annual Plan has capital of \$4.8m identified to fund this project.</p> <p>There are two options for commencing works in the 2014/15 financial year: Option 1 - Commence construction with pile foundations and utilise the majority of the existing 2014/15 budget. Option 2 - Preload the site and delay construction by 12 months in order to achieve a potential \$700,000 - \$1,300,000 savings.</p> <p>Option 2 (preferred) may require some funding committed through contracts but not spent to be deferred to the following year (2015/16), as construction cannot commence until target consolidation has occurred. This consolidation process takes approximately 12 months and would be in lieu of piling.</p> <p>The balance of \$14.241m has been identified to be funded from the 2015/25 proposed 10 Year Plan. However, the 2015-25 10 Year Plan is still subject to Council approval and public consultation.</p>
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2.3 Preferred Option – engage with stakeholders to develop this and identify whole of life cost of the proposal
Identify the preferred option, describing strategic fit, how well it meets the business requirements and its advantages and disadvantages

City Waters and City Development's preferred option is to:

- Deliver the preload component of the reservoir in the 2014/15 financial years there are sufficient resources and funding available.
- Defer funding committed through contracts but not spent, from the 2014/15 annual plan to 2015/16.
- Progress the request for funding provision through the 2015/25 10 Year Plan to construct the reservoir and bulk mains

Utilise a combination of consultants and contractors to construct the solution with a high level of engagement with the City Waters operational team.

The preferred Option is supported by recommendations in the following reports found in the Appendices' 2.0.

- Feasibility Report D-1578645
- 2020 Water Supply Network Strategic Plan D-741677
- Design Report D-364579

Some key supporting statements from the **2020 Water Supply Network Strategic Plan** report are as follows;

- *A new reservoir is proposed to be installed in the Horsham Down area by 2015.*
- *A bulk water main extension is proposed northwards along Resolution Drive to Kay Rd and then on to the reservoir.*
- *The site for the future Rototuna Reservoir be identified, secured and designated for a reservoir by end of 2003*
- *There is shortage of reservoir capacity in the 'Blue zone' particularly the eastern side of the river*
- *There are capacity restrictions at the north end of the water supply network. These limit possible future development of the Rototuna area. This is particularly critical in elevated areas i.e. Discovery Drive and Thomas Road.*

2.4 Potential Value for Money

Describe how the preferred option maximises value for money

The preferred option maximises value for money as:

- It delivers a solution to within existing budget (subject to proposed 10 Year Plan 2015/25approval)
- Maximises the use of in-house resources and supplements known gaps through the engagement of consultants and contractors
- Value Engineering has to date identified up to \$1.3m dollars of savings
- Location allows for maximised gravity feed to lower areas saving on long term operational costs
- Design of the reservoir embraces cost saving initiatives to maximise water quality and longevity and minimise operational expenditure short and long term.
- Dedicated bulk mains allows for the Water Management Strategy to be implemented, which reduces the pressure in the network to supply consumers thereby increasing useable life of pipes and reducing operational costs.
- Removes peak demand requirements from the water treatment plant allowing for a constant output volume, this removes potential capital expense in building additional assets in relation to treatment, supply and storage to manage demand during peak periods. The reservoirs are used as a buffer to manage these demand increases. This is separate to any costs associated with guaranteeing supply during low river levels.

2.5 Achievability

Outline how the preferred option will be successfully delivered

To enable successful completion of this project, a number of internal business units and external support is required.

Internal

- City Development, overall project management and procurement of physical assets in accordance with HCC policies and strategies.
- City Waters, will provide the asset management, operational guidance and support for the project.
- City Delivery Construction and Maintenance Manage, will accommodate and oversee the connectivity to the live network once the asset is in place and ready for commissioning.

External

- Construction; physical works to be delivered using two separate contracts, as per procurement manual etc. and approved by City Infrastructure General Manager, Council approval will be required due to the financial delegation limits.
- Consultants; will be undertaking works described below for each phase of work.
 - **Preloading:** Design, Project Management of placement, Settlement monitoring.
 - **Construction of Reservoir:** Design, Consent requirements Project management, Quality Auditing, all MSQA required activities during construction.
 - **Bulk Water main:** Design, shared responsibility of MSQA, Consent requirements.

Timing

The scale of this project will require staged construction over a four year period including elements being determined in parallel. Sustained project management that ensures collaboration and proactive communication between all stakeholders, with all parties working to successfully achieve the common goals of the project will be essential for success.

2.6 Affordability

Outline how the preferred option will be funded

The Rototuna Reservoir and Bulk Water Mains project has a budget of \$19.279m spanning over the current and proposed 10 Year Plan.

The scale of this project will require staged construction over a four year period, and bridges two 10 Year Plans.

The 2014/15 Annual Plan identified \$4.8m capital expenditure for this project. Some of which will be committed through contracts but unspent and will require to be deferred to the 2015/16 year to enable the most cost efficient approach to commencing the construction phase of the Reservoir and bulk mains to occur.

The balance of \$14.241m has been requested through the 2015/25 process. The 2015-25 is still subject to Council approval and public consultation.

The project is fully funded from Rates and Developer Contributions, and funding is supported in 2015/25 10 Year Plan.

The operational expenditure associated with the ongoing operation of the proposed reservoir has been identified through the 2015/25 10 Year Plan process and has been budgeted on revenue of a similar size and scale.

3.0 COMMERCIAL CASE – Complete for FULL business cases only	
Resource requirements	
3.1 Identify the resource requirements – define internal and external?	3.1a Proposed procurement strategy – the how not the what <i>Council’s Procurement Policy & Procedures Manual</i>
<p>Internal</p> <ul style="list-style-type: none"> • Finance team • Project Management • Contract Management • Tender Evaluation • Communication/Marketing/Public Relations <p>External</p> <ul style="list-style-type: none"> • Specialist Auditing (consents and MSQA)/Quality Control (geotech, concrete etc.) • Peer review of Design • Survey/Monitoring of Preload • Construction of Reservoir • Installation of Bulk Water Mains • Installation of Preloading Commissioning/Testing • Tender Development 	<p>The following items will be procured through internal resources;</p> <ul style="list-style-type: none"> • Project Management • Contract Management • Tender Development/Evaluation • Commissioning/Testing • Communication/Marketing/Public Relations <p>The following items will be procured through the existing PSP framework agreement;</p> <ul style="list-style-type: none"> • Specialist Auditing/Quality Control (geotech, concrete etc.) • Survey/Monitoring of Preload • Tender Development/Evaluation • Peer review of Design <p>The following items will be procured through the Procurement and Policy Manual via Price Quality tender process:</p> <ul style="list-style-type: none"> • Installation of Preloading • Construction of Reservoir • Installation of Bulk Water Mains

4.0 FINANCIAL CASE – Complete for **ALL business cases**
Affordability and funding requirements

4.1 Description	4.2 Amount	4.3 Timing	4.4 Funding	4.5 Budget Notes
Design review	\$30k	Feb 2015 – Jun 2015	PIF 12074 AX code C9410084	Detailed Design review to ensure latest considerations and strategies are reflected.
Preload installation and monitoring	\$600k	Feb 2015 – Jun 2015	PIF 12074 AX code C9410084	Budget currently available in 2014/15 annual plan. Defer balance of PIF 12074 to 2015/25 10 Year Plan
Construction of Bulk mains	\$8.149m	Jan 2016- Jun2018	PIF 12074 AX code C9410084	Construction span over first 3 years of 2015/25 10 Year Plan subject to approval/adoption
Construction of Reservoir	\$10.5m	Jan 2016- Jun2018	PIF 12074 AX code C9410084	Construction span over first 3 years of 2015/25 10 Year Plan subject to approval/adoption
Total Estimated Cost	\$19.279m			
Total allocated Budget	\$19.279m			
4.6 Comments – describe any contracting mechanisms that may apply and identify costs associated with risk. Provide any additional details on the above as appropriate				
(see specific notes section for more details)				
<ul style="list-style-type: none"> ○ Engineers Estimate has been provided by consultant engagement, flexibility is built into the estimate to allow for working with and accommodation of the DMA project components. If and as required funding for any specific DMA works accommodated in the proposed works will be funded by the appropriate DMA budget. ○ A final Engineers Estimate is in progress to reflect the Detailed Design Review due March 2015. ○ ○ All costs are exclusive of GST. 				

5.0 MANAGEMENT CASE – Complete for **ALL** business cases

Ensuring successful delivery

5.1 Stakeholder Engagement

Stakeholders Register D-1575691

A communication plan for the public is being developed currently by the Communication Unit but will include;

- Early notification by direct email/post to affected stakeholders
- HCC sign at site entrance to communicate project benefits to public

Internal Stakeholders will be engaged by the following communication plan;

- Weekly updates to Unit Manager
- Workshop for affected staff as required
- Fortnightly agenda item KIPT/HCC development meeting
- Development of a PGG and regular reporting to the team, guidance will be required at key milestones to be developed with the construction program.

Stakeholder	Involvement in preparation of this Business Case	Further engagement planned if the business case is approved
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Elected Members (Mayor and Councillors)	No	Yes
Individuals - Hamilton City Households	As part of Designation	Yes
Waikato Tainui	No	Yes
Waikato Regional Council	No	Yes
Ministry of Health	No	Yes
Ministry for Business Innovation and Employment (MBIE)	No	No
Bulk water customers (Waikato and Waipa District Councils)	As part of Shared Services	Yes
Mayor and elected members	No	Yes
CEO and Senior Leadership Team	No	Yes
General Manager City Infrastructure (Project Sponsor) and City Infrastructure Project Governance Group	yes	Yes
City Development	yes	Yes
City Waters – Plant Operators	Design phase	Yes
City Waters – Drinking Water Compliance	Design phase	Yes
City Waters – Asset Management	Design phase	Yes
Procurement Team	yes	Yes
Communications Team	yes	Yes
Finance Team	yes	Yes

5.2 Proposed Implementation Plan

This project will be delivered in keeping with HCC best practice project management principles and practice. The following documentation has been established

Rototuna Reservoir Roles and Responsibilities D-1579291

Rototuna Reservoir Risk Register D-1578465

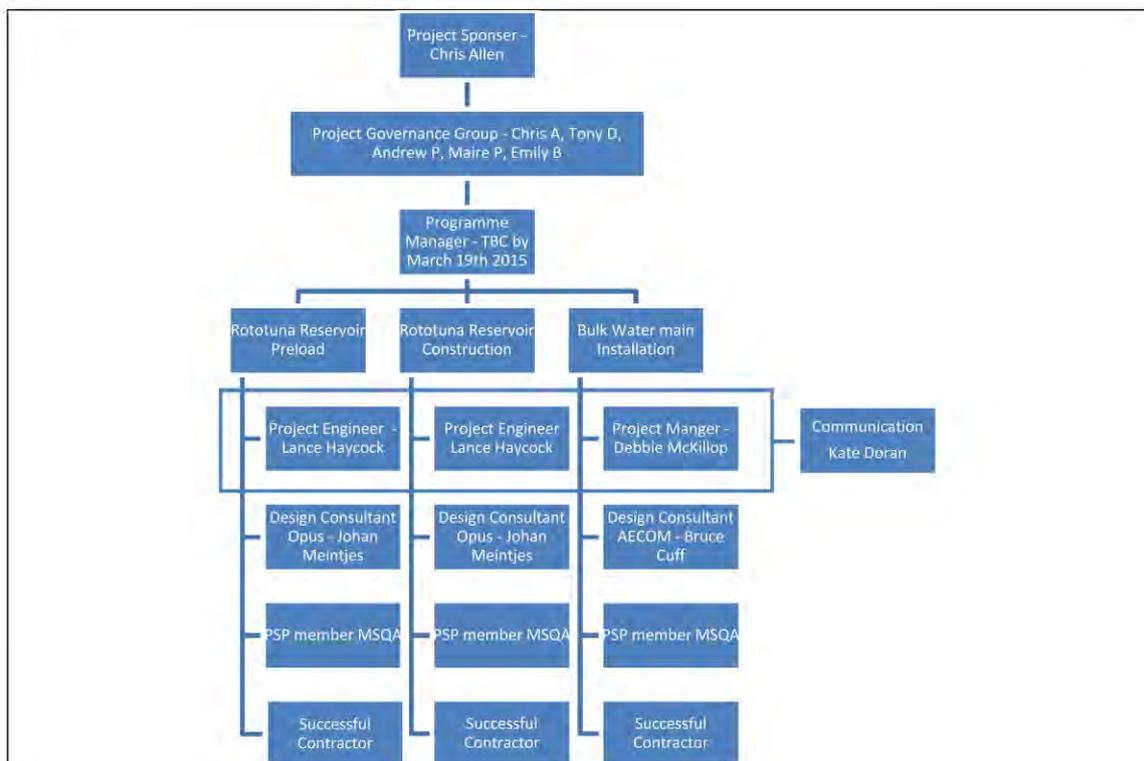
A full project scope and project plan will be developed.

Key Project Management Milestones have been identified as

- Business Case Approval 19th February 2015
- Approval of funding for the Rototuna Reservoir and associated Bulk water mains 19th February 2015
- Assignment of delegated Authority for project to CEO will be secured upon Business case acceptance
- Establishment of PGG – by March 31st 2015
- Procurement of physical works in accordance of HCC Procurement Policy
 - Preload contract awarded by 19th March 2015
 - Reservoir Contract tendered late 2015
 - Bulk water main contract tendered mid 2015
- Communications strategy and plan completed by March 6th 2015
- Objective to have Testing and commissioning completed 30th June 2018

1. Governance and Project Management Structure

An overview of the proposed governance and management structure is provided below



2. Reporting Arrangements

This project will utilise the existing City Infrastructure Project Governance Group. This group meets monthly to discuss all significant City Infrastructure projects.

3. Proposed Project Management Plan

Programme Management Works

- Business Case Approval (Council) 19 February 2015

Procurement

- Public tender for Preload component of works March 19th 2015
- Public tender for Bulk Water Mains component of works March 19th
- Public Tender for Reservoir Construction Nov 19th 2015
- All works to be completed by June 2018

4. Project Deliverables

Preload

- Achieving target consolidation within 12 month period

Bulk Water Main

- Install bulk water mains as per design, timed to be in place to feed the completed reservoir.
- Flexibility to incorporate various DMA projects as part of the bulk main works to achieve project efficiencies

Water Reservoir

- Deliver a 24ML storage facility with a 100 year life as per the Detailed Design Report
- Deliver a suitable adjoining pump house to the specification required to supply the Rototuna zone as defined

by the Water model and DMA.

