

City centre targeted rate portfolio budget 2019/2020

File No.: CP2019/13324

Te take mō te pūrongo Purpose of the report

1. To endorse the city centre targeted rate portfolio budget 2019/2020.

Whakarāpopototanga matua Executive summary

2. The city centre targeted rate portfolio budget 2019/2020 (Attachment A) has been revised following the strategic assessment process first conveyed to the board at its meeting on 26 September 2018 (Resolution number CEN/2018/53). The budget covers programmes and projects from financial year 2019/2020 to 2024/2025.
3. The strategic assessments were completed by staff and incorporated feedback from the Auckland City Centre Advisory Board received during workshops and via written feedback, (summarised in Attachment B), using the board's assessment criteria (Attachment C).
4. The changes to the city centre targeted portfolio resulting from this process allow for a refreshed forecast of works, and respond to board feedback to allow greater flexibility for funding new opportunities that deliver on city centre objectives and outcomes.
5. Primary changes to the portfolio are adjustments to the ten projects that underwent strategic assessment, and four new budget items created in response to the findings of the strategic assessments and feedback from the board.
6. Following the board's endorsement, the city centre targeted portfolio 2019/2020 will be presented to the Finance and Performance Committee.

Ngā tūtohunga Recommendation/s

That the Auckland City Centre Advisory Board:

- a) endorse the updated city centre targeted rate portfolio budget 2019/2020 (Attachment A of the agenda report).
- b) note that the city centre targeted rate portfolio budget 2019/2020 will be presented to the Finance and Performance Committee.

Horopaki Context

7. The city centre targeted rate was established by Auckland City Council in the 2004/2005 financial year to help fund the development and revitalisation of the city centre. The rate is applied to business and residential land in the city centre and is estimated to yield approximately \$22.5 million per annum.
8. The Auckland City Centre Advisory Board was formed to advise the council on expenditure of the city centre targeted rate.
9. A review of the city centre targeted rate portfolio was initiated to reflect the alignment with the Long-term Plan 2018 - 2028, the city centre's latest challenges and opportunities and to ensure the portfolio is congruent with Auckland Council's most current policies, plans and strategies.

10. From April 2018, staff have worked alongside members of the Auckland City Centre Advisory Board to update the city centre targeted rate assessment criteria to assist the board with their advice on city centre targeted rate investment.
11. A working group of board members was appointed to further develop the assessment criteria, and the subsequent updated assessment criteria (Attachment B) was endorsed by the board at its 22 August 2018 meeting (Resolution number CEN/2018/48).
12. The review of the targeted rate portfolio used the board's endorsed assessment criteria and the council's Investment Delivery Framework to assess projects in the city centre portfolio.
13. At the 26 September 2018 meeting, the Auckland City Centre Advisory Board received from staff the process for the review of the city targeted rate portfolio (known as TR7) (Resolution number CEN/2018/53). Ten projects that had not yet started were identified to undergo strategic assessments in alignment with Auckland Council's Investment Delivery Framework. The outcome of each strategic assessment is a recommendation to progress (or not) with a business case for the proposed project.
14. Feedback from the Auckland City Centre Advisory Board on the prioritisation of strategic assessments was sought at the board's meeting on 21 November 2018 (Resolution number CEN/2018/66).
15. Draft strategic assessments were completed by staff and presented to the board at its 17 April 2019 workshop. The board's investment criteria were used by the board to provide advice to the council on city centre targeted rate investment priorities during discussion at the workshop.
16. Following the 17 April 2019 workshop, board members were given the opportunity to provide individual feedback to staff using the city centre targeted rate investment criteria by 31 May 2019. Seven individual submissions from the board were received, as well as joint feedback from the Waitemata Local Board.
17. Qualitative and quantitative feedback from the board was considered. Commentary and advice from the board was received, and numerical ratings for projects against the board's assessment criteria were calculated by aggregating all feedback forms received from individual board members following the 17 April 2019 workshop.
18. Staff then formed a draft city centre targeted rate portfolio budget 2019/2020 based on the completed strategic assessments and the advice and feedback received from the board. In response to the strategic assessment and feedback processes, certain line items were removed, modified, or added to the draft budget. The draft budget was presented to the board at its 26 June workshop, where further advice and input was received ahead of staff finalising the budget for presentation to the board at its 24 July 2019 meeting.
19. Final changes have now been made to the 2019/2020 budget, incorporating the feedback received at 26 June 2019 workshop with the board. These changes are detailed below in this report, and the updated city centre targeted rate portfolio budget 2019/2020 is included as Attachment A.

