

8.2 CITY PROFILE

WHAKAATURANGA TAAONE-NUI



hello
world

■ 8.2 CITY PROFILE

Increasingly, cities and urban regions compete with other places for attention, investment, residents, visitors, shoppers, talent, and events. Continuing to raise the profile of Hamilton, both nationally and internationally, allows the city to pursue economic development opportunities and at the same time enables residents to feel proud of their city.

Economic development seeks to improve the economic well-being and quality of life of a community. A prosperous economy results in better opportunities for residents, for example, gaining a higher income, increased spending on material possessions and non-essential services, and improved access to quality healthcare. This in turn leads to rising standards of living and individuals' self esteem, greater social connectedness, educational advancement, wider employment options and increased life expectancy.

Council's City Profile Activity Group includes the following activities:

City Promotion

Focuses on marketing the city to a variety of audiences through the Hamilton brand, aiming to communicate the points of difference and advantages that Hamilton has to offer to local residents and those living outside the city. Encouraging and supporting event development is a key mechanism for promoting the city, which Council contributes to through its Event Sponsorship Fund. Council seeks to support icon events that add to the vitality of the city (such as the Hamilton 400, Balloons over Waikato and the Hamilton Gardens Summer Festival). This activity also manages the i-Site Visitor Information Centre, which offers a travel and accommodation booking service and acts as a 'shop window' for visitors to Hamilton.

Economic Development

Ensures a city wide collaborative approach to fostering economic development in and around Hamilton. Areas of focus include the recruitment of business operations, assisting in the expansion or retention of business operations, supporting the start-up of new businesses, and providing funding for an Economic Development Agency in Hamilton. Council recognises that the growth of key city partnerships is important for economic development, and through the adoption of Hamilton's Economic Development Strategy, has committed to work with Hamilton's foremost economic development players.

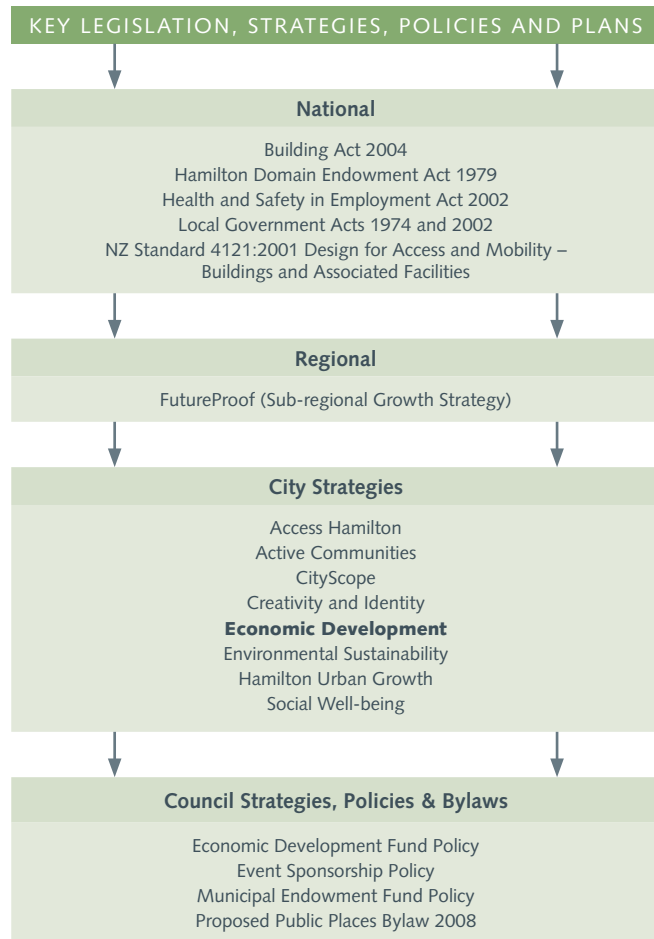
Strategic Property Investment

This activity manages two funds – the Domain Endowment Fund and the Municipal Endowment Fund and administers 114 Council owned properties throughout Hamilton. Both funds are required by legislation to be invested in property, in order to maximise the financial return for the city. The Domain Endowment Fund proceeds are used for the purchase of land for reserves and for the creation, improvement and development of reserves and parks within the city. The Municipal Endowment Fund is invested in commercial properties and income from the fund is used to reduce the rates requirement of the city. Other properties that this activity manages include Council owned and occupied buildings and Council owned and leased buildings.

