



# KOMITI ITI MAHERE Ā- NGAHURUTANGA / MAHERE Ā-TAU LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

27 May 2024

Order Paper for the meeting to be held in the  
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,  
on:

**Tuesday 4 June 2024 commencing at 1.00pm**

The meeting will be livestreamed on Council's Facebook page.

## Membership

Mayor C Barry (Chair)

Deputy Mayor T Lewis

Cr G Barratt

Cr K Brown

Cr S Edwards

Cr K Morgan

Cr N Shaw

Cr G Tupou

Cr J Briggs

Cr B Dyer

Cr A Mitchell

Cr C Parkin

Cr T Stallinger

For the dates and times of Council Meetings please visit [www.huttcity.govt.nz](http://www.huttcity.govt.nz)

### **Have your say**

You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing [DemocraticServicesTeam@huttcity.govt.nz](mailto:DemocraticServicesTeam@huttcity.govt.nz) or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY

## KOMITI ITI MAHERE Ā-NGAHURUTANGA/MAHERE Ā-TAU LONG TERM PLAN / ANNUAL PLAN SUBCOMMITTEE

<b>Chair:</b>	Mayor Campbell Barry
<b>Deputy Chair:</b>	Deputy Mayor Tui Lewis
<b>Membership:</b>	All Councillors (11)
<b>Quorum:</b>	Half of the membership
<b>Meeting Cycle:</b>	Meets on an eight-weekly basis or as required during the LTP/ AP process
<b>Reports to:</b>	Council

### PURPOSE:

To carry out all necessary considerations and hearings, precedent to the Council’s final adoption of Long Term Plans (LTP) and Annual Plans (AP) which give effect to the strategic direction and outcomes set by the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee through setting levels of service, funding priorities, the performance framework and budgets.

#### **Determine:**

- Development of a framework and timetable for the LTP and AP processes.
- The nature and scope of engagement and public consultation required.
- Statements to the media.
- Such other matters as the subcommittee considers appropriate and which fall within its Terms of Reference.
- Informal engagement with the community, and the hearing of any formal public submissions.
- Consideration of submissions on Hutt City Council’s Assessment of Water and Sanitary Services.

#### **Consider and make recommendations to Council:**

- Levels of service, funding priorities, performance framework, budgets, rating levels and policies required as part of the LTP or AP, excluding any policies recommended to Council by the Komiti Ratonga Rangatōpū me te Rautaki | Policy, Finance and Strategy Committee.
- Consultation documents.
- Council’s proposed and final LTP.
- Council’s proposed and final AP.
- Final content and wording, and adoption of the final Hutt City Council Assessment of Water and Sanitary Services.

**TE KAUNIHERA O TE AWA KAIRANGI | HUTT CITY COUNCIL**

**KOMITI ITI MAHERE Ā-NGAHURUTANGA / MAHERE Ā-TAU**  
**LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE**

Meeting to be held in the Council Chambers,  
2nd Floor, 30 Laings Road, Lower Hutt on  
Tuesday 4 June 2024 commencing at 1.00pm.

**ORDER PAPER**

**PUBLIC BUSINESS**

**1. OPENING FORMALITIES - KARAKIA TIMATANGA**

Whakataka te hau ki te uru  
Whakataka te hau ki te  
tonga  
Kia mākinakina ki uta  
Kia mātaratara ki tai  
E hī ake ana te atakura  
He tio, he huka, he hau hū  
Tihei mauri ora.

*Cease the winds from the west  
Cease the winds from the south  
Let the breeze blow over the land  
Let the breeze blow over the ocean  
Let the red-tipped dawn come with  
a sharpened air.  
A touch of frost, a promise of a  
glorious day.*

**2. APOLOGIES**

No apologies have been received.

**3. PUBLIC COMMENT**

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

**4. CONFLICT OF INTEREST DECLARATIONS**

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

**5. RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI**  
**COUNCIL - 4 June 2024**

a) Final decisions on the Long Term Plan 2024-2034

Report No. LTPAP2024/3/135 by the Manager Financial Strategy and Planning

**CHAIR'S RECOMMENDATION:**

“That the recommendations contained in the report be discussed.”

b) Development and Financial Contributions Policy 2024

Report to be separately circulated.

c) Three Waters Investment

Report No. LTPAP2024/3/136 by the Strategic Advisor 38

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

d) Micromobility Options 2024/25 onwards

Report No. LTPAP2024/3/140 by the Principal Advisor - Micromobility Programme 89

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be discussed."

**6. QUESTIONS**

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

**7. EXCLUSION OF THE PUBLIC**

CHAIR'S RECOMMENDATION:

"That the public be excluded from the following parts of the proceedings of this meeting, namely:

**8. TE WAI TAKAMORI O TE AWA KAIRANGI (RIVERLINK)  
FUNDING AND COMMERCIAL MATTERS**

**9. POTENTIAL LONG TERM PLAN SAVINGS IN  
NEIGHBOURHOOD HUBS**

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

(A)	(B)	(C)
General subject of the matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground under section 48(1) for the passing of this resolution.
Te Wai Takamori o Te Awa Kairangi (RiverLink) Funding and Commercial Matters.	The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)). The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (s7(2)(i)).	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.
Potential Long Term Plan savings in neighbourhood hubs.	The withholding of the information is necessary to protect the privacy of natural persons. (s7(2)(a)). The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (s7(2)(i)).	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above.”

Kate Glanville  
**SENIOR DEMOCRACY ADVISOR**

23 May 2024

---

Report no: LTPAP2024/3/135

## Final decisions on the Long Term Plan 2024-2034

### Purpose of Report

1. The purpose of this report is to confirm the final decisions for the Long Term Plan 2024-2034 following the public consultation process.

### Recommendations

That the Subcommittee recommends that Council:

- (1) notes that on 27 March 2024, Council approved the draft Long Term Plan 2024-2034 Consultation Document and underlying information for public consultation;
- (2) notes that the detailed analysis and results of public consultation were reported to Council on 17 May 2024;
- (3) notes that Council provided initial direction to officers for finalising the Long Term Plan 2024-2034 on 17 May 2024;
- (4) approves for inclusion in the final Long Term Plan 2024-2034 the water services option 1 being an investment of \$1.6B over 10 years, refer to Section D in the report for further details;
- (5) approves for inclusion in the final Long Term 2024-2034 the Petone assets option 3 being an investment of \$20M (Petone wharf \$12M, Petone Library \$5M, Petone Rec grandstand \$3M), refer to Section D in the report for further details;
- (6) approves for inclusion in the final Long Term 2024-2034 the food organics and green organics collection service option 1, however notes that in recognition of the feedback received from our community during the consultation, as well as the uncertainty regarding food and organic participation rates, reliance on unconfirmed government funding, and the need to accommodate those who currently compost, officers have been asked to do further work to identify how these concerns might be met before proceeding further;
- (7) approves for inclusion in the final Long Term 2024-2034 the rates relief for low-income households option 1, refer to Section D in the report for further details;

- (8) considers the budget matters as detailed in Table 2 in the report and agrees decisions on these matters for the final Long Term Plan 2024-2034;
- (9) notes the latest projected debt and balanced operating budget results, as detailed in Section H and graphs 2 and 3 in the report;
- (10) notes that the report includes financial projections based on a number of assumptions about final budgets and the associated rates increases;
- (11) agrees to the rates revenue increases (after growth) to be included in the final Long Term Plan 2024-2034 as follows (refer to Section H in the report) and agrees that these will be updated to reflect final Council decisions as required;

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Rates revenue increase	16.9 %	12.6 %	12.6 %	12.6 %	12.4 %	12.0 %	7.0 %	7.0 %	7.0 %	7.0 %

- (12) notes the projected rating impact for 2024-25 for the average residential ratepayer is \$10.81 per week, refer to Section I in the report;
- (13) agrees the fees and charges to be included in the final Long Term Plan 2024-2034, refer to Section G in the report;
- (14) endorses the proposed updates to Long Term Plan 2024-2034 narratives to reflect the latest information;
- (15) notes that final reviews are being carried out as well as an external audit process that is to be completed and that further changes may be required to the Long Term Plan 2024-2034 as a result of these processes;
- (16) agrees that the Long Term Plan Working Group (comprising the Mayor, Deputy Mayor and Chairs of Committees) be delegated the authority to make decisions as required in preparing the Long Term Plan 2024-2034 for Council adoption on 27 June 2024 ;
- (17) requires that any such decisions made by the Long Term Plan Working Group be reported back to Council at its meeting on 27 June 2024; and
- (18) considers any further direction and guidance to be provided to officers ahead of the preparation of the final Long Term Plan 2024-2034 to be adopted by Council on 27 June 2024.

