

Extension of city centre targeted rate to align with the Long-term Plan process

File No.: CP2020/13650

Te take mō te pūrongo

Purpose of the report

1. To note the continuation of the city centre targeted rate beyond the 2024/2025 financial year needs to be considered as part of the Long-term Plan process.
2. To provide an update on the process for the review of the portfolio and the engagement timeline for the Long-term Plan 2021-2031.
3. To note that a board working group will be formed to attend workshops in October focused on revising the City Centre Targeted Rate programme and considering extension of the city centre targeted rate.

Whakarāpopototanga matua

Executive summary

4. Planning for Long-term Plan 2021-2031 has started with key stakeholder engagement scheduled in late-2020. The city centre targeted rate is an important component of Long-term Plan planning for city centre developments.
5. This report has two parts, Part A refers to the analysis and advice supporting a extension of the city centre targeted rate, with a view to endorsing this at the November meeting. Part B outlines the Council's Long-term Plan process and opportunities for engagement with the Auckland City Centre Advisory Board.

Continuation of the city centre targeted rate beyond the 2024/2025 financial year

6. The city centre targeted rate makes a significant contribution to delivering the outcomes set out in the City Centre Masterplan. It supports developments and revitalisation projects and leverages major infrastructure construction (such as the City Rail Link) to create a vibrant, accessible and inclusive city centre that contributes significantly to the regional and national economy.
7. The city centre targeted rate currently ends in the 2024/2025 financial year. The needs for the city centre targeted rate funded activities are likely to continue beyond 2025 as the city continues to grow and evolve. Two options for the extension of the city centre targeted rate were considered:
 - Option one: Extend the end date to the 2030/2031 financial year to coincide with the end date for Long-term Plan 2021-2031.
 - Option two: Remove the end date which can be amended as part of any Long-term Plan future process as required. (preferred option).
8. Staff recommend option two (remove the end date) to align planning with future Long-term Plan cycles (for example 2024-2034). Planning for significant capex spend needs to start several years before physical work begins on a project. Leaving the end date open provides certainty of funding to allow planning for future years. There is an opportunity to amend the city centre targeted rate every three years as part of the Long-term Plan cycle, if required.

Key engagement dates for reviewing the forward programme for Long-term Plan 2021-2031

9. Consideration of the extension of the city centre targeted rate is necessary because it will inform the work underway to put together a forward programme for the city centre targeted rate as part of the Long-term Plan 2021-2031 process.

10. Two workshops will be scheduled with the Auckland City Centre Advisory Board in October 2020 to discuss and revise the programme and the city centre targeted rate. Staff have also scheduled a workshop in November 2020 to provide a city centre overview of investment, with city centre targeted rate programme being a key component.
11. Both the city centre targeted rate and forward programme will be incorporated as part of overall Long-term Plan 2021-2031 public consultation in early 2021.

Ngā tūtohunga Recommendation/s

That the Auckland City Centre Advisory Board:

- a) note the need to consider the extension of the city centre targeted rate beyond the 2024/2025 financial year as part of this Long-term Plan process
- b) nominate members of the Auckland City Centre Advisory Board to form a working group for the city centre targeted rate and forward programme
- c) note three workshops have been scheduled in October and November 2020 to discuss and revise the city centre targeted rate and forward programme as part of the Long-term Plan 2021-2031 process.