“enables residents to feel proud of their city”

■ POLICY AND PLANNING CONTEXT

Council's planning and operating environments are shaped by a wider context of national, regional and city wide priorities and objectives. This diagram identifies the key legislation, strategies, policies and plans that link to and provide direction for the City Profile Activities.



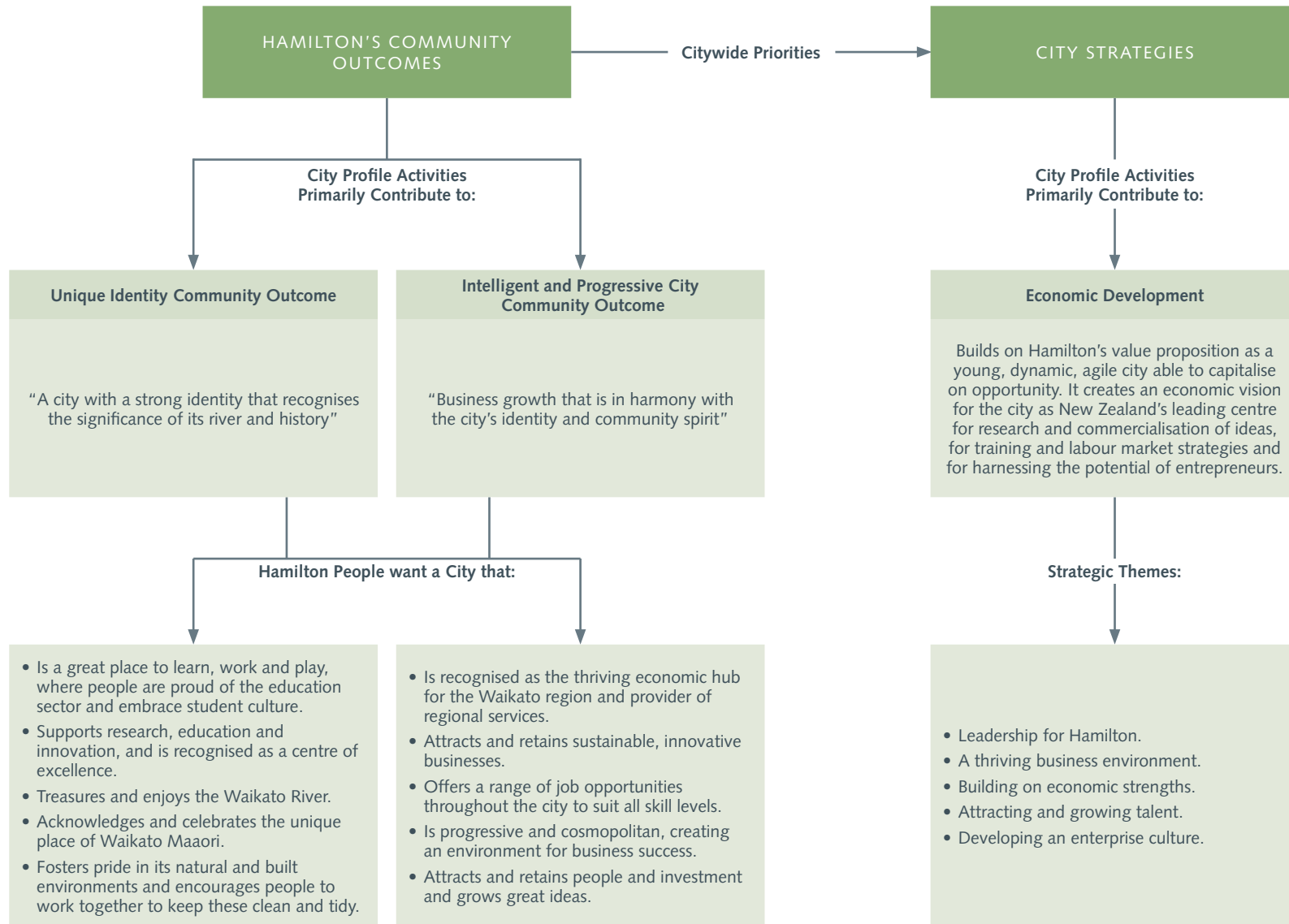
■ REASON FOR PROVIDING THIS ACTIVITY GROUP

Promoting Hamilton to its residents has a positive influence on how people feel about their city and their quality of life. Promoting the city to people who live outside Hamilton (nationally and internationally) also has a positive effect on the city's local economy. Attracting visitors, residents and jobs to the city through the promotion of Hamilton are all important contributors to city growth and add value to our economy. The Local Government Act 2002 requires greater levels of communication from local authorities, which is one of the primary areas of this Activity Group.

Council has an important leadership role to play in making Hamilton a competitive, attractive and profitable place for businesses to operate. A healthy economy and employment base will in turn contribute towards improved living standards across the city. To fulfil this role, Council fosters and facilitates economic development through partnerships and initiatives that contribute to the city's sustainable economic future. Council also maintains a portfolio of commercial investments as a means of reducing the rates requirement of ratepayers within the city.

The City Profile Activity Group primarily contributes to the 'Unique Identity' and 'Intelligent and Progressive City' Community Outcomes, and the Economic Development Strategy.

■ CONTRIBUTION TO HAMILTON'S COMMUNITY OUTCOMES AND THE CITY STRATEGIES



HOW THE CITY PROFILE ACTIVITIES CONTRIBUTE TO HAMILTON'S COMMUNITY OUTCOMES

The City Profile Activities enable Council to take a leadership role for Hamilton in terms of developing the local economy and raising the profile of the city. Through collaboration and partnership between Council, businesses and the community, Hamilton can continue to position itself as a young, dynamic city that is able to capitalise on opportunities.

