

UPPER HUTT CITY

Pre-election report 2016

JULY 2016



Contents

Contents 3

Welcome 4

What is a pre-election report? 6

The future of Upper Hutt – Key issues 6

Key Projects 8

Financial position..... 11

Statement of financial position 12

Funding impact statement..... 14

Major Projects..... 16

Welcome



This Pre-election report coincides with what has been a very busy time for Upper Hutt City Council: not only have we been engaging with the community about the 2016 – 2017 Annual Plan and its proposed projects, but we have also recently been consulting on the Draft Land Use Strategy.

The Draft Land Use Strategy 2016 – 2043 is important in helping us plan for the future. It focuses on more than just projected population growth and the subsequent development and appropriate zoning required to support this. It highlights what considerations must be made and how all other Council strategies must interact in order for us to realise the vision for our city's future.

Our vision, *'Life. Leisure. Live it!'* was adopted through the Long Term Plan 2015 – 2025. It is about celebrating our natural beauty and outdoor recreational and lifestyle opportunities, whilst recognising our economic potential and supporting growth. Key projects that support the vision include our continued investment in cycleways and walkways as well as proposed developments, such as multi-use trails in rural areas, which provide linkages to enable people to take further advantage of Upper Hutt's scenic playground.

Council's commitment to supporting economic development and local business success has played an integral role in the successful relocation, expansion, and development of many Upper Hutt businesses. Initiatives, such as the economic development stimulus grants, and business and retail liaisons, offer practical, meaningful support to local business owners. The success of these and the flow-on effect throughout our commercial sector has built greater resilience and a renewed optimism. Our city centre is performing well with several new retail offerings and the refurbishment of existing stores happening in the last quarter. Upper Hutt continues to be one of the only areas in the region where the number of 'To Let' signs in windows is actually reducing.



In 2015, the Local Government Commission (LGC) decided not to proceed with its draft proposal for a supercity (single council) in the Wellington region. This means continued local decision-making by and on behalf of local communities. When consulting with our residents to better understand their views on the amalgamation debate, it became apparent that their strongest desire wasn't to move boundaries, but for the Councils of the region to act responsibly and maturely as a collaborative body, ensuring infrastructure, services and functions represent value for money and remain efficient and effective. This principle was conveyed on residents' behalf in Upper Hutt's alternative application to the LGC. Whilst the 'supercity' proposal has not proceeded, rate payers are already reaping the benefits of the Wellington Region Information and Communications Technology (ICT) infrastructure shared service and Council Controlled Organisations such as Wellington Water. There are certain to be other opportunities like these in the near future.

This pre-election report is designed to generate discussion in the lead up to elections about key issues that face Upper Hutt today and in our near future. I hope that you find the information contained in this report useful and interesting and that it enables you to think about who you think is best suited to represent your views at Council, shaping Upper Hutt into the city you want for your future.



Chris Upton | **CHIEF EXECUTIVE**



What is a pre-election report?

Council Chief Executives are required to produce a pre-election report (PER) in accordance with the Local Government Act 2002.