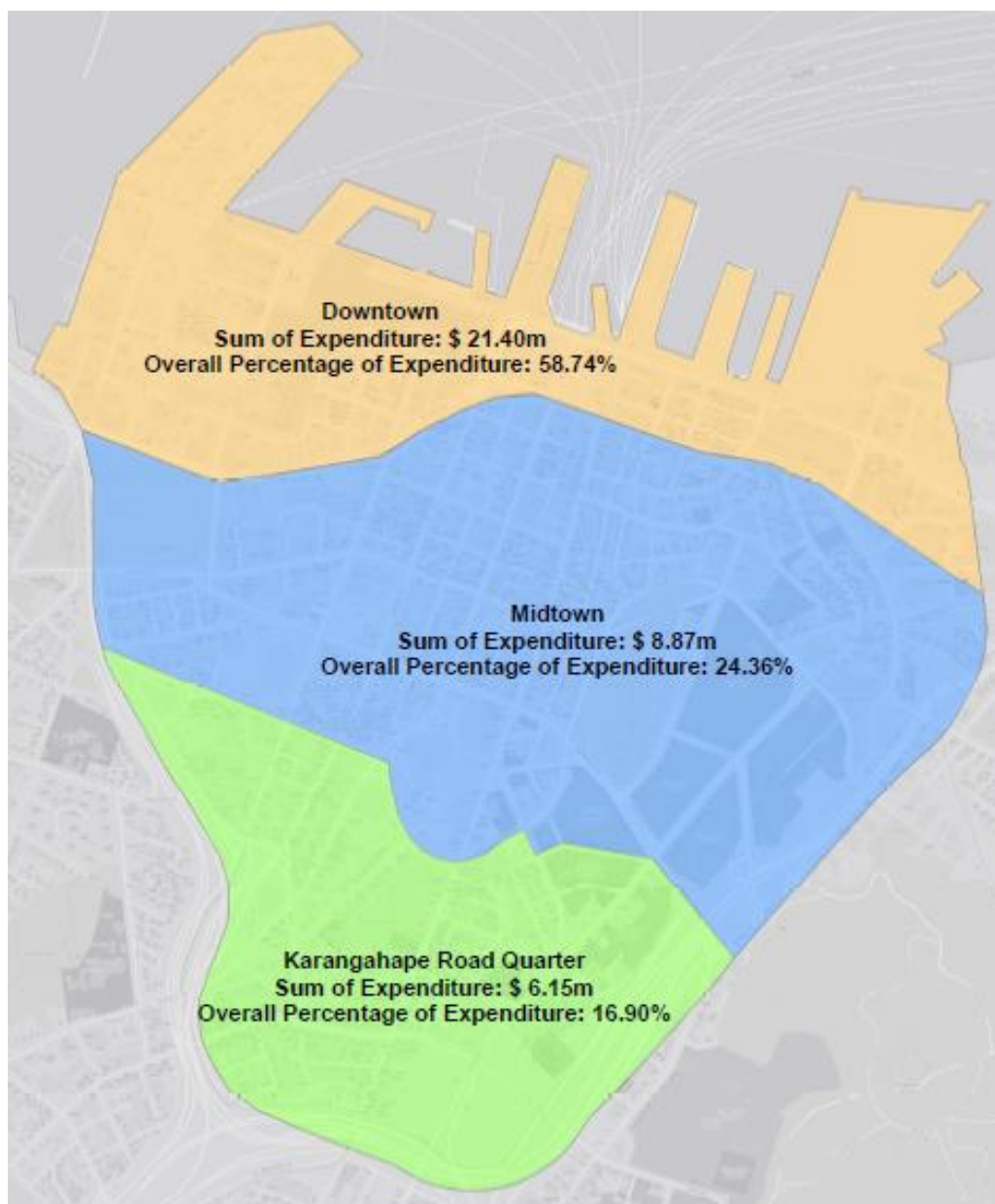
Horopaki Context

12. The former Auckland City Council adopted a targeted rate in the 2004/2005 financial year to develop and upgrade the city centre. The rate was renewed in 2014 [resolution number BUD/2014/55] as the city centre targeted rate to help fund development and revitalisation of the city centre.
13. The city centre targeted rate collects around \$22 million per annum. It funds activities across the city centre including public realm and streetscape, activation, planning and research, marketing and events expenditure (see Table one and Figure one below).
14. These city centre targeted rate funded activities have made significant changes in the city centres that support the City Centre Masterplan outcomes by providing a high-quality urban environment, promoting the competitive advantages of the city centre as a business location, and promoting the city centre as a place for high-quality education, research and development.
15. The city centre targeted rate funded activities also play a major role in leveraging the development of major public infrastructure, such as the City Rail Link (the single largest transport project in New Zealand's history) and the Downtown programme.
16. Together, the city centre targeted rate, public infrastructure construction and private development will help the city continue to grow and evolve, and be a great place to work, live, visit and do business, and make it a centre of choice for arts, culture, events with a unique identity as the heart and soul of Auckland.

Table one: City centre targeted rate expenditures¹ by categories (financial year 2018/19-2019/2020)

Type	% Expenditure
Infrastructure – public realm and streetscapes	91.0%
Activation	4.6%
Planning and research	3.9%
Communications, marketing and events	0.5%
Total	100.0%

Figure one: City centre targeted rate expenditure² by location (Financial year 2018/19-2019/2020)



¹ Actual figures including both capex and opex.

² Figures related to Infrastructure – Public Realms and Streetscapes only.

Tātaritanga me ngā tohutohu Analysis and advice

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17. The city centre targeted rate currently ends in the 2024/2025 financial year. Staff have analysed the need for an extension and have begun work to put together a forward city centre targeted rate work programme. Considerations undertaken include COVID-19 impacts and council funding cycles, alignment with City Centre Masterplan and Auckland Plan, and any city centre needs that are not currently being met by general rates or other revenue.

Part A: Extension of city centre targeted rate to support investment in the City Centre needs to be considered as part of the Long-term Plan process

18. The needs for the city centre targeted rate funded activities are likely to continue beyond 2025 as the city continues to grow. The city centre will continue to be a focus for development and improvement because of its regional and national significance. There is likely to be an increase in major events, tourism, business and residents over the next 20 years.
19. Businesses who pay the targeted rate are contributing to enhancing the city centre and improving the visitor experience and attractiveness of the city to investors. This supports economic growth. The targeted rate also contributes to activation of the city and high-quality public space for rest and recreation which is both good for businesses and for residents. The targeted rate is only used within the city centre and therefore has a direct benefit for those paying the rate.
20. The impacts of COVID-19 in the city centre will continue to be felt for several years. The targeted rate paid by businesses and residents will flow back into the city centre, contributing to destination marketing, activation and events among other initiatives, that will encourage people back into the city centre and make it a destination of choice.
21. There is a need to ensure the city centre provides quality access for everyone and supports new public transport initiatives, the growth in pedestrians, cyclists, micro-mobility users. There is already an opportunity to explore making the city centre a safer and greener environment with improved public amenities and public space.
22. The targeted rate is currently in place until 2024/25. A recommendation needs to be made on whether this will be extended beyond the current period.
23. No changes to the purpose of the rate or rate adjustment are proposed at this time. Depreciation and consequential opex within the city centre targeted rate as a result of targeted rate investment will continue to be paid for by general rates.
24. Two options were considered for city centre targeted rate extension:
- **Option one:** Extend the end date to the 2030/2031 financial year to coincide with the end date for Long-term Plan 2021-2031.
 - **Option two:** Remove the end date which can be amended as part of any Long-term Plan future process as required.
25. Staff recommend option two (remove the end date) to align planning with future Long-term Plan cycles (for example 2024-2034).
26. Planning for significant capex spend needs to start several years before physical work begins on a project. Leaving the end date open provides certainty of funding to allow planning for future years. There is an opportunity to amend the city centre targeted rate every three years as part of the Long-term Plan cycle, if required (this means city centre residents and businesses will continue to pay the targeted rate until it is reviewed as part of a Long-term Plan cycle).