For the reasons outlined in the report.

### Acronyms

DLTP – Draft Long Term Plan 2024-2034

FLTP – Final Long Term Plan 2024-2034

LTP21 – Long Term Plan 2021-2031

AP24 – Annual Plan 2023-24

Capex – capital expenditure

Opex – operating expenditure

CCOs - Council Controlled Organisations (Urban Plus Ltd, Seaview Marina Ltd)  
 Rates SUIP – separately used or inhabitable part  
 WWL – Wellington Water Limited

### **Section A - Executive summary**

2. Council undertook formal public consultation for the DLTP, which took place from 2 April to 3 May 2024. Feedback and results of the consultation were reported to Council on 17 May 2024.
3. Since Council adopted the DLTP for consultation, officers have been working through a review of the budgets to consider any final updates and changes required. There were a range of budget matters where Council direction was sought to progress the FLTP on 17 May 2024.
4. Council included a range of key consultation matters in the DLTP for public consultation. Following the feedback from the public consultation process, this report seeks Council direction on these matters, refer to Section D.
5. The report provides information on the latest financial modelling and projections for the LTP, based on a number of assumptions.
6. Council agreed, as part of the DLTP decisions, to consult on a proposed rates revenue increase of 16.9% for 2024-25 (after growth). The projections that follow assume the rates increase for the duration of the FLTP is retained at the level as detailed in Table 3 (16.9% for 2024-25, between 12% to 12.6% for 2025-26 to 2029-30, thereafter 7%). The financial modelling in summary shows:
  - capex has increased by \$904M in the FLTP compared to AP24 (from \$1,790M to \$2,694M). This is largely due to increased budgeted costs for the three waters, RiverLink and transport projects. These projects will help ensure that our water and transport networks are resilient and will support growth taking place in the city;
  - net debt is projected to peak against the limit in the FLTP at just over \$1.1B in 2029-30 compared AP24 projection of \$800M. This is largely due to the increased capital programme and cost pressures;
  - the DLTP projected a balanced operating budget to be achieved in 2028-29; this remains unchanged in the FLTP; and
  - there is a range of financial risks that have been reported throughout the process of developing the draft plan. These risks remain unchanged.
7. Council agreed as part of the DLTP decisions to consult on a proposed rates revenue increase of 16.9% for 2024-25 (after growth). This report provides further indicative rating impact analysis based on the latest rating base data. Based on the latest indicative information, the proposed rates rise equates to an average increase of \$10.81 per week per household or an average increase of \$562 per annum. Investment in water infrastructure makes up almost half (\$251) of this. The remaining \$311 covers cost increases for all the other services provided (including transport, parks, community facilities, rubbish, recycling etc).



8. As part of the DLTP, Council set indicative targeted rates for 2024-2025. The targeted rates were proposed based on the continued investment in wastewater and water supply and to reflect the latest cost information for the waste services. No changes are proposed to these for the FLTP, refer to Section E in the report.
9. As part of the preparation of the DLTP, Council reviewed a range of policies, and these have been included in the public consultation process. These were approved on 17 May 2024, except for the final Development and Financial contributions policy. A separate report is included in the agenda for approval of this policy.
10. As part of the preparation of the DLTP, Council directed officers to increase the fees and charges set in the DLTP at a minimum to offset rising costs across business areas. Fees and charges were updated and included in the DLTP on this basis. Based on decisions on 17 May some changes are proposed in the Aquatics fees. Officers recommend that the updated proposed fees and charges included in Appendix 2 (to be separately circulated) be endorsed for inclusion in the FLTP.
11. Following direction and decisions by the Long Term Plan/Annual Plan Subcommittee at this meeting, officers will prepare the final Long Term Plan 2024-2034, which will be considered by Council on 27 June 2024 for adoption. Audit New Zealand will complete an audit process ahead of the adoption of the final LTP.

**Section B - High level plan for LTP 2024-2034**

12. Table 1 sets out the timeline for the LTP process as agreed to by Council.

Table 1: High level plan

Activity	Date	Status
Initial planning	May 2023	Complete
Elected member hui to set initial priorities and objectives for the DLTP	31 May 2023	Complete
Council decisions on draft strategic framework, approach to early engagement and high level approach to DLTP	30 June 2023	Complete
Council decisions following feedback from early engagement and progressing decisions on key DLTP assumptions	30 August 2023	Complete
Council agreement on draft budgets, policies and strategies and any issues arising from the asset management planning review process.	30 October 2023	Complete
Council agreement on updated budgets, policies and strategies, and trade-off considerations.	27 November 2023	Complete
Council agrees on DLTP budgets, policies, strategies and approach to consultation.	12 December 2023	Complete
External audit process by Audit NZ commenced.	5 Feb 2024	Complete
Council decisions on the draft consultation document and survey, further budget decisions and policy settings agreed.	20 Feb 2024	Complete
Council adopted DLTP and consultation material for the formal public consultation process	27 March 2024	Complete
Public consultation process	2 April to 3 May	Complete
Hearings of public submissions on the DLTP	15 - 16 May 2024	Complete
Council provides initial direction and progresses decisions to support the plan being finalised.	17 May 2024	Complete
External audit of final LTP 2024-2034 commences	4 June 2024	In progress
Council meets to make final decisions	4 June 2024	Today
Council adopts the LTP2024-2034 and strikes the rates	27 June 2024	

### **Section C – Development of the Draft LTP 2024-34**

13. Over the past 12 months Council has taken a range of decisions to address key matters across Lower Hutt. The key overall theme for the DLTP 2024-34 was to take the next steps in addressing the basic infrastructure needs of the city. The key challenges faced by Council as identified in preparation for the DLTP remained largely unchanged from previous years and include:
- demand and pressure on infrastructure, largely due to ageing assets and historical underinvestment,
  - housing supply and affordability,
  - delivering services for a fast-growing population,
  - climate change and sustainability,
  - government reform impacts and uncertainties.
14. Officers sought elected member feedback and direction through a range of engagements as outlined in Table 1 in developing the DLTP for consultation.
15. The DLTP Consultation Document and supporting information are statutorily required to be audited. Audit NZ worked alongside relevant staff for some months to complete the audit process for the consultation phase. Audit NZ issued their audit opinion on 27 March 2024 before the public consultation proceeding. The audit opinion included two emphases of matters being:
- uncertainty over the delivery of the capital programme,
  - uncertainty over the Three Waters forecasts (largely due to the asset condition information being based on age of assets).

### **Section D - Feedback on the proposals and final Council decisions**

16. At Council meetings to date, Council progressed a range of budget decisions to be included in the DLTP for public consultation. The public consultation process concluded on 3 May 2024. Council has received the results and analysis of the consultation process.
17. The following content provides a summary of the key DLTP consultation budget matters. It includes updated financial content where applicable. Officers are seeking direction and decisions from Council to progress the finalisation of the LTP. Officer advice for each item is detailed.

#### Water services investment proposal

18. Advice received from Wellington Water Limited (WWL) on the state of our Three Waters infrastructure showed us that we face significant challenges with the condition and age of the Three Waters assets, with much of the infrastructure reaching or nearing the end of its life. The growing population is also adding pressure on the Three Waters infrastructure.
19. A significant increase in Three Waters infrastructure was proposed as the preferred option 1 in the DLTP, with a higher alternative option 2 being the maximum deliverable programme of investment. The option 1 additional investment proposed was largely to avoid asset failures and significant disruption of services to customers, and plan for growth. Both options

included a water meters investment of \$78M. Option 1 Three Waters capital investment of \$1.6B is included in the budget projections.

20. Public feedback was supportive of the preferred option 1, with 66% in favour. Officer advice is supportive of option 1 being included in the FLTP, and this is included in the financial projections.
21. A separate report in this agenda provides further advice from WWL and details of the final investment programme to be included in the FLTP.

#### Petone assets investment proposal

22. These three Petone assets (Petone Wharf, Petone Library and Petone Recreation Ground Grandstand) are in poor condition and need significant investment. We have a limited funding pool, and the costs of repairing and maintaining these assets, now and in the future, are extremely high. We need to make tough choices about how best to utilise the available funding to fix them.
23. Public feedback was mixed, with 38% in favour of the preferred option 1 and 34% preferring option 2. A number of submitters also did not support the demolition of the Petone Wharf.
24. In recognition of the feedback, the direction was provided to officers to include in budgets a different option (option 3) to the ones consulted as detailed below.