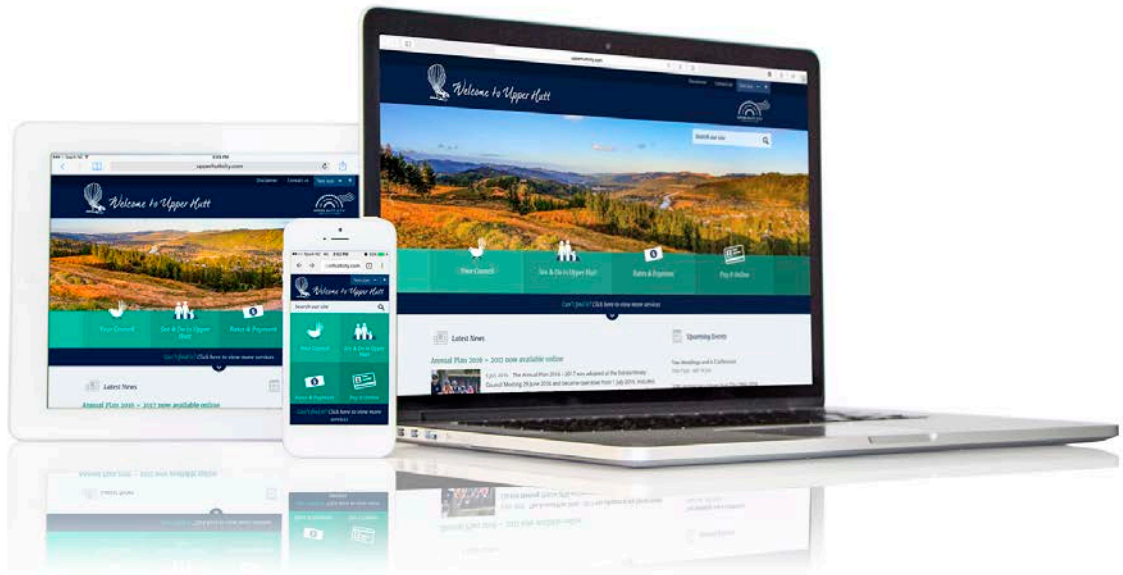
The purpose of this report is to highlight the key issues faced by Upper Hutt City Council and to provide a snapshot of the council's financial stewardship.

This report is designed to promote public discussion and to help voters make informed decisions at election time. The pre-election report should be read in conjunction with the 2015 – 2025 Long Term Plan and the 2014 – 2015 Annual Report. These can be found on our website at www.upperhuttcity.com/publication/

This report also contains useful information about Council strategies, major projects and financial statements that cover the preceding three years and the next three years directly after elections.

The prospective financial data and information about future major projects are drawn from decisions made through the Long Term Plan 2015 – 2025 process. Information contained within this PER has already been audited via the Long Term Plan and Annual Reporting process.

You can find out more information about nominated candidates for this year's local body elections by visiting the Council website after 17 August 2016. If you do not have access to the internet you will be able to find this information at Council reception and the Upper Hutt City Libraries.



The future of Upper Hutt – Key issues

In 2015 the Local Government Commission decided to not proceed with the draft proposal to amalgamate the Councils of the Wellington Region. However **local government reform** remains a hot topic. There is a continued focus on ‘good local government’. Government has drafted the **Local Government Act 2002 Amendment Bill 2016** which increases the powers of the Local Government Commission by enabling them to direct Councils to reorganise by amalgamating services or transferring services to Council Controlled Organisations (CCOs).

We have worked in partnership with other Councils in the Wellington Region for many years. This has resulted in efficiency gains, cost savings and shared strategic planning. Upper Hutt City Council has made a **submission on the Bill**. We believe that serious consideration should be given to how the community is involved in any decision making process. The way in which we deliver core services is integrated with our overarching strategic direction. Consideration must also be given to whether Council’s influence, and ability to represent the voices of the community, will diminish should another party be sanctioned to direct Councils to reorganise.

Upper Hutt City Council reviews its services, and collaborates with other Councils, to sustain the provision of cost effective infrastructure and public services that meet the city’s demands now and in the future. It is important that we are able to do this **without forgoing local governance** and representation of Upper Hutt’s unique constituencies and priorities.

We know that the **local economic environment** and the **city centre** are of paramount importance to our residents, and economic development remains a key focus area for Council. Council has supported a number of local businesses via the Economic Development Stimulus Policy and our CBD compares favourably with our regional counterparts thanks in part to a decreasing vacancy rate.

Fostering and enabling economic growth and success in Upper Hutt is imperative to our city’s productivity and we are experiencing an exciting period of development that is expected to enhance the city centre’s vibrancy and vitality, resulting in increased foot traffic and expenditure.

Like many other cities in New Zealand, Upper Hutt also faces increased pressure in respect to planning for and identifying locations to accommodate **future population growth**. Our goal is to provide a diverse range of affordable living options for incoming residents, from inner city living to rural lifestyle and everything in between. We are blessed with a lot of space, however it’s up to us to use it wisely, sustainably and efficiently. We need to get the maximum out of what we have and plan carefully to ensure that what our residents value, such as vast open space and a green back drop, are not unnecessarily compromised for future generations.



