
Extraordinary Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 9 December 2014 at 9.00am.

PRESENT

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

In Attendance Chief Executive, Chief Financial Officer, General Manager City Environments, General Manager City Infrastructure, General Manager Community, General Manager Customer Relationships, General Manager Events and Economic Development, General Manager Organisational Development, General Manager Performance.

Unit Manager Strategy & Research, Parks and Open Space Manager, Waters Manager, Group Business Manager City Environment, Unit Manager - Accounting, Accounting Manager, Corporate Projects Accountant, Business Manager City Infrastructure, City Transportation Manager, City Safe Unit Manager, Planning Guidance Manager, Solutions Delivery Manager and City Development Manager.

Communication Unit Manager and Chief of Staff Mayoral Office

Committee Advisors	Mrs J C Pani and Mrs M Birch
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1. Apologies

There were no apologies.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)
The Council to confirm the agenda.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

There was no public forum.

5. Chairperson's Report

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)
That the report be received.

6. Draft 10-Year Plan Budget 2015-25

Introduction

Prior to the Chief Executive and Chief Financial Officer introducing this Report, Her Worship the Mayor Hardaker provided an introduction to the Item and talked through a suggested process for the Council to receive information regarding the development of the Draft 10-Year Plan 2015-25. She encouraged Members to deal with matters on an exceptions basis.

She advised that the order for the Meeting would be: Consideration of the report Draft 10-Year Plan Budget 2015-25, Key Assumptions, Operating and Capital Budgets, Fees and Charges, Unfunded Items, Public Excluded, and finally the Council would consider the overall recommendations.

Councillor Gallagher joined the meeting at 9.05am during the introduction by Her Worship the Mayor

The Chief Executive introduced the staff from the Finance department who would be assisting the Council through this 10-Year Plan development process. He advised that this draft budget reflected a considerable amount of work and in his view was this was by far the most robust 10-year plan being presented to the Council. A significant amount of work had been undertaken in terms of asset management plans (AMPs) and a key focus of the budget was about looking after these assets as well as focusing on the growth of Hamilton City. The Chief Executive went on to talk about the financial strategy and the importance of retaining the integrity of the strategy.

The Mayor commented that there were unfunded proposals in the Report which came from requests from Councillors. Through the Senior Leadership Team and discussions with Elected Members these unfunded projects were very tightly focused.

The Chief Financial Officer (CFO) proceeded to present the Draft 10-Year Plan Budget (Plan) as outlined in his Report and advised that the Plan had been well received by Audit New Zealand. He said that the budget took a business as usual approach and made no significant changes to the existing strategy or levels of service. The Plan provided for: Council living within its means, investing in existing assets and new core infrastructure assets to accommodate the current growth and continuing to keep debt levels down.

Councillor Macpherson joined the meeting at 9.47am during the presentation by the Chief Financial Officer

Discussion:

There was discussion on the position being recommended in the Plan of where to fund infrastructure costs to meet growth.

Some views were expressed against the Plan breaching the 200% or debt cap and Council was encouraged to apply the approach of living within the financial parameters that were set prior to the 2013 Local Government Elections and contained in the current Long Term Plan. Clarification was sought on the impact of asset sales on the revenue stream, in particular in 2021, where the debt was being exceeded by \$35M.

The Mayor commented that during the process of development, Councillors had received briefings on growth and information associated with that growth. Through this process Staff had been signalling that something had to shift if Council wanted to meet the growth demands of the City and also to meet renewal budgets that line up with the AMPs. The Mayor further advised that if Councillors were not happy with the capital budget they needed to signal what items they wanted out.

There was further discussion on how Council might live within the existing financial strategy parameters that had been set with clarification sought on the possibility of constraining growth.

The Chief Executive advised that staff had considered the legal position to meet Council's obligations under the Local Government Act to provide core infrastructure and further advised that currently Council was meeting the minimum required under the LGA.

The GM City Environments responded to questions regarding possible Government intervention requiring Council to release more land for development by commenting that Government might achieve the objective of more land for development through a housing accord or through changes to the Resource Management Act introducing new provisions to provide housing land – this has been previously signalled. He advised that the Council was in good shape in terms of zoned land. Moving from the planning frameworks to being "spade ready" was a work in progress across the whole of local government to understand the infrastructure requirements. His view was that most big councils would struggle with the amount of land required and the amount of infrastructure required to be "spade ready". He further commented that all the emphasis through the budget presented was to move infrastructure along as quickly as sustainable.

The GM City Environments clarified that a housing accord is an agreement negotiated between each city and the Government to move development along as quickly as possible.

The GM City Infrastructure responded to questions regarding upsizing contributions to developers by advising that normal practice was for the developer to build to local road standard and that the Council would pay the cost to the next standard.

The CFO confirmed that the ratepayer growth forecasts were not conservative figures, but within the middle of the range.

Motion:

It was moved by Her Worship the Mayor Hardaker, seconded by Councillor Pascoe;

That the draft 2015-25 10-Year Plan budget is prepared based on a continuation of Council's Financial Strategy as contained in the 2012-22 10 Year Plan, except for variations in relation to the debt to revenue ratio.

Prior to consideration of Council's position on the Financial Strategy and the Motion being Put, the meeting adjourned to enable staff to respond to questions relating to asset sales, in particular the revenue stream achieved by asset sales.

The Meeting adjourned from 10.25 until 10.50am.

Discussion cont'd:

The CFO explained the function of the endowment fund and its impact on debt. He advised that the endowment fund was used to offset rates. He also commented that the net proceeds from asset sales over the last three years had been \$24,600,000.

The Mayor advised that Council would consider the Financial Strategy after considering the other items on the Agenda.

Capital and Operating Expenditure:

The CFO talked to paragraph 10 of his Report and referred to Table 3 of paragraph 10.2.3 of the Agenda. There were questions and responses relating to this information regarding the surplus/deficit as measured by the Operating Statement for 10 years.

