



HAMILTON'S 10-YEAR PLAN
CONSULTATION DOCUMENT

2015-2025



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INTRODUCTION



This consultation document sets out the Council's priorities, plans and budget for Hamilton over the next 10 years, with a specific focus on the next three years. It tells you about the big issue for Hamilton and other important matters, discusses the options and choices the Council has and what decisions will mean for rates, debt levels and services.

This new way of sharing information about the Council's 10-Year Plan aims to generate discussion about where we are now, where we will be in 10 years and the choices we face along the way. The legislation says this document should cover only the significant and important issues. If you would like more

information including the detailed financial plan and 30-Year Infrastructure Strategy, visit hamilton.govt.nz/10yearplan or phone us on **07 838 6537**.

The environment in which the Council is operating and preparing this budget is very different to the one three years ago. The impact of the global financial crisis and the serious financial issues facing the city back then no longer exist. Instead, the big issue today, which is discussed in this consultation document, is about the challenge of providing services and infrastructure for a fast growing city in a way that's affordable and financially responsible. We must continue to live within our means.

The Council is proposing to respond to this big issue by investing the right amount of money at the right time, while continuing to operate within the financial plan that's been in place for the last three years - with one change. There is a big focus in the budget on core infrastructure and investment in existing assets; these come first. There is still some money for investment in arts, sport and recreation and for the River Plan. The details are set out in this document.

We want to hear from you about the issue and options in this consultation document and what you think about the Council's proposed decisions.



BACKGROUND

A lot has changed in the last three years.

Back in 2012, we made some tough decisions to get the city back on track financially, which meant cuts to some Council services, increases to some user charges, reducing the Council's own running costs by around \$15 million and selling some assets. We also extended the timeframe to upgrade and maintain some assets and pulled back on infrastructure projects, only completing them if really necessary. The exception was for critical projects including those already contractually committed to, such as the Ring Road and the Waikato Expressway.

Those tough decisions and the financial plan put in place at that time have paid off. The Council's finances are now back on track, we are in a much stronger financial position and in better shape than originally planned. The debt balance is lower than forecast in our last 10-Year Plan. We will balance the books in 2016, a year earlier than planned, putting us back in black for the first time in a decade.

"The Council's finances are now back on track, we are in a much stronger financial position and in better shape than originally planned."



PLANNING FOR A GROWING CITY

The Government has made changes to the way councils operate through the Local Government Act. The Act sets out the services councils should focus on and invest ratepayer money in. It requires us to provide good quality local infrastructure, local public services and regulatory functions in a way that is most cost-effective for households and businesses.

The Council has also made a lot of changes to the way the city's \$3.2 billion of assets are managed, the most important being improving our asset management planning. This means the Council now has much better up-to-date information about the likely costs to maintain existing assets for their whole lifetime. As a result, budget planning is now more accurate than it has been in the past.

There have been other changes in the last three years. New Zealand has come through the global financial crisis and there is a lot more economic activity and investment in Hamilton. This can be seen in the changes to the number of residential and commercial building consents.

According to the latest population estimates, Hamilton is the third fastest growing centre behind Auckland and Christchurch¹. Our population is more youthful than most places in New Zealand and this will continue into the future.

This population growth is the big challenge for Hamilton and the Council. Growth is already creating demand for new housing and expanded city services. Based on the information provided by the research², these

demands are only going to increase.

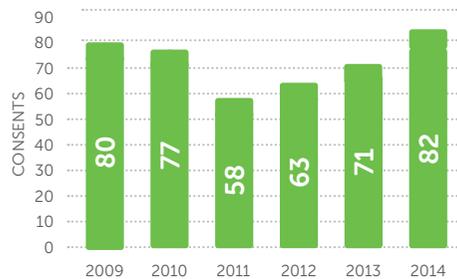
This impacts on all parts of the city, particularly the water and transport networks, but also on other services like parks, playgrounds and pools. A growing population is a great challenge to have, but getting the balance right between looking after the assets we already have, providing critical infrastructure for the future and doing so in a way which is affordable, sustainable and financially responsible is a big focus of the Council's budget discussions.

¹Statistics New Zealand, estimated resident population, as at 30 June 2014.

²2014 Review of Demographic, Households and Labour Force Projections for the Future Proof Sub-Region for the Period 2013 – 2063, National Institute of Demographic and Economic Analysis, The University of Waikato, June 2014.

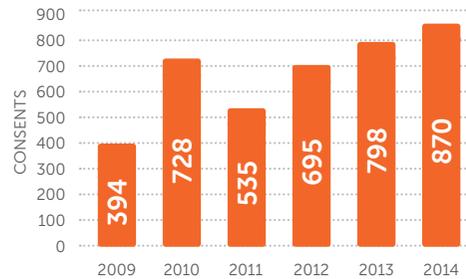


NON-RESIDENTIAL CONSENTS
 COMMERCIAL AND INDUSTRIAL BUILDING CONSENTS HAVE INCREASED GRADUALLY SINCE 2011



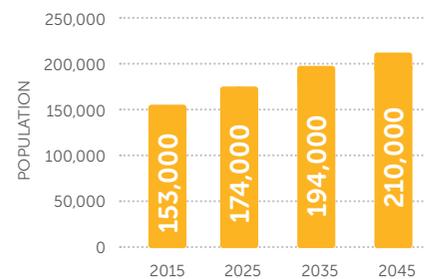
RESIDENTIAL CONSENTS

THE NUMBER OF RESIDENTIAL BUILDING CONSENTS ISSUED IN HAMILTON HAS INCREASED MARKEDLY SINCE THE GLOBAL FINANCIAL CRISIS IN 2008



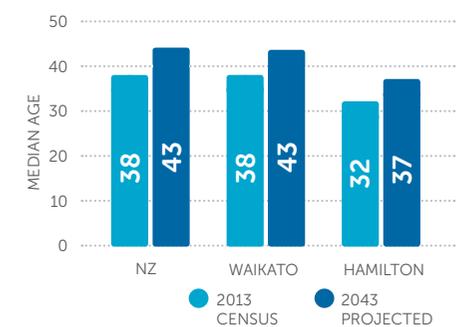
POPULATION INCREASE

IN 30 YEARS, HAMILTON'S TOTAL POPULATION IS PREDICTED TO INCREASE BY 60,000 PEOPLE. THAT REPRESENTS POPULATION GROWTH OF AROUND 40%



A YOUTHFUL POPULATION

WE HAVE A LOWER MEDIAN AGE THAN BOTH THE WAIKATO AND NEW ZEALAND AS A WHOLE. THIS IS PROJECTED TO CONTINUE INTO THE FUTURE



THE HAMILTON PLAN

Hamilton is emerging as a New Zealand success story. A city built on a strong economy, growing rich from the land around it.

Our city is home to many young people and families and is one of only a few places in New Zealand that will continue to experience growth in its youth population.

The Council has developed the Hamilton Plan to build a stronger economy and an attractive city for families.

We will focus on 10 priorities over the next 10 years that will collectively redefine Hamilton as a major New Zealand city. These priorities build on the lifestyle and economy Hamilton already has.

The Hamilton Plan does not include all the detail, as plans, policies and actions already exist to support many of the 10 priorities. Others are still to be developed.

For more information about the Hamilton Plan visit hamilton.govt.nz/hamiltonplan

"We will focus on 10 priorities over the next 10 years that will collectively redefine Hamilton as a major New Zealand city."





We want to:

1. Balance our books

We plan to have our income exceed our expenses by 2016 and every year after that.

2. Become the third city economy in New Zealand

Hamilton moves from fourth to third in New Zealand's city economy ranking.

3. Provide outstanding infrastructure

Infrastructure development prepares the city for a population of more than 200,000.

4. Strengthen our connection to the Waikato River

At least five transformational projects from the Hamilton City River Plan are completed.

5. Have the best garden in the world

The Hamilton Gardens are completed in 10 years, which is consistent with the Hamilton Gardens vision.

6. Have an active, strong, commercial central city with distinctive suburban villages

The central city has a strong commercial centre, is connected to the Waikato River and residential living is starting to grow.

7. Become an urban garden

Hamilton is green, with parks, trees, beautiful gardens and street plantings.

8. Provide access to affordable housing

The city continues to provide a balanced supply of housing options to meet the city's growth.

