
REPORT 1

MAYOR'S INTRODUCTION TO THE 2014/15 ANNUAL PLAN

1. Purpose of report

This report outlines the key issues for consideration in finalising the 2014/15 Annual Plan.

2. Executive summary

After last year's local body elections, we committed ourselves to being an action-oriented Council that would respond to the issues facing Wellington City.

We set to work immediately, agreeing our future growth agenda through advancing the 'big 8 ideas' and adopting the 2014/15 Draft Annual Plan for consultation, before Christmas 2013, noting that business cases for some ideas are under development.

I am delighted that the responses we have received on the Draft Annual Plan during consultation have been largely positive. There is clear support for most of the changes we proposed, with many submitters referencing the links with our *Smart Capital* vision.

Through the submission process, a number of organisations and individuals requested that the Council invest in some key projects. We must remember that the budget resulting from the projects and programmes in the draft plan put us at the limit of our rates rise and very near our borrowing limit. In adopting the final plan, I do not want us to breach those limits and so any additional projects will need to be accommodated within our existing spending programme.

I am presenting a final set of projects and programmes for the 2014/15 financial year. Together, these maintain our services at the high level Wellingtonians expect, take action in priority areas and keep rates at an affordable level for our business and residential ratepayers.

It is my pleasure to recommend this 2014/15 Annual Plan for deliberation at this Committee and subsequent adoption by Council.

3. Recommendations

As Mayor, I recommend that the Committee:

1. *Receive the information.*
2. *Note that the Mayor recommends the projects, programmes and budgets contained in Report 4 (2014/15 Annual Plan Deliberations).*

4. Discussion

In our very first discussions on the annual plan, the Chief Executive and I agreed that this year's plan should not include contentious service level changes or significant increases in fees and charges. Rather, it should respond to those priority issues raised during the local body election period and stay within the limits of our Financial Strategy.

We should collectively be pleased that we achieved this goal when we agreed the draft plan at the end of last year. We should be doubly pleased that it has been so well received during the consultation period with most of the proposed changes receiving significant levels of support, both through submissions and the surveying that officers have undertaken.

A number of issues were raised during the consultation period and some new funding requests were received. This paper will discuss these and summarise officers advice and/or my views in response to each.

4.1 Key issues raised during consultation

4.1.1 Increased cycling investment

I am pleased to see that the proposed investment in cycling investment received very strong support with 86 percent of submitters who completed the Council submission form agreeing with the proposal. This was also reflected in the comments received from all submitters with 295 expressing favourable views. The survey results showed 55 percent were in support of the increased investment and 19.4 percent of respondents were 'neutral' about it.

I note the range of well-considered submissions that we received on this proposal, many from individuals stating that they want to cycle in our city but that they just do not feel it is safe to do so at the moment. Submissions identified a comprehensive range of benefits to individuals, businesses, motorists and the city as a whole as reasons why we must make this investment in cycling now. I believe this Council has a clear mandate to make the proposed step change in the provision of cycling infrastructure and so we need to commit to the increased level of funding contained in the draft plan.

4.1.2 Living Wage

It was gratifying to receive so many submissions congratulating us for already adopting a living wage rate for staff directly employed by Council. This has been implemented in stages since 1 January 2014, with staff receiving \$18.40 per hour from 1 July 2014 at a cost of \$750,000. This rate will also be extended to Council's Parking team when the service is brought in-house. I note that Council's remuneration practises provide for incremental increases in remuneration each year, which staff receiving this wage rate will also qualify for.

As previously agreed we have directed Council Controlled Organisations (through the statements of intent process) to consider how they would implement, within budget, a living wage rate for their staff. Officers are also undertaking work on the potential

to require payment of the living wage in council contracts. We will receive reports on both these streams of work during the Long-term Plan process, which will enable us to understand the legal and financial implications.

4.1.3 Lombard Lane

There were relatively low levels of support for the Lombard Lane work with high levels of neutral responses through the Council submission form and through the survey. People expressing views against the proposal said the budget was too high and the cost should be paid for by local commercial / property developers. Those in support believe it would be good for local retailers, improve the safety of the area and add vibrancy to the city centre.

I have been informed by officers that the resource consent application for the work has not yet been submitted but that it is expected to be lodged by 1 July this year. I do believe that improving our inner city laneways remains a priority.

