

Appendix A: Draft significant consultation proposals and signals

LTP Priority objectives

<p>A functioning, resilient and reliable three waters infrastructure – with improving harbour and waterway quality and, reducing water usage and waste</p>	<p>Wellington has affordable, resilient and safe housing – within an inclusive, accessible, connected, and compact city</p>	<p>The city’s core transport infrastructure is a safe, resilient, reliable network - that supports active and public transport choices, and an efficient, productive and environmentally sustainable economy</p>	<p>The city has resilient and fit-for-purpose community, creative and cultural spaces – including libraries, museums, marae and community halls, where people connect, develop and express their arts, culture and heritage</p>	<p>An accelerating zero-carbon and waste-free transition – with communities and the city economy adapting to climate change, development of low carbon infrastructure and buildings, and increased waste minimisation</p>	<p>Strong partnerships with mana whenua – upholding Te Tiriti o Waitangi, weaving Te Reo and Te Ao Māori into the social, environmental and economic development of our city and, restore the city’s connection with Papatūānuku.</p>
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Summary of the draft key components of the proposed LTP

What are the key issues shaping our LTP?	Mayor’s budget principles, assumptions and proposals	Consultation proposals and future decision signalled after the adoption of the LTP	What else are we planning in the next 10 years? <i>Summary of items</i>	
<p><i>4 issues previously shared with Councillors linking to public feedback on community outcomes</i></p> <p>Infrastructure There is a need to continue to increase the level of investment in infrastructure as an underpinning enabler of city outcomes, particularly environmental and climate outcomes. Particularly this relates to the need to lift the condition of our three waters infrastructure and upgrade our transport network.</p> <p>Housing and Urban Development Our city is growing, and we need to plan for it, housing affordability is also being stretched as the city grows. Council contributes through a range of housing interventions including through our enabling role through Spatial and District Planning work but through provision of quality social housing and ensuring the availability of community infrastructure in place for a growing city.</p> <p>Resilience Significant earthquake strengthening work is needed across the city, including in Council venues and facilities. There are also wider resilience challenges of building a socially, culturally and economically resilient city to shocks such as COVID-19</p> <p>Environment Key challenge relating to responding to climate change, in line with the Council’s declaration of climate emergency and Te Atakura Strategy. Investments across activity areas contribute to addressing this challenge.</p>	<p>Budget principles and assumptions Principles:</p> <ul style="list-style-type: none"> Focus on critical / core infrastructure resilience priorities Make every dollar work Streamline assets ownership Finish projects / programmes in flight Focus on existing before new <p>Assumptions: WCC will implement:</p> <ul style="list-style-type: none"> A targeted asset divestment programme to increase outyear headroom and reduce risks of external events Asset consolidation will occur during the life of the LTP <p>Mayors Budget proposals</p> <p><i>(a) Reduce size of the capital programme</i></p> <ul style="list-style-type: none"> Sewage sludge is funded through a ‘Special Purpose Vehicle’ without Council ownership \$16m for the Bond store remediation \$40m for venues upgrades to the TSB Arena and Michael Fowler Centre; the Opera House upgrade and Island Bay cycleway are not funded in this LTP Reduce the investment in the overall asset renewal / upgrade programme by 10 %. (The reduced investment is still a material increase from the last LTP) Begonia House, Otari Wilton Bush and Botanic gardens upgrades are not funded in this LTP Fund social housing renewals and upgrades off-balance sheet <p><i>(b) Divest to increase debt headroom</i></p> <ul style="list-style-type: none"> Te Ngākau Civic Square \$27m from the sale of ground leases of MOB, CAB, MFC car park \$25m for sale of encroachments and road reserve <p><i>(c) Increase revenue</i></p> <ul style="list-style-type: none"> Increase the rate at which debt funded opex is payed off. This has a double benefit of decreasing debt and increasing revenue. Funding the reduction in debt means a higher than proposed rates increase by 2-3% 	<p>Consultation items for the consultation document (CD)</p> <ul style="list-style-type: none"> Investment in three waters Wastewater laterals Cycleways Te Ngākau - Central Library, MOB & CAB Investment in responding to climate change Sludge - Waste minimisation Higher rates to increase the reduction in opex funded debt <p>Future decisions to signal in the CD - no impact in the proposed budget</p> <ul style="list-style-type: none"> Three waters reform Water metering LGWM Social Housing and the financial sustainability of its portfolio Strategic review of community infrastructure investments Venues investment decisions Further divestment opportunities 	<p>Governance</p> <ul style="list-style-type: none"> Investing in mana whenua partnership and Māori outcomes Digitisation of city archives <p>Environment</p> <ul style="list-style-type: none"> Significant increase in 3 waters investment Waste minimisation, resource recovery and sustainable food plan Ongoing renewal and upgrade spend Zoo development - snow leopards <p>Economic Development</p> <ul style="list-style-type: none"> Completion of convention centre – bringing online Ongoing investment via WellingtonNZ Economic Strategy implementation <p>Arts and Culture</p> <ul style="list-style-type: none"> Town Hall and St James completion and return to use Continued programme of events and grants Arts and Culture Strategy implementation 	<p>Social and Recreation</p> <ul style="list-style-type: none"> Ongoing renewal and upgrade spend Makara Cemetery expansion Northern suburbs sports hub and turf Completing existing community facility upgrades (Strathmore, Newtown, Aro Valley, Karori) Divestment of Wadestown Community Centre Children and Young people strategy <p>Urban Development</p> <ul style="list-style-type: none"> Frank Kitts Park development Te Aro Park upgrade Spatial planning and District Plan Deliver on the Housing Action Plan - Housing Affordability activities/Te Kāinga <p>Transport</p> <ul style="list-style-type: none"> Improved Parking enforcement and implementation of parking policy Ongoing renewal and upgrade spend Resilience investment Chipseal efficiency savings