9. Establish the Waikato as the capital of high performance sport

Hamilton and Waipa are known as the home of New Zealand's high performance sport.

10. Celebrate our arts and culture

Hamiltonians recognise the importance of art, music and culture in our everyday lives.



GROWTH – THE CHALLENGES AND OPPORTUNITIES

More than 150,000 people already live in Hamilton. In the last year, it's estimated that our population grew by 2800 people. We are one of the fastest growing places in New Zealand and it is easy to see this growth in the north of the city around areas such as Rotoruna. Growth comes from births as well as people moving here for work and education who see Hamilton as a great place to bring up a family.

This growth creates increasing demands on Council services and existing roads, water networks, sewerage and community facilities like pools, playgrounds and parks. It also means new infrastructure and community facilities are needed. All of this makes it challenging to manage budgets in an affordable way.

Challenges

- More and more pressure is going on our water and sewerage infrastructure assets, which are now reaching maximum capacity. That, combined with predicted future population growth, means that soon some assets will need to be replaced or upgraded.
- We must have land available to build houses. There is no shortage of zoned land in Hamilton; the challenge is paying for the infrastructure to enable people to live on that land. In the next 10 years, we need to spend money on pipes and roads to the new areas like Rotoruna, Rotokauri, Peacocke and Ruakura.
- If we make investments in certain infrastructure now, in a carefully planned and staged way, we can put in place the assets we need for the long term and avoid a huge backlog of expensive work in the next 20 – 30 years. Many of the costs of providing growth-driven infrastructure are recouped from developers through contributions they pay to the Council. These are called development contribution charges. These charges don't meet all the costs - around half the costs are paid for by ratepayers.

“There is no shortage of zoned land in Hamilton; the challenge is paying for the infrastructure to enable people to live on that land.”



- The Council already owns \$3.2 billion of existing assets. The majority are water, sewerage, stormwater and transport assets. We have to look after these assets to an appropriate standard so they keep delivering the services we expect to all parts of the city, including the parts that are growing.
- Cities aren't just about pipes and roads. We need to continue investing and reinvesting in the other infrastructure a growing population needs, especially families. Things like playgrounds, the Hamilton Gardens, sports, arts and cultural facilities.

"Growth stimulates economic activity and generates employment, which creates more opportunities for people in Hamilton."

Opportunities

While growth is challenging, it also presents significant opportunities for Hamilton and the city's future.

- It stimulates economic activity and generates employment, which in turn creates more opportunities for people in Hamilton.
- It allows the city to spread the cost of vital public services across more people, which means more people are paying to run the city.

- It ensures that services like schools, public transport and health care are sustainable. Those services need strong populations to attract investment from other funders, including the government and the private sector. A good example of this is the new high school at Rototuna that is being built to respond to the growing population of young people in that area. Existing communities benefit from that investment.
- A growing city is a far more appealing city to private investors willing to invest in projects and initiatives the Council cannot afford to do on its own.



OUR GROWTH AREAS

Providing land for a growing population is managed by opening up new subdivisions as well as adding more housing in existing residential areas. Linking this up with where people work and where existing services are located is important.

Land has been zoned to allow different kinds of development in different parts of the city. The Council carefully prioritises when and where it will invest in new infrastructure to enable houses to be built and commercial development to happen.

Rototuna, Rotokauri, Peacocke and Ruakura are the city's main growth areas. The Council's priority is to build water, sewerage and transport infrastructure for these areas first,

but we cannot afford to complete all areas at once. Some areas will have to wait until there is room in the budget. Other smaller infrastructure specifically needed for these areas, like local roads and pipes, will be largely paid for by developers.

Existing areas of the city are also growing and some of these areas are zoned for higher density housing. Over time, growth in existing areas will account for around half of the new dwellings in Hamilton. We need to upgrade existing infrastructure in these areas to meet this demand.

Te Rapa North and Temple View are also marked for future growth, but they are not a priority in this 10-Year Plan.

"Rototuna, Rotokauri, Peacocke and Ruakura are the city's main growth areas."



WHAT GROWTH LOOKS LIKE



WATER



BY 2045 (WHEN THE POPULATION REACHES 210,000) PEAK WATER CONSUMPTION IS EXPECTED TO RISE FROM 89 MEGALITRES PER DAY TO

126 MEGALITRES PER DAY



WATER RESERVOIR STORAGE WILL NEED TO INCREASE FROM 86 MEGALITRES TO

130 MEGALITRES



SEWERAGE



THE PUKETE SEWERAGE TREATMENT PLANT HAS A SECONDARY TREATMENT CAPACITY OF

600 LITRES PER SECOND

THIS IS EXPECTED TO BE EXCEEDED BY ABOUT 2020.



TRANSPORT

THE NUMBER OF MOTOR VEHICLES IN HAMILTON IS PROJECTED TO GROW BY

66 PER CENT

BY 2045.



OUR ROADS WILL HAVE TO ACCOMMODATE AN ESTIMATED

130,000



ADDITIONAL DAILY JOURNEYS TO WORK OR TO DROP CHILDREN AT SCHOOL BY 2045.



PARKS AND GREEN SPACES

BY 2021 THE CITY WILL NOT BE ABLE TO MEET THE PROJECTED DEMAND FOR THE WINTER SPORTS CODES. AT LEAST

FOUR NEW FIELDS



NEED TO BE DEVELOPED BY 2020.



OUR APPROACH TO THE BUDGET

Investment priorities

To ensure we provide services and infrastructure for a fast growing city in a way that's affordable and financially responsible, this is how we have prioritised:

- Looking after the assets we already have is the top priority. We need to get the maximum possible return from the money we have already invested and in some cases it is no longer appropriate to defer upgrades and maintenance, which has been done in the past.
- Core services come first. Water, sewerage and stormwater infrastructure are at the top of the priority list. As the city grows, more pressure is going on these very important assets and we need to ensure they can continue to cope. We also need to get new infrastructure in place to extend these services to the city's growth areas.
- Transport comes next. Over recent years, there's been significant investment in transport infrastructure, including roads, with the focus on completing the city's Ring Road. We are planning to complete the Ring Road to Cobham Drive but we're not planning any major intersection upgrades or any projects to reduce congestion or travel time. However, we will continue to maintain and replace roads and roading assets as they wear out. We will also continue to invest in the Resolution Drive extension to connect with the Waikato Expressway.
- Livability is important. For our city to remain an attractive place to live, we need to continue investing in community assets such as parks, playgrounds, gardens, arts, cultural and sporting facilities. We can only fund these community assets when there is room in the budget to do so. This is not our top priority; core infrastructure comes first, but we have included investment in these as part of the budget. The details are on pages 30-31
- We are not proposing any changes to service levels or any service cuts.



The right time to invest

The city's assets are worth \$3.2 billion and our asset management planning determines the best time to invest in our existing assets. This isn't gold plated investment; it's about getting the most out of our assets and investing only when we need to, not before.

In the past some upgrades and maintenance occurred at the last possible moment. This creates risk of unexpected asset failure and can make it more expensive in the long run.

Investment in some existing assets must happen now. Our water and sewerage treatment plants are the only infrastructure the city has to treat drinking water and sewage. Those plants are operating all the time, meaning we are vulnerable to plant failure. We need to spend money to improve resilience and capacity in the plants and our

pipe networks to deal with unexpected events and lessen the risk to our city.

For more information about the expected investments required over the life of assets, see our Infrastructure Strategy at hamilton.govt.nz/10yearplan

We also have to get new growth-driven infrastructure to the right place, at the right time. We need to do so in a way that doesn't exceed our borrowing limit we have put in place or impact on rates.

The city has more than 30 years' supply of land zoned for future development, but it doesn't make sense to spend money on infrastructure to support these new developments until we have to. We have carefully planned where and when the money will be spent to ensure we get the best return on our investment. More details about the

timeframes for these investments is on pages 38-40.

If housing developments progress ahead of the Council's agreed programme, the necessary infrastructure will need to be paid for by developers.

Partnerships

The Council can't pay for everything on its own. We see the future as being about partnerships with others who also benefit from the services we provide. Partners could include government agencies, philanthropic groups, neighbouring local authorities, education providers or private industry. Partnerships mean we can still proceed with projects, but others help the Council pay for them.