City Promotion:

Promoting Hamilton as a great place to live, study, work and visit has a positive impact on the sense of pride and confidence that the community has in the city. By marketing the lifestyle, attractions and opportunities available in Hamilton, both nationally and internationally, people are attracted to the city. This creates prosperity and boosts the local economy, improving the well-being of residents of the city.

Economic Development:

Council plays a key role in advancing the economic interests of the community, and boosting the quality of the local business environment in Hamilton. The impact of Council on the economy of the city can already be seen through a range of activities carried out every day, such as the provision of infrastructure e.g. roads and water supplies, and regulation of certain activities e.g. building consent procedures which may impact on the speed and cost with which construction can take place. Council also has a wider leadership role in this area, through providing a strong strategic direction and facilitating partnerships and projects that contribute to the development of Hamilton's economy.

Strategic Property Investment:

The Strategic Property Investment Activity contributes to the community outcome of an 'Intelligent and Progressive City'. The benefits of this activity are a mixture of both public and private benefits. The private benefits are to groups, clubs and community organisations that benefit from leasing municipal and domain endowment properties. There is a public benefit to the community as a whole from the property assets that are held and will be available for future community use. The public also benefit from the development of property in a way that is consistent with the community's interest.

Proceeds from the Domain Endowment Fund contribute directly or indirectly towards the development and improvement of public facilities on Council reserves. The new Verandah Café located on the Lake Domain Reserve is an example of a new facility part-funded through contributions from the Domain Endowment Fund.