Project	Budget
Petone wharf rebuild/refurbishment	\$12M
Petone Library repair	\$5M
Petone Rec grandstand	\$3M
Total	\$20M

25. Officers are seeking a final endorsement of this revised position (option 3) as per the direction provided on 17 May 2024, being included in the FLTP. Option 3 is included in the financial projections included in this report.

#### Food organics and green organics collection service (FOGO)

26. The proposal aims to reduce waste overall for our growing city. The previous Government's Te Rautaki Para Waste Strategy (2023) aims to reduce the amount of organic waste that ends up in landfills. The Strategy has targets set out and one of them is that by 2030 to reduce biogenic methane emissions from waste by at least 30%. The goal is to recycle more organics materials instead of sending it to landfill (which could mean introducing nationwide standardised kerbside collection of household food scraps and potential garden waste). The current Government is considering next steps for the kerbside food scraps service policy and related proposals.
27. Public feedback did not support the preferred option 1, with only 39% in favour and 55% against.

28. In recognition of the feedback, direction was provided to officers that further work be done and reported back to address the concerns raised around this service before progressing any further. The resolution reads as follows:

**Minute No. LTPAP 24201**

*“That the Subcommittee recommends Council notes that recognising feedback received from our community during the consultation, as well as the uncertainty regarding food and organic participation rates, reliance on unconfirmed government funding, and the need to accommodate those who currently compost, asks officers to do further work to identify how these concerns might be met before proceeding further.”*

29. Officer advice is supportive of option 1 budgets being included in the FLTP as a provision while further work is carried out as requested. Option 1 is included in the financial projections.

Rates relief for low-income households

30. This proposal aims to help those that need extra assistance with their rates, as cost-of-living pressures are generally felt more by the lowest income households. The proposal effectively provides an uplift of \$250 onto the government-funded Rates Rebates Scheme which provides up to \$750 pa based on certain criteria.
31. The Minister of Local Government informed us on 18 April 2024 that the maximum rates rebate would increase from \$750 to \$790 for the financial year starting 1 July 2024. This means that Council would now have a lower portion to fund to retain the uplift to \$1,000 pa reducing from \$250 to \$210 per household.
32. Public feedback was supportive of the preferred option 1, with 66% in favour. Officers request that Council provide direction on budgets to be included in the FLTP. The preferred option 1, as consulted on, is included in the FLTP and the financial projections but at the adjusted remission rate of \$210. Refer to Appendix 1 Item 4 for further information on the budgets and rates impact.

## Section E - Further proposed budget changes requiring Council decisions

Table 2: Other budget matters requiring review and Council decisions

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information
1	<p><u>RiverLink</u> Changes to the programme as per the separate report. These budget proposals are included in a separate public excluded report, which is necessary to: enable Council to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)); and enable Council to carry on, without prejudice or disadvantage, negotiations (s7(2)(i))</p>	<p>Factored in the financial projection is the officer recommendation per the separate report.</p> <p>Officers recommend that Council provides direction on the proposed budget changes to be included in the FLTP.</p>	Refer to separate public excluded report on the agenda.
2	<p><u>Infrastructure Acceleration Funds projects</u> Rephasing and assumption of Stormwater option 1B progressing.</p>	<p>Factored into the financial projections is net nil overall impact over 10 years with phasing changes for both grant revenue and capex.</p> <p>Officers recommend that Council approves the proposed budget changes to be included in the FLTP.</p>	Refer to Appendix 1, Item 1

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information
3	<p><u>Petone parking options</u></p> <p>The DLTP included proposed changes to city wide parking charges which included (1) increases to the parking fees (hourly rate, daily rate etc.) (2) All parking fees to be charged seven days per week . (3) Addition of paid parking in the Jackson Street, Petone area. Increased parking revenue was included in the DLTP on this basis.</p> <p>Following the public consultation process, officers have been asked to provide further parking options on Petone, ranging from not implementing the paid parking to allowing for some free parking time. The appendix referenced outlines <u>five Petone parking options</u> for consideration.</p> <p>Option 1 – status quo per DLTP – Paid parking in Petone seven days per week</p> <p>Option 2 – paid parking seven days per week but first 60 minutes free (rates increase 0.28%)</p> <p>Option 3 – paid parking seven days per week but first 30 minutes free (rates increase 0.17%)</p> <p>Option 4 – remove paid parking in weekends (rates increase 0.09%)</p> <p>Option 5 – paid parking seven days per week but implemented in July 2027 (rates increase 2024-25 0.41%).</p> <p>The Hutt Parking Report February 2021 can be viewed <a href="#">here</a></p>	<p>A range of options are provided in the appendix. Options 2 - 5 would reduce the revenue from parking fees in Petone between \$0.15M to \$0.4M per annum. Option 1 is factored into the DLTP and the current financial projections.</p> <p>Officers recommend that Council provides direction on the proposed budget changes to be included in the FLTP.</p>	Refer to Appendix 1, Item 2
4	<p><u>Micromobility</u></p> <p>Review of priorities and funding levels should subsidy funding not eventuate.</p>	<p>Options are provided in the separate report. No budget change is proposed by officers or factored into the financial projections.</p> <p>Officers recommend that Council provides direction on the proposed budget changes to be included in the FLTP.</p>	Refer to the separate report on the agenda.
5	<p><u>Rangatahi action plan</u></p> <p>Service level improvement through inclusion of additional budget to lead the coordination and implementation of the Rangatahi action plan.</p>	<p>Opex of \$0.1M in 2024-25 (\$1.21M over 10 years)</p> <p>Indicative rates impact of 0.06% in 2024-25.</p> <p>Officers recommend that Council provides direction on the proposed budget changes to be included in the FLTP.</p>	Refer to Appendix 1 Item 3

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information
6	<p><u>Hubs and libraries savings</u></p> <p>Savings options for cost efficiencies and changes to service levels in Neighbourhood Hub operations. These savings proposals are included in a separate public excluded report which is necessary to:</p> <p>protect the privacy of natural persons (s7(2)(a)) enable Council to carry on, without prejudice or disadvantage, negotiations (s7(2)(i))</p>	<p>No savings in 2024-25, \$0.2M in 2025-26 (\$1.8M over nine years). Favourable rates impact of 0.11% in 2025-26. This change is not factored into the financial projections.</p> <p>Officers recommend Council provides direction on the budget to be included in the FLTP.</p>	<p>Refer to separate public excluded paper on the agenda.</p>
7	<p><u>Three Waters capital programme</u></p> <p>A change to the capex programme due to the inclusion of WWL corporate costs which had been mistakenly omitted by WWL in previous advice and is estimated to be \$20.1M for the first three years</p>	<p>\$20.1M costs are being absorbed across the projects with net nil overall impact over 10 years. There are phasing changes for both subsidy revenue linked joint venture projects and capex factored into the financial projections.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in the FLTP.</p>	<p>Refer to separate paper on the agenda.</p>
8	<p><u>Sister City</u></p> <p>Direction was provided to include in the budget funding for the Sister City programme based on feedback at hearings, with the understanding that confirmation is to be provided to Council that the funding is to be equitably spent. Each year all Lower Hutt secondary schools are approached to see if there is interest. Previous participants in sister city exchanges have included students from Naenae College, Taitā College, Hutt Valley High School, Wainuiomata College, Wā Ora Montessori, St Bernard's College, Chilton St James and Sacred Heart College amongst others. There is a process for the student exchanges (hosting and travelling) and volunteering obligations.</p>	<p>Opex of \$0.01M in 2024-25 (\$0.1M over 10 years). Minor rates impact of 0.01% in 2024-25.</p> <p>Officers recommend that Council provides direction on the proposed budget changes to be included in the FLTP.</p>	<p>N/A</p>



### **Section F - Significant forecasting assumptions and financial risks**

33. The report on 17 May 2024 referenced a range of risks around the budgeting process which can be summarised as:
- risk related to Hutt City Council's Standard and Poors (S&P) credit rating.
  - risks around inflation cost pressures being higher than budgeted.
  - high interest rates and volatility in the market making this hard to forecast.
34. A range of savings, budget reductions and revenue opportunities have been factored into budgets, to offset the cost pressures. This was close to \$35M for the DLTP. Further reviews were carried out in the preparation of the FLTP and this figure is now \$38M. This includes a savings target for the Corporate Leadership Team of \$0.6M in 2024-25, which will be addressed through procurement activity and resourcing reviews.