THE BIG ISSUE

THERE IS ONE BIG
ISSUE WE NEED YOUR
FEEDBACK ON:

BALANCING
INVESTMENT WITH
AFFORDABILITY

What is the right balance between investing in existing and new assets and affordability?

The following sections explain the options and what the Council is proposing to do.

THE THREE OPTIONS

1

Our proposal -
Right investment,
right time
Page 21

2

Borrow more, do
some projects
earlier
Page 34

3

Borrow less,
do some projects
later
Page 36

OPTION 1: OUR PROPOSAL

RIGHT INVESTMENT, RIGHT TIME



The Council is proposing this option, which keeps to the financial plan established three years ago, with a change to when we achieve our borrowing limit. This change recognises that we need to invest in more projects, earlier, to respond to Hamilton's growth and look after the important assets we already have.

The financial plan is:

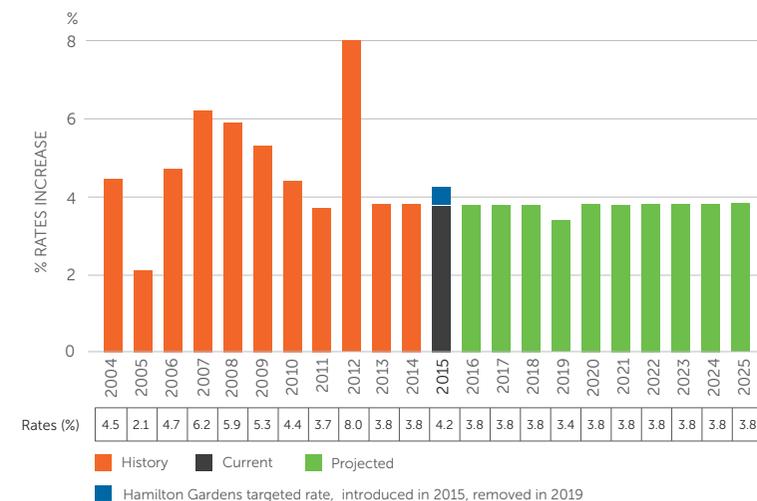
- Rates certainty. No change to the rates increase of 3.8 per cent each year for existing ratepayers.
- Balancing the books. We will balance the books in 2016, one year earlier than originally planned.
- A debt to revenue ratio of 200 per cent by 2020. This means \$2 of debt for every dollar collected in rates and user charges. Or in other words, it's like having a mortgage of \$200,000 with a household income of \$100,000. We are proposing to achieve this by 2020, which is one year later than originally planned. However, debt will remain under \$440M until 2018.
- Keeping service levels the same. Three years ago we made cuts to some services and consulted with the public about that. We are not proposing any further changes to service levels.

Rates

Rates certainty is provided by continuing with an increase of 3.8 per cent each year for existing ratepayers. This is an important part of the overall financial plan to manage debt and balance the books, by reducing our reliance on borrowing and paying for more projects through rates.

To achieve lower rates increases than proposed, cuts to some infrastructure investments and services will have to be made.

Rates increases to existing ratepayers





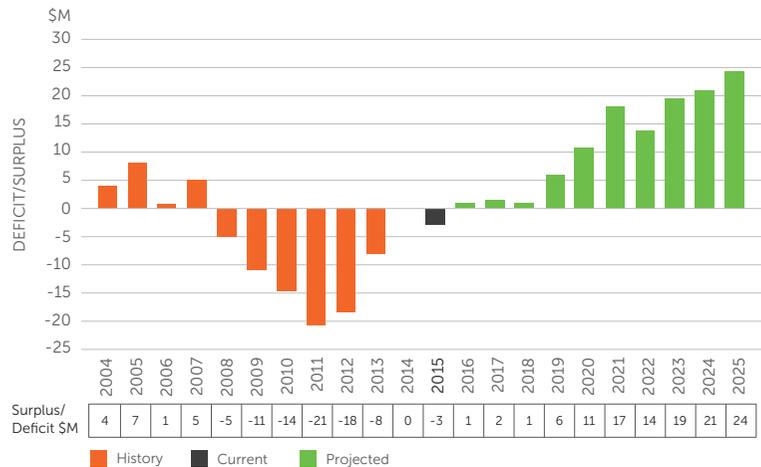
Balancing the books

Balancing the books means our income is greater than our expenses.

Since 2008, the Council has been spending more than it is earning and borrowing to pay the difference. Three years ago we made a plan to change that and balance the books by 2017. Our proposed budget achieves this in 2016, one year earlier than originally planned.

Balancing the books is critical. It means we will be able to pay for new assets and upgrades without the same amount of borrowing.

Balancing the books



Debt

The definition we use for debt is the money we owe the bank, less cash. We refer to this as total overall debt.

The Council is proposing a debt to revenue ratio of 200 per cent, to be achieved by 2020 and each year after that. This equates to a borrowing limit of \$2 for every dollar collected in rates and user charges. Or in other words, it's like having a mortgage of \$200,000 with a household income of \$100,000.

This limit will keep our borrowing in proportion to our income, so we can afford to service debt.

Achieving the borrowing limit by 2020 is a change to the existing financial plan, which achieves it by 2019. We are proposing this change to ensure we invest enough at the optimal time in looking after our assets and in the new infrastructure needed for our fast growing city.

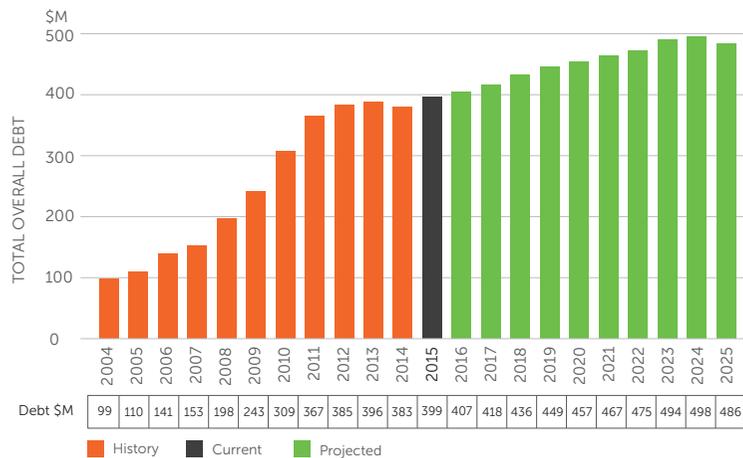
Total overall debt is currently well below \$440M. Under our proposed budget, we will have three more years of total overall debt below \$440M. In 10 years, total overall debt is projected to be around \$486M. This equates to borrowing of around \$1.70 for every dollar collected. This is well under our borrowing limit and is also within financial market guidelines for prudent financial management.



The Council can borrow up to \$2.50 for every dollar it collects in rates and user charges. However, we want to keep our borrowing limit lower than this because we're planning ahead further than just 10 years. Over the next 30 years many projects will need to be completed as the city grows.

We need to make sure we don't use up all our debt capacity now and have nothing left for the future. We also need to make sure we have the resources available if something unforeseen happens, like a natural disaster or an unexpected big asset failure.

Total overall debt



Borrowing limit



Do you agree with the financial plan?





HOW RATES WILL CHANGE

The examples in the following graphs show how rates will change from what you are paying now to what you will pay next year.

The graphs show the land value, capital value and other rates that are proposed for residential, commercial and rural properties for a range of property values.

All rates are impacted by the 3.8 per cent increase and the transition to a capital value rating system. This will result in different rates increases for different property values.

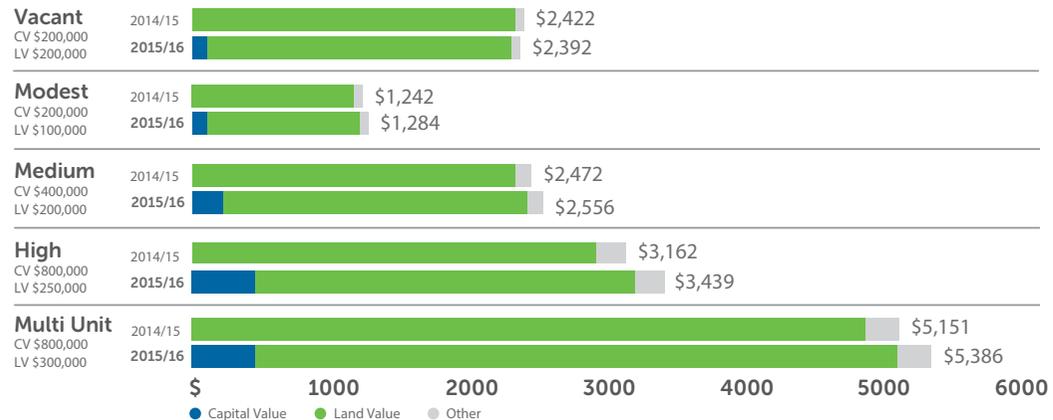
You can check how your property is affected using our online rates calculator.

hamilton.govt.nz/propertysearch

RESIDENTIAL



The residential sector (50,211 ratepayers) continues to pay for 64 per cent of the general rates.

