
REPORT 5
(1215/52/IM)

2012-22 DRAFT LONG-TERM PLAN: KEY ISSUES FOR CONSIDERATION

1. Purpose of Report

The report seeks decisions on key issues for the 2012-22 draft Long Term Plan. Decisions are sought on the following matters:

Appendix 1:	Opex new initiatives: descriptions and recommendations
Appendix 2:	Savings options: descriptions and recommendations
Appendix 3a:	Capex programme: schedules A, B and C
Appendix 3b:	Capex programme: descriptions and recommendations for schedule A
Appendix 4:	Zealandia – Additional Funding Request
Appendix 5:	Statement of Proposal: Regional Amenities Fund
Appendix 6:	Destination Wellington
Appendix 7:	Waste Management
Appendix 8:	Housing Upgrade – Changed Work Programme
Appendix 9:	Chest Hospital – Funding for Earthquake Strengthening and External Refurbishment
Appendix 10:	Johnsonville Library
Appendix 11:	Wellington Regional Aquatic Centre Pool Extension
Appendix 12:	Councillor Initiatives
Appendix 13:	Draft Three Year Waterfront Development Plan
Appendix 14:	Road Encroachments Schedule of Rental Charges
Appendix 15:	Management Agreement for Belmont Reserve

2. Recommendations

It is recommended that Committee:

- 1. Receive the information.*
- 2. Agree that the new opex initiatives (outlined in appendix 1) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*
- 3. Agree that the savings options (outlined in appendix 2) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*

4. *Agree that the capital programme: schedules A and B (outlined in appendix 3a) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*
5. *Agree that the capital programme: schedule C (outlined in appendix 3a) be considered by the Financial Sustainability Working Party.*
6. *Agree the statement of proposal for a regional amenities fund (as outlined in appendix 5) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*
7. *Agree that the regional approach to waste management (as outlined in appendix 7) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*
8. *Note the information and community feedback on the Johnsonville Library proposal (as outlined in appendix 10).*
9. *Note the response to Councillor initiatives as outlined appendix 12.*
10. *Agree that the draft Waterfront Development Plan (outlined in appendix 13) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*
11. *Agree that the draft encroachment fee schedule (outlined in appendix 14) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*
12. *Agree that the management agreement for Belmont Reserve (as outlined in appendix 15) be included in the draft 2012-22 Long Term Plan statement of proposal for consideration by Council.*

3. Background

The 2012-22 draft Long Term Plan has been developed in an environment of constraint. Recent research and engagement programmes indicate that Wellington ratepayers are resistant to an increase in local authority rates.

This is at a time when the need to respond to weather tight building issues and the Christchurch earthquakes is creating significant financial pressures. In relation to weather tight buildings, Council costs in 2011/12 were more than \$2.2 million and are budgeted to be a further \$68.3 million over the first 8 years of this plan. Along with households and businesses, Council's insurance costs have risen significantly. Insurance costs in the 2012/13 budget are \$9.6 million, an increase of \$3.1 million on 2011/12. In addition to this, and as shown in schedule A of appendix 3a, Council will be making a significant investment in upgrading its key infrastructure to improve its resilience to earthquakes and other natural disasters. In order to respond to these urgent areas of

expenditure, while also restraining rate rises, the Council has had to, and will continue to, absorb many cost increases and make efficiencies across its activities.

Another constraint arises from Council's proposed Financial Strategy. This strategy aims to maintain the 'affordability' of our rates and borrowing. The draft plan and corresponding budget have been developed to meet the proposed targets and limits, except in terms of our borrowings in 2014/15 due to earthquake strengthening costs.

4. Prioritisation

In order to develop a plan within the parameters of the strategy, a process has been followed to both prioritise new initiatives and review existing activities to identify options to make financial savings.

This process has been informed by:

- Councillors feedback from the series of Long Term Plan workshops, including the exercise where Councillors identified areas for potential change in expenditure across Council's activities
- The four pillars of *Towards 2040: Smart Capital*, which will become our new Community Outcomes for this Long Term Plan
- Council's recent strategy work including the Digital, Arts & Culture and Economic Development Strategies, along with the Central City Framework
- Feedback through our engagement work and research with Wellingtonians to date, and
- Council's draft priorities

In addition to these, the following have also been taken into account where appropriate:

- Legislative or consent requirements that Council must legally meet
- Contractual or other obligations we have entered into
- Areas of strategic importance that are facing severe pressures, which Council can respond to
- Partnership or co-investment opportunities
- Health & safety considerations, both for the public and Council staff

In summary, the process to prioritise new initiatives and to find savings options has resulted in the following key outcomes:

1. A focus on increasing the resilience of Wellington's key infrastructure to natural disasters, particularly earthquakes.

Our engagement work tells us this is a significant issue for Wellingtonians and that they support Council's intention to make this a priority. The financial impact of the proposed programme of capital works is significant. The proposed capital programme, that highlights expenditure in the first three years of the proposed plan, is summarised in appendix 3b.

- 2. Removing new capital works projects from the current plan or deferring them to beyond the first three years of this plan.*

These projects are summarised in schedules B and C of appendix 3a to this report. It is proposed that the work of the Financial Sustainability Working Party will create capacity for some of those projects to be brought forward or reintroduced into the plan.

- 3. Additional investment in key strategic areas to move the city forward in line with Towards 2040: Smart Capital and our recent strategy work.*

These are highlighted in appendix 1 and schedule A of appendix 3a to this report.

- 4. Maintaining the level of investment in other areas of Council activities.*

In some cases, this has resulted in capital and operational budgets being maintained at current levels, rather than increasing in response to costs pressures, or as planned in the 2009-10 Long Term Council Community Plan. This has required some business units to absorb increased costs while maintaining their current level of service. In cases where it is proposed that there will be a change in the level of service, these are outlined in the appendix 2 of this report. Where unforeseen impacts on service levels are identified, these will be reported back to Councillors.

In some cases, the outcomes of this prioritisation process will result in the disestablishment of staff positions within Council. This may be due to reduced workloads, the internal reorganisation of business units or a shift to contracting out services. Where possible, this impact will be managed through the normal turn over of staff, although it is possible this may result in some redundancies.

Finally, as part of the process to develop this plan, Councillors were provided with an opportunity to submit new initiatives (both capital and operational projects) for inclusion in the plan. Those initiatives were assessed through the prioritisation process outlined above. The results of that process are summarised in appendix 12 to this report. This summary complements the more detailed schedule provided to Councillors ahead of the Long Term Plan workshop on 15 February 2012.

5. Capital Expenditure Programme

The table in appendix 3a identifies three categories of capital upgrade projects.

The schedule A consists of all the capital upgrade projects that are recommended for inclusion in the draft 2012-22 Long Term Plan, for consideration by Council. This list resulted from the prioritisation process outlined above. It enables Council to stay within the parameters of its draft Financial Strategy, except in terms of our borrowings limit in 2014/15, which is exceeded due to earthquake strengthening costs.

The second category consists of projects that were budgeted to take place in the first three years of the plan. However, to both accommodate the costs of

earthquake strengthening and other priority projects, and to stay within the parameters of our draft Financial Strategy, these projects have been deferred to beyond the first 3 years of this plan. Therefore, they are included in the budget for the year 2015/16 to 2012/22 of this plan. The Financial Sustainability Working Party will have the opportunity to consider the budget and timing of these projects as part of its work.

The third category includes projects of high importance that could not be accommodated within the parameters of our draft Financial Strategy. Therefore they are not included in the budget for this plan. The Financial Sustainability Working Party will also have the opportunity to consider the budget and timing of these projects as part of its work.

In addition to the above, Council has budgeted a significant amount of funding in this plan to renew existing assets. These budgets will also be available for review by the Financial Sustainability Working Party.

6. Other Key Issues

In addition to the above, there are a number of other key issues for discussion as part the 2012-22 Long Term Plan process. These are summarised in the attached appendices 13, 14 and 15 for consideration.

7. Conclusion

This report provides for consideration of the key issues that require a decision for the draft long-term plan.

Subject to the deliberations on all these key issues, a statement of proposal will be developed for consultation with the community during April and May.

Contact Officer: Martin Rodgers - *Senior Strategic Planner*

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

OPEX NEW INITIATIVES: DESCRIPTIONS AND RECOMMENDATIONS

Governance:

#	Item:	Financial impact over LTP	Recommendation
(i)	<p><i>Elections:</i></p> <p>We are proposing a mixed in-source and out-source approach to resourcing the election rather than running the election entirely in-house.</p> <p>Election processing will be outsourced with the Electoral Officer functions remaining in-house.</p>	<p>Additional opex will be required totalling \$668,025 over the next 10 years including \$127,500 in 2012/13, \$114,175 in 2013/14 with the balance over the subsequent elections during the LTP period.</p> <p>There will be savings of \$650,000 in capex, from not renewing the election system, over the 10 years with associated depreciation savings of \$75,000 per annum.</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>

Environment:

#	Item:	Financial impact over LTP	Recommendation
(ii)	<p><i>Climate change programme:</i></p> <p>We will develop strategic partnerships to deliver on Wellington's emissions reduction targets and continue investment in existing climate change initiatives. Our proposed work in this area over the next three years will include:</p> <p>a) Supporting <i>Warm Up New Zealand: Heat Smart</i> programme which supports improved home insulation and heating. This programme also attracts central government funding.</p> <p>b) Extending the existing <i>Home Energy Saver Programme</i> which provides for free energy assessments and the preparation of tailored action plans for Wellington households</p> <p>c) Carrying out further sea level rise risk assessments for developed parts of the city and establish a draft Climate Adaptation Strategy for managing these risks</p>	<p>a) \$50,000 per annum for the next 3 years</p> <p>b) \$50,000 per annum for the next 3 years</p> <p>c) \$100,000 per annum for the next 3 years</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>
(iii)	<p><i>Emergency Preparedness for three waters:</i></p> <p>Through systematic risk assessment, we will identify network weaknesses and plan appropriate remedial programmes.</p> <p>Such assessments include checking the current seismic strength of water reservoirs, pump stations, telemetry systems and critical pipeline fittings/fixtures.</p>	<p>\$465,000 in total over the next 10 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(iv)	<p><i>Dam Safety:</i></p> <p>As required for new legislation that comes into effect in July 2012, we will undertake regular safety inspections and valve strengthening on Karori Dam.</p>	<p>\$26,000 in 2013/14</p> <p>\$103,000 in 2014/15</p> <p>\$21,000 in 2017/18</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(v)	<p><i>Global Stormwater Consent:</i></p> <p>Under the stormwater discharge resource consents issued last year, we will undertake a programme of work to improve the quality of stormwater collected from the city's urban environment and discharged</p>	<p>\$352,000 per annum for the next 10 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

	<p>into the marine coastal waters and city streams.</p> <p>This programme includes the development of integrated catchment management plans, cultural and ecological impact assessments, investigation of key polluting sites (such as Davis Street and Houghton Bay) as well as public education campaigns.</p>		
(vi)	<p><i>Reducing Overflows of untreated wastewater into the Environment:</i></p> <p>As required by recent resource consents secured for the continuous operation of our Treatment Plants (over the next 20-25 years), we will undertake activities to reduce the amount and frequency of untreated wastewater overflows.</p> <p>The programme includes a pilot scheme to investigate and evaluate how private drains contribute to these overflows, the construction of a hydraulic model to more accurately identify sources of excess flows, repair private drains that contribute to the problem (until a policy is developed) and to complete the work on overflow containment standards.</p>	\$4.38m in total over the next 10 years	Agree this funding be included in the 2012-22 draft Long Term Plan.
(vii)	<p><i>Zealandia – additional funding request:</i></p> <p>Please refer to appendix 4 to this paper.</p>	\$500,000 in 2012/13	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.

