

Update on the process for reviewing the city centre targeted rate TR7 portfolio

File No.: CP2018/17769

Te take mō te pūrongo / Purpose of the report

1. To receive an update on the city centre targeted rate portfolio (known as TR7) and the process for the TR7 portfolio review.

Whakarāpopototanga matua / Executive summary

2. 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 Auckland City Centre Advisory Board was formed to advise the council on expenditure and revenue raised by the targeted rate.
3. The city centre targeted rate budget has been fully allocated under the current portfolio of works (TR7) until 2025.
4. A number of TR7 projects have not yet started and most of the budget for these projects is forecast to be spent in the next long-term plan period (2021-2024).
5. Auckland Council's Investment Delivery Framework and the Auckland City Centre Advisory Board's assessment criteria will be used to assess projects in the existing city centre portfolio if they have not yet started. The first step in this process is to undertake strategic assessments. A list of projects prioritised for strategic assessment will be presented to the board for feedback in November 2018. The strategic assessments to begin thereafter.
6. The process will result in recommendations as to whether projects that have not yet started should remain in the portfolio or whether their budgets should be reallocated towards other city centre projects or initiatives. Funding reallocations will also be subject to the board's endorsement and Finance and Performance Committee approval.

Ngā tūtohunga / Recommendation

That the Auckland City Centre Advisory Board:

- a) receive the update on the city centre targeted rate portfolio (TR7) and the process for the TR7 portfolio review.

Horopaki / Context

7. On 29 November 2017, the Auckland City Centre Advisory Board received a report on the city centre targeted rate-funded portfolio of works (TR7) 2015- 2025, and resolved as follows:

Resolution number CEN/2017/81

MOVED by Deputy Chairperson A Gaukrodger, seconded by Mr S Chambers:

That the Auckland City Centre Advisory Board:

- a) *received the current City Centre Targeted Rate funded programme of works 2015-2025 and look forward to in principle discussions in concert with the LTP.*
- b) *endorsed the updated City Centre Targeted Rate funded programme of works for 2017/2018.*

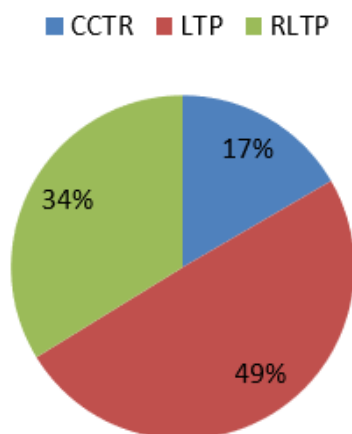
8. The TR7 portfolio fully allocates the city centre targeted rate funding until 2025. The Long-term Plan 2018-2028 was approved by the Governing Body in June 2018, which included the adoption of the city centre targeted rate (resolution GB/2018/1).
9. Since the April 2018, staff have worked alongside members of the Auckland City Advisory Board to update the city centre targeted rate assessment criteria to assist the board with their advice on city centre targeted rate investment. The updated assessment criteria were endorsed by the board at its 22 August 2018 meeting (resolution CEN/2018/48).
10. The updated assessment criteria will be submitted to the Finance and Performance Committee for approval. Subject to approval, the updated assessment criteria will be used by the council when proposing or assessing a portfolio of works for city centre targeted rate spend.
11. A summary of city centre targeted rate spend from 2010 to 2018 is included in Attachment A.

Tātaritanga me ngā tohutohu / Analysis and advice

Planning context

12. The city centre is currently experiencing a period of increased investment, public and private construction is moving at pace and scale, making the city centre a complex and changing environment to build, work, visit and live in.
13. Auckland Council's 10-year budget (Long-term Plan) allocates over \$1 billion of capital investment to the city centre between 2018-2028 in addition to private commercial and residential investment, university campus development, City Rail Link and Light Rail projects. The city centre targeted rate makes up 17 per cent of the total capital investment to the city centre between 2018-2028 as represented in the chart below:

Capital investment planned for the city centre 2018-2028



CCTR – city centre targeted rate
LTP – Long-term Plan
RLTP - Regional Land Transport Plan

14. The council group is developing a construction schedule for city centre projects, which includes identifying the impacts and opportunities of construction and the response to construction in the city centre over the next ten years.
15. The construction schedule will be presented to the board in October 2018, following Planning Committee and Waitemātā Local Board workshops in late 2018.
16. The review of the targeted rate portfolio of works will consider the delivery schedule of the city centre work programmes to ensure that the city centre continues to operate effectively during heavy construction times.

