

I hereby give notice that an extraordinary meeting of the Puketāpapa Local Board will be held on:

Date: Thursday, 11 September 2014
Time: 5.00pm
Meeting Room: Fickling Convention Centre
Venue: 546 Mt Albert Road
Three Kings

Puketāpapa Local Board OPEN AGENDA

MEMBERSHIP

Chairperson	Julie Fairey
Deputy Chairperson	Harry Doig
Members	David Holm
	Ella Kumar
	Nigel Turnbull
	Michael Wood

(Quorum 3 members)

Brenda Railey
Democracy Advisor

2 September 2014

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1 Welcome

2 Apologies

At the close of the agenda no apologies had been received.

3 Declaration of Interest

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

4 Leave of Absence

At the close of the agenda no requests for leave of absence had been received.

5 Acknowledgements

At the close of the agenda no requests for acknowledgements had been received.

6 Petitions

At the close of the agenda no requests to present petitions had been received.

7 Deputations

Standing Order 3.20 provides for deputations. Those applying for deputations are required to give seven working days' notice of subject matter and applications are approved by the Chairperson of the Board. This means that details relating to deputations can be included in the published agenda. Total speaking time per deputation is ten minutes or as resolved by the meeting.

At the close of the agenda no requests to speak had been received.

At the close of the agenda no requests for deputations had been received.

8 Public Forum

A period of time (approximately 30 minutes) is set aside for members of the public to address the meeting on matters within its delegated authority. A maximum of 3 minutes per item is allowed, following which there may be questions from members.

At the close of the agenda no requests for public forum had been received.

9 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-

- (i) The reason why the item is not on the agenda; and
- (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

10 Notices of Motion

At the close of the agenda no requests for notices of motion had been received.

Deferral of 2014/2015 Capital Projects

File No.: CP2014/20023

Purpose

1. To seek agreement from the Puketāpapa Local Board to the list of capital projects outlined in Attachment A that are proposed for deferral from 2014/2015, prior to consideration by the Finance and Performance Committee on 18 September 2014.

Executive summary

2. Prior to decisions being made by the Finance and Performance Committee regarding a 2014/2015 capex deferral programme, engagement was held with all local boards.
3. Between 12 and 19 August 2014, staff attended 21 local board workshops to outline the capex deferral process and obtain feedback on proposed deferrals affecting each local board area.
4. On 21 August 2014, the Finance and Performance Committee resolved that decisions on the deferral of local board capital projects from 2014/2015 to 2015/2016 be deferred until local boards have formally considered and responded to each project in full (FIN/2014/47).
5. The list of capex projects proposed for deferral is outlined in Attachment A.

Recommendation/s

That the Puketāpapa Local Board:

- a) formally consider and agree the deferral of capex projects outlined in Attachment A to 2015/2016.
- b) note that any projects where timing has been deferred, but project planning is underway, should be given high priority in the 2015/2016 capital programme.

Comments

Background

6. As foreshadowed in the 2014/2015 Annual Plan and LTP workshops, operating budgets for 2015/2016 (the first year of the LTP 2015-2025) would need to be reduced by about \$90 million to achieve a 2.5 per cent average rates increase.
7. It is not possible to reduce the average rates increase for 2015/2016 down to 2.5 per cent solely by reducing or deferring capex in that particular year. The lagged impact of changes in the capital programme on operating budgets means that reducing or deferring capex in 2014/2015 will have a greater impact on rates for 2015/2016.
8. Since amalgamation the quantum of planned projects each year has exceeded the council parent's capacity to deliver. While delivery capacity is now increasing, a significant bow wave has built up. This historical underspend is acknowledged in the Annual Plan and factored into council's rates and debt projections by way of a \$207 million assumed underspend. However, the individual projects that will not be delivered are not explicitly identified in the Annual Plan as they had not yet been identified.
9. Council staff have reviewed 2014/2015 capex budgets to identify work that must be completed this year as a matter of practical necessity, or where not doing the project in this timeframe would negatively impact existing service levels, external revenue or the realisation of efficiency savings.