There were also questions of detail contained in Table 4, paragraph 10.3.3, which outlined the notable organisation-wide changes between the 2014/15 Annual Plan Budget and the 2015/16 Draft Budget (the first year of the 10 Year Plan).

Activity Budgets:

General Managers presented their activity budgets.

Core Network Infrastructure:

The GM City Infrastructure advised that this activity was being considered through two lenses: looking after what the City had got and providing for the future.

3 Waters – the GM City Infrastructure advised that this was key infrastructure and that good asset management planning was at the core of network infrastructure. The Council had developed an Asset Management Planning Policy recognising the key infrastructure. There was a requirement for the Council to develop a 30-year infrastructure plan. He advised that this budget continued the approach from the previous 10-year Plan around developer contributions to infrastructure.

The draft budget built on the HUG Strategy and the Proposed District Plan. He referred to the developments of Rototuna primary growth cell and to Peacocks.

Transport – the GM City Infrastructure responded to questions regarding changes to the transport activity budget, in particular the Heaphy/Boundary Road intersection (cross city connector). He confirmed that traffic had been increasing at this intersection and that there continued to be issues raised by the community regarding crossing the road, with a signalised intersection providing a better crossing facility.

During the Core Network Infrastructure presentation, staff were asked to provide more information or explain the following projects: Cross city connector Heaphy/Boundary intersection, Northern Ring Crossing designation, Parking technology, Increased capacity of wastewater network through the city. There was discussion on the possibility of advancing infrastructure options for Rotokauri Stage 1 on a cost neutral basis.

The Meeting adjourned from 12.45 until 1.30pm

Councillors Gallagher, Macpherson and O’Leary left the meeting at 12.45pm.

Resolved: (Her Worship the Mayor Hardaker/Cr King)

That the Council approve the draft budget (operating and capital) for the core network infrastructure activities of water supply, wastewater, stormwater and transportation.

Councillor Wilson dissenting.

Rotokauri Stage 1:

Motion: Her Worship the Mayor/Cr King

That staff are to consider options to advance infrastructure options for Rotokauri Stage 1 on a cost neutral basis and report back to the February Council Meeting.

Councillor Gallagher returned to the Meeting at 1.35pm. He was present when the Rotokauri Stage 1 Motion was moved and seconded.

Amendment: Crs Mallett/Wilson

That staff are to consider options to advance infrastructure options for Rotokauri Stage 1 (as per the Operative District Plan) on a cost neutral basis (taking into account the cost of capital) and report back to the February Council Meeting.

The wording of the Motion was changed to incorporate the intent of the Amendment and was then Put.

Councillors Macpherson and O’Leary returned to the Meeting at 1.40pm. They were present for the voting on the Rotokauri Stage 1 Resolution.

Resolved: (Her Worship the Mayor Hardaker/Cr King)

That staff are to consider options to advance infrastructure options for Rotokauri Stage 1 Residential (as per the Operative District Plan boundary – noting that decisions on the Proposed District Plan have extended this) on a cost neutral basis (taking into account the cost of capital) and report back to the February Council Meeting.

Traffic Signal Management:

Resolved: (Her Worship the Mayor Hardaker/Cr O'Leary)

That \$294,000 capital expenditure over years 2015/16 and 2016/17 and associated net operating impacts for wireless and camera technology to modernise and improve the current traffic signal management be funded in the draft 2015-25 10-Year Plan.

Councillor King dissenting.

Arts and Recreation Activity:

The GM Events and Economic Development and the GM Community presented the budgets for these activities.

In response to questions regarding the flying system, the GM Events and Economic Development advised that the flying system included everything that hangs above the stage and would be subject to a further report. Although currently assessed as being safe, the system would need replacing in 2016/17. He advised that the state of the flying system would continue to reduce the usability of the theatre.

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That the Council approve the draft budgets both operational and capital for Arts and Recreation Activity.

Those for the Motion: Her Worship the Mayor Hardaker,
Councillors King, Gallagher, Green,
O'Leary, Tooman, Forsyth, Yeung,
Chesterman and Pascoe

Those against the Motion: Councillors Mallett, Wilson and
Macpherson

City Planning and Development Activity:

The GM City Environments, supported by the Group Business Manager, City Environments, presented the budget for this activity. The GM responded to questions regarding opportunities for cost recovery and advised that changes in fees and charges are being proposed as part of the annual review.

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That the Council approve the draft operational budgets for City Planning and Development Activity.

Councillor Gallagher left the Meeting from 2.10pm until 2.12pm. He was not present for voting on the above Resolution.

City Prosperity Activity:

The GM Events and Economic Development and the GM Community presented the budgets for these activities. GM Events and Economic Development was asked to provide itemised information relating to the Stadia – Property Renewals contained on page 85 of the Report. There was a lengthy discussion regarding the requirements for maintaining Seddon Park as an international venue, contract details and alternative funding sources. It was explained that business as usual renewals that had been undertaken earlier in the year had brought the facility back up to an appropriate level; moving forward, only continued maintenance was required.

GM Events and Economic Development agreed to provide Members with a bullet point summary of the Seddon Park contract.

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That the Council approve both the draft operational and capital budgets for the City Prosperity Activity.

Those for the Motion: Her Worship the Mayor Hardaker,
Councillors King, O'Leary, Tooman,
Yeung, Chesterman and Pascoe

Those against the Motion: Councillors Mallett, Gallagher, Wilson,
Forsyth and Macpherson

Councillor Green retired from the Meeting at 2.40pm. She was not present for voting on the above Resolution.

City Safe Activity:

The GM City Environments presented the budgets for these activities. He explained that one of the main projects included additional provision of CCTV cameras as part of the Central City Safety Plan.

Resolved: (Crs O'Leary/King)

That the Council approve both the draft operational and capital budgets for the City Safety Activity.

Councillor Macpherson dissenting.

Councillor Macpherson retired from the Meeting at 2.53pm. He was present for voting on the above Resolution.

Animal Education and Control Fees:

The GM City Environments presented the proposal relating to this item. GM City Environments confirmed that an age related provision did not contravene any existing legislation.