Review process

17. The following process is proposed for the review and update of the targeted rate portfolio of works.
18. Within the city centre targeted rate portfolio (TR7), there are projects that have started and projects that have not yet started. The project status for the current portfolio (TR7) is summarised in Attachment B.
19. For projects that have commenced or are in delivery - staff will update the project forecast or cost estimates. It is noted that some of the project budgets were established a number of years ago and there have been significant cost escalations. These projects will remain in the portfolio as part of the review process.
20. The Auckland City Centre Advisory Board's endorsed project assessment criteria, once approved by the Finance and Performance Committee, will be applied by staff as part of the strategic assessment.
21. For projects that have not started - staff will undertake a prioritisation based on their contribution to the Auckland Plan outcomes, the Auckland City Centre Advisory Board's project assessment criteria and achievability within the construction context of the city centre over the next ten years. The prioritised list of projects will be presented to the board for feedback in November 2018.
22. Following the board's feedback and in order of priority, staff will progress with a strategic assessment of these projects in accordance with the council's mandatory Investment Delivery Framework which was introduced in 2017.
23. Following the strategic assessment for each project, a recommendation for the reallocation of funds will be put to the board and feedback sought. Council internal processes will be followed by staff in making the recommendations.
After feedback has been sought from the board, recommendations for reallocation of funding will be presented to the Finance and Performance Committee for final approval.
24. Summary of the process has been included below:
 - Project forecast / cost estimates updated for projects that have started
 - For projects not started, a list of prioritised strategic assessments will be given to the board for feedback to progress specific project assessments
 - Strategic assessments will be completed for projects not started, in accordance with priority list
 - Recommendation to the board for project to proceed or to reallocate funding
 - Process undertaken to reallocate funding to a new initiative
 - Finance and Performance Committee approval for reallocation of funding.

Council Investment Delivery Framework

25. The diagram in Attachment C demonstrates the council process that staff are required to follow for all programmes and projects.

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 was consulted on the projects funded through the city centre targeted rate, as part of the normal consultative process.
27. A Waitemātā Local Board representative sits on the Auckland City Centre Advisory Board.
28. Feedback will be sought from the local board prior to reporting to Finance and Performance Committee for approval.

Tauākī whakaaweawe Māori / Māori impact statement

29. 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.
30. Mana whenua consultation occurs as part of all city centre projects, via the monthly Infrastructure and Environmental Services mana whenua hui and other site or project specific hui.

Ngā ritenga ā-pūtea / Financial implications

31. The portfolio review process will have implications on the investment portfolio that is funded by the city centre targeted rate, which has a value of \$22.26 million per annum from 2018/2019.




Ngā raru tūpono / Risks

32. Some of the project budgets in the current targeted rate funded portfolio were established a number of years ago and there have been significant cost escalations. There is a risk that there are insufficient funds to deliver the current portfolio of work.

Ngā koringa ā-muri / Next steps

33. Staff will provide a revised TR7 portfolio in November 2018 based on updated forecasts for the projects.
34. Staff will recommend a prioritised list of projects to progress through strategic assessment in accordance with council's mandatory Investment Delivery Framework process and the board's assessment criteria.
35. Following the strategic assessment for each project, recommendation will be presented to the board to further progress with the project or to reallocate funding.
36. Following the board's endorsement, reallocation of funding will be presented to the Finance and Performance Committee for final approval.

Ngā tāpirihanga / Attachments

No.	Title	Page
A 	Summary of city centre targeted rate spend 2010-2018	11
B 	Project status for current city centre targeted rate portfolio (TR7)	13
C 	Auckland Council's Investment Delivery Framework	15

Ngā kaihaina / Signatories

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City centre targeted rate spend 2010-2018

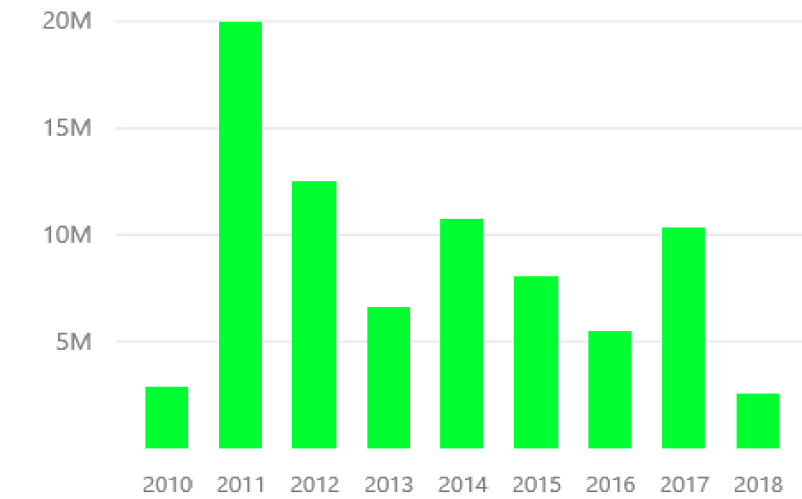
City centre targeted rate spend 2010-2018 by area