Draft significant consultation proposals

Priority objective: A functioning, resilient and reliable three waters infrastructure Budget Principle: Focus on critical / core infrastructure resilience priorities			
1. Investment in three waters infrastructure - excluding Sludge (see item 7 below) <i>(Infrastructure, Environment)</i>	Option 1 Maintain Continues the existing level of funding for three waters renewals. (Includes the \$3.2m opex uplift provided in the 20/21 budget into out-years). This option would not however address water quality improvements nor make progress on renewals 'backlog'. Inadequate growth investment to enable city centre growth aligned to Planning for Growth	Option 2 (preferred option) Enhanced A substantial increase in the level of three waters investment- further 21.7% opex increase and 33% capex increase over 'business as usual' in the previous (2018) LTP This option will make progress on Wellington's key water quality issues and renewals investment requirements and enable growth in central city. This option does not include additional funding that may be required to develop of the 3 waters network to accommodate future city growth. Any additional funding for growth would be added following Spatial Plan development in time for 2024 LTP	Option 3 Accelerated A very large increase in 3 waters investment over the 2018 LTP i.e. 58.9% opex increase and 216% capex increase over 'business as usual' in the 2018 LTP. This significantly larger funding level that focuses on on delivering all growth investment that may be required by the top end of the spatial plan. The spatial plan is still being developed and there is uncertainty about where and when the city will grow. Placeholder funding for growth may therefore substantially change through spatial planning. Also, there is material uncertainty regarding the ability to deliver such a large programme of work.
	Opex Cost: \$328m (10.8% opex increase over 'business as usual' - the 2018 LTP)	Opex Cost: \$360m (<i>loaded in budget</i>)	Opex Cost: \$470m
	Capex Cost: \$498m (18% capex increase over 'business as usual' - the 2018 LTP)	Capex Cost: \$557m (<i>loaded in budget</i>)	Capex Cost: \$1,323m
2. Wastewater laterals <i>(Infrastructure)</i>	Option 1 No change Retain status quo policy settings where households are responsible for renewal and maintenance of the wastewater laterals in the road corridor to the main	Option 2 (preferred option) Take ownership Change the Council's policy to be consistent in the region (and NZ). This would result in the Council taking responsibility of the wastewater lateral to the property boundary	
	Opex Cost: No change	Opex Cost: \$15m (10 year) (<i>loaded in budget</i>)	
	Capex Cost: No change	Capex Cost: \$17m (10 year) (<i>loaded in budget</i>)	

Priority objective: The core transport infrastructure is a safe, resilient, reliable network Budget Principle: Finish projects in flight				
3. Cycleways <i>(Infrastructure, Environment)</i>	Option 1 Finish what we have started Finishing eastern connections, \$0.25m pa minor works <ul style="list-style-type: none"> Complete eastern connection Further reduced level of minor improvements and tactical urbanism projects to encourage mode-shift 	Option 2 Prioritise Finishing eastern connections, Island Bay, \$0.5m pa minor works <ul style="list-style-type: none"> Complete eastern connection (Y1-3) Complete the Parade Upgrade – Island Bay (Y1-3) Plan and complete prioritised set of key priority route connections not included in LGWM (Y3-10) Reduced level of minor improvements and tactical urbanism projects to encourage mode-shift 	Option 3 (preferred option) Reduced programme Finishing eastern connections, \$1m pa minor works and \$25m for other prioritised routes pending LGWM decisions. Not funding Island Bay Cycleway in this LTP <ul style="list-style-type: none"> Complete eastern connection (Y1-3) Plan and complete prioritised set of key priority route connections not included in LGWM (Y3-10) Minor improvements and tactical urbanism projects to encourage mode-shift 	Option 4 Full connection Finishing eastern connections, Island Bay, \$1m pa minor works and full funding for other routes pending LGWM decisions <ul style="list-style-type: none"> Complete eastern connection (Y1-3) Complete the Parade Upgrade – Island Bay (Y1-3) Plan and complete full set of key priority route connections not included in LGWM (Y3-10) Minor improvements and tactical urbanism projects to encourage mode-shift
	Capex Cost: \$30m	Capex Cost: \$45m	Capex Cost: \$61m (<i>loaded in budget</i>)	Capex Cost: \$170-200m

