

HAMILTON CITY COUNCIL'S PROPOSED 2010/11 ANNUAL PLAN SUMMARY

the
year
ahead

Message from the Mayor and Chief Executive

The economic downturn that commenced in the latter part of 2008 had a significant impact on the approach taken by Council in developing its 10-year plan for the city (the 2009-19 LTCCP). This cautious approach is also reflected in the Proposed 2010/11 Annual Plan.

While the economy is stabilising and appears to be on the road to recovery, there are still a number of key indicators (particularly unemployment) that are still tracking negatively.

The economy is likely to be 'bumpy' in the short term - with the country needing to consolidate and build sustainable economic growth over the next three to five years. Council recognises this and remains relatively cautious around the environment in which it operates, particularly as costs in most areas are still increasing.

While the proposed Annual Plan makes provision for additional expenditure in a few areas, this will be more than offset by savings incurred from deferment of some lower priority renewal projects and trimming various operational budgets in 2010/11.

If the community agrees to these proposed changes, there will be rate savings of \$1.6m and a 1.2% reduction to the proposed average rates increase shown in Year 2 (2010/11) of the 2009-19 LTCCP, from 4.66% to 3.4%.

Growth continues to place further pressure on the city and its infrastructure, with Hamilton's population reaching 140,700 at June 2009. By 2041 the population is projected to be around 224,000. Looking beyond Hamilton's current boundaries, the population of the Future Proof sub-region (the area comprising the councils of Hamilton, Waipa and Waikato District) is expected to almost double over the next 50 years - from 224,000 to 438,000.

As signalled in the 2009-19 LTCCP, five small areas of Waikato District are proposed to be transferred into Hamilton by 2011, which will assist in meeting the city's ongoing growth requirements.

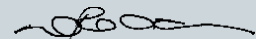
In addition, increasing pressure is being placed on the local government sector around greater efficiencies, transparency, accountability and financial management, with the Local Government Act 2002 being reviewed and a new Bill anticipated in the next few months.

The recent Auckland Supercity reforms are also acting as a catalyst for other parts of the country to consider developing new governance models. Given the strong connection between the communities residing in Hamilton, Waikato and Waipa, we hope to see governance discussions between these councils progressed throughout 2010/11, with a view to having any changes in place for a new council elected in October 2013.

As the next step in this process you are invited to make a submission to the Proposed 2010/11 Annual Plan and have your say in Council's plans for the year ahead.



Bob Simcock
HAMILTON MAYOR



Michael Redman
CHIEF EXECUTIVE



Overview of Finances and Projects

■ THE PROPOSED ANNUAL PLAN...

Council is required to produce an Annual Plan in the two years between the three-yearly review of the Long Term Council Community Plan (LTCCP).

The purpose of the Annual Plan is to show any key changes (known as amendments or variations) to a specific year of the LTCCP. Council's Proposed 2010/11 Annual Plan focuses on year two of the 2009-19 LTCCP.

In the same way that the public's comments help to shape the final LTCCP, Council also produces a proposed Annual Plan that is open for public consultation before it is finalised.

The Annual Plan provides the accountability base for the setting and assessing of rates for that year (rates cannot be set until the Annual Plan has been adopted). It is intended to be a companion document to be read in conjunction with the base LTCCP.



■ THE LTCCP ASSUMPTIONS AND PLANS REMAIN REASONABLE AND GENERALLY VALID...

A significant amount of work was undertaken to develop the LTCCP and to ensure that it was robust and enduring. Less than 12 months on, Council considers that the assumptions and plans that make up the LTCCP are still fundamentally sound and require very little adjustment.

■ COUNCIL HAS SEEN THE EFFECT OF THE SLOW ECONOMY IN REVENUE LEVELS...

Council has felt the effect of the recession on revenue from fees and charges for services it provides to the community. Of particular note has been the low activity in the development and building sectors, resulting in revenue for related parts of Council being markedly lower than historic averages.

Much of the revenue reduction from planning and building processes was forecast in the 2009-19 LTCCP. However, in order to recover the necessary funds to provide the increasingly comprehensive regulatory services required by government, further changes to the fees for building and planning activities are proposed in the Annual Plan.

