



2024-34 Long-Term Plan Information Session with Elected Members: Day Two

7-8 November 2023



**Hamilton
City Council**
Te kaunihera o Kirikiriroa

Welcome to Day 2

Blair Bowcott and Mayor Paula

Reflections on yesterday

Agenda: Day Two

Time	Item	Lead
9.30-9.45	Karakia, and any reflections/questions from yesterday	Blair and Mayor Paula
9.45-10.15	Sale of assets options	Nicolas
10.15-10.30	Morning tea	
10.30-12.00	Revenue options	Eeva-Liisa/Nicolas
12.00-12.45	Lunch	
12.45-14.15	Rating options	Stephen
14.15-14.30	Afternoon tea	
14.30-15.30	Outline of report for 28-29 November Council meeting	James
15.30-15.45	Wrap up and closing karakia	Blair

Asset Sales Options

Nicolas Wells

Asset sales

- 2012-2022 Long-Term Plan
 - \$41.6 million asset sales
 - Very few "surplus" assets left
- Remaining property assets:
 - Development sites intended to achieve strategic objectives
 - Assets that are too complex, too expensive, or not worth selling
 - Assets Council decided not to sell
- Policy requires proceeds from sale of assets to pay down debt

Potential assets sales

Schedule of properties "to be considered for sale" in the Long-Term Plan

- 22 properties identified for discussion
 - A = Development sites intended to achieve strategic goals (in progress)
 - B = Complex sites – previous decision to retain ownership
 - C = Previous decision to retain ownership – can be reconsidered
 - D = Previous decision to defer – can be reconsidered
- All require specific due diligence and analysis
- All require specific Council resolution to sell
- Caveats on land or conditions of sale = reduction in price

Morning Tea

Revenue options

Nicolas Wells and Eeva-Liisa Wright

Revenue options

- This section focuses on some specific areas Elected Members have asked to consider additional revenue options:
 - Infrastructure:
 - Street furniture/bus stops
 - Parking
 - Other transport infrastructure
 - Other infrastructure
 - Assets:
 - Municipal building

Opportunities to explore

Transport infrastructure

- Bus shelters: programmatic digital displays.
- Transport hubs (Central Transport Centre and Rotokauri Park 'n Ride): internal and external advertising options.
- Cycle infrastructure: cycle parking stations, wayfinding/advertising on key cycle routes, cycle repair/service stations.
- Other street furniture: micro-mobility infrastructure, seating, public toilets, rubbish bins, bollards, EV charging stations, parking kiosks, dedicated wayfinding and Council information/promotional panels.
- Certain areas of public land in the road corridor are in demand but can present safety concerns.
- Regional collaborations to package assets e.g. bus shelters and onboard and external bus advertising.

Opportunities to explore

Other infrastructure opportunities

- Water reservoir wraps (e.g. on the reservoir by Lake Rotoroa).
- Fleet cars and tools of trade vehicles e.g., trucks.
- Potential for other Council assets to be utilised e.g., transport centre.

Revenue opportunity considerations

- Adverse social outcomes: mitigate with restrictions on content and placement (e.g. no tobacco advertising, proximity to schools).
- Safety through placement: caution required with digital signage on main roads and intersections (e.g. restrict to static displays or slow rotation timed with intersection lights).
- Amenity value: planning guidelines to restrict visual saturation adversely affecting streetscape.
- Market saturation: too much advertising can reduce impact and therefore revenue.
- In-kind benefits: opportunities to secure free/discounted advertising for Council and community groups and endeavours.
- Targeted reinvestment: revenue from specific asset groups may be ringfenced to reinvest in that asset group.
- Resourcing: a centralised, dedicated and experienced resource would be required if pursued as an active revenue stream, as would a formal Council advertising policy or guidelines.
- Administration cost to manage contracts and processing of revenue and reporting.

Street furniture / bus shelters

- The provider installs, maintains, and manages bus shelter infrastructure in return for exclusive advertising rights.
- The contract allows exclusive rights across all street furniture, but is almost exclusively bus shelters .
- Council receives a percentage share of advertising revenue (approximately \$200,000 in 2023).
- Open tender for bus shelter infrastructure is planned for early 2024.
- Staff recommend separating bus shelters from other street furniture infrastructure in future contracts or retains management of these assets until further opportunities arise.