5. Budget Allocation

Budget Allocation (PIF 12074): \$19,279,000

Estimated Cost of Project; \$19,279,000

6. Contract Management Arrangements

The contracts identified for this project are a combination of:

- Public request for tenders
- Public request for quotes
- LASS PSP

7. Engagement of external specialists

Specialists will be engaged via the existing LASS PSP as required for components such as;

- Settlement monitoring
- Structural Concrete MSQA

8. Communication Strategy

The existing communication strategy for all external stakeholders will be via the Communications plan being developed.

For internal stakeholders it will be via regular updates on project progress, key milestone achievements, timing around delays on delivery

9. Change Management Planning Requirements

Once constructed the new reservoir will be fully automated within the water network operation. A new SOP will be developed and training provided to operators. Acknowledging the design and operation will be inline with existing SOP's.

10. Risk Management

Each project manager responsible for each component of works will identify and manage the risks associated with their specific projects. The programme manager will hold a risk register of these risks and report by exception to the Project Steering Group and Project Governance Group.

11. Continuity Planning Arrangements

Although supply and storage will be improved, demand will need to continue to be managed and this is expected to continue to be through water conservation/restriction messages and methods.

12. Post Project Evaluation

A project closure report will be completed by the programme manager, on the conclusion of the work approved. The project sponsor and project governance group will be responsible for signing off the completed project.

BUSINESS CASE APPENDICES

Trim:D-1560139

28 of 29

1.0 Strategic Case

Additional information supporting the stakeholders identified (Section 1.6) can be found via the following Trim linked documents

Notice of Requirement [D-1575641](#)

Visual Assessment and Landscape Report [D-1575639](#)

Stakeholders Register [D-1575691](#)

Reservoir detailed design [D-364579](#)

Bulk Water Mains Report [D-1616960](#)

Bulk Water Mains Plans [D-1617230](#)

2.0 Economic Case

Additional information supporting the Business Case identified (Section 2.1) can be found via the following Trim linked documents

Feasibility Report [D-1578645](#)

2020 Water Supply Network Strategic Planning [D-741677](#)

Rototuna Reservoir Design Report Final [D-364579](#)

Rototuna Reservoir Geotech Factual Report [D-1489353](#)

Trim:D-1560139

Committee: Finance Committee

Date: 19 February 2015

Report Name: Business Case for New
Structure to Extract Water
from the Waikato River

Author: Emily Botje

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Business Case</i>
Financial status	<i>There is budget allocated Amount \$3,240 million</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To seek approval for the business case to construct and implement an interim intake structure to assist with abstracting water from the Waikato River for the treatment plants during periods of low river flow.

3. Executive Summary

- Water is abstracted directly from the Waikato River into the water treatment plant in order to be treated to meet the demands of a growing city. River water is also used at the wastewater treatment plant for operational purposes.
- Over recent years the level of the river has dropped to a near critical point where it would be below the physical intake structures resulting in an extreme risk for Council relating to its ability to supply water.
- City Waters has developed and continuously improved a low river contingency plan which has been deployed in readiness four times in the last seven years but not implemented as the river levels have restored. This contingency plan reduces the extreme risk to a very high risk.
- Funding was set aside in 2014/15 to make improvements to the intake structures to improve this risk profile.
- A business case has been developed to support a strategy of planning for a major capital investment in about 15 years time. It is proposed to implement an interim option at the water treatment plant that will meet the needs of a growing city for this 15 year period and to reduce the low river contingency plans risk from very high to a medium. The proposed works will also source a solution for the wastewater treatment plant.

9. The interim option recommended includes the procurement of a custom designed barge and pumps which are fully integrated and automated into the water treatment plants operational systems reducing reliance on third parties.
10. The project will also result in further information in order to assess the priority and timing for the major capital investment as part of the next 10-Year plan in 2018.

11. Recommendations from Management

That:

- a) the report be received,
- b) the business case attached to this report for a new structure to abstract water from the Waikato River in periods of low river level be approved, and
- c) Committee agrees to proceed with the project recommended in the business case.

12. Attachments

13. Attachment 1 - Business Case - New Structure to Extract Water from the Waikato River

14. Key Issues

15. Background
During periods of low river levels brought on by drought conditions and storage in Lake Taupo, the ability to abstract water at the treatment plants is compromised as the river level drops. Once water reaches a critical level, existing infrastructure will be unable to abstract sufficient water to meet the needs of the city.
16. In four out of the last seven years the river level has dropped to a point where a contingency plan at significant cost has had to be deployed to enable water to be pumped from the middle of the river into the intake structure using large pumps sitting on a barge in the river.
17. The contingency plan has been deployed to the point where the barge has been tethered in place with the pumps placed and tested but it has never yet had to be fully implemented because the weather has changed and the river levels have not dropped below the critical level.
18. The contingency plan has been continuously improved since its conception and staff are confident that it can be successfully implemented but it is not considered to be a sustainable solution given the risk profile. There are a number of problems with the current contingency plan that this project will address, including;
 - The contingency plan configuration can at best deliver 50 million litres of water per day to the water treatment plant at a seasonal time when the peak demand is at least 70 million litres and expected to rise to 90 million litres by 2030.
 - Very restrictive water restrictions will be required if the contingency plan needs to be implemented.
 - The contingency plan is heavily reliant on external providers and on the equipment required being available and not deployed elsewhere.

- Due to the reliance on external providers the contingency plan needs to be initiated well in advance at significant cost.
 - There is very little redundancy in the contingency plan and there is critical reliance on single components of the current plan.
19. Business case
 20. Council has a management policy that supports the development of robust business cases for selected projects from the 10-Year Plan.
 21. The business case approach used by Council is based on the Treasury 2010 Better Business Case model which now has wide acceptance throughout New Zealand.
 22. The Better Business Case is a 5 case model incorporating:
 - Strategic case- a compelling case for change, strategic fit and business needs;
 - Economic case- preferred option that optimises value for money;
 - Commercial case- Commercially viable over the project term;
 - Financial case- affordable from available funding; and
 - Management case- achievable and can be successfully delivered
 23. Staff are seeking Council approval of this business case due to the operational risks that exist.
 24. Strategic Case
 25. It is essential for the treatment plant to be able to abstract sufficient water from the Waikato River at all times including during low river events.
 26. During low river events the risk to the city is extreme. The contingency plan developed and enhanced over the past five years reduces the risk to very high which is not considered acceptable.
 27. The risk is very high due largely to the heavy reliance on third parties and availability of equipment which is an integral part of the current contingency plan.
 28. The business case considers 3 options to address the issue of low river levels and the treatment plants ability to abstract water.

Option 1 – lower the water intake (long term solution)

This option is estimated to cost \$26 million, and is significantly over the allocated funding allocated through the 2012/22 10-Year Plan. Works would include:

- building a new permanent structure, or
- modifications to the existing structure, or
- extending the structure further into the Waikato River.

Further investigations and scoping is necessary to determine the best solution for the city and how best to manage the environmental and consenting risks involved with major civil works in the river.

Option 2 – construct an interim intake structure

The proposed interim intake structure is a much enhanced version of the current contingency plan including the procurement of a barge and pumps which will be stored on site when not in use. Proposed works also include the automation and integration of this equipment into the treatment plants operations and electrical supply upgrades to ensure operations. This option will:

- Mitigate the risks associated with the current contingency plan.
- Be constructed within budget and largely in the 2014/15 financial year.
- Ensure sufficient water is abstracted to meet current and future demand, up to 70 ML now and 90 ML by 2030, noting that water restrictions will still be an integral part of the response.

- The project will also include the investigations and scoping to more accurately determine the best long term solution for the city.

Option 3 – Continue to use the current contingency plan.

This option retains the current contingency plan as it is; therefore the identified very high risk of failure is not addressed, water outages may occur.

29. Option 3 is the status quo and not recommended.
30. The recommended strategy is to plan for a long term solution in the 30 year infrastructure strategy (Option 1). In the meantime it is proposed to adopt an interim solution (option 2) that is a much enhanced version of the current contingency plan and thereby reduces the risk from very high to medium.
31. Option 2 is also required as part of the long term solution in that the likely construction methodology for a permanent structure will involve interim pumping arrangements.
32. Economic Case
33. Funding allocation of \$3,240,000 was set aside in 2014/15 Annual Plan to deliver an alternative option to manage the risk. This funding allocation was based on a potential enhancement of the existing structure to reduce the very high risk associated with the current contingency plan arrangement.
33. Option 3 which will be provided for at an estimated cost of \$26M in the 30 Year Infrastructure Strategy will take this risk rating to low.
34. Option 2 is recommended as an interim option pending a long term solution and it will significantly reduce the reliance on the third parties and equipment suppliers. This will reduce the risk rating from very high to medium.
35. Part of the recommended Option 2 is to further assess and scope the long term solution. The timing of this option will be further assessed as part of the next 10-Year Plan with the benefit of this further work and with the benefit of understanding the performance of Option 2.
36. Option 2 will be designed to manage existing and future water demand for at least 15 years.
37. Option 2 is considered to optimise value for money as;
 - it delivers a suitable 15 year solution within the budget set aside
 - it can be ready in a relatively short period of time
 - risks will be managed by owning critical assets and providing redundancy (back-ups)
 - it includes further scoping of option 3, the long term solution.
38. Commercial Case
39. The business case supports the view that Option 2 is commercially viable over the 15 year project term and that it can be delivered using existing suppliers and standard procurement practices.
40. Following approval of the business case the project team will address the delivery aspects of Option 2.
41. Financial Case
42. Option 2 is affordable within the current funding allocation of \$3,246,000 in 2014/15.
43. The expected project estimate is \$2,340,000 which includes a 15% contingency.
44. Staff will be signaling a possible capital deferment into 2015/16 of approximately \$600,000 to enable the project to be completed.

- 45. There is a risk that the current contingency plan will need to be deployed this year (2014/15) at an estimated cost of \$100,000 and implemented at an estimated cost of \$225,000 (total \$325,000). These costs are unbudgeted operational costs and do not form part of the capital project which is the subject of this business case.
- 46. If this situation arises the associated operational costs to deploy and implement will be dealt with through the risks and opportunities schedule as per previous years.
- 47. Once Option 2 is implemented the operational deployment and implementation costs significantly reduce from a potential of \$325,000 to \$5,000 plus interest and depreciation associated with the capital expenditure.
- 48. Management case
- 49. This project will be delivered using an appropriate management structure with oversight through a Project Governance group and a Project Steering Group.
- 50. It is critical that all parts of this project are aligned and integrated and the services of a specialist programme manager will be used to supplement skills and inputs from across the City waters Unit.

51. Risk

- 52. The risk of low river levels occurring and abstraction being compromised is rated as extreme. The current contingency plan developed by City Waters reduces this risk to very high. The proposed interim intake structure will reduce the risk to medium. When funding allows for the intake structure to be duplicated, lowered or extended, the operational risk can be reduced to low.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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HAMILTON CITY COUNCIL BUSINESS CASE SUMMARY

Summary

Business Case Name New structure to abstract water from the Waikato River - Enabling Greater Water Abstraction Resilience

Business Case Type (choose from list) Full

Business Case Focus (choose from list): Address issue

Risk Rating (circle from list) Medium

Financial Commitment

PIF No. (from LTP)/or related SAP No. **12031**

Project Capital Budget: \$3,240,000

Project Capital Estimated Cost: \$2,340,000

Annual Estimated Operating Cost: \$118,000

Project capital and operating costs are based on delivering the preferred interim intake structure.

Executive Summary

This business case is seeking approval to implement a preferred identified construction option in conjunction with a number of associated works to address the annual occurrence of low river levels within the Waikato River. During drought conditions, levels within the river drop below the operational level of the intake structure, compromising City Waters ability to abstract sufficient water to meet the city's demand.

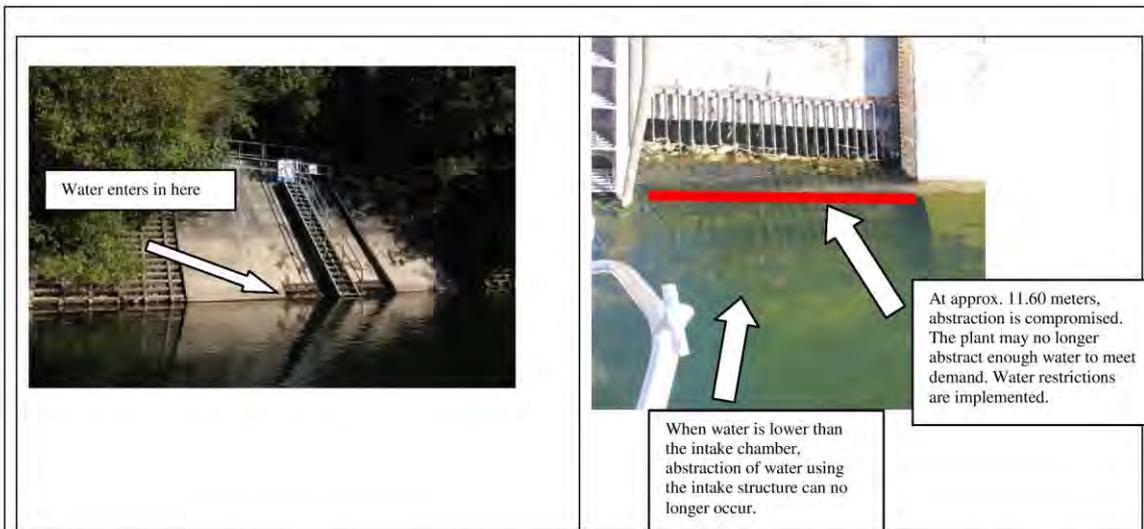
The activities include:

- Deployment of the current contingency plan to manage low river levels during the summer / autumn period in 2015.
- Design, procurement, communications, resource consenting, installation and deployment of a new interim intake structure that will address the risk associated with water abstraction during low river level events for the next 15 years.
- Water treatment plant electricity supply upgrades.
- Upgrading of the wastewater treatment plant intake structure. The wastewater treatment plant also has an intake structure (river water is used in the treatment processes). This intake structure is also at risk during low river levels; therefore upgrades are required to insure abstraction is always possible.
- Scoping works for a new intake structure (long term solution).

The interim intake structure proposed in this business case is anticipated to enable the city's water demand to be met for the next 15 years, with minimal impact on supply during those years when low river levels occur. It is recommended however, that a long term solution be formalised with provision for funding signalled in the 2015-45 infrastructure plan.

This business case focuses simply on the Council's ability to ensure current and future demand for the City's water is able to be met when low river level events occur. The detailed business case analysis relating to Healthy Rivers the future governance and delivery of water services within the sub region, currently underway, is not considered to impact or be impacted by actions proposed in this business case.

Currently water from the Waikato River flows into the treatment plant via a passive inlet structure and pumping system that is beneath the river water level.



During low river flows there is an extreme risk that the level of water within the River can go below the inlet structure. In such circumstances abstraction using the existing infrastructure would not be possible.