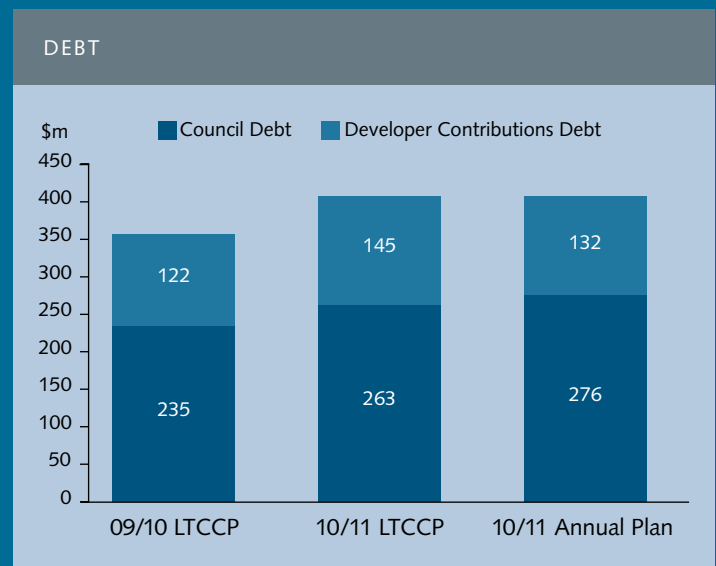
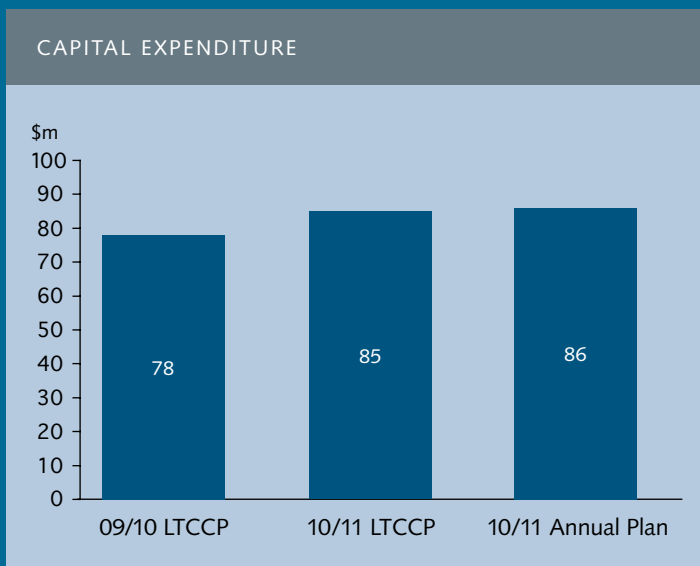
In general, fees and charges for 2010/11 are proposed to increase in line with general inflation. A detailed list of changes to fees and charges for Council's activities can be accessed online at www.hamilton.co.nz/feesandcharges

■ DISCIPLINED MANAGEMENT CONTINUES TO IDENTIFY EFFICIENCIES IN COSTS...

The proposed Annual Plan includes over \$2.6 million of savings to Council's total operating expenditure of \$189 million. These savings have been achieved through a combination of early work to improve business processes, favourable contract negotiations and reprioritisation of some operational expenditure.

Also during 2010/11, Council will be continuing with a service delivery review for a number of its activities. This review will provide Council with the necessary information to consider the potential use of alternative structures, arrangements and/or methods for delivering effective and efficient services.

The preparation of the proposed Annual Plan has included a number of targeted changes that have assisted in ensuring the proposed budget is well-balanced and rates remain affordable. Specific changes include:



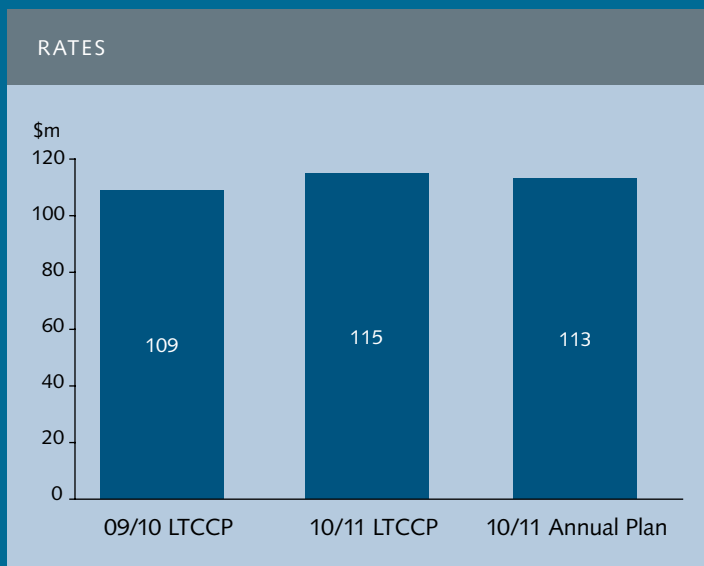
- Reprioritisation of a small number of lower priority renewal projects not considered to markedly impact the level of service to the community. Reprioritisation has resulted in a reduction in funding for planned property renewals, parks and gardens car park maintenance and streetlight renewal programmes.
- Reduction in the Access Hamilton Targeted Rate. This reduction is possible due to the lower financing costs of loans for projects that are debt funded by this targeted rate.
- A minor reduction to the Events Sponsorship Fund.

The net impact of all of these changes means that savings to rates have exceeded any additional costs. Council is proposing a rates increase of 3.4% for existing ratepayers for the 2010/11 year. This is a reduction from the 4.66% increase forecast in the 2009-19 LTCCP.

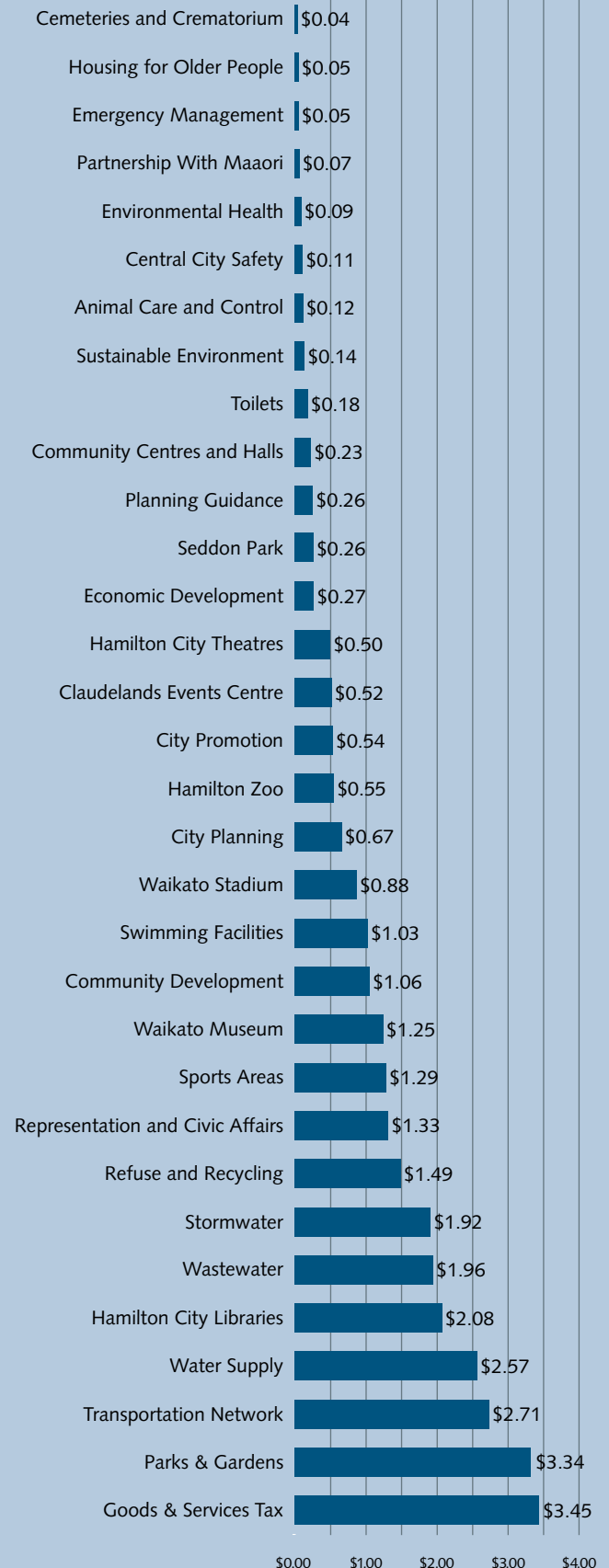
■ TRANSFER OF LAND FROM WAIKATO DISTRICT INTO HAMILTON CITY...

