

ORDINARY MEETING

OF

CITY STRATEGY COMMITTEE

AGENDA

Time: 9:30 am
Date: Thursday, 9 November 2017
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

MEMBERSHIP

Mayor Lester
Councillor Calvert
Councillor Calvi-Freeman
Councillor Dawson
Councillor Day
Councillor Foster
Councillor Free
Councillor Gilberd
Councillor Lee
Councillor Marsh
Councillor Pannett (Chair)
Councillor Sparrow
Councillor Woolf
Councillor Young

NON-VOTING MEMBERS

Te Rūnanga o Toa Rangatira Incorporated
Port Nicholson Block Settlement Trust

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803-8334, emailing public.participation@wcc.govt.nz or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.

AREA OF FOCUS

The role of the City Strategy Committee is to set the broad vision and direction of the city, determine specific outcomes that need to be met to deliver on that vision, and set in place the strategies and policies, bylaws and regulations, and work programmes to achieve those goals.

In determining and shaping the strategies, policies, regulations, and work programme of the Council, the Committee takes a holistic approach to ensure there is strong alignment between the objectives and work programmes of the seven strategic areas of Council, including:

- Environment and Infrastructure – delivering quality infrastructure to support healthy and sustainable living, protecting biodiversity and transitioning to a low carbon city
- Economic Development – promoting the city, attracting talent, keeping the city lively and raising the city's overall prosperity
- Cultural Wellbeing – enabling the city's creative communities to thrive, and supporting the city's galleries and museums to entertain and educate residents and visitors
- Social and Recreation – providing facilities and recreation opportunities to all to support quality living and healthy lifestyles
- Urban Development – making the city an attractive place to live, work and play, protecting its heritage and accommodating for growth
- Transport – ensuring people and goods move efficiently to and through the city
- Governance and Finance – building trust and confidence in decision-making by keeping residents informed, involved in decision-making, and ensuring residents receive value for money services.

The City Strategy Committee also determines what role the Council should play to achieve its objectives including: Service delivery, Funder, Regulator, Facilitator, Advocate

The City Strategy Committee works closely with the Long-term and Annual Plan committee to achieve its objectives.

Quorum: 8 members

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1 Meeting Conduct

1.1 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.2 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.3 Confirmation of Minutes

The minutes of the meeting held on 1 November 2017 will be put to the City Strategy Committee for confirmation.

1.4 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of the City Strategy Committee.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor Matters relating to the General Business of the City Strategy Committee.

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the City Strategy Committee for further discussion.

2. Policy

SECURING PARAPETS AND FACADES ON UNREINFORCED MASONRY BUILDINGS

Purpose

1. To seek the Committee's authorisation for officers to take steps to assist building owners to secure unreinforced masonry (URM) to reduce the risk of injuries and fatalities in a Wellington earthquake.

Summary

2. The risk of a major earthquake in Wellington is currently three times greater than it was prior to the Hurler/Kaikoura earthquake on 14 November 2016. A significant aftershock is likely to result in injuries or fatalities from masonry falling into high traffic public areas of Wellington, this risk is heightened if the earthquake occurs during the day.
3. On 25 January 2017, the Government made an Order in Council, amending the Building Act, to address the increased risk to public safety from unreinforced masonry. The Government also announced a \$3 million funding package to assist building owners, of which \$2m was allocated to Wellington City. The Council allocated a further \$1 million by reprioritising \$300,000 from the 2016/17 Built Heritage Incentive Fund (BHIF) and allocating \$700,000 of the BHIF from 2017/18.
4. The Order in Council requires URM parapets and façades to be secured by 31 March 2018. This currently affects 96 buildings in Wellington City.
5. The Council has assembled a small team of staff to manage the URM programme; however it is increasingly evident that many building owners will be unable to meet the statutory timeframe and require further assistance to progress work. Some of the contributing factors include:
 - Approximately half of the building owners wish to undertake URM securing and structural strengthening at the same time. While this is consistent with the intent of the initiative, it affects the ability to meet the deadline.
 - 34 buildings have complex issues that need active management. These buildings are either;
 - Very large with significant impacts on neighbours and traffic;
 - Have complex ownership models;
 - Cannot secure finance or contractors;
 - Are candidates for demolition; or
 - A combination of these factors.
 - 27 building owners have commenced planning, but still require engineering assessments and planning to be completed.
 - 35 building owners are actively engaged, with advanced planning underway or have commenced or are about to commence physical work.
6. We propose to support building owners through a series of practical funding and management initiatives. These include:
 - A targeted rate linked to the property where owners cannot secure finance.

- Programme management, funded by the Council, to co-ordinate engineers and contractors on behalf of the owners on an open book basis. Engineer and contractor service remain the responsibility of the building owner.
- Working with the Ministry of Business, Innovation and Employment (MBIE), seeking and ensuring that the Order in Council has effect after 31st March 2018.