The level of water in the Waikato River is dependent on:

- The available water at source; Lake Taupo.
- The bed of the river; the bed of the river is degrading over time due to sediment movement.

The water treatment plant's ability to take water from the Waikato River becomes compromised once the river levels drop to below 11.60 meters. A drop below this level during peak demand (summer and no water restrictions), would mean the treatment plant would be unable to abstract enough water from the river to meet the water demand of the city. If the water level was to drop to below the intake structure, abstraction would become impossible, resulting in water outages.

The lowest recorded level of the River was in 2002 at 11.52 meters. The summers of 2012 and 2013 saw low river flows of 11.60 meters.

In 2008 City Waters developed a low river contingency plan, this plan reduces the extreme risk to very high risk.

The contingency plan has been deployed (albeit only in part) during the summer / autumn period of 2008, 2010, 2013 and 2014. Indicators show the plan will also need to be deployed in summer/autumn 2015.

However, in all of the historical events (listed above) the full range of contingency measures were not deployed to provide water for the city as rain occurred and the issue was mitigated. Therefore implementation / commissioning / testing of some aspects of the plan remain untested.

The following issues with the current contingency plan have been identified:

- Reliance on external suppliers to provide critical assets to deploy the plan, including barge and pumps.
- Implementation of the plan must start in December; expenditure is incurred prior to low levels occurring.
- Availability of resources to manage the deployment are not available in-house. Consultants and contractors are required.
- The plan was developed to provide water demand of 50ML per day, current minimum demand requirement's (with water restrictions) to ensure no water outages occur is 70ML. This is expected to rise to 90ML by 2030.
- There is no back up of critical assets within the plan, i.e. if a pump was to fail, supply would be compromised.

In the 2012/22 long term plan, financial provision was made in 2014/15 of \$3.240 million to secure a solution to replace the current contingency plan. The level of funding identified was made based on information held at the

time.

In 2013 and 2014, investigation was undertaken to identify the physical works required to secure a long term solution. Lowering the intake or building a new intake was estimated to be approximately \$26 million. As constructing a new intake is significantly over the current budget allocation, City Waters have considered alternative options.

Option 1 – Long Term Solution – New Intake Structure / Lowering the Existing Structure

The long term solution would involve either the lowering of the current concrete structure to enable abstraction of water from the river, or the building of a replacement abstraction structure (adjacent to the current) at a lower level.

The outcomes of the long term solution include:

- Operational continuity achieved, the plant will continue to operate regardless of the river levels.
- No water restrictions will need to be put in place due to low river levels. Note, restrictions may still be required to manage water demand.
- Environmental concerns regarding the risk to aquatic life (screen sizes) will be mitigated.

The advantages of the long term solution include:

- The risk associated with City Waters ability to meet the city's water demand when a low river level occurs will reduce to low.
- Reduced operational risk, all assets would have sufficient back up to ensure continuity of water supply.

Constraints of the long term solution include:

- Total cost is estimated to be \$26 million; current budget provision is \$3.240 million.
- Potential two to three year construction period, depending on final solution.
- Current contingency plan would need to continue to be funded and deployed in the event of low river levels.
- Critical design information has not yet been sourced, i.e. future low river levels. These levels will be affected by climate change (water availability in Lake Taupo) and bed degradation.

Option 2 – Interim Intake Structure

The interim intake structure addresses the issues of the current low river contingency plan and can provide a 15 year plus solution for the city.

The interim solution is essentially an enhancement of the current contingency plan and includes the procurement of a custom designed barge, suitable for the purpose of deploying electric pumps into the Waikato River to abstract water. The pumps will transfer river water into the existing intake structure, and then into the plant. The barge and pumps will be owned by Council and stored on site when not in use.

The advantages of the interim intake structure include:

- The risk of failure when implementing the contingency plan will reduce from very high to medium
- Is within the budget identified in the 2012-2022 LTP period.
- Construction can be substantially completed within the 2014/15 financial year, with expenditure deferment required to complete the works in 2015/16.
- Will enable the plant to continue to operate during the construction of the long term solution.
- Can be integrated into the plant's operations i.e. be automated.
- Can be deployed within 48 hours.

The dis-advantages of the interim intake structure include:

- Water restrictions will still be required during low river levels.
- The operational risk e.g. exposed pumps within the river, will need to be managed. When not in use the equipment will be stored on land.
- Is not a permanent solution (15 years maximum), future expenditure is required to provide a long term solution – this has been signalled through the 2015-2045 infrastructure plan.

Option 3 – Retain and Continue to Deploy the Current Contingency Plan

D-1656066

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Option 3 is to retain and continue to deploy the current contingency plan.

The advantages of the current contingency plan include:

- No capital investment is required
- It involves temporary assets which are not owned by Council. Maintenance and renewals are carried out by the asset owners.
- It can be deployed as it is needed i.e. when a low river level is anticipated

The dis-advantages of the current contingency plan include:

- There is no operational funding for the deployment and implementation of the current contingency plan. Annual expenditure is managed through risks and opportunities.
- Ongoing reliance on external suppliers to provide critical assets to deploy the plan, including barge and pumps.
- Implementation of the plan must start in December; i.e. expenditure is incurred prior to low river level events occurring.
- Availability of resources to manage the deployment are not available in-house i.e. consultants and contractors are required.
- The current contingency plan can only provide a maximum abstraction of 50 ML, the city currently requires at least 70 ML. Therefore significant water restrictions are required.
- There is no back up of critical assets within the plan, i.e. if a pump was to fail, supply would be compromised.
- When operational, the pumping is not automated, physical management and operation is required.

Preferred Option

Option 2 (interim intake structure) is preferred by City Waters for the following reasons.

There is no provision in the current (2012-2022) LTP for the deployment of a long term solution (\$26m) at this time.

- Option 2 can be delivered within the current (2012-2022) LTP funding envelope.
- This option can be substantially delivered by the end of the 2014/15 financial year; deferment of expenditure is likely to be required to complete the works in 2015/16.
- The operational risk associated with meeting demand for water, when the river level is low, is reduced from very high to medium, and can be readily managed by the City Waters team.
- Option 2 can provide a fully automated solution which, based on current growth and demand figures, will readily serve the needs of the city for the next 15 years.
- Option 2 enables automated deployment within a 48 hour period.
- Option 2 will enable the plant to continue to operate whilst the long term solution is being implemented.

Review / Approval Summary	
Prepared By Business Owner _____	Date _____
(Name / Signature of individual)	
Reviewed By PMO _____	Date _____
(Name / Signature of individual)	
Reviewed By SLT _____	Date _____
(Name / Signature of individual)	
SLT Decision (choose from list) <i>Choose an item.</i>	
Council / Committee Meeting (circle one) <i>Choose an item.</i>	
Date _____	

Resolution (adopted following Council/Committee consideration)

Item 12

Attachment 1

HAMILTON CITY COUNCIL BUSINESS CASE DETAILS

1.0 Strategic Case – complete for **ALL** business cases

Ensuring an appropriate strategic fit and making a robust case for change

1.1 Position

Where are we now – what's the issue / opportunity we are trying to address? Where do we want to be? Define clear SMART objectives that can be directly linked to your proposed outcomes (benefits)

- Due to a combination of droughts (less water in Lake Taupo and therefore the river) and bed degradation, the intake structure at the water treatment plant can, during the summer and autumn periods, be above the river levels.
- In the summer / autumn periods in 2008, 2010, 2013, and 2014 the river level dropped enough for water abstraction to be compromised and water restrictions were put in place to reduce water demand.
- Water levels could drop further in the future, making abstraction via the current intake structure physically impossible, resulting in water outages.
- In 2008 City Waters developed a contingency plan to manage the low river levels. This plan has been deployed in part four times in the last seven years. In each instance rain occurred, prior to the contingency plan becoming fully implemented.
- The current contingency plan presents a number of issues; City Waters rates the current plan as having an very high risk of failure. These issues include:
 - Reliance on external suppliers to provide critical assets to deploy the plan, including barge and pumps.
 - Implementation of the plan must start in December, expenditure is incurred prior to low levels occurring.
 - Availability of resources to manage the deployment are not available in-house. Consultants and contractors are required.
 - The plan was developed to provide water demand of 50ML per day, current minimum demand requirements (with water restrictions) to ensure no water outages occur is 70ML. This is expected to rise to 90ML by 2030.
 - There is no back up of critical assets within the plan, i.e. if a pump was to fail, supply would be compromised.
- In 2014/15 there is a funding allocation of \$3.240 million to commence addressing the issues raised by low water level events
- Three options have been considered by City Waters:
 - Option 1 – lower the existing water intake structure, estimated to cost \$26 million.
 - Option 2 – construct an interim structure to address the issues of the current contingency plan until funding is secured to implement option 1. The interim structure includes the procurement of a barge and pumps, which will be stored on site when not in use. The works will also include upgrading the current electrical supply to plant and intake area to enable the structure to operate.
 - Option 3 – continue with the current contingency plan.

The objective of this project is to:

- Ensure the treatment plant can abstract 'sufficient water' from the Waikato River during low river level events (over a 24 hour period, in an integrated manner and with no risk of asset failure) for less than \$3.240 million and be undertaken and operational by the commencement of the 2015/16 summer.

'Sufficient water' has been determined to be the average daily summer use.

- Currently this is approximately 70ML.
- By 2030 this is expected to be 90ML.

The three options have been analysed against the project's objective.

Objective	Option 1 - New Intake Structure	Option 2 - Interim Intake Structure	Option 3 - Current Contingency Plan
Ability to abstract sufficient water over a 24 hour period to meet the city's demand even during a low river level event	The solution will need to be designed to meet both future water demand and river levels. Whilst future demand of the city is known and documented, future river levels are still to be determined.	The interim solution will be designed to enable 90 ML of water to be abstracted, during a low river level event.	The current contingency plan can not fully meet the stated objective. The current plan can only provide 50 ML.
Minimise Water restrictions	No water restrictions will be required due to low river levels.	Water restrictions may be required to ensure water outages do not occur.	Significant water restrictions will be required to ensure water outages do not occur.
Integrated into plant operations	Permanent integration.	Will require set up, estimated to be approximately 48 hours. All equipment can be fully integrated into plant's automation systems.	Procurement of the barge and pumps must be completed in advance to secure supply. Consultant and contractor resources are required to enable deployment and operation. Operation of the solution is manual; it is not linked to existing plant automation.
Critical asset redundancy	Met	Met	Not Met
Budget of \$3,240,000	Current funding (2014/15 of the 2012-2022 LTP) does not cover estimated cost. Estimated cost of new intake structure \$26 million.	Budget allocation identified in 2012-2022 LTP for the 2014/15 Financial year. Met, estimated cost \$2,340,000.	The estimated cost of deploying and implementing the current contingency plan is \$325,000. This plan is unbudgeted for, and will be managed through risks and opportunities. This option will require ongoing annual funding, which has not been included in the 2015-2025 LTP proposed budgets.

Completed and operational by summer 2015/16	Construction estimated to take at between two to three years.	Met	Met
Realistically a new intake structure (Option 1) cannot meet the majority of objectives of this project at this time, whilst the interim intake structure (Option 2) can meet the majority of objectives and remain a valid operational solution until such time funding through the 2015-2045 Infrastructure Plan is available.			
1.2 Outcomes (benefits)			
What are the expected benefits that will be delivered as a result of this –work - Develop these with Stakeholders along with SMART objectives and defined long term value for money this BC work will deliver			
The overarching benefit of this project is the assured continuity of the city’s water supply in the event of low river levels.			
The advantages for each option under consideration are:			
<ul style="list-style-type: none"> • New intake structure <ul style="list-style-type: none"> ○ The solution is long term ,no changes to operation or processes need to be implemented due to low river levels ○ The new intake structure will remove Council’s dependency on the current contingency plan. Therefore the risk will reduce form very high to low. ○ Reduced operational risk, all assets would have sufficient back up to ensure continuity of water supply. • Interim intake structure <ul style="list-style-type: none"> ○ The interim intake structure will reduce the contingency plan risk of failure from very high to medium. ○ Is within the budget identified in the 2012-2022 LTP period. ○ Construction can be substantially completed within the 2014/15 financial year, and completed prior to the summer period in 2015/16. ○ Will enable the plant to continue to operate during the construction of the long term solution. ○ Can be integrated into the plant’s operations i.e. be automated. ○ Can be deployed within 48 hours. • Current contingency plan <ul style="list-style-type: none"> ○ No capital investment required. 			
1.3 Strategic Alignment			
Describe how the proposed work aligns to either individual or multiple HCC strategies http://www.hamilton.co.nz/our-city/city-strategies/Pages/default.aspx			
Strategy	Vision / Goals	How this project delivers	
Future Governance and Delivery of Water Services	Currently under a detailed business case analysis investigation is a subregional solution to the delivery of water services.	It is not considered that the preferred interim option will impact on or be impacted by the outcome of detailed business case analysis of sub regional water governance and delivery of service in any form.	

Sub-regional three waters strategy	The delivery of integrated, sustainable and well managed Three Waters services for the sub-region which ensures the cultural, social and economic needs of the community are met and the quality of the Waikato River is improved.	Secures supply for current bulk water supply to Waikato District and future proofs potential future supply arrangements with Waikato and Waipa Districts.
Hamilton City Council's Vision, Outcomes and Goals	To be a smart city in every way and in everything we do.	Implementing an interim intake structure and planning for a long term solution enables the objectives of the project to be met now and in the future in the most expedient and cost efficient way. Provision can be made within the 2015-45 infrastructure plan to enable the implementation of the long term solution towards the end of the interim solution's life (15 year life expectancy). Wherever possible the future needs of the treatment plant are being considered and where there is a benefit to do so, these are being implemented as part of this project, e.g. electricity supply upgrades.
Economic Development Agenda	Throughout its [Agenda] development a clear role has been defined for the Council's contribution towards the city's economic development. This role is one where Council as a whole is responsible for creating the best possible business environment for business to invest with certainty and confidence.	The business community is reliant on water to provide services and manufacture goods. This project ensures water can continue to be provided effectively and affordably whilst readily managing the risks associated with low river levels .
Social Well-Being Strategy	Our people have access to warm, dry, safe and healthy homes.	One of the key foundations to having a healthy home is access to potable water. The proposed solution enables City Waters to readily manage the risk to supply in the event of low river levels. Currently the risk of the contingency plan failing is rated as very high; the proposed solution reduces this risk to medium.

1.4 Organisational Context

Outline how this work will assist HCC achieve its business goals (Refer HCC's Organisational Plan [D-797552](#))

The Chief Executive's priorities and organisational KPIs for 2014/15 applicable to this project are as follows.