Economic

#	Item:	Financial impact over LTP	Recommendation
(viii)	<p><i>Regional Amenities Fund (statement of proposal):</i></p> <p>Please refer to appendix 5 to this paper.</p>	<p>\$594,000 in 2012/13</p> <p>\$1.1m in 2013/14</p> <p>\$1.6m in 2014/15 and in each year until 22/23</p> <p>The funding is subject to other Councils in the region also contributing their share.</p>	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

(ix)	<p><i>Destination Wellington:</i></p> <p>Please refer to appendix 6 to this paper.</p>	<p>\$1m in 2012/13</p> <p>\$1.9m in the following 9 years of the plan</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>
(x)	<p><i>Long-Haul Airline Attraction:</i></p> <p>We wish to continue to support the attraction of a long haul carrier to Wellington in the near future.</p> <p>A feasibility study into the creation of a long haul attraction fund is in the early stages of development and the findings will inform the 2013/14 annual plan.</p>	<p>The feasibility study will be conducted within existing budgets</p>	<p>Agree the findings of the study will inform the 2013/14 Annual Plan and be further consulted on with the community at that time.</p>
(xi)	<p><i>Additional funding for Events:</i></p> <p>We are proposing to increase the Events Development fund to meet increased logistical costs such as road closures, consents and health & safety.</p>	<p>\$150,000 per annum</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>
(xii)	<p><i>FIFA Under 20 Mens World Championships 2015:</i></p> <p>We are proposing to bid for this event and host a range of games in the city.</p> <p>This event will raise Wellington's profile internationally and attract visitors to the city. The costs are associated with bid preparation and liaising with sporting codes and FIFA.</p>	<p>\$175,000 in 2012/13</p> <p>\$475,000 in 2013/14</p> <p>\$695,000 in 2014/15</p> <p>\$1.035m in 2015/16</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>
(xiii)	<p><i>The Hobbit Premiere:</i></p> <p>Wellington will host the world premiere of <i>The Hobbit</i> in late November 2012 by staging a parade, hosting guests and staging a festival.</p> <p>Wellington previously hosted the world premiere of <i>Lord of the Rings: Return of the King</i>. Over 100,000 people turned out to watch the preceding parade and the event generated significant overseas media interest.</p>	<p>\$1.1 m in 2012/13</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>
(xiv)	<p><i>Positively Wellington Tourism – Australia Marketing:</i></p> <p>We are proposing to extend our contribution to this marketing campaign but at a reduced level than in the last 3 years, which was \$1m per</p>	<p>\$500,000 per annum for the next 3 years</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the</p>

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

APPENDIX 1

annum. Visitor numbers from Australia have grown in recent years on the back of a successful marketing campaign. The funding is contingent on matching funding being secured from third party parties.	community.
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Cultural

#	Item:	Financial impact over LTP	Recommendation
(xv)	<i>Cultural Grants funding increase:</i> We are proposing to increase the Cultural Grants funding pool by \$150,000 per annum. This will allow us to respond to pressures on the pool, with the current amount granted to organisations and projects being 3.5 times less than the amount requested.	\$150,000 per annum	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xvi)	<i>Maintain current funding to the NZ International Arts Festival:</i> We are proposing to continue funding the Festival's trust at the level set for the last three years in recognition that the financial pressures it faces have continued.	\$200,000 per annum (to maintain total funding at \$950,000 per annum)	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xvii)	<i>Additional funding for Events:</i> We are proposing to increase the funding available for Community Events to meet increased logistical costs such road closures, consents and health & safety.	\$150,000 per annum	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xviii)	<i>Wellington Museums Trust - Address Capital E Accommodation Issues:</i> We are proposing that Council fund a feasibility study to investigate the accommodation issue for Capital E. Capital E has a long-standing accommodation issue, including the future of the Council-owned Civic Square building that has been its home since 1998. The Wellington Museums Trust has recently reviewed the Capital E concept and confirmed that it will continue to provide quality, entertaining, child-focused activities, including the Capital E National Theatre for Children, creative technology opportunities and the National	\$100,000 in 2012/13 This is the maximum amount available and will only be made available to the Wellington Museums Trust once Council has signed agreed to the terms of reference for the study.	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

	Arts Festival for Children.		
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Social & Recreation:

#	Item:	Financial impact over LTP	Recommendation
(xix)	<p><i>Contract funding through the Grant Pools:</i></p> <p>We're proposing that, from 2012/13, we will inflation adjust grants to organisations with three-year contracts funded through the Grant Pools.</p> <p>The demand on the Grant Pools has increased over the last few years, partly due to higher costs of delivering services but it also reflects a general tightness in the availability of other funds and inflationary pressures. Providing inflation adjusted three-year contract grants will help ensure service levels delivered by the organisations can be maintained. Inflationary pressures on annual grants (those that are not subject to three-year contracts) will be managed through prioritisation and allocation.</p> <p>Please note that the inflation adjustments will be applied on an annual and compounding basis.</p>	<p>\$69,695 in 2012/13</p> <p>\$141,062 in 2013/14</p> <p>\$214,142 in 2014/15</p> <p>(spread across the contract portion of the grant pools)</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>
(xx)	<p><i>Community Preparedness Grants:</i></p> <p>We are proposing that the separate Community Preparedness Grants pool fund cease and the Social and Recreation grants pool be increased by \$25,000 with additional criteria developed for the pool to support community/neighbourhood resilience projects.</p> <p>This grant pool was piloted in 2011/12 and was used to support local initiatives that promoted and enhanced neighbourliness, local community connectedness, and resilience. While there has been a good uptake of this grant, some of the applications could be considered under the existing Social and Recreation criteria and be assessed in that context.</p>	<p>\$25,000 per annum</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>

Urban Development:

#	Item:	Financial impact over LTP	Recommendation
(xxi)	<p><i>Earthquake Strengthening:</i></p> <p>We are proposing to bring forward work to strengthen the two key buildings – the Town Hall and the Municipal Office Building (MOB) on Wakefield Street.</p> <p>This funding is required to provide temporary accommodation for Council staff while MOB is strengthened.</p>	\$5.8m in total over the next 3 years	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xxii)	<p><i>Earthquake Strengthening- Assessments & Programme Management:</i></p> <p>We are proposing to undertake further detailed assessments of some of the city’s key earthquake prone assets.</p> <p>Funding is required to manage and coordinate the large volume of strengthening work being undertaken to position Wellington for the future.</p>	<p>\$2m in total over the next 3 years</p> <p>\$3.5m over the following 7 years</p>	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xxiii)	<p><i>Earthquake Interventions:</i></p> <p>We are wanting to develop and implement a strategy to help make the city safer and more resilient in a major earthquake event.</p> <p>To do this we need to better understand the variety of building structures in the City, investigate partnership models that facilitate building owners access to funding for strengthening work, consider how we can take a precinct approach to heritage related buildings and investigate potential new technologies for strengthening (in partnership with Government and other agencies).</p>	<p>\$550,000 in 2012/13</p> <p>\$350,000 in 2013/14 and in 2014/15</p> <p>\$100,000 in 2015/16 and in 2016/17</p>	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xxiv)	<p><i>Wellington - It’s Our Fault:</i></p> <p>We are proposing to continue our funding to the <i>Wellington: It’s Our Fault</i> project for one more year.</p> <p>This research project is designed to determine the likely impact of a major earthquake on the city and the will provide a better understanding on the region’s vulnerability to large earthquakes. The</p>	\$100,000 in 2012/13	Agree this funding will be included in the 2012-22 draft Long Term Plan.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

	project is led by government owned research company GNS Science, in collaboration with a number of public and private sector organisations.		
(xxv)	<p><i>Heritage Grants:</i></p> <p>We are proposing to continue funding our Heritage Grants pool.</p> <p>The focus of the fund will be on remedying earthquake prone related features or securing conservation plans / initial reports from engineers.</p>	\$329,000 per annum for the next 3 years	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.

SAVINGS OPTIONS: DESCRIPTIONS AND RECOMMENDATIONS

Governance:

#	Item:	Financial impact over LTP	Recommendation
(i)	<p><i>Our Wellington page:</i></p> <p>We are proposing to reduce the <i>Our Wellington</i> page from one and a half pages per week to one page per week.</p> <p>This will have a modest impact on our communications, which we will seek to supplement by making greater use of alternative communication tools such as our website.</p>	\$50,000 savings per annum	Agree this savings be included in the 2012-22 draft Long Term Plan.

Environment:

#	Item:	Financial impact over LTP	Recommendation
(ii)	<p><i>Lyll Bay Surf Club:</i></p> <p>The Club is not ready to draw down on our contribution to the construction of a new clubhouse. Therefore it is recommended that part of the funding be deferred until 2013/14.</p> <p>The Lyll Bay Surf Club is building a new clubhouse. In 2010/11 we agreed to provide funding support of \$350,000 over two years for the clubhouse and for the construction of toilets for public use within the new facility.</p>	<p>\$0 in 2012/13, which represents a reduction of \$175,000 on the 2009-19 LTCCP budget</p> <p>\$350,000 in 2013/14</p>	Agree this budget change be included in the 2012-22 draft Long Term Plan.
(iii)	<p><i>Patent Slip demolition deferral:</i></p> <p>We are proposing to continue deferring the demolition of the Patent Slip jetty for the next year.</p> <p>The jetty has limited use, is in poor condition and public access has been blocked off. Demolition of the structure will be subject to Resource Consent as the structure is listed in District Plan and the site is registered</p>	<p>\$0 in 2012/13, which represents a reduction of \$100,000 on the 2009-19 LTCCP budget</p> <p>\$100,000 in 2013/14</p>	Agree this budget change be included in the 2012-22 draft Long Term Plan.

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	as a category 2 historic place by NZ Historic Places Trust.		
(iv)	<p><i>Hazardous Trees</i></p> <p>We are proposing to maintain the hazardous tree removal programme at current levels for 2012/13.</p> <p>We believe the current programme sufficiently meets the city's needs for the next year.</p>	\$100,000 savings on the 2009-19 LTCCP budget	Agree this savings be included in the 2012-22 draft Long Term Plan.
(v)	<p><i>Biodiversity Action Plan</i></p> <p>We are planning to maintain funding for the Biodiversity Action Plan programme at current levels.</p> <p>The programme establishes key native eco-systems with operational 'pest management plans'. We had budgeted for an increase to take the number of key native eco-systems to 33 sites but have already established 33 sites within existing funding levels.</p>	\$36,693 savings per annum on the 2009-19 LTCCP budget	Agree this savings be included in the 2012-22 draft Long Term Plan.
(vi)	<p><i>Waste Management:</i></p> <p>We are proposing to establish a Council Controlled Trading Organisation jointly with Porirua City Council to manage our waste.</p> <p>Please refer to appendix 7 to this paper.</p>		Agree that the idea of establishing this Council Controlled Trading Organisation be included in the 2012-22 draft Long Term Plan for consultation with the community.
(vii)	<p><i>Rubbish bins:</i></p> <p>In 2012/13, we are proposing undertake a comprehensive review of the city's refuse bins. The review will look at the total number of bins and whether they can be reduced, their location and the type of bins used.</p> <p>As part of the review, we plan to trial the use of wheelie bin stations as a replacement for the 'eye-bins' currently installed in public places. These bins would be able to hold more rubbish, be easier to empty and reduce health& safety risks posed to staff.</p>	<p>\$500,000 in savings per annum have been budgeted from 2014/15</p> <p>\$200,000 new capex budgeted in 2012/13 for the trial</p> <p>\$800,000 new capex budgeted in 2013/14 for implementation</p>	Agree the findings of the review inform the 2013/14 Annual Plan and be further consulted on with the community at that time.
(viii)	<p><i>Waste Collection:</i></p> <p>In 2012/13 we are also proposing to review Council's waste collection services. The review will investigate:</p> <ul style="list-style-type: none"> Potential changes to the price of rubbish bags to recover costs of 		Agree the findings of the review inform the 2013/14 Annual Plan and be further consulted on with the community at that time.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

APPENDIX 2

	<p>providing the service</p> <ul style="list-style-type: none"> • Council's future role in the provision of the service. <p>The Council's yellow rubbish bag business is in slow decline. Sales have reduced over the last decade. The decline is due to kerbside recycling being more popular, which diverts more waste. Private operators have also made significant inroads into the rubbish collection market.</p>		
(ix)	<p><i>Regional water services:</i></p> <p>We have co-sponsored an assessment of regional management of water services.</p> <p>The assessment is being undertaken by PricewaterhouseCoopers and will assess the options and benefits of managing the water activities on a regional basis, with each of the Councils retaining ownership of their assets.</p>		<p>Agree the findings from the report inform future decision-making on a regional approach to water services</p>