Hikatron EV charging station

- The trial will end in 2024. It is currently performing very well.
- There is the possibility to formalise the trial into a revenue share partnership and extend the network.

Car share

- Staff are preparing to develop an approach to car share services following the initial trial (may include provision for revenue through operating permits). The intent is to open this area to the wider market in late 2024.

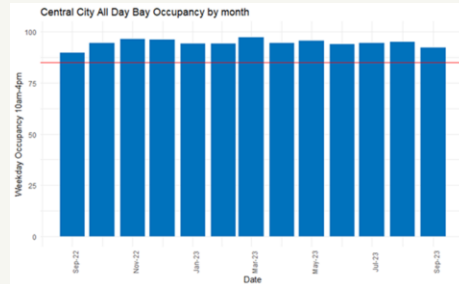
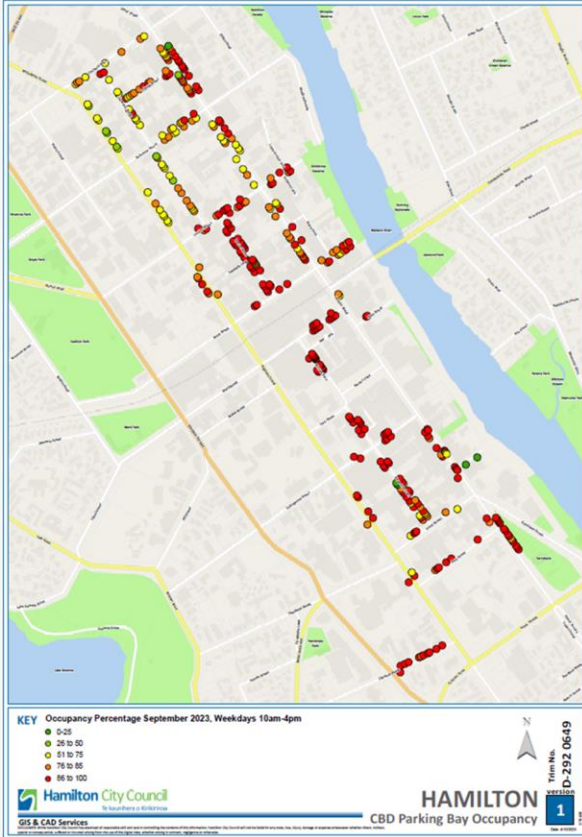
Long-stay parking charging

- Charging for all-day commuter parking (to access CBD) in known parks/reserves.

Parking

Efficient parking management for our maturing city

Demand Responsive Pricing (DRP)



DRP to achieve 85% occupancy will:

- enable efficient management of available parking
- support business productivity through parking turnover
- meet public expectations for more easily finding parking
- reduce congestion through hunting for parking
- promote alternative transport options
- support broader strategic goals of creating a more liveable and sustainable urban environment

Our new technology enables DRP

- New central city electronic parking kiosks replacing obsolete meters in 2023/24
- Licence Plate Recognition (LPR) compliance surveillance using mobile and static cameras
- Both achieve significant compliance efficiency gains



Additional Parking Revenue

	2024-34 LTP budget	Additional revenue
Commuter All Day Paid Parking	\$400,000 p/a	\$80,000 p/a
Fringe All Day Paid Parking	\$1.05 million p/a	-\$1.05 million p/a
DRP for 2-hr free spaces to deliver 85% bay occupancy*	\$335,000 p/a (meter fees and targeted rate)	\$435,000 p/a
Net enforcement revenue efficiency gain Central City (PINs & TINs)**	(Infringement fees less bad debt costs)	\$375,000 p/a
Net enforcement revenue efficiency gain outside Central City (PINs & TINs)	(Infringement fees less bad debt costs)	\$375,000 p/a
Total new parking revenue through introducing DRP at \$2/hour		\$215,000 p/a