Chief Executive's Priorities and organisational KPIs for 2014/15		How this work will assist in achieving the business goals
Delivering on plans, strategies and policies set by Council	Delivering the work programme agreed on time and to budget	<p>Option 1: New Intake Structure – Work programme will not be able to be delivered within the 2014/15 financial year or within the existing budget.</p> <p>Option 2: Interim Intake Structure– The majority of the project will be able to be completed within the 2014/15 financial year. Deferment of expenditure to 2015/16 is likely</p>

		to be required to complete the works. Option 3: Retain Current Contingency Plan – Work programme will be able to be delivered in the 2014/15 financial year. Operational expenditure will need to be managed through risks and opportunities.
Financial performance	We manage risk and realise opportunities <i>+/- 0.5% of budget or exceptions agreed through risk and opportunities</i>	Option 1: New Intake Structure – <ul style="list-style-type: none"> Supply related risk reduced from very high using the current contingency plan to low. Financial risk – A permanent solution is estimated to cost \$26 million. Option 2: Interim Intake Structure - <ul style="list-style-type: none"> Supply related risk reduced from very high using the current contingency plan to medium. No financial risks. Structure can assist with supply whilst new intake is being constructed. Option 3: Retain Current Contingency Plan – <ul style="list-style-type: none"> Supply related risk will remain at very high. There is no current or future budget allocation to deploy the current contingency plan.
Safety and wellbeing	We are innovative in how we deliver on safety and wellbeing <i>100% of safety and wellbeing KPIs met</i>	The preferred solution recommended will go through a hazard and operability study (HAZOP). A HAZOP is a structured and systematic examination of a planned or existing process or operation in order to identify and evaluate problems that may represent risks to personnel or equipment, or prevent efficient operation; it is carried out by a suitably experienced multi-disciplinary team (HAZOP team) during a set of meetings

1.5 Organisational Impact

How / where does this piece of work integrate with / impact on the rest of the organisation's activities?

These works are to be delivered utilising City Infrastructure resources supported by external consultants and contractors. It is not anticipated that these works will have any effects on other construction works that City Infrastructure is delivering this financial year, nor any construction works that other parts of the business are delivering.

Other parts of the organisation will be required to support this project. This support is considered to be a business as usual function. The units and support required is:

Procurement Team – contract set ups, and procurement advice

Communications Team – communications plans for both the current contingency plan and information on this project.

Finance Team – monthly reporting through AX and Council Committee reporting

1.6 Stakeholders

Need to be identified and their level of influence and interest in the BC needs to have been defined – use the analysis tool if helpful [D-1166068](#).

Stakeholder	Interest in the Project	Assessment of Impact	Potential strategies for gaining support or reducing resistance	Engagement with this project to date
Individuals - Hamilton City Households	<ul style="list-style-type: none"> Continuity of water supply No restrictions in summer 	Keep informed	<ul style="list-style-type: none"> Smart water campaign 	<ul style="list-style-type: none"> Consultation was undertaken through the 2012-2022 LTP for funding to install a new structure to abstract water from the Waikato River.

				<ul style="list-style-type: none"> Smart Water campaign includes information on why Council needs to issue water restrictions.
Businesses and Industry within Hamilton City	<ul style="list-style-type: none"> Continuity of water supply No restrictions in summer 	Keep informed	<ul style="list-style-type: none"> Smart water campaign 	<ul style="list-style-type: none"> Information has been provided to Council's high water users, as to why Council needs to issue water restrictions. Consultation was undertaken through the 2012-2022 LTP for funding to install a new structure to abstract water from the Waikato River.
Waikato Tainui	<ul style="list-style-type: none"> Protection of the Waikato River Waikato Tainui have expressed their concerns and needs through the Waikato Tainui Environmental Plan, Tai Tumu Tai Pari Tai Ao. 	Manage closely	<ul style="list-style-type: none"> The current low river contingency plan, which forms part of the works to be completed includes a communications plan. Through this plan, Waikato Tainui are kept informed about the River levels and the need for water restrictions. City Waters and Waikato Tainui also have a formal monthly liaison meeting were key strategic projects are discussed. Specific requirements as set out in Waikato Tainui's Environmental Plan, Tai Tumu Tai Pari Tai Ao will need to be met through design and procurement decisions and construction techniques employed. 	<ul style="list-style-type: none"> Waikato Tainui are aware that Council are looking at solutions to the low river issue and will be sourcing a solution this financial year. These conversations have taken place as part of City Waters and Waikato Tainui's formal monthly liaison meetings.
Waikato Regional Council (WRC)	<ul style="list-style-type: none"> Protection of the Waikato River The requirements are set in our resource consent to abstract water and the Waikato Regional Plan 	Manage closely	<ul style="list-style-type: none"> Current low river contingency includes communication plan which will be in place for the duration of this project Specific requirements as set out in the Waikato Regional Plan will need to be met through design and procurement decisions and construction techniques employed 	<ul style="list-style-type: none"> WRC are aware that Council are looking at solutions to the low river issue and will be sourcing a solution this financial year. These conversations have taken place as part of City Waters and WRC's formal monthly liaison meetings.
Ministry of Health	Compliance with New Zealand Drinking Water Standards	Manage closely	<ul style="list-style-type: none"> The current low river contingency plan includes a communications plan which includes the Ministry of Health. This communication framework will be used to inform the Ministry on progress of the interim intake structure and any changes to public health risks. 	<ul style="list-style-type: none"> The Ministry of Health are aware that Council is looking at solutions to reduce the operational risk associated with the current contingency plan and that Council has allocated funding in 2014/15 to do so.
Ministry for Business Innovation and Employment	Health and safety of our staff and contractors is achieved	Keep satisfied	<ul style="list-style-type: none"> Ensure that all health and safety requirements are met during design, procurement, construction and operations 	<ul style="list-style-type: none"> There has been no need to engage with the Ministry for Business Innovation and Employment.
Bulk water customers (Waikato and Waipa District)	Provision of bulk water supplies are provided as per the conditions of agreement(s)	Manage closely	<ul style="list-style-type: none"> Smart Water Campaign. This is a sub-regional campaign, Waikato residents which are supplied by Hamilton must 	<ul style="list-style-type: none"> Waikato and Waipa District Councils are aware that Council has identified funding in this financial year to source a

Councils)	<ul style="list-style-type: none"> Water Supply Agreement between Hamilton City and Waikato District Council – August 2007 Southern Districts Future Growth Agreement – August 2010 		also adhere to Hamilton's water restrictions	<p>solution.</p> <ul style="list-style-type: none"> Informal conversations have taken place regarding the options under consideration. The risk associated with the low river levels and water restrictions are discussed weekly with the Smart Water team, and monthly at the Shared Services monthly operations and management meetings.
Mayor and elected members	<ul style="list-style-type: none"> Supply related risk management Financial Reputational risk 	Manage closely	<ul style="list-style-type: none"> Utilising the Finance Committee reporting process, quarterly updates are provided on the financial progress of the project. City Waters uses the Exec update process to keep Councillors informed about water restrictions. 	<ul style="list-style-type: none"> Financial Committee reports Exec updates
CEO and Senior Leadership Team (SLT)	<ul style="list-style-type: none"> Supply related risk management Financial Council's Reputation 	Manage closely	<ul style="list-style-type: none"> Contingency plans are a standing item in the corporate risk register, for which the current contingency plan and the interim intake structure is part of. As and when required, water restrictions and the risk of low river levels is added to the SLT meeting agenda. 	<ul style="list-style-type: none"> Corporate risk register – under contingency plans. Agenda item in SLT.
General Manager City Infrastructure (Project Sponsor) and City Infrastructure Group Project Governance Group (PGG)	<ul style="list-style-type: none"> Supply related risk management Financial Council's Reputation Service Delivery Financial Compliance <ul style="list-style-type: none"> Drinking water standards Resource consent Health and Safety 	Manage closely	<ul style="list-style-type: none"> The General Manager City Infrastructure and Unit Managers from City Waters and City Development are part of the PGG. Throughout all phases of the project, ensure the PGG is kept informed of the project risk, issues and progress. This group will also provide strategic decision making for the project. 	<ul style="list-style-type: none"> The project has been an agenda item in the PGG throughout the 2014/15 year.
City Development	<p>Staff will be responsible for the delivery of projects contained within the programme of works that are to be delivered including:</p> <ul style="list-style-type: none"> Interim Intake Structure New Intake Structure Scoping (long term solution) Wastewater Treatment Plant Intake Upgrades 	Manage closely	<ul style="list-style-type: none"> Throughout all phases of the project, ensure the City Development Team are either part of the decision making process for those projects that they are managing or are being kept informed regarding the projects that City Waters are managing to ensure there is synergy throughout the programme of works. 	<ul style="list-style-type: none"> City Development project managers have been involved in this project since it began.
City Waters – Plant Operators	<p>City Waters as part of business as usual are responsible for the continuous supply of water to the City and therefore have a very high level of interest in the proposed works. Staff will provide a key role in</p>	Manage closely	<ul style="list-style-type: none"> Throughout all phases of the project, ensure the City Waters Team are either part of the decision making process for those projects that they are managing or are being kept informed regarding the projects that are being delivered to ensure 	<ul style="list-style-type: none"> City Waters project managers and plant operators have been involved in this project since it began.

	enabling integration of the proposed solution into current plant operations.		integration with plant operations.	
City Waters – Drinking Water Compliance	This team is responsible for reporting water quality to the Ministry of Health and resource consent compliance to the Regional Council	Keep informed	<ul style="list-style-type: none"> Throughout all phases of the project, ensure the compliance team are informed on the progress of the project 	<ul style="list-style-type: none"> City Waters compliance team are aware of this project since its conception and have assisted in the planning of the works as and when required
City Waters – Asset Management	This team is responsible for capitalising new assets, carrying out preventative maintenance and ultimately deprecating and renewing the assets.	Keep informed	<ul style="list-style-type: none"> Throughout all phases of the project, ensure the compliance team are informed on the progress of the project 	<ul style="list-style-type: none"> Are aware of this project since its conception and have assisted in the planning of the works as and when required
Procurement Team	This team is responsible for the overseeing of procurement practice	Keep informed	<ul style="list-style-type: none"> As and when required the procurement team will be involved in the project, to either deliver works (e.g. contract numbers) or to provide advice on procurement matters. 	<ul style="list-style-type: none"> Are aware of this project since its conception and have assisted in the procurement planning of the works as and when required
Communications Team	The communications team provide a pivotal role in the comms plan for the existing contingency plan and the Smart Water campaign.	Manage closely	<ul style="list-style-type: none"> Are part of the project team to deliver the existing contingency plan 	<ul style="list-style-type: none"> Have been part of the existing contingency plan since its conception.
Finance Team	The finance team provide financial monitoring of the project through AX.	Keep informed	<ul style="list-style-type: none"> As and when required the Finance team will be involved to provide financial information regarding this project. 	<ul style="list-style-type: none"> Are aware of this project since its conception and have assisted in the financial planning of the works as and when required
Consultants	Consultants are to be engaged to assist in the delivery of this project	Keep informed	<ul style="list-style-type: none"> As and when required consultants will be providing information to enable decision making and reporting, Council decisions will be relayed and discussed, with any risks identified and managed. 	<ul style="list-style-type: none"> Early engagement with consultants has taken place to ensure that they have the right skills in order to enable delivery.
Contractors	Contractors will be either: <ul style="list-style-type: none"> Providing key information to enable decision making and or Carrying out physical works 	Keep informed	<ul style="list-style-type: none"> As and when required contractors will be providing information to enable decision making and reporting, Council decisions will be relayed and discussed, with any risks identified and managed. 	<ul style="list-style-type: none"> Early engagement with contractors has taken place to ensure that they have the right skills in order to enable delivery. Contractors have provided scoping documentation including option and costs to enable decisions to be made.

1.7 Scope of the Work - What's Included in the scope of this proposal, and what is specifically excluded – ensure you define impact of change?

The following is based on the assumption that the interim intake structure and associated works (as outlined below) will be delivered.

Included:

Procurement of an external senior programme manager to oversee the delivery of all the projects associated with the

intake structure. Each project will have dedicated project manager who will report to the programme manager. These projects are:

1. Deployment of the current contingency plan to manage low river levels during the summer / autumn period in 2015.
2. Design, procurement, communications, resource consenting, installation and deployment of a new interim intake structure that will address the risk associated with water abstraction during low river level events for the next 15 years.
3. Water treatment plant electricity supply upgrades.
4. Wastewater treatment plant intake upgrades.
5. Scoping works for a new intake structure (long term solution).

The scope of work for each of the above projects include:

1. **Deployment of the current contingency plan to manage abstraction during the anticipated low river levels over the 2015 summer/autumn period**
 - Contracting Downer to take the role of Operations Controller. The Operations Controller role forms part of the Incident Control Group and is responsible for the deployment of the current contingency plan. Downers will also be contracted to undertake the physical works associated with the current contingency plan.
 - Implementation of the contingency's communications plan.
 - Identification and opportunity exploitation of any synergies between the current low river contingency plan and the preferred option – construction of an interim intake structure.
2. **Design, procurement, communications, resource consenting, installation and implementation of the interim intake structure**
 - Finalisation of design including barge, pumps, electricity supply, automation systems, civil works, storage facilities
 - Finalisation of procurement plans for all assets / equipment / contractors and any necessary Council reports.
 - Application and obtainment of any necessary resource consents from Waikato Regional Council and Hamilton City Council
 - Procurement of all assets, equipment and contractors necessary to complete this project. All procurement to be carried out as per Council's Procurement Policy and Manual
 - Implementation, including commissioning, testing and development of any necessary operating procedures.
3. **Scoping the requirements of a new intake structure (long term solution)**

Procurement of a contractor and consultant to jointly develop a scoping document to identify the requirements of the long term solution

The scoping works may include:

 - Assessment of options / concept design
 - Geotechnical assessment
 - Cost estimates +/- 30%
 - Feasibility, including construction requirements and consents
 - Gathering and assessment of cultural requirements
4. **Water Treatment Plant 11 kv**

The current water treatment plant's main electricity supply no longer meets the level of service required; significant upsizing is required to meet the needs of the overall plant and to meet the requirements for operating any new intake structure (interim and long term solutions). Scope includes:

 - Approval from the General Manager to procure WEL energy to carry out the works under a direct