10. The specific categories used to develop the list of deferred projects and process undertaken is explained further in Attachment B which was circulated to Local Boards prior to the proposed capex projects for deferral being discussed at a recent workshop.
11. In order to develop a realistic capex programme for 2014/2015 and contain pressure on rates in 2015/2016, staff recommend that the capex projects included in Attachment A for the council parent be explicitly deferred from 2014/2015 to 2015/2016, and be included as part of the LTP prioritisation process.
12. Between 12 and 19 August, staff attended workshops for all 21 local boards to obtain feedback on the proposed capital deferral schedules for 2014/2015. This engagement provided opportunity for local boards to ask questions, reinforce the reason for deferring capital funds and provide feedback on the status of projects in alignment to criteria used to assess proposed deferrals.
13. Of the total proposed projects for deferral tabled at the Finance and Performance Committee on 21 August 2014, regional projects amounted to \$80 million, local projects amounted to \$35 million and CCO's collectively deferred \$109m.
14. Staff reduced the total of local projects for deferral by approximately \$7 million due to responding to the information provided through the recent workshops held with local boards. These reductions were due to corrections in applying the criteria used for identifying potential deferrals. Attachment A takes into account these reductions.
15. Local boards also identified projects that are discretionary and could be deferred, but which are very important to their local community. Rather than making decisions about removing any high-priority discretionary projects from the deferral list, staff included these comments in the schedule provided to the Finance and Performance Committee.
16. The decisions being made are budget adjustments that represent timing changes only. Any decisions to drop or reprioritise projects should be made as part of the LTP process.
17. Through September and October Local Boards, the Governing Body, CCOs and council staff will all contribute to the development of draft LTP 2015-2025 budgets in response to the Mayoral Proposal. Decisions on discretionary local budgets will be made by Local Boards in October and decisions on regional activities and local asset based services will be made by the Budget Committee on 5-7 November.
18. Local Board Plans, along with the Auckland Plan and the agreed spatial priorities will help inform this prioritisation. Final decisions on which projects are included in the LTP 2015-2025 will be made by 30 June 2015, following full public consultation.

Attachments

No.	Title	Page
A	List of 2014/2015 projects proposed for deferral until 2015/2016 including Local Board feedback	9
B	Local Board Memo from M Walker dated 8 August 2014 (distributed prior to the workshops on 7 August 2014)	11

Signatories

Authors	Taryn Crewe - Financial Planning Manager - Council Parent
Authorisers	Matthew Walker - Manager Financial Plan Policy and Budgeting Karen Lyons - Manager Local Board Services Victoria Villaraza - Relationship Manager

Attachment A
List of 2014/2015 projects proposed for deferral until 2015/2016 (Inflated 2015 \$)
*** TABLED AT FINANCE AND PERFORMANCE COMMITTEE 21 AUGUST 2014**

Project Description	Location	Capital to be deferred into 2015/2016	Capital retained in 2014/2015	Notes
Functions facility (Pah Homestead)	Puketapapa	311,659	0	
Entryway (Monte Cecilia)	Puketapapa	22,618	27,000	
Sportsfield renewals	Puketapapa	240,000	30,687	
Walkway (Manukau foreshore)	Puketapapa	214,761	205,009	
Village Centre Upgrade (Mt Roskill/Dominion Road)	Puketapapa	527,579	0	This project is not committed but tricky because the public consultation has begun and it needs to be aligned to Auckland Transport's work (Dominion Road Project) for efficiency. AT will be starting work next month.
TOTAL		1,316,617		



Memo

8 August 2014

To: Local Board members
cc: Karen Lyons, Manager Local Board Services
From: Matthew Walker, Manager Financial Planning Policy and Budgeting

Subject: **2014/2015 capex review**

Background

Since amalgamation the quantum of planned projects each year has exceeded the council's capacity to deliver. While delivery capacity is now increasing, a significant bow wave has built up. Including unspent capex from 2013/2014, \$650m of projects are planned for 2014/2015 within the council parent. In contrast, the council parent delivered about \$395m last year¹.

This historical underspend is acknowledged in the Annual Plan and factored into council's rates and debt projections. However, the individual projects that will not be delivered are not explicitly identified.