Percentage of expenditure by type of project

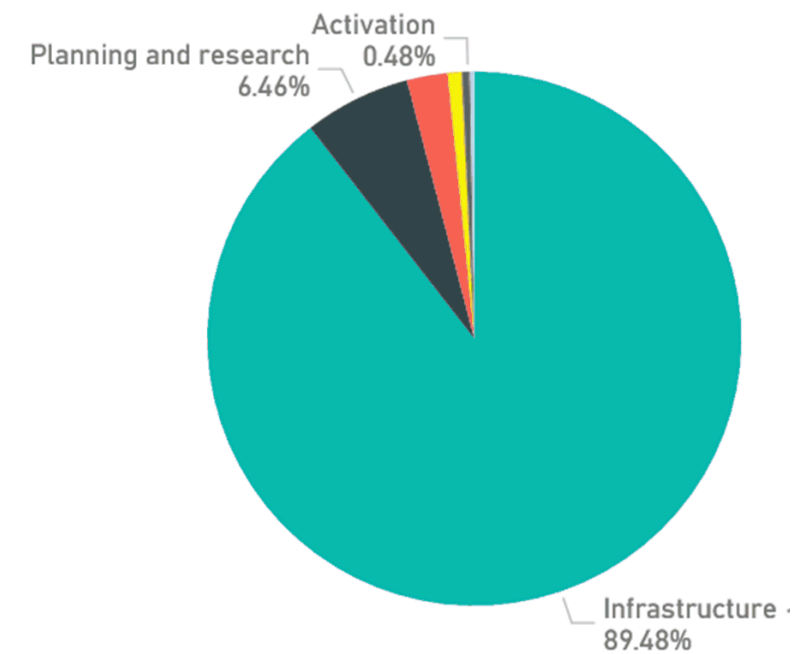
Type	%GT Expenditure
Activation	0.48%
Communications, marketing and events	0.87%
Infrastructure - public realm and/or streetscapes	89.48%
Planning and research	6.46%
Public Art	0.27%
Technology	2.45%
Total	100.00%

Expenditure by year



Expenditure by type – pie chart

- Infrastructure - public realm and/or ...
- Planning and research
- Technology
- Communications, marketing and ev...
- Activation
- Public Art