CITY STRATEGY FLAGSHIP PROJECTS

The City Strategies contain what are known as 'flagship projects'. These projects have been agreed to by and are in alignment with the work programmes of a number of stakeholder agencies across the city. Flagship projects from the Economic Development Strategy that Council has a role in are:

Business Hamilton Communication:

Council, along with the Business Development Centre, the Waikato Chamber of Commerce and the Hamilton International Airport, aim to develop a shared business brand for the city based on Council's successful Hamilton city branding. The project includes development of a set of key messages about our business and lifestyle offer, which can be used to promote the city as a business and employment location.

Hamilton Economic Development Endowment Fund:

Council and the Business Development Centre will explore options for the establishment of a Hamilton Economic Development Fund. This will include identifying potential funders, scoping out the range of initiatives that could be funded and exploring potential governance arrangements.

Digital Hamilton:

Council, WINTEC and the University of Waikato will work together to develop a digital strategy for the city. The strategy will consider the infrastructure required to support high speed broadband networks, the role of the statutory agencies in supporting this, how penetration rates for high speed broadband can be increased and the potential for Hamilton to build on the ICT expertise and infrastructure that exists in the city to enhance our ICT sector.

Creative Industries Incubator at the Meteor:

This project develops an incubator for start-up businesses in the creative and cultural industries sector. The incubator provides desk space with on-hand mentoring and support for new business start-ups, access to a range of specialised business development services, as well as access to shared facilities such as meeting rooms and reception services. The Creative Industries Incubator

is a joint venture between Council and the Waikato Institute of Technology and partner agencies New Zealand Trade and Enterprise and the Business Development Centre.

MEASURING PROGRESS TOWARDS HAMILTON'S COMMUNITY OUTCOMES

Progress towards Hamilton's Community Outcomes is monitored through a selection of indicators. Indicators provide ways in which we can measure, directly or indirectly, changes to social, environmental, economic and cultural well-being over time. They provide a picture of what is going on around us that we can use to guide our future planning. Indicators can assist in identifying areas where progress is being made towards the Community Outcomes and alert us to areas that require action.

Council is one of numerous organisations whose actions and direction assist in progressing the outcomes and overall community well-being. The following Community Outcomes Progress Indicators (drawn from the full outcome set – refer Section 3.4) will assist in demonstrating the effect that the City Profile Activity Group has on progressing Hamilton's Community Outcomes. The monitoring undertaken for these indicators will be reported each year in Council's Annual Report.

Key:

- M = Moderate Contribution
- S = Significant Contribution
- O = Council is the only Provider

Community Outcomes Progress Indicators:

- S Residents' rating of sense of pride in the way their city looks and feels.
- M Number of businesses and total employment.
- M Proportion of employees in Hamilton to that of the Waikato Region.
- M Visitor guest nights and hotel/motel occupancy rates.
- S Number of events listed on the 'What's On Hamilton' website.
- M Business gains, losses and survival rates.

MEASURING SERVICE DELIVERY PERFORMANCE

This section includes the intended levels of service for the City Profile Activity Group and the performance measures and targets that Council will use to monitor service delivery performance. The levels of service, performance measures and targets represent Council's service commitments to the community and outline what the community can expect to receive from this Activity Group over the 10 year period of the LTCCP.

The levels of service focus on the key service delivery attributes of this Activity Group. They draw on a number of factors including the aspirations and goals of Hamilton's Community Outcomes and the City Strategies, legislative requirements and national objectives, national and industry standards and community expectations.

This Activity Group primarily contributes to the 'Unique Identity' and 'Intelligent and Progressive City' Community Outcomes. The levels of service that specifically contribute towards progressing the goals of these outcomes are identified by the following key.

| Unique Identity Community Outcome | |
|---|--|
| "A city with a strong identity that recognises the significance of its river and history" | |
| 1 | Supports research, education and innovation, and is recognised as a centre of excellence. |
| Intelligent and Progressive City Community Outcome | |
| "Business growth that is in harmony with the city's identity and community spirit" | |
| 1 | Is recognised as the thriving economic hub for the Waikato region and provider of regional services. |
| 2 | Attracts and retains sustainable, innovative businesses. |
| 3 | Is progressive and cosmopolitan, creating an environment for business success. |
| 4 | Attracts and retains people and investment and grows great ideas. |

Performance information is provided in detail for the first three years of the LTCCP and in outline for the remaining seven, through a projected target for year 10 (2018/19). Unless otherwise stated, all performance measures will be completed on or before 30 June for each financial year.