* Conservative estimate based on applying \$2/hour fee just to where parking spaces generally have greater than 85% occupancy, assuming a conservative 60% occupancy, between 10am and 4pm, 7 days per week

**PINS: Parking enforcement (i.e., parking tickets) and TINS: traffic enforcement (i.e., registration and warrant)

Additional parking resource requested

	Opex	Capex		Revenue		Net
Technology and system support to manage and maintain the new kiosks city wide	\$82,000 p/a			\$82,000 p/a		nil
Support the citywide parking plan implementation, communication/ engagement, and delivery including (x1 FTE)	\$99,000 p/a from year 3			\$99,000 p/a from year 3		nil
Improve parking compliance related capability including additional LPR equipment & installations		Year 1:	\$191,000	Year 1:	\$191,000	nil
		Year 2:	\$139,000	Year 2:	\$139,000	
		Year 3:	\$86,000	Year 3:	\$86,000	
		Year 4:	\$41,000	Year 4:	\$41,00	
		Year 5:	\$25,000	Year 5:	\$25,000	
		Year 6:	\$102,000	Year 6:	\$102,000	
		Year 7:	\$25,000	Year 7:	\$25,000	
		Year 8:	\$41,000	Year 8:	\$41,000	
		Year 9:	\$39,000	Year 9:	\$39,000	
		Year 10:	\$26,000	Year 10:	\$26,000	

Information

		Revenue
Number of Central City 2-hour free spaces in streets with greater than 85% bay occupancy	333	
\$2/hour between 10am and 4pm (conservative), 7 days a week	333 x \$2 x 6 hours x 360 days	\$1.4 million
60% occupancy (conservative)		-\$560,000
Targeted CBD rate		-\$145,000
New P\$ parking signage		-\$50,000
Administration and consultation		-\$20,000
Current income from central city meters		-\$190,000
Enforcement revenue efficiency gain (conservative)	\$375,000 (Central City electronic) + (\$375,000 staff redeployment outside Central City)	\$750,000
Total new revenue for \$2/hour fee (conservative)		\$1,185k
Additional revenue estimate from improving efficiency of Central City parking management to spaces with greater than 85% occupancy, assuming 60% occupancy and only 10am-4pm (conservative), 7 days per week		
\$1,185k	-\$920,000	\$215,000

Additional parking resource requested

	Opex		Capex	Revenue		Net
Additional adjudicator/warrant officer positions (x1 FTE each 2 years)	Years 3, 4	\$134,000		Years 3, 4	\$134,000	nil
	Years 5, 6	\$201,000		Years 5, 6	\$201,000	
	Years 7, 8	\$269,000		Years 7, 8	\$269,000	
	Years 9, 10	\$336,000		Years 9, 10	\$336,000	

Municipal Building

- Leasing out floors to commercial or community tenants is theoretically possible but practically difficult because:
 - building systems are fully integrated and not easily separated
 - capital costs unlikely to be recovered in short/medium term
 - limited market demand
- Potentially better option to consider utilising space for:
 - council purposes
 - community purposes (meeting rooms/storage)

Lunch

Modifying rates

The local government taxation powers effectively collect 72% of Council's largest funding - \$255 million this year.

The General Rate capital value based general rate split 41% to commercial 57% to residential and 2% to other.

A portion of the general rates is collected as a fixed rate (the UAGC*). This is collected on a SUIP.* basis.

Council has eight targeted rates, two of which are substantive, and the others for technical compliances. The substantive rates are:

- Government Compliance rate - \$12 million this year.
- Metered Waters rate - \$10 million this year

Overall, the current rating system is simple, flexible and effective with few detractors.

Modifying these rates carries risk.

*UAGC - Uniform Annual General Charge
SUIP - Separately used or inhabited part of a rating unit

Rating options

Stephen Halliwell



Intro

Reasonably practicable options that have been considered and recommend options, supported by good quality first analysis, with a view to a preferred package recommended for detailed analysis at the December meeting.