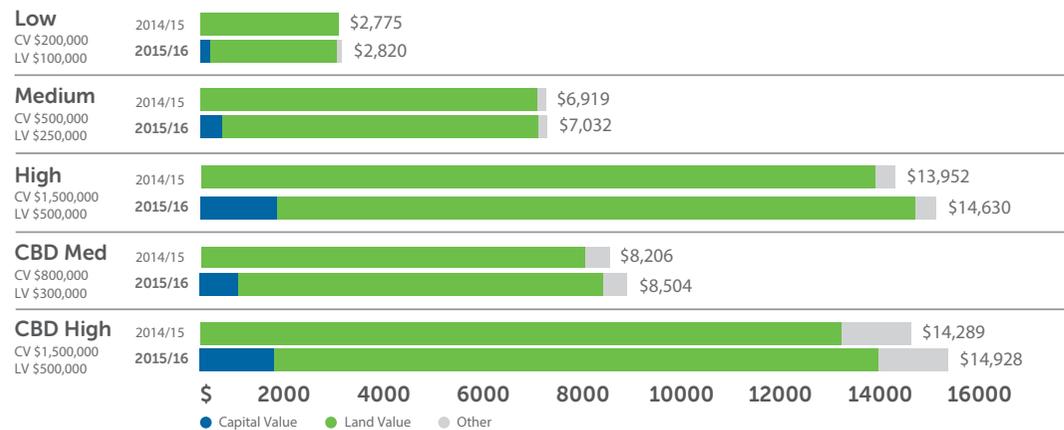




COMMERCIAL



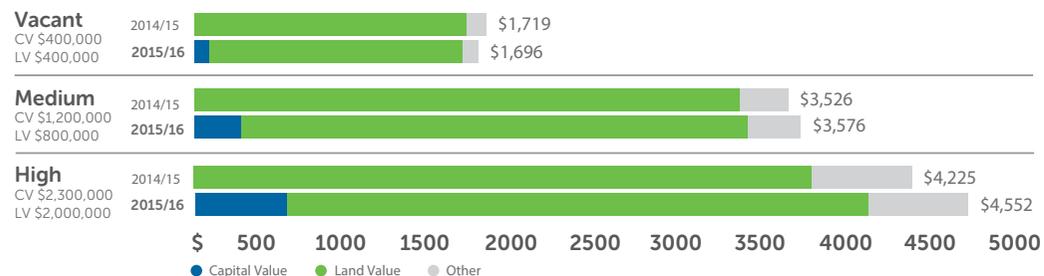
The commercial sector (4361 ratepayers) continues to pay for 35 per cent of the general rates.



RURAL



The rural sector (653 ratepayers) continues to pay for 1 per cent of the general rates.



Last year the Council undertook an extensive review and consultation before deciding to transition from a land value to a capital value rating system over 10 years.

To implement this change, we are revising our Revenue and Financing Policy and Rates Remission and Postponement Policy. The Council is consulting on these policies

alongside the 10-year planning process. For information on the consultation for these policies visit hamilton.govt.nz/10yearplan



WHERE THE MONEY WILL GO

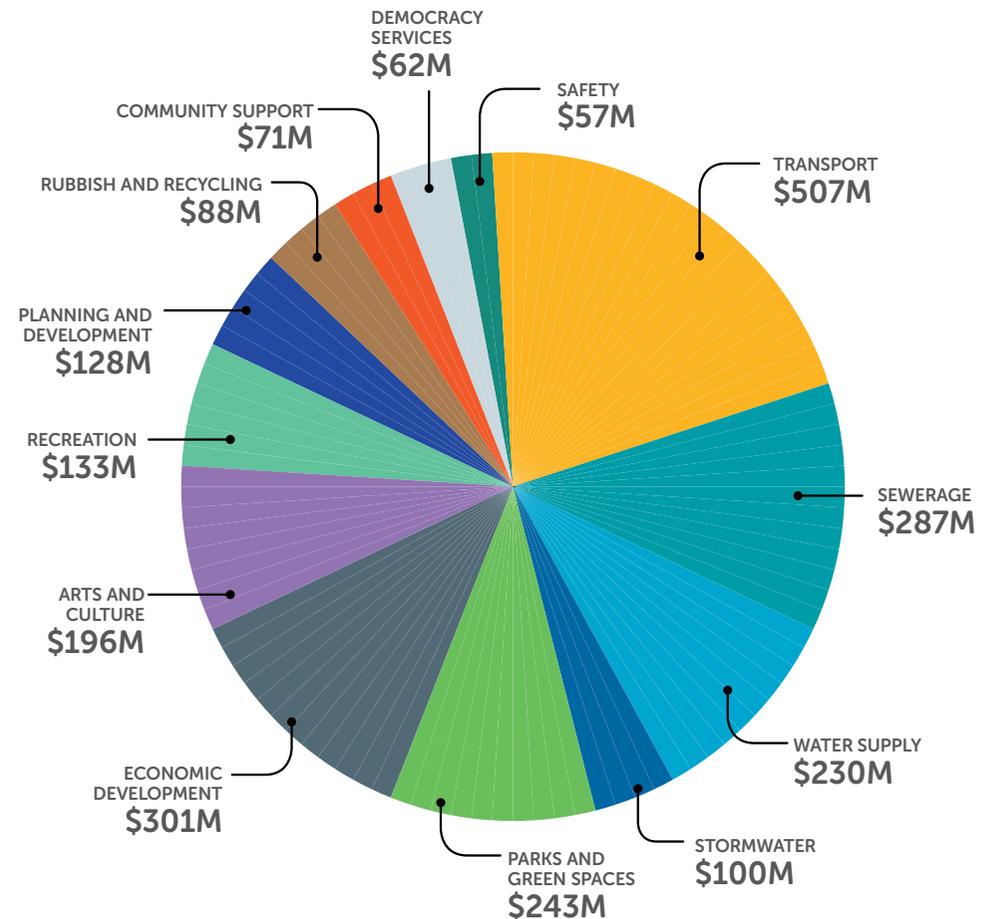
The next three sections set out how the operating and capital budgets have been allocated, what we're proposing to invest in and highlights the key projects planned for the next decade.

Our core services - water supply, sewerage, stormwater and transport - make up 77 per cent of the capital budget and 47 per cent of the operating budget over the next ten years.

A full list of projects is at hamilton.govt.nz/10yearplan.

All figures on this page include inflation.