A number of performance measures and targets are from Council's Residents Survey and Customer Surveys. The Introduction to the Activity Groups (Section 8.1) provides information on these surveys, including explanations of the performance scores and categories.

| KEY SERVICE ATTRIBUTES | LEVELS OF SERVICE | PERFORMANCE MEASURES | TARGETS | | | | | ADDITIONAL INFORMATION |
|------------------------|---|--|--|--|---|---|---|---|
| | | | BASELINE | YEAR 1 2009/10 | YEAR 2 2010/11 | YEAR 3 2011/12 | PROJECTED YEAR 10 2018/19 | |
| Cost Effectiveness | Grant monies are used effectively. ① ① ② ③ ④ | Economic Development Agency achieves all annually set performance targets relating to the Hamilton Business Gateway Project. | No baseline, new measure. | Initiatives result in: – 1,000 website visits – 2 new businesses attracted to Hamilton | *Initiatives result in: – 1,000 website visits – 2 new businesses attracted to Hamilton | *Initiatives result in: – 1,000 website visits – 2 new businesses attracted to Hamilton | *Initiatives result in: – 1,000 website visits – 2 new businesses attracted to Hamilton | The Business Gateway Project is a Council funded business attraction service provided by a contracted Economic Development Agency. *NB. Targets are negotiated annually and are indicative for years beyond 2009/10. |
| | Return on investments is appropriate. ④ | Achieve an annual gross return on Municipal Endowment Fund investment properties that is typical for the Hamilton property market. | 2007/08 result: 100% of target achieved. Independent assessor confirmed returns as typical for Hamilton property market. | Gross return typical for Hamilton property market | Gross return typical for Hamilton property market | Gross return typical for Hamilton property market | Gross return typical for Hamilton property market | As assessed by an independent registered valuer. |

| KEY SERVICE ATTRIBUTES | LEVELS OF SERVICE | PERFORMANCE MEASURES | TARGETS | | | | | ADDITIONAL INFORMATION |
|------------------------|---|---|--|---|---|---|---|---|
| | | | BASELINE | YEAR 1 2009/10 | YEAR 2 2010/11 | YEAR 3 2011/12 | PROJECTED YEAR 10 2018/19 | |
| Cost Effectiveness | Return on investments is appropriate. ④ | Achieve an annual gross return on Domain Endowment Fund that is in line with the average market return of similar properties. | 2007/08 result: 100% of target achieved. Independent assessor confirmed returns as typical for Hamilton property market. | Gross return in line with average market return | Gross return in line with average market return | Gross return in line with average market return | Gross return in line with average market return | As assessed by an independent registered valuer. |
| | Buildings in the Municipal Endowment Fund (MEF) are appropriately utilised. | Commercial and Retail premises across the MEF portfolio return an annual occupancy level of 90% | 2007/08 result: 100% occupancy rate | 90% occupancy rate | 90% occupancy rate | 90% occupancy rate | 90% occupancy rate | Assessment is based on the sum of vacant days multiplied by the number of tenancies as a percentage of 365 multiplied by the number of tenancies. |
| Quality | High quality information is provided. ③ | Residents' satisfaction with: | 2007/08 result: | | | | | Measured through Council's Residents Survey. A score of 78-81 indicates Very Good Performance, and 73-77 indicates Good Performance for a 'customer choice' service. The Visitor Information Centre is planned to be relocated during the timeframe of the LTCCP. A change to City News format to provide costs savings is likely to result in a drop in satisfaction levels. |
| | | • The Visitor Information Centre | Very good performance (score of 78.2) | 78 – 81 | 78 – 81 | 78 – 81 | 78 – 81 | |
| | | • The City News Publication | Very good performance (score of 78.5) | 73 – 77 | 73 – 77 | 73 – 77 | 73 – 77 | |
| | | Number of unique visitors to the Hamilton City Council website | 2007/08 result: An average of 25,000 visitors per month | An average of 25,000 visitors per month | An average of 25,000 visitors per month | An average of 25,000 visitors per month | An average of 25,000 visitors per month | 'Unique visitors' are a count of how many different people access a website. Unique visitors are counted only once no matter how many times they visit the site. |

