

Proposal for One Local Initiatives

10-Year Budget 2018-2028

Staff advice on OLIs



Introduction

Local boards have a wide ranging and important role in making local decisions and place making, and providing their local community views in regional strategies, policies and plans. In this long-term plan (10-year Budget 2018-2028), local boards have been asked to identify one key initiative that is the priority in their area for funding, beyond what the local boards can fund within their own local board budgets.

This proposal provides recommendations for progressing the local board priority One Local Initiatives (OLIs) in the 10-year Budget 2018-2028.

Summary

The OLI process was initiated last year in order to improve the local board advocacy process. Local boards worked hard to identify a single priority advocacy initiative,

and staff provided comprehensive advice on these initiatives last year. An amount of \$200m was provisioned in the draft 10-year Budget to provide additional financial capacity over and above existing budgets to progress the OLIs, and the initiatives largely received strong public support in consultation. The Finance and Performance Committee has also indicated strong support for these priority local initiatives.

Subsequent to the OLI work being completed leading up to the draft 10-year Budget, cost estimates for some OLIs have increased, principally due to inflation costs based on expected delivery dates. The estimated cost of the combined OLIs exceeds the \$200m additional funding capacity to help progress the OLIs in the draft 10-year Budget, however there was some existing budget and a number of potential other funding sources. In addition, a number of these projects are more appropriately addressed through transport (five OLIs) or regional funding decisions (six OLIs), and the funding of these projects is covered by other reports on this agenda. This report focuses on the remaining OLIs that are local in nature.

Staff proposed a staged approach to OLIs where those OLIs that were ready for delivery be allocated funding, and OLIs that needed more work were approved in principle, while scope, estimated costs, timing and appropriate funding sources were determined. Local boards were advised of proposed next steps for their OLIs, and provided clear feedback that they would like to see more projects allocated funding or business cases brought forward.

It is proposed that \$170m of funds be included in the 10-year Budget 2018-2028 for the ten local community OLIs. For projects that are more advanced, and have clearly defined scope, it is proposed that estimated budget for those OLIs is allocated in full. For OLIs where further work is required to better understand, scope, costs, other potential funding sources, or timing, staff propose that budget be earmarked for allocation following the completion of business cases. This is a prudent approach, enabling other funding sources to be potentially unlocked.

Of the ten OLIs covered by this report, it is proposed that specific OLI funding be allocated to three OLIs, and that OLI funding be earmarked for allocation following confirmation of scope, estimated costs, and timing to the remaining seven OLIs.

Background

OLI development

The OLI process was initiated last year in order to improve the local board advocacy process, including providing more comprehensive advice on local board advocacy projects. Whilst there was no guarantee of funding, the process was designed to give

local board projects a better opportunity to be progressed through investigation, business cases and to be considered for funding.

Each local board worked hard to prioritise just one key advocacy initiative, the highest priority for their local board area.

A cross-council team coordinated quality advice covering:

- Case for change (why the investment is needed, alignment with existing council policy and plans, outcomes sought)
- Options (three to four options including status quo, which option is best value for money)
- Financial case (is the preferred option fundable and affordable, when is the bulk of the money needed, what year/s, based on readiness, population projections etc)
- Stage (providing an indicator of where in the life cycle the initiative is and level of confidence in the cost estimates).

Based on this advice, some boards modified their initiatives, and then all initiatives were presented to the Finance and Performance Committee on 2 November 2017.

Consultation

Most local boards consulted on their OLI as part of consultation on the 10-year Budget, and the draft 10-year Budget allocated an additional \$200m over and above existing budgets to help progress the OLIs.

The OLIs largely received strong public support, with an average of around 65 per cent favourable support where OLIs were specifically consulted on. The Finance and Performance Committee have also indicated high support for these priority local initiatives.

Post-consultation decision-making process

Subsequent to the draft 10-year budget 2018-2028, staff have undertaken further assessment of the OLI programme. Costs estimates have increased, principally due to inflation costs based on expected delivery dates, and refinement in scope in a few cases.

For projects that are more advanced, and have clearly defined scope, staff propose that estimated budget for those OLIs is allocated in full. For OLIs where further work is required to better understand, scope, costs, other potential funding sources, or timing, staff propose that budget be earmarked for allocation following the completion of business cases. This is a prudent approach, enabling other funding sources to be potentially unlocked.

In order to progress all OLIs, other funding sources have been identified that could be used to fully or partly fund the OLIs as a priority, including the proposed regional fuel tax, development contributions for growth related projects, unallocated development funding, and some local boards had suggested allocating some LDI or their local transport capital fund allocation.