Priority objective: The city has resilient and fit-for-purpose community, creative and cultural spaces

Budget Principle: Focus on critical / core infrastructure resilience priorities

4. Te Ngākau Civic Precinct - Central Library <i>(Resilience)</i>	Option 1A	Option 1B	Option 2 (preferred option)	Option 3A	Option 3B	Option 4
	Low-level remediation Low level remediation of the existing building	Mid-level remediation Mid-level remediation of the existing building	High-level remediation High level remediation of the building with the use of base isolators to ensure it is resilient into the future. This option is what Council has previously resolved to be included for consultation in the LTP.	New build on same site New build on the same site	New build on another Te Ngākau Civic Precinct site New build on <i>another site</i> in the Te Ngākau Civic Precinct	Preferred option with additional remediation to sustainability specifications This option is what Council has previously resolved to be included for consultation in the LTP, plus a higher specifications to make the building more sustainable.
	Cost: \$75-82m	Cost: \$139-154m	Cost: \$179m <i>(loaded in budget)</i>	Cost: \$167m-183m	Cost: \$167m-183m	Cost:
<p><i>Note that the work on costing additional floors and a higher greenstar rating for the preferred options as requested by Council is still in progress, with a report back expected in April while the LTP is out for consultation. These costs will therefore not be included in the options and are not included in the LTP budget for the project, if agreed by Council they would need to be managed as a project variation and included in the 2022/23 Annual Plan.</i></p>						
5. Te Ngākau- funding future works, including MOB and CAB <i>(Resilience)</i>	Option 1 (preferred option)			Option 2		
	Partnering to strengthen Te Ngākau - including sale of ground leases MOB, CAB. MFC car park Excluding the central library there remain extensive costs to remediate the rest of the Civic Precinct including the MOB and CAB buildings and Capital E, the city to sea bridge and the underground carpark. The \$22m of funding available through the insurance settlement on the CAB building, is insufficient to address the resilience and associated requirements to fully remediate the precinct. Therefore, significant additional spending would be required to ensure the Precinct is resilient in the long term and the Council is unable to fund the full cost of the remediation within its proposed debt and rates limits. This option would be to pursue partnerships restore the precinct in particular, the sale of long-term ground leases (to partners) to fund the strengthening and upgrades work required in the remainder of Te Ngākau Civic Precinct. The Council has already reviewed the options for the MOB building and proposes to demolish and redevelop the building in partnership with the private sector. This approach would involve a long-term ground lease arrangement which is considered preferable to Council remediating the current building. The MOB building has significant shared building connections and services in the precinct. Therefore, both the MOB and CAB buildings should be regarded as a combined opportunity to address the two impaired buildings at the same time. This option is very similar to the self-funding model used on the Waterfront. Like the Waterfront, any developments that would happen under this option would also be implemented within a clear design and development framework for Te Ngākau. The framework would specify the vision, goals and principles driving the work programme and, ensure that the Council and city have control over how a key public space is developed. This option excludes partnering on buildings already underway or agreed on the Town Hall and the Central Library which is subject to separate consultation.			Ratepayer funding Te Ngākau works The alternative option is not to pursue partnerships to fund the necessary work in Te Ngākau. This would result in Council <ul style="list-style-type: none"> • needing to fund the full costs of strengthening and upgrade of the Precinct through increased debt, • the Council taking on the development risks associate with a complex remediation project; and • rate payers funding any associated costs. In developing the LTP Council does not currently have the financial capacity to take on the significant costs and potential risks associated with remedying each of the Te Ngākau sites given the other competing challenges facing the city. Even with ratepayer funding the Council would still; have to manage its investment in Te Ngākau works within it available capital resources. As a result, the strengthening would happen over an extended period and would result in the remaining parts of the Precinct including MOB, CAB, Capital E, the Carpark and the City to Sea bridge remaining closed. (Minimal remedial work to enable re-occupation of the buildings is not regarded as viable option). Overall this option would see Te Ngākau Civic Precinct remain as a partially resolved area with an extended and uncertain pathway to fixing the issues and returning the square a fully functioning heart of the city.		
	Opex Cost: Demolition costs \$10.5m and consenting costs \$750k <i>(loaded in budget)</i> , Revenue: Ground lease sale \$27m			Capex cost: The full costs of remediating the buildings in Te Ngākau are not known, but the MOB building alone would require \$84m in funding to remediate		