Consideration has been taken on whether the targeted rate level should be adjusted and when to do it

27. Staff have analysed whether the level of city centre targeted rate should be adjusted in order to fund future activities. Given the additional general rates increase and pressure of COVID-19, Long-term Plan 2021-2031 is not considered a good time for a targeted rate increase. A decrease in the rating level has also not been advised, as the targeted rate is currently set until 2024/25 and has been largely allocated within the existing programme. Unallocated budget will be needed to help revitalise the city following the impacts of COVID-19.
28. The Long-term Plan cycle (every three years) provides an opportunity to review the level of the targeted rate in the future should there be a need to increase or decrease the amount collected.
29. The proposal to extend the targeted rate will be part of overall Long-term Plan consultation in early 2021.

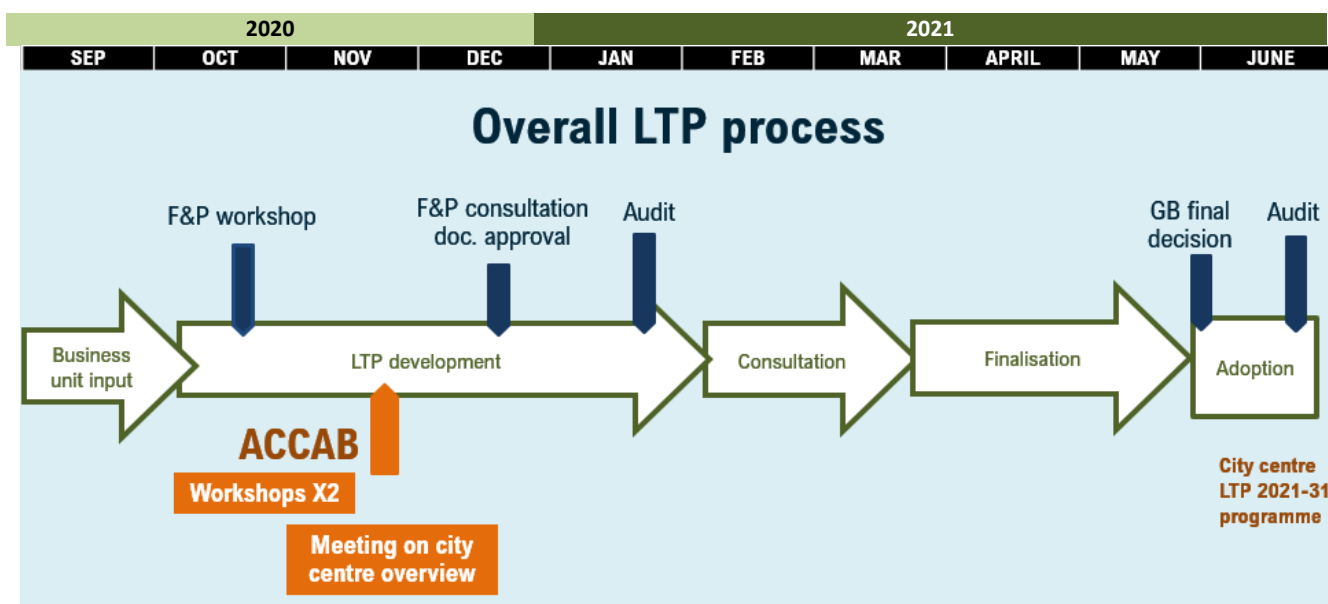
Part B: The Long-term Plan 2021-2031 and engagement process

Collaboration is crucial in developing a forward programme to deliver City Centre Masterplan outcomes

30. The city centre targeted rate budget is part of Council's overall budget that will be reviewed as part of the Long-term Plan process.
31. The city centre targeted rate investment portfolio for Long-term Plan 2018-2028 was approved by the Budget Committee in 2017 [CP2017/26497]. The portfolio was reviewed and refined with the board between September 2018-July 2019. Updates for individual projects have been provided at the monthly meetings, with the latest detailed work programme update provided on 31 August 2020 [reference number: CP2020/11903]. A copy of the CCTR budget portfolio 2020-21 as per the Emergency Budget 2021 is provided in Attachment B.
32. Council's Long-term Plan 2021/2031 process has now begun and will complete with the endorsement of a new Long-term Plan in June 2020. Given the financial constraints due to COVID-19, the process will be different than previous years. The council group need to challenge what is being delivering is still needed and the best way to deliver what is still needed.
33. There will be limited funding available (particularly in the first three years) and Auckland Council's Long-term Plan programme team will work closely with staff to ensure that robust processes are in place for prioritising and selecting programmes for funding.
34. Work is already underway to put together the city centre targeted rate forward programme. A key focus of the forward programme is to demonstrate a strong link between the proposed programme and council strategic outcomes and priorities.
35. Figure two below provides a timeline for the next Long-term Plan (2021-2031) and the next steps to engage with the Auckland City Centre Advisory Board on the city centre targeted rate forward programme:
 - First October Auckland City Centre Advisory Board workshop: Collaborating on forward programme to deliver City Centre Masterplan outcomes, including consideration of extension of city centre targeted rate.
 - Second October Auckland City Centre Advisory Board workshop: Presenting the revised city centre targeted rate programme for feedback
 - November Auckland City Centre Advisory Board workshop: Presenting the city centre overview (Auckland Council, Regional Facilities Auckland, Panuku).