Above: ‘Future Upper Hutt’ as imagined by Year 7/8 school students from Maidstone Intermediate, Fergusson Intermediate and St Joseph’s schools during Land Use Strategy consultation.

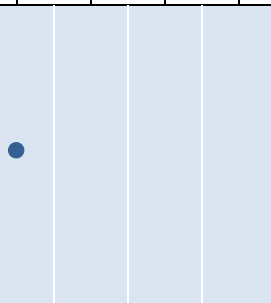
Key Projects

2016 2017 2018 2019 2020

These projects are subject to final Council and/or NZTA approval.

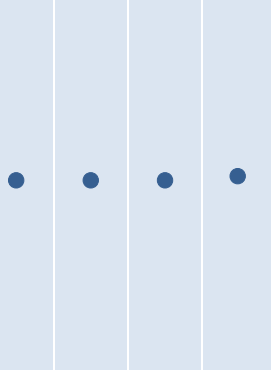
LAND USE STRATEGY (RURAL STRATEGY)

The Urban Growth Strategy and Rural Strategy have been integrated to form the Land Use Strategy. The Land Use Strategy provides a vision and broad direction for the city's rural and urban environment over the next 30 years. Submissions have been heard on the draft and are currently being deliberated. **\$125,000 for 2016 -17**



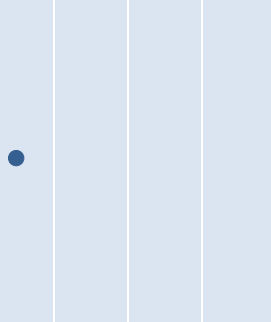
UPPER HUTT MARKETING STRATEGY

The Upper Hutt Marketing Strategy aims to raise positive awareness of Upper Hutt across prospective and existing residents, potential visitors and those who might establish and/or do business here. The strategy has three priority areas, focussing on building pride and affection for Upper Hutt, attracting new residents to Upper Hutt, and encouraging people to invest and establish businesses here. **\$443,000** has been allocated for the next four years



PRINCES STREET PEDESTRIAN LINK ENHANCEMENTS (Railway Station to Main Street).

This project seeks to enhance the pedestrian connection from the railway station through to Main Street and includes enhancements to the green space in front of the station, reconfiguration of the Fergusson Drive crossing, improvements to Princes Street, and modifications to the subway. **Total cost \$2,055,000 (\$1,040,000 for 2016 - 17)**



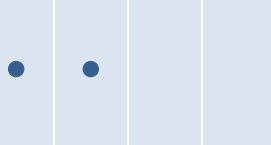
ENHANCE CYCLE AND WALKWAY - RAIL CORRIDOR

A sealed walking and cycle path alongside the railway line from Silverstream to the city centre will be developed to connect residential areas to the city centre and provide cross-valley links. **Total cost of project \$2,517,000 for 2016 - 17**



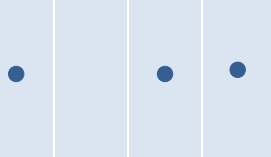
ENHANCED CYCLE AND WALKWAY - SUBWAY UNDER STATE HIGHWAY 2

Total cost \$725,000



FERGUSSON DRIVE/WARD STREET/WHAKATIKI STREET INTERSECTION

Significant development is planned in this area over the next 5 - 10 years, with a proposal for up to 700 households to be developed on the