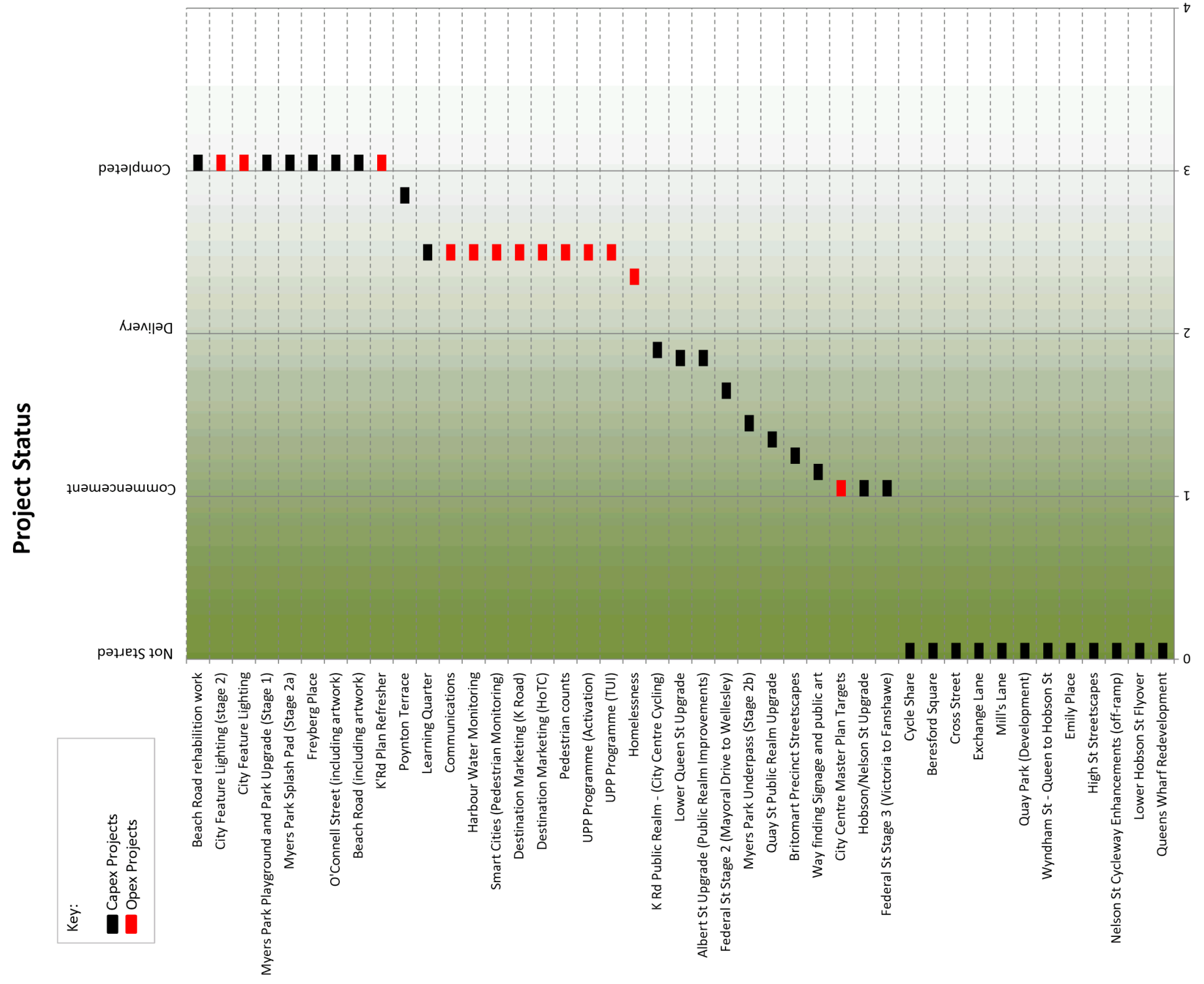


City Centre Targeted Rate Funded Capital Projects 2010—2018

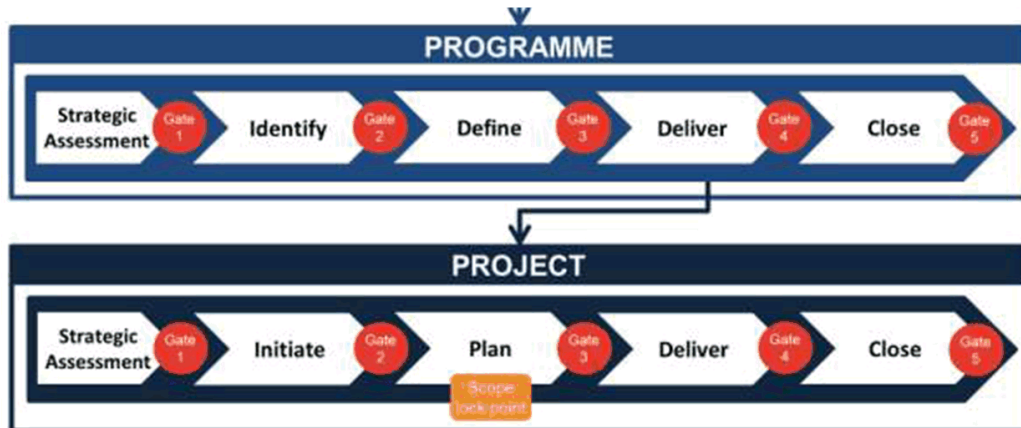


- ▼ Completed Capital Projects**
 - 1 Beach Road Upgrade
 - 2 Britomart Precinct Streetscapes(Stage 1)
 - 3 Britomart Precinct Streetscapes(Stage 2)
 - 4 Elliot / Darby Street upgrade
 - 5 Federal Street (Stage 1)
 - 6 Fort Lane
 - 7 Fort Street Upgrade
 - 8 Freyberg Square Upgrade
 - 9 Jean Batten place
 - 10 Khartoum Place upgrade
 - 11 Kitchener - Upper Khartoum to Victoria
 - 12 Lorne Street Upgrade
 - 13 Myers Park Stage 1 - Playground
 - 14 Light Path - Nelson Street Off Ramp
 - 15 O'Connell Street upgrade & Artwork
 - 16 St Patricks Square lighting

- ▼ Current Capital Projects**
 - 17 Albert Street Public Realm
 - 18 Britomart Precinct Streetscapes(Stage 3)
 - 19 Federal Street (Stage 2)
 - 20 Hobson & Nelson Street Upgrade
 - 21 Karangahape Road Enhancement
 - 22 Learning Quarter
 - 23 Myers Park Stage 2 - Underpass
 - 24 Poynton Terrace
 - 25 Quay Streetscape Upgrade
 - 26 Lower Queen Street



Auckland Council's Investment Delivery Framework



Item 5

Attachment C