4.1.4 Mountain Biking

There was also strong support for investment in the Makara Peak Mountain Bike Park. Many praised the Council and the park's volunteers for keeping the facility in such great condition. The Supporters Group acknowledged the proposal to increase investment in the park. In doing so they highlighted an issue with the capacity of those currently working at the park to manage the contract work associated with the increasing levels of investment. Officers have informed me that they are working with the group to look at different models to manage the work to be undertaken.

There were also a number of submissions strongly in support of initiatives to promote Wellington as a premier mountain biking destination. They said that the ready access to, and the nature of the track network across the city, was a key reason that they choose to live and work in Wellington. We should build on this opportunity and enthusiasm by asking Positively Wellington Tourism to play a more active role in advancing this area. I also recommend that related initiatives should be considered through the Regional Amenities programme. Promotional activity could include trails across the region (eg the Wainuiomata trails), as well as those in Wellington City.

4.1.5 Deferral of the artificial turf in Tawa

There was strong support for this deferral, both through the Council submission form (74.6 percent supported with 19.5 percent neutral) and the survey (71.7 percent supported with 17.8 percent neutral). Some submitters expressed disappointment with the deferral, including the Tawa Community Board. We need to acknowledge this and also recognise the work done during the development of the Wellington Regional Sportsfield Strategy. This work thoroughly considered the issues with provision across the region and determined that this investment was not necessary.

During the consultation period, officers worked with sport clubs in the area. As a result, Tawa Rugby Football Club has recently decided to construct an artificial sportsfield on the three tennis courts at Lyndhurst Park. This is expected to be constructed in the next two months. The upper field at Redwood Park in Tawa will be upgraded with a sand-based surface by Council during the 2014/15 year. This will significantly improve the drainage and performance of the field. It is my

understanding that key sports clubs in the area no longer have an issue with this deferral as a result of recent discussions.

4.1.6 Kilbirnie Suburban Centre upgrade (stage 2)

The proposal to cease this second stage of the upgrade was well-supported through both the Council survey and submission form. In response to some issues raised by the submitters wanting this project reinstated, officers have advised me that the original funding of \$555,000 in the long-term plan was a very initial estimate for the triangle outside Westpac only. It did not include funding for paving in Coutts St, which submitters seemed to be advocating for. Also, based on the recent work done in Miramar, this funding is not likely to be sufficient to complete the work outside Westpac as no survey of utilities or more detailed costing has been done. Also, I can clarify that the bus barn site is to be redeveloped but this is for bus related purposes not the mixed (mainly residential) development that was the stimulus for Council proposing this upgrade in the first place.

It is therefore my recommendation that this project is not reinstated in the budget.

4.2 Requests received during consultation

4.2.1 Blue Belt

I am pleased to see such strong support for the Blue Belt concept. Submitters highlighted the importance of the harbour and our coastline with the value it brings to the city. They also indicated their willingness to work with us in this area. These submitters were keen to see dedicated funding assigned to it in the Draft Annual Plan.

I am advised that officers are progressing a programme of work for consideration during the long-term plan process. A key aspect of this will be the implementation of the Water Sensitive Urban Design Policy. On 8 May there will be a report back to the Environment Committee on the policy, which will then go to Council for adoption. Following this, an implementation plan will be developed.

In addition to this I note the recent public artwork in Woodward Street about the Kumutoto Stream, developed by Kedron Parker and supported through the Council's Public Art Fund. This has raised awareness of our underground streams and stormwater systems in a creative way. Future variations on such work could form part of the Blue Belt programme in the future.

4.2.2 Requests relating to recreation facilities

We received some requests relating to recreational facilities including the:

- upgrade of the Makara Model School playground
- playground at Cheyne Walk
- construction of a covered outdoor skate park.

Council funding to upgrade the Makara Model School playground has been budgeted in 2016/17. The School has secured some of its own funding for the work and has requested that Council's funding is brought forward so that the upgrade can take place in 2014/15. Officers support this request and so do I.

I note that we have also received an e-petition in relation to the Cheyne Walk playground. In response, officers said that the playground is scheduled for renewal in the 2015/16 financial year. Further, they have advised that, while the playground is aged, it is safe and is inspected on a regular basis by our playgrounds safety officer. There will be opportunities for local young people to be involved in the lead up to the renewal work being done. Officers have already been in contact with the submitter to discuss next steps.