<p>Wallaceville Research Centre site, along with ongoing development on the General Motors site, and continued subdivision of parts of Whitemans Valley. Traffic from the Research Centre development alone can be expected to increase traffic on Ward Street by approximately 50%. The major work will be carried out in 2019 – 2020. Total cost \$4,470,000</p>				
<p>ST PATRICKS TO SILVERSTREAM BRIDGE CYCLEWAY AND PEDESTRIAN WALKWAY</p> <p>Total cost \$329,000</p>	●			
<p>COUNTY LANE INTERSECTION UPGRADE</p> <p>County Lane lies within close proximity to the intersection of Fergusson Drive and Eastern Hutt Road, a key segment of the commuter route from the Silverstream, Pinehaven, and Trentham areas to Lower Hutt and Wellington. Members of the public have expressed safety concerns about the access to County Lane from Fergusson Drive. Prior to any safety upgrade work taking place, a full study will be carried out on the intersection; the adjacent road links; and the adjacent property accesses to confirm and design the most appropriate solution.</p> <p>Total cost \$1,127,000</p>	●		●	
<p>LIGHT-EMITTING DIODE (LED) STREETLIGHTS UPGRADE</p> <p>Upper Hutt City Council maintains 3500 streetlights throughout its residential area, main traffic routes and rural intersections. Upgrading current High Pressure Sodium lights to LED lights can save up to 50% in electricity energy and can reduce maintenance cost by up to 70%. The street lights in any new subdivision will be required to have LED lights.</p> <p>Cost over next three years \$459,000 - this figure includes renewals and upgrades to improve the level of service</p>	●	●	●	●
<p>RURAL ROADS UPGRADE</p> <p>Council’s main objective is to provide a good quality, accessible and safe rural road network for all users whilst allowing for sustainable development through provision of an annual upgrade programme. This will be implemented via a progressive upgrading of the level of service on these roads over several years.</p> <p>Total cost for 2017 – 18 \$315,000/ 2018 – 19 \$323,000/ 2019 – 2020 \$386,000</p>		●	●	●
<p>PINEHAVEN STREAM CAPACITY UPGRADE</p> <p>Approx. cost \$2,340,000 over four years</p>	●	●	●	●

REPRIORITISATION OF THE DISTRICT PLAN (ongoing)

Council is required to review its District Plan every 10 years. The District Plan became operative in 2004, and a 'rolling review' of the District Plan has been underway since that time. Council will continue with that review, with topic areas including significant natural areas, heritage, utilities, and zone wide reviews.

Cost \$343,000 over four years

2016	2017	2018	2019	2020
●	●	●	●	

SEALING OF HUTT RIVER TRAIL PROGRAMME (ongoing)

This includes widening of the trail as part of the National Cycleway

This project has benefited from Urban Cycle Fund (UCF) and NZ Transport Agency (NZTA) funding and will now be delivered over three years instead of ten

Cost \$582,000 for the first year only. (Costs for year two and three have yet to be confirmed by external parties)

2016	2017	2018	2019	2020
●	●	●		

EXPRESSIONS WHIRINAKI ARTS AND ENTERTAINMENT CENTRE EXTENSION

Expressions Whirinaki is our arts and culture entertainment hub. Due to its popularity, it is rapidly outgrowing its existing space. An extension is planned to allow for continued growth. This is subject to Council approval of a feasibility study.

Approximate cost \$4,279,000

2016	2017	2018	2019	2020
	●	●		

COMMUNITY CENTRE BUILD OR RENOVATION

Council currently provides both long and short term accommodation for a variety of community groups and social service providers. Several of the buildings require work to bring them up to current standards. Prior to any work being undertaken a feasibility study will first determine the best way forward for this project.

\$3,229,000 has been allocated for 2018 – 2019

2016	2017	2018	2019	2020
		●		

For information about 'business as usual' (BAU) projects such as renewal maintenance and other projects not included in this Pre-election report, please refer to the Long Term Plan 2015 – 2025 on the Council website.

Financial position

There is no audit obligation on the financials contained in this pre-election report. However, data is predominately drawn from sources that are audited, such as the Long Term Plan 2015 – 2025 and previous annual reports. Financial positions forecast for the year ending 30 June 2016 may differ to the final audited Annual Report for 2015 – 2016

The Council's financial strategy explains the overarching approach we will take with respect to financial management. It follows a conservative and prudent approach and identifies limits on future rates and debt increases. This is set out in more detail in the Long Term Plan for 2015 – 2025.

For 2016 – 2017 the Council remains within its self-imposed limit for rates increases. This limit is composed of the forecast, overall, annual change in the Local Government Cost Index plus 2%, plus the growth of the rating database. For the proposed rate increases over 2016 – 2019, Council will continue to remain within these self-imposed limits.