### **Section G - Fees and charges**

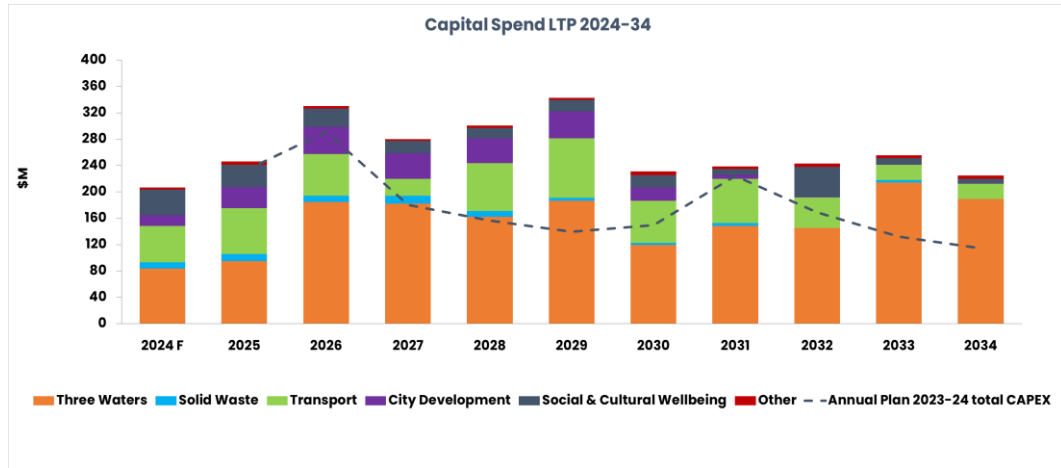
35. User fees and charges are an important aspect of how we fund Council facilities and services. Setting fees and charges at an appropriate level is important to pay for the cost of Council's activities and achieve a balanced budget.
36. The key aspects of Council's Financial Strategy that were considered in reviewing fees are:
- a) the importance of a balanced budget so that the projected operating revenue is set at a level to meet expected operating expenses; and
  - b) ensuring the distribution of benefits is fair. Where there are direct identifiable benefits, the proportion of costs associated with those benefits should be recovered by the users.
37. As part of the preparation of the DLTP, Council set the expectation that fees and charges set in the DLTP are increased to cover rising costs as a minimum. Fees and charges were updated and included in the DLTP on this basis.
38. Council approved the detailed listing of proposed fees and charges for inclusion in the DLTP for engagement. It is important to note that the full detailed DLTP, including all the proposed fees and charges, was available to the public during the consultation period, and feedback has been received on this. Based on the decisions on Aquatics fees on 17 May some changes have been made to these fees.
39. Officers recommend that the proposed fees and charges included in the draft of the final long term plan 2024-34 (refer to Appendix 2 to be separately circulated) are endorsed.

**Section H - Summary financial overview**

40. At the Council meetings up to 17 May 2024 a range of budget decisions were progressed. Sections D and E clarify which decisions are included in the indicative modelling presented below for the FLTP. Where no recommendation is being made, these are not factored into the projections.

Capital investment

**Graph 1 Capital investment plan, comparison of FLTP with AP24**



41. Graph 1 shows the updated capital programme in the FLTP, with a comparison to AP24. Capex has increased by \$904M in the 10-year period of the FLTP compared to AP24 (from \$1,790M to \$2,694M). This is largely due to increased costs for three waters investment, transport projects and RiverLink. Projects rephased from 2023-24 to later years also have a minor impact on the budget.

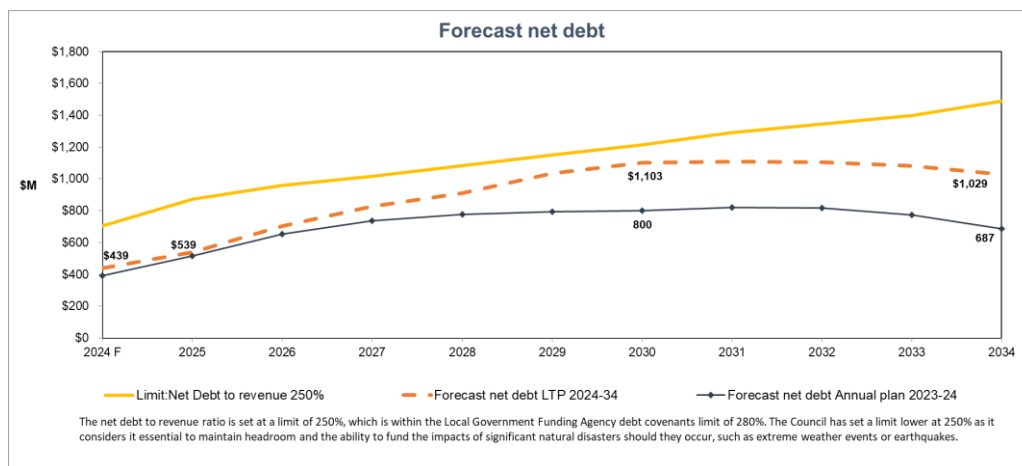
42. This level of investment will contribute to a resilient city that can more effectively deal with the challenges of population growth and climate change, supporting both our residential and commercial ratepayers.

43. The latest capital budget projections represent the phasing based on the best available information around deliverability of work programmes. Detailed capital project lists by activity are included in the draft of the final Long Term Plan 2024-34, refer to Appendix 2 (to be separately circulated).

Borrowings

44. Graph 2 shows the updated projected net debt to revenue in the FLTP, with a comparison to AP24.

**Graph 2: Projected net debt to revenue, comparison of FLTP with AP24**



45. The change in the capital programme results in a corresponding adjustment in the level of borrowings required. Borrowing levels are maintained within the limits set in our financial strategy. Net debt is projected to peak at 227% against the limit in the FLTP at just over \$1.1B in 2029-30 compared to the AP24 projection of \$800M. This is largely due to the increased capital programme together with offsets from assumed government co-funding.

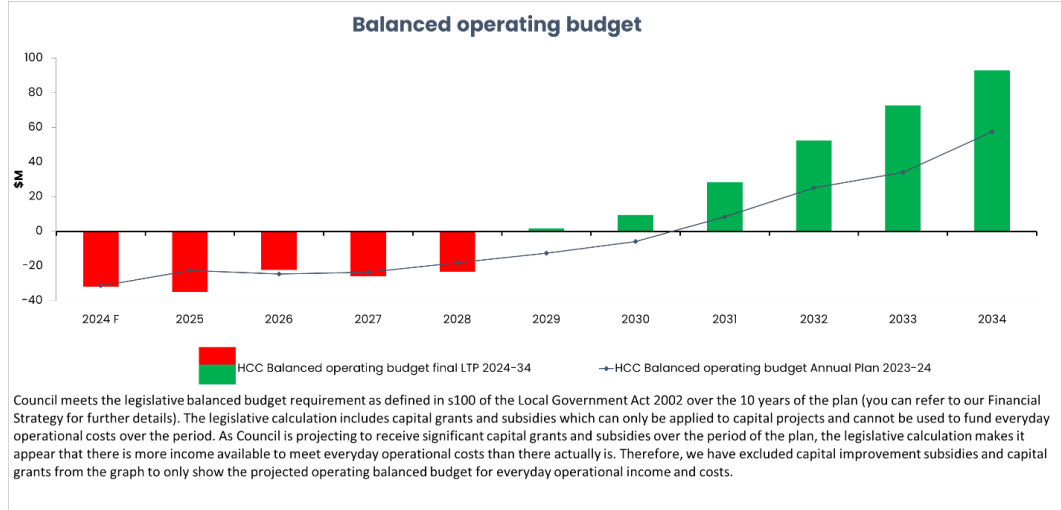
46. The impact of changes to development contributions revenue because of decisions on 17 May 2024 are factored into the debt projections. This includes project changes, a transition option for development contribution charges over three years and a remission provision for community housing providers (CHPs). The changes to the capital programme for Three waters are also factored into the development contributions revenue and debt forecast.

Balanced operating budget

47. The balanced operating budget position in 2024-25 is projected to be a \$35M deficit compared to a deficit of \$22.7M in AP24. In AP24, we projected to achieve a balanced operating budget in 2030-31; we are now projecting to achieve these two years earlier, in 2028-29.

48. Graph 3 shows the updated projected balanced operating budget target in the FLTP, with a comparison to AP24.

**Graph 3 Projected balanced operating budget target, comparison of FLTP with AP24**



49. Once all budget decisions are finalized, the rates impacts for out years may need to be re-calculated. Any change will be presented to the LTP working group for endorsement before being presented on 27 June for adoption.

Table 3: Rates revenue increases (after growth).

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
DLTP	16.9%	12.0%	12.4%	11.5%	11.0%	11.0%	7.2%	7.2%	7.2%	7.2%
FLTP	16.9%	12.6%	12.6%	12.6%	12.4%	12.0%	7.0%	7.0%	7.0%	7.0%

## Section I - Rates Revenue and related policy

50. Officers continue to update rates modelling and this reflects the latest information from the rating database and projected rating impacts. Rates modelling includes the latest information about projected growth until 30 June 2024.