Operating expenditure
\$2.4B over 10 years





What we provide

- **Water supply**
Water treatment plant, reservoirs, pump stations, pipes and water conservation initiatives
- **Sewerage**
Sewerage treatment plant, pump stations and pipes
- **Stormwater**
Pipes, streams, drains, ponds and wetlands
- **Transport**
Roads, footpaths, cycleways, traffic and street lights, landscaping, street cleaning, bus stops, street furniture and parking meters
- **Rubbish and recycling**
Kerbside rubbish and recycling collections, managing old landfills, Refuse Transfer Centre
- **Recreation**
Waterworld, Gallagher Aquatic Centre, Te Rapa Sportsdrome, Hamilton Zoo
- **Arts and culture**
Libraries, theatres, Waikato Museum, public art support
- **Safety**
Dog registration, noise control, graffiti removal, food and liquor licensing, City Safe patrols, CCTV cameras
- **Community support**
Grants and funding advice, Civil Defense, housing for older people, community centres and halls
- **Parks and green spaces**
Playgrounds, parks, Hamilton Gardens, public toilets, river walkways and cemeteries
- **Economic development**
Event sponsorship, property investments, i-SITE Visitor Information Centre, Claudelands, Waikato Stadium and Seddon Park
- **Planning and development**
Building consents and inspections, resource consents, property information, District Plan
- **Democracy services**
Council meetings, elected members' remuneration, local body elections, civic events and partnerships with Maaori



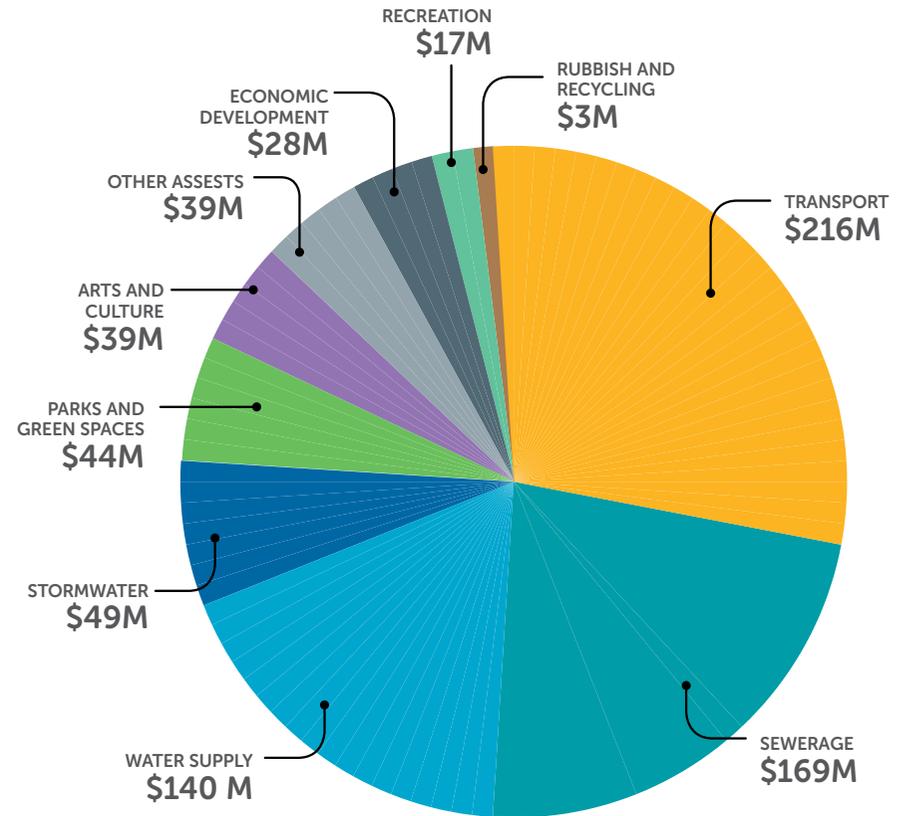
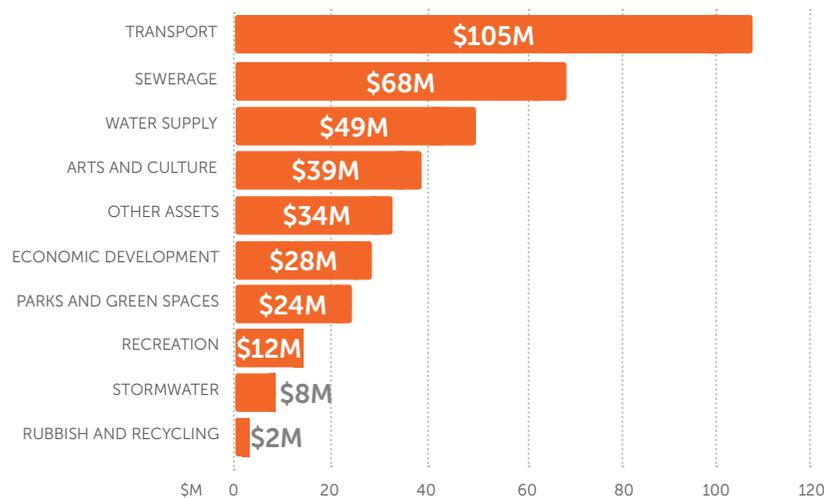
PROJECTS

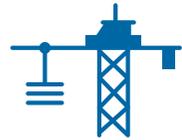
Total capital expenditure
\$744M over 10 years

Looking after what we've got

When it comes to spending on infrastructure, looking after the assets we already have is our top priority. If we don't maintain and replace our assets we will face big costs in the future. We also run the risk of assets breaking down unexpectedly. Over the next 10 years the Council is planning to spend \$369M on replacing existing assets that are worn out. All figures on pages 28 and 29 exclude inflation.

Asset replacements over 10 years





Asset improvements and new assets to support growth

Over the next 10 years we are planning to spend \$78M on new and upgraded assets and \$298M on new assets to provide for a growing city. Some of the key projects over the next 10 Years are:

- New and upgraded roads in Rototuna (including connecting Resolution Drive to Waikato Expressway) **YEARS 1-10, \$41.3M**
- New and upgraded roads in Peacocke **YEARS 1-10, \$16.1M**
- New and upgraded roads in Rotokauri **YEARS 1-10, \$20.2M**
- Planning and designing a new bridge for north of the city **YEAR 8, \$5.9M**
- Improvements to the main road connecting the east and west sides of the city. This includes traffic signals at the Heaphy Terrace/ Boundary Road intersection and Five Cross Roads **YEARS 5-7, \$4.9M**
- Water reservoir in Rototuna **YEARS 1-2, \$14.4M**
- Upgrading the Water Treatment Plant **YEARS 1-6, \$26.5M**
- Building new water mains in growth areas **YEARS 1-10, \$20.6M**
- Wet weather sewerage network storage **YEARS 1-9, \$30.9M**
- Upgrading the Sewerage Treatment Plant **YEARS 1-5, \$17.2M**
- Increasing sewerage network capacity **YEARS 1-10, \$44.2M**
- Stormwater infrastructure in Rotokauri **YEARS 7-10, \$23.3M**
- Stormwater consent implementation **YEARS 3-10, \$1.7M**
- Purchasing land for future parks and reserves **YEARS 1-4, \$1.4M**
- A new sports park in Rototuna **YEARS 8-10, \$4.8M**
- Hamilton Gardens development **YEARS 1-3, \$7.0M (the Council's contribution is one-third of the cost)**
- Playgrounds development **YEARS 1-10, \$3.7M**
- Founders Theatre refurbishment **YEARS 7-8, \$13.9M**
- New pool **YEAR 8, \$4.8M**



COMMUNITY PROJECTS

Core infrastructure comes first. But we have allowed some money in the draft budget for other projects that are also important to the city. Funds for these projects are not made available until after money has been budgeted for core infrastructure. All figures on pages 30-31 exclude inflation.

Founders Theatre

The Council has set aside \$13.9M to upgrade the Founders Theatre in 2021/22. Maintaining the theatre has been deferred in the past and an independent report is saying we can no longer defer work. First we plan to spend \$100,000 on a business case to examine all the options for upgrading the 50-year-old theatre.

The estimated cost of upgrading the fly tower and stage house structure, and to upgrade toilets in the venue, is \$10.8M. Upgrading the auditorium, foyer and facade is estimated to

cost \$3M. A decision on whether or not to go ahead with this project will not be made until after the business case is finished, which will be later in 2015.