Economic:

#	Item:	Financial impact over LTP	Recommendation
(x)	<p><i>Te Papa funding:</i></p> <p>We are proposing to reduce or stop funding Te Papa at this time so that we can direct those resources to other priority activities.</p> <p>Te Papa is an iconic and uniquely Wellington institution that is visited by 1.3 million visitors each year – with 350,000 of visitors from outside the city and just under 500,000 from overseas. We currently provide funding support to Te Papa of \$2.25 million per year (increased from \$2m in the 2009-19 LTCCP). It is our intention that this funding is used for exhibitions and events that attract visitors to Wellington during the shoulder tourism seasons.</p> <p>With the potential development of a 'Te Papa North' on Auckland's waterfront, the national museum will no longer be exclusively Wellington based. With Auckland being the primary gateway to New Zealand (with 72% of all international visitors) a Te Papa North has the potential to impact on international visitor numbers to Wellington and / or the length</p>	<p>Up to \$2.25m saving per annum</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>

	of time they stay here.		
(xi)	<i>Positively Wellington Tourism: Long Haul Fund</i> We will stop funding Positively Wellington Tourism to develop long-haul capabilities and wait for the detailed feasibility study to be completed before committing further funds.	\$200,000 savings per annum	Agree this savings be included in the 2012-22 draft Long Term Plan.
(xii)	<i>Sponsorship reduction:</i> We are proposing to cease our sponsorship of the following two events: a) The Gold Awards b) The SPADA Awards We will continue to celebrate Wellington's talented and creative workforce through sponsorship of other annual awards and scholarships including the Training Graduation Ceremony, World Class New Zealanders Awards, Don Trow Fellowship, Wellingtonian of the Year Awards (The Wellys), and the Sustainable Business Awards.	a) \$20,000 savings per annum b) \$16,000 savings per annum	Agree this savings be included in the 2012-22 draft Long Term Plan.

Cultural:

#	Item:	Financial impact over LTP	Recommendation
(xiii)	<i>Gateway Sculpture project:</i> We are proposing to no longer proceed with the Gateway Project. In the 2009-19 Long Term Council Community Plan, we stated that the proposed gateway sculpture <i>Te Matau a Maui – the Hook of Maui and Receding Waters</i> would be installed. This project could not proceed due to technical and funding issues that could not be resolved. Subsequently, the Wellington Sculpture Trust ran a process to select an alternative sculpture, which included a second open call for proposals. This process did not identify a proposal that would meet all the criteria for this project.	Wellington Sculpture Trust will return \$200,000 to Council that had been previously granted to it for this project.	Agree to no longer proceed with the Gateway Sculpture project and agree that the return of these funds be included in the 2012-22 draft Long Term Plan.
(xiv)	<i>Public Art Fund:</i> We are proposing to reduce the Public Art Fund permanently to	\$100,000 savings on the 2009-19 LTCCP budget	Agree this proposal be included in the 2012-22 draft Long Term

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

	<p>\$200,000 per annum.</p> <p>In the 2009-19 Long Term Council Community Plan, the Public Art Fund was reduced to \$200,000 per annum, from \$300,000, for three years as a budget savings. The <i>Smart Wellington</i> and new Arts and Culture Strategies identify goals that public art can directly contribute to, for example 'highlighting the relationship of mana whenua to the city' and 'reflecting the diverse communities based here'. Officers believe that such projects can be supported through the reduced funding level.</p>		Plan for consultation with the community.
(xv)	<p><i>Toi Pōneke</i></p> <p>We are proposing to undertake a review of this arts centre to see how it delivers on the new Arts & Culture Strategy and whether the current building is fit for purpose.</p> <p>The lease on the current buildings in Abel Smith Street is due for renewal in 2015. It is therefore timely to review the provision of this service.</p>		Agree the findings of the review inform the 2013/14 Annual Plan and be further consulted on with the community at that time.

Social & Recreation:

#	Item:	Financial impact over LTP	Recommendation
(xvi)	<p><i>City Safety Officer Programme:</i></p> <p>We are proposing to reduce funding for this programme subject to a review being completed.</p> <p>The Walkwise contract term is up in July 2012. We're proposing to undertake a comprehensive review of this service to determine how the service could improved to meet today's City Safety objectives.</p>	\$150,000 savings per annum (estimated)	Agree this savings be included in the 2012-22 draft Long Term Plan.
(xvii)	<p><i>Grants reductions:</i></p> <p>We are proposing to reduce the following grant pools:</p> <ul style="list-style-type: none"> a) Sports Development Grants b) Sporting and Cultural Representatives Grants c) Environmental Grants <p>We are making these recommendations having considered how well they are prescribed and whether applications could fit the criteria of</p>	<ul style="list-style-type: none"> a) \$50,000 savings per annum b) \$15,000 savings per annum c) \$40,000 savings per annum 	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.

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	other grant pools. Balancing this proposal is one to increase grant pools where demand for funds is high.		
(xviii)	<p><i>Spray at the Wellington Regional Aquatic Centre:</i></p> <p>We are proposing to reduce opening hours at the Spray facility at times of low use.</p> <p>It is proposed that the facility will open at 9.00am instead of 8.00am and close at 6.00pm instead of 8.00pm.</p>	\$26,000 savings per annum	Agree this savings be included in the 2012-22 draft Long Term Plan.
(xix)	<p><i>Reduced weekend hours at community pools:</i></p> <p>We are also proposing to reduce opening hours at the Tawa, Karori and Keith Spry pools at times of low use on weekends only.</p>	\$9,583 savings per annum	Agree this savings will be included in the 2012-22 draft Long Term Plan.
(xx)	<p><i>Wadestown Community Centre:</i></p> <p>We're exploring opportunities to deliver shared services from the Wadestown Library site and are proposing to sell the community centre.</p> <p>The Centre is currently occupied almost exclusively by a crèche, making multiple programmes difficult.</p>	<p>\$48,000 savings per annum in operational expenditure</p> <p>\$12,000 savings per annum in capital expenditure</p> <p>\$380,000 estimated proceeds from the sale of the property</p>	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xxi)	<p><i>Band Rotunda:</i></p> <p>We're proposing to close the community facility at the Band Rotunda and consider future options when the lease for the restaurant expires.</p> <p>This facility is poorly configured and poorly used as a community facility. We're proposing that no reconfiguration of the facility be undertaken in the near future as the building requires earthquake strengthening.</p>	Estimated \$12,500 savings per annum	Agree this savings be included in the 2012-22 draft Long Term Plan.

CAPEX PROGRAMME: SCHEDULE A DESCRIPTIONS AND RECOMMENDATIONS

Environment:

#	Item:	Financial impact over LTP	Recommendation
(i)	<p><i>Emergency Preparedness:</i></p> <p>We are proposing a programme of activities to improve the water network's resilience and our emergency preparedness.</p> <p>The programme involves a range of projects including, the installation of mobile water tanks at key locations and completing the installation of auto shut-off valves on reservoirs. These valves are triggered through the sudden loss of stored water following an earthquake. We will also continue to assess existing water reservoirs in terms of seismic strength and in order to inform our reservoir renewal priorities.</p>	<p>\$3.2m in over the next 3 years</p> <p>\$949,000 over the following 7 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(ii)	<p><i>Water reservoir - Prince of Wales Park:</i></p> <p>We are proposing to construct a new 35 million litre reservoir on the Prince of Wales Park.</p> <p>This will serve the Wellington Hospital's emergency needs, as the bulk water supply's storage terminal and to meet the needs of our growing inner city population.</p>	<p>\$8.7m over the next 3 years.</p> <p>This figure is nett of a \$4.5m contribution from the Greater Wellington Regional Council in 2013/14.</p> <p>Capital Coast District Health Board will also contribute to the cost of the reservoir.</p>	<p>Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.</p>
(iii)	<p><i>Park Structures:</i></p> <p>This project provides for the upgrade and renewal of infrastructure within parks & reserves including park furniture, fencing, signage, water features, road and car park areas.</p> <p>The largest project included here is the Prince of Wales Stream Bund (\$60,000 in 2012/13). This is stage 2 of a project to prevent flooding of the sportsfield and neighbouring residential properties at Prince of Wales Park with the creation of a stream bund.</p>	<p>\$215,000 in the first 3 years</p> <p>\$401,000 in the following 7 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>

(iv)	<p><i>Coastal upgrades:</i></p> <p>This project implements the South Coast Management Plan (2002). The project principally delivers on coastal protection between Owhiro Bay and Point Dorset, including managing vehicle access, coastal dune protection, and upgrades of visitor facilities.</p>	\$50,035 per annum	Agree this funding be included in the 2012-22 draft Long Term Plan.
(v)	<p><i>New standards for fire fighting:</i></p> <p>We are proposing to upgrade sectors and parts of the network to meet new standards for fire fighting.</p> <p>There are currently a number of areas in the network that do not meet the new fire fighting regulations/standards. These sectors are mainly in the older parts of the city that were supplied with water under older codes of practice including Queens Drive, The Esplanade (Houghton Bay), Cave Road (Houghton Bay), Durham St, Churchill Drive, Bendbrook Way, Glenside Road, Terawhiti Tce, Broomhill Road, Carey St and Ellerton Way.</p>	<p>\$2.1m over the next 3 years</p> <p>\$1.6m over the following 7 years</p>	Agree this funding be included in the 2012-22 draft Long Term Plan.

Economic

#	Item:	Financial impact over LTP	Recommendation
(vi)	<p><i>Positively Wellington Venues - Replacement venue for Town Hall:</i></p> <p>We propose to fund PWV to provide a replacement venue for the Town Hall while it is being earthquake strengthened.</p> <p>A lot of convention, cultural and community activity will be displaced from this venue during its strengthening. A minimum \$14.4m loss of revenue over 3 years would be incurred by Positively Wellington Venues if they could not provide a fit-for-purpose replacement venue. A number of options have been identified with a preferred one now being finalised.</p>	\$2m in 2012/13	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.

Cultural:

#	Item:	Financial impact over LTP	Recommendation
(vii)	<i>Art installation:</i>	\$40,000 in 2012/13	Agree this funding be included in the 2012-22 draft Long Term

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	<p>We are budgeting to install two permanent public art works in 2012/13.</p> <p>This funding ensures permanent public artworks, owned by Council, are installed safely and to a high standard. The two works to be installed in 2012/13 are The Katherine Mansfield sculpture (commissioned by the Wellington Sculpture Trust) and the Mote Park sculpture, which was gifted to Council in 2011 and removed from its original site on The Terrace.</p>	<p>\$25,000 per annum from 2013/14</p>	<p>Plan.</p>
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Social & Recreation:

#	Item:	Financial impact over LTP	Recommendation
(viii)	<p><i>Swimming pools- Keith Spry:</i></p> <p>a) We need to replace the roof at Keith Spry Pool. Assessment of the roof, as part of the upgrade of the pool, identified that it is in poor condition.</p> <p>b) We are constructing new teaching and leisure pool space in this facility</p>	<p>a) \$943,000 in 2012/13</p> <p>b) \$1.7m in 2012/13</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(ix)	<p><i>Burials & Cremations:</i></p> <p>We need to undertake essential work at the Karori and Makara cemeteries to provide services for the interment of the deceased.</p> <p>Priority work includes headstone beams and ash gardens to respond to demand and extend revenue generation.</p>	<p>\$400,000 in the first 3 years</p> <p>\$912,000 over the following 7 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(x)	<p><i>Housing Upgrade – Changed Work Programme:</i></p> <p>Please refer to appendix 8 to this paper.</p> <p>The Newtown Flats upgrade will now cost a total of \$49.55m in response to health and safety issues within the complex. This is \$5.82m more than the original programme allowed.</p>	<p>\$5.82m shortfall to be funded through use of City Housing’s ring-fenced surplus</p>	<p>Agree this financial impact be included in the 2012-22 draft Long Term Plan.</p>

Transport:

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

#	Item:	Financial impact over LTP	Recommendation
(xi)	<p><i>Tunnels and Bridges Improvements:</i></p> <p>We are strengthening or rebuilding tunnels and bridges throughout the city.</p> <p>Many of these structures are old, with a few over 100 years old. Some are designed to lower standards than applied today. Therefore, they require either strengthening or rebuilding to comply with the current building code, to withstand earthquakes and increased traffic loadings.</p>	<p>\$3.1m over the next 3 years</p> <p>\$7.9m over the following 7 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(xii)	<p><i>Minor Safety Projects:</i></p> <p>We want to address black spot crash locations and undertake minor safety projects to reduce crashes at a variety of sites throughout Wellington.</p> <p>The Minor safety work programme is aligned to NZTA Safer Journey 2010-2020 criteria that address accident black spots where fatal and serious crashes have occurred. It involves a number of smaller projects, most of which are low cost, but have high benefit for the community.</p>	<p>\$2m over the next 3 years</p> <p>\$5.3m over the following 7 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(xiii)	<p><i>Safety Street Lighting:</i></p> <p>We are planning to undertake improvements to street lighting.</p> <p>This work will be undertaken where existing lighting does not comply with the standard "AS/NZS 1158 - Lighting for Roads and Public Spaces". Also, we are upgrading lighting in public walkways. Council has assessed the compliance of lighting with the standards. We will undertake a programme to replace lighting in high usage walkways with LED luminaires, to provide white light for users and minimise operational costs. We will prioritise high volume pathways and those that lead to public transport stops (e.g. bus stops and trains stations).</p>	<p>\$190,000 in 2014/15</p> <p>\$1.3m over the following 7 years</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>
(xiv)	<p><i>Traffic Signals – Give Way rule:</i></p> <p>The new Give Way Rule, which comes into effect on 25 March 2012, requires modifications to the signal settings and phasings at traffic light controlled intersections.</p>	<p>\$250,000 in 2012/13</p>	<p>Agree this funding be included in the 2012-22 draft Long Term Plan.</p>

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APPENDIX 3B

	These changes are necessary to ensure that traffic congestion and vehicle queuing for left and right turning traffic are properly managed and mitigated on the transport network. Council will be making some changes prior to 25 March to minimise and mitigate potential high risk locations but will roll-out further changes over a period of 12 months.		
(xv)	<p><i>Fences & Guardrails:</i></p> <p>Additional funding is required to build 900 metres of hand rails, 600 metres of which is in the Southern Area and 300 metres in the Northern CBD area. This is required for health and safety reasons where there is a drop of more than 1 metre.</p>	\$100,000 per annum	Agree this funding be included in the 2012-22 draft Long Term Plan.

Urban Development:

#	Item:	Financial impact over LTP	Recommendation
(xvi)	<p><i>Earthquake Risk Mitigation:</i></p> <p>We plan to earthquake strengthen Council's portfolio of properties.</p> <p>This programme of activity is both, to meet legislative requirements, and ensure the safety of structures for users and the general public. Key buildings to be strengthened in the first three years include The Town Hall and the Council office buildings on Wakefield Street.</p>	<p>\$32.9m over the next 3 years</p> <p>\$11.6m over the following 7 years</p>	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xvii)	<p><i>Suburban centres revitalisation - Miramar:</i></p> <p>We plan to improve public space in Miramar making it more appealing as retail and business centre.</p> <p>Miramar has been identified as an area of growth and the centre has been the subject of extensive review. This has resulted in a plan for works designed to stimulate and complement private investment.</p>	\$900,000 in 2012/13	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.
(xviii)	<p><i>Central City Framework and Parks:</i></p> <p>We are planning to deliver priority projects within the Central City Framework, adopted by Council in December 2011.</p> <p>In prioritising projects we considered; our existing commitments, where we could leverage or align the timing of projects with investments by others, where we could secure public space or other benefits from</p>	<p>\$5.2m over the next 3 years</p> <p>\$8.5m over the following 7 years</p>	Agree this proposal be included in the 2012-22 draft Long Term Plan for consultation with the community.

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APPENDIX 3B

<p>private sector proposals and, where we could align work with safety or renewal work being undertaken.</p> <p>The priority projects we propose to undertake are:</p> <p>a) Parliamentary precinct: Public space enhancements and improved connections timed to align with the National Library reopening and ahead of 150 year commemoration of capital city (2012/13).</p> <p>b) Laneways: Opera House Lane and Eva St. timed to coincide with the redevelopment of an adjacent building (2012/13).</p> <p>d) Memorial Park: Co-investment with central government and other parties including the Australian Government (2013/14).</p> <p>c) Victoria Precinct: Public space enhancements and connections from Dixon St. to Ghuznee St. Timed to take advantage of a unique opportunity to leverage off private developments in the area (2014/15 & 2015/16).</p>		
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APPENDIX 4

APPENDIX 4

ZEALANDIA – ADDITIONAL FUNDING REQUEST

The Karori Sanctuary Trust Board has requested funding support from Council to maintain the operations of Zealandia. The request is for an operational grant from Council of \$950k per annum for three years from 2012/13. The Trust has indicated that without funding support from the Council, Zealandia's cash reserves will be depleted early in 2012/13 and the Trust would face going concern issues. Council has formed a Working Group to review the funding request and any options that may be available to Council.

The Working Group reported its progress to SPC on 23 February and indicated that at this stage it appeared that all options to maintain the operations of Zealandia would require some degree of operational funding. The Working Party has identified a number of options that are in the process of being assessed and at this point the Working Group is not in a position to quantify the extent of funding that might be required. It has advised SPC that \$500,000 should be included in the draft Long Term Plan as a new initiative.

APPENDIX 4

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

STATEMENT OF PROPOSAL: REGIONAL AMENITIES FUND

Local authorities in the Wellington region, including [Wellington City] Council, propose the establishment of a Regional Amenities Fund (the Fund). The Fund is intended as a 'top up' funding mechanism for entities that provide regional benefits primarily in the arts, culture and environmental attractions and events sectors. Individual Councils would continue with their existing investments into local amenities.

Why a Fund?

As entities struggle to maintain talent and their current levels of service as a consequence of ongoing funding pressures, the councils in the Wellington region have begun looking at options for the funding of Wellington's regional amenities.

In addition, entities in the Wellington region are experiencing the pull and greater investment power of Auckland and councils have sought to use the collective resources of the region to maintain and develop entities that enhance the region's unique points of difference and quality of life.

Through this activity the Fund ensures that regionally significant entities can be developed or sustained in the Wellington region to contribute to the region's quality of life; attractiveness to residents and visitors; and economy.

Survey of Residents

The councils in the Wellington region commissioned Colmar Brunton to survey 2000 residents across the Wellington region in March 2011 about their willingness to pay for regional amenities. They also asked what amenities the residents believed should receive region-wide support.

The Colmar Brunton survey found that a majority of the region's residents - 76% - were willing to pay between \$25 and \$50 per year to support regional amenities, across all income brackets. The survey also found that residents backed region wide support for a wide range of amenities including Te Papa, the Wellington Zoo and Kapiti Island. Resident's support was not strongly related to levels of direct use.

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A copy of the full March 2011 report can be found at

www.wellington.govt.nz/aboutwgtn/mayorforum/amenities/pdfs/amenities.pdf.

The Proposed Fund

1. Top up fund

There is a long history in the Wellington region of funding a wide range of amenities based on longstanding relationships between councils and the amenities. Rather than undoing this it was seen as less complicated and more efficient to retain the current funding system and establish a new regional amenities fund that could supplement the current funding arrangements.

2. Regional or local rate

A regional funding mechanism, agreed through each council's Long Term Plan (LTP) has been proposed. Once established, it is proposed that the Wellington Regional Amenities Funding Agreement be reviewed on a three yearly basis as part of the review and development of each councils' LTP.

For each council's share of the Fund, the council would determine how to fund it. This includes how to apportion the rate in their area between residential, rural and commercial.

3. Amount of the fund

We met with a number of amenities to establish the size of the funding problem they are experiencing, and to understand the impact of changes in sponsorship on them as a consequence of the economic recession. We also considered the potential implications of Creative New Zealand's move to a national/regional tiered funding structure, which has seen a change in the amount of funding available for Wellington's regional amenities.

A Fund beginning at \$2 million, capped at \$3 million, was chosen to respond to the financial needs of regional amenities, while considering issues of affordability for our residents. This translates to an average increase per rateable property of \$16, rising to a maximum average of \$24 in year five of the scheme. This figure aligns with the results of the Colmar Brunton survey, which found that 57% of respondents were willing to pay \$25 or higher per year for regional amenities.

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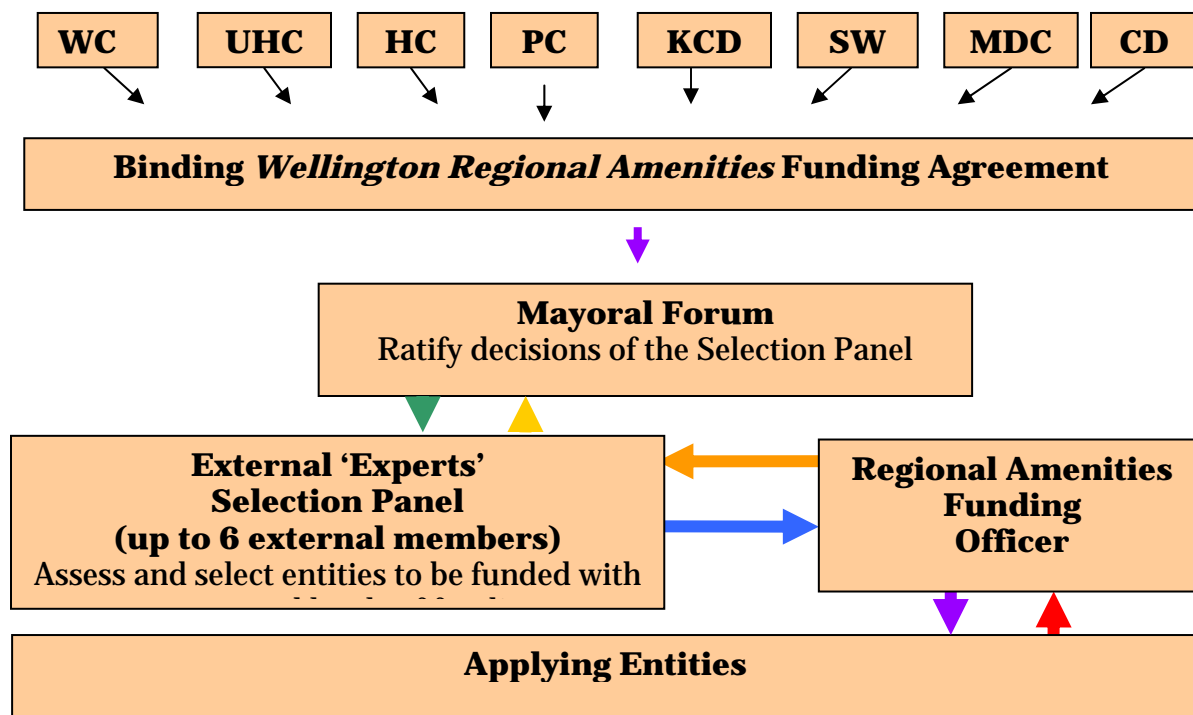
4. Apportioning the cost

The development of a dynamic fund that grows incrementally each year was chosen because it will allow the councils to work together as a region, building the Fund slowly over time to extend support to a larger number of entities or projects each year as the Fund develops.

We looked at different funding options and have chosen a mechanism which builds in a distance differential, notwithstanding the importance of other benefits from amenities such as the contribution to regional employment and increased regional attractiveness and liveability. The distance differential recognises that currently most regional amenities are located in Wellington City which is a benefit to the city, and that services provided by the amenities may not be shared evenly given the distance between them and the outlying council areas.

It is proposed that the Fund would start at \$2m in 2013/14 (with a \$1 million levy in the 2012/13 establishment year) and grow by \$250,000 each year to a cap of \$3 million in 2017/18.

5. Governance



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It is proposed that an independent Selection Panel of six external experts, with the members and Chair appointed by the Mayoral Forum, would select appropriate entities or projects for regional support. The Selection Panel would be required to make the best funding decisions for the region, rather than as representatives of specific cities or districts or entities seeking funding.