<p>appointment.</p> <ul style="list-style-type: none"> • Procurement of WEL to provide the assets and carry out the physical works. <p>5. Wastewater Treatment Intake Upgrades</p> <p>The wastewater treatment plant also has a water intake structure which is at risk during low river levels. Minor modifications of this structure are required to enable abstraction of water during low river levels. Scope includes:</p> <ul style="list-style-type: none"> • Procurement of new assets, equipment, and storage. • Installation of new assets and equipment. <p>Excluded from the scope of work</p> <ul style="list-style-type: none"> • Detailed design, consenting and construction of the long term solution. 	
<p>1.8 Quantitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)</p>	<p>1.8a KPI/Target/Frequency of reporting Also Identify the Benefit owner and who will report the KPI/ Target and Frequency (i.e. as 3 separate items)</p>
<p>Continuity of water abstraction during low river level events.</p>	<p>A minimum of 70ML of water per day is able to be abstracted from the river during low flow events, increasing to 90ML by 2030; to keep pace with expected growth demand.</p> <p>Benefit Owner: City Waters and the community of Hamilton Benefit Reporter: City Waters Operational Team Frequency of reporting: Daily reporting during the summer / autumn period</p>
<p>Capital expenditure to deliver both an interim and long term solution to low river levels is based on robust investigation and regulatory requirements.</p>	<p>The project is delivered to within +/- 0.5% of the total budget.</p> <p>Benefit Owner: City Infrastructure Benefit Reporter: City Development Project Manager Frequency of reporting: Monthly</p>
<p>HCC meets its obligations under the Health Act.</p>	<p>Safe drinking water is provided to the community of Hamilton 100% of the time.</p> <p>Benefit Owner: City Waters and the community of Hamilton Benefit Reporter: City Waters Compliance Team Frequency of reporting: Quarterly reporting to Population Health.</p>
<p>1.9 Qualitative Benefits Develop this list with Stakeholders (as a minimum with those most affected by the proposal)</p>	<p>1.9a Indicator of Success Identify the benefit owner and who specifically will report on the progress/realisation of the benefit</p>
<p>Critical assets have redundancy (back up) to ensure continuity of service.</p>	<p>No supply issues are associated with asset failure</p> <p>Benefit Owner: City Waters Benefit Reporter: City Waters Operational Team When will it be reported: Reported by exception only, if asset failure were to occur.</p>
<p>All assets associated with the abstraction of water to the treatment plant are owned by Hamilton City Council.</p>	<p>Asset ownership</p> <p>Benefit Owner: City Waters</p>

	Benefit Reporter: City Waters Asset Team When will it be reported: Annual capitalisation report			
Quick and easy to roll out solution.	The solution is fully integrated into the water treatment plant operations and can be deployed within 48 hours utilising current plant resources Benefit Owner: City Waters Benefit Reporter: City Waters Operational Team When will it be reported: Upon successful completion of the commissioning and testing			
1.10 Dis-benefits	1.10a Impact on the business (identify who will be impacted as a result)			
The preferred solution to be implemented is an interim solution only – it is expected to have a life of approximately 15 years maximum.	Implementation of the interim intake structure will reduce the risk profile of providing water during low river level events using the contingency plan from very high to medium. Council will still need to manage this medium risk until 2030 at the latest, when a new intake structure will be required to be operational. Who will be impacted: City Waters			
It is expected that the life of some of the assets procured to provide the interim solution will still have significant useful life remaining e.g. the barge.	Re-using the assets elsewhere in the business or selling the assets when the long term solution is operational i.e. offsetting funds arising against the cost of the long term solution. Who will be impacted: City Waters, property, potentially Insurance			
1.11 Opportunities Arising (identify who will own and report the opportunity)	1.11a Strategies to Exploit, Enhance &/or Share Each Opportunity			
Developing best practicable process to supply water during low river events. Opportunity Owner: City Waters and the community of Hamilton Opportunity Reporter: City Waters	Ensuring early contractor/consultant involvement and fully utilising the available long lead time available to ensure long term solution provides best practice process.			
Request for tenders and fixed price quotes enables works to be procured for less than budgeted expenditure Opportunity Owner: Council Opportunity Reporter: City Development	Competition in the market delivers best value for expenditure.			
Bundling the range of work associated with building resilience enables a more comprehensive solution to be provided	Similar projects at both the water and wastewater treatment plants are delivered as one. Wherever possible the future needs of the treatment plant are being considered and where there is a benefit to do so, these are being implemented as part of this project, e.g. electricity supply upgrades.			
1.12 Risks Identified <i>D-1030981</i> – risk statements <i>D-722311</i> – risk register template	1.12a Gross Risk	1.12b Risk Trigger Points	1.12c Risk Management Approach	1.12d Residual Risk
Funding of this programme of works as described in this	Medium	Finance Committee does not support	Prevention: • Robust business case is	Medium

business case is not approved by Council.		interim solution.	presented to the Finance Committee. Response: <ul style="list-style-type: none"> Current contingency plan without modifications remains in use for the foreseeable future. 	
Due to assets (e.g. pumps) being manufactured overseas, they may be unable to be procured and installed within set timeframes leading to project delays.	Medium	Asset is not available in New Zealand.	Prevention: <ul style="list-style-type: none"> Direct contact is made with manufacture / supplier. Lead in times are clear and well understood. Timing schedule is built with flexibility in mind. Penalty clauses for late delivery of goods are included in the contract. Response: <ul style="list-style-type: none"> Penalty clause is enacted Project change process is followed and timing is changed as required. 	Low
The required specialised contractors may not be available in the time frames set out in this project and may result in project delivery being delayed.	Medium	Specialist contractor indicates that timeframes cannot be met.	Prevention: <ul style="list-style-type: none"> Early identification of required specialists. Early schedule planning and development in conjunction with specialist contractors. Time contingency is incorporated into project schedule. Appropriate contract management established. Response: <ul style="list-style-type: none"> Contract management clauses around delay activated. Project change process is followed and timing is changed to account for lack of specialist contractor availability. 	Low
Suitable contractors are unable to be procured through public requests for tenders and quotes which may delay the commencement and subsequent delivery date.	Low	No or poor tenders / quotes are received.	Prevention: <ul style="list-style-type: none"> Ensure public requests are advertised with plenty of time provided for tenders to respond. Response: <ul style="list-style-type: none"> Project change process is followed and timing is changed to enable works to be retendered. 	Low
The actual cost of contractor works as procured through the tender process is greater than budgeted for	Medium	Tenders received are greater than budget	Prevention: <ul style="list-style-type: none"> Cost estimates are based either Similar recent works completed by HCC or consultant estimates 	Low

			<p>Response:</p> <ul style="list-style-type: none"> Through the PGG utilise contingency funding to manage any increases to budget or re-evaluate programmed works to identify savings in other projects. 	
Key operational staff may become unavailable to provide specialist advice to the project managers (internal and external) and may result in project delays.	Low	Operational staff are unavailable.	<p>Prevention:</p> <ul style="list-style-type: none"> Good communication between project managers and operations management / team leaders. Notice is given in advance when assistance is likely to be required. <p>Response:</p> <ul style="list-style-type: none"> Replacements are quickly identified and assigned 	Low
Building and resource consents may not be obtained within the set timeframes resulting in delays to the project.	Low	Building or resource consent application is not processed within statutory timeframes or consent is rejected.	<p>Prevention:</p> <ul style="list-style-type: none"> Ensure all required information is provided in the consent application. Engage with planners before lodging consent to ensure all information is as required. <p>Response:</p> <ul style="list-style-type: none"> Project change process is followed and timing is changed to account for the consent process to be completed. 	Low
The availability of the project managers (internal) identified to deliver the projects may become unavailable resulting in negative impact on the project.	Low	Resignation / sickness of project manager.	<p>Prevention:</p> <ul style="list-style-type: none"> Project documentation is well prepared and readily available. <p>Response:</p> <ul style="list-style-type: none"> Replacements (internal or external) are quickly identified and assigned 	Low
That once implemented the interim intake structure does not deliver the required 70 ML to the water treatment plant.	Medium	During testing 70 ML of water cannot be abstracted from the river.	<p>Prevention:</p> <ul style="list-style-type: none"> Infrastructure is designed by suitably qualified professionals and is peer reviewed. <p>Response:</p> <ul style="list-style-type: none"> Infrastructure modifications are made or Permanent solution is constructed. 	Low
1.13 Issues				
Identify and describe				
Future Low River Levels				
In order to design a long term solution (either lowering the existing intake or construction of a new intake) the future				

low river level needs to be determined. The civil structure (concrete) to be constructed will have a design life of at least 50 years. Therefore the low river level in 50 years or 2065 needs to be determined in order to ensure the long term solution designed will provide the best value for money and fit for purpose solution. This analysis will require a significant amount of information, some of which is available through Mighty River Power and Waikato Regional Council. The scoping works to be undertaken will identify the required information and any associated costs associated with obtaining this information.

Electricity Supply

The electrical supply and transformers serving the abstraction point and the water treatment plant are currently at capacity and require upsizing to enable the interim intake structure to be operational. The required upsizing will also support the long term solution.

Integration with current plant operations

The current contingency plan involves the procurement of rented / leased assets including a barge and pumps. In order for the assets to be in place and operational deployment of the plan needs to commence at the start of the summer i.e. it has a two month lead in time before it can become operational. This results in early expenditure to simply ensure availability of the required assets (in case the water level falls so low they need to be put into operation). The physical deployment of the assets is very labour intensive and cannot be managed utilising HCC resources i.e. the assets cannot be incorporated as an automated function of the water treatment plant.

The proposed interim intake structure is simple enough to be able to be deployed within 48 hours and be incorporated as an automated function of the water treatment plant.

Resources to deliver the project

City Infrastructures business model is to optimise the use of internal staff members and where required supplement knowledge and skills utilising external providers. To ensure a successful outcome and without compromising the delivery of other committed capital works programmes it is proposed that the roles of programme and project manager be procured through the LASS PSP.

Budget and Time

Expenditure for this programme of work is available within the 2014/15 year. The delivery of a long term solution could take two to three years to construct and will require substantial additional budget.

Funding provision of the long term solution is being sought through the 2015-45 infrastructure plan, with a view to this provision coinciding with the end of the 15 year life of the preferred option outlined in this business case.

Constraints/Dependencies/Assumptions

Define and describe the factors under each of the headings

Constraints

- Financial
 - Identified budget is \$3.240 million.
- Resourcing
 - Availability of a suitably qualified programme manager to deliver the discrete projects is not available internally. An external programme manager will need to be appointed.
 - Solution is required to be constructed, tested and commissioned by the commencement of the 2015/16 summer.

Dependencies

- Appropriate resource consents from Waikato Regional Council and Hamilton City Council can be obtained within timeframe (by June 2015).
- Procurement of key assets (i.e. transformers) can be obtained to support the interim solution and be in place by June 2015.
- Water restrictions continue to be put in place to manage water demand during times of low river levels until the interim intake structure is operational.

<p>Assumptions</p> <ul style="list-style-type: none"> • That there will always be sufficient water available in the River to supply the city. • That the supply of 70ML of water per day now and up to 90ML of water per day in 2030 will be sufficient to meet the demand of the city.

<p>2.0 ECONOMIC CASE – complete for ALL business cases Critical success factors & the preferred way forward</p>		
<p>2.1 Business Requirements (refer more detail in the specific notes section) Identify the requirements that must be met – Define them according to core vs desirable vs optional</p>		
<p>The requirements of this project are:</p> <p>Core</p> <ul style="list-style-type: none"> • Sufficient water can be abstracted from the Waikato River during low flow to meet demand. In 2015 this volume has been determined to be 70ML, increasing to 90ML by 2030. • Implementation prior to the summer of 2015/16. • Installation must occur without impact on the plant’s operation. • Delivered within current budget \$3.240 million. • Operational risk is reduced by ensuring critical assets have redundancy e.g. pumps, electricity supply. • The current contingency plan must be deployed to manage low river levels in the 2015 summer / autumn period • Sufficient electricity is supplied to the plant and to the abstraction point to enable the plant to abstract and treat water. • The water intake at the wastewater treatment plant. Upgrading of the water intake structure at the wastewater treatment plant. This intake, used for process water is also at risk during low river levels. Minor works are required to ensure river water abstraction is possible at all times. • The abstraction of water during low river levels is fully integrated within plant operation, i.e. no additional works are required to implement or able to be deployed utilising plant existing resources within 48 hours. <p>Desirable</p> <ul style="list-style-type: none"> • No water restrictions are imposed on the city due to low river levels, however water restrictions may still be required to manage demand <p>Optional</p> <ul style="list-style-type: none"> • Do nothing; continue to manage the risk of low river levels through the deployment of the current contingency plan. Funding for deployment and implementation of the plan will need to be either obtained through the 2015-25 LTP or utilising Councils risks and opportunities process. 		
<p>2.2 Available Options – Long List (refer more detail in the specific notes section) Consider a wide range of realistic options for meeting the business requirements. Has a feasibility study been done? You must include a base case: chose either status quo or do nothing or do minimum for this purpose</p>		
Dimension	Description	Options
Scale and scope	In relation to the proposal how big/small could this be? e.g. by levels of functionality,	Options for scope 1. Continue with current contingency plan 2. Develop interim intake solution where all assets are owned by

	unit/group/organisation-wide	HCC and operations are fully integrated within current treatment plant processes 3. Lower the current intake or build a new intake (long term solution) at that can abstract river water at low levels
Service Solution	How can services be provided? e.g. potential solutions and answers, use of technologies	Not applicable for this project
Service Delivery	Who can deliver the services? e.g. in-house, out sourced, alternative procurement strategies	Options to deliver the interim intake structure: 1. Completely in-house making use of City Waters and City Development resources to define, design and construct the solution – unachievable, resources and skills not available 2. Completely externally through a design build contract – not preferred, city waters operational staff require high level of involvement in the project to ensure integration with current plant operations 3. Combination approach with definition and project management carried out in-house and programme management, design and construction outsourced – preferred solution
Implementation	When can the services be delivered? e.g. timing and staging, big bang, phased, modular	Options are constrained as budget to address the problem is available in 2014/15. Ideally all works should be completed by 30 th June 2015, however it is likely that construction of some items may take longer. Deferment of expenditure is likely to be required.
Funding	How can it be funded? e.g. Capital, operating, PPP, grant	1. Utilise 2012-2022 LTP funding allocations: <ul style="list-style-type: none"> • Option 2 – 2014/15 CAPEX budget: \$3.240 million 2. Seek additional funding: <ul style="list-style-type: none"> • Identify funding of the permanent solution (\$26m) through the 2015-45 infrastructure plan. • Additional funding will need to be sought in order to deliver Option 1 – new intake structure or Option 3 – ongoing deployment of the existing contingency plan.