Hamilton City River Plan funding

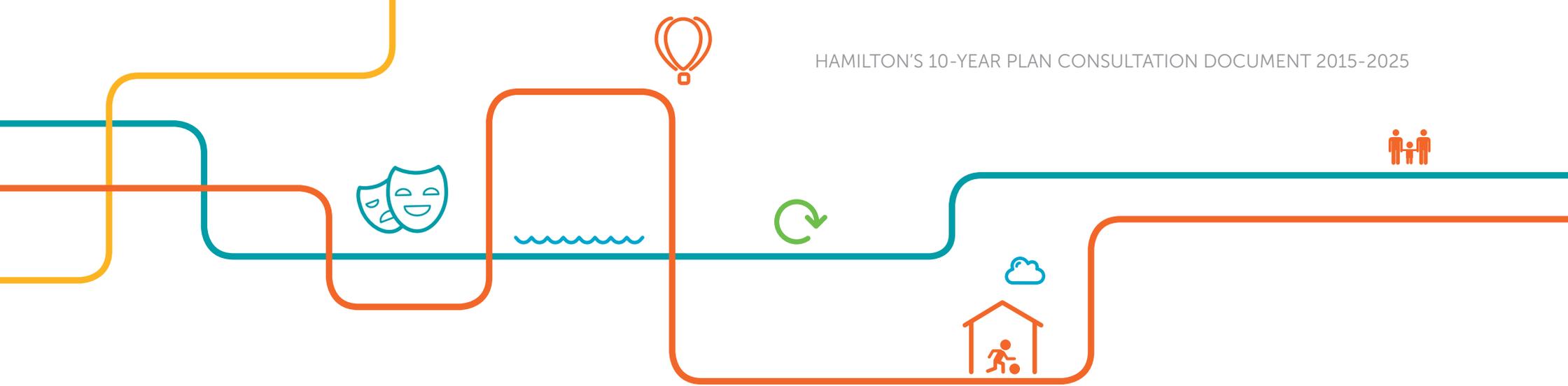
The Hamilton City River Plan was approved by the Council in December 2014. It aims to better integrate the Waikato River with Hamilton. The Council has allocated \$250,000 in 2015/16 and \$500,000 in each subsequent year of the 10-Year Plan to help fund River Plan projects. This will be paid for from existing operating budgets.

In the first two years the funding will focus on The Ferrybank and Roose Commerce Park Development and Master Plan, Hayes Paddock/Wellington Street beach development and Pukete Flower Bridge.

Recycling wheelie bins

We are proposing an expanded recycling service from 2017/18, with a preference for introducing recycling wheelie bins. We have included \$2.8M in the draft budget to purchase the bins.

A business case will be prepared over the next year, to be considered by the Council as part of the 2016/17 Annual Plan. The business case will also look at options for a user-pays rubbish bag system.



Indoor Recreation Centre

The Council is considering several options for developing an indoor recreation centre to meet future demand for sports codes like netball, basketball, badminton, volleyball, indoor bowls and indoor soccer. We are also looking at how the city's sports fields will cope with future demand.

This is based on independent expert reports done on sports facilities across the Waikato and the demand now and into the future. The Council's approach to this facility is being guided by these reports, in particular the Waikato Regional Sports Facilities plan*.

We have included \$4M in the budget for a grant towards the construction of an indoor recreation centre. We have agreed to support the development of a feasibility study led by Sport Waikato in conjunction with other

stakeholders, to look at the best options for the city. The feasibility study will be reported back to the Council by October 2015.

Sports fields

We have included \$4.8M in the draft budget from 2021-2025 to develop Rototuna Sports Park. The Ministry of Education is developing four sports fields in the new Rototuna High School, mainly for rugby and cricket. The Council will develop five sand carpet fields, public changing rooms and parking.

We have also allocated \$2.5M in the draft budget in 2023/24–2024/25 for improvements to existing sports fields, including field irrigation, drainage and enhanced turf maintenance. The fields include Galloway, Porritt, Mahoe, Resthills, Marist and Ashurst parks.

Swimming pools

There is a shortage of swimming pool space in Hamilton, particularly during winter. This is based on independent expert reports done on sports facilities across the Waikato and the demand now and into the future. The Council's approach to swimming pools is being guided by these reports, which are available at hamilton.govt.nz/10yearplan

The Council has been looking at how to address this. Funding of \$4.8M has been made in 2022/23 for an additional 25m pool within the city, with the location to be determined.

The Council would also like to look at what can be done to address the pool space shortage in the short term, and the Council will receive a report back on options as part of developing the 2016/17 Annual Plan.

*A summary of the Waikato Regional Sports Facilities Plan is available at hamilton.govt.nz/10yearplan



PERMANENTLY CLOSING THE MUNICIPAL POOL

We need your feedback on this proposal

As part of considering what to do about swimming pools, the Council also looked at refurbishing the Municipal Pool. The pool has been closed since mid-2012 because of mechanical and structural issues which require major repairs.

Since the closure, the Council has been in discussions with stakeholders to see if the pool can be repaired and at what cost. We were also awaiting the outcome of the Waikato Regional Sports Facilities Plan. A summary of this plan is available on our website hamilton.govt.nz/10yearplan

Options were presented to the Council by the community group Sink or Swim and Council staff, to bring the pool up to a standard necessary to operate safely and efficiently.

The Council considered the following:

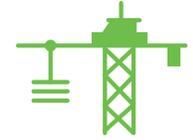
Options

a) Refurbish as an open air pool - \$6.8M

A three-staged proposal to renovate and rebuild the Municipal Pool to be implemented over a period of time, which would allow the community group to secure funding from private and philanthropic funders to support the pool refurbishment.

Stages one and two (\$5.5M) would see demolition and rebuilding of a number of parts of the facility which are beyond repair, including the main pool, and the development of new changing rooms, office space and green space. It would also include a new 25m pool suitable for junior swimming education, plus a café or restaurant and grandstand upgrade. Stage three (\$1.3M) would include construction of new boutique office space next to the pools and the Celebrating Age Centre.





If the Council was to fund stages one and two (\$5.5M) this would be done instead of an additional 25m pool (\$4.8M) elsewhere in the city and our debt balance would increase by an extra \$928,000 by 2025.

b) Rebuild as an indoor heated pool - \$8.8M

As an alternative to the open air refurbishment proposal, Council staff requested a cost estimate from Opus International Consultants to refurbish and enclosure the Municipal Pool that would allow for all year swimming and activities within the pool.

If the Council was to fund this option (\$8.8M) this would be done instead of an additional 25m pool (\$4.8M) elsewhere in the city and our debt balance would increase by an extra \$5.6M by 2025.

c) Permanently close the Municipal Pool

Our proposal

The Council has now decided not to invest in the Municipal Pool and is proposing to close it permanently because:

- It would cost at least \$5.5M to repair the pool and upgrade the site.
- Even if repaired, an open air pool would not address the shortfall in indoor pool space over winter.
- The Waikato Regional Sports Facilities Plan recommends closure of the Municipal Pool, saying the funds would be better invested in an indoor community pool elsewhere in the city.

Removing the pool and reinstating the site for other use would cost \$670,000. The Council wants to consider the future of the site as part of the River Plan, so has decided not to remove the pool structure yet. Our proposed budget includes \$10,000 per year to keep the site secure.

If you would like to read more about the options considered by the Council, the reports are available on our website at hamilton.govt.nz/10yearplan

Do you agree with the proposal to permanently close the Municipal Pool?



OTHER OPTIONS

Our proposed approach (option 1) enables us to respond to Hamilton’s growth and look after the assets we already have. It also invests in some community projects so the city remains an attractive place to live. While we believe this achieves the right balance between investment and affordability, we have explored two other options.

Option 2 identifies seven projects which could be completed earlier. Option 3 looks at delaying seven projects until a later date.

These projects are already included in the draft budget, so what needs to be decided is the best time to complete them. Changing the timing of projects changes the amount we borrow and the interest costs we pay over the next 10 years, and when we achieve our borrowing limit.

All of these options keep rates increases at 3.8 per cent each year for existing ratepayers. The community has sent a clear message that rates rises should be kept to a minimum, so we are not proposing rates increases higher than 3.8 per cent. We also need to balance our books and we won’t achieve this with rates increases lower than 3.8 per cent.

OPTION 2: BORROW MORE, DO SOME PROJECTS EARLIER

The following table lists seven projects that could be completed earlier. These projects have been selected because:

- They address identified gaps in the city’s sporting, recreational and cultural facilities (projects a – d).

- They provide core infrastructure to more parts of the Rototuna growth area. Developing roads, water and sewerage infrastructure in this area earlier would provide opportunities for more development to happen earlier. Upgrading roads earlier would also help to manage traffic congestion as the northern suburbs grow, making it easier and quicker to get around (projects e – g).

Under this option, if we did all seven projects earlier we would take on \$19.6M more debt than Option 1 by 2025 and we would not achieve our borrowing limit until 2023.