The Selection Panel would work with a Wellington Regional Amenities Funding Officer based in Wellington City Council working on behalf of participating territorial authorities. They would assess funding applications, select appropriate entities and decide on the level of funding to be provided to successful amenities. The Selection Panel's decisions would be ratified by the Mayoral Forum, which would need to be formalised as a Joint Committee by resolution of each participating council.

6. Selection criteria

To be eligible for support, entities will:

- be recognised as an arts, culture and environmental attraction and/or event which provides a regionally significant facility or service that contributes to the wellbeing and attractiveness of the Wellington region as a place to live and visit
- demonstrate the regional benefit of their project, service or facility to residents and visitors to the Wellington region
- provide facilities or services not otherwise generally available
- be financially and administratively well managed with good governance and an excellent track record
- have structures to ensure all regional funding provided to the entity is used for facilities or services provided to Wellington region residents and visitors
- have audited financial accounts covering the previous 5 years
- meet the stated funding outcomes and priorities of the regions councils

In addition, amenities would be assessed on:

- their level of innovation
- their level of need (entities would need to clearly demonstrate a need for public funding and provide information on other funding bodies they are applying to)

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- the extent to which the amenity delivers benefits (economic, environmental, cultural and social) to the region
- the reach of the amenity to the regional audience
- its ability to provide positive publicity and marketing for the region.

The region would develop and provide a clear list of regional priorities as part of the LTP process. Priorities would be reviewed every three years alongside the LTP. The Selection Panel would select entities and projects against these priorities so there is a clear link between the activity funded and the strategic goals of the region.

Funding will be available for projects focused on arts and culture as well as environmental attractions and events. Both sectors are essential to the region's quality of life and economy, and funding needs in both sectors are high.

7. Financial Implications

The development of a Fund using a differential considering distance would require an additional [\$594,000 in funding from Wellington City] Council in the set up year (2012/13).

In the first full year of operation of the Fund (2013/14) [Wellington City Council's dollar share of the fund would be \$1,188,000] for a \$2 million regional fund, with [Wellington City] Council providing 59.4% of the fund.

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DESTINATION WELLINGTON

Wellington City Council's Economic Development Strategy aims to "attract, retain and grow investment, business and talent, to create jobs, and to support economic growth in Wellington City". Key targets within the strategy include:

- creating a net 10,000 new jobs across the economy by 2015: 50% in smart, knowledge-intensive businesses
- increasing the number of new projects involving foreign direct investment in Wellington firms from the current base of 25 to 50 by 2021, and
- increasing exports by \$0.5 billion by 2021 (an average annual growth rate of 3.25%).

It is internationally recognised that high quality foreign direct investment and proactive talent attraction activities are vital activities to achieve these goals. However both the Wellington Regional Strategy Review and the Council's own Economic Development Strategy explicitly identify talent and investment attraction and retention activities as gaps in Wellington's economic development efforts.

Wellington's record of attracting talent is mid-ranged compared to other cities and regions in New Zealand. The gap between Wellington and the rest of the country in terms of the share of jobs in knowledge-intensive industries has also narrowed over time. The available investment data is patchy, but the evidence suggests that although Wellington is a key location for New Zealand FDI, it remains well behind Auckland on a per capita basis.

Wellington now risks being left behind other cities that are re-focusing their approach toward talent and investment attraction activities. Auckland, in particular, has already invested in upgrading its talent and investment attraction activities and has allocated significant resources to support this activity.

Proposed Destination Wellington Activity

A number of talent and investment-related activities are already being undertaken at the national and local level. Leveraging and better coordinating these existing activities will be critical, but our analysis has also identified some significant new opportunities for the Council:

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- There is a particular gap in the promotion of the economic opportunities (the value proposition) the city provides.
- Stakeholders have identified specific opportunities for the Council to partner with the private sector to promote Wellington's economic opportunities.

National organisations are revamping the way that they work with investors, businesses and talent. NZTE, KEA and Immigration New Zealand have expressed a desire to develop a clearer understanding with the Council about respective roles, and this presents an opportunity for the Council to proactively shape these partnerships.

The research has identified a set of investment and talent activities that is consistent with international best practice and are critical to the attracting the talent and investment required for the future economic growth of the city. It is recommended that these are delivered by a specialist delivery agency rather than in-house.

Activity review link: Wellington Toward 2040: Smart Capital; Economic Development Strategy; Digital Strategy, Arts and Culture Strategy

Project costs

Outline project costs per year										
Project Component	Operating expenses									
	\$000									
	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22
<i>Staffing</i>			5							
<i>Running Costs</i>	1M	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Total	1M	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

As this is a new activity, which will not be confirmed until Council adopts its 2012/13 LTP in late June 2012, officers recommend phasing in funding during year one, reaching full funding by 2013/14.

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It is proposed that this activity is funded by the downtown levy (50%) and commercial targeted rate (50%). The primary beneficiaries of the activity are likely to be the commercial sector in the downtown area, however it is expected that other commercial sectors outside of the downtown area will also benefit directly. This activity is new and so not currently reflected in the Funding Impact Statement (FIS) – rating mechanism. Subject to decisions by Councillors in relation to this report, the FIS – rating mechanisms will be updated and presented to Council on 28 March 2012.

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APPENDIX 7

WASTE MANAGEMENT

During 2011 all eight local authorities in the Wellington Region agreed to adopt a consistent and, where possible, a joint approach towards managing waste. This regional collaborative approach is now described in the Wellington Region Solid Waste Minimisation and Management Plan (SWMMP). The Plan can be downloaded from the Council's website.

The Wellington Region is different from other major metropolitan areas in New Zealand as our landfills are fully owned and operated by Councils. This fact provides local Councils with a significant ability to influence and minimise waste streams.

The Wellington and Porirua City Councils have long recognised the merits of working together in some key infrastructure areas. For example, the Councils jointly own the Spicer Landfill and the Titahi Bay Wastewater Treatment Plant. This joint ownership is in recognition that, although the Councils are two different Territorial Authorities, they nevertheless share geographic, policy and operational similarities. Close to half the waste that enters the Spicer Landfill originates in Wellington City and just under half of the waste water that is treated at the Titahi Bay Treatment Plant flows from the Wellington sewerage network.

Consistent with the agreed Regional Plan the two Councils believe that there are aspects of waste management that could be better delivered if the Councils joined forces. In order to enable such operational cooperation a business vehicle is required. The Councils are exploring opportunities through the establishment of a Council Controlled Trading Organisation (CCTO) to manage the two landfills (the Spicer and the Southern Landfill in Owhiro Bay), rubbish and recycling collection and other waste related services on behalf of both Councils.

Such an approach is expected to deliver operational efficiencies of more than \$1m annually, with the potential for greater financial benefits in future years as the waste streams are managed together. The pursuit of financial performance improvements will enable the two Council's to continue to invest in further waste minimisation efforts (such as the current recycling collections which are provided free to

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the community) without having to burden the ratepayer. The strategic formulation of policy and waste related enforcement responsibilities will remain with the Councils with the proposed CCTO being the implementation agent.

It is important to emphasise that waste flows into landfills will reduce over time. As waste flows reduce it will become more challenging to fund waste minimisation programmes through revenue generated from waste management activities and therefore it is important to work together and jointly manage resources through a single entity that is dedicated to the balanced pursuit of cost effective waste management and waste minimisation goals. Further, the CCTO will be tasked with harmonising the management of waste related assets and services across both Cities. The proposed CCTO would have a Board of Directors appointed and monitored by the elected Councils. The ownership of the landfills would transfer to the CCTO with the two elected Councils specifying the business and environmental objectives for the CCTO.

In future years it might be possible for the CCTO to be tasked with providing more and different services, but at this stage the Councils are seeking your feedback on a proposal to incorporate landfills, rubbish and recycling collection into a CCTO, with a view to delivering operational and revenue efficiencies and to harmonising services across the districts consistent with the objectives of the regional waste and minimisation plan.

Community feedback received through the long term plan process will guide any decisions on whether the Council's will progress this proposal. If the Councils agree in principle to establish a CCTO, a full proposal will be developed and further consultation with the community will follow, as required by the Local Government Act 2002.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

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HOUSING UPGRADE – CHANGED WORK PROGRAMME

The Housing Upgrade Programme is now into the fourth year of its planned 20-year life cycle. The Programme is funded jointly by the Crown (\$220m over a 10 year period) and Council (\$180m to be invested when the Crown funding ends). The programme is designed to deliver safe, secure social housing at a good standard for modern living.

The work being undertaken across the upgrade project is providing long term financial and social benefits. Seismic strengthening, asbestos removal and improvement to the living environment will mean lower renewals costs and significant better living conditions for tenants and associated social gains. In properties already complete, families report spending less time in hospital with children's respiratory problems, and lower living costs particularly on electricity consumption. Social isolation is being reduced and the development of community pride increases resilience and community spirit.

The Newtown Park Flats upgrade was scheduled early in the programme because of the significant seismic strengthening issues within the complex and the generally poor amenity. The upgrade is nearly half-way through its two-year duration. The project involves six buildings and is in two phases.

The budget for the complex was set at \$43.73m. The construction component was agreed as a fixed price contract of \$29.9m with a construction contingency of \$3m. The other budget components are consultants, other fees and GST.

The project has encountered significant construction and programming challenges. Unforeseen issues encountered in services and structure, changes required to architectural details, and the discovery of significantly more asbestos than early tests forecast have added additional cost and time to the project. There is insufficient contingency within the project to bring the buildings up to current Building Code and meet programme objectives.

The following table shows the movement between the current budget and the forecast cost to complete the project. The estimate of cost to completion is based on unforeseen construction issues encountered

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in the two buildings of phase one. These have been extrapolated out to the three buildings about to start in phase two.

Newtown Park Apartments Project Budget

	2011 (\$m)	2012 (\$m)	Variance (\$m)
Construction Contract	\$ 29.90	\$ 29.90	
Construction Contingency	\$ 3.00	\$ 4.50	\$ 1.50
Unforeseen Additional Works & EOT		\$ 2.98	\$ 2.98
Consultant and Other Fees	\$ 5.13	\$ 5.71	\$ 0.58
Subtotal	\$ 38.03	\$ 43.09	\$ 5.06
GST	\$ 5.70	\$ 6.46	
Total Project Budget including GST	\$ 43.73	\$ 49.55	\$ 5.82

In order to carry out the required scope of works to completion an additional \$5.82m is required. Funding the short term cashflow impact can be accommodated within the ring-fenced City Housing cash surplus of \$13m at 30 June 2013. However this will impact on the Council's overall debt profile.

In the medium to long term the upgrade project can be re-programmed to help offset the additional cost. The existing programme allows for the first tranche of work to cease at year-eight to further build the cash surplus. The second tranche of work is currently planned to start in year 14 and finish at year 20. It is proposed the timing of the second tranche of work is reviewed to enable the work to be completed over a slightly longer period from forecast cash surpluses.

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CHEST HOSPITAL - FUNDING FOR EARTHQUAKE STRENGTHENING AND EXTERNAL REFURBISHMENT.

Introduction

As a result of various issues the SPCA has not been in a position to take over the management and occupancy of the site to date. However, recent indications are that the organisation's financial position has improved and the refurbishment project has been scaled down resulting in significant cost reductions – this means that the SPCA is looking to progress with the project and commence leasing the site (albeit we have had no confirmation of timing).

Additional opex is required whether SPCA occupies the site or not. Under the recommended option Council is required to fulfill its obligations under the Agreement to Lease at a cost of \$320,000 opex and \$879,365 capex over the LTP period.

In the event the SPCA does not demonstrate tangible progress by 30 June 2013, Officers recommend the agreement to lease is terminated. Tangible progress is to include:

- providing Council with evidence of funding (raised and pledged), and
- demonstrating a sustainable business model.

In the event that the site remains unoccupied additional opex funding of \$120,000 would be required over the LTP period.

Programme of work and costs to meet obligations under the Agreement to Lease

The building requires additional earthquake strengthening and some maintenance work. The proposed programme of work is based on the assumption that the Council will be required to meet the original terms of the Agreement to Lease.