Motion: (Crs Chesterman/O'Leary)

That a discount of 5.5% to 'Category 1 Early' registration fees for dog owners aged over 65 years is approved and funded through the existing budget.

Those for the Motion: Councillors O'Leary, Tooman and Chesterman

Those against the Motion: Her Worship the Mayor Hardaker, Councillors Mallett, King, Gallagher, Wilson, Forsyth, Yeung and Pascoe

The Motion was declared lost.

Meeting adjourned from 3pm until 3.13pm for afternoon tea.

Community Facilities:

The GM Performance and GM Community presented the budgets for these activities.

Resolved: (Her Worship the Mayor Hardaker/Cr Yeung)

That the Council approve the draft operational and capital budgets for Community Facilities Activity.

Councillor Mallett joined the meeting at 3.20pm. He was present for voting on the above Resolution.

Funded Proposal – Community Assistance Grants:

The GM Community presented the proposal relating to this item.

Resolved: (Crs Yeung/Gallagher)

That:

- a) Council continue to provide both single and multi-year contestable Community Assistance Funding;
- b) The annual budget allocated for Community Assistance Funding is \$1,160,000 and no annual inflation adjustment is to apply;
- c) The administration of Arts promotion funding is brought back in-house;
- d) The administration of the Environment Fund (\$10,000) is transferred from Strategy and Research Unit to Community Development and Leisure Unit to administer as part of the single-year grant allocation.
- e) The Community Event Sponsorship Fund is included in the budget allocation of \$1,160,000;
- f) The single-year contestable grants are consolidated into a single contestable fund to be administered by staff in the Community Development and Leisure Unit;

- g) Staff implement the new multi-year contestable fund for 2015-2018; AND
- h) Staff report to the Strategy and Policy Committee in February 2015 with recommendations to simplify the criteria and guidelines in the Community Assistance Policy.

Councillor Mallett dissenting.

Democracy Activity:

The GM Performance and GM Customer Relationships presented the budgets for these activities.

Resolved: (Cr O'Leary/Her Worship the Mayor Hardaker)

That the Council approve the draft operational budgets for the Democracy Activity.

Parks and Open Spaces Activity:

The GM Community, supported by the Parks & Open Spaces Manager, presented the budgets for these activities. The GM advised that he would circulate to Councillor Mallett a copy of the map of the Peacockes park area.

Resolved: (Her Worship the Mayor Hardaker/Cr Forsyth)

That the Council approve the draft operational and capital budgets for Parks and Open Spaces Activity.

Solid Waste Activity:

The GM City Infrastructure, supported by the Waters Manager, presented the budgets for these activities.

In response to questions relating to kerbside recycling the Waters Manager advised that a significant part of the recycling costs was the sorting; household/kerbside sorting was therefore, critical. The GM advised that the budget was developed based on the current levels of service.

Resolved: (Crs Forsyth/Chesterman)

That staff report back to the 25 February 2015 Council Meeting for the Council to consider the implications, including costs, for a user pays system for refuse.

Those for the Motion: Her Worship the Mayor Hardaker,
Councillors Tooman, Forsyth, Yeung and
Chesterman

Those against the Motion: Councillors Mallett, King, Gallagher,
O'Leary and Pascoe

The Motion was declared carried 6 Votes For (including the Casting Vote of the Chair) and 5 Votes Against.

Increased Recycling – Wheelie Bins:

Resolved: (Cr O'Leary/Her Worship the Mayor Hardaker)

That:

- a) That \$3,040,000 funding included in the draft 2015-25 10-Year Plan budget to increase the recycling service with wheelie bins from 2016/17 is approved.
- b) That the initial purchase price of the bins (\$2,800,000) is funded through a uniform charge targeted rate across the three financial years (from 2016/17 to 2018/19) to be finalised following approval of the business case and implemented through the 2016/17 Annual Plan.

Those for the Motion: Her Worship the Mayor Hardaker,
Councillors O'Leary, Forsyth, Chesterman
and Pascoe

Those against the Motion: Councillors Mallett, King, Gallagher,
Tooman and Yeung

The Motion was declared carried 6 Votes For (including the Casting Vote of the Chair) and 5 Votes Against.

Councillor Wilson left the Meeting at 4.10 during discussion on the Solid Waste Activity. He returned at 4.20pm and was not present for voting on the two Solid Waste Activity Resolutions.

Councillor O'Leary retired from the Meeting at 4.20pm.

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That the Council approve the draft operational and capital budgets for Solid Waste Activity.

The Meeting adjourned at 4.23pm to reconvene on 10 December at 9.00am

The Meeting reconvened on Wednesday 10 December 2014 at 9.00am.

PRESENT:

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

In Attendance Chief Executive, Chief Financial Officer, General Manager City Environments, General Manager City Infrastructure, General Manager Community, General Manager Customer Relationships, General Manager Events and Economic Development, General Manager Organisational Development, General Manager Performance.

Revenue Manager, Unit Manager Strategy and Research, Rates Team Leader and Business, Manager Economic Development, Unit Manager - Accounting, Accounting Manager, Corporate Projects Accountant, Waters Manager, Business Manager City Infrastructure, City Transportation Manager, City Safe Unit Manager, Planning Guidance Manager, Solutions Delivery Manager Communications Manager, and City Development Manager.

Committee Advisors Mrs J C Pani and Mrs M Birch

Welcome:

Her Worship the Mayor welcomed everyone to the reconvened meeting. She advised that following consideration of apologies the Chief Executive will talk to a PowerPoint presentation providing a recap of the information provided to the Council on 9 December.

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That the apologies from Councillor Forsyth and apologies from Councillor Gallagher (for lateness) be received and accepted.

Councillor Macpherson arrived at 9.03am at the conclusion of the receiving of Apologies.

6. Draft 10-Year Plan Budget 2015-25 Cont'd

Introduction by Chief Executive:

The Chief Executive talked to a PowerPoint presentation providing a recap of the information presented to the Council on 9 December. There were questions of clarification and discussion throughout the Chief Executive's presentation.