### Targeted rates

51. As part of the DLTP, Council set the proposed targeted rates for the 2024-25 year. These remain unchanged for the FLTP.

Table 4: FLTP targeted rates

Rate	2023-2024 Rates	2024-2025 Rates	Change
Wastewater – per rating unit or SUIP	\$654	\$766	\$112
Water – per rating unit or SUIP	\$607	\$746	\$139
Refuse 80L – per SUIP	\$115	\$128	\$13
Refuse 120L – per SUIP	\$175	\$192	\$17
Refuse 240L – per SUIP	\$350	\$384	\$34
Recycling – per SUIP	\$128	\$130	\$2
Green waste – per SUIP	\$105	\$115	\$10

### Rates revenue increase

52. Council agreed to include a rates revenue increase in the DLTP of 16.9% together with a growth-related rates revenue component of 1.1%. Officers recommended that the rates increase is retained at the same level for the FLTP. The rates projections in tables 5 and 6 is indicative modelling based on these increases.

53. Affordability of rates is a key consideration of Council. The proposed rates rise equates to an average increase of \$10.81 per week per household or an average increase of \$562 per annum. Investment in Three Waters infrastructure makes up almost half (\$251) of this. The remaining \$311 covers cost increases for all the other services provided (including transport, parks, community facilities, rubbish, recycling etc).

Table 5: Indicative rates impact for FLTP by property category

Property Category	1 July 2024 Capital Value	2023-2024 Rates	2024-2025 Rates	\$ Change annual	\$ Change Weekly	Change %
Average Residential	\$815,000	\$3,348	\$3,910	\$562	\$10.81	16.8%
Average Commercial Central	\$2,350,000	\$19,367	\$22,994	\$3,627	\$69.76	18.7%
Average Commercial Suburban	\$2,418,000	\$16,501	\$19,425	\$2,924	\$56.23	17.7%
Average Rural (no water or wastewater)	\$1,247,000	\$2,342	\$2,694	\$352	\$6.77	15.0%
Utilities	\$3,262,068	\$23,515	\$28,467	\$4,952	\$95.24	21.1%

Table 6: Indicative rates impact for FLTP by suburb

Residential Suburb	1 July 2024 Capital Value	2023-2024 Rates	2024-2025 Rates	\$ Change annual	\$ Change Weekly	% Change
Alicetown	\$899,500	\$3,533	\$4,125	\$592	\$11.38	16.76%
Avalon	\$760,000	\$3,228	\$3,770	\$542	\$10.42	16.79%
Belmont	\$972,500	\$3,693	\$4,311	\$618	\$11.88	16.73%
Boulcott	\$922,500	\$3,584	\$4,184	\$600	\$11.54	16.74%
Days Bay	\$1,294,500	\$4,398	\$5,131	\$733	\$14.10	16.67%
Eastbourne	\$1,217,800	\$4,230	\$4,936	\$706	\$13.58	16.69%
Epuni	\$834,900	\$3,392	\$3,960	\$568	\$10.92	16.75%
Fairfield	\$818,300	\$3,356	\$3,918	\$562	\$10.81	16.75%
Harbour View	\$912,100	\$3,561	\$4,157	\$596	\$11.46	16.74%
Haywards	\$632,500	\$2,949	\$3,445	\$496	\$9.54	16.82%
Hutt Central	\$1,080,800	\$3,930	\$4,587	\$657	\$12.63	16.72%
Kelson	\$879,600	\$3,490	\$4,074	\$584	\$11.23	16.73%
Korokoro	\$1,023,900	\$3,806	\$4,442	\$636	\$12.23	16.71%
Lowry Bay	\$1,661,600	\$5,202	\$6,066	\$864	\$16.62	16.61%

Manor Park	\$896,400	\$3,527	\$4,117	\$590	\$11.35	16.73%
Maungaraki	\$932,800	\$3,606	\$4,210	\$604	\$11.62	16.75%
Melling	\$766,900	\$3,243	\$3,787	\$544	\$10.46	16.77%
Moera	\$648,200	\$2,983	\$3,485	\$502	\$9.65	16.83%
Naenae	\$659,200	\$3,007	\$3,513	\$506	\$9.73	16.83%
Normandale	\$896,200	\$3,526	\$4,117	\$591	\$11.37	16.76%
Petone	\$950,800	\$3,646	\$4,256	\$610	\$11.73	16.73%
Point Howard	\$1,185,100	\$4,159	\$4,852	\$693	\$13.33	16.66%
Stokes Valley	\$648,800	\$2,984	\$3,486	\$502	\$9.65	16.82%
Taitā	\$661,400	\$3,012	\$3,519	\$507	\$9.75	16.83%
Wainuiomata	\$630,100	\$2,944	\$3,439	\$495	\$9.52	16.81%
Waiwhetū	\$802,800	\$3,322	\$3,879	\$557	\$10.71	16.77%
Waterloo	\$887,700	\$3,508	\$4,095	\$587	\$11.29	16.73%
Woburn	\$1,283,900	\$4,375	\$5,104	\$729	\$14.02	16.66%
York Bay	\$1,128,100	\$4,034	\$4,707	\$673	\$12.94	16.68%

54. The indicative rates increase by property category above are in the line with the DLTP estimates except for the average commercial central category. There has been lower net growth (including demolitions) than estimated in this category (revised increase now of 18.7% or \$69.76 per week compared to 16.9% or \$63.04 in the DLTP). It is important to note that there will be further updates to property data before the final rates are set for 2024/25.
55. For those ratepayers experiencing financial hardship, Council offers a range of support mechanisms for rates bills. This includes payment plans, rates rebate for those on a low income, and rates postponement for those experiencing financial hardship.

### Next steps

56. The FLTP will be updated to reflect final Council decisions.
57. Officers are working to update the narrative sections in the FLTP ahead of 27 June 2024. This includes a summary of consultation results, summary of decisions made on consultation items and any external factors have influenced changes to the FLTP since the preparation of the DLTP (eg central government funding)
58. Officers will finalise the content of the FLTP to enable Council to adopt the plan on 27 June 2024. The rating resolutions will also be prepared for 27 June 2024.

59. The content for the FLTP will require further review and checking. There are likely to be other updates and minor adjustments to content as this review process is completed.
60. Officers will report through to the Long Term Plan Working Group (comprising the Mayor, Deputy Mayor and Chairs of Standing Committees) on any matters requiring decisions ahead of the agenda reports being prepared for the Council meeting to be held on 27 June 2024. If there are any such decisions, then these will be reported back to Council on 27 June 2024.
61. Audit New Zealand will complete the final external audit processes for the FLTP. The audit opinion and findings of the audit will be reported to Council 27 June 2024.
62. The final LTP 2024-34 will be considered by Council at its meeting on 27 June 2024 for adoption.

### **Climate Change Impact and Considerations**

63. The matters addressed in this report have been considered in accordance with the process set out in Council's Consideration Guide.
64. The LTP directly responds to the need to achieve emission reductions, by embedding emission reductions in a range of initiatives. For example, Council's investment in Naenae Pool includes that the new building would not use natural gas for heating and instead utilise alternative low-carbon energy sources. The LTP also includes a number of projects to reduce emissions, including the decarbonisation of Council facilities (including pools and the Dowse).

### **Communications and Engagement**

65. Results of the DLTP 2024-34 consultation process were reported on 17 May 2024.
66. Officers are preparing communications to go out following the adoption of the LTP 2024-34 on 27 June 2024. These include:
  - consultation report (based on analysis from PublicVoice);
  - email to submitters announcing the adoption of the LTP, including a link to the consultation report;
  - press release to announce the adoption of the LTP, including a link/reference to the consultation report;
  - social media post announcing the adoption of the LTP, including a link to the consultation report;
  - the LTP will be published on Council's website as soon as practicable following adoption to align with the communications listed above; and
  - a limited number of printed copies will be available in Neighbourhood Hubs and at the Administration building by the end of July 2024.



67. Key messages will continue to reference 'Taking the next steps', Council's investment in infrastructure and water and the challenging economic environment.

### Legal Considerations

68. The most relevant legislation includes the Local Government Act 2002, the Local Government (Rating) Act 2002 and the Rating Valuations Act 1998. The LTP has been prepared to meet the legislative requirements.