The following costs have been identified:

Capital costs 10 years

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	Total
Total Capex	360,778	335,790	44,097		18,700		80,000	40,000		879,365

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Operational costs 10 years

Currently Budgeted	Unoccupied	SPCA	Difference
Current Rates Impact	610,000		
Add: depreciation and interest costs (based on proposed capex)	-	760,000	
Add: operating costs (scheduled maintenance)	120,000	205,000	Different level of service required for tenanted site.
Less rent	-	-500,000	
Proposed rates impact	730,000	930,000	200,000
Difference to current rates	120,000	320,000	

While there are alternative options for the site - from increasing the rent, keeping the site unoccupied, identifying alternative tenants, occupying the building for our own administrative purposes – these options also have costs associated with them and completing the Agreement to Lease with the SPCA remains the preferred option.

For Council to fulfil its obligations under the Agreement to Lease, it would require Council to carry out the necessary works totalling \$320,000 in opex and \$879,365 in capex.

It is noted that this project is currently listed in schedule C of appendix 3a of the main report and is therefore subject to consideration by the Financial Sustainability Working Party.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

JOHNSONVILLE LIBRARY

Background:

The Community Facilities Policy categorised Johnsonville as the sub-regional centre for the northern suburbs. The current Johnsonville Library (605m²) would need to increase to 1,782m² to meet forecasted demand in 2031

At its meeting on 3 November 2011, the Strategy and Policy Committee resolved to receive concept designs for a co-located library and an integrated hub, financial and comparative analysis on site options, consider the cost-benefit of apartments and de-centralising some Council service functions, and feedback from community stakeholders to assist its deliberations on the draft long-term plan.

Consultation Programme:

The consultation process was launched at a road show in Johnsonville Mall on December 2 and generated 109 submissions; of which 56% were online, 38% used the feedback form distributed at the launch, and 6% used the feedback form in the document. The feedback form asked people to identify a preferred site as follows:

Site One: Existing Location	8%
Site Two: Next to Pool and Community Centre	48%
Site Three: Within Mall	10%
Site Four: Mobil Site	30%
No site:	3%

Community Reference Group:

A community reference group (CRG) was established to support the design team in generating design options for Site Two. The CRG's terms of reference was advisory and was comprised of potential neighbours and organisations with a wider view on the Johnsonville community. The CRG identified the quality of the library and car parking as their highest priorities, gave unanimous support for Site Two, and most CRG members supported integration rather than co-location.

Design Options:

Campus Configuration:

A design team, led by CCM Architects, was engaged to undertake the design work requested by the Committee. The design team began by undertaking a comprehensive assessment of the optimal configuration of the entire campus and concluded that options for a standalone library were not feasible in the block.

Co-location vs Integrated Hub:

A consequence of demonstrating a standalone library was impracticable was that the dichotomy of a co-located option and an integrated hub option was no longer a useful way to think about design possibilities. So rather than presenting two options – one co-located, the other integrated - this report present three core options with a suite of add-ons that would contribute to making the facility more integrated.

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Retail Assessment:

CBRE assessed the potential viability of retail space and concluded that because of the potential of the Mall redevelopment to absorb demand for retail space for the foreseeable future, there was unlikely to be sufficient demand to justify retail space other than café space to service the facility or possibly a fitness centre or government-related tenancy for the balance of a ground-floor shell.

Decentralisation of some Council services to a hub:

The project team looked at decentralising some Council services to a hub, the most pressing driver being its potential to accommodate staff displaced from decanting the civic campus for earthquake strengthening work. However, the timeframe for leaving the civic centre campus and the proposed timetable for the Johnsonville Library expansion, do not coincide and no compelling reason emerged from the consultation process for bringing the proposed expansion forward.

Apartments:

The project team explored the incorporation of apartments into the proposed development. Apartments are a doubled-edged sword: potentially offsetting capital costs and adding vitality to the campus but also fettering future development opportunities once ownership of the upper levels becomes fragmented. The apartments in the option outlined below would cost \$7.6m to construct and would need to sell for around \$500k each to break even.

Three base options:

The design team settled on the following options as follows:

All Options: Ground floor development:

- Retail space is limited to space for a café
- Pedestrian entrance to a single-floor library on the upper level and through to Memorial Park.
- Reception for the community centre
- Entrance from Frankmoore Avenue to a two-level car park above the library. Note that underground car parking would cost an additional \$2.2m.

<u>Option A:</u> Library within existing boundaries (Base cost: \$14.1m) ¹ :	<u>Option B:</u> Library with integrated kindergarten (Base cost: \$16.2m):	<u>Option C:</u> Integrated kindergarten with apartments (Base cost: \$23.8m)
<ul style="list-style-type: none"> • Library on a single floor with some integration with the community centre • Two levels of car parking (101 parks) stepped back to retain the sunlight recession plane for the 	<ul style="list-style-type: none"> • Expansion onto the kindergarten site triggering property negotiations with Association. • Kindergarten re-orientated with open space to the north and the building 	<ul style="list-style-type: none"> • Very similar to Option B with the key difference being the addition of apartments over two levels above the car parking with consequential changes to the car parking layout and

¹ Note that all construction costs are expressed in 2012 values. No allowance has been made for escalation costs at the time a tender for the proposed works goes to market

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<p>kindergarten.</p> <ul style="list-style-type: none"> Screening along car park and provision of landscaping through to Memorial Park 	<p>integrated into the library.</p> <ul style="list-style-type: none"> Parking on two levels with a greater yield (145 car parks) Other features are similar to Option A . 	<p>the inclusion of an entrance to the apartments from Wanaka Street.</p>
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Potential add-ons for greater integration:

The suite of potential add-ons have been identified including further integration with the community centre (\$1.5m), strengthening Memorial Park entrance (\$1.15m), and public toilets (\$0.38m) with following add-ons recommended to be included:

<p>Pool entry relocation: Repositioning the pool entrance to the south to create a more integrated entry point for all facilities.</p>	<p>\$0.3m</p>
<p>Pool changing rooms upgrade: Combining Stage 2 of the Keith Spry Pool development with the construction of the proposed new library.</p>	<p>\$1.05m</p>
<p>Fitness centre: Develop the spare space on the ground level into a fitness centre to generate additional revenue, add another element to the campus, and create a more active edge. The revenue figure is based on the fitness centre at Freyberg Pool. Note that providing a fitness centre risks exposing the Council to criticism it's getting into non-core activities.</p>	<p>\$0.3m \$0.7m pa revenue</p>

Site Four: Mobil Site

Officers have been liaising with Autostop, the developers of the Mobil site, to determine the extent to which their proposed development could provide the Council a library on a single floor. An initial 1,500sqm would be available in 2017, with additional 600sqm becoming available later (possibly in 2018). The developers emphasised their commitment to a high quality building as a 'gateway' to Johnsonville. The developers have indicated the rental would be \$495k per annum (for 1,500sqm).

Comparative analysis of Site Two and Site Four

Net Present Value analysis:

Net Present Value (NPV) analysis is a standard technique for looking at the total cost of a project with a long-time frame. It looks at the full cost of a project, including depreciation, loan servicing, rentals, revenue, and operational savings, so that both capital development and leasing options can be fairly compared. The following tables outline the NPV calculations for the project options with a 20 year horizon:

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Option A:	Build Cost	NPV	Key Assumptions:
Base development	\$14.10m	-\$20.23m	\$250k opex savings, \$28k pa café rental
Option A + pool entrance and changing rooms + fitness centre	\$15.75m	-\$13.90m	Base development plus fitness centre net revenue (\$700k)

Option B:	Build Cost	NPV	Key Assumptions:
Base development	-16.20	-\$22.03m	\$250k opex savings, \$28k pa café rental
Option B + pool entrance and changing rooms + fitness centre	-17.85	-\$15.69m	Base development plus fitness centre net revenue (\$700k)

Mobil site:	Build Cost	NPV	Key Assumptions:
Mobil 1500 sq m site	-	-\$13.51m	\$80k opex savings
Mobil 1800 sq m site	-	-\$14.78m	\$80k opex savings, lease costs pro rata

The NPV analysis highlights that the Mobil site is the financially superior option – almost \$5.5m better than the base Option A and \$7.25m better than the base Option B. However, if the Council were to develop a fitness centre then the revenue generated would bring the total cost down to such a level that Option A becomes the most affordable option.

Disposal of the current library site

The potential revenue from disposing of the current library site was not included in the NPV analysis because it is assumed the decision on the future of the site would be the same irrespective of which site option was chosen and as such would have a neutral impact on the NPV calculations. However, to get a flavour of the potential revenue for disposing the site, the latest rating valuation for the site which includes the library, Broderick Road flats and the substation land is \$1,575,000 (\$1,275,000 of this amount relates to the land value – 900 sqm).

Assessment:

It is recommended that the Council continue with constructing a new library next to Keith Spry Pool and Johnsonville Community Centre rather than lease space for a standalone library. Leasing space in the proposed Mobil site development is the vastly superior option in the short to medium term when assessing the base options from a financial perspective. However, leasing space does little to progress the strategic intent of the Community Facilities Policy to pursue more seamless provision of libraries, community facilities, and recreation facilities. Developing a new library in an integrated manner with the pool and community centre provides the Council the greatest flexibility to meet changing needs. Moreover, libraries are the facility type that will most immediately affected by technological changes and therefore the least worthwhile to develop in a standalone manner.

With regard to the particular option for Site Two, it is recommended that the Council pursue Option A because it achieves the Council's objectives in the most efficient manner. It is further recommended

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that the Council make provision for pool entry relocation, pool changing rooms upgrade, and the development of a fitness centre in the draft long-term plan to get the most from the base development.

Because the proposed library would serve a sub-regional catchment, proceeding with the development would also be a catalyst for other initiatives to integrate and rationalise the libraries and community centres network. There are potential savings through rationalisation but these have not been incorporated into the NPV analysis.

It is noted that this project is currently listed in schedule C of appendix 3a of the main report and is therefore subject to consideration by the Financial Sustainability Working Party.

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APPENDIX 11

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WELLINGTON REGIONAL AQUATIC CENTRE POOL EXTENSION

Previous reports and further engagement with aquatic sports codes have identified that WRAC is the preferred location for further pool development to meet the needs of aquatic sport within the city.

Concept designs have been developed for either a 52m x 25m x 2.1m or a 35m x 25m x 2.1m pool, which would be linked to the existing facilities, allow for the continued operation of a bowling club, and present an estimated medium level of risk in respect the Resource Consent process.

In each pool option, two specification levels have been compared. One at an optimal design level, and one at a reduced design level. Resulting cost estimates range from \$24.3m to \$20.9m for the 52m pool and from \$19.6m to \$17.2m for the 35m pool. A 4% per annum cost escalation will need to be considered for the project.

An assessment of the impact on the whole of life costs between the two levels of specification has also been undertaken and shows that lowering the specification while reducing the initial construction cost, increase the whole of life cost, due to higher renewal requirements, by over \$30m.

The operating expenditure (Opex) impacts of this project would be significant and a business case has identified a range of measures that could be considered to fund the ongoing operational costs of the new pool should the project proceed.

Research has been undertaken to identify possible capital funding/sponsorship sources. While a number of organisations have indicated that such a project may meet their criteria, no indications have been given on the likely success of any application of the quantum of funding that may be available. Funding from such sources could assist in reducing both the capital costs to Council and the ongoing Opex impact.

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While engagement with the aquatic sports codes has indicated their preference for a 50m pool, assessment by officers indicates that the 35m pool offers adequate flexibility in terms of future use and growth in aquatic activity.

Officers have therefore proposed that the optimal specification 35m pool at a cost of \$19.6m be the preferred option. The opex impacts of this option are shown in the table below:

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	...	Total over 50 years	Annual Average
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000		\$000	\$000
Income	0	0	0	227	234	241	248	256	263	271		25,620	512
Expenditure	0	0	0	402	414	427	439	453	466	480		45,356	907
Net Operati	0	0	0	175	180	186	191	197	203	209		19,736	395
Interest & D	88	426	940	1,767	1,731	1,712	1,692	1,672	1,652	1,630		90,072	1,801
Allocations	0	0	0	65	67	69	71	73	75	78		7,325	147
Net Surplus	-88	-426	-940	-2,007	-1,978	-1,967	-1,955	-1,942	-1,930	-1,917		-117,133	-2,343
R&F	0%	0%	0%	10%	11%	11%	11%	12%	12%	12%			

Opex funding measures that are available include: changing the funding ratio for this activity; increasing fees and charges at all pools; increase fees and charges at WRAC only; increase facility hire at WRAC only; and introduce peak and off peak pricing. Officers have recommended that a mix of these measures be considered should the project be included in the draft Long Term Plan.