2.3 Preferred Option – engage with stakeholders to develop this and identify whole of life cost of the proposal
Identify the preferred option , describing strategic fit, how well it meets the business requirements and its advantages and disadvantages

The preferred option is to construct an interim intake structure (option 2) as:

- The works can be delivered by the 30th of June 2015 and within available funding
- Using a combination of external consultants, contractors and internal staff will ensure a successful outcome for the project
- Majority of project objectives are met with this option (refer section 1.1)
- Chief Executive and organisational KPIs are met with this option

This option will require:

- The current contingency plan to be deployed to manage the risk of low river levels during the 2015 summer / autumn period
- Upgrading the electricity supply to the water treatment plant

It is recommended that this option is supported by:

- The inclusion of a new project in the 2015-45 infrastructure plan to construct a new intake structure. A scoping

and feasibility study can be completed now to inform the infrastructure plan.

The disadvantages of constructing an interim intake structure are:

- Water restrictions may still need to put in place if the river level drops to below 11.6 meters to ensure demand does not exceed the structures abstraction volume of 70 ML.

2.4 Potential Value for Money

Describe how the preferred option maximises value for money

The preferred option maximises value for money as:

- It delivers a (15 year) solution to within existing budget
- It will be able to be deployed in the summer/autumn of 2015.
- The known operational risks associated with the current contingency plan will be mitigated, including:
 - Council will own the assets necessary to ensure continuity of supply during low river levels and will not be reliant upon external hire firms or contractors to deliver water to the community of Hamilton.
 - Council will be able to supply sufficient water to the community. The current plan can only provide 50ML, a minimum of 70ML is required.
 - If any of the pumps utilised in the current contingency plan were to fail, there are no back-ups, and water outages would likely occur.
- Provides time for Council staff to fully scope the works required for a new intake structure (long term solution), reducing the risk of design errors and escalated construction costs.
- Maximises the use of in-house resources and supplements known gaps through the engagement of consultants and contractors.

The following table compares Option 2 – Interim Intake Structure to Option 3 – Current Contingency Plan over a period of 15 years. Option 2, provides the best value. In Section 4.1 there is further discussion on how many times City Waters would expect to implement the current contingency plan over the 15 year period.

Whole of life costs

	Option 2 Interim Intake Structure	Option 3 Current Contingency Plan
Capital Cost ¹	\$2,340,000	Nil
Annual OPEX costs	\$5,000	\$325,000
Depreciation per annum ³	\$84,000	Nil
Interest per annum	\$29,000	Nil
Period (years)	15	15
Total Cost of Option	\$4,110,000	\$4,875,000

Notes:

1. Capital cost includes 15% contingency
2. Annual OPEX costs include electricity, maintenance, set up etc.
3. Annual depreciation has been calculated using City Waters asset lives
4. Assumes that the plan will be implemented every year (worst case scenario). There is no guarantee that the plan will need to be implemented every year. Refer to Section 4, Financial Case, for further scenario assessments.
5. Insurance costs have not been included; it is assumed the capital infrastructure will be covered under Council's existing policy arrangements.

2.5 Achievability

Outline how the preferred option will be successfully delivered

The interim intake solution can be delivered using a combination of consultants, contractors and in-house resources, including:

- Design – contractor and consultant

<ul style="list-style-type: none"> • Construction – contractor • Programme Management – consultant • Project Management – in-house • Commissioning and Testing – contractor and in-house <p>The procurement of contractors and consultants will be carried out as per HCC’s Procurement Policy and Procedures.</p>
<p>2.6 Affordability Outline how the preferred option will be funded</p>
<p>The interim intake structure can be delivered within existing budgets. Refer Section 4, Financial Case, for additional details of funding sources.</p>

3.0 COMMERCIAL CASE – Complete for FULL business cases only	
Resource requirements	
3.1 Identify the resource requirements – define internal and external?	3.1a Proposed procurement strategy – the how not the what <u>Council’s Procurement Policy & Procedures Manual</u>
<p>Internal</p> <p><u>City Waters</u></p> <p>City Waters will provide the following project managers to deliver the following works:</p> <ul style="list-style-type: none"> • Existing low river contingency plan, project management will be supported by Downers who are providing the Operations Controller role as part of the Incident Control Group. • Water treatment plant electricity supply upgrades. <p>Other roles include:</p> <ul style="list-style-type: none"> • Assets team <ul style="list-style-type: none"> ○ Capitalisation of assets. ○ Future maintenance, depreciation and renewal of assets procured through this project. • Operations team <ul style="list-style-type: none"> ○ Treatment and supply of drinking water to the city. ○ Approval of all design works. ○ Testing and commissioning of all new assets. ○ Permit to works for contractors. ○ HAZOP. • Compliance team <ul style="list-style-type: none"> ○ Resource consent and drinking water standards compliance. <p><u>City Development</u></p> <p>City Development will provide the following project managers to deliver the following works:</p> <ul style="list-style-type: none"> • New intake structure (long term solution) 	<p><u>Direct Appointments</u></p> <p>Where there is no price tension to be gained through the tender process and the total cost of the works is less than \$100,000 works will be procured through direct appointments.</p> <p><u>Public Request for Quote</u></p> <p>For physical works or procurement of assets of a value between \$10,000 and \$100,000, three quotes will be requested and evaluated using this method, in accordance with HCC Procurement Policy.</p> <p><u>Public Request for Tender</u></p> <p>For works or procurement of assets over \$100,000, the request for tender method will be used in accordance with HCC Procurement Policy.</p> <p><u>Professional Services Panel</u></p> <p>The Waikato LASS PSP will be used for engagement of consultants.</p> <p><u>Internal Staff</u></p> <p>Internal staff have a significant role to play in the delivery of the projects associated with this business case. Staff will be selected based on their roles within Council and their availability.</p>

<p>scoping and feasibility study.</p> <ul style="list-style-type: none"> • Wastewater treatment plant intake structure upgrades. <p><u>The project managers will be responsible for:</u></p> <ul style="list-style-type: none"> • Engagement of contractors, suppliers etc. to ensure successful completion of their projects. • Health and safety of contractors on site. • Communications with key stakeholders. • Delivery of their projects within budget, time and to scope. <p><u>Other internal units to be involved include:</u></p> <ul style="list-style-type: none"> • Procurement Team • Finance Team • Communications Team <p>External</p> <p><u>Consultants</u></p> <ul style="list-style-type: none"> • Consultants have been engaged over the last two years to complete several scoping studies. • Further engagement of consultants is required to: <ul style="list-style-type: none"> - Provide programme and project management. - Develop a scoping and feasibility study for the new intake structure. <p><u>Service Providers</u></p> <ul style="list-style-type: none"> • Service providers such as WEL have been engaged to determine the requirements of services and equipment. • Further procurement of service providers will be required to complete the project. <p><u>Contractors</u></p> <ul style="list-style-type: none"> • Contractors have been engaged over the last two years to complete several scoping studies. • Engagement of Downer to provide the Operations Controller role within the Incident Control Group for the current contingency plan and deployment of any physical works associated with the current contingency plan. • Future engagement of several different contractors (civil, mechanical, electrical, and structural) will be required to complete the physical works associated with the individual projects. 	
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4.0 FINANCIAL CASE – Complete for ALL business cases				
Affordability and funding requirements				
<p>Option 1 – New Intake Structure (long term solution) The total cost to construct this option has been estimated at \$26 million. As this is significantly over the current financial allocation, a detailed breakdown of the budget components has not been carried out.</p> <p>The relevant high level scoping and feasibility study, which is proposed to be completed as part of the associated works in this business case, is to be completed and will provide these details.</p> <p>Option 2 – Interim Intake Structure (15 year life) The following budget breakdown is to develop, construct and implement Option 2 – Interim intake structure and associated works.</p> <p>Notes</p> <ol style="list-style-type: none"> 1. The deployment of the current contingency plan is still required this year as the interim intake structure will not be completed in time to manage the drought conditions expected in March through to May 2015. 2. The total cost of the interim structure is therefore \$2,340,000 (including contingency) 				
4.1 Description	4.2 Amount	4.3 Timing	4.4 Funding	4.5 Budget Notes (refer below for budget notes common to all projects)
Interim intake structure	\$1,547,000	2013/14 and 2014/15	PIF 12031	Design, construction, testing and integration into plants operations a new barge, pumps and associated pipework, electrical supply, and automation.
Wastewater Treatment Plant Intake Upgrades	\$155,000			Pumps, pipework and switchgear.
Water Treatment Plant 11 KV	\$127,000			Works required to upgrade 11kv line into the treatment plant.
Programme	\$56,000			Engagement of MWH to provide

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Management				overall programme management for this project.
New intake structure	\$150,000			Development and finalisation of a scoping and feasibility plan for a new intake structure.
Total Project	\$2,035,000			
Contingency (15%)	\$305,000			
Total Budget	\$2,340,000			

Common Budget Notes

- Financial needs are stated in dollar values un-inflated from the 2014/15 baseline. The effect of inflation and cost escalation has not been built into the financial model.
- No consequential renewals have been included in the budgets, however annual depreciation has been. It is assumed that the depreciation collected will fund any necessary renewals as and when required.
- Depreciation has been based on similar assets contained within the water activity management plan.
- 15% contingency has been included. If there is a need to engage the contingency a change request will be submitted for approval by the project sponsor with details on why the contingency needs to be utilised, impact if it is not etc.
- Ongoing operational costs associated with the deployment of the interim intake structure will be funded from within existing city waters operational budgets
- All costs are exclusive of GST
- All budgets include staff costs

The interim intake structure will also incur annual operational costs.

Expenditure Type	Annual Cost
Annual OPEX costs including maintenance, electricity, set up and removal.	\$5,000
Depreciation per annum	\$84,000
Interest per annum	\$29,000
Total	\$118,000

Note: Insurance costs have not been included; it is assumed the capital infrastructure will be covered under Council's existing policy arrangements.

Option 3 – Current contingency plan

The implementation of the current contingency plan is approximately \$325,000 per annum; however there is no guarantee that this expenditure will be required every year as it is dependent on drought conditions at Lake Taupo.

The current contingency plan has been in place since 2008, deployment has occurred four times over the six year period. Deployment means that City Waters have been prepared for the implementation of the plan, i.e. have had the hired barge and pumps in place. The current plan has not been implemented i.e. the city has not been supplied using the barge and pumps for any considerable length of time.

City Waters expects that in the next few years, the plan will need to be deployed annually and implemented on a regular basis. There is no way of predicting the actual amount of times that implementation will occur as it is reliant on the weather. The costs for each are as follows:

- Deployment only: up to \$100,000 per annum
- Deployment and implementation: up to \$325,000 per annum

The following table provides a cost comparison of Option 2 – interim solution against Option 3 – Current Contingency Plan.

	Current Contingency Plan		Interim Solution
	Expected number of years that the plan is implemented	Associated Total Operational Cost	Total capital and operational costs for 15 years
Not implemented	The plan is deployed every year but not implemented in the next 15 years	\$1,500,000	\$4,110,000
Best case	Implemented 5 times in the next 15 years, and deployed for the remaining 10 years	\$2,625,000	
Medium case	Implemented 10 times in the next 15 years, and deployed for the remaining 5 Years	\$3,350,005	
Worst case	Implemented 15 times, i.e. annually	\$4,875,000	

If Council were to deploy the current contingency plan for the next 15 years, but not necessarily implement the plan the ongoing operational cost of retaining this option is \$1,500,000 compared to \$4,110,000 (including contingency) to construct the interim intake structure to service the same time period.

4.6 Comments – describe any contracting mechanisms that may apply and identify costs associated with risk. Provide any additional details on the above as appropriate

The budgets presented above have been developed utilising:

- Historical deployment costs of the current contingency plan
- Contractor and consultant cost estimates received to date
- Staff estimates for any unknown items, it is anticipated that these estimates will be confirmed upon engagement through either the PSP or tender process
- The budget estimates include staff time costs, consultants and contractor fees
- Staff costs are inclusive of all phases of the project including scoping, design, implementation and close out
- Excluded from the budgets are any costs associated with re-work, contractor non-performance, weather (resulting in construction delays) etc.

The financial impact for each option on Council's financial position is:

- Option 1: New intake structure – This option cannot financially be implemented within the 2014/15 financial budgets without significant effects on other planned works. It is recommended that financial allocation to enable a new intake structure to be built is considered as part of the 2015-45 infrastructure plan.
- Option 2: Interim intake structure – This option can be substantially completed within the 2014/15 financial budget, with financial deferment required to complete the works. Ongoing operational costs are accounted for within City Waters operational budgets in 2015-25.
- Option 3: Retain the current contingency plan – There is no operational expenditure allocated to the deployment and implementation of this plan. Expenditure will require management through risks and opportunities.

The whole of life repayment period has been based on:

- Straight line depreciation
- Un-inflated future costs

Budget Risks – refer to risk section regarding risks associated with budgets.



5.0 MANAGEMENT CASE – Complete for ALL business cases
 Ensuring successful delivery

5.1 Stakeholder Engagement

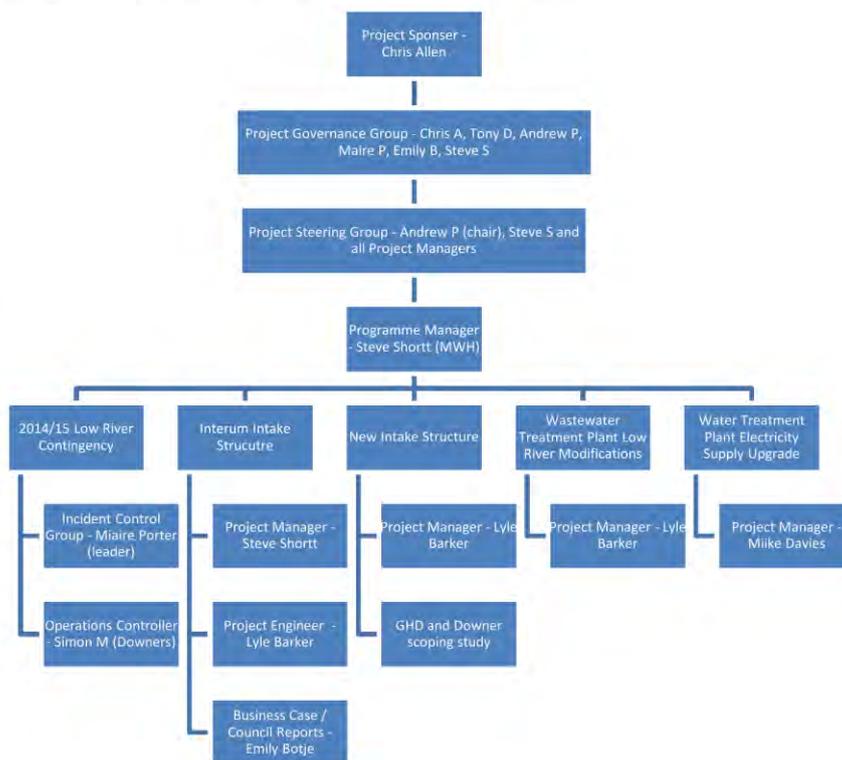
The following table identifies the stakeholders of this project and indicates their involvement in the development of this business plan and if future engagement is planned.