Summary of Compliance limits within the 2015 – 2025 LTP Financial Strategy	Audited Annual Report 2013 – 2014	Audited Annual Report 2014 – 2015	Unaudited Draft Annual Report 2015 – 2016
Rate affordability benchmark			
Actual Rates (income) affordability met	Yes	Yes	Yes
Actual Rates (increases)	<u>4.70%</u>	<u>3.96%</u>	<u>3.87%</u>
Limit of Rates (increases)	6.46%	6.17%	6.27%
Ratio met?	Yes	Yes	Yes
As at 30 June 2016, the Council has not exceeded any of its five debt parameters and has not budgeted to exceed them as at 30 June 2017. In fact, Council plans to retain a low debt ratio for the foreseeable future.			
Debt affordability benchmark			
Net interest /total revenue will not exceed 10%	2.60%	2.45%	2.60%
Net debt/total revenue will not exceed 140%	60%	102%	73%
Net interest/annual rates revenue will not exceed 15%	3.24%	3.15%	3.31%
Liquidity (external, term debt + committed loan facilities + available liquid investments to existing external debt) will exceed 110%	145%	150%	146%
External public debt per rateable property will not exceed \$3000 adjusted by the LGCI	\$ 1,552.43	\$ 2,563.86	\$ 2,019.72

Note 1. Unaudited Draft Annual Report 2015 – 2016 is from data calculated as at 14/07/2016

Return on Financial Investments

Currently the Council only holds three share investments and these are all held for strategic rather than financial reasons. The Council does not have any current intention to hold and manage any additional financial investments or equity securities. For these reasons the Council has not set a targeted return on its equity investments.

Statement of financial position

Key: AP – Annual Plan

AR – Annual Report

LTP – Long Term Plan

	AR Audited Actual Parent 30-Jun-14	AR Audited Actual Parent 30-Jun-15	Draft Annual Report Estimate Unaudited Actual Parent 30-Jun-16	Election Year Annual Plan Unaudited Forecast Parent 30-Jun-17	LTP Audited Forecast Parent 30-Jun-18	LTP Audited Forecast Parent 30-Jun-19	LTP Audited Forecast Parent 30-Jun-20
EQUITY							
Accumulated Funds	233,976	227,136	225,012	241,104	234,546	235,580	236,413
Restricted Reserves	6,014	6,328	6,452	4,769	6,036	6,172	6,584
Asset Revaluation Reserve	405,331	439,589	437,040	460,878	428,357	433,196	436,928
Total Equity	645,321	673,053	668,504	706,751	668,939	674,948	679,925
ASSETS							
Current assets							
Cash and cash equivalents	2,217	6,586	320	313	400	366	364
Other financial assets	5,300	4,500	8,642	11,533	12,179	14,515	11,927
Derivative financial instruments	-	-	-	-	-	-	-
Trade and other receivables	2,312	2,510	3,556	2,313	2,368	2,427	2,251
Inventories	31	18	28	-	-	-	-
Total current assets	9,860	13,614	12,546	14,159	14,947	17,308	14,542

Non-current assets							
Non-financial assets	343	460	197	516	156	156	156
Derivatives financial instruments	-	15	15	-	-	-	-
Trade and other receivables	106	82	4	-	-	-	-
Property, plant and equipment	69,246	87,099	84,476	104,855	79,475	84,936	87,457
Aquatic assets	7,495	10,279	10,101	-	-	-	-
Infrastructure assets	591,937	602,628	603,726	633,720	622,660	626,142	633,111
Intangible assets	87	43	4	79	65	43	29
Total non-current assets	669,214	700,606	698,523	739,170	702,356	711,277	720,753
Total assets	679,074	714,220	711,069	753,329	717,303	728,585	735,295
LIABILITIES							
Current liabilities							
Accounts payable	7,258	8,484	7,835	6,119	6,241	6,368	6,501
Employee entitlements	800	879	663	564	577	592	607
Public debt - current portion	700	4,272	8,206	2,812	2,115	2,423	2,400
Total current liabilities	8,758	13,635	16,704	9,495	8,933	9,383	9,508
Non-current liabilities							
Derivative financial instruments	13	959	959	-	-	-	-
Employee entitlements	255	296	319	179	184	188	193
Public debt-term portion	24,727	26,277	24,583	36,904	39,247	44,066	45,669
Total Non-current liabilities	24,995	27,532	25,861	37,083	39,431	44,254	45,862
Total liabilities	33,753	41,167	42,565	46,578	48,364	53,637	55,370
NET ASSETS	645,321	673,053	668,504	706,751	668,939	674,948	679,925