### Financial Considerations

69. Financial considerations associated with the draft and final LTP have been addressed in the report.

### Appendices

No.	Title	Page
1↓	Detailed information for budget decisions - 4 June 2024	26

**Author:** Deepu Nunnian  
Manager Financial Strategy and Planning

**Author:** Richard Hardie  
Head of Strategy and Policy

**Reviewed By:** Jenny Livschitz  
Group Chief Financial Officer

**Reviewed By:** Jarred Griffiths  
Director Strategy and Engagement

**Approved By:** Jo Miller  
Chief Executive

## Detailed information to support budget decisions

Infrastructure Acceleration Fund Projects .....	2
Petone paid parking options.....	6
Rangatahi action plan budget and service levels.....	11
Rates remission for financial hardship.....	12

<b>Infrastructure Acceleration Fund Projects</b>		
Business unit	City Delivery	
LTP/AP Activity	Three Water Services	
Project/Programme	Valley Floor Infrastructure	
Budget type (Capital/Operating)	Capital	
Requested by:	Eddie Anand	21/05/2023
Approved by director:	Jon Kingsbury	21/05/2023
<b>1. Brief description of the project</b>		
<p>Stormwater and Wastewater enabling infrastructure projects planned on the valley floor to support more housing in Hutt Central, Woburn, Boulcott and Epuni. Together, these projects will directly benefit the existing community and can support up to 3,500 new homes.</p> <ul style="list-style-type: none"> <li>The stormwater alleviation project includes pump stations, new stormwater rising mains (pipes that use pressure to move water against gravity), and extensions to existing stormwater pipes. The impact of these changes will allow intensification of development without worsening existing flooding conditions.</li> <li>The new wastewater bypass includes new wastewater pipe work, a pumping station and a new rising main from the new pump station across the river to connect with the Western Hills trunk main. This diversion will alleviate strain on current infrastructure and unlocking additional housing capacity.</li> </ul> <p>The projects are co-funded by Kainga Ora with a total contribution of \$98.9M for stormwater works.</p> <p>These projects are planned to be completed in stages as agreed with Kainga Ora:</p> <ul style="list-style-type: none"> <li>Stage 1- Feasibility stage</li> <li>Stage 2 detailed design, consenting and contractor procurement</li> <li>Stage 3 - construction</li> </ul> <p>An updated project report was provided to the Infrastructure and Regulatory subcommittee on 9 May 2024 where the stormwater option 1B was endorsed. Refer to <a href="#">IARCC_09052024</a>.</p>		
<b>2. Reason for carryover and rephasing (change in timing)</b>		
<ul style="list-style-type: none"> <li>Delay in project commencement and creation of project team as well as allowing sufficient time for the feasibility studies to progress to undertake more robust flow modelling, informed consideration of preferred option and initial site constraint investigation. This resulted in stage 1 completion delayed from Dec 2023 to June 2024. This revised timeline was subsequently agreed with Kainga Ora.</li> <li>The carryover and rephasing request is in order to complete stages 2 and 3. The current rephasing is based on high level estimates as the detailed work programme still needs to be finalised and is based on assumed stormwater option 1B.</li> </ul>		























**21 May 2024**

---

**Report no: LTPAP2024/3/136**

## **Three Waters Investment**

### **Purpose of Report**

1. This report summarises advice from Wellington Water Limited (WWL) on the 2024-34 Long Term Plan (LTP) to assist Council with finalising the three waters investment programme. It also includes information on universal water meters and the Jackson Street pipe renewals.

### **Recommendations**

That the Subcommittee recommends Council:

- (1) notes the advice from Wellington Water Limited (WWL) to assist Council in finalising investment in three waters for its 2024-2034 Long Term Plan;
- (2) agrees to incorporate the changes proposed by WWL to the CAPEX programme, noting that such changes have been made within the overall investment envelope as proposed in the draft Long Term Plan;
- (3) notes that the most significant change to the CAPEX programme is the inclusion of WWL project management costs which had been mistakenly omitted by WWL in previous advice and is estimated to be \$20.1M for the first three years;
- (4) notes that this will impact on all major projects including growth projects such that Development Contribution charges will be updated to reflect the changes as per the WWL advice;
- (5) notes that the renewal of Petone Collecting Sewer has been deferred two years to commence in year three and that both the proposed Jackson Street network renewals and Western Hills Trunk main renewal are not currently included in the detailed three year programme and will need to be considered once further information is available;
- (6) notes that investigations for network renewals in Jackson Street, Petone have been undertaken and that engagement with businesses through the Jackson Street Programme (JSP) is underway to assist Council with deciding on a preferred option;
- (7) notes that the proposed investment programme is expected to result in an overall improvement in levels of service for water and wastewater services;

- (8) notes the risks that WWL has identified for Council's three water assets, as summarised in paragraph 17 of this report, based on the proposed investment programme; and
- (9) agrees to retain investment in universal water metering in the LTP on the basis that the Business Case being prepared for the region in year one is favourable and in line with the positive benefits identified in the work done to date, noting that Council could redirect such investment to network renewals if this was not the case.

## **Background**

2. WWL has provided Council with advice on three waters investment throughout the preparation of the draft LTP.
3. Attached as Appendix 1 to the report is WWL's updated advice on the three waters investment programme for consideration in finalising the LTP. The proposed itemised programme of works for the first three years of the LTP has been updated and is included in the advice.

## **Investment Programme**

4. The advice covers recommended changes to the CAPEX programme, either from identified omissions since the draft was signed off, cost updates or new items such as pressure reducing valve (PRV) renewals.
5. Changes to the programme have been made to accommodate the addition of WWL corporate costs associated with the delivery of the CAPEX programme, which had not been previously included in earlier advice. The costs associated with the Major Projects Team, managing all larger projects across the region, had been mistakenly omitted by WWL. This situation is unfortunate.
6. The WWL Board has decided to appoint an independent party to work with staff to review what has happened and provide recommendations for system/process improvements to better ensure it is not repeated. WWL is aiming to present the report on the review to the Water Committee at its 24 July 2024 meeting.
7. For Hutt City Council, which has the largest capital works programme of the WWL shareholder Councils, the omission of these costs amounts to \$20.1M for the first three years of the Long Term Plan.
8. While the overall envelope of capital investment remains unchanged, with the generic budget allocation for network renewals absorbing some of the other detailed changes, the effect of adding in the corporate overheads is to defer some projects to later years. For example, the first stage of works to renew the Petone Collecting Sewer (\$36M) has been re-programmed to commence works in year 3 rather than commence in year 1.
9. Growth projects will be impacted with project budget costs changing with a resulting change in development contribution charges. As such the charges have been updated to reflect this.

10. Both the Jackson Street network renewals and the Western Hills Trunk Sewer urgent works, the latter of which the scope and cost is yet to be finalised, have not been included in the programme. This means that further programme variations will need to be made to accommodate these projects or new budget investment approved. This will be undertaken as much as possible by bringing forward CAPEX investment from generic renewal budgets in later years.
11. Similarly, no budget provision has been made for CAPEX works that may be required to meet new resource consent requirements for wastewater network overflows and stormwater discharges. This includes the upgrade or renewal of the main wastewater outfall pipe which is estimated to cost over \$500M.
12. The Jackson Street network renewals investigations have been recently completed. Officers and WWL staff have arranged to meet with representatives of the Jackson Street Programme (JSP) and Petone Community Board (PCB) to engage with businesses on the options and impacts of the work. This will be reported back through the Infrastructure and Regulatory Committee at its next meeting.

### **Levels of Service**

13. WWL has assessed that the investment programme, (both OPEX and CAPEX), is expected to result in an overall improvement to levels of service.
14. This includes investment in Year 1 of the LTP to ensure full compliance with water quality standards. This project will see the 800 households currently non-compliant with the chlorine contact time being resolved.
15. Increased investment in addressing water leaks will result in improved resolution times and fewer complaints.
16. Significant investment in the Seaview Wastewater Treatment Plant is expected to improve plant performance in the medium to long term, resulting in fewer complaints and less likelihood of actions from the regulator.
17. Stormwater is more difficult to assess. With the frequency of severe weather events increasing, levels of service are likely to be impacted.

### **Risk assessment**

18. WWL has provided further information on the risks associated with the proposed investment programme. While service level performance is expected to improve, there are many issues that have been identified which, if any eventuated, could detrimentally impact on performance levels.
19. The Active Risk Register appended to the WWL advice records 23 different issues. The main issues are summarised as follows:
  - a. reservoir capacity limitations, and related asset failure risks until remediation projects are completed (e.g. Eastern Hills Reservoir and pipeline);



- b. growing renewal backlogs, may compromise network resiliency and lead to increased frequency of asset failures and increased operational cost to manage and maintain the networks;
- c. risk of continuing water supply restrictions, due to impacts of growth demands and water loss as networks degrade due to slower than recommended renewal rates;
- d. increased chances of flooding because of impacts of sea level rise on coastal outfalls performance;
- e. ongoing risks to the performance of and compliance of Seaview Wastewater Treatment Plant until programme of upgrades and consents are complete;
- f. the wastewater network discharge consent and global stormwater consent issues, as all necessary interventions may need to be delivered earlier than currently planned with significant expenditure implications; and
- g. minimal activity to achieve net carbon zero and address climate change (including flooding) and seismic resilience.