Earlier this month, staff provided advice on where each local board OLI fitted in the above process, and expected timing and actions to be taken. A memo was sent to each local board and the relevant ward councillor/s on how it was proposed to progress each OLI.

The Finance and Performance Committee workshopped the proposed next steps on the OLIs, and heard views from local boards on the proposed next steps. General feedback from local boards included views that some projects that had been allocated funding for a business case were ready for delivery and should be allocated funding for project delivery, and that the proposed timing for project delivery or business case development should be brought forward for some other projects. Local boards also raised some specific concerns with particular projects.

In response to this feedback, staff developed a revised proposal to progress each OLI.

Proposal for allocating funding for OLIs

The revised approach allocates more funding from other sources to some OLIs, and earmarks and protects OLI funding for those OLIs that need more work. The approach is staggered given resource and market capacity, and the early stage of some projects. More certainty of funding is provided, alongside a pragmatic approach to funding and delivery of OLIs.

This proposal splits the OLIs into three categories:

- Transport-related projects (funded in the Regional Land Transport Plan (RLTP), the majority under the proposed Regional Fuel Tax Proposal, which explicitly considered local priorities in its development, or are self-funding)
- Projects or initiatives that are sub-regional in nature
- All remaining projects/initiatives, which are local discretionary in nature.

Alternative funding sources include unallocated growth and development funding, the RLTP, and the proposed sport and recreation facilities investment fund. The key benefit of this approach is that projects are funded by budgets that are most appropriate for the type of project.

The transport and sub-regional/network priorities have funding from other sources and do not require OLI funding at this stage.

Transport-related initiatives

The transport-related OLIs have been allocated funding in the RLTP. The Papakura train station park and ride is funded in the RLTP, and Auckland Transport is working on the bus interchange component that could be funded by the public infrastructure budget or private investment.

The Devonport-Takapuna, Orākei, Papakura, and transport components of the Waiheke OLIs are proposed to be funded by the Regional Fuel Tax, which specifically considered local priorities including OLIs in the development of the proposal.

The Maungakiekie-Tāmaki Local Board and non-transport components of the Waiheke Local Board OLIs have the potential to be self-funding, and as such this option will be investigated. The OLI funding remains as a back-up if required.

Sub-regional community initiatives

Some of the OLIs are sub-regional in nature, and in addition are network priorities, and would require regional funding whether or not they were in the OLI process (Howick, Whau, and land acquisition for Henderson-Massey, with the pool at a later stage). Other reports on this agenda seek additional funding to ensure these network priorities are able to be budgeted in outer years.

Others of the sub-regional OLIs are prime candidates for funding sources such as leveraging the proposed sport and recreation facilities investment fund (Franklin and Upper Harbour).

Allocation of the sport and recreation facilities investment fund will be guided by the Sport and Recreation Investment Policy and partnership decisions by the Facilities Partnership Policy, both in draft and to be reported in July 2018.

The Ōtara-Papatoetoe OLI seeks debt-relief in respect of a sub-regional facility, Colin Dale Motorsport park. It is proposed to forgive the remaining debt of \$1.4m immediately, and reinstate the board's LDI opex by \$280k annually for allocation to projects in their community.

As with the transport-related initiatives, the OLI budget remains a back-up for these initiatives if required.

Local community OLIs

This leaves ten OLIs to be funded by OLI funding, all of which are local in nature. There is sufficient funding available within the proposed OLI and other budgets to cover these. A pragmatic approach to these OLIs is proposed to be taken to provide certainty of funding, but still manage risks.

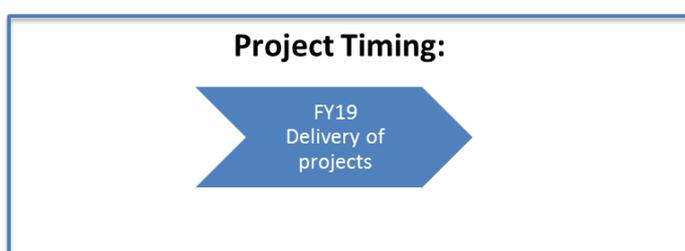
Three OLI (Great Barrier, Hibiscus and Bays (northern end) and Māngere-Ōtāhuhu) are proposed to be allocated funding in the 10-year Budget (2018-2028), with the remaining seven to have funding earmarked from the OLI or other budgets, subject to further work that needs to be undertaken.

Business cases, planning and design work that are associated with projects proposed to be funded by the OLI budget, will also be funded by the OLI budget. Business cases, planning and design work that are associated with projects proposed to be funded by other sources, will be funded by those sources.