He referred to the information available to inform the development of the 2012/22 10-Year Plan and then the more robust information that was available to inform the development of the draft 2015/25 10-Year Plan. He advised that the 2015/25 10-Year Plan contained a revised (slightly) financial strategy and was based on sound population growth information. It contained a capital programme reflecting: Robust asset management plans, greater activity by developers, greater expectations that Council delivers growth, a number of 'zoned' cells, legal clarity around 'core' infrastructure and what developers can pay for (e.g. Upsizing), increasing legal pressure around compliance, a focus on 'Waters', and a budget of effectively non-negotiable items – which is largely growth (41%) and renewal (48%) expenditure.

The Chief Executive then talked to the options available to the Council relating to both the financial strategy and also to the capital budget.

Councillor Wilson arrived at 9.05am and Councillor Gallagher arrived at 9.07am during the Chief Executive's presentation

The Chief Executive confirmed that his presentation was responding to the questions Councillors put to staff on 9 December and clarified that the assets that had previously been sold reduced the debt balance. He went on to talk about the tension of trying to include in the draft Plan investment to meet growth and renewal expectations and revising the financial strategy.

He commented on the issue raised regarding the Council staying within the financial strategy parameters presented in the 2013 Pre-Election Report. The Pre-Election Report was prepared by staff based on the information available within the 2012/22 10-Year Plan which indicated little growth and provided limited information on AMPs. Staff have completed AMPs and identified some significant risk. The draft Plan reflected a better understanding of where the growth is and robust AMPs. The challenges for this draft Plan were to respond to the growth expectations and the identified AMP significant risk vs the financial strategy risk. Council needed to try and work through that balance.

There were two big spend areas: growth; and renewal spend on water and wastewater.

The GM City Infrastructure in response to questions regarding the increased risk profile, advised that the risk of not upgrading the water infrastructure was a failure of those assets. There was a potential for a pump station over-flow which could lead to compliance risk for the Council. He further clarified that a lot of the programmes and spend was related to compliance issues and risk of non compliance.

In response to questions and discussion regarding the AMP renewal, in particular deferring spend to ensure that the Council could stay within the financial strategy parameters, the GM City Infrastructure confirmed that investment in City water infrastructure and headworks was critical and he would not recommend any deferral.

There were questions and responses relating to the risk of a legal breach by not providing infrastructure to meet the City's growth. The GM Performance advised that the clear advice from the City Solicitor was that if Council did not provide the infrastructure then there could be challenge from developers who could potentially bring their own infrastructure solutions to their developments. There could also be a challenge via the Environment Court that the Council was holding up development when a particular zone had been set aside for growth.

It was requested that this legal opinion be circulated.

The GM City Infrastructure advised that staff worked closely with developers when they are proposing solutions and sub-optimal outcomes, which over time will increase risk for non-compliance and could result in a lot more pump stations. It is sub-optimal when they get vested back to the Council. A more likely risk might be that the developer decides it was not economic to proceed with the development.

The Chief Executive explained the revenue impacts and rates yields if there were disincentives to development and development did not progress; less rates, less development contributions with a risk that the development contribution budget line could be compromised.

The Chief Executive said that if staff were to present a budget bringing it into line with the \$440M cap it would introduce significant risk. There were questions and discussion on the types and level of risk.

Motion: (Crs King/Wilson)

That staff be requested to prepare a draft Long Term Plan for 2015/25 keeping within the \$440M debt level cap for the 10 years, 3.8% rate increase level for the 10 years, and balanced books for 2017, as outlined in the 2013 pre-election papers.

**The Meeting adjourned from 10.25 until 10.45am and,
following a brief discussion on the wording of the Motion,
the Meeting adjourned from 10.50am until 10.55am.**

Following confirmation of the wording of the Motion by the Mover and Seconder of the Motion and speakers both for and against, the Motion was put the voting being as follows:

Those for the Motion:	Councillors Mallett, King, Gallagher, Green, Wilson and Macpherson
Those against the Motion:	Her Worship the Mayor Hardaker, Councillors O'Leary, Tooman, Yeung, Chesterman and Pascoe

The Motion was declared equal votes. The Mayor advised that she would not be exercising the Chair's casting vote. The Motion was therefore not carried and the status quo remained.

The Meeting adjourned from 11.45am until 12.45pm

Following the adjournment Her Worship the Mayor advised that the Meeting would not at this stage consider the unfunded projects. Staff would instead take those into account and report back to the Council in February 2015.

Resolved: (Her Worship the Mayor Hardaker/Cr Wilson)

That staff are to review the draft budget and consider opportunities to rework the budget and report back to Council on 3 February 2015.

7. Resolution to Exclude the Public

Prior to voting on the Motion to move into the Public Excluded session there were speakers for and against the Motion with views expressed that there was information contained within the staff report that could be considered in the open Meeting. The Meeting agreed that at the conclusion of the Public Excluded session consideration would be given by the Council regarding public release of information.

Resolved: (Her Worship the Mayor Hardaker/Cr Yeung)

Section 48, Local Government Official Information and Meetings Act 1987

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. Claudelands Event Centre) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

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

Item C1. to enable Council to carry out commercial activities without disadvantage Section 7 (2) (h)

Those for the Motion: Her Worship the Mayor Hardaker, Councillors King, O'Leary, Yeung, Chesterman and Pascoe

Those against the Motion: Councillors Mallett, Gallagher, Green, Tooman, Wilson and Macpherson

The Motion was declared carried 7 Votes For (including the Casting Vote of the Chair) and 6 Votes Against

The Meeting moved into Public Excluded session from 1.15pm until 2.35pm.