Proposed budget adjustments

A report to the 21 August Finance and Performance Committee will recommend that about \$130m of Auckland Council projects are explicitly deferred from 2014/2015 to the 2015-2025 LTP period. This budget adjustment will leave \$520m of planned projects in the 2014/2015 financial year.

The report will also include recommendations to defer CCO capex, including \$100m for Auckland Transport.

Any budget adjustments that the committee agrees on 21 August will be timing changes only. Decisions to drop or reprioritise projects will only be made as part of the LTP process following full public consultation.

LTP prioritisation process

In late August the Mayoral Proposal will outline the proposed rates increases and funding levels for 2015-2025. The Mayor has previously signalled that there is no public appetite for large increase in rates or debt. He has therefore called for frank discussions with the community on question such as:

- What is the right balance of progress and affordability?
- Which things should we do to make the biggest difference for Aucklanders?
- What things will we stop doing, or do slower, to remain affordable?

In September-October Local Boards, the Governing Body, CCOs and council staff will all contribute to the development of draft 2015-2025 LTP budgets in response to the Mayoral Proposal. Decisions on discretionary local budgets will be made by Local Boards in October and decisions on regional activities and local asset based services will be made by the Budget Committee on 5-7 November.

¹ Excluding a \$61m property acquisition for Colin Maiden Park

Local Board Plans, along with the Auckland Plan and the agreed spatial priorities will help inform this prioritisation. Final decisions on which projects are included in the 2015-2025 LTP will be made by 30 June 2015, following full public consultation.

Process for identifying proposed deferrals

Council staff have reviewed 2014/2015 capex budgets to identify work that must be completed this year as a matter of practical necessity, or where not doing the project in this timeframe would negatively impact existing service levels or the council's efficiency savings programme.

The aim is to develop a 2014/2015 programme that can realistically be delivered, and also ensure that pressure on 2015/2016 rates increases is contained.

It is acknowledged that this is a pragmatic approach, rather than a strategic prioritisation exercise. However, the high level of existing contractual commitments combined with the need to complete a large renewals programme means that there is now limited flexibility to reprioritise the programme for this year.

The LTP is a different story. That process will provide the opportunity to discuss with the community the relative importance of projects and programmes, based on the priorities identified in Local Board Plans.

The specific categories used to assess the 2014/2015 capex programme were:

Category	Examples
1. Legally committed Legislative or contractual commitment for delivery in 2014/2015	<ul style="list-style-type: none"> Otahuhu library redevelopment, Mangere-Otahuhu
2. Growth related DC funded capex but not committed	<ul style="list-style-type: none"> Land Acquisitions, Regional
3. Urgent health and safety renewal A significant health and safety risk that must be addressed in 2014/2015	<ul style="list-style-type: none"> Symonds St East cemetery pathway, Waitemata Mt Albert Aquatic Centre, Albert-Eden
4. In tender process Signed procurement plan, currently under tender or about to go to tender	<ul style="list-style-type: none"> Albany Aquatic Centre, Hibiscus & Bays Bledisloe Park, Franklin
5. Cost savings Capital works that support cost savings	<ul style="list-style-type: none"> IS costs in moving offices to Albert Street
6. Revenue generating The investment will be offset by associated revenue	<ul style="list-style-type: none"> Hobsonville marine precinct development Yard 37, ACPL Papatoetoe redevelopment, ACPL Ormiston town centre development, ACPL
7. Renewals To maintain existing levels of service	<ul style="list-style-type: none"> Renewal of community facilities, local parks, libraries etc. Renewal of regional parks, regional cemeteries etc.
8. Discretionary Projects have flexibility to be deferred and reconsidered through the LTP process	<ul style="list-style-type: none"> Fort Takapuna Heritage Project Fort Street area upgrade, Regional Ponsonby village square development, Waitemata

For some projects the total cost may have been allocated across more than one category. For example, phase 1 may be committed, but phase 2 remains discretionary.

Next steps

Detailed schedules of the proposed deferrals will be provided to each board shortly and your local board support staff will be in touch to arrange workshops prior to any decisions being made. These workshops will allow you to hear more from staff and feedback any further information that you feel staff need to be aware of in relation to these projects.

Council staff will then report to the Finance and Performance Committee on 21 August with recommendations on the project budgets to be deferred from 2014/2015.