Tātaritanga me ngā tohutohu

Analysis and advice

20. The completion of the strategic assessment process and the incorporation of the advice and feedback from the Auckland City Centre Advisory Board allows council to formulate a refreshed city centre targeted rate budget. The assessment of the projects that had not yet started has allowed them to be evaluated in light of current advice from the board and in context of the current long-term plan.
21. The new city centre targeted rate portfolio budget 2019/2020 is attached to this report (Attachment A). The substantive changes reflected in the budget are noted in this report below:

Changes to existing budget items

- i) High Street Streetscapes (\$14.2 million retained) – this project has been retained and the capital expenditure budget brought forward to financial year 2022/2023. Of the \$14.2 million budget, \$500,000 of the budget has been designated as operational expenditure, with spend starting in the financial year 2020/2021 to allow for business case work that will enable the project to proceed.
- ii) Emily Place (\$2.5 million retained) – while there is a lack of scope and budget detail, noted, the feedback from the board was positive around the potential of development here. Of the \$2.5 million budget, \$50,000 has been brought forward to financial year 2020/2021 for business case work.
- iii) Mills Lane and Exchange Lane (\$4 million retained, line items combined and changed to ‘Service Lane Programme’) – the strategic assessment identified benefit in developing a programme approach to developing Mills Lane and Exchange Lane developments. The respective budgets of \$3 million and \$1 million have been retained, while bringing the projects together and bringing forward \$80,000 to the 2019/2021 financial year for business case development.
- iv) Cross Street and Beresford Square (\$9 million retained, line items combined and changed to ‘Karangahape Road Quarter Programme’) – these projects have been brought together to facilitate a precinct-wide approach to development in the area that is responsive to developments of the City Rail Link and light rail. The capital expenditure has been brought forward one year to the 2023/2024 financial year, and \$500,000 has been brought forward to 2020/2021 to allow for business case work.
- v) Wyndham Street (\$3 million removed, \$3 million retained) – the budget is reduced in line with the recommendation to focus the scope of the project on Wyndham Street between Hobson and Albert Street only (rather than Hobson to Queen Street), in order to fully realise benefits from delivery of the Federal Street upgrade and the City Rail Link. \$250,000 has been brought forward to the 2019/20 financial year for business case work
- vi) Queens Wharf (\$8 million removed, \$1 million retained) –The scope for this project is dependent on a number of other decisions still to be made in the downtown and waterfront area. \$1 million has been retained to support future planning of Queen’s Wharf. More investment in Queens Wharf may be considered as part of the Long-term Plan 2021- 2031.
- vii) Quay Park (\$4.75 million removed, \$250,000 retained) –The City Centre Master Plan 2020 may support development in the area. \$250,000 has been retained and brought forward to 2020/2021 to support future planning.
- viii) Lower Hobson Street Flyover (\$6 million removed) – this project has been removed as a different project to convert the flyover to serve two-way traffic and improve pedestrian and cycling facilities is being progressed outside of the city centre targeted rate portfolio instead.
- ix) Wayfinding, Signage and Public Art (\$3.4 million repurposed, line item changed to ‘Public Art’) – the balance of this line was repurposed as there was no planned expenditure to match the TR7 forecast. \$0.4 million was returned to the wider city centre targeted rate portfolio, and \$3 million has been retained for Public Art. The \$3 million Public Art allocation is to support delivery of the City Centre Public Art Plan endorsed at the board’s 23 May 2018 meeting (Resolution number CEN/2018/25).