C1 Claudelands Events Centre

The Council resolved to make publicly available the following Resolution, considered in the Public Excluded session, relating to Claudelands Event Centre:

Resolved: (Crs Wilson/Chesterman)

That:

- a) The report be received.
- b) Council notes that previous Councils did not expect Claudelands to cover its interest and depreciation costs from its operations but did expect it to reach operating surplus on direct event activities only.
- c) Council notes that the market for Claudelands is limited due to:
 - (i) Specialist nature of the facility.
 - (ii) Restrictions on the title on land.
 - (iii) Restrictions due to existing contracts in place.
- d) Council notes the updated financials in relation to Claudelands, and specifically reflecting:
 - (i) Support for the facility as originally outlined in the business case.
 - (ii) Improving operational position.
 - (iii) Repayment of debt in accordance with our current debt repayment cycle.
 - (iv) The possibility of a loss on sale.
- e) Council notes the cost associated with a sale.
- f) Council resolves not to sell Claudelands Event Centre as part of the draft 2015-25 10-Year Plan.
- g) Council requests staff to continue to monitor the performance of Claudelands and update Council annually or if there is a change in the market.

Those for the Motion:

Her Worship the Mayor Hardaker, Councillors King,
Gallagher, Tooman, Wilson, Yeung, Chesterman and Pascoe

Those against the Motion:

Councillors Mallett and Macpherson

The Meeting adjourned at 2.35pm to reconvene on 3 February 2015.

The Meeting reconvened on Tuesday 3 February 2015 at 9.00am.

PRESENT:

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

In Attendance Chief Executive, Chief Financial Officer, General Manager City Environments, General Manager City Infrastructure, General Manager Community, General Manager Customer Relationships, General Manager Events and Economic Development, General Manager Organisational Development, General Manager Performance.

Revenue Manager, Unit Manager Strategy and Research, Rates Team Leader and Business, Manager Economic Development, Unit Manager - Accounting, Accounting Manager, Corporate Projects Accountant, Waters Manager, Business Manager City Infrastructure, City Transportation Manager, City Safe Unit Manager, Planning Guidance Manager, Solutions Delivery Manager Communications Manager, and City Development Manager.

Committee Advisors Mrs J C Pani and Mrs M Birch

Welcome:

Her Worship the Mayor welcomed everyone to the reconvened Meeting and, along with the supplementary papers circulated for this reconvened session, advised Members that staff would also be referring to the Agenda papers circulated for the 9 and 10 December Meeting.

Her Worship the Mayor said the report updating the Council on the ICC Cricket World Cup 2015 would be considered at the conclusion of the 10-Year Plan Budget 2015-25 Item.

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Tooman)

That the apologies from Councillor Wilson and apologies from Councillor Green (for lateness) be received and accepted.

Councillor Gallagher arrived at 9.03am at the conclusion of the receiving of Apologies.

6. Draft 10-Year Plan Budget 2015-25 – Cont'd

Introduction

The Chief Executive talked to the supplementary information circulated for this reconvened Meeting and advised that it represented ongoing work by staff to validate the budget data. Staff had carried out a considerable amount of work to ensure that the budget being presented to the Council represented the most up to date information. He also advised that a report would be provided to the Council, in February, providing information on Operating Expenditure and the River Plan.

The following documents formed the agenda for the reconvened meeting:

- Draft 10-Year Budget 2015-25 report circulated for the 9-10 December 2014 Meeting.
- Supplementary Paper (Draft 10-Year Plan Budget 2015-25) circulated for the 3 February 2015 reconvened Meeting.
- Key Indicators Summary – 2015-25 10-Year Plan Updated Draft Budget (updated and tabled at various stages throughout the reconvened Meeting)

The detailed Draft Budget was presented by the CFO, noting that neither the revised Draft Budget nor the options included the Recycling Wheelie Bins targeted rate, which he indicated could be addressed later in the meeting.

The CFO advised that, as instructed by the Council on 10 December 2014, staff had reconsidered the Draft Budget and were presenting the results of that work. He advised that the updated Draft Budget had been reviewed by the Chair and Deputy Chair of the Finance Committee. The Draft Budget would continue to be refined up until it was approved by the Council in June 2015.

The CFO talked to a PowerPoint presentation and advised that the updated Draft Budget addressed projected growth and, as previously indicated, priority had been given to core network infrastructure. He then talked to each of the sections.

Councillor Green arrived at 9.20am during the introduction by the CFO.

Discussion:

Depreciation – The Finance Manager confirmed that depreciated is calculated from the date the asset is commissioned, there is then three months to get that on to the register. Timeframes were being achieved to have the fixed asset register updated within 3 months and the revised depreciation figures reflect current practice..

Development Contributions (DC) – Regarding the DC Revenue increase, the CFO advised that a risk assessment had been completed and a balanced view approach had been adopted, given the legislation changes and ability for objections.

AMP – In response to questions regarding just-in-time replacement of infrastructure, the CFO advised that usual practice was for the AMP to indicate a range of dates when an item of capital expenditure may be required, e.g. 8-10 years out. Just-in-time replacement uses a window within that period. Moving outside of that window would be reactionary. AMPs are reviewed regularly to reflect changes to the assets. The GM City Infrastructure advised that staff had put a lot of work in to optimise a just-in-time approach.

Key Indicators Summary – In response to questions regarding debt levels, an updated document showing the key indicators summary was tabled. The Chief Executive advised that the financial strategy would need to be commented on in the consultation document.

The CFO referred to page 9 of the supplementary report and talked through the two options presented for Council to consider; a) achieving the current (2012-22) Financial Strategy target, and b) achieving a \$440m “debt cap” over all 10 years. He then talked through the 26 candidate items identified and ranked into an order based on how discretionary they were and their status relating to the two options.

The GM Performance explained that in 2015 the planning process starts again with a 30year horizon and that there are a number of differences to reflect new information with the updated financial strategy and capital programme based on the latest information available.

Motion: Crs Pascoe/Forsyth

That the Council accepts the Draft 10-Year Plan Budget 2015-25 based on the staff recommended draft budget as presented in the supplementary report to 3 and 4 February 2015 Council meeting.