Financial Implications

Project	Project Cost \$M*	Debt by 2025 \$M	Additional cost to do this project earlier \$M	When we will achieve our borrowing limit
Option 1: Our proposal		486.4		2020
This Option:				
a) New pool Starting 2017: 6 years earlier	4.8	487.6	1.2	2021
b) New Rototuna sports park Starting 2016: 6 years earlier	4.8	489.9	3.5	2021
c) Indoor recreation centre grant Starting 2018: 4 years earlier	4.0	487.8	1.4	2021
d) Founders Theatre refurbishment Starting 2016: 5 years earlier	13.9	494.9	8.5	2022
e) Borman Road East Starting 2016: 5 years earlier	17.7	490.9	4.5	2022
f) Borman Road West Starting 2016: 2 years earlier	2.7	486.6	0.2	2020
g) Upgrade to North City Road Starting 2016: 2 years earlier	7.2	486.7	0.3	2021
Do all 7 projects earlier:	55.0	506.0	19.6	2023

* Figures in this column exclude inflation

Why this is not our preferred option

Doing these projects earlier will cost us more. We need to borrow money to deliver these projects and that also means borrowing to pay the interest costs. If we elect not to bring these projects forward and stick with the timing in our financial plan, it means we'll be borrowing less, so we will pay less interest.

The Council discounted this option because of the extra debt burden it would place on the city. It was felt this approach wasn't financially responsible or affordable. Borrowing more money now also limits our ability to fund future projects, and we are mindful that over the next 30 years there will be a lot more projects needed as the city grows. We need to make sure we don't spend all our resources now and have nothing left for later. We also need resources available if something unforeseen happens, such as a natural disaster or if we have to deal with an unexpected big asset failure.

Do you think we should borrow more to complete any of these projects earlier? If so, which ones?



OPTION 3: BORROW LESS, DO SOME PROJECTS LATER

This option outlines seven projects that could be completed at a later time. These projects have been selected because:

- They are more discretionary projects. Although they are important, we can live without them (projects a–d).
- They provide an option to spend less on growth, but some growth would still be able to go ahead (projects e–g).

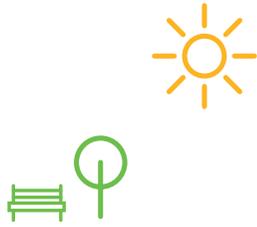
Under this option, if we deferred all seven of these projects we would have \$47.2M less debt than Option 1 by 2025. Apart from one project (project e) we would still achieve our borrowing limit in 2020, at the same time as Option 1.

Deferring these projects would not result in lower rates increases because the savings would be used to pay off debt.

Financial Implications

Project	Project Cost \$M*	Debt by 2025 \$M	Debt reduction if this project is deferred \$M	When we will achieve our borrowing limit
Option 1: Our proposal		486.4		2020
This Option:				
a) New pool Deferred beyond 2025	4.8	479.6	6.8	2020
b) New Rototuna sports park Deferred beyond 2025	4.8	479.3	7.1	2020
c) Indoor Recreation Centre grant Deferred beyond 2025	4.0	479.9	6.5	2020
d) Upgrade Founders Theatre Deferred beyond 2025	13.9	466.2	20.2	2020
e) Rototuna Infrastructure: the extension to Borman Rd east and west and the development of water and wastewater From 2016 -2020 deferred until 2021- 2025 and beyond	13.5	481.1	5.3	2018
f) Rotokauri Industrial Infrastructure: roading upgrades and water and wastewater infrastructure From 2016-2020 deferred until 2021-2022	5.4	485.5	0.9	2020
g) Peacocke Stage 2 Infrastructure: roading upgrades and property purchases From 2016-2020 deferred until 2021-2023	2.6	485.9	0.5	2020
Defer all 7 projects:	48.9	439.2	47.2	2017

* Figures in this column exclude inflation



Why this is not our preferred option

The major consequence of this option is that it may slow growth in the city. Without the right investment in infrastructure at the right time, some new growth areas will not be opened up for development. We will become more dependent on developers to supply what we are not financing and that leads to a much greater uncertainty.

There will be more potential for infrastructure that doesn't meet the needs of a growing city, for example not having the right roads in place, leading to more traffic congestion. Fixing these problems in the future is much more costly than getting it right the first time.

This option also impacts on the livability of our city. It means that development of key community assets would be put on the back burner for another decade, putting more pressure on existing assets. This doesn't match our vision for Hamilton as a city that provides a great quality of life for families.

We will save money in one sense under this option, but by deferring costs, we may end up spending more in the long run.



**Do you think we should defer any of these projects to a later date?
If so, which ones?**



TIMELINE OF MAJOR CAPITAL PROJECTS FOR THE NEXT 30 YEARS

Alongside our 10-Year Plan we're also planning for what the city will need 30 years from now. A 30-year Infrastructure Strategy is a new requirement in the Local Government Act. It looks at what infrastructure issues the city will face in the future and what we will do to address these issues.

Because Hamilton is growing, there are some big projects coming up. When we're considering which projects to fund over the next 10 years and which ones to put off to later, we need to consider the financial and community consequences.

Assets that are wearing out must be replaced at some point and we need to provide essential infrastructure to cope with growth. Putting off too much today can create a backlog of work later on, which can be costly.

Likewise, we cannot borrow too much now and leave no room to borrow in the future to pay for essential new infrastructure the city may need.

The diagram that follows shows the major capital investments anticipated for the next 30 years.

A copy of our full 30-year Infrastructure Strategy is available on our website hamilton.govt.nz/10yearplan

“Because Hamilton is growing, there are some big projects coming up.”