It is noted that this project is currently listed in schedule C of appendix 3a of the main report and is therefore subject to consideration by the Financial Sustainability Working Party.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

COUNCILLOR INITIATIVES

New initiative	Response
<i>Earthquake Strengthening – Town Hall & MOB</i>	See appendices 1 and 3b to this report for more information
<i>Destination Wellington - Talent Attraction</i>	See appendix 1 and 6 to this report for more information
<i>CPI for grants</i>	See appendix 1 to this report for more information
<i>Review Emergency Preparedness Grants</i>	See appendix 1 to this report for more information
<i>Continue Built Heritage Fund at current level</i>	See appendix 1 to this report for more information
<i>Cultural Grant funding increase</i>	See appendix 1 to this report for more information
<i>Keith Spry Pool improvements</i>	See appendices 3a and 3b for more information
<i>Regional / affordable Housing</i>	Work on this will be progressed within existing resources
<i>Chinese Garden Feasibility Study</i>	A feasibility study and design work has been completed
<i>Move to the organisation being a paperless office</i>	A project examining a ‘paperless’ Council is currently underway.
<i>Develop a Long Haul attraction fund</i>	See appendix 1 for further information. Feasibility work will be progressed in 2012/13
<i>Review of city volunteering</i>	Work is in progress
<i>Bus Shelter in Thane Road</i>	This is already a part of the current bus shelter programme.
<i>Review Income generation opportunities</i>	This issue will be incorporated in to the work of the Financial Sustainability Working Party.
<i>Establishment of a Wellington Philanthropic Trust</i>	Work has been placed on the forward programme

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

<i>Cuba Street Heritage Project</i>	To be delivered from existing resources subject to a project partnership being developed with Historic Places Trust.
<i>Develop a new Children's Garden in the Botanic Gardens</i>	To be considered for prioritisation as part of the Plimmer Bequest subject also to external funding.
<i>Environment Centre – support with signage etc.</i>	The Council will look to manage partnership support for the Eco Hub through existing budgets and the grants funding programme.
<i>Waterfront art work to support Environment Centre</i>	To be discussed with the public art panel for future consideration using the public art funding. The concept would have to be evaluated against other public art projects.
<i>Military Heritage preservation and restoration</i>	A report is prepared will be prepared for SPC during 12/13 outlining the current situation and future opportunities. No additional funding is required for this.
<i>Neighbourhood day – continue to fund</i>	The Council will continue to support and promote Neighbours Day through the Mayoral Day budget.
<i>Campground – Evans Bay – investigate</i>	A feasibility study on the need and possible location of a campground will be considered after a review of the Council's freedom camping bylaw is completed.
<i>Walkways - complete the big 8 walkways</i>	Still subject to negotiations with private landowners. No funding has been proposed for the next three years.
<i>Outer Green Belt Tracks extension</i>	Still subject to negotiations with private landowners. No funding has been proposed for the next three years.
<i>Northern Walkway / Cycleways</i>	It is proposed to continue to deliver the Tawa Shared Path as planned, and deliver the community planting programme from existing resources.
<i>Newtown Community Centre – bring forward work</i>	Along with other projects in the Community Facilities Policy, the funding and timing of this project will be considered by the Financial Sustainability Working Party.
<i>Tawa and Karori town centre planning</i>	Investigation and planning work will be done in relation to the Karori and Tawa centres in the coming years. No direct provision for streetscape/public space improvements in Tawa and Karori Town centres have been made beyond renewal funding for existing assets.
<i>Johnsonville Library</i>	See appendix 10 to this report for more information
<i>Artificial Turf in Civic Centre</i>	Officers will work with suppliers on options for temporary installation at appropriate times during the year - no new funding is recommended.
<i>Develop toilet facilities in Sinclair Park, Houghton Bay</i>	Officers do not support this recommendation as Council policy and a coastal feasibility study do not identify this location as a priority for needing a facility.
<i>Install nautical ropes barriers in Manners Mall</i>	Officers are currently reviewing pedestrian crashes along the whole of Golden Mile including those involving buses. This will assist the coronial investigation into the fatality last year. Recommendations from both the review and the coronial inquest will be acted upon using existing budgets where necessary.
<i>Car parking building – explore opportunities</i>	The rationale for disposing of Council's car-parking buildings in 2003 is still valid.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

<i>Develop a business register</i>	Continue to use existing communication channels with this sector - ECCC newsletters, Grow Wellington communications etc
<i>Street signs - add logo, source of name</i>	This is not considered a high strategic priority, it is not recommended to implement this initiative at this time.
<i>Outer Green Belt completion</i>	It is not recommended that this initiative is progressed at this time.
<i>Basin Reserve Trust – additional funding</i>	It is not recommended that this request is funded at this time.
<i>50 metre Swimming pool</i>	See appendix 11 to this report for more information
<i>Zealandia</i>	See appendix 4 to this report for more information
<i>Bike Central (storage etc)</i>	This is not considered a high strategic priority and no funding is recommended at this time.
<i>Outdoor Exercise Areas – trial one on waterfront</i>	This is not considered a high strategic priority and no funding is recommended at this time.
<i>Cinematography Museum</i>	Action on this item is with Park Road Post and its associates.
<i>Sport and economic development</i>	The Council provides support for high quality sporting events and recognises the economic benefit that is delivered from these events.
<i>Update of Resource Consent and District Plan Booklets</i>	Accessible online versions of the booklets are planned for later in the year.
<i>Sustainable Initiatives In Private Dwellings</i>	The Climate Change Action Plan addresses the issues of sustainability. See appendix 1 for proposed initiatives to be funded in relation to this plan.
<i>Churton Park facilities</i>	Community facilities for Churton Park are being addressed in 2011/12
<i>Johnsonville Roding improvements</i>	Council will contribute to the cost of the roading improvements required as a condition of consent.
<i>Great Harbour Way / Southern Cycleway</i>	It is not recommended that this initiative is implemented at this time.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

APPENDIX 12

DRAFT THREE YEAR WATERFRONT DEVELOPMENT PLAN (2012/13 TO 2014/15)

What's included here

Our aim is to develop Wellington's inner city waterfront in accordance with the fundamental principles set down in the Wellington Waterfront Framework (2001). The waterfront is not only a working wharf but is also a public recreation destination for locals and visitors to the city. Our role, therefore, is to deliver a work programme that will ensure the waterfront experience continues to be a special combination of activities, history, views and architecture to delight, challenge, entertain and educate everyone. The Waterfront Development Plan outlines the work programme to implement the objectives of the Framework over the next three years.

Why it's important

Wellington's waterfront is one of the most easily recognised and frequently photographed parts of our city, and is much changed from the bustling port of old. The waterfront is a special place that welcomes all people to live, work and play in the beautiful and inspiring spaces and architecture that connect our city to the sea and protect our heritage for future generations.

Over recent decades, Wellington City Council, together with many interested Wellingtonians, has developed a vision for the waterfront and its future. In 2001 this vision was laid out in the publication of the Wellington Waterfront Framework. This document sets down the fundamental principles for establishing development work programmes on the waterfront. The phasing of the work has been decided based on the following principles:

- Heritage buildings should be restored and reused as a priority.
- Timing of commercial development will be impacted by market conditions.
- Income should be generated upfront where possible to minimise the impact on ratepayers.
- Public confidence in the waterfront development must be maintained.

The Framework requires transparency and a willingness to engage with the public about how the waterfront is developed. A balance must be set between making good progress on the waterfront and providing the public with sufficient opportunity to be involved. As such, public submissions are sought when detailed or concept designs are proposed by WWL or developers working on waterfront projects.

Officer advice awaiting Council / Committee decision. Refer minutes for decisions.

Contribution to community outcomes

We contribute to the following goals of Towards 2040 Smart Capital:

- **People-Centred City:** The waterfront is one of Wellington's premiere destinations for work, recreation and events.
- **Connected City:** Wellington's waterfront is acknowledged widely as a gathering point for friends, colleagues and family, and now, with free wi-fi access across the entire space, as a place to connect globally.
- **Eco-city:** we are helping develop Wellington as an eco-city by ensuring that all development activity on the waterfront is sustainable and strives for the highest possible environmental ratings.
- **Dynamic Central City:** The waterfront contributes to Wellington's downtown area in numerous ways. It provides cultural, recreational, heritage and maritime activity. Opportunities for commercial and residential development add to the changing face of Wellington's central business district. By hosting events such as World of Wearable Arts, Round the Bays and other sports events, and festivals like Home Grown and Diwali, the waterfront is promoting Wellington as a vibrant, creative and multi-cultural place.

What we'll provide – our levels of service

Seven objectives have been set for the waterfront:

- The waterfront is locally and internationally recognised for its design.
- The waterfront is readily accessible to all people.
- The waterfront is and is perceived to be, safe at all times.
- The waterfront is seen as an attractive place that draws Wellingtonians and visitors alike.
- The waterfront successfully caters for a wide range of events and activities.
- Significant heritage buildings are protected on the waterfront.
- Activities on the waterfront are integrated with those on the harbour.

There are many proposed and on-going projects, all with different complexities, and in some cases, the potential to be interrelated. Some work needs to be done sequentially because of physical requirements to maintain the waterfront experience as much as possible during construction or to coincide with neighbouring development activities. There may sometimes be financial implications that justify undertaking one piece of

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work before another. Further, sufficient flexibility must be built in to respond to good ideas or proposals in a timely manner, should they arise.

Under the Wellington Waterfront Framework, Wellington's waterfront is divided into five precincts linked by the waterfront promenade, each with its own distinctive style and personality:

- Waitangi
- Taranaki Street Wharf
- Frank Kitts Park
- Queens Wharf
- Kumutoto

The following **key projects** are planned for the next three years

The Promenade: Development of the promenade as the spine that connects the waterfront is on-going. A particular focus over the next 3 years will be on the North Kumutoto connection from the Meridian building through to Shed 21 and the railway station. We will continue to address the pedestrian/cycling interface through enhanced signage and other improvements undertaken in consultation with various stakeholder groups.

Wharf pile Maintenance: The third stage of the waterfront-wide pile repair and refurbishment programme will take place in 2013/14 with the fourth and final infrastructural upgrade scheduled to be completed in 2017/18.

Projected public space development contribution (\$000):	2012/13 \$4,820	2013/14 \$0	2014/15 \$2,035
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Waitangi Precinct: The redevelopment of the Overseas Passenger Terminal and public space will be the central activity in this area over the next three years. Construction began in 2012 and is expected to be completed in 2014. Work will continue on the feasibility of the proposed transition building adjacent to Te Papa. Work on the Overseas Passenger Terminal for 2014/15 includes \$2.5 million of new work on wharf and seawall upgrades.

Projected public space development contribution (\$000):	2012/13 \$100	2013/14 \$750	2014/15 \$4,440
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Taranaki Street Wharf Precinct: Although this area is essentially complete, we are developing a new initiative to install a diving platform in the cut-out space by the Free Ambulance building. Target date for completion is 2012/13.

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Projected public space development contribution (\$000):	2012/13 \$100	2013/14 \$0	2014/15 \$0
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Frank Kitts Park Precinct: WWL will continue to oversee the design development of the whole of Frank Kitts Park and work with the Wellington Chinese Garden society regarding their fundraising initiatives. It is neither practicable nor desirable to construct the Chinese Garden separately from the remainder of Frank Kitts Park. The redevelopment of the park currently has \$5 million budgeted for 2014/15, but this is proposed to be moved to 2015/16.

Queens Wharf Precinct: Master planning for this area was completed and presented to the Council in 2011. Shed 5 is being marketed ahead of its lease expiry in October 2012. Wellington Waterfront is keen to see a design concept that gives the building a new 'lease on life' and position the building for the medium term. Development concepts for sheds 1 and 6 will be progressed. \$2 million of new public space development funding is requested for 2014/15 to be offset by commercial proceeds from the site.