Amendment: Crs King/Mallett

That the Council accepts the current 2012-22 Financial Strategy target.

The Amendment was Put.

Those for the Amendment:	Councillors Mallett, King, Gallagher, Green and Macpherson
Those against the Amendment:	Her Worship the Mayor Hardaker, Councillors O'Leary, Tooman, Forsyth, Yeung, Chesterman and Pascoe

The Amendment was declared lost.

The Motion was Put.

Resolved: (Crs Pascoe/Forsyth)

That the Council accepts the Draft 10-Year Plan Budget 2015-25 based on the staff recommended draft budget as presented in the supplementary report to 3 and 4 February 2015 Council meeting.

Those for the Motion:	Her Worship the Mayor Hardaker, Councillors O'Leary, Tooman, Forsyth, Yeung, Chesterman and Pascoe
Those against the Motion:	Councillors Mallett, King, Gallagher, Green and Macpherson

The Meeting adjourned from 10.40 until 10.55am

Fees and Charges

Members were referred to Pages 123 – 170 of the 9 December Meeting agenda for the schedule containing the proposed Fees and Charges for Hamilton City Council for the first year of the Draft 10-Year Plan.

Pensioner Housing – In response to questions regarding the approach to Pensioner Housing, the GM Performance advised that the major driver for cost increases was depreciation. This was being offset by reducing operating costs, repairs and maintenance. Also, a staff member was not being replaced. He advised that staff were recommending that the 11% increase is not implemented until the outcome and timing of the housing sale process is known.

There was discussion on the timing of the increase and Councillors indicated that they wanted this increase to commence from 1 July 2015.

Theatre fees and charges – Charges indicated are benchmarks, with the GM Events and Economic Development negotiating charges under delegated authority. It was suggested that information relating to fees and charges for the theatres could be included in the governance reporting requirements.

Libraries – Introducing Library kitset loan items was an initiative from staff. Information regarding these kitsets was to be circulated to Members, including detail on the 100% increase in charges; 50 cents to \$1.00, and capital expenditure.

Zoo – Admission costs over the last 10 years to be provided to Members.

Tables & Chairs on Footpath – It was recommended by the GM City Environments that this proposed increase not be implemented.

Resolved: (Her Worship the Mayor Hardaker/Cr O'Leary)

That the draft fees and charges for 2015/16 (year 1) of the 10-Year Plan are approved, subject to no increase for Tables and Chairs on Footpaths (page 130 of the supplementary report).

Councillor Macpherson dissenting.

Unfunded Projects

Members were referred to Page 171 of the 9 December Meeting agenda and Page 13 of the supplementary report.

The CFO referred to the 9 December 2014 papers where there were a number of proposals that were unfunded. He advised that a prioritised list of unfunded proposals was being presented with the supplementary report and referred to the factors taken into account by staff over the Christmas break to prioritise the proposals.

The Meeting then worked through the unfunded proposals in the order presented on Page 13 of the supplementary report.

1. Founders Theatre

The GM Events and Economic Development talked to this unfunded proposal noting that substantial work was required at considerable cost. He identified challenges with the flying tower which was coming to the end of its life and also uncertainty of the strength of the stage house which supported the flying system, and anticipated that events will need to be turned down if the stage house/flying tower not upgraded.

With more time and resource the GM advised that they would have a clearer picture to bring a final position for the Council to consider. The purpose of the business case was to analyse in more detail the options and benefits to flow from the suggested expenditure.

There was discussion on usage by non-Hamilton City residents of this theatre facility and the possibility of contribution from Waikato region territorial authorities.

The CE advised that from a legislation point of view Council would be expected by the auditors to reflect information provided in its AMP into the Draft Budget.

Motion: (Her Worship the Mayor Hardaker/Cr O'Leary)

That:

- a) A capital amount of \$100,000 is allowed for the preparation of a Founders Theatre Upgrade Business Case in 2015/16 to explore all options in detail and identify the best outcome;
- b) An estimated Founders Theatre upgrade and refurbishment cost of \$13.8m is included from 2021/22; and
- c) Council reconsider the Founders Theatre upgrade and refurbishment item at 2016/17 Annual Plan review based on the completed Business Case report.

Amendment: (Crs King/Mallett

That:

- a) A capital amount of \$100,000 is allowed for the preparation of a Founders Theatre Upgrade Business Case in 2015/16 to explore all options in detail and identify the best outcome; and
- b) Council reconsider the Founders Theatre upgrade and refurbishment item at 2016/17 Annual Plan review based on the completed Business Case report.

The Amendment was Put.

Those for the Amendment:	Councillors Mallett, King, Gallagher, Green, Forsyth and Macpherson
Those against the Amendment:	Her Worship the Mayor Hardaker, Councillors O'Leary, Tooman, Yeung, Chesterman and Pascoe

The Amendment was declared lost 7 Votes Against (including the Casting Vote of the Chair) and 6 Votes For.

The Motion was then Put.

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That:

- a) A capital amount of \$100,000 is allowed for the preparation of a Founders Theatre Upgrade Business Case in 2015/16 to explore all options in detail and identify the best outcome;
- b) An estimated Founders Theatre upgrade and refurbishment cost of \$13.8m is included from 2021/22; and
- c) Council reconsider the Founders Theatre upgrade and refurbishment item at 2016/17 Annual Plan review based on the completed Business Case report.

Those for the Motion:	Her Worship the Mayor Hardaker, Councillors O'Leary, Tooman, Forsyth, Yeung, Chesterman and Pascoe
Those against the Motion:	Councillors Mallett, King, Gallagher, Green and Macpherson

The Meeting adjourned from 12.50 until 1.30pm

Councillor Macpherson left the meeting at 12.50pm.

2. Indoor Recreation Facilities

The GM Community tabled a map of Rototuna Junior High School and talked to this unfunded proposal (Page 207 of the 9 December Meeting agenda) to set aside funding towards a joint project to construct a new four-court indoor recreation facility to serve local and sub-regional community sporting needs, following the completion of a detailed feasibility study. He advised that there is a shortage of facilities and those currently available are somewhat eclectic and not fit for purpose.