Earmarked funding will be allocated via subsequent annual plan processes or via approval from the Finance and Performance Committee following a report and recommendation.

Great Barrier Island: support and funding for sustainability projects

Estimated costs:	\$m
Total Cost	0.3
Other funding	-
Net required	0.3

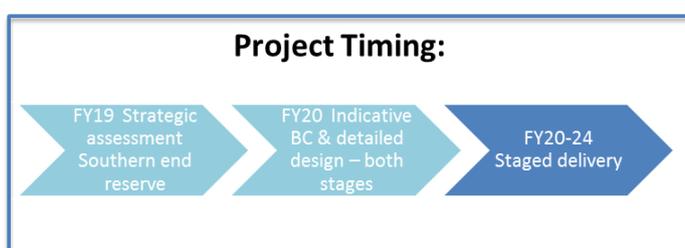


Rationale and recommendation:

- Delivers on council’s sustainability goals and reduces council’s energy costs
- Allocate \$0.3m from OLI funding to replace and upgrade council’s solar energy system, introduce a PHEV (plug-in hybrid electric vehicle) with associated charging infrastructure.
- Progress procurement and delivery of work in FY19.

Hibiscus and Bays: Orewa beach erosion prevention work

Estimated costs:	\$m
Total Cost	18
Other funding	-
Net required	18



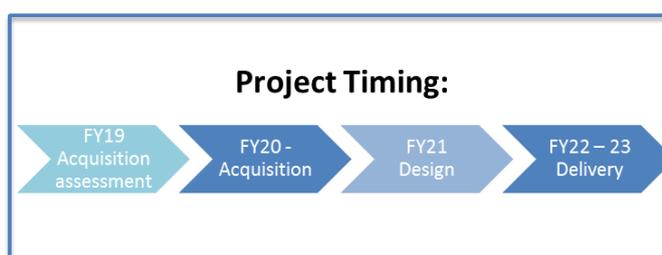
Rationale and recommendation:

- Beach classified as a high priority costal area which requires a solution to protect the public amenities from erosion

- Integrated solution to be designed for the whole of Orewa beach with staged approach to delivery
- Allocate \$8.9m for the northern end current proposed design in FY20
- Allocate \$100k OLI funding to progress indicative business case in FY20 to confirm scope, estimated costs and timing of integrated solution for the whole of Orewa Beach
- Earmark OLI funding for delivery in FY20-24, subject to scope, estimated costs and timing in indicative business case.

Māngere-Ōtāhuhu: Mangere East precinct – Walter Massey Park

Estimated costs:	\$m
Total Cost	6.8
Funding allocated	1.5
Net required	5.3

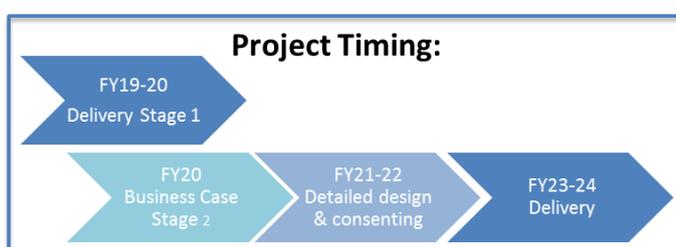


Rationale and recommendation:

- Delivers on community place shaping and safety outcomes
- Allocate OLI funding for the Mangere East precinct and Walter Massey Park programme
- Prepare acquisition assessment to achieve improved park access in FY19
- Acquisition of land in FY20
- Review and refine Walter Massey Park concept plan FY20, and delivery of projects to improve access and connectivity of the Mangere East precinct and Walter Massey Park.

Albert Eden: Chamberlain Park reconfiguration (subject to outcome of current judicial review)

Estimated costs:	\$m
Total Cost	22
Other funding	8.2
Net required	13.8



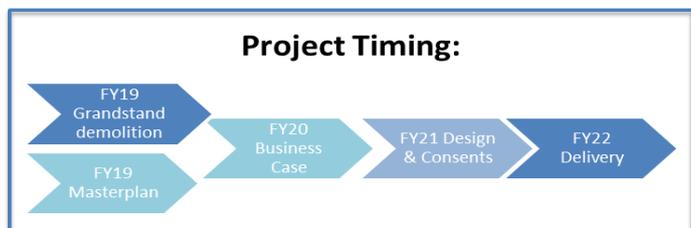
Rationale and recommendation:

- Progresses delivery of the approved Chamberlain Master Plan which supports increased diversity of uses within the park to help meet the needs of growth in surrounding area

- Staged approach to delivery - Stage 1: Neighbourhood park, enhanced cycling and walking route, and stream restoration; Stage 2: Golf course reconfiguration, sports field and recreational facilities
- Allocate \$8.2m to progress Stage 1 and commence part of Stage 2 (sports fields and course reconfiguration)
- Allocate \$100k OLI funding to progress indicative business case for stage 2 in FY20
- Earmark OLI funding for detailed design and consenting in FY21-22 and delivery in FY23-24, subject to confirmation of scope, estimated costs, potential other funding sources and timing in business case.