Projected public space development contribution (\$000):	2012/13 \$0	2013/14 \$0	2014/15 \$2,000
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Kumutoto Precinct: Subject to Council approval of the commercial terms and design concept for site 10 proposed by WWL, the company will progress design and resource consent planning on this project. If it is approved by Council, construction is expected to begin in 2012 and continue through to 2013/14. Subject to the outcome of District Plan variation 11, development plans for sites 8 & 9 will be progressed. In addition to Site 10, seismic upgrades are now required on Shed 11 with the work scheduled for 2012/13.

Projected public space development contribution (\$000):	2012/13 \$600	2013/14 \$1,125	2014/15 \$1,125
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Other Capital Renewals:

Projected public space development contribution (\$000):	2012/13 \$384	2013/14 \$392	2014/15 \$909
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How we'll measure our performance

We will be measured by our delivery of the principles and objectives clearly outlined in the Framework.

Design activity on the Waterfront is monitored by WCC's Technical Advisory Group (TAG), an independent provider of design advice for the Council. Drawing on the architecture, landscape architecture and urban

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design expertise of its members, TAG ensures that the Framework principles have been applied consistently in all Waterfront design.

The overall performance of WWL is monitored by the Council Controlled Organisations Performance Subcommittee that reports to the Strategy and Policy Committee.

Outcomes We Seek	Measuring Progress Towards our Outcomes					
STRONGER SENSE OF PLACE	<ul style="list-style-type: none"> • A diversity of activities including maritime, commercial, entertainment, open space, recreation and culture and heritage. • Improved access along the waterfront and between the city and the harbour. • An evolving waterfront experience that is mindful of its historic past and its future. • Urban design worthy of the waterfront setting. • A consultative process that encourages stakeholder participation. 					
Council Activity Levels of Service	Measuring our Performance	Baseline 2012	2012/13	2013/14	2014/15	2016/17-2022/23
We oversee development of the waterfront and fund the waterfront enhancement projects	Residents (%) who have experience Wellington's waterfront in the last year	90%	95%	95%	95%	95%
	Residents (%) who rate their Waterfront experience as good or very good	90%	90%	90%	90%	90%

What it will cost

	2012/13	2013/14	2014/15
Waterfront Operating costs (\$000)	6,245	5,753	4,905
Public Space Developments (\$000)	5,620	2,267	10,509
	2012/13	2013/14	2014/15
Proceeds from Operating receipts & Commercial developments	14,387	6,423	29,026

	2012/13	2013/14	2014/15
Loan Financing Balance (\$000)	11,670	13,620	0

How we manage our assets that support this activity

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Wellington's waterfront is managed in accordance with the Wellington Waterfront Framework (2011) and the WWL Asset Management Plan (2011). We comply with all legislation and regulatory requirements, including resource consents. Waterfront assets are maintained in a condition that allows the buildings and public space to meet visitor and stakeholder expectations. WWL actively engages with other commercial operators on waterfront sites to ensure that the issues are resolved quickly and effectively, and that the waterfront remains a safe and welcoming place for everyone.

Ongoing planning

This is a three-year plan. It is anticipated that, if significant changes are proposed from what is planned for the three year period, the Council will identify those changes in its 2013/14 or 2014/15 draft Annual Plan.

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ROAD ENCROACHMENTS SCHEDULE OF RENTAL CHARGES

In April 2011, the Council adopted a revised Road Encroachment and Sale Policy after agreeing to a number of changes. In adopting the new policy, Council agreed to phase in the new differentiated fees from 1 July 2012, with consultation on the proposed fee schedule to occur through the LTP process. Property owners with encroachments were informed of the Council decisions following the policy review, and will be contacted with details of the proposed fees during the LTP consultation.

The schedule of fees in the table below has been prepared on the basis of the following principles from the policy:

- Residential annual rental fees will be reviewed by the Council as part of its LTP every three years.
- The fees review will take into consideration the latest relevant rateable land values for residential properties across the city by suburb.
- Rental fee rates will be based on a differentiated fee structure where the rental rate per square metre is set as a proportion of land values in a given suburb.

The rental rate per square metre is to be set at a discount to the average market rental for land in the relevant suburb, recognising that legal road is generally less valuable than normal freehold land due its status as legal road. A schedule showing the estimated land value and market rental for each suburb is set out in table A.

The schedule also reflects previous Council decisions that:

- the maximum fee rate be \$30 per square metre (ex GST)
- the minimum fee rate be \$5 per square metre (ex GST)
- that rental fee rates increase by a maximum of \$5 per square metre per year until the relevant rental rate is reached for a given suburb
- that reductions in fees, where appropriate, be introduced from 1 July 2012.

Proposed Schedule of rental fees

Suburbs		Proposed rental rate (\$ per m2) (excl GST)			
		Maximum	2012/13	2013/14	2014/15
1	Ohariu, Makara, Glenside, Grenada North, Makara Beach	5.00	5.00	5.00	5.00
2	Tawa, Ngauranga, Grenada Village, Crofton Downs, Broadmeadows, Newlands, Mornington, Woodridge,	9.00	9.00	9.00	9.00

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	Paparangi, Owhiro Bay, Churton Park, Johnsonville, Kingston				
3	Ngaio, Wilton, Strathmore Park, Karori, Houghton Bay, Vogeltown, Southgate, Moa Point, Melrose	12.00	12.00	12.00	12.00
4	Rongotai, Island Bay, Miramar, Maupuia, Brooklyn, Highbury, Khandallah, Breaker Bay, Aro Valley, Northland, Wadestown	15.00	15.00	15.00	15.00
5	Kilbirnie, Lyall Bay, Kaiwharawhara, Hataitai, Berhampore	20.00	17.00	20.00	20.00
6	Karaka Bays, Newtown, Kelburn	25.00	17.00	23.00	25.00
7	Roseneath, Seatoun, Mt Cook, Pipitea, Te Aro, Wellington Central, Thorndon, Mt Victoria, Oriental Bay	30.00	17.00	23.00	28.00

By 2014/15 all suburbs except for those in group 7 would have completed the transition to the maximum rental fee. At this point, all rental fees would be reviewed for the next LTP, with new rental fees commencing in 2015/16, and transition to new rental fee levels will continue.

The following table projects the expected revenue from rental fees, giving a comparison between the revenue expected from the differential fee structure and the revenue that would apply from inflating the previous flat rental fee. The budgeted 2011/12 revenue is \$1,462,146.

Change in estimated revenue from previous policy

Estimated Revenue (\$)	2012/13	2013/14	2014/15
Proposed differential fee rates	1,641,323	1,771,335	1,860,036
Existing revenue adjusted for inflation	1,498,700	1,536,168	1,574,572
variance	142,623	235,168	285,465

Alternatively, if the Council does not adopt a differentiated fee schedule, it would need to determine an appropriate fee per square metre (eg by applying an inflation adjustment to the current fees) and, as required by Section 80 of the Local Government Act 2002, identify the reasons for making a decision that is inconsistent with existing policy, and whether the Council intends to amend the policy.

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Table A: Market land values, rental rates and proposed new encroachment rental rates by suburb

	Freehold land value (per m ²)	Estimated market rental rate (per m ²)	Proposed encroachment rental rate (per m ²) for groups of suburbs (excl GST)
Ohariu*	\$89	\$5.32	Group 1: \$5.00
Makara*	\$107	\$6.42	
Glenside*	\$153	\$9.20	
Grenada North*	\$178	\$10.69	
Makara Beach	\$203	\$12.15	
Tawa	\$219	\$13.14	Group 2: \$9.00
Ngauranga	\$224	\$13.42	
Grenada Village	\$234	\$14.03	
Crofton Downs	\$265	\$15.90	
Broadmeadows	\$268	\$16.07	
Newlands	\$272	\$16.30	
Mornington	\$288	\$17.27	
Woodridge	\$317	\$19.02	
Paparangi	\$317	\$19.05	
Owhiro Bay	\$319	\$19.17	
Churton Park	\$323	\$19.38	
Johnsonville	\$324	\$19.47	
Kingston	\$328	\$19.69	Group 3: \$12.00
Ngaio	\$338	\$20.25	
Wilton	\$338	\$20.26	
Strathmore Park	\$350	\$21.01	
Karori	\$375	\$22.53	
Houghton Bay	\$387	\$23.23	
Vogeltown	\$394	\$23.62	
Southgate	\$394	\$23.62	

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	Freehold land value (per m ²)	Estimated market rental rate (per m ²)	Proposed encroachment rental rate (per m ²) for groups of suburbs (excl GST)
Moa Point	\$395	\$23.69	
Melrose	\$396	\$23.78	
Rongotai	\$445	\$26.71	Group 4: \$15.00
Island Bay	\$451	\$27.08	
Miramar	\$464	\$27.87	
Maupuia	\$480	\$28.82	
Brooklyn	\$486	\$29.18	
Highbury	\$520	\$31.18	
Khandallah	\$520	\$31.22	
Breaker Bay	\$525	\$31.51	
Aro Valley	\$548	\$32.87	
Northland	\$549	\$32.93	
Wadestown	\$562	\$33.74	
Kilbirnie	\$615	\$36.89	Group 5: \$20.00
Lyll Bay	\$615	\$36.89	
Kaiwharawhara	\$643	\$38.59	
Hataitai	\$702	\$42.14	
Berhampore	\$712	\$42.71	
Karaka Bays	\$813	\$48.75	Group 6: \$25.00
Newtown	\$862	\$51.72	
Kelburn	\$918	\$55.09	
Roseneath	\$1,010	\$60.59	Group 7: \$30.00
Seatoun	\$1,024	\$61.42	
Mt Cook	\$1,030	\$61.81	
Pipitea	\$1,191	\$71.45	
Te Aro	\$1,250	\$75.00	
Wellington Central	\$1,271	\$76.25	

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	Freehold land value (per m ²)	Estimated market rental rate (per m ²)	Proposed encroachment rental rate (per m ²) for groups of suburbs (excl GST)
Thorndon	\$1,585	\$95.12	
Mt Victoria	\$1,672	\$100.29	
Oriental Bay	\$2,833	\$169.96	

*Average value of land per square metre is likely to be somewhat distorted in these suburbs due to some very large sections and/or lifestyle blocks. Similarly it is possible that in some suburbs average land values are somewhat distorted because of a prevalence of small sections and dwellings occupying a high proportion of land area.

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MANAGEMENT AGREEMENT FOR BELMONT RESERVE

Belmont Reserve is an area of land situated within Belmont Regional Park and owned by the Council (refer to the image below). It has been managed by Greater Wellington Regional Council (GWRC) for many years as part of their management of Belmont Regional Park. However, the management responsibility of Belmont Reserve has not been formally transferred to Greater Wellington Regional Council. This proposal clarifies the management of the Reserve.

Belmont Regional Park is owned by Greater Wellington Regional Council, Wellington City Council, Lower Hutt City Council (LHCC), Porirua City Council (PCC) and the Department of Conservation (DoC). Formally transferring the management of Belmont Reserve to GWRC is consistent with the Council's Northern Reserves Management Plan (2008). Ownership of Belmont Reserve will remain with WCC. The Local Government Act 2002 requires that the special consultative procedure is used when responsibilities are transferred between local authorities. It is therefore proposed that a Statement of Proposal to transfer the management responsibility for Belmont Park will be included in the Draft Long Term Plan 2012-2022.

A draft agreement has been prepared outlining the responsibilities of each party and to enable GWRC to continue to manage the land as part of the Belmont Regional Park. To do this, WCC must transfer its powers and responsibility for management to GWRC. There is provision for this type of agreement under Section 17 of the Local Government Act 2002. As WCC remains the land owner, there are some responsibilities that cannot be transferred. This includes the approval for placement of utilities structures and the grant of easements. The remaining conditions in the agreement clarify when GWRC will be required to consult with WCC in their decision making (and vice versa) and the scope of the GWRC maintenance responsibilities.

Both the GWRC and WCC reserve management plans provide consistent management objectives for the land and were developed in consultation between the councils and with the public. The proposed management agreement will formalise the existing situation rather than result in new or unexpected management practices. The values of the reserve will remain appropriately managed. There will be no long term financial implications to entering into the agreement.

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