Figure Two: Overall Long-term Plan process and planned engagement with Auckland City Centre Advisory Board

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Tauākī whakaaweawe āhuarangi Climate impact statement

- 36. Urban intensification and city developments have brought climate impact and challenges to the environment.
- 37. An extension of the city centre targeted rate and consideration of forward programme would help ensure future projects in the city centre continue to incorporate critical environmental and climate change measures, such as sustainable procurement, recycle-able and re-usable materials, opportunities to improve water treatment, greening the environment (for example, more trees and planters), monitoring and evaluation of environment measures, compact and low-carbon urban design.

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

- 38. An extension of the city centre targeted rate will provide certainty of funding that enables early planning and investigations for future development activities for the city centre. It could also open up opportunities for co-funding on large infrastructure and development projects.
- 39. Staff will report to the advisory board meeting on 5 November 2020 to provide a city centre overview of investment in Long-term Plan 2021-2031 (with the city centre targeted rate programme being a key part of it), with contribution from Panuku, Regional Facilities Auckland, Auckland Council and Auckland Transport.

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

- 40. The City centre is located within the Waitemātā Local Board area.
- 41. The Waitemātā Local Board has previously been supportive of the city centre targeted rate portfolio and has provided co-funding to several projects (such as Meyer’s Park underpass). City centre targeted rate funded projects contribute to Waitemātā Local Board plan outcomes.
- 42. Staff will engage with the local board on the Long-term Plan 2021-2031 forward programme for the city centre.

Tauākī whakaaweawe Māori Māori impact statement

43. The City Centre Masterplan 2020 sets out a vision for the city centre to have a sense of place informed by the past and looking to the future, with thriving and authentic tangata whenua identity and culture (Outcome 1: Tāmaki Makaurau - Our place in the world).
44. An extension of the city centre targeted rate and consideration of the forward programme will help ensure future projects continue to work with mana whenua to deliver this vision. Examples might include use of te reo Māori festivals and events, and incorporation of Tāmaki Makaurau / Auckland design approach founded on Māori design for unique architectural and spatial design responses.

Ngā ritenga ā-pūtea Financial implications

45. An extension of the city centre targeted rate would provide approximately \$22 million per annum each year to fund city centre developments. If the targeted rate is not extended, council is likely to have insufficient funding to realise the outcomes set out in City Centre Masterplan beyond 2024/25.
46. Advice from Auckland Council's financial policy team on funding principles for the city centre targeted rate and process will be incorporated in the proposed change in Long-term Plan 2021-2031.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

47. If the city centre targeted rate is not extended, council is likely to have insufficient funding to realise the outcomes set out in City Centre Masterplan beyond 2024/25.

Ngā koringa ā-muri Next steps

48. Upon receiving the Auckland City Centre Advisory Board's feedback, the decision on extension of the city centre targeted rate and the forward programme will be incorporated as part of overall Long-term Plan 2012-2031 public consultation in early 2021.

Ngā tāpirihanga Attachments

No.	Title	Page
A	City Centre Targeted Rate spend 2010-2018 by area	17
B	CCTR budget portfolio 2020-2021 as per the Emergency Budget July 2021	19
C	CCTR LTP Planning ACCAB Sept meeting	21

Ngā kaihaina Signatories

Author	Nancy Chu - Senior Investment Programme Lead
Authorisers	Liz Nicholls – Manager Investment Programmes John Dunshea – Lead Officer Support

Figure A: City centre targeted rate spend 2010-2018 by area (previously provided to the board in 2018)



2021 Emergency Budget - future years to change as part of LTP process

	FY21	FY22	FY23	FY24	FY25
Reserve provided as guideline ahead of audited statement (expected October 2020)					
Reserve Opening Balance	52,806,033	40,737,852	36,607,257	34,358,955	24,911,609
Rates revenue	23,108,292	23,653,744	24,140,481	24,637,354	25,144,572
Interest added					
Allocated funds	35,176,473	27,784,340	26,388,782	34,084,701	43,136,813
Reserve Closing Balance	40,737,852	36,607,257	34,358,955	24,911,609	6,919,368
CAPEX	31,594,452	22,818,261	21,704,962	31,075,568	40,161,816
OPEX	3,582,021	4,966,079	4,683,820	3,009,133	2,974,997
Total Allocated	35,176,473	27,784,340	26,388,782	34,084,701	43,136,813