Kaipātiki: Birkenhead War memorial masterplan and development

Estimated costs:	\$m
Total Cost	22
Funding allocated	8
Net required	14



Rationale and recommendation:

- Redevelopment and enhancement of existing community facilities to avoid reduction in level of service
- Allocate funding for the demolition of the grandstand in FY19
- Complete masterplan (currently in progress) in FY19
- Allocate \$100k OLI funding for indicative business case for priority projects identified in the masterplan in FY20
- Earmark OLI funding for redevelopment, subject to confirmation of scope, estimated costs, potential other funding sources and timing in business case
- Complete detailed design and seek necessary resource consents to deliver priority projects identified in the masterplan in FY21.

Manurewa: Manurewa War Memorial Park redevelopment including a multipurpose facility and upgrade sportsfields

Estimated costs:	\$m
Total Cost	17
Possible funding	1.5
Net required	15.5

Project Timing:

Rationale and recommendation:

- Addresses community asset need and identified shortfall in sports field capacity
- Stage 1: Complete assessment of investment options to increase sports field capacity in Manurewa - FY19. Detailed design and consents for sports field works - FY19
- Earmark funding for sports field physical works, subject to assessment, detailed design and consenting in FY20
- Allocate \$100k OLI funding for business case for Stage 2, investment in new facility to support wider community use including existing sport users in FY19
- Earmark funding for design and consents for new facility in FY20-21, and delivery in FY22-23, subject to scope, estimated costs, potential other funding sources and timing in business case.

Rodney: Local indoor court facility to service Kumeu and Huapai

Estimated costs:	\$m
Total Cost	22.4
Possible funding	
Net required	22.4

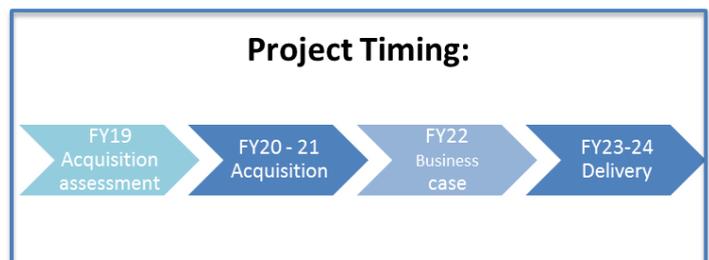
Project Timing:

Rationale and recommendation:

- Addresses local board plan indoor court space need
- Allocate \$80k OLI funding for an indicative business case in FY20 following completion of the North West needs assessment and indoor courts provision
- Earmark OLI funding for the local indoor court facility, subject to confirmation of scope, estimated costs, potential other funding sources and timing in business case.

Waitākere Ranges: Implementation of Glen Eden Town Centre plan – creation of a civic space

Estimated costs:	\$m
Total Cost	21
Possible funding	12
Net required	9

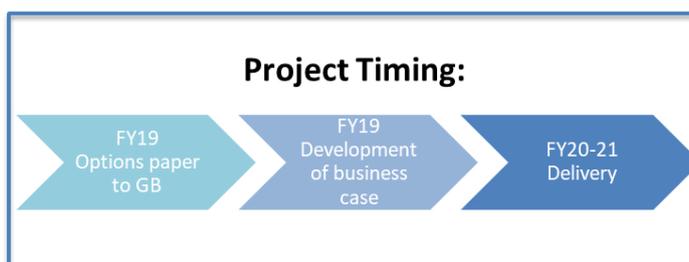


Rationale and recommendation:

- Maintains community service level
- Confirm priority and scope of projects identified in Glen Eden Town Centre Implementation Plan in FY19
- Prepare acquisition assessment for the two identified properties to improve pedestrian connections and civic amenity in FY19
- Acquisition of land in FY20-21
- Allocate funding for detailed design business case in FY22
- Earmark OLI funding for delivery in FY22-24, subject to confirmation of scope, estimated costs, potential other funding sources and timing in business case.