2010 is expected to see the completion of work that began in 2009 to expand the city's boundaries in the east and northwest, to align them with the paths of the planned Waikato Expressway. After public consultation in 2010, a joint committee of Hamilton City and Waikato District councillors will consider approving the following areas of land currently in the Waikato District to become part of Hamilton City.

- Te Rapa North - (around 325 hectares) bounded on the west by the Te Rapa Bypass, the Waikato River on the east and the northern boundary of the current city.
- Ruakura (R1) – (more than 700 hectares) between the current city boundary and the Waikato Expressway between Greenhill Road and State Highway 26.
- A strip of land (approx 5 hectares) between the proposed Waikato Expressway and Borman Road.



INDICATIVE RESIDENTIAL RATES PER WEEK



KEY PROJECTS PLANNED FOR 2010/11...

Examples of high profile projects that are planned for 2010/11 are outlined in the following table. (Note: the financial figures included in the table do not include financial carryovers from previous years.)

REDEVELOPMENT OF CLAUDELANDS EVENTS CENTRE ('CLAUDELANDS') (\$23.14m in 2010/11)

Claudelands is currently undergoing a \$68.4 million upgrade, which will see the construction of a 5,000-capacity indoor multipurpose arena, conference centre capable of holding up to 1,500 delegates and upgraded exhibition facilities. The entire project is scheduled for completion by mid-2011.



REVIEW OF HAMILTON'S DISTRICT PLAN (\$659,800 in 2010/11)

The review of Hamilton's District Plan commenced in mid 2009. The District Plan provides the rules and policies for development in Hamilton. The review aims to better align the District Plan with the principles of the eight City Strategies with notification of a new plan anticipated in late 2011.



CITY HEART REVITALISATION: GARDEN PLACE/CIVIC SQUARE UPGRADES (\$2.486m in 2010/11)

Building on the city's 2009/10 'Summer in Garden Place' programme, Council will be finalising the investigation and development of initiatives and designs for the Garden Place/ Civic Square precinct. It is also expected that any physical works associated with the finalised design will be undertaken over the course of the year. Any design will make the best use of existing facilities and environs and build upon these elements rather than a total revamp of this precinct.



HAMILTON GARDENS DEVELOPMENT PROGRAMME (\$292,600 in 2010/11)

The Fantasy Garden collection of gardens is planned to begin during 2010/11. Council (with the Hamilton Gardens Development Trust) will build the Surrealist, Tropical and Tudor Gardens over the next seven years.



EVENT SPONSORSHIP FUND (\$2.823m in 2010/11)

In 2010/11 key events supported by Council's event strategy will include the World Rowing Championship and preparation for the Rugby World Cup.



WAIWHAKAREKE NATURAL HERITAGE PARK (\$20,300 in 2010/11)

Funding to maintain an ongoing level of development at Waiwhakareke Natural Heritage Park in Rotokauri (a 60 hectare park with ecosystems typical of a pre-human Waikato).

UNDERGROUND CARPARK RECONFIGURATION (\$2.4m in 2010/11)

Funding for detailed design and construction of physical works related to the reconfiguration of Council's recently acquired underground carpark. The project will include changes to intersections and relocation of parking building entrances and be integrated with other works to be undertaken as part of the Garden Place/Civic Square upgrades.



WATER TREATMENT STATION UPGRADE (\$456,800 in 2010/11)

Funding for a feasibility study to consider in the future either increasing the capacity of the existing treatment plant in Peacocke or finding an alternate water source for Hamilton



WASTEWATER TREATMENT PLANT UPGRADE (\$6.47m in 2010/11)

Continuation of a 5-year project, with major works focused on upgrading the solids treatment processes of the plant. This work will involve new technology that will increase gas production for use in the onsite electrical generation facility.

CONTRIBUTION TO THE CONSTRUCTION OF A HYDROTHERAPY POOL AT WATERWORLD (\$1.43m in 2010/11)

Construction of a hydrotherapy pool next to Waterworld in Te Rapa will be completed in 2010/11. The Community Hydrotherapy Trust will also contribute over \$740,000 to the capital construction cost.