2021 Emergency Budget - future years to change as part of LTP process													
	Project Type	WBS name	Not Started	Planning	Implementation	Complete	FY21	FY22	FY23	FY24	FY25	Total	Comments
1	OPEX	Access for Everyone Concept Pilot					36,311					36,311	
2	OPEX	Activation (opex)					850,000	958,910	861,633	861,633	941,633	4,473,808	Partially programmed
3	OPEX	Additional Programme Fund						300,000	450,000	400,000	280,000	1,430,000	2021 in Covid response line
4	CAPEX	Albert St Upgrade (Pub. Realm Improve)					4,422,000	130,180		3,855,164		8,407,344	
5	CAPEX	Britomart Precinct Streetscapes					3,320,788	7,285,852	1,400,000	993,553		13,000,193	
6	OPEX	City Centre Business Case Dev. Prog.					700,000	890,000	500,000			2,090,000	2021 budget - \$600,000 contribution to Queen St pilot
7	OPEX	Communications city centre						100,000	300,000	200,000	200,000	800,000	To be reviewed as part of LTP review
8	OPEX	Covid Emergency Response					400,000					400,000	Allocated in consultation with the Board in 2020
9	OPEX	Destination Marketing- Heart of the City					400,000	400,000	400,000	400,000	405,864	2,005,864	
10	OPEX	Destination Marketing Karangahape Road Bus. Assoc.					40,000	40,000	40,000	40,000	40,000	200,000	
11	OPEX	Emily Place					10,000		40,000			50,000	Innovating Streets trials will contribute feasibility information to this project
12	CAPEX	Emily Place									2,450,000	2,450,000	
13	CAPEX	Federal St St 3 (Vict. St to Wyndham St)					40,000	800,000	5,000,000	7,675,278		13,515,278	To be reviewed as part of LTP review
15	CAPEX	Federal St Stg 2 - Mayoral to We					3,000,000	3,233,632				6,233,632	Construction delayed by 3 months (Emergency budget) and will start early in 2021
16	OPEX	Federal St Stg 3 (Vict. St to Fanshaw St)					48,710	66,000	40,000			154,710	To be reviewed as part of LTP review
17	OPEX	Federal St Stg2 (Mayoral Dr to Wellesley					50,000					50,000	
18	OPEX	Harbour water monitoring					3,500					3,500	Work complete in 2020
19	OPEX	Heart of the City - Pedestrian Count					57,500	57,500	57,500	57,500	57,500	287,500	Contract in place
20	CAPEX	Hobson & Nelson Street upgrade					20,000	1,860,000	2,007,505		15,000,000	18,887,505	Partially programmed
21	OPEX	Hobson/Nelson Sts Upgrade					160,000	275,000				435,000	
22	CAPEX	K Rd Cycle Improvements					2,606,055					2,606,055	
23	CAPEX	Karangahape Road Quarter programme							500,000	3,500,000	4,500,000	8,500,000	New programme - endorsed in July 2019
24	OPEX	Karangahape Road Quarter programme						250,000	250,000			500,000	New programme - endorsed in July 2020
25	OPEX	Learning Quarter					165,000	350,000	550,000	550,000	550,000	2,165,000	
27	CAPEX	Lower Albert St C2											
28	CAPEX	Lower Queen St					7,177,000	492,621				7,669,621	
29	CAPEX	Myers Park Underpass					200,000	5,086,018	1,000,000			6,286,018	Construction delayed slightly (Emergency budget) - was due to start early 2021 and now will start mid 2021 calendar year
30	CAPEX	Nelson St Slip Lane					803,888	2,990,000				3,793,888	Design delayed (Emergency Budget) - will recommence July 2021
31	OPEX	Nelson Street Slip Lane Opex					15,000					15,000	
32	CAPEX	Public Art						980,000	680,000	480,000	860,000	3,000,000	
33	OPEX	Quay Park (Framework Plan)						125,000	125,000			250,000	To be reviewed as part of LTP review
34	CAPEX	Quay Street Public Realm CCTR					10,808,609					10,808,609	
35	OPEX	Queens Wharf Redevelopment						200,000	400,000	200,000	200,000	1,000,000	To be reviewed as part of LTP review
37	OPEX	Service Lane Programme					60,000					60,000	New programme - endorsed in July 2019
38	CAPEX	Service Lane Programme						200,000	800,000	2,920,000		3,920,000	New programme - endorsed in July 2019
39	OPEX	Smart Cities					116,000	136,743	136,743			389,485	Contract in place with AT
40	OPEX	Streetscapes (High Street)						232,945	132,945			365,890	
41	CAPEX	Streetscapes (High Street)						696,070	3,827,457	9,151,573		13,675,100	
42	OPEX	TUI (Opex)					300,000	300,000	300,000	300,000	300,000	1,500,000	Partially programmed
43	OPEX	Victoria Quarter Programme					140,000	100,000	100,000			340,000	New programme - endorsed in July 2019
46	CAPEX	Victoria Quarter Programme						1,000,000	1,000,000	2,500,000		4,500,000	New programme - endorsed in July 2019
47	OPEX	Wyndham St - Queen to Hobson St					30,000	183,981				213,981	To be reviewed as part of LTP review in conjunction with Federal Street
48	CAPEX	Wyndham St - Queen to Hobson St						250,000	2,500,000			2,750,000	To be reviewed as part of LTP review in conjunction with Federal Street

City Centre Targeted Rate – Highlights, CCTR extension and Long-term Plan 2021-2031 process

Auckland City Advisory Board
28 September

AUCKLAND'S FUTURE IN PROGRESS



Purpose

- **Realising the City Centre Masterplan:** Highlights from the last three years
- **Endorsement -** Seeking endorsement for extension of the City Centre Targeted Rate
- **The Long-term Plan 2021-2031:** Council process and opportunities for engagement over the next few months

AUCKLAND'S FUTURE IN PROGRESS



Auckland
Tourism, Events and
Economic Development

Panuku
Development
Auckland

Auckland
Council
Te Kaitiaki o Te Hāroki Whakaruru



E hangaia ana te pokapū ā-tāone mō ō tātou iwi Building a city centre for our people

CCMP is the vision to ensure the heart of our city remains a vibrant, bountiful place for everyone.