Stakeholder	Involvement in preparation of this Business Case	Further engagement planned if the business case is approved
Individuals - Hamilton City Households	No	Yes
Businesses and Industry in Hamilton City	No	Yes
Waikato Tainui	No	Yes
Waikato Regional Council	No	Yes
Ministry of Health	No	Yes
Ministry for Business Innovation and Employment (MBIE)	No	No
Bulk water customers (Waikato and Waipa District Councils)	Yes	Yes
Mayor and elected members	No	Yes
CEO and Senior Leadership Team	No	Yes
General Manager City Infrastructure (Project Sponsor) and City Infrastructure Project Governance Group	yes	Yes
City Development	yes	Yes
City Waters – Plant Operators	yes	Yes
City Waters – Drinking Water Compliance	yes	Yes
City Waters – Asset Management	yes	Yes
Procurement Team	yes	Yes
Communications Team	yes	Yes
Finance Team	yes	Yes

5.2 Proposed Implementation Plan

An overview of the proposed governance and management structure is provided below

1. Governance and Project Management Structure



2. Reporting Arrangements

This project will utilise the existing City Infrastructure Project Governance Group. This group meets monthly to discuss all significant City Infrastructure projects.

To enable timely decisions to be made, this project will also utilise the existing City Waters Strategy Team as its Project Steering Group. This group meets weekly. Any issues or decisions requiring immediate attention can be added to this group's agenda.

3. Proposed Project Management Plan

Programme Management Works

- Business Case Approval (Council) 19 February 2015

2014/15 Low River Contingency Plan

- Engagement of Downer to manage the programme completed by end of January 2015
- Works to be completed as per current contingency plan

Interim Intake Structure

- All contracts awarded mid March 2015
- Physical works completed late September 2015
- Testing and commissioning completed prior to summer 2015/16

Water Treatment Plant Electricity Upgrade

- Works scoped December 2014
- Procurement of WEL to carry out the works February 2015
- Works completed June 2015

Wastewater Treatment Plant Intake Upgrades

- Upgrade works scoped December 2014
- Procurement of assets completed end February 2015

New Intake Structure

- Consultant and contractor engaged late February
- Scoping document completed end of May

Refer Attachment 1: Key Items Tracking Tool for procurement methods, budgets and commitments.

4. Project Deliverables

The deliverables of works are:

2014/15 Low River Contingency

- The current contingency plan is implemented for the 2015 summer / autumn period.

Interim Intake Structure

- A barge and pumps are procured, installed, tested and commissioned prior to summer 2015/16.
- Storage is provided to house the barge and pumps during the winter months.

Wastewater Intake Upgrades

- A new pump and switchboard and associated pipe works are procured and installed by end of February 2015.

Water Treatment Plant Electricity Upgrade

- Replacement and upgrades of the high lift 11 kv switchgear, cables from switchgear to transformers and earth banks

New Intake Structure

- An options and feasibility report on a new intake structure is developed and finalised by the end of May 2015.

5. Budget Allocation

Budget allocation (PIF 12031): \$3,240,000

Estimated capital cost of project: \$2,340,000 including 15% contingency

Annual operating cost of the project: \$118,000

6. Contract Management Arrangements

The contracts identified for this project are a combination of:

- Public request for tenders
- Public request for quotes
- Direct appointments
- LASS PSP

7. Engagement of external specialists

External specialists will need to be engaged to deliver this project. These specialists include:

- Programme and Project Manager to assist in the management, alignment and integration of all projects.
- Operations Controller, this is a key role in the Incident Control Group.
- WEL to provide design and installation of the electrical supply to the plant and transformers.
- Other specialists will be procured as and when required.

8. Communication Strategy

A communications plan is being developed to provide information to the public on the interim intake structure.

This communications plan is supported by the current contingency plan communications plan which provides details on why Council must impose water restrictions.

9. Change Management Planning Requirements

Once constructed the new interim intake structure will be fully automated within the water treatment plant operations. A new SOP will be developed and training provided to operators.

10. Benefits Management Planning

The benefits register has been initiated and all parties responsible for benefits management clearly understand their responsibilities.

11. Risk Management

Each project manager will identify and manage the risks associated with their specific projects. The programme manager will hold a risk register of these risks and report by exception to the Project Steering Group and Project Governance Group.

12. Continuity Planning Arrangements

Water supply continuity is provided through the deployment of the existing contingency plan. However demand will need to continue to be managed and this is expected to continue to be through water conservation/restriction

messages and methods

13. Post Project Evaluation

A project closure report will be completed by the programme manager, on the conclusion of the work approved. The project sponsor and project governance group will be responsible for signing off the completed project.

A post implementation review (PIR) will be conducted at the completion of the project to confirm the delivery of all benefits identified in association with the work undertaken. This will be completed by City Development and reported to Council.

Attachment 1: Key Items Tracking for procurement methods, budgets and commitments.

Item	Description	PM	Procurement Method	Budget	Delegated Authority	Contractor
1 . 0	Current Contingency Plan	MP		325,000		
1 . 1	Downer's	MP	Direct appointment	100,000		Downer
1 . 2	Procurement of barge, pumps etc	MP	Direct appointments	150,000		Downer
1 . 3	Council Costs (Staff, mats & plant)	MP	n/a	75,000		
2 . 0	WTP Enhanced Low River Contingency Plan	SS		1,603,038		
2 . 1	Design of Barge, Pipework, Building, Electrical Supply & Scada	LB	Direct appointment	30,000		Downer
2 . 2	Manufacture of Barge + Pipework including delivery to site	LB	Public RFT	80,000	UM CW	
2 . 3	Construction Of #m ² Portal Frame Building	LB	Public RFT	528,000	GM CI	
2 . 4	Supply of 6 no Barge Pumps	LB	Public RFT	150,000	GM CI	Xylem
2 . 5	Supply of Stop Logs	LB	Direct Appointment	80,000	GM CI	Downer
2 . 6	PSP ERGO for Prelim design of Elect & Instrumentation	LB	LASS PSP	8,038		Ergo
2 . 7	PSP ERGO for Detailed design of Elect & Instrumentation	LB	LASS PSP	12,000	UM CW	Ergo
2 . 8	Supply of VSD	LB	Existing Direct Appointment	50,000	UM CW	NHP
2 . 9	Supply & installation of MCC	LB	Public RFT	120,000	UM CW	
2 . 10	Supply & install Ethernet etc.	LB	Existing Direct Appointment	20,000		NHP
2 . 11	Supply of 2 no 1MW Transformers Type xyz	LB	Public RFT	130,000	GM CI	
2 . 12	Supply & install HV Cable runs	LB	Public RFQ	20,000	UM CW	
2 . 13	Supply Generators	LB	Public RFT	120,000	UM CW/GM CI	
2 . 14	SCADA programming	LB	Direct Appointment	10,000	UM CW	Hennessy Electrical
2 . 15	Upgrade existing power supply	LB	Direct appointment	89,000		Well Works
2 . 16	PSP MWH Program Management	EB	LASS PSP	56,000	UM CW	MWH
2 . 17	Council Costs (Staff, mats & plant)	EB	n/a	100,000		
3 . 0	New Intake Permanent Works	LB		150,000		
3 . 1	New Intake Permanent Works Scoping	LB	Direct appointment LASS PSP	100,000		Downer GHD
3 . 3	Council Costs (Staff, mats & plant)	EB	n/a	50,000		
4 . 0	WWTP Enhanced Low River Contingency Plan	LB		155,000		

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Item	Description	PM	Procurement Method	Budget	Delegated Authority	Contractor
4 . 1	Pipework Modifications	LB		50,000		Downer
4 . 2	Switchboard	LB	Public RFQ	45,000	TL CD	One Electrical
4 . 3	Council Costs (Staff, mats & plant)	LB	n/a	50,000		
4 . 4	Pump Purchase			10,000		
5 . 0	WTP 11KV Upgrade	Mike		126,625		
5 . 1	11 kv upgrade	Mike	Direct appointment	71,115		Well Works
5 . 2	high voltage (HV) switchgear	Mike	Direct appointment	5,510		Well Works
5 . 3	Council Costs (Staff, mats & plant)	Mike	n/a	50,000		
	Total Operational Cost			325,000		
	Sub Total Capital Cost			2,034,663		
	15% contingency			305,199		
	Total Capital Cost			2,339,862		

Attachment 2: Scoping works completed to date

Report Name	Author	Date Issued	Rev No.	TRIM Ref
HCC WTP Water Intake Upgrade Electrical and Controls Feasibility Study	Ergo Consulting Ltd	January 2015	C	D-1640178
Hamilton City Council Water Intake - Low River Contingency	Downer	1/12/2014	2	D-1651664
Hamilton WTP Water Intake Pumping at Low Levels Options Report -	Opus	23/10/2013	Final	D-1167961
Hamilton WTP - Pumping from the Waikato River at Low Levels Option Investigation	AWT	September 2013	1	D-1167949

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Committee: Finance Committee

Date: 19 February 2015

Report Name: Wastewater Treatment Plant
Upgrade Project Close Out
Report

Author: Christopher Barton

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Environmental Sustainability, Hamilton Urban Growth Strategy</i>
Financial status	<i>There is budget allocated as indicated in report</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To provide a project completion and close-out report for the Pukete 2 Wastewater Treatment Plant Upgrade project completed between 2007 and 2014.

3. Executive Summary

- The Pukete 2 Wastewater Treatment Plant Upgrade project is complete, with the programme of works successfully completed largely in line with project objectives as set out in the technical close out report Attachment 1.
- Key completed components of the project include construction of a new bioreactor, clarifier and chemical dosing facility as well as significant upgrades to the existing digesters, bioreactors, UV treatment plant and interstage pump station.
- The programme of projects have been completed to high standard and have delivered significant capital upgrades which provide increased plant capacity to service city growth and improved treatment quality to enable compliance with wastewater discharge resource consent conditions.
- The original project budget from 2007 has been marginally exceeded but this is within management delegations.
- Wastewater treatment technology is constantly evolving and this together with the need to service growth means that continued investment is required in the Wastewater Treatment Plant and planning for Pukete 3 is underway.

9. Recommendation from Management

That the Report be received.

10. Attachments

11. Attachment 1 - Wastewater Treatment Plant Upgrade Project Completion Report

12. Key Issues

13. In September 2007, a new resource consent was granted by Waikato Regional Council to discharge treated wastewater from the Pukete Wastewater Treatment Plant (WWTP) into the Waikato River.
14. In order to meet resource consent conditions, provide additional plant capacity to service foreseeable city growth and provide some redundancy in critical areas of operation, Council committed to a significant capital upgrade at the Pukete Wastewater Treatment Plant (WWTP).
15. The Pukete 2 Wastewater Treatment Plant Upgrade project objectives were:
 - Objective 1: Improve treatment quality in order to meet resource consent conditions.
 - Objective 2: Provide additional plant capacity to service foreseeable city growth.
 - Objective 3: Deliver a fit for purpose wastewater treatment system with n+1 redundancy in critical areas of operation.
 - Objective 4: Minimise negative impacts on the local community and tangata whenua
 - Objective 5: Maintain public health.
 - Objective 6: Meets Council's energy efficiency objectives.
16. The project objectives and scope were presented to Council in a workshop on 5 February 2008 and were developed by the project team prior to Council's current formal business case approach.
17. The project scope was a staged 5 year programme of projects which is now complete except for some minor and ongoing commissioning works.
18. Included in the programme of works were major civil works in the construction of a new Aeration Basin and a new Clarifier. The initial scope included the construction of a new digester but the project team found and implemented an innovative approach that allowed refurbishment of the two existing working digesters which allowed the deferment of \$7.0M of capital work until the period 2016/17 to 2019/20.
19. The deferment of the third digester has had some impact on Objective 2 to provide plant capacity to service foreseeable growth and Objective 6 to meet Council's energy efficiency objectives. Planning work for the Pukete 3 upgrade will commence in 2015/16 and it will include the construction of the third digester. Pukete 3 implementation is planned for commencement in 2016/17 in the draft 2015-25 10-Year Plan.

20. Project Achievements

21. Key project objectives of the Pukete 2 upgrade have been largely met and achieved as below:
- Objective 1: The plant is now operating with improved levels of compliance with resource consent conditions in terms of wastewater discharge to the river, though there is still an inherent risk to consent compliance associated with biological processes and challenging consent limits. Improved treatment quality and consent compliance has been provided through enhanced secondary and tertiary treatment of the liquid stream as provided by upgrades to the existing equipment and processes.
 - Objective 2: Plant capacity has been increased through construction of the new aeration basin and clarifier as well as upgrades to the interstage pump station and the digesters. This upgrade and Pukete 3 is expected to provide plant capacity to 2028.
 - Objective 3: N+1 redundancy has been provided to some key areas of plant operation through construction of the new aeration basin and clarifier and upgrades to the interstage pump station, and thickeners installed as part of the digester upgrade provide enhanced contingency for the solid stream process.
 - Objective 4 and 5: Negative impacts on the local community, tangata whenua and public health from plant operation have been minimised through improved treatment quality which has consequently resulted in improved wastewater quality being discharged to the river and reduced odour emissions. Improved public health outcomes result from the compliant plant.
 - Objective 6: Council's energy objectives were envisaged to be enhanced through improved biogas production from the solid stream process, though results have to date proved to be neutral.

22. Financial and Resourcing Implications

23. The Wastewater Treatment Plant capital upgrade is funded in PIF 12009 (formerly SAP 238).
24. The approved budget for the programme of Pukete 2 projects is \$20,348,648. This budget was reset at the June 2012 Finance and Monitoring Committee meeting to reflect the deferral of the third digester and to incorporate other aggressive value engineering of the project to accommodate financial constraints around the 2012-22 10-Year Plan. A risk was identified at this time that funding from Pukete 3 may need to be brought forward.
25. The actual project costs for 2014/15 are expected to be \$117,000 above the approved budget which is 0.5% above the full programme budget. This overspend is within the CEO delegation of (\$250,000) and will be managed through the risks and opportunities schedule.
26. Council has been kept informed through the major project reporting and the risk register that the decision to defer the new digester and to refurbish the existing working digesters may result in some additional costs beyond that budgeted.

27. Risk

28. All project risks and opportunities are now closed. No residual risks remain.

Signatory

Authoriser	Chris Allen, General Manager City Infrastructure Group
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City Development

From: Project Manager - Chris Barton

Subject: **Pukete 2 Wastewater Treatment Plant Upgrade Project Completion Report**

Date: 12 February 2015

File: Trim D-1680181

1.0 Background

In response to the new resource consent granted by Waikato Regional Council in September 2007 to discharge treated wastewater into the Waikato River, Council committed to a significant capital upgrade at the Pukete Wastewater Treatment Plant (WWTP).