CONSTRUCTION OF CYCLEWAYS THROUGHOUT THE CITY (\$1.308m in 2010/11)

This 10-year programme provides for the construction of a cycle network across the city, combining both on-road and off-road routes. In 2010/11, on-road cycleways are to be installed on Hillcrest Road, Knighton Road, Naylor Street and Thomas Road.



UPGRADE PROGRAMME FOR COUNCIL'S OLDER PERSON'S HOUSING STOCK (\$2.943m in 2010/11)

The current Sullivan Crescent housing complex is to be completely redeveloped in 2010/11. This project will provide new safe, secure and affordable quality housing to those older persons who qualify under Council's criteria. Work is expected to be underway by 1 July 2010.



INFRASTRUCTURE TO SUPPORT ROTOKAURI GROWTH CELL (\$5.292m in 2010/11)

Planning and design work of key infrastructure necessary to enable the development of the Rotokauri Stage 1 growth cell.



UPGRADE OF COUNCIL'S INFORMATION SYSTEMS AND PROCESSES (\$2.977m in 2010/11)

This project aims to provide cross-Council integration and management of information. It will enhance service delivery to customers, making it easier and quicker for them to work with Council with more efficient processes that deliver time and cost savings. 2010/11 is the second year of this 10-year project.



Find out what's happening in your city over the next year. Bring your family (including your dog!) along to **YOUR CITY EXPO** in the relaxed setting of **The Grandstand at Claudelands** on Saturday, 27 March, 9am-1pm.

What's On View

Key Council staff will be on hand to talk about projects and answer questions relating to the proposed 2010/11 Annual Plan. Information will be available on:

- Major Projects
- what's been happening; what's coming up
- Boundary Changes
- District Plan Review
- Rates Update

Mayoral Presentation

Mayor, Bob Simcock will present an overview of the annual plan at 12.30pm.

FREE Ice cream for the kids!

There's something fun for everyone at the EXPO. Kids can enjoy the playground as well as a FREE ice cream!

Dogs are welcome!

Enjoy the designated dog exercise area, watch the agility display proudly hosted by Waikato Agility Group (WAG), then test your pooches skill on some of the equipment. Dogs must be supervised at all times. (Sorry, no pooches indoors).

Where and When

- Saturday, March 27, 9am-1pm
- The Grandstand, Claudelands
- Access and FREE parking available through Gate 4, Brooklyn Rd



Amendments to the LTCCP...

The Local Government Act 2002 makes specific provision for Council to make Amendments to its LTCCP. An Amendment is where Council proposes to make a significant change to the direction of its operations or to its core funding and financial policies from that outlined in the LTCCP.

The three proposed Amendments to Council's 2009-19 LTCCP are:

- Council's Development and Financial Contributions Policy
- Council's Liability Management Policy – Counterparty Credit Risks
- Council's Revenue and Financing Policy (Rating differentials).

Further Information on the proposed Amendments is outlined in Section 6.0 of the full Proposed 2010/11 Annual Plan.



Tell us what you think

Council's Proposed 2010/11 Annual Plan is open for public submissions between Saturday 20 March and Friday 23 April 2010. This is the community's opportunity to have a say in shaping the city's future.

Council will be holding the Your City Expo at the Claudelands Grandstand from 9am to 1pm on Saturday 27 March 2010. Elected members and staff will be available on this day to discuss any aspects of the proposed plan and to provide information on how to make a submission.

Submissions can be made via the following:

Mail: Freepost 172189, Strategy and Research Manager, Hamilton City Council, Private Bag 3010, Hamilton 3240.

Fax: Fax your submission to 838 6464.

Deliver: Bring your submission to the Strategy and Research Unit on floor two of the Council Offices, Garden Place.

Email: Email your submission to plansubmission@hcc.govt.nz

Internet: Fill in a submission directly online at www.hamilton.co.nz/annualplan

Note: You do not have to use the official submission form included in this document.

Copies and more information about the full Proposed 2010/11 Annual Plan can be obtained from the main Council office in Garden Place, at any branch of Hamilton City Libraries, or online at www.hamilton.co.nz/annualplan. Alternatively, please contact Council's Strategy and Research Unit on 838 6537.

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Please attach extra paper if required.

Remember, submissions must be received no later than Friday 23 April 2010.
Thank you for your interest.



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FreePost Authority Number 172189, Hamilton



Attn: Strategy and Research Unit
Hamilton City Council
Private Bag HN 3010
Hamilton 3240

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