CRL – largest infrastructure project in New Zealand – ever.

\$1billion investment for 2018-2028

We are gearing up for the 36th America's cup in 2021 with new waterfront and downtown public and retail spaces

AUCKLAND'S FUTURE IN PROGRESS

City Centre Targeted Rate – Delivering for the city centre



CCTR highlights 2018 - 2021

Downtown

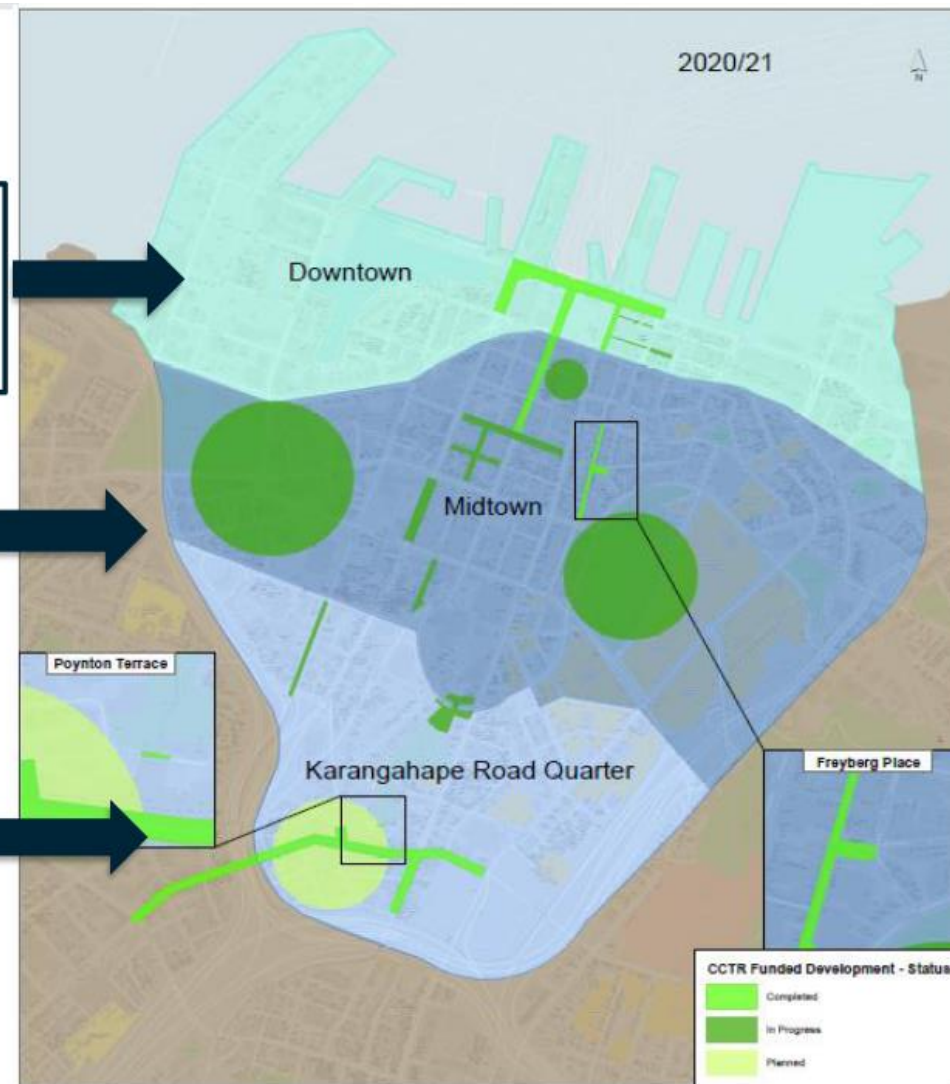
- Three major projects under construction
- Quay Street Public Realms being the major one, expected delivery 2021-22

Midtown

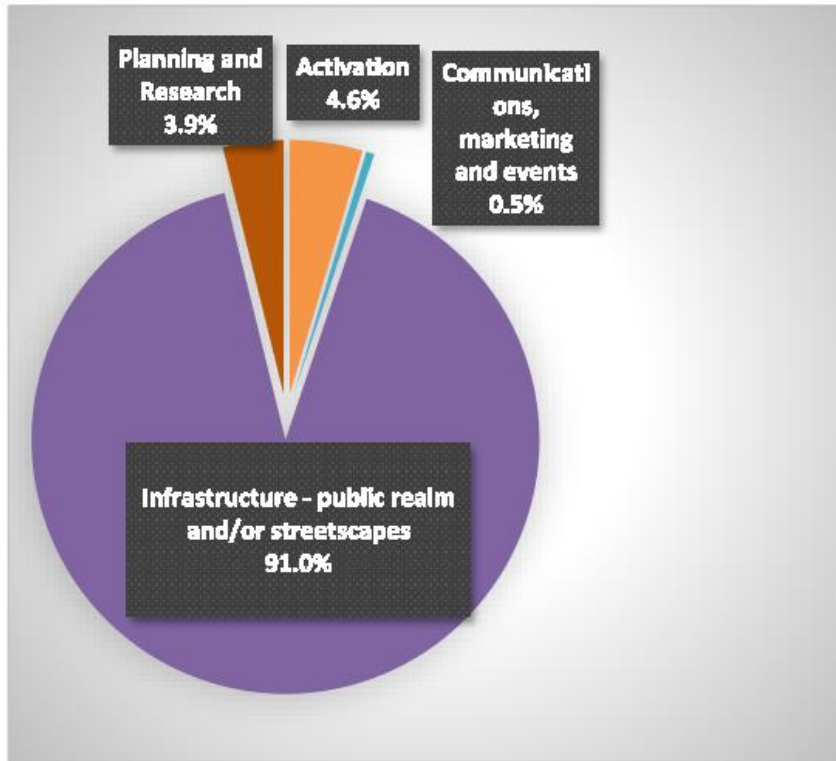
- Concept design for multiple projects underway
- Freyberg Place and High Street trial completed