The CFO explained that the first 6 items on the unfunded proposals list would enable the Council to stay within the 200% debt/revenue ratio. Proposals numbered 7 – 10 affect the balancing of the books at 2016 and Council would need to adjust the operational budgets or not met the balanced books target.

There was discussion on funding options and also what priority would be given to Hamilton City (non school) residents in any joint project. The GM advised that further work was required. The Chief Executive confirmed that it was appropriate to include the operating grant funding amount in the 10-Year Plan.

Councillor Macpherson rejoined the meeting at 2.15pm during discussion on the above Indoor Recreation Facilities proposal and was present when the matter was voted on.

Resolved: (Crs Forsyth/Gallagher)

That:

- a) Council supports the development of a feasibility study, led by Sport Waikato in conjunction with key stakeholders, investigating the best option for an indoor recreation facility including location, design, fundraising and operational model, with recommendations to Council prior to October 2015; and
- b) Council sets aside operating grant funding towards the construction of an indoor recreation centre of \$4m in 2021/22 and associated ongoing net operating costs of \$120k pa.

Councillor Mallett dissenting

3. Aquatic Facilities

The GM Community talked to this unfunded proposal to heat and enclose the outdoor Lido Pool at Waterworld to address current and future lane space shortages, particularly during winter.

There were questions and discussion on costs and demand and whether enclosing Lido Pool was the best approach. The GM commented that heating of the Lido Pool, if enclosed, would be covered by revenue, with only a boiler required to heat the water. The GM advised that there was demand for both lane swimming and also for other casual swimmers. There were views expressed against enclosing the Lido Pool and Members were keen to see other options explored to meet the pool shortage.

The Council requested the GM to expand on this Aquatic Facilities paper to include broader options and widen the discussion for the community and report to the 25 February 2015 Council Meeting.

Councillor Green retired from the Meeting at 2.45pm, during discussion on the Aquatic Facilities proposal.

The Meeting adjourned from 3.00 until 3.10pm

4. Sports Parks

The GM Community presented this unfunded proposal to consider sports park development. He highlighted the point that the recommendation from the December 2014 papers had been changed as the need was for Saturday play. He confirmed that the Rototuna Sports Fields was part of the Rototuna High School and that there might be opportunities for other options and contributions.

In response to questions regarding usage and costs of sports parks compared to aquatic facilities, the GM advised that it had been difficult to extrapolate the numbers of registered users versus actual users and get accurate data. He also commented that the first priority would be indoor recreation ahead of sports field development.

Motion: (Crs O'Leary/Yeung)

That:

- a) Rototuna Sports Fields of \$5.1m be developed from 2022 (with associated operating costs \$225k pa); and
- b) Other sports field developments remain unfunded and are reconsidered at the next 10 Year Plan review.

Amendment: (Crs Macpherson/Gallagher)

That staff present to Council on 25 February a balanced sports park development programme for this Long Term Plan that includes a proportion of Rototuna sports fields and some development of existing sports fields.

The Amendment was Put.

Those for the Amendment: Councillors Mallett, Pascoe, Gallagher, Chesterman, Forsyth, Tooman and Macpherson

Those against the Amendment: Her Worship the Mayor Hardaker, Councillors O'Leary, Yeung and King

The Amendment was declared Carried and became the Motion which was then Put.

Resolved: (Crs Macpherson/Gallagher)

That staff present to Council on 25 February a balanced sports park development programme for this Long Term Plan that includes a proportion of Rototuna sports fields and some development of existing sports fields.

Those for the Motion: Councillors Mallett, Gallagher, Tooman, Forsyth, Macpherson, Chesterman and Pascoe

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

5. Parking Technology Replacement

The GM City Infrastructure presented this unfunded proposal seeking funding to upgrade the city's aging and increasingly obsolete parking technology to smart technology. The GM confirmed that there would be reprioritisation within the existing infrastructure budgets to allow for rollout as per the proposal.

Resolved: (Crs Forsyth/O'Leary)

That smart parking technology, as set out in this proposal, is implemented in the central city in 2015/6 and 2016/17, funded from savings within the existing group infrastructure budgets.

Cr Tooman dissenting

The Meeting adjourned at 4.25pm to reconvene at 9.00am on 4 February 2015.

The Meeting reconvened on Wednesday 4 February 2015 at 9.00am.

PRESENT:

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

In attendance Chief Executive, Chief Financial Officer, General Manager City Environments, General Manager City Infrastructure, General Manager Community, General Manager Customer Relationships, General Manager Events and Economic Development, General Manager Organisational Development, General Manager Performance.

Revenue Manager, Unit Manager Strategy and Research, Rates Team Leader and Business, Manager Economic Development, Unit Manager - Accounting, Accounting Manager, Corporate Projects Accountant, Waters Manager, Business Manager City Infrastructure, City Transportation Manager, City Safe Unit Manager, Planning Guidance Manager, Solutions Delivery Manager Communications Manager, and City Development Manager.

Committee Advisors Mrs J C Pani and Mrs M Birch

Welcome:

Her Worship the Mayor welcomed everyone to the reconvened Meeting and advised that the Meeting would work through the remainder of the unfunded proposals (6 – 10) and would then move to consider the Recycling Resolutions from the December 2014 Meeting (Wheelie Bin targeted rate), the Far Western Waste Water Interceptor Extension project (Rotokauri) and finally an overall resolution to enable staff to prepare a draft 2015-25 10-Year Plan.

Apologies – It was noted that Councillors Wilson and Green were apologies for this reconvened session.

6. Draft 10-Year Plan Budget 2015-25 Cont’d

6. LED Street Lighting

The GM City Infrastructure presented this unfunded proposal seeking funding for a business case to investigate conversion of the existing street lighting network in Hamilton to LED technology. He confirmed that there were considerable environmental and cost benefits with moving to LED technology.