### **Water Meters**

- 20. While submissions to the draft LTP favoured the Council's preferred CAPEX investment option in three waters, there were a number of submitters who did not agree with the proposal to invest in universal smart water meters. Many thought that it would be better for Council to use this money for renewals.
- 21. An information paper supporting the case for universal smart water metering, attached as Appendix 2 to this report, was prepared in December 2023 by WWL following the regional water summit. The paper outlined work that had been undertaken to consider options (over 100), to address future water demand for the Wellington metro Councils.
- 22. It concluded that a three-pronged approach was required to ensure future security of water provision. These were an increased investment in managing water loss, installing water meters, and constructing new storage lakes.
- 23. Options excluding investment in water meters were found to be more expensive, had higher carbon emissions and were less able to support water sustainability requirements.
- 24. The paper highlighted the need to address the water security issue from a position of reducing both demand and loss, with water meters being crucial to achieving that. The paper highlighted the experience of others, such as Kāpiti Coast District Council, where a 26% reduction in peak demand was achieved through the installation of universal water metering.
- 25. On the loss side, universal metering would enable WWL to pinpoint leaks more accurately and target resources appropriately. For example, the recent

trial in Greytown, with the installation of 250 smart meters, resulted in 211 new leaks being discovered. It is likely that universal water meters will uncover many previously undetected water leaks which can be triaged and resolved.

26. If Council is to reduce water loss from both the public and private parts of the network, to an acceptable level, universal water metering would appear to be essential.
27. It should also be noted that Greater Wellington has indicated it will consider setting water allocation limits and imposing surcharges if the four Wellington metro Councils don't seriously consider introducing universal water metering as a means of reducing unacceptably high water loss.
28. Officers recommend that Council retain investment in universal water metering within the 2024-34 LTP, noting that WWL will be finalising the business case in 2024/25 at which point Council could decide to defer or redirect investment in meters should the findings not support their introduction.

### **Discussion**

29. WWL has reworked the investment programme to include its recommended changes, such that the overall envelope of investment as proposed in the draft LTP remains unchanged. The 10-year investment plan includes generic network renewal budgets that may need to be brought forward to enable works not currently in the programme, such as the Western Hills sewer main, to be funded.

### **Options**

30. Council could decide to add the proposed changes to the investment envelope rather than absorb them. The financial impact, including the impact on debt levels, of doing this has not been assessed. This option is not recommended due to the likely negative impact on rates.

### **Climate Change Impact and Considerations**

31. WWL investment advice takes into consideration climate change impacts.
32. For example, with significant investment in renewals at the Seaview Wastewater Treatment Plant, WWL has considered carbon reduction opportunities and has undertaken investigations to best ensure that assets in this coastal location will not be compromised by expected sea level rise within their useful working lives.

### **Consultation**

33. Consultation on three waters investment was undertaken through the draft LTP process with two-thirds of submitters supporting Council's preferred investment option.

### **Legal Considerations**

34. There are no legal considerations.

### Financial Considerations

35. The overall capex investment and subsidy revenue remains largely the same as in the draft LTP but there are timing changes, changes across activities and projects over the ten years. The overall change in budgets by year is presented in the tables that follow.

Capital programme: The presented figures are inflated											
\$M	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2033/34	2033/34	Total
Draft Long term Plan 2024-34	78.7	119.1	131.4	131.5	165.1	147.9	143.2	149.0	203.8	183.9	<b>1,453.6</b>
Final Long term Plan 2024-34	79.5	103.0	146.7	140.5	143.7	171.9	142.7	153.0	193.3	178.8	<b>1,453.2</b>
Variance	(0.9)	16.0	(15.3)	(9.0)	21.5	(24.0)	0.5	(4.0)	10.5	5.1	<b>0.4</b>

Subsidy revenue for JV programme: The presented figures are inflated											
\$M	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2033/34	2033/34	Total
Draft Long term Plan 2024-34	10.4	22.2	18.6	8.5	14.8	17.7	14.7	21.7	37.8	5.2	<b>171.6</b>
Final Long term Plan 2024-34	9.8	18.0	24.0	11.6	9.3	25.0	15.8	21.5	33.1	4.0	<b>172.2</b>
Variance	(0.6)	(4.2)	5.3	3.1	(5.4)	7.3	1.2	(0.1)	(4.7)	(1.3)	<b>0.6</b>

Net impact: The presented figures are inflated											
\$M	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2033/34	2033/34	Total
Draft Long term Plan 2024-34	68.3	96.9	112.8	123.0	150.3	130.2	128.5	127.3	166.0	178.7	<b>1,282.0</b>
Final Long term Plan 2024-34	69.7	85.0	122.7	128.9	134.3	146.9	126.9	131.5	160.2	174.9	<b>1,281.0</b>
Variance	(1.5)	11.8	(9.9)	(5.9)	16.0	(16.7)	1.7	(4.2)	5.8	3.8	<b>1.0</b>

## Appendices

No.	Title	Page
1↓	Appendix 1: WWL Advice on Three Waters Investment Programme	45
2↓	Appendix 2: Universal Smart Water Meters	68

**Author:** Bruce Hodgins  
Strategic Advisor

**Author:** Deepu Nunnian  
Manager Financial Strategy and Planning

**Reviewed By:** Jenny Livschitz  
Group Chief Financial Officer

**Approved By:** Jo Miller  
Chief Executive





































































































23 May 2024

Report no: LTPAP2024/3/140

## Micromobility Options 2024/25 onwards

### Purpose of Report

1. To provide options for micromobility projects if the National Land Transport Plan 2024-27 (NLTP 2024-27) does not subsidise the projects submitted, including:
  - a. summarising the budget available in the Draft Long Term Plan (DLTP) for micromobility projects without NZTA.
  - b. summarising projects and options that Council could consider within the available budget.
  - c. set out dependencies and next steps.

### Recommendations

That the Subcommittee recommends Council:

- (1) receives and notes the report;
- (2) notes Council has \$7.28M budget available over the period 2024-27, based on the DLTP, to fund Micromobility projects itself;
- (3) notes that Micromobility funding should be prioritised for projects that are already underway or are ready for construction (e.g., Taitā);
- (4) notes that updated project costs that fall within the category above will be investigated and reported back through the Infrastructure and Regulatory Committee at its 12 September 2024 meeting;
- (5) notes this report does not cover any micromobility projects included in the Cross Valley Connections and RiverLink programmes; and
- (6) considers including additional Capital budget of \$8.6M (inflated) per year in the Long-Term Plan for years 2031/32 to 2033/34. Subsidies, at 51%, are assumed. The specific projects this funding relates to will be informed by the cycleway review in 2024/25.
  - (a) agrees to increase the Long-Term Capital budget by \$8.6M (inflated) per year in the Long-Term Plan for years 2031/32 to 2033/34. Subsidies, at 51%, are assumed together with debt funding of the balance;

OR

- (b) agrees to retain the budgets with no changes.

## Background

2. Council submitted nine Micromobility programme projects (total value \$47.5M) for the NLTP 2024-27 seeking a NZTA funding subsidy of 51%.
3. The Government's Policy Statement (GPS) on land transport will not likely prioritise these Micromobility projects high enough for funding, and the available funding pool for these projects will also be constrained. The NLTP 2024-27, which sets out which projects receive subsidy, will be published in the last quarter of 2024.
4. Table 5 sets out the projects that were submitted and two additional projects that were considered within the options (River trails and Stokes Valley).
5. The DLTP has a \$14.86M total budget over the 2024-27 period for Micromobility projects. This budget assumes NZTA 51% subsidy, which, without this, would allow a \$7.28M budget for projects to be funded by Council itself. Table 4 sets out the budget available by year.
6. This approach reduces capital spend by \$7.58M (resulting in \$7.28M capital spent). The reduced capital spend, \$7.58M, equals the NZTA subsidy assumed in the DLTP. If the NZTA subsidy is not received, the net effect on rate funding or debt required, with the reduced capital spend, is equal to the spending of \$14.86m capital and receiving the NZTA subsidy of \$7.58M.
7. The Cross Valley Connections programme has three cycleway phases: Woburn to Hutt Road, Hutt Road to CBD and the Esplanade Cycleway. RiverLink has two projects, the Melling City Link Bridge and a cycleway link between bridges within the same NZTA subsidy funding class as the submitted Micromobility projects.
8. Options for these cycleways will be addressed separately later as there are dependencies on Crown decisions (for RiverLink) and from findings in the Cycleway Strategic Overview proposed for future 2024/25 projects.