Karangahape Quarter

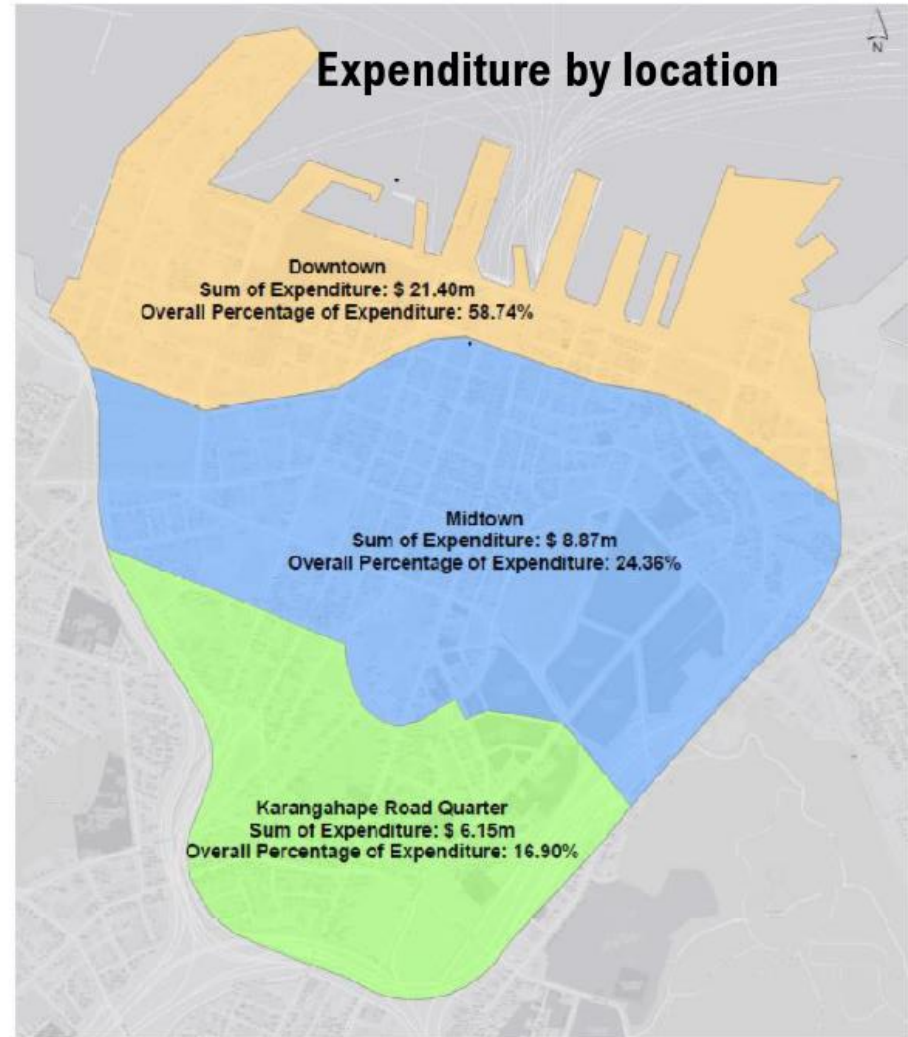
- Three projects underway
- Poynton Terrace completed
- K'Road Public Realm to be completed by 2020-21



CCTR spending 2018 - 2020

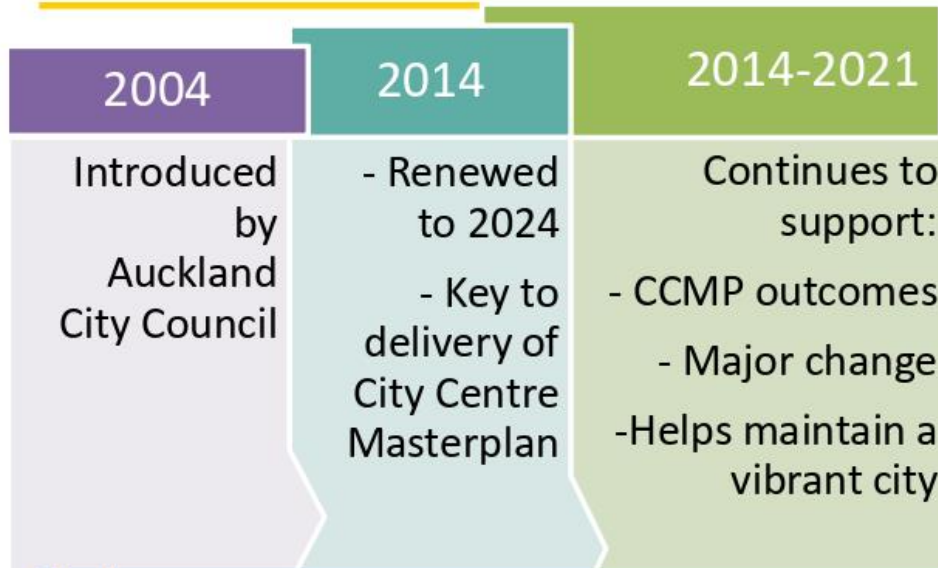


Expenditure by activity




Expenditure by location

CCTR context



Beyond 2021: Auckland's Future in Progress – increasing need to respond to growth, urbanisation, major infrastructure developments, supporting residents, businesses and visitors and to create a healthy and sustainable city