SIGNIFICANT NEGATIVE EFFECTS

Effects on the current and future well-being of the community are an important consideration for Council when planning and carrying out its activities. As well as having positive effects, some activities can have either existing or potential negative effects on social, economic, environmental or cultural well-being that need to be managed or mitigated.

The significance of an effect is determined through its likely impact on and consequences for:

- a) The current and future social, economic, environmental, or cultural well-being of the city.
- b) The extent to which communities are likely to be affected.
- c) The capacity of Council to perform its role, including financial and other costs.

Council has determined that there are no significant negative effects on community well-being as a result of providing the City Profile Activity Group.

CURRENT AND FUTURE ASSET CAPACITY

EXISTING KEY ASSETS (AS AT DECEMBER 2008)

| KEY ASSETS | DEPRECIATED REPLACEMENT COST (\$'000) |
|---|---------------------------------------|
| Strategic Property Investment | |
| Land and Buildings | 60,559 |
| Total Depreciated Replacement Cost | 60,559 |

MAINTENANCE AND REPLACEMENT OF ASSETS

Council's objective when maintaining existing assets is to achieve the least long-run cost, while still delivering the required levels of service. Annual programmes for the maintenance, renewal and replacement of assets are prepared by staff using a combination of asset age and condition information, customer feedback and maintenance records.

The Property Portfolio comprises a number of premises held in the Municipal Endowment Fund Investment which are let to commercial, retail or industrial tenants. The aim of the Municipal Endowment Fund Investment is to minimise

vacancy and increase long-term revenue from Council's income generating assets. Currently the Municipal Endowment Fund Investment properties are fully leased to high-calibre tenants. The necessity to retain existing tenants during lease renewals and to attract new tenants on lease expiry may require Council to fund the cost of fit-out or alteration to premises from year to year. There are a number of leases due for renewal in 2010/11 and 2011/12 and a significant number of lease terminations in 2012/13 and 2013/14. The risk for Council in not meeting tenant expectation is a longer period of vacancy and the associated loss of income.

ADDITIONAL ASSET CAPACITY REQUIREMENTS

Council reviews the management of the Municipal Endowment Fund Investment annually to ensure that the objectives of the fund are achieved and are consistent with Council's objectives and with the LTCCP. Council's annual review ensures that management of the Strategic Property Investment is prudent and exposure to specific property and portfolio risk is minimised. Council also reviews the asset holding of the Strategic Property Investment and considers the disposal of under-performing assets and the acquisition of new assets.

Demand within the Strategic Property Investment Activity is driven by the Council's requirement for a return on its investment consistent with market lease returns.

Acquisition of additional assets is dependent on the balance of the Strategic Property Investment Reserves accumulated from the free-holding of endowment lands providing sufficient capital for the purchase of new property.

COST OF SERVICE FOR THE YEARS ENDED 30 JUNE 2010 – 2019

The following table identifies the forecast expenditure and the revenue sources associated with providing the City Profile Activities for the 10 year period of the LTCCP.