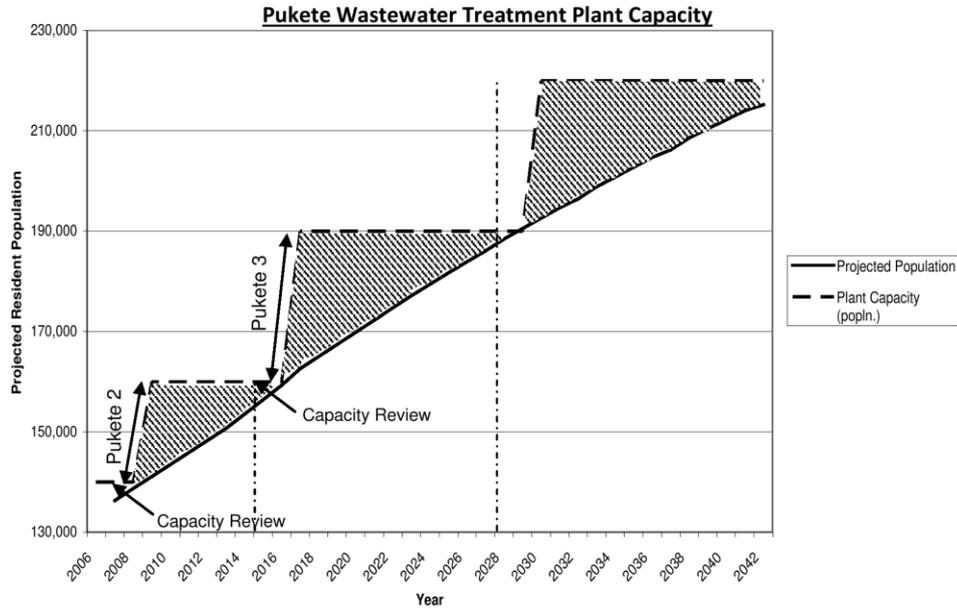
The Wastewater Treatment Plant Upgrade project objectives were:

- Improve treatment quality in order to meet resource consent conditions

Discharge Parameter	2006 Consent Limit	2010 Limit (new consent)
Biological Oxygen Demand (g/m ³)	20	10
Total Suspended Solids (g/m ³)	30	15
Total Nitrogen (kg/day) - Summer	500	450
Total Nitrogen (kg/day) - Winter	1700	1500
e-coli (cfu)	1000	126

- Provide additional plant capacity to service foreseeable city growth to 2028
- Deliver a fit for purpose wastewater treatment system with n+1 redundancy in critical areas of operation
- Minimise negative impacts on the local community and tangata whenua
- Maintain public health
- Meets councils energy efficiency objectives

In order to meet these overall objectives, particularly in regard to capacity, it was planned to implement a staged upgrade programme as outlined in the diagram below. This was presented to Councilors in a workshop on 5 February 2008.



Following initial plant capacity review and site investigation, the Pukete 2 project scope was refined. The upgrade consisted of a programme of projects throughout the WWTP site, details of which are provided in the project summary below.

2.0 Project Summary

The Pukete 2 project timeline summary below outlines the project scope and associated timeframes.

2007	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Obtain New Resource Consent	Capacity Review and Project Scoping Investigation	<ul style="list-style-type: none"> Inflow Metering Recycle stream Upgrade Aeration Control Upgrade 	<ul style="list-style-type: none"> Interstage Pump Station Upgrade UV Upgrade 	<ul style="list-style-type: none"> Alum Dosing Facility 			
		Aeration Basin 4 Construction		Aeration Basin 1-3 Upgrade			
		Clarifier 4 Construction		Solid Stream Investigation		Digester Upgrade	

2.1 Obtain New Resource Consent

From 2004 to 2007, Council worked with Waikato Regional Council to renew the Wastewater Treatment Plant discharge consents. In September 2007, new resource consents were issued. The consents are issued for a period of 20 years, and are due to expire in 2027.

2.2 Capacity Review and Project Scoping Investigation

In 2007 and 2008 a comprehensive review of the existing Wastewater Treatment Plant was undertaken by MWH in order to provide scope and detail of works required to meet the identified project objectives.

Following the investigation and capacity review the WWTP upgrade project scope was refined to include:

- Inflow Metering
- Screenings Renewal
- Interstage Pump Station Upgrade
- Aeration Control Upgrade
- Internal Recycle Stream (RAS) Upgrade
- Aeration Basin 1-3 Upgrades
- NEW- Aeration Basin 4 Construction
- Alum Dosing Facility Installation
- NEW Clarifier 4 Construction
- UV Upgrade
- Solid Stream Upgrade

2.3 Inflow Metering

Meters were installed on the main plant inlets in 2008. These were connected into the plant scada system and provide accurate flow information in order to enable effective plant operation.

2.4 Screenings Renewal

Following investigation into screen replacement and upgrade options, it was determined that the existing screens were hydraulically adequate, and that an enhanced maintenance programme would provide sufficient capacity. Additional replacement parts were purchased and an enhanced maintenance programme implemented.

2.5 Interstage Pump Station Upgrade

A capacity upgrade at the interstage pump station was completed in 2009, including replacement of the existing bellows as well as installation of a fifth interstage pump and associated connections to the plant operational systems.

2.6 Aeration Control Upgrade

The existing aeration control system was upgraded in 2009. The upgrade provides for improved treatment quality and increased plant capacity.

2.7 Internal Recycle Stream (RAS) Upgrade

The Return Activated Sludge pumping system was upgraded in 2009 with additional pumping capacity and associated connections to the plant operational systems. This additional Return Activated Sludge pumping capacity provides for improved treatment and increased capacity.

2.8 Aeration Basin 1-3 Upgrades

An upgrade of the existing aeration basins was undertaken between 2010 and 2013, and included basin wall amendments, a new recycle pumping system and replacement of aeration diffusers. The aeration basin upgrades provide for improved treatment quality and increased plant capacity.

2.9 NEW Aeration Basin 4 Construction

The civil construction of aeration basin 4 was undertaken by Spartan Construction in 2009. Following subsequent mechanical and electrical fitout, the new basin was commissioned in early 2010, and provides for improved treatment and increased capacity.

2.10 Alum Dosing Facility Installation

An alum dosing plant was installed and commissioned by Chemfeed Solutions in 2010. This plant provides ability for chemical dosing to provide improved phosphorous removal prior to discharge to the river, as required for resource consent compliance.

2.11 NEW Clarifier 4 Construction

The civil construction of clarifier 4 was undertaken by Spartan Construction in 2009. The new basin was commissioned in early 2010, and provides for improved treatment and increased capacity.

2.12 UV Upgrade

Additional UV tertiary treatment was constructed and commissioned in 2009. The upgrade provides for improved treatment and increased plant capacity.

2.13 Solid Stream Investigation and Digester Upgrade

Following substantial investigation and options assessment for an upgrade of the solid stream through 2010 and 2011, it was determined to provide an upgrade to the existing methane digesters, which was undertaken by Downer and Calibre Consulting between 2012 and 2014.

The original project scope for the solid stream upgrade included provision for construction of a new digester, though as outlined in the report to Finance and Monitoring Committee in June 2012, Council resolved to defer construction of a new digester in favour of a mixing upgrade of the existing digesters.

The key goals for the upgrade of the two existing methane digesters were to provide improved digester capacity and improved sludge mixing. The following key performance indicators were selected to measure these improvements, and ensure stable operation:

Key Performance Indicator	Measure	Target	Actual
Improved Digester Capacity	Solids Residence Time	Minimum of 20 days	> 20 days
Improved Digester Capacity	Treatable Solids Load (from the acid stage digesters effluent)	17,700 kg TS/day (D1 + D2 combined)	Calculated > 20,000 kg TS/day (D1 + D2 combined)
Improved Sludge mixing	Lithium Tracer Test	Minimum of 90% of the active digester volume in both methane digesters within 4 hours after the tracer injection into each digester	90% of the active digester volume in both methane digesters within 1 hour after the tracer injection into each digester
Stable Digester Operation	Average* Mixed Liquor VFA concentration	Less than 200mg/l total VFA (measured as Acetic acid using Ion	< 200mg/l total VFA

		chromatography)	
Stable Digester Operation	Average* Mixed Liquor pH	Average daily pH sample in the range pH 6.5 – 7.5	Daily sample in the range pH 6.5 – 7.5 (average pH 7.1)

Calculations of the solids residence time for the two digesters have shown these are well over the minimum of 20 days. These calculations have been tested against actual operation of the digesters which confirm a solids residence time in excess of 20 days.

During the work on methane digester 1 the plant operated through methane digester 2 alone, during this time methane digester 1 was able to reliably treat between 11,000 – 12,000 kg TS/day. Based on these results the capacity of both upgraded is in excess of 20,000 kg TS/day well above the target of 17,700 kg TS/day.

A lithium tracer test was performed following the completed upgrade to methane digester 1. The results from this test showed that practically all the tracer chemical was mixed within the first hour, well inside the target of 90% mixing within 4 hours.

Testing of volatile fatty acids (VFAs) have shown very low levels indicating a stable process, with no readings near the maximum of 200 mg/L.

pH levels in both tanks have averaged approximately 7.1 units, with neither tank recording a measurement outside of the required band.

These results have met or exceeded the project KPIs and will allow capital expenditure for a third digester tank to be postponed until at least 2017 based on current growth projections.

3.0 Project Objectives

Key project objectives of the Pukete 2 upgrade have been met and achieved as below:

- Improve treatment quality in order to meet resource consent conditions
 - The plant is operating with improved levels of compliance with wastewater discharge resource consent conditions. Improved treatment quality and consent compliance has been provided through enhanced secondary and tertiary treatment of the liquid stream as provided by upgrades to the existing RAS system, aeration control, aeration basins and UV plant as well as construction and installation of the new clarifier, aeration basin and alum dosing facility. Particularly, e-coli removal has been enhanced through the UV upgrade, phosphorous removal through the installation of the alum dosing facility, and nitrogen and BOD treatment has been enhanced through aeration basin improvements.
- Provide additional plant capacity to service foreseeable city growth
 - Plant capacity has been increased through construction of the new aeration basin and clarifier as well as upgrades to the interstage pump station and the digesters. It is noted that the capacity of the solid stream was reduced as a result of the decision to defer construction of a third digester, as Council resolved in June 2012. A plant capacity review is currently being undertaken to further assess existing plant capacity following the Pukete 2 upgrade, and also to inform scoping of the Pukete 3 upgrade as Council has recently endorsed as part of the 2015-25 draft LTP, which is due to commence in 2016/17.

- Deliver a fit for purpose wastewater treatment system with n+1 redundancy in critical areas of operation
 - N+1 redundancy has been provided to some key areas of plant operation through construction of the new aeration basin and clarifier and upgrades to the interstage pump station, and thickeners installed as part of the digester upgrade provide enhanced contingency for the solid stream process.
- Minimise negative impacts on the local community and tangata whenua and maintain public health
 - Negative impacts on the local community, tangata whenua and public health from plant operation have been minimised through improved treatment quality which has consequently resulted in improved wastewater quality being discharged to the river and reduced odour emissions.
- Meets councils energy efficiency objectives
 - Councils energy objectives were anticipated to be enhanced through improved biogas production from the solid stream process upgrade, though results have been neutral.

4.0 Risk

Throughout the project a risk and opportunity register has been maintained, and has been reported to Council in quarterly project updates. All project risks and opportunities are now closed, and no residual risks remain.

A summary of realised project risks and opportunities is provided below.

Risk	Value	Comments:
Project exceeds approved budget	\$117,000	It was identified at the time of resolution to upgrade the existing digesters in lieu of construction of a third digester was a high risk option in terms of ongoing plant operation. Throughout construction and commissioning of the digester upgrade an escalation in plant operational costs has occurred which has resulted in a project overspend of \$117,000.
Digester condition; internal repairs required	\$120,000	Some internal repairs were required as part of digester upgrade works, to the value of \$120,000.
Opportunity	Value	Comments:
Value engineering to upgrade existing digesters and defer capital for construction of a new digester.	\$7,000,000	Confirmed by Council in June 2012. Project budget reduced by \$7,000,000. Will require incorporation of new digester construction into the 2015-25 LTP as part of the Pukete 3 scope in order to provide sufficient capacity.

5.0 Financial Summary

As approved through the 2006-16 and 2009-19 LTP's, the overall project budget was \$28,994,648 (PIF 12009 – formerly SAP 238).

As outlined in the report to Finance and Monitoring Committee in June 2012 however, following further investigation into the Solid Stream capacity and options, Council resolved to upgrade the two existing methane digesters and defer construction of a new digester by 5 to 7 years, which in conjunction with other value engineering options to accommodate financial constraints around the 2012-22 10-Year Plan, subsequently reduced the total project budget by \$8,646,000 to \$20,348,648.

The total breakdown of projects and associated costs is provided below:

Project	Total Cost
Obtain New Resource Consent	\$1,128,519
Capacity Review and Project Scoping Investigation	\$451,829
Inflow Metering	\$275,300
Screenings Renewal	\$100,000
Interstage Pump Station Upgrade	\$570,000
Aeration Basin 4 Construction	\$4,800,000
Clarifier 4 Construction	\$3,850,000
Internal Recycle Stream (RAS) Upgrade	\$420,000
Aeration Control Upgrade	\$34,000
Aeration Basin 1-3 Upgrades	\$2,405,000
Alum Dosing Facility Installation	\$640,000
UV Upgrade	\$770,000
Solid Stream Investigation and Digester Upgrade	\$5,021,316
Total Cost	\$20,465,964
Total Budget	\$20,348,648

6.0 Conclusions

The Pukete Wastewater Treatment Plant Upgrade project is complete, with the programme of works successfully completed in line with project objectives, though the deferral of construction of a third digester will require monitoring in terms of capacity and incorporation into future funding provision, as the original project capacity objectives have not been met with the mixing upgrade to the existing digesters as completed.

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. Finance Committee Minutes - Public Excluded - 4 December 2014) Good reason to withhold information exists under Section 7 Local Government	Section 48(1)(a)
C2. Finance Committee Action List - Public Excluded - 19 February 2015) Official Information and Meetings Act 1987	
C3. Report on overdue debtors as at 31 December 2014 & Bad Debts Writeoffs 2014/15		
C4. Development Contributions Report		
C5. Hamilton Gardens Cafe Lease		
C6. Gallagher Drive Intersection		

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to protect the privacy of natural persons	Section 7 (2) (a)
	to maintain legal professional privilege	Section 7 (2) (g)
Item C5.	to maintain legal professional privilege	Section 7 (2) (g)
Item C6.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)