CCTR extension options

- 
- 1 Extend the end date to 2031 to coincide with the end date of LTP 2021-2031
 - 2 Remove the end date – flexibility to align with future LTP three-year cycles.
(preferred option)



Long-term Plan 2021-2031 engagement process

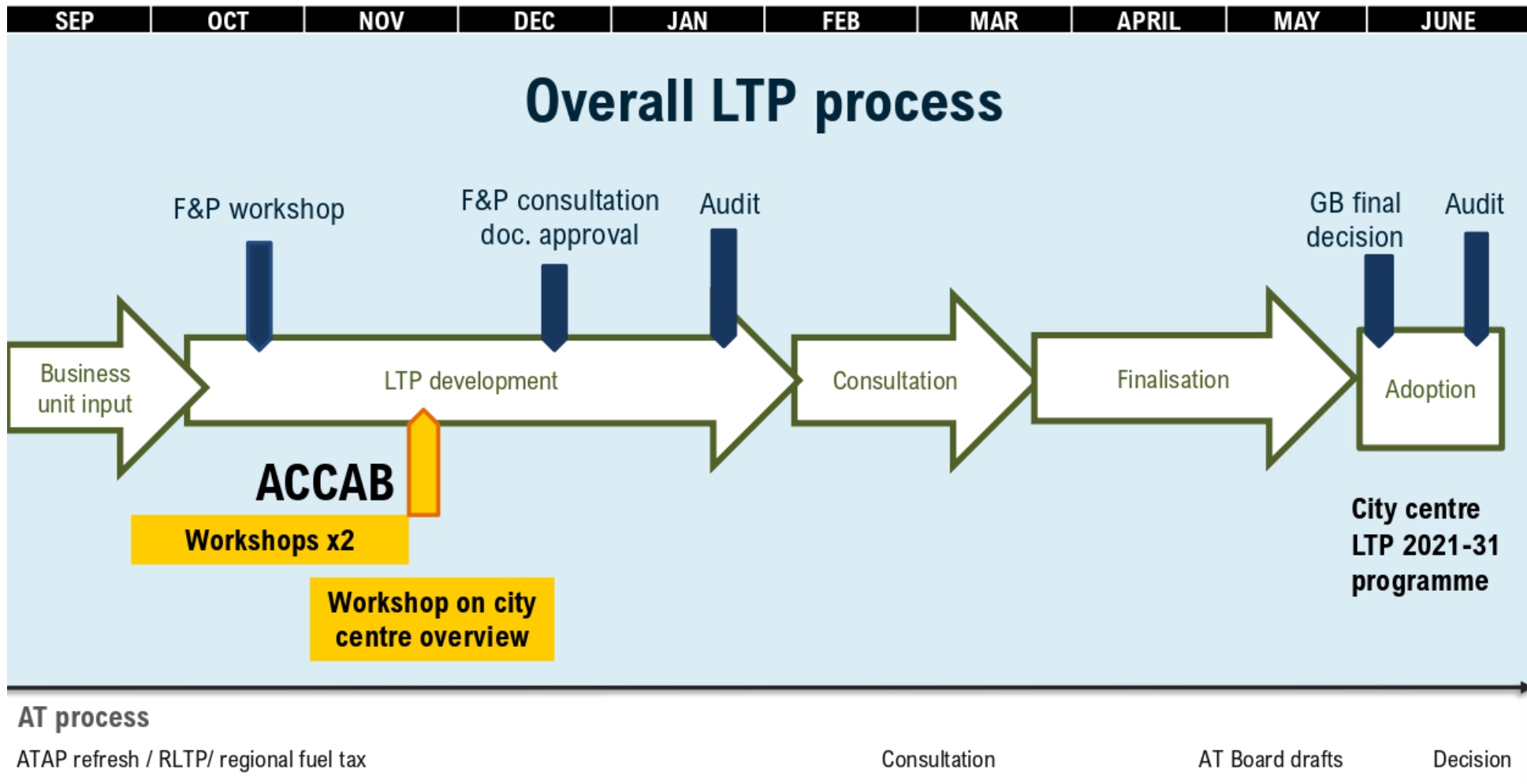


The 10 year budget (LTP 2021-2031)

- A statutory planning document reviewed every three years
- Decisions led by the Finance and Performance Committee
- Audited process
- CCTR forms part of the Council's LTP

AUCKLAND'S FUTURE IN PROGRESS

LTP 2021-2031 timeline



Next steps with ACCAB

First Oct workshop

Collaborating on forward CCTR programme

Second Oct workshop

Revised CCTR programme for ACCAB feedback

5 Nov meeting

City centre overview
(Auckland Council, RFA, Panuku)