The table also includes:

- 1 Capital expenditure by type i.e. growth, renewal and increased level of service.
- 2 Funding source (i.e. loans, subsidies, reserves or rates) for significant assets associated with the City Profile Activities.

| FORECAST COST OF SERVICE FOR THE TEN YEARS ENDING 30 JUNE 2010 – 2019 | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| GROUP OF ACTIVITY – OPERATING STATEMENT | | | | | | | | | | |
| OPERATING REVENUE | | | | | | | | | | |
| Activity revenue – User charges and fees | 8,582 | 8,882 | 9,204 | 9,455 | 9,565 | 8,976 | 9,187 | 9,444 | 9,650 | 9,963 |
| General rates | 2,633 | 3,133 | 4,146 | 3,704 | 4,138 | 3,994 | 4,208 | 4,368 | 4,458 | 4,615 |
| Other general sources | 20 | 34 | 33 | 32 | 32 | 22 | 20 | 18 | 15 | 24 |
| Total operating revenue | 11,217 | 12,049 | 13,383 | 13,191 | 13,735 | 12,992 | 13,415 | 13,830 | 14,213 | 14,602 |
| OPERATING EXPENDITURE | | | | | | | | | | |
| City Promotion | 5,526 | 5,841 | 5,754 | 6,094 | 6,218 | 6,260 | 6,336 | 6,467 | 6,527 | 6,608 |
| Economic Development | 3,659 | 3,688 | 3,738 | 3,782 | 3,834 | 3,527 | 2,354 | 2,397 | 2,441 | 2,483 |
| Strategic Property Investment | 2,458 | 2,580 | 2,726 | 2,799 | 2,992 | 3,088 | 3,181 | 3,263 | 3,352 | 3,424 |
| Total operating expenditure | 11,643 | 12,109 | 12,218 | 12,675 | 13,044 | 12,875 | 11,871 | 12,127 | 12,320 | 12,515 |
| Operating surplus/(deficit) | (426) | (60) | 1,165 | 516 | 691 | 117 | 1,544 | 1,703 | 1,893 | 2,087 |

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| GROUP OF ACTIVITY – CAPITAL AND RESERVES FUNDING STATEMENT | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| Growth | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increased level of service | 1,414 | 2,612 | 157 | 122 | 78 | 50 | 113 | 45 | 38 | 44 |
| Renewal | 132 | 127 | 160 | 136 | 163 | 151 | 192 | 188 | 187 | 190 |
| Total capital expenditure | 1,546 | 2,739 | 317 | 258 | 241 | 201 | 305 | 233 | 225 | 234 |
| Loan repayments | 304 | 671 | 703 | 779 | 727 | 756 | 710 | 784 | 896 | 1,004 |
| Transfers to reserves | 1,804 | 1,909 | 3,185 | 1,989 | 2,220 | 1,159 | 1,163 | 1,183 | 1,242 | 1,278 |
| Operating deficit | 426 | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total funding required | 4,080 | 5,379 | 4,205 | 3,026 | 3,188 | 2,116 | 2,178 | 2,200 | 2,363 | 2,516 |
| Funded by: | | | | | | | | | | |
| Operating surplus | 0 | 0 | 1,165 | 516 | 691 | 117 | 1,544 | 1,703 | 1,893 | 2,087 |
| Funding from non-cash expenses | 1,614 | 2,143 | 2,085 | 2,175 | 2,251 | 1,786 | 428 | 420 | 413 | 411 |
| Loans raised | 1,455 | 2,642 | 161 | 142 | 92 | 59 | 132 | 48 | 38 | 46 |
| Transfers from reserves | 620 | 420 | 448 | 5 | 5 | 5 | 4 | 4 | 4 | 5 |
| Total funding applied | 3,689 | 5,205 | 3,859 | 2,838 | 3,039 | 1,967 | 2,108 | 2,175 | 2,348 | 2,549 |
| Funding surplus/(deficit) | (391) | (174) | (346) | (188) | (149) | (149) | (70) | (25) | (15) | 33 |

Group of activity expenditure is not fully funded. See section 2.2 of the Revenue and Financing Policy in Volume Two of this LTCCP for an explanation of the funding shortfall.
 'General rates' funding above includes rates from all sources excluding Access Hamilton and water rates which are shown separately where applicable.