Waitematā: Ponsonby Park, 254 Ponsonby Road

Estimated costs:	\$m
Total Cost	6-9
Possible funding	3
Net required	3-6



Rationale and recommendation:

- Addresses local board plan outcome and identified gap in open space provision for civic space in Ponsonby
- Options paper for Governing Body to reconsider the retention or sale of the rear portion of the site in early FY19
- Allocate funding for development of detailed business case and completion of detailed design in FY19
- Earmark OLI funding for delivery in FY20-21, subject to confirmation of scope, estimated costs, potential other funding sources and timing in business case.

Puketāpapa: Retain and long term develop Liston Village

Estimated costs:	\$m
Total Cost	\$17.21-33
Possible funding	-
Net required	\$17.21-33



Rationale and recommendation:

- Addresses need for social housing for older people
- Options paper to consider use of reserve in FY19
- Subject to ownership, contractual negotiations and Public Works Act 1981 processes, and decision in relation to future use of park, allocate funding for business case for social housing in FY22.

Funding

\$76m of the estimated \$86-\$110m cost of transport initiatives is proposed to be allocated from the Regional Land Transport Plan. The remaining \$10m-\$34m required will be contested for from a number of budgets including; Auckland Transport walking and cycling and Auckland Transport Public Transport.

\$190m of the estimated \$279m cost of the sub-regional initiatives is proposed to be allocated from the existing budgets and other funding provisions, including \$50m from the \$200m additional capacity provisioned in the draft 10-year budget to help progress the OLI. \$64m will be put forward to contest for funds from the proposed Sport and Recreation Facilities Investment fund. Additional funding of \$25m is sought in other reports on this agenda.

\$170m is proposed to be included in the 10-year Budget 2018-2028, with this funding to be allocated or earmarked for the local community OLIs. This includes the remaining \$150m of the \$200m additional capacity provisioned in the draft 10-year budget to help progress the OLIs, and \$20m from existing budgets.

Project type	Indicative Cost	RLTP	Existing budgets	Funding Provision	New funding request	Funding still to be resolved
Transport	\$86-110m	\$76m				\$10-\$34m ¹
Sub-regional	\$279m		\$140m	\$50	\$25m	\$64m ²
Local initiatives	\$126-\$171m		\$20m	\$150m		
Total	\$491-\$536m	\$76m	\$160m	\$200m	\$25m	\$74 - \$98m

1. Funding contested for from a number of budgets including; Auckland Transport Walking and cycling and Auckland Public Transport Infrastructure

2. Funding contested for from the new Sport and Recreation Facilities Investment fund.

Note: Funding for the Henderson pool is not expected until the next decade and the Maungakiekie-Tamaki Transport Oriented Development at Onehunga is expected to be cost neutral.

Risks

The risks with the proposed approach include:

- scope, estimated costs, funding and timing are not well defined in all cases, and could significantly change
- this leaves little provision in the 10-year budget for other priorities and unexpected funding requirements.

Key assumptions built into the estimates and timing for the local community OLIs:

- anticipated legislation changes result in more development contributions funding in later years
- the proposed sport and recreation facilities investment fund is approved and external funding is secured as envisaged
- an additional \$25m for recreational and aquatic facilities is approved through other reports on this agenda
- willingness of sellers where acquisition required
- local boards commit allocation of LDI where indicated
- business cases will be funded out of OLI funding
- OLIs may displace other business cases in current work programmes if a priority
- OLIs may displace other projects currently identified for investigation in the Community Facilities Network Plan
- Unallocated development capex in the outer years of the 10-year Budget is allocated to sub-regional OLI delivery.

To mitigate risks, OLI projects are staggered to reflect their stage of readiness for deliver, and to maintain capacity for affordability and deliverability of the overall community capital programme. In addition, business cases will be used to determine scope, options and timing before finalising funding.

Many local boards expressed a preference that their OLIs be progressed faster. If the funding for OLIs is brought forward, additional OLI expenditure in the first three years of the 10-year Budget may be challenging to budget for and deliver. In addition, completing business cases first takes a prudent approach, and enables other funding sources to be potentially unlocked.

Conclusion

The 10-year Budget.2018-2028 provides more funding overall for local projects. Over and above the allocation and provisioning for OLIs, an additional \$200m is budgeted for renewals, along with more funding for growth. Together, these and other budgets will provide each local board area with a capital work programme that progresses important local priorities and outcomes.

Auckland Council has not run an OLI process before. The willingness of elected members to participate in and support this process has helped ensure the local board's highest priority initiatives can be progressed.