## Discussion

### Additional optional projects

9. The Cycleway Strategic Overview project and Avalon and Taitā projects, once costs are re-validated, will be reported back to the Infrastructure and Regulatory Committee on 12 September 2024 as to the scope of progression. Current costs for these two projects are estimated at \$6M of the calculated \$7.28M. If Avalon and Taitā project costs have increased materially, which is likely to keep within the available budget, the project scope may need to be reduced, or the additional optional projects not progressed.
10. The options for the additional optional projects that might be progressed are set out in the following section for feedback and comment.

### Additional budget in 2031/32 to 2033/34

11. The DLTP does not currently have a budget for the years 2032 to 2034 due to the uncertainty of specific requirements at that point. The proposed cycleway strategic review will help inform those specific requirements.

12. An increase to the current DLTP for a capital budget of \$6.8M (inflated) per year is sought for 2031/32 to 2033/34. NZTA subsidy, at 51%, is assumed. The capital budget is based on the average spend over the earlier DLTP period that has been included in these years. The net amount over the three years (\$9.9M) is assumed to be debt funded.

## Options

### Options for allocating \$7.28M

13. The Cycleway Strategic Overview project and Avalon and Taitā project are currently estimated to be \$6M of the \$7.28M available budget.
14. Tables 1 and 2 show two options for the remaining budget. They differ in the focus of the remaining pre-implementation work; they either focus on the Northern Valley area (Stokes Valley and Eastern Hutt Road) or more on the central valley and CBD. A third option of a mix of these areas of focus of pre-implementation projects is also possible.
15. The Cycleway Strategic Overview project is required to inform where the priorities are for the network. This will consider the gaps in the network and required connections.
16. Within the existing budget, the Avalon and Taitā projects completed pre-implementation and engagement in 2023 have the best design certainty to progress.
17. Re-validation of the Avalon and Taitā project costs will be required due to the potential cost escalation since the pre-implementation phase was completed in late 2023. This will then inform what further projects (within the \$7.28M) are possible. If NZTA subsidy is approved later in the year, decisions beyond the \$7.28M can also be made.
18. There are three options for consideration:

### Option 1 (Table 1)

#### Option 1 - Deliver for communities and prepare Northern Valley for implementation in 2028-31

reference no	Description	Value
1	Single-Stage Business Case - Cycleways strategic	500,000
2	Implementation - Avalon and Taitā school cycleways - imp	5,500,000
8	River trail options around new Silverstream w/ater pipe bridge - to work with GwRC	250,000
9	Pre-Implementation - Eastern Hutt rd cycleway	500,000
10	Stokes Valley cycleway connection to Eastern Hutt Road Cycleway	500,000

**Total**

**7,250,000**

**Option 2 (Table 2)****Option 2 – Deliver for communities and prepare central/ CBD for implementation in 2028-31**

reference no	Description	Value
1	Single-Stage Business Case - Cycleways strategic overview	500,000
2	Implementation - Avalon and Taitā school cycleways - imp	5,500,000
4	Pre-implementation* - Naenae school cycleways - pre-imp	500,000
6	Pre-implementation* - Waterloo to CBD cycleway - pre-imp	500,000
11	Pre-Implementation element - RiverLink to CBD cycleway	250,000
<b>Total</b>		<b>7,250,000</b>

**Option 3 – A mix of the options to balance where pre-implementation works are focused**

19. The next steps are:

- a. commence the Cycleways strategic overview in Q2 2024/25 (project reference 1) as this will be required regardless of subsidy decisions by NZTA or prioritisation of projects by Council;
- b. revalidate costs for the Avalon and Taitā projects to inform the scope that is affordable and which, if any, further projects can be progressed;
- c. confirm decisions of third parties, if possible, that impact project prioritisation, such as Greater Wellington Regional Council for the River Trail and Waterloo station redevelopment and Crown for RiverLink and the Cross Valley Connections, the latter of which impacts the Southern micromobility network; and
- d. report back through the Infrastructure and Regulatory Committee at its 12 September 2024 meeting.

**Table 3****Budget available – DLTP**

Description	Budget Account	2023/24	2024/25	2025/26	Total budget 2024-27
DLTP budget	Cycling Micromobility Programme total	7,862,511	3,972,789	3,024,350	14,859,650
Budget if no NZTA subsidy	49% of DLTP	3,852,630	1,946,667	1,481,932	7,281,229

**Table 4****(Projects 8 and 10 are new)**

reference no	Existing or new project scope to be developed	Description	Value
1	Submitted in NLTP	Single-Stage Business Case - Cycleways strategic overview	1,000,000
2	Submitted in NLTP	Implementation - Avalon and Taitā school cycleways - imp	5,500,000
3	Submitted in NLTP	Central Beltway - implementation (includes pre-imp)	5,500,000
4	Submitted in NLTP	Pre-implementation* - Naenae school cycleways - pre-imp	1,000,000
5	Submitted in NLTP	Implementation - Naenae school cycleways - imp	5,000,000
6	Submitted in NLTP	Pre-implementation* - Waterloo to CBD cycleway - pre-imp	1,000,000
7	Submitted in NLTP	Implementation - Waterloo to CBD cycleway - imp	10,000,000
8	New project to be developed	River trail options around new Silverstream Water pipe bridge - to work with GWRRC	6,000,000
9	Submitted in NLTP	Implementation - Eastern Hutt rd cycleway -imp	10,000,000
10	New project to be developed	Stokes Valley cycleway connection to Eastern Hutt Road Cycleway	6,000,000
11	Submitted in NLTP	Implementation - RiverLink to CBD cycleway - imp	8,500,000
<b>Total</b>			<b>59,500,000</b>

**Values may be adjusted, via scope adjustment to fit funding**

### Climate Change Impact and Considerations

20. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
21. Most of the options presented have been through prior Council decisions, Single Stage Business Case, or pre-implementation phases, including climate change impact implications. For those that have not, this will be addressed when Council decisions are sought.

### Consultation

22. Most of the projects in the table were included in the NLTP 2024-27 and covered within the RLTP mid-term consultation process. The Avalon and Taitā projects undertook community engagement in 2023 (which noted the project was subject to funding availability). Still, any further engagement requirements for that project will be considered and actioned as required. Decisions on further projects will be considered as part of the decision to progress these.

### Legal Considerations

23. The decision requested is part of the current LTP process.

### Financial Considerations

24. No budget change is being proposed for the 2024-27 period that impacts rates. The presented options are all within the DLTP budgets for the 2024-27 period.
25. A decision is sought for the additional budget in the 2031/32 to 2033/34 years of \$8.6M (inflated) and assumes a subsidy of 51%. The Cycleway Strategic Overview project will help inform the specifics of projects that underpin that additional budget.

26. A placeholder capital and revenue value, based on the average budget, has been proposed in the period 2031 to 2034 until specific projects are identified. This would be debt funded and is expected to have a minor impact on rates requirements for the last three years of the LTP.

**Table 5: Revenue budgets**

The presented figures are: Inflated											
\$M	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32	2032/ 33	2033/ 34	Total
Draft LTP 2024-2034	4.01	2.03	1.54	2.02	4.95	4.34	5.50	-	-	-	24.38
Final LTP 2024-2034	-	-	-	2.02	4.95	4.34	5.50	3.50	3.50	3.50	27.30
Variance	(4.01)	(2.03)	(1.54)	-	-	-	-	3.5	3.5	3.5	2.9

**Table 6: Capital expenditure budgets**

The presented figures are: inflated											
\$M	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32	2032/ 33	2033/ 34	Total
Draft LTP 2024-2034	7.86	3.97	3.02	3.95	9.71	8.51	10.78	-	-	-	47.80
Final LTP 2024-2034	3.85	1.95	1.48	3.95	9.71	8.51	10.78	6.80	6.80	6.80	60.62
Variance	4.01	2.03	1.54	-	-	-	-	(6.80)	(6.80)	(6.80)	(12.82)

## Appendices

There are no appendices for this report.

**Author:** Declan Millin  
Principal Advisor - Micromobility Programme

**Author:** Deepu Nunnian  
Manager Financial Strategy and Planning

**Reviewed By:** Jon Kingsbury  
Director Economy & Development

**Reviewed By:** Jenny Livschitz  
Group Chief Financial Officer

**Approved By:** Jo Miller  
Chief Executive