The accounting policies and notes to these audited financial statements are found in the audited account of Upper Hutt City Council Annual report and Long Term Plan. Unaudited Draft Annual Report 30 June 2016 data was extracted as at 14th July 2016

Funding impact statement

Key: AP – Annual Plan AR – Annual Report LTP – Long Term Plan

	AR Audited Actual 30-Jun-14	AR Audited Actual 30-Jun-15	Draft Annual Report Estimate Unaudited Actual 30-Jun-16	Election Year Annual Plan Unaudited Forecast 30-Jun-17	LTP Audited Forecast 30-Jun-18	LTP Audited Forecast 30-Jun-19	LTP Audited Forecast 30-Jun-20
All council activities							
Sources of Operating Funding							
General rates, uniform annual general charges, rate penalties	17,524	18,165	19,499	21,913	22,328	22,842	23,716
Targeted rates (other than a targeted rate for water supply)	12,296	12,549	13,347	13,897	15,405	16,643	17,762
Subsidies and grants for operating purposes	716	648	659	1,857	1,571	1,529	1,651
Fees, charges and targeted rates for water supply	5,965	5,283	6,408	5,838	5,768	5,927	6,192
Interest and dividends from investments	254	364	366	306	370	429	444
Local authority fuel tax, fines, infringement fees, and other receipts	844	845	1,003	1,172	1,055	1,078	1,104
Total Sources of Operating Funding (A)	37,599	37,854	41,282	44,983	46,497	48,448	50,869
Applications of Operating Funding							
Payments to staff and suppliers	31,217	33,289	33,967	35,455	35,259	36,825	37,868
Finance costs	1,331	1,412	1,535	2,150	2,312	2,447	2,638
Other operating funding applications	0	0	52	170	176	183	215
Total Applications of Operating Funding (B)	32,548	34,701	35,554	37,775	37,747	39,455	40,721
Surplus /Deficit of Operating Funding (A-B)	5,051	3,153	5,728	7,208	8,750	8,993	10,148

	AR Audited Actual 30-Jun-14	AR Audited Actual 30-Jun-15	Draft Annual Report Estimate Unaudited Actual 30-Jun-16	Election Year Annual Plan Unaudited Forecast 30-Jun-17	LTP Audited Forecast 30-Jun-18	LTP Audited Forecast 30-Jun-19	LTP Audited Forecast 30-Jun-20
Sources of Capital Funding							
Subsidies and grants for capital expenditure	1,575	1,871	3,675	3,171	2,062	3,877	3,216
Development and financial contributions	34	51	6	337	233	218	218
Increase/ (decrease) in debt	173	3,248	3,939	1,963	81	5,127	1,580
Gross Proceeds from sale of assets	0	0	0	0	1,073	0	0
Lump sum contributions	0	0	0	0	0	0	0
Other dedicated capital funding	0	0		0	0	0	0
Total Sources of Capital Funding (C)	1,782	5,170	7,620	5,471	3,449	9,222	5,014
Application of Capital Funding							
Capital expenditure							
- to meet additional demand	115	47	807	724	577	861	4,813
- to improve the level of service	1,413	3,256	6,829	10,415	3,343	9,741	1,634
- to replace existing assets	5,340	6,535	6,280	6,899	7,502	7,524	8,382
Increase /decrease in reserves	(35)	(1,515)	(568)	(5,665)	407	(340)	(111)
Increase /decrease of investments	0	0	0	306	370	429	444
Total Application of Capital Funding (D)	6,833	8,323	13,348	12,679	12,199	18,215	15,162
Surplus / (Deficit) of Capital Funding (C-D)	(5,051)	(3,153)	(5,728)	(7,208)	(8,750)	(8,993)	(10,148)
Funding Balance ((A-B) + (C-D))	0	0	0	0	0	0	0

The accounting policies and notes to these audited financial statements are found in the audited account of Upper Hutt City Council Long Term Plan. Unaudited Draft Annual Report 30 June 2016 data was extracted as at 14 July 2016.