Priority Objective: An accelerating zero-carbon and waste-free transition
Budget Principle: Finish projects / programmes inflight, making every dollar work

6. Investment in climate change (Te Atakura) initiatives i.e. (Environment)	Option 1	Option 2 (preferred option)	Option 3	
	Fund all the Te Atakura initiatives i.e. <ul style="list-style-type: none"> Te Atakura insights and analysis WCC carbon reduction programme Climate change adaptation approach Transport climate action Seed funding programmes Climate action community engagement 	Medium investment in Te Atakura with savings A small reduction in the opex and capex funding of Te Atakura initiatives will impact the seed funding programmes by: <ul style="list-style-type: none"> electrifying the WCC fleet over 10yrs rather than 5 yrs Home Energy Saver goal is reduced from 50% of Wellington homes to 30% (currently 5% of homes have been assessed); and Business Energy Saver delayed to Y2. 	A low investment in Te Atakura Significantly reducing opex and capex funding (below) of the Te Atakura initiatives will mean a significant reduction in the scope of: <ul style="list-style-type: none"> Seed funding programmes (no new money for Home Energy Saver, no Business Energy Saver, no Climate Lab, reduction of \$6m over 10yrs); and A reduction in the work programme across all other Initiatives A lower level of funding will lead to half the planned Te Atakura emissions reductions, and threaten our ability to investigate new actions and adapt to the climate change impacts that are already locked in.	
	Opex cost: \$18.6m (original programme scope)	Opex cost: \$16.9m	Opex cost: \$7m	
Capex cost: \$8.4m (original programme scope)	Capex cost: \$6.3m	Capex cost: \$6.1m		
7. Waste minimisation - sludge (Environment)	Option 1	Option 2	Option 3	Option 4 (preferred option)
	No change in the current practice This is the least cost option that would mean dispose sewage sludge into the landfill. This is the current practice and is affordable. The key issues with current practice are that it: <ul style="list-style-type: none"> does not meet The Council's environmental objectives large volumes of sludge would continue to be moved (pumped) across the City in a vulnerable 8km pipeline; and the current practice would still need to be changed within a about decade. 	Invest in better technology at Southern Landfill This option involved investing in an improved infrastructure at the Southern landfill. For example, the installation a thermal dryer (estimated additional total expenditure around \$86-95m) and this would go some way to reducing the volume of sludge to be disposed. While this option reduces some of the sludge volume to landfill, there remains a significant residual (remaining) volume of sludge to be disposed of at the landfill. In addition, the of pumping sewage across the City would there continue. Overall, this option would result in incremental improvement and continue to expose the city to the vulnerability of the 8km pipeline.	Sludge minimisation Invest in the existing wastewater treatment plant site at Moa Point. For example building a digester (large tank system that reduces sludge volume, produces energy and treats the sludge so it is safe to dispose of) and a dryer on that site to further reduce volume and produce a product that could potentially be diverted from the landfill for beneficial re-use. This would remove the t sludge to the Southern landfill and would help enable the City to meet its environmental objectives. This would be a long term and strategic investment that would leapfrog short term options and better reflect our aspirations around carbon and waste reduction-. But this would be expensive, with total expenditure of around \$185-195m.	Sludge proceeds only if alternative non-Council funding is found The cost of the Sludge minimisation programme is current unaffordable for this LTP. This option proposes that the Sludge programme is: <ul style="list-style-type: none"> completed by a 'Special Purpose Vehicle' and delivered without Council ownership; and funding through the new Infrastructure Funding and Financing act. Risks: Should the alternative funding not be possible then there would be no funding allowance for this work in the LTP budget. This means that either the project could not proceed, or further prioritisation of Council spending would be necessary.
	Opex Cost: no change			
Capex Cost: no change	Capex Cost \$86-\$95m	Capex Cost: \$150m first 10 years and an additional \$35m for outyears		

Budget Principle: Making every dollar work

8. Reducing debt and increasing revenue	Option 1 (preferred option)	Option 2
	A proposed rates increase of 14% This option continues the debt funding of the WAIL dividend as in the 20/21 Annual Plan as part of our COVID-19 response plan. The dividend is treated as debt funded operating expenditure (opex) in the Annual Plan and LTP budgets and is planned to be paid off over 10 years.	Increase the proposed rates increase by 2%. Increasing the rate at which debt funded opex is payed off has a double benefit of decreasing debt and increasing revenue. Funding the reduction in debt means option of 16-17% rates increase in year 1. Creates headroom for further investment and our ability to respond to future shocks.