Economic Development Committee Considerations

- BID rate increase
- 95% CBD differential removal
- Hamilton East Extension

11 potential rates changes

plus BID Rate

*the detail is in the separate paper – see diligent

	Rate	Change *	BtB - DtR - Risk		
Existing rates	General rate	Increase commercial differential and reduce (multi-options)	0	0	H
	UAGC	Reduce the UAGC (multi-options)	0	0	M
	Compliance rate	Increase for new compliance costs	0	0	L
For consideration	Swimming pool rate	More efficient revenue collection – fixed rate	0	0	L
	Community Infrastructure rate	Unfunded community infrastructure option for consultation to add \$20, \$30 or \$40 after consultation. Fixed or capital value rate. (multi-options)	-ve	+ve	M/H
	Extreme Weather and Community Resilience rate	Unfunded heat, flooding, shade and civil defence option for consultation to add \$20, \$30 or \$40 after consultation. Fixed or capital value rate. (multi-options)	-ve	+ve	M/H
	3 Waters rate	Separate water, wastewater and stormwater rate. Capital value rate. (multi-options)	0	0	H
	Rubbish and Recycling rate	A separate rate for rubbish and recycling. Fixed rate per SUIP. (multi-options)	0	0	M/H
Not feasible	Building WoF rate	More efficient revenue collection – fixed rate	n/a	n/a	M
	Online Accommodation Providers rate	A rate to provide a level playing field to the accommodation sector	n/a	n/a	H
	Developer Ready Land rate	A rate to discourage land banking.	n/a	n/a	VH

Afternoon Tea

28-29 November Council Meeting

James Clarke

2023 Council timeline



Report for Council Meeting

- Chair's Report/Foreword
- Background
- Financial Strategy and Financial Position
- Operating Expenditure
- Capital Programme
- Funding and Revenue Options
- Rates
- Communications and Engagement

Chairs Report/Foreword

- The Mayor's opportunity to set out her vision for the Long-Term Plan, and contextualise what follows in the main report.

Background

- Explanation of Long-Term Plan process and legislative requirements.
- Reminder of the five Priorities, and that this is an update to the 2021-31 Long-Term Plan.
- Discussion around the unprecedented level of uncertainty.
- Cross refer to significant forecasting assumptions report – particular focus on Three Waters.
- Outline the results of our early engagement with Maaori partners.

Financial Strategy and Financial Position

- . Outline the draft finances.
- . Explanation of the issues driving this.
- . Reminder of our Financial Strategy principles and key rules of thumb.
- . Reminder of the Local Government Act requirements around balancing the books.
- . Note the different measures for balancing the books.

Operating Expenditure

- A summary of what's in the base and what this represents (broadly: continuation of existing levels of service).
- List of change requests, broken into two groups:
 - Those we've already put into the base, based on discussions between the Mayor, Councillors and the Chief Executive,
 - Further options for Elected Members to consider.
- List the service level reduction options, broken into two groups:
 - Those we've already removed from the base, based on discussions between the Mayor, Councillors and the Chief Executive.
 - Further options for Elected Members to consider.

Capital Programme

- Explain the approach we've taken to the capital programme and what flexibility exists.
- Risks with the proposed programme/dependencies/links to priorities.
- Housing and industrial context setting in relation to the programme (strategic land use link to infra investment) – affordable housing/Rotokauri PDA/WW capital programme (storage tanks etc) capacity to enable development.

Funding and Revenue Options

- . Advise Council of recommend options and other reasonably practicable options on targeted rates and other revenue options as discussed today.
- . Discuss BID and 95% CBD differential.

Rates


- Set out three rates scenarios to balance the books in one/three/five years (and all subsequent years) while meeting our debt to revenue targets in every year.
- Note how our rates compare to our comparators.
- Note the need to focus on \$ impact on ratepayers, not just the headline % increase.
- Flag the intent to move to an 'x% + inflation' approach, to avoid the issues of the last two years.

Communication and Engagement

- Reminder of consultation requirements and process.
- Propose consulting on the speed of balancing the books.
- Other consultation options to be dependent on decisions at 28-29 November Council meeting.

Wrap up

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