Major Projects

Key: AP – Annual Plan

AR – Annual Report

LTP – Long Term Plan

MAJOR PROJECTS Works Programme	AP Unaudited Forecast 30-Jun-17	LTP Audited Forecast 30-Jun-18	LTP Audited Forecast 30-Jun-19	LTP Audited Forecast 30-Jun-20
Land transport Asset management - to replace existing assets				
Street drainage	334	355	345	371
Resealing	1,143	1,160	1,134	1,119
Minor safety	182	186	214	261
Footpaths	562	576	591	632
Traffic services renewals	316	354	396	441
Capital works - to meet additional demand				
Fergusson / Ward / Whakatiki intersection	61	-	269	4,140
Capital works - to improve level of service				
Enhance cycle and walkway linkages - rail corridor	2,517	-	-	-
St Patricks to Silverstream Bridge cycleway and pedestrian walkway	329	-	-	-
Enhance cycle and walkway - subway under State Highway H2	51	674	-	-
Eastern Hutt/Fergusson Drive and access to County Lane	51	-	1,076	-
Sealing/widening Hutt River Trail Programme Cycle and walkway	582	-	-	-
Pedestrian link between railway station and Main Street	1,040	-	-	-
Rural road upgrades	-	315	323	386
Total land transport works programme	7,168	3,620	4,348	7,350
Water supply Asset management - to replace existing assets				
Pipeline Renewal	917	983	929	1,074
Reservoir upgrade	215	504	172	160
Miscellaneous works	185	214	239	273
Total water supply works programme	1,317	1,701	1,340	1,507

	AP Unaudited Forecast 30-Jun-17	LTP Audited Forecast 30-Jun-18	LTP Audited Forecast 30-Jun-19	LTP Audited Forecast 30-Jun-20
Wastewater				
Asset management - to replace existing assets				
Pipeline renewal upgrade	1,715	1,760	1,766	1,836
Capital works - to improve level of service				
Wastewater project capital	494	478	900	577
Total wastewater works programme	2,209	2,238	2,666	2,413
Stormwater				
Asset management - to replace existing assets				
Pipeline renewal	265	649	670	941
Pump station renewal	205	-	129	-
Capital works - to improve level of service				
Pinehaven stream capacity upgrade	564	577	592	607
Total stormwater works programme	1,034	1,226	1,391	1,548
Planning and regulatory services				
Scheme review - reprioritisation of the District Plan	120	75	80	68
Rural strategy	125	-	-	-
Total planning and regulatory works programme	245	75	80	68
Economic development				
Projects				
Upper Hutt marketing strategy	107	109	112	115
Economic development stimulus package	250	-	-	-
Total Economic development works programme	357	109	112	115

	AP Unaudited Forecast 30-Jun-17	LTP Audited Forecast 30-Jun-18	LTP Audited Forecast 30-Jun-19	LTP Audited Forecast 30-Jun-20
Community and recreation				
Asset management - to replace existing assets				
Amenities replacement	137	145	157	155
Play equipment	146	152	149	167
Capital works - to improve level of service				
Upper Valley Bridleways / Multi-use pathways	198	-	-	-
Library resources	230	214	220	225
Library bus	-	-	-	530
Expressions extension	-	1,050	3,229	-
Community Centre build or renovation	-	-	3,229	-
Projects				
Activation	306	301	309	321
Total community and recreation works programme	1,017	1,862	7,293	1,398



Upper Hutt City Council

838 – 842 Fergusson Drive
Private Bag 907
Upper Hutt 5140

T (04) 527 2169

E askus@uhcc.govt.nz

F [fb.com/upperhuttcitycouncil](https://www.facebook.com/upperhuttcitycouncil)

W upperhuttcity.com