DETAIL

OUTLINE

KEY



TRANSPORT



COMMUNITY



PARKS AND GREEN SPACES



SEWERAGE

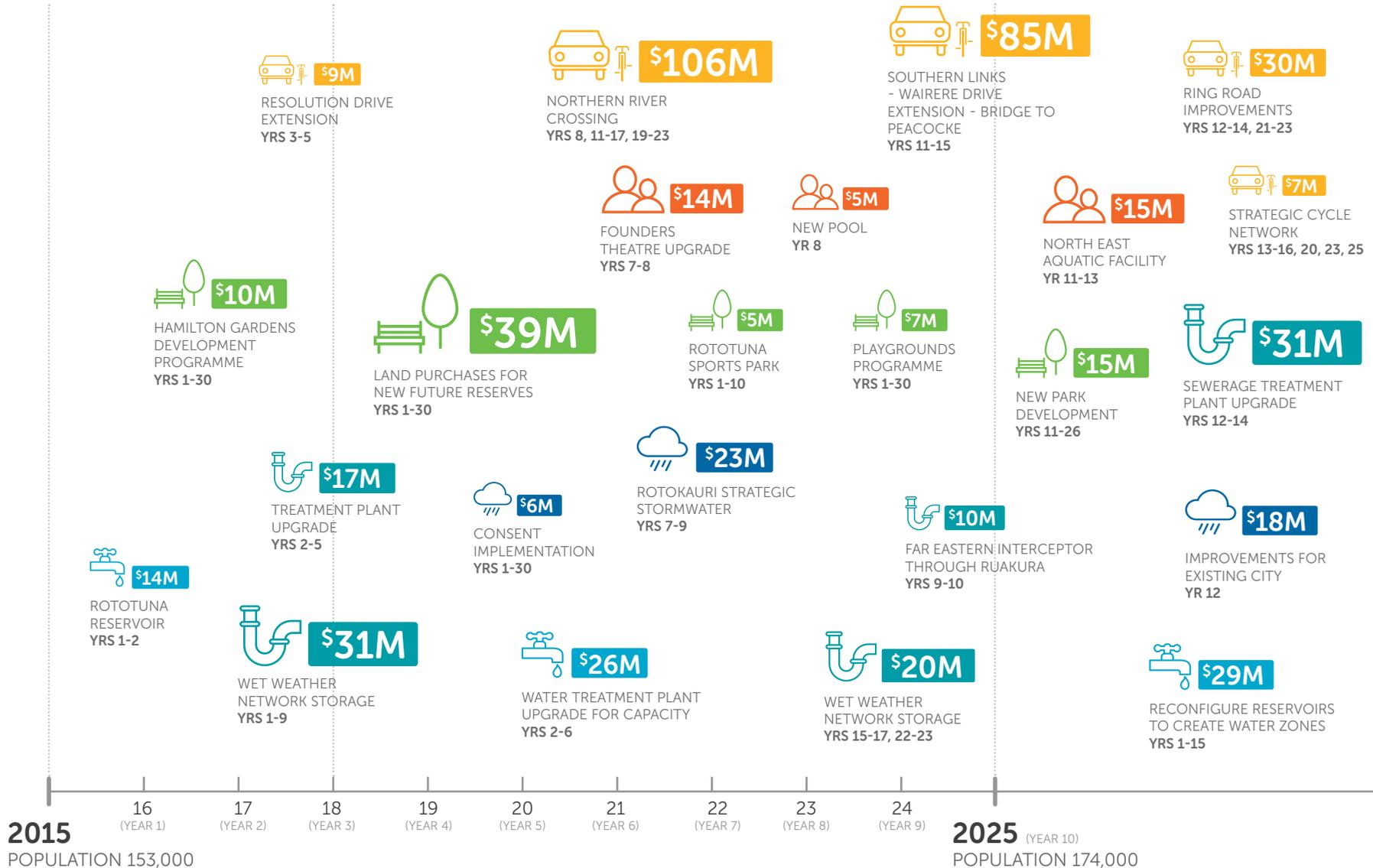


STORMWATER

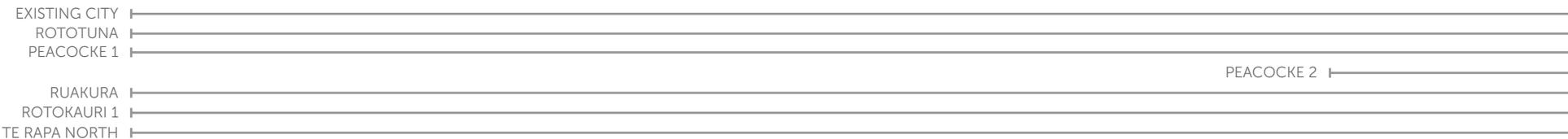


WATER SUPPLY

NOTE: ALL FIGURES ON THIS TIMELINE DO NOT INCLUDE INFLATION



ANTICIPATED TIMING FOR DEVELOPMENT



ESTIMATE

\$62M

CROSS CITY CONNECTOR
CAPACITY UPGRADE
YRS 5-26

\$38M

UPGRADE BRIDGES
CAPACITY & STRENGTH
YRS 11-21

\$30M

CENTRAL CITY
TRANSPORT
IMPROVEMENTS
YRS 12-18, 26

\$9M

RAIL AND PASSENGER
TRANSPORT INTERCHANGE
DEVELOPMENT
YRS 14-24

\$9M

TRANSPORT CENTRE
REDEVELOPMENT
YRS 20-22

\$87M

SOUTHERN LINKS -
ARTERIAL
ROADS IN PEACOCKE
YRS 26-30

\$21M

SEWERAGE TREATMENT
PLANT (WET WEATHER
TREATMENT)
YRS 16-17

\$12M

NORTH EAST
LIBRARY
YRS 14-15

\$29M

ZOO MASTERPLAN
YRS 11-30

\$80M

SOUTHERN LINKS -
ARTERIAL
ROADS IN PEACOCKE
YRS 19-25

\$100M

SECOND WATER
TREATMENT PLANT
YRS 30+

\$12M

FOUNDERS
THEATRE
IMPROVEMENTS
YRS 11-13, 24

\$18M

IMPROVEMENTS
FOR EXISTING CITY
YR 17

\$16M

ROTOKAURI RESERVOIR
YRS 19-21

\$10M

WATER TREATMENT PLANT
UPGRADE FOR CAPACITY
YRS 16-17

\$26M

NEW TREATMENT PLANT
INTAKE STRUCTURE
YR 19

\$18M

IMPROVEMENTS
FOR EXISTING CITY
YR 22

\$8M

CEMETERIES
DEVELOPMENT
YRS 1-30

\$31M

SEWERAGE TREATMENT
PLANT UPGRADE (CAPACITY
& QUALITY)
YRS 28-30

\$14M

FAIRFIELD RESERVOIR
ADDITIONAL CAPACITY
YRS 14-16

\$59M

FAR EASTERN
INTERCEPTOR (PEACOCKE
SECTION)
YRS 12-15, 23-25, 29-30

\$26M

SIGNIFICANT WATER DEMAND
MANAGEMENT INTERVENTION
YR 19

\$18M

IMPROVEMENTS FOR
EXISTING CITY
YR 27

30
(YEAR 15)

2035 (YEAR 20)
POPULATION 194,000

40
(YEAR 25)

(YEAR 30) 2045
POPULATION 210,000

Projects shown as icons are the strategic projects to provide new or upgrade existing infrastructure. These do not include renewal projects or growth related projects that are for non-strategic (local) infrastructure. Only key construction periods and costs for projects are shown.

WORKING WITH OUR NEIGHBOURS



We work on a number of initiatives with our council neighbours in the Waikato through the Mayoral Forum and Local Authority Shared Services Limited.

This includes programmes such as one overall insurance policy, property valuation information, an economic development strategy, development of a spatial plan for the Waikato, a standardised approach to looking after our roads and joint IT projects.

In October 2014, Hamilton City Council agreed to join with Waipa and Waikato District councils to jointly fund a study into how best to manage water infrastructure across all three councils in the future. The study will look at three options:

1. Boosting the existing shared service arrangements between all three councils.
2. Retaining the status quo with each council running its own operations.
3. Forming a ratepayer-owned and council-controlled organisation (CCO) to run water services on behalf of all three councils.

The study will not consider establishing a private water company. The privatisation of council-delivered water services is against the law in New Zealand.

Results of the study will not be available until mid-2015. Should any changes be recommended as a result of this study, those changes would need to be widely discussed with the Hamilton community.

For further information about this project go to waterstudywaikato.org.nz

AUDIT REPORT

Independent auditor's report on Hamilton City Council's Consultation Document for its proposed 2015-25 Long-Term Plan

I am the Auditor General's appointed auditor for Hamilton City Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Audit New Zealand. We completed this audit on 9 April 2015.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2015-25 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long term plan; and
 - identifies and explains the main issues and choices facing the Council and city, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards¹.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

¹The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor General
Auckland, New Zealand

HAVE YOUR SAY



It's important that you have a say in the way we shape Hamilton. There are several ways to provide feedback and you have from 13 April to 15 May 2015 to let us know what you think.

Written submissions

Online:

Complete an online submission:
hamilton.govt.nz/10yearplan

Post:

Freepost 172189
10-Year Plan submission
Hamilton City Council
P O Box 3010
Hamilton 3240

Deliver:

Bring your submission to Hamilton City Council, Municipal Building, Civic Square

Social media feedback

We are also accepting feedback via Facebook and Twitter.

To ensure your feedback is included please post to the Council's Facebook page or Twitter account using the hashtag **#Ham10YP**

 Post to [Facebook.com/HamiltonCityCouncil](https://www.facebook.com/HamiltonCityCouncil) using **#Ham10YP**

 Tweet [@CouncilHamilton](https://twitter.com/CouncilHamilton) using **#Ham10YP**

Closing date: All submissions and feedback must be received by the Council by 4pm on Friday, 15 May 2015.



Come and talk to us

The Council wants to provide more opportunities to meet face-to-face with the Mayor and councillors during the consultation period. We are holding a number of sessions where you can find out more about the 10-Year Plan and make your views heard.

These engagement sessions replace the hearings format that we have used for previous 10-year plans. We'll use them to collate your feedback. If you're interested in the infrastructure we've got planned for our growing city and our Development Contributions Policy, then the city growth session is for you.

To sign up for one of these sessions or to find out more visit hamilton.govt.nz/10yearplan or phone us on **07 838 6537**.

We need your feedback:

Tuesday 21 April

6.30pm – 8.30pm
Chapel Hill Community Church

Wednesday 29 April

6.30pm – 8.30pm
Western Community Centre

Wednesday 6 May

11.30am - 1.30pm
Purdie Hall
The Link Community Centre

Learn more about city growth :

Monday 20 April

5.30pm - 7.30pm
Wintec Events Room 1

More Information

Need to know more before you give us your thoughts? Our website has more information on the 10-Year Plan.

We are also consulting on our Revenue and Financing Policy, Rates Remission and Postponement Policy and our Development Contributions Policy alongside this plan.

Check out hamilton.govt.nz/10yearplan

Light blue horizontal line

Teal horizontal line

Blue horizontal line

Green horizontal line

Orange horizontal line

Yellow horizontal line