The request to fund and support the construction of a covered outdoor skate park included the suggestion that it could be located at Ian Galloway Park. Given our existing investment in recreational facilities, I do not believe that funding an additional covered skate park of this scale is a priority for Council at this time.

4.2.3 Proposals relating to new capital expenditure

I note that we received submissions requesting that Council commit funding to other new capital projects including the:

- redevelopment of the Museum of Wellington City & Sea
- Clyde Quay Boat Harbour Redevelopment
- development of the Ocean Exploration Centre.

I believe these projects have the potential to be worthwhile and would make a positive contribution to the City.

Officers have strongly recommended that Council should carefully consider the full business cases associated with each of these, as they become available, before we consider contributing further to the projects, including any contribution to resource consent costs.

I believe the Council should signal support for these concepts subject to the benefits being assessed as part of the business cases. So, dependant on the strength of the business cases, I would support funding for resource consent application costs being considered through the Council's Economic Development Fund.

4.3 Other issues for consideration

4.3.1 Regional Amenities Fund

This fund was established as a 'top-up' funding mechanism for entities that provide regional benefits, primarily in the arts, culture and environmental attractions and events sectors. Council has budgeted a total contribution of \$1,336,500 to this regional fund in 2014/15; an increase of \$727,300 on our contribution in 2013/14.

Porirua City Council, through its annual plan process, is looking to start contributing to the Fund. However, there are some indications that other councils are unlikely to increase their contribution. If Porirua does not decide to contribute and the other councils do not increase their contribution, then our investment in 2014/15 would represent almost 80% of the total fund.

Given this, and the strength of the proposals noted in 4.2.3 above, I recommend that Council reallocate the \$727,300 increase in funding to the Economic Development Fund. The funding should be allocated using criteria equivalent to that used for the Regional Amenities Fund, but within Wellington City's purview. This would enable our Council to ensure there is capacity to support the above projects further, dependant on the business cases we receive.

4.3.2 Fluoride

As with previous years, we received a number of submissions advocating for the removal of fluoride from Wellington's potable water supply. It is not Council's role to assess or debate the scientific rationale behind fluoridation. I believe we should continue to take our lead from the Ministry of Health in this regard.

4.3.3 Memorial Park maintenance

I am pleased that the National War Memorial Park is on schedule to open in April 2015 in conjunction with the WW1 Centenary Commemorations. As part of the Memorandum of Understanding between Council and the Ministry of Culture and Heritage, Council agreed to undertake the ongoing maintenance of the park.

I am advised that officers are still to finalise the service level agreement with the Ministry but have assessed the ongoing costs of maintaining the park to be \$300,000 per annum. This will ensure that we deliver the high level of service expected for the park. It also anticipates the costs of maintaining the memorials that will be installed in the park over time.

On officers' advice, I would like to recommend that additional funding of \$150,000 is included in the 2014/15 budget for maintenance of the park. This amount is necessary as officers believe that a large amount of remedial work to the park will be required following the official opening and other events associated with the WW1 Centenary Commemorations.

4.3.4 Central Business District (CBD) wi-fi

As signalled in early discussions on the annual plan, the budgeted funding for the CBD free wi-fi service (currently at \$216,000) comes to an end this financial year. Current usage is high and the service does contribute to our *Smart Capital* vision and brand. Officers have investigated options and on their advice I would like to propose that \$180,000 is included in the 2014/15 budget to continue this service with the expectation that the funding requirement will drop to \$70,000 in 2015/16, as a result of efforts by the provider to secure other income.

4.3.5 Performance measurement frameworks

I am pleased to see that we received submissions on some of our performance measures. I have already asked officers to give particular attention to reviewing these as part of the long-term plan process as I believe they could better reflect that outcomes and outputs we are looking for from our work.

Officers agree with some of the issues raised and are proposing some further changes to the measures now, in response to submissions, ahead of a fuller review ahead of the 2015-25 Long-term Plan.

5. Conclusion

I am proud to propose these projects and programmes be included in the 2014/15 Annual Plan and for subsequent adoption by the Council.

It is an action-oriented programme, which delivers on the commitments we made to our communities during the recent elections and, where appropriate, responds to issues raised during the consultation period.

Celia Wade-Brown
Mayor of Wellington City