22. Four new budget items have been added to the city centre targeted rate portfolio budget in response to feedback provided by the Auckland City Centre Advisory Board prior to the board's 26 June 2019 workshop. These new projects are detailed below:

New budget items

- i) Victoria Quarter Programme (\$4.8 million) – a programme for improving amenity and pedestrian experience for this area will be developed through a business case process.
 - ii) City Centre Business Case Development Programme (\$2.5 million) – this budget allows for business case work to be completed earlier to minimise uncertainty and provide earlier direction on project opportunities. This includes funding for Access for Everyone concept development and trials.
 - iii) Additional Programme Fund (\$2 million) – this fund responds to advice from the board to have the opportunity to support funding or part funding new and arising projects that aren't necessarily anticipated at the outset of a given financial year. New projects to be funded via this allocation will undergo a strategic assessment.
 - iv) Contingency (\$10 million) – funding has been made available to respond to cost escalations and unforeseen risks. Any unused contingency will remain within the city centre targeted rate portfolio.
23. The phasing and forecast of other projects in the city centre targeted rate portfolio have been adjusted when refreshing the portfolio for this review. The substantive changes as a result of this adjustment are detailed below:

Notable changes to in-progress projects

- i) Myers Park Underpass (\$5.7 million retained, \$1.85 million added) – this budget has been revised to align with the high-level cost estimate for the preferred option, as presented at the board's 22 May 2019 workshop.
- ii) Albert Street and Lower Queen Street Upgrades - No change to \$30 million total funding contribution to Albert Street and Lower Queen Street. The budget has been redistributed at \$15 million for each project to enable construction to proceed in line with the City Rail Link C1 and C2 projects as presented in the 17 April 2019 Auckland City Centre Advisory Board meeting.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

24. The strategic assessment process is aligned with Auckland Council's Investment Delivery Framework. All strategic assessments include assessment of the project's fit with Auckland Plan outcomes.
25. Staff have consulted with Auckland Transport and other council departments regarding the strategic assessments of the proposed projects. Strategic assessments take into account existing plans and projects of the Council Group, as well as approved plans and strategies.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe Local impacts and local board views

26. Auckland's city centre falls within the Waitemātā Local Board boundaries. The local board is consulted during the development of relevant city centre projects, some of which receive funding through the city centre targeted rate.
27. A Waitemātā Local Board representative is part of the Auckland City Centre Advisory Board membership. The representative sought and collated feedback from Waitemātā Local Board members, and this feedback was submitted and considered as part of the strategic assessment process together with the advice and views of individual Auckland City Centre Advisory Board members.

Tauākī whakaaweawe Māori Māori impact statement

28. The city centre targeted rate can be used to fund development projects that contribute to Māori outcomes by enabling manaakitanga (hospitality), kaitiakitanga (environmental guardianship), and highlighting our unique cultural heritage by incorporating Māori design elements.
29. Mana whenua consultation occurs as part of the development and delivery of all city centre projects, on a project by project basis, via the monthly Infrastructure and Environmental Services Mana Whenua Hui and other site or project specific hui.
30. A Ngāti Whātua o Ōrākei representative is part of the Auckland City Centre Advisory Board membership.

Ngā ritenga ā-pūtea Financial implications

31. All changes to the portfolio budget have been achieved within the existing city centre targeted rate portfolio budget to 2025. The total value of projects within the city centre targeted rate portfolio is \$218 million.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations




32. The city centre targeted rate portfolio includes projects at various stages, including projects that do not yet have a defined scope or conceptual design. As such, the forecast budgets are subject to change.
33. Operational expenditure has been brought forward for some projects to allow for business case work to commence earlier, which will define the project scope and budget.
34. The new contingency fund line item will mitigate the risk of cost variances to projects, as it sets aside approximately 4.5 per cent of the city centre targeted rate portfolio to be used to address cost escalations and unforeseen risks.
35. There is a risk that opportunities to achieve city centre outcomes may be missed due to the timing of funding cycles. The creation of the additional programme fund will allow the city centre targeted rate portfolio to be more responsive to such opportunities.

Ngā koringa ā-muri Next steps

36. The city centre targeted rate portfolio budget 2019/2020 will be reported to the Finance and Performance Committee.
37. The city centre targeted rate budget will be refreshed annually to update the expenditure and cashflows.
38. A further refresh of the city centre targeted rate budget will be aligned to the Long-term Plan process. The refresh will only take into consideration programmes or projects that have not yet started.

Item 6

Ngā tāpirihanga Attachments

No.	Title	Page
A 	City Centre Targeted Rate portfolio budget 2019/2020 - July 2019	25
B 	Recommendation and Advice Summary for Workshop	27
C 	City Centre Targeted Rate - assessment criteria July 2018	29

Ngā kaihaina Signatories

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