Resolved: (Crs Forsyth/Pascoe)

That \$100,000 is included in 2016/17 to undertake a full business case for LED street light conversion funded from existing operating surplus.

That the capital request for LED street lighting is reconsidered at the next 10 Year Plan.

The CFO advised that the unfunded proposals, 7 – 10, impacted on the operational budgets and balancing the books.

7. Heritage Fund

The GM City Environment presented this unfunded proposal for the creation of a heritage fund for a range of incentives to be accessed by owners of heritage buildings to ensure their ongoing preservation and use.

In response to questions regarding heritage policy issues that would align with this proposed fund, the GM advised that a report on the heritage policy would be presented to the Strategy and Policy Committee. There was discussion on the impacts of heritage building owners and the process for a building becoming listed in the District Plan. The GM advised that under the RMA anyone can apply for consent, but that it needed the owner's permission to give effect to it.

Resolved: (Crs Chesterman/O'Leary)

That a Heritage Fund be established and funded from 2017 at \$100,000 per annum within the 10-Year Plan period.

Those for the Motion: Her Worship the Mayor Hardaker,
Councillors Gallagher, O'Leary, Tooman,
Forsyth, Macpherson, Yeung, Chesterman
and Pascoe

Those against the Motion: Councillors Mallett and King

8. Recycling Drop-off Points and Refuse Transfer Station Improvements

The GM City Infrastructure introduced this proposal and was recommending that the improvements for citywide recycling drop-off points and improvements to the Refuse Transfer Station remain unfunded and are considered at the next 10-Year Plan revision.

9. Tourism Funding (Regional Tourism Organisations)

The GM Events and Economic Development presented this item which was a response to the request from Hamilton and Waikato Tourism (HWT) for a 50% increase in Council's annual funding contribution to implement a new visitor strategy for the region. Staff were recommending that this proposal remain unfunded and is reconsidered at the next 10-Year Plan review.

There was discussion on the role of the Mayoral Forum and whether other councils in the region had included increased funding for HWT in their 10-year plans. The GM advised that two councils had agreed to the funding, two had declined and two had yet to consider this funding allocation.

The Meeting adjourned from 10.35 until 10.55am

Resolved: (Crs Macpherson/Chesterman)

That the increase to Regional Tourism funding remain unfunded at present and that the Mayoral Forum (including the Regional Council) be asked to consider a regional approach to an acceptable level of funding increase for Hamilton and Waikato Tourism.

Those for the Motion: Her Worship the Mayor Hardaker,
Councillors Gallagher, O'Leary, Tooman,
Forsyth, Macpherson, Yeung, Chesterman
and Pascoe

Those against the Motion: Councillors Mallett and King

10. Living Wage

The GM Organisational Development presented this item recommending that the Council does not adopt the living wage.

Solid Waste Activity – Increased Recycling (Wheelie Bins)

The CFO talked to the resolution of 9 December session;

“That the initial purchase price of the bins (\$2,800,000) is funded through a uniform charge targeted rate across the three financial years (from 2016/17 to 2018/19) to be finalised following approval of the business case and implemented through the 2016/17 Annual Plan”

He advised that the costs associated with this resolution had not been included in the draft budgets presented to the Meeting on 3/4 February and worked through the various scenarios and impacts on rate percentages paid by the residents. Cost would be \$23 per year for three years, with a rate increase of 4.48% in the first year.

The GM City Infrastructure responded to questions and advised that practice varied throughout the country for payment of wheelie bins with a mix of user pays, general rate and targeted rate. Staff had put weight on holding the direct impact on ratepayers. A business case would be presented to Council. The main aim of wheelie bins was to get all recyclables out of black bags and into another container

There was discussion on whether this resolution for a targeted rate for increased recycling (wheelie bins) should be revoked.

It was noted that staff were to report back to the 25 February 2015 Council Meeting for the Council to consider the implications, including costs, for a user pays system for refuse.

The Meeting adjourned from 12.40 until 1.15pm

Councillors Macpherson and O'Leary left the meeting at 12.40pm.

Rotokauri (Far Western Waste Water Interceptor Extension project)

The GM City Infrastructure introduced this item.

Resolved: (Crs Chesterman/Yeung)

That the far western waste water interceptor extension project be programmed to commence in 2016/17 as part of the “increase capacity of wastewater network throughout the city” programme.

Councillors Macpherson (1.20pm) and O’Leary (1.25pm) rejoined the meeting at the conclusion of the Rotokauri item and were not presenting for voting.

Overall Recommendation

The Meeting returned to the overall recommendation (including the Financial Strategy Motion that was initially considered on 9 December 2014) to enable a draft 10-Year Plan to be prepared for the 25 February 2015 Council Meeting.

Resolved: (Her Worship the Mayor Hardaker/Cr Pascoe)

That

- a) Council receives the report;
- b) The 2015-25 Financial Strategy limits are updated to:
 - “Rates increases to existing ratepayers will not exceed 3.8%, except for targeted rates (Hamilton Gardens and Refuse/Recycling)”
 - “Rates will not exceed 0.627% of the City’s rateable capital value”
 - “The debt to revenue ratio will be reduced to under 200% by 2021 and thereafter remain below 200%”;
- c) Council approve the draft 2015-25 10-Year Plan budget including the operating and expenditure programme as presented on 3 and 4 February 2015; and
- d) The Rates Remission – Hardship Relief Policy criteria is amended to increase the basic allowable income

Those for the Motion:

Her Worship the Mayor Hardaker,
Councillors O’Leary, Tooman, Forsyth,
Yeung, Chesterman and Pascoe

Those against the Motion:

Councillors Mallett, King, Gallagher and
Macpherson

8. ICC Cricket World Cup 2015 Update

The GM Events and Economic Development presented this update on the preparations for hosting three matches as part of the ICC Cricket World Cup in February and March 2015.

Staff were congratulated on the beautification carried out on the city's roundabouts.

Resolved: (Crs O'Leary/Forsyth)

That the report be received.

The Meeting closed at 1.50pm.