Recommendations

That the City Strategy Committee:

1. Notes that many building owners are struggling to progress URM work.
2. Authorises officers to undertake the following to assist owners to reduce the risk of injuries and fatalities:
 - a) Investigate a targeted rate to assist building owners to access funding to secure URM and seismic structural strengthening. Officers will report back to Councillors in December with a detailed proposal.
 - b) Provide programme management assistance by sourcing contractors, engineers and project management for building owners, on an open book basis. It is expected that this service will cost the Council around \$220k-\$240k.
 - c) Redirect a projected underspend of \$300k to fund programme management, with any unallocated funding (at this stage anticipated to be \$60-\$80k) being returned to the BHIF for the last funding round in April 2018, noting Committee's 5 October 2017 decision to redirect BHIF funding to URM and that the proposed approach will benefit owners of heritage buildings with URM issues.
3. Notes that officers are working with officials at the Ministry of Business, Innovation and Employment with a view to ensuring that the URM Order in Council still has effect after 31st March 2018.

Background

7. GNS has advised that the risk of a large earthquake affecting Wellington is three times greater than prior to the Kaikoura/Hurunui earthquake on 14 November 2016. The Government's Wellington Earthquake Initial Response Plan anticipates several hundred fatalities in a severe earthquake; many of these fatalities will be caused by unreinforced masonry falling from buildings.
8. The 22 February 2011 Christchurch earthquake struck the CBD in the middle of the day, resulting in 39 people being killed by falling URM. The Kaikoura/Hurunui earthquake occurred at night, meaning that the risk of injuries and fatalities was lower. On 25 January 2017, in response to the Kaikoura earthquake on 14 November 2016, the Government passed legislation and announced a funding package for mandatory strengthening of the street facing URM of buildings on key routes with high foot or vehicular traffic. It is important to note that the focus of this initiative is the safety of people in public spaces outside buildings, rather than the occupants of buildings.
9. The Order in Council states URM parapet and façade securing must be completed within 12 months of the building owner receiving the modified section 124 notice, this being 31st March 2017. It is unclear if the Council retains any powers after this date. Officers have raised this with MBIE officials to ensure this is not a risk.

Discussion

10. While there is a spectrum of capability among building owners, there are some common themes appearing that are causing general concern:

- The Order in Council allows building owners to undertake work on URMs without the need for a Building Consent, providing that the work is carried out or reviewed by a Chartered Professional Engineer. However, engineers are becoming increasingly risk averse and concerned about their liability, given that they are responsible for the final sign off. Some are seeking the protection of having a building consent. Officers are working with the engineering profession in an effort to mitigate the risk of this causing undue delay.
 - Approximately half of building owners wish to undertake URM securing and earthquake prone strengthening at the same time. While this is consistent with the intent of the initiative, it may affect the ability to meet the deadline.
 - The actual costs of the work are substantially greater than the \$25,000 total assistance available for each building. Many owners are having difficulty sourcing finance from banks to fund URM work, and in some cases seismic strengthening work.
 - There is a lack of engineering capacity in the city and this continues to delay progress across many of the impacted buildings.
 - In addition to technical engineering capacity there is strong indication that the overall contracting capacity in the city is already stretched or fully committed on other projects.
 - Many building owners are concerned that they will struggle to meet the deadline of 31 March 2018, with the prospect of enforcement action being taken against them.
11. On 5th October 2017 the Committee was presented with a proposal to reallocate an anticipated underspend of \$300k from the original Council allocation of \$1m. It was recommended that half this amount be used to support building owners, with the other half being redirected into the BHIF. Councillors recommend that the \$300,000 be returned to the BHIF pending Officer's advice. Officers now have a clearer picture of the needs of building owners, and consider that the best redeployment of this funding will be:
- \$220-\$240k on programme management. Many building owners are being caught by cost escalations and are uncertain about engaging of professional services and contractors. This was an issue during the recovery from the Christchurch earthquake, and the City responded by securing programme management services to co-ordinate work in areas such as New Regent Street. Through this arrangement, work can be prioritised, co-ordinated and aggregated to mitigate price escalation and other cost pressures. Officers propose rolling out a similar scheme in Wellington.
 - The balance of the funds to be redirected into the BHIF for the April 2018 round, noting the integration where possible of URM and EQP work will benefit heritage buildings and areas of high heritage value.
12. Officers also propose to investigate a targeted rate to support owners to access funding to secure URM and seismic structural strengthening. Officers propose to report back to Council in December on this initiative.

Next Actions

13. If the committee agrees, officers will put measures in place with immediate effect to implement the recommendations.

Attachments

Nil

Author	Jim Lewis, Policy Advisor
Authoriser	Mike Mendonca, Chief Resilience Officer David Chick, Chief City Planner

SUPPORTING INFORMATION

Engagement and Consultation

Officers are working closely with building owners and MBIE

Financial implications

Outlined in the paper

Policy and legislative implications

Outlined in the paper

Risks / legal

Risk of injuries and fatalities if building owners are unable to meet the statutorily imposed deadline

Climate Change impact and considerations

None at this point

Communications Plan

The URM programme has existing communications plan and will be updated following the Committee decisions

Health and Safety Impact considered

Risk of injuries and fatalities if building owners are unable to